



## Capacity Needs Assessment and Capacity Building Strategy for the GCF Funding Proposal “Enabling Implementation of Forest Sector Reform in Georgia to Reduce GHG Emissions from Forest Degradation”

### Client

GIZ

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## LIST OF ABBREVIATIONS

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AF	Alternative Fuels
BFD	Biodiversity and Forest Department under the MoEPA
BSY	Business Service Yard
BUR	First Biennial Update Report
CNA	Capacity Needs Assessment
DES	Department of Environmental Supervision
EE	Energy Efficiency
EIEC	Environmental Information and Education Centre
GCF	Green Climate Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German Development Agency)
Ha	Hectare
MoEPA	Ministry of Environmental Protection and Agriculture
MoESD	Ministry of Economy and Sustainable Development
MoF	Ministry of Finance
NDC	Nationally Determined Contribution
NFA	National Forestry Agency
SEAP	Sustainable Energy Action Plan
SFM	Sustainable Forest Management
ToR	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change

# 1 INTRODUCTION

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## 1.1 Overview

As a part of the overall feasibility study for the GCF project “Enabling Implementation of Forest Reform in Georgia to Reduce GHG Emissions from Forest Degradation”, a capacity needs assessment (CNA) and institutional gap assessment is required in order to identify the capacity needs of government institutions and partner organizations with roles and responsibility for implementation of the proposed interventions.

This assessment provides an overview on the required capacities, as well as a capacity building strategy with necessary measures to address these gaps. In order to successfully implement the upcoming forest reform institutional and individual capacity needs will need to be addressed. The proposed project activities will address these gaps and include measures to support the development of the necessary capacities.

## 1.2 Background

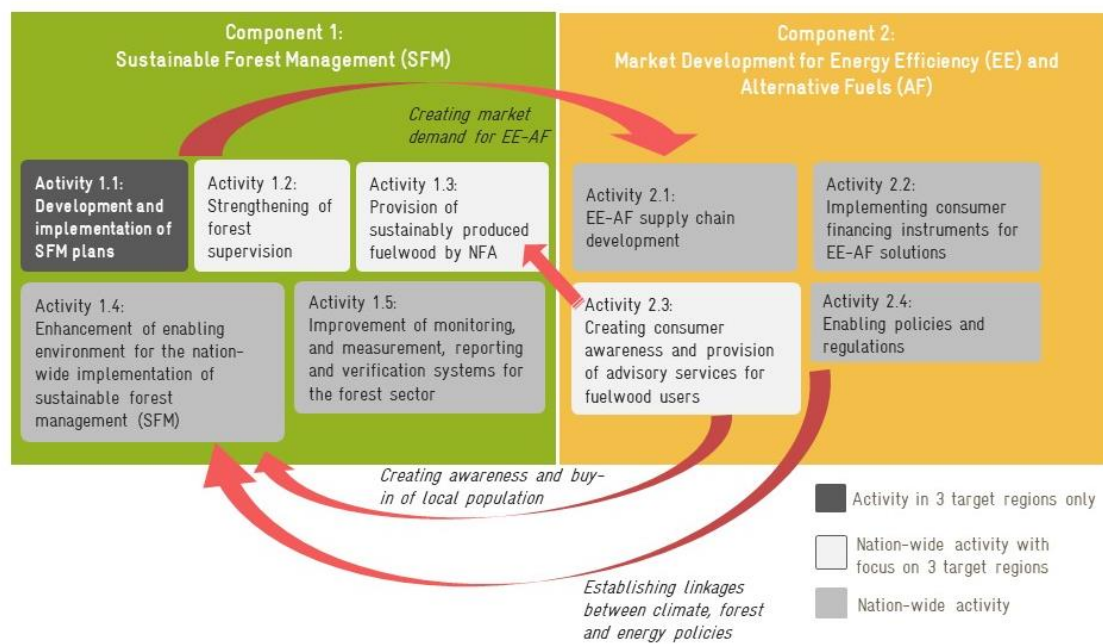
In October 2016, the German Development Agency GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) received accreditation as an International Accredited Entity from the Green Climate Fund (GCF). The project idea “Enabling Implementation of Forest Reform in Georgia to Reduce GHG Emissions from Forest Degradation” was selected in an internal idea selection process for the development of concept note. The Concept Note was submitted to the GCF Secretariat in June 2018 and the full funding proposal package will be submitted in 2019 to the GCF Secretariat.

The GCF project aims at reducing emissions from forest degradation through sustainable management of forests as well as promotion of energy efficiency and alternative fuels to reduce fuelwood consumption as a main driver of forest degradation. This will be achieved through Sustainable Forest Management and Rural Market Development for Energy Efficiency and Alternative Fuelwoods in three target regions of Kakheti, Mtskheta-Mtianeti, and Guria. The program will result in the reduction of national GHG emissions, equivalent to approximately 5.29 million tCO<sub>2</sub>e over 7 years. The project will strengthen institutional and regulatory systems for low-emission planning and development, at the national and provincial levels, as well as improved law enforcement.

The project takes a holistic approach to addressing the key driver of forest degradation, and targets the forestry and energy sectors. The interventions are organized into two outputs (Figure 1):

Output 1: Sustainable Forest Management (270,807 ha)

Output 2: Market Development for Energy Efficiency and Alternative Fuels



**Figure 1: GCF project structure**

The overview of the main institutions responsible for the implementation of the project is presented in Figure 2.



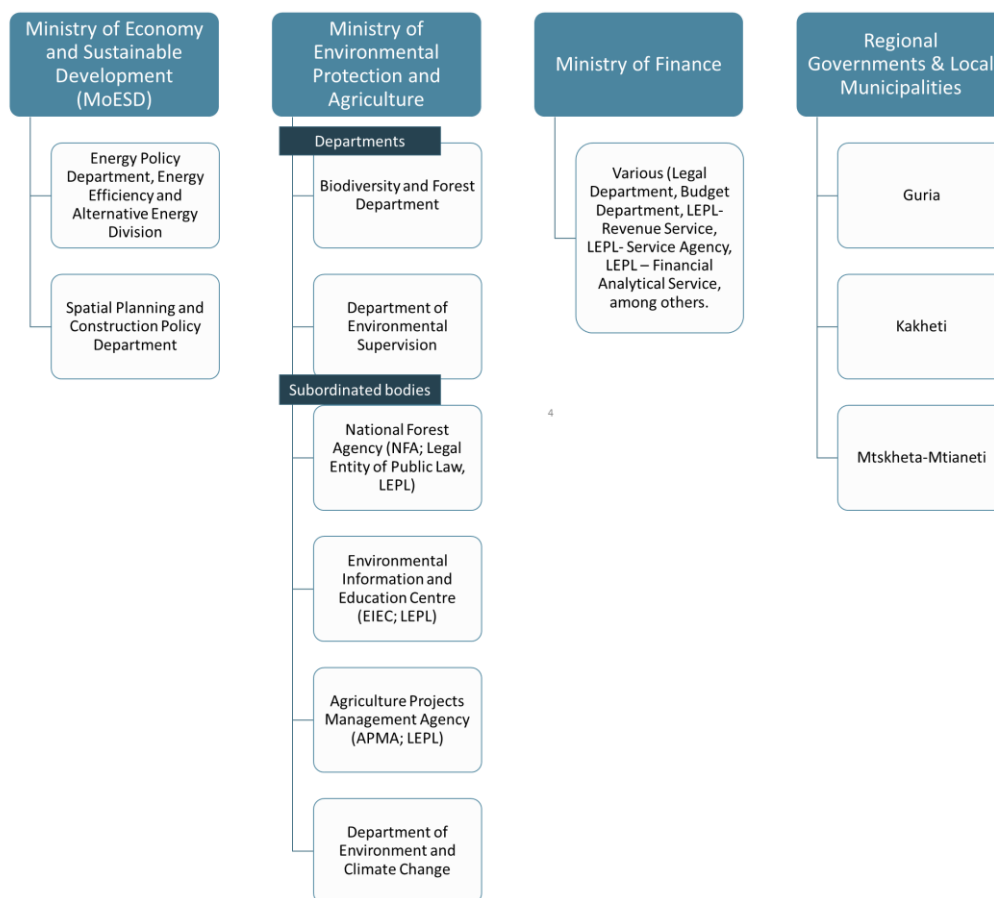


Figure 2: Institutions involved in project implementation\*

\*Note: ARDA was formerly known as APMA, Agriculture Projects Management Agency, prior to July 1, 2019

### 1.3 Scope and objectives

As part of the feasibility study for the GCF funding proposal, a capacity needs assessment and institutional gap assessment are required, in order to identify the capacity needs of government institutions and partner organizations to implement and manage proposed project activities. This assessment provides a broad perspective on the required critical capacities, which informs the development of a capacity building strategy for the project.

The implementation of the GCF project requires an enabling environment consisting of supporting laws, policies, strategies and procedures, which are delivered through well-functioning organizations with sufficient and strong human capacities. The main government institutions in the forest sector are the Ministry of Environmental Protection and Agriculture (MoEPA), the National Forest Agency (NFA) and the Department of Environmental Supervision (DES). This capacity needs assessment and institutional gap assessment focuses on Component 1 of the project and institutions involved in the forestry sector reform.

The New (Draft) Forest Code<sup>1</sup> envisions transforming the forestry sector towards Sustainable Forest Management. Under the New (Draft) Forest Code the responsibility of forest protection from illegal use will shift to the DES. At the same time, the new sustainable forest management implementation will be the sole responsibility of NFA. It is recognized that the new roles and mandates of these institutions will require additional resources and capacities. In the energy sector the Ministry of Economic and Sustainable Development (MESD), notably the Energy Policy Department, is responsible for laws, policies and strategies in the rural energy topic, whilst the Agricultural and Rural Development Agency (ARDA, formerly known as the Agricultural Project Management Agency APMA prior to July 1, 2019) has recently widened their mandate to rural development, including rural energy.

The Government of Georgia has started the forest reform process in 2008 with the National Forest Concept Note (approved by the Parliament of Georgia in 2013) and has achieved the conceptualization of Sustainable Forest Management in the Georgian context. The concept of SFM is reflected in the draft National Principles, Criteria and Indicators for SFM, and Management-level Criteria and Indicators. The draft Indicators and Criteria were developed and finalized in 2019. Enhancing forestry sector reform and addressing fuelwood demand will require GCF support.

The overall objectives of this assessment are to inform the GCF feasibility study preparation, by:

- Undertaking an examination of the required capacity needs for the GCF project, in particular Component 1 (SFM)
- Determining the level of current capacity at a national level
- Identifying gaps between current capacity levels and required levels
- Preparing a capacity development strategy, with interventions for addressing capacity gaps.

This assessment specifically involved:

- a) Conducting interviews with representatives of the partner organizations
- b) Reviewing relevant policies, standard operating procedures, and guidelines
- c) Assessing the partner organization's track record of overseeing or implementing relevant projects or activities
- d) Assessing the number of staff necessary for performing the proposed role of the partner organization in implementing the GCF project
- e) Exploring the availability of relevant skills, competences and experience of the partner organization's with key staff necessary for performing the proposed role of the partner organization in implementing the GCF project. Key organizations include the relevant organizational units in the Ministry of Environmental Protection and Agriculture and sub-national agencies responsible for SFM and law enforcement (i.e. National Forest Agency;

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<sup>1</sup> The New (Draft) Forest Code is being reviewed in the Parliament as of May 2019.

Department of Environmental Supervision), Environmental Information and Education Centre (EIEC).<sup>2</sup>

- f) Developing a Capacity Building Strategy for the project based on the results of the CNA.

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<sup>2</sup> Note: Private sector investment needs and capacities are covered within the Private Sector Study in Appendix 7 of the Feasibility Study.

## 2 METHODOLOGY

### 2.1 Approach

The Capacity Needs Assessment is tailored to the context of Georgia and specifically to the future implementation of the GCF Funding Project “Enabling Implementation of Forest Sector Reform in Georgia to Reduce GHG Emissions from Forest Degradation”. The capacity needs assessment covers Component 1 of the project.

It is derived from the analysis of:

- Previous and ongoing capacity assessments of the forestry sector in Georgia
- The findings of the capacity needs assessment conducted during the pre-feasibility stage
- Information collected in the interviews with the national partners and relevant stakeholders in Georgia during the funding proposal development stage (see the Annex 7 to the Funding Proposal ‘*Summary of consultations and Stakeholder Engagement Plan*’ for a detailed list of the meetings, cons and workshops during which data was collected).

The findings of the current capacity needs assessment and recommendations of the capacity development strategy are reflected in the proposed project activities in the feasibility study and funding proposal.

### 2.2 Points of entry

Capacity issues can be addressed across four interdependent levels, including the enabling environment (society), sector (network level), the organizational level (organizations) and the individual level (people). Any of these levels can serve as the point of entry for a capacity assessment.

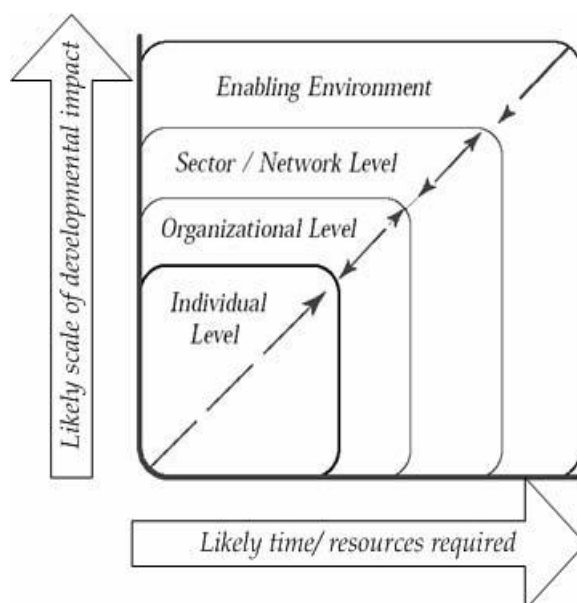


Figure 3: The four levels of capacity development

Source: Adapted from Bolger 2000 and GIZ 2014

The **“enabling environment”** represents the general societal context in which various development processes take place. Capacity may be reflected in the form of enabling policies, high levels of political commitment, a lack of conflict or methods to resolve it, etc. According to the previous capacity needs assessment, the enabling environment for forest sector development in Georgia is considered to be quite positive.<sup>3</sup> The willingness to achieve sustainable management of the Georgian forests has been expressed by the governmental authorities and various reform steps have started respectively such new institutional setting in the forestry sector.

The **“sector/network”** level represents the need for coherent sector policies and strategies, as well as co-ordination across sectors. Concerning this level, the government of Georgia started with policy and institutional reform processes, reflected i.e. in the New (Draft) Forest Code<sup>4</sup>, the draft national and management level of Criteria and Indicator documents or the separation of competencies (MoEPA, NFA, DES) of the main relevant state actors for forestry development. Cross-sector coordination, i.e. with Ministry of Energy, nevertheless, is on an incipient stage.

The **“organizational/institutional”** level of capacity focuses on organizational structures, processes, resources and management issues. As the MoEPA of Georgia itself and its subordinated bodies NFA, DES, and IEIC are relatively new institutions, the general weaknesses (at central level mainly concerning organizational and management structure, intra- and inter- organizational coordination, clear definition of duties and tasks) are recognized and actively steps of improvements are taken. A proof of this is not only the establishment of National Forest Program (NFP) with nine thematic working groups, but also the intensive dialogue of the government with international development organizations and civil society representatives to support forest sector reform.

The **“individual”** level in the capacity framework refers to the individuals operating within the other three levels, or being affected by them (by example rural population needing fire wood or enterprises requiring construction timber). In the frame of the „NFP-process“ the MoEPA started with the establishment of a Working Group on „Human Capacity Development“ to elaborate a comprehensive program to increase in the near future the number of good professionals and to improve knowledge and skills of existing professionals.

As a summary: The concept of the four levels of capacity development helps to understand that capacity may be developed in individuals, but that initiatives at any level must take a holistic/systemic view of the overall context in which such individuals operate, to enable individuals or institutions to implement and utilize existing and/or newly acquired capacities.

The concept of the four levels also requires compulsively the concerted interaction of the three categories of capacity development (CD): Human resource improvement, technical support and financial facilities. Before every CD intervention four essential questions have to be asked:

- Are gaps in knowledge and skills the decisive factors of the development problem?
- Are technical means, like tools, instruments or machinery the decisive factors of the development problem?
- Are lacking financial resources the decisive factors of the development problem?

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<sup>3</sup> GIZ 2014.

<sup>4</sup> The New (Draft) Forest Code is being reviewed in the Parliament of Georgia as of May 2019.

- Or is it a combination of two, or of all three factors causing the development problem?

Only the comprehensive understanding of the “whole picture” will lead to successful improvements and sustainable changes and impacts concerning the envisaged development.

Based on the requirements of this particular assessment and the context of Georgia’s forestry sector, the key points of entry for capacity assessments are organizational and to a lesser extent the individual levels. This approach allows for a broader understanding of the requirements to implement the proposed project. This assessment focuses mainly on the national level, although the coordination between the central and local levels are also examined.

## 2.3 Functional and technical capacities

Functional capacities are not associated with one particular sector or theme being cross-cutting in nature and relevant across various levels. They are management capacities needed to formulate, implement and review policies, strategies, programs and projects.

There are five functional capacities that are generic to most programs and projects:

- Capacity to assess a situation and define a vision and mandate
- Capacity to formulate policies and strategies
- Capacity to budget, manage and implement
- Capacity to evaluate
- Capacity to engage stakeholders.

Technical capacities are capacities in specific sectors or themes associated with particular areas of expertise and practice. As such, they are closely related to the sector or organization in focus. These functional and technical capacities are discussed in greater detail in Chapter 4.

## 2.4 Interviews and consultations

A detailed list of the stakeholder interviews and consultations conducted for the project are provided in the project’s Environmental and Social Impact Assessment and Stakeholder Engagement Report (Annexes 6-8 to the Funding Proposal). These interviews and consultations informed the capacity needs assessment, and project design.

## 2.5 Limitations

The capacity needs assessment was carried out in the framework of the funding proposal development between December 2018 and April 2019 by a team of national and international consultants (see Chapter 7.2 for a list of the consultations conducted to inform the capacity needs assessment). The current assessment has focused mainly on national level and regional branches of NFA, DES and ARDA. The assessment of the capacities of local and municipal levels in terms of project implementation was covered by the stand alone Environmental and Social Impact Assessment and Gender Assessments (see Annexes 6-8 to the Funding Proposal). A separate study was conducted on assessing the capacities, and investment needs of the private sector service providers (Appendix 7 to the Feasibility Study).

### 3 INSTITUTIONS RESPONSIBLE FOR FOREST AND RURAL ENERGY SECTORS

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The project has a strong focus on the forest and energy sectors in the country. The main directions, priorities and reforms within those sectors are led by respective governmental institutions in collaboration with the NGOs, private sector and academia. Forests as well as the energy sectors are centralized, therefore the decisions and policies are elaborated at the national level, while the implementation of decisions and policies often depends on the collaboration with, and engagement of regional administrations, municipalities and local communities.

The table below provides a brief overview of the key governmental entities relevant for the proposed project<sup>5</sup>. The role of institutions that are Executing Entities in the proposed GCF project is described in the third column. The other relevant institutions engaged in the implementation of the project are described in more detail in the following sub-sections.

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<sup>5</sup> The organizations and sub-entities are listed in an alphabetical order

*Table 1: Key governmental institutions in forestry and energy sectors of Georgia.*

Name of institution	Current Responsibility	Envisioned role in the project
Ministry of Economy and Sustainable Development- (MoESD)	MoESD's enhanced mandate covers economic policy planning and implementation; preparation of the Sustainable Development Strategy; development of the transport and logistic sectors; elaboration of policies, strategies and programs in the energy sector; design and implementation of action plans for renewable energy development and energy efficiency measures; and coordination of the climate change and sustainable energy development topics in energy sector. <sup>6</sup>	Support in Output 2 on Market Development for Energy Efficiency (EE) and Alternative Fuels (AF) through policy and regulatory instruments.
MoESD- Energy Policy Department; Energy Efficiency & Alternative Energy Division <sup>7</sup>	Key state body responsible for the implementation of national energy efficiency policy in Georgia. The Government of Georgia plans to develop its institutional capacity – likely by setting up an EE Agency – to faster implementation of successful energy efficiency programs and promotion of investments.	Support in Output 2. The Government of Georgia plans to develop its institutional capacity – likely by setting up an EE Agency – to faster implementation of successful energy efficiency programs and promotion of investments.
Ministry of Finance (MoF)	MoF prepares the annual fiscal budget to reflect the main priorities of economic development of the country. MoEPA reports to the MoF regarding the financial resources coming from international donors for climate change-related projects. In addition, MoEPA requires MoF approval for any financial loans.	MoEPA reports to the MoF regarding the financial resources coming from international donors for climate change-related projects. In addition, MoEPA requires MoF approval for any financial loans <sup>8</sup>

<sup>6</sup> Umwelt Bundesamt 2018.

<sup>7</sup> Georgia has not yet nominated directly responsible body/(ies) for setting up and authorizing certification / qualification schemes for installers of small-scale biomass boilers and stoves, solar photovoltaic and solar thermal systems.

Georgia has a national accreditation body and allows private certification entities to conduct the certification process. The responsible body for accreditation of certification bodies which in their turn are responsible for issuing certificates of personnel qualification, is the Georgian Accreditation Centre (GAC). Founded in 2006, the GAC is the nationally recognized accreditation body of Georgia appointed by the MoESD. It acts under the law "Code on safety and free movement of products" from 2012. Its mission is to deliver the best accreditation services to the Georgian economy. Accreditation services include:

- Granting accreditation
- Surveillance of accredited bodies

The GAC operates in full compliance with the internationally applied standard ISO/IEC 17011 and European practices which describe the basic codex of its behavior and in detail how an accreditation body has to be run. At present, the GAC can grant accreditations for personnel certification bodies according to ISO/IEC 17024.

<sup>8</sup> Umwelt Bundesamt 2018.



Name of institution	Current Responsibility	Envisioned role in the project
Parliament Committee on Environmental Protection and Natural Resources	The committee is a key communicating entity that handles drafting laws on various environmental sectors and reviewing legal documents initiated by government.	The committee provides coordination between the cabinet of ministries and the Parliament of Georgia, which would help further develop the adequate legal instruments for implementing climate strategies and policies. <sup>9</sup>
Ministry of Environmental Protection and Agriculture (MoEPA)	MoEPA is the main state authority responsible to define and implement the state policy for environment, agriculture and rural development sectors. The Ministry in charge of regulating environmental protection and agriculture. Related to the forestry sector, they are responsible for the definition of sectoral policies, drafting of legislative and legal acts, dividing of forest by functional purposes, organization of the forest inventory system including national forest inventory, approval of forest management plans for the state and the private forest, and supervising the State Management Body, among other functions.  The Ministry also serves as the official UNFCCC Country Focal Point and National Designated Authority (NDA) for the GCF.	Key support to Output 1, specifically its main subordinate bodies and departments that are responsible for implementing the state policy in forest sector and manage forest resources (as follows): <ul style="list-style-type: none"> <li>▪ The Biodiversity and Forest Department (BFD)</li> <li>▪ LEPL National Forest Agency (NFA)</li> <li>▪ Department of Environmental Supervision (DES).</li> </ul>
MoEPA – Biodiversity and Forest Department (BFD)	BFD is the structural unit of the MoEPA and is responsible to define and implement the forest and biodiversity policies, and to supervise their proper implementation. BFD, mainly its Forest Policy Division, is responsible for the elaboration of the policy and legal framework of the forest sector.	Providing key support in coordination and cross-sectoral stakeholder engagement. They are the main coordinator of the NFP process.
MoEPA – Climate Change Division at the Department of Integrated Management of Environment	Responsible for the development of climate change policy and strategy of the country and participation in its implementation as well as monitoring; assessing the climate change impact on economic sectors and ecosystems, risks and future trends; facilitating and coordinating the development of national plan/strategy for climate change mitigation/adaptation, its implementations and monitoring; analysing the	Support and coordination with climate risk and vulnerability assessments of the forests in the target regions.

<sup>9</sup> Umwelt Bundesamt 2018.

Name of institution	Current Responsibility	Envisioned role in the project
	GHG emissions mitigation technologies; conducting the national GHG emissions inventory; acting as a focal point for UNFCCC secretariat; preparing the National Communications and First Biennial Update Report (BUR) for UNFCCC secretariat; coordinating the Nationally Determined Contribution (NDC) process.	
MoEPA – Department of Environmental Supervision (DES)	<p>Responsible for the enforcement of environmental law, including forest supervision. More precisely, DES is responsible for the:</p> <ul style="list-style-type: none"> <li>▪ Prevention and detection of illegal use of natural resources</li> <li>▪ Prevention and detection of environmental pollution</li> <li>▪ Control of natural resource license requirements.</li> </ul> <p>The Department has a wide range of competences to fulfil its mandate, including:</p> <ul style="list-style-type: none"> <li>▪ Inspection and examination of regulation objects</li> <li>▪ Issuing administrative offence reports</li> <li>▪ Assessing damage to the environment</li> <li>▪ Issuing administrative orders</li> <li>▪ Sending criminal cases to the investigation bodies.</li> </ul> <p>As the result of the forest reform currently undergoing in the country, the DES will soon become responsible for the physical protection of the forest (the function that has been fulfilled by the National Forest Agency (NFA) so far.</p>	<p><b>Executing Entity.</b> Supporting to the Output 1. The role of the DES in the project is to:</p> <ul style="list-style-type: none"> <li>▪ Strengthen procedures, standards and protocols for enhanced forest supervision</li> <li>▪ Implement improved forest supervision measures and technologies.</li> </ul>
MoEPA – Environmental Information and Education Centre (EIEC, Legal Entity of Public Law)	A legal entity of public law (LEPL) “Environmental Information and Education Centre” of the MoEPA was established in 2013 on the basis of	<p><b>Executing Entity.</b> EIEC will be in charge awareness creation, advocacy and advisory services.</p> <p>It will be responsible for activity 1.4. and will provide:</p> <ul style="list-style-type: none"> <li>▪ Technical support of the knowledge management and training platform (KMTP)</li> </ul>

Name of institution	Current Responsibility	Envisioned role in the project
	<p>Aarhus Center with the aim to raise the public awareness on environmental protection, support public participation in the decision-making process and increase access to justice.<sup>10</sup></p> <p>EIEC acts as a mediator between the environmental protection policy developing and implementing parties and ensure that strategies, legislation and policies are explained to the target groups in a simple language and format. It further has a mandate in environmental education and capacity building.</p>	<ul style="list-style-type: none"> <li>▪ Oversee platform coordination and training logistics</li> <li>▪ Ensure quality control</li> <li>▪ Coordinate with institutions in charge to develop training modules.</li> </ul>
MoEPA - National Forest Agency (NFA, Legal Entity of Public Law)	<p>NFA is the main management body in forest sector of Georgia responsible for daily management of forest resources and territories (around 2million ha, of which 1.8 million ha are covered by forests). Together with its territorial units, the NFA is responsible for:</p> <ul style="list-style-type: none"> <li>▪ Forest fund inventory and planning</li> <li>▪ Forest maintenance and restoration (incl. fire prevention measures)</li> <li>▪ Monitoring of forest fund land</li> <li>▪ Developing and implementing measures of forest protection from illegal use</li> <li>▪ Logging</li> <li>▪ Issuing the permits for use of forest resources</li> <li>▪ Allocation of areas for social cuts (currently being phased out, where NFA will become the supplier of sustainably sourced fuelwood)</li> <li>▪ Construction and / or rehabilitation of forest roads, etc.</li> </ul>	<p><b>Executing Entity.</b> The role of NFA in the project is:</p> <ul style="list-style-type: none"> <li>▪ Develop SFM management plans in selected forest districts</li> <li>▪ Implement SFM management plans in selected forest districts</li> <li>▪ Strengthen the legal framework for ecosystem-based SFM</li> <li>▪ Support establishment of the new mechanism for fuelwood provision to local population</li> <li>▪ Establish Business Service Yards (BSY)</li> <li>▪ Improve the sector steering and coordination between adjoining sectors</li> <li>▪ Develop online knowledge management and training platform for the forest sector</li> <li>▪ Improve the vocational education and training for the forest sector</li> </ul>

<sup>10</sup> It serves as the representative institution for the implementation of the Aarhus Convention.

Name of institution	Current Responsibility	Envisioned role in the project
		<ul style="list-style-type: none"> <li>▪ Enable improved integration of climate change adaptation in forest sector planning, management and monitoring.</li> </ul>
MoEPA – Agricultural and Rural Development Agency (ARDA, Legal Entity of Public Law) <sup>11</sup>	ARDA was established in 2012, and supports the implementation of various projects initiated by MoEPA, as well as the management of subordinate agricultural companies. Its aim is to promote rural development in Georgia. It has various initiatives to reach its objective, including providing financial guarantees and subsidies for prioritized agricultural investments.	<p><b>Executing Entity.</b> Within the project, ARDA will support activities under Output 2. The role of ARDA will include:</p> <ul style="list-style-type: none"> <li>▪ Establishing a Technical Assistance and Investment Support Facility, TAISF</li> <li>▪ Being involved in design, implementation and marketing of the voucher program for EE stoves for households</li> <li>▪ Be responsible for administration of the voucher program</li> <li>▪ Providing financial reporting to the GIZ Accredited Entity</li> <li>▪ Ensuring compliance against GCF environmental, social and governance safeguards.</li> </ul>
Gesellschaft für Internationale Zusammenarbeit (GIZ)	GIZ is one of the largest international providers of capacity development and technical assistance on climate change worldwide. GIZ has been working in Georgia since 1992. GIZ's country office in Tbilisi primarily manages regional programs that are implemented in Georgia and the two neighboring countries of Armenia and Azerbaijan.	<p><b>Executing Entity.</b></p> <p>GIZ's responsibilities include:</p> <ul style="list-style-type: none"> <li>▪ Managing the project budget of GIZ as EE that is spend in the country.</li> <li>▪ Liaising with the GIZ Country Office regarding budget and finances, monitoring and reporting, staff and appraiser contracts.</li> <li>▪ Reporting to the German Embassy and BMZ regarding their financial contributions to the project as well the overall progress of project implementation.</li> </ul>

<sup>11</sup> For more information on ARDA, refer to their website: <http://apma.ge/page/read/agency/>

Name of institution	Current Responsibility	Envisioned role in the project
		<ul style="list-style-type: none"> <li>▪ Coordinating project implementation with the co-financing development partners and their projects and counterparts as well as other bi- and multilateral institutions operating in the same technical and/or geographical area.</li> <li>▪ Liaising with, and reporting to, the Project Steering Committee.</li> <li>▪ Coordinating with and reporting to the other four Executing Entities involved in the project (Ministry of Environmental Protection and Agriculture (MoEPA), the National Forest Agency (NFA) and the Agricultural and Rural Development Agency (ARDA) and the Department of Environmental Supervision (DES).</li> <li>▪ Representing the project in national working groups and stakeholder forums.</li> </ul>

### 3.1 Ministry of Environmental Protection and Agriculture (MoEPA)

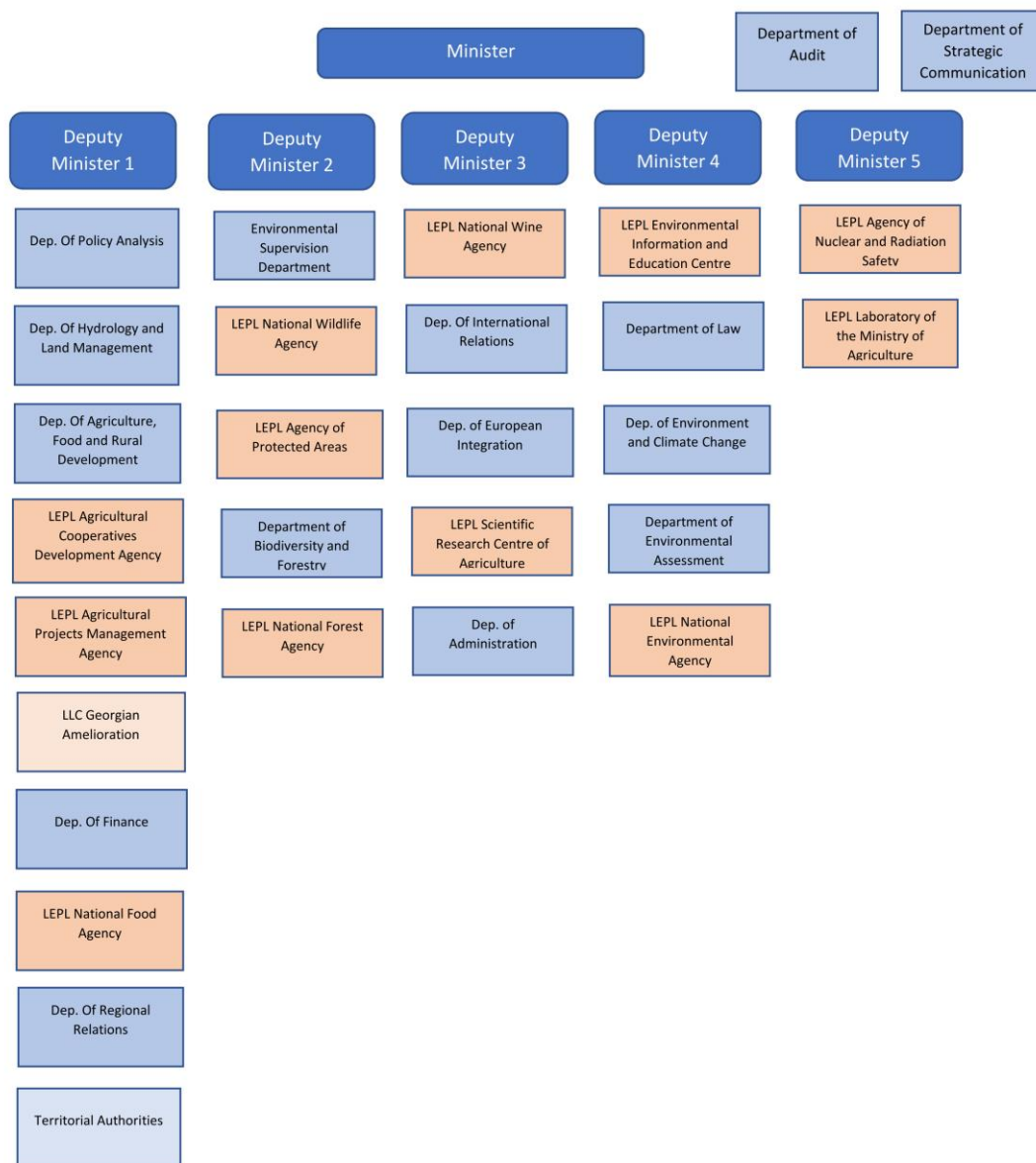
#### Mandate and responsibilities

In 2017 after the merge of two ministries – the Ministry of Environmental and Natural Resources Protection and the Ministry of Agriculture, the Ministry of Environmental Protection and Agriculture (MoEPA) entered into force and became the main state authority responsible to define and implement the state policy for environment, agriculture and rural development sectors. The merge of the two ministries resulted in some structural changes, although when it comes to the forestry sector no major institutional changes happened as a consequence of this merger. The new Ministry inherited the following responsibilities, among others:

- development of sector policies,
- drafting of legislation and other legal acts,
- division of forest land by functional purposes,
- organization of the forest inventory system, including the national forest inventory,
- approval of forest management plans, and
- supervision of the State Management Body.

#### Office(s) and staff resources

The organizational chart below provides an overview of the Ministry's current structure:



*Figure 4: Organizational chart of the Ministry of Environment Protection and Agriculture of Georgia*

As it is shown on the chart, the Minister has 5 Deputy Ministers and the Ministry comprises of 15 Departments (that are divided into various services and units), 12 Legal Entity of Public Laws (LEPL), one Limited Liability Company (LLC) and Territorial Units. At the moment, the number of the employees of the Ministry is approximately 6,000 people.

To fulfill its function regarding the forest sector, the Ministry maintained the following structural units:

- Biodiversity and Forest Department (BFD)
- LEPL National Forest Agency (NFA)
- LEPL Agency of Protected Areas (APA)
- LEPL Department of Environmental Supervision (DES).

BFD, mainly its Forest Policy Division, is responsible for the elaboration and implementation of the forest sector's policy and legal framework. The Department, in close collaboration with the NFA, already made considerable efforts to create a favorable framework for the SFM development and implementation in Georgia.

#### MoEPA under the New (Draft) Forest Code

Under the New (Draft) Forest Code, the new competencies of the MoEPA will include (Article 18)<sup>12</sup>:

- a) elaboration and implementation of Georgia's sectoral policy in forest management;
- b) drafting of legislative acts and legal acts of the Government of Georgia in the sphere of forest, and submitting them to the Government of Georgia;
- c) dividing of forest by functional purposes according to the Rule of Categorization and Management of Forests of Georgia, except for the forests within the territories of Autonomous Republics and Tbilisi municipality;
- d) organizing forest inventory [record keeping] system of Georgia;
- e) applying a unified scientific-technical policy in the sphere of management of Georgia's forest, developing and approving normative and methodological documents, and organizing scientific/research activities;
- f) approving of state forest management plan and private forest management plans, except for the state forests within the territories of Autonomous Republics and Tbilisi municipality;
- g) organizing the fulfilment of commitments provided by international treaties and agreements pertaining to forest management and coordinating international projects;
- h) elaborating solicitation on assigning state forest status;
- i) elaborating solicitation on terminating or restoring forest status, except for the forests within the territories of Autonomous Republics and Tbilisi municipality;
- j) carry out legal and sectoral control over the activity of the state forest management body, except for the forest management bodies of Autonomous Republics and Tbilisi Municipality;
- k) developing recommendations for forest management bodies in Georgia;
- l) national forest inventory of Georgia.

## 3.2 National Forestry Agency (NFA)

#### Mandate and responsibilities

The National Forest Agency (NFA) is the Legal Entity of Public Law (LEPL)<sup>13</sup> under the Ministry of Environmental Protection and Agriculture of Georgia. It was established based on the Law of

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<sup>12</sup> The New (Draft) Forest Code submitted to the Parliament in January 2019, p. 19.

<sup>13</sup> A legal entity under public law is a separate organization from legislative and state government bodies, established under an appropriate law, an ordinance of the Government of Georgia or an administrative act of a state government body based on law, which independently carries out political, state, social, educational, cultural and other public activities under state control; it is also a separate organization from state government bodies, established under a normative act of a supreme executive body of an autonomous republic, which independently carries out social, educational, cultural and other public activities under state control (<https://matsne.gov.ge/ru/document/download/19204/19/en/pdf>).



Georgia on Management of Forest Fund in 2013. It is responsible for the following activities, among others:

- Forest inventory and planning on forest fund land
- Forest maintenance and restoration (incl. forest fire prevention measures)
- Monitoring of NFA-managed forests
- Development and implementation of measures to protect forests from illegal use (e.g. fencing)<sup>14</sup>
- Logging
- Issuing utilization rights for the use of forest fund lands
- Allocation of areas for social cuts, and
- Construction and/ or rehabilitation of forest roads.

The NFA manages 2.0 million ha of forest fund (of which 1.8 million ha are covered with forests; see Chapter 1.4 of the Feasibility Study for more detailed information). The main funding sources of the agency are state budget, own funds/ revenue, and targeted grants. NFA generates their own revenue from various sources, including (among others):<sup>15</sup>

- revenues from selling timber resources;
- service fees for timber logging tickets;
- revenues from issuing the right of forest fund use;
- compensation fees;
- service fees for issuing timber origin document or issuing
- timber origin document and marking with special badge;
- revenues from selling timber origin documents and / or special badges.

### Offices and staff resources

NFA has a central headquarters in Tbilisi and nine regional forest service offices (see Figure below) throughout the country. In the past these regions were divided into forest districts often consisting of 1-3 administrative districts, which have to develop and implement forest management plans. However, under the n New (Draft) Forest Code, FMPs will be made for each administrative district (i.e. no more combined districts).

In 2018 the total number of employees reached 967, of which 121 work in NFA's headquarters in Tbilisi. In January 2018, the NFA employed 111 new staff members, of which 85 are forest rangers. On average, one forest ranger is responsible for an area of 2,867 ha. Majority of NFA staff are based in 9 regional forestry service offices (Figure 6 and Figure 7).

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<sup>14</sup> As of 2019, DES is responsible for forest supervision.

<sup>15</sup> Detailed figures are provided in Feasibility Study Chapter 5.2.4, related to the financial baseline for forestry sector institutions.



Figure 5: Forest regions of NFA  
Source: National Forest Agency

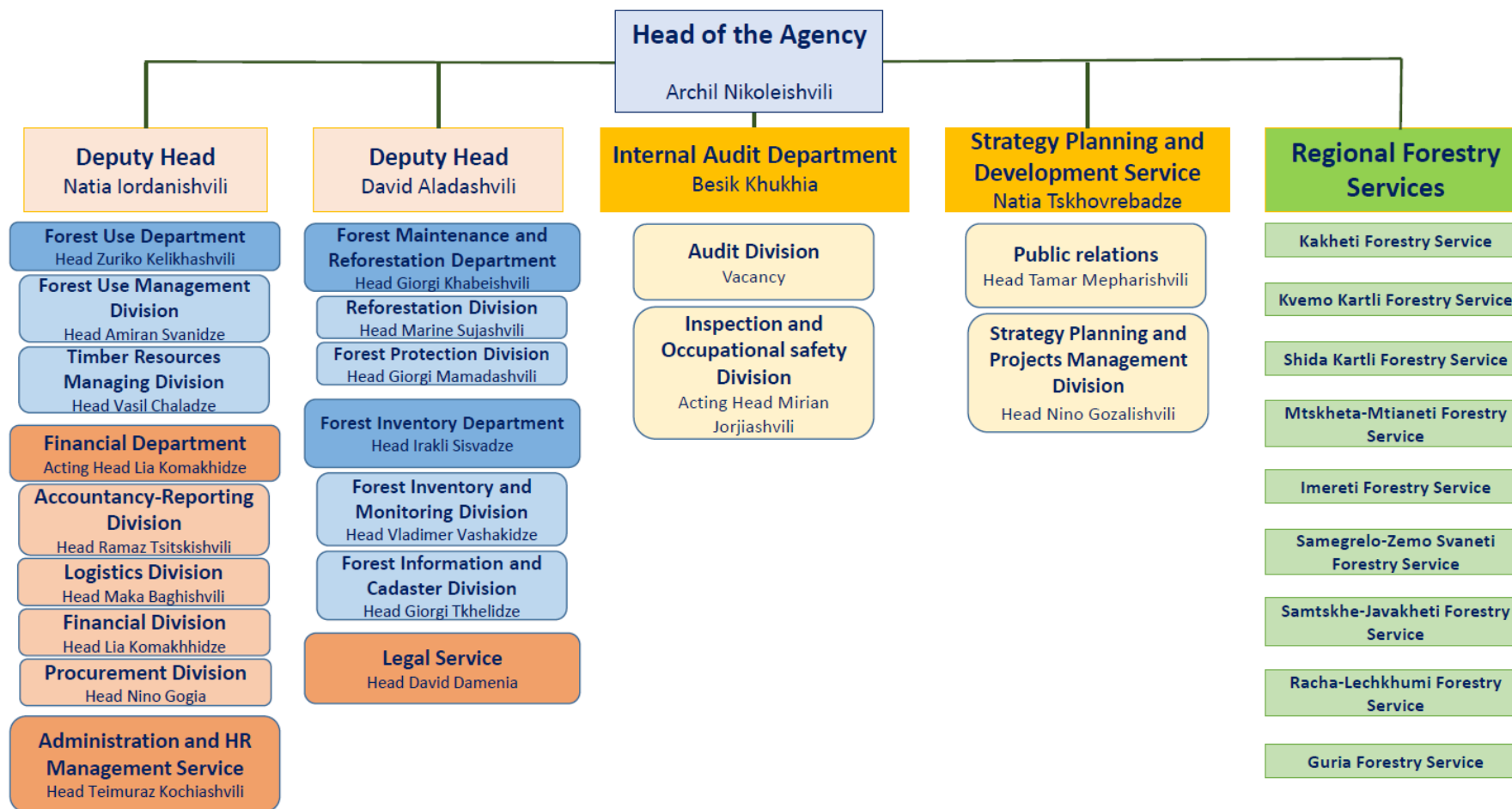


Figure 6: NFA headquarter organizational chart

Source: NFA, unpublished

Regional Forestry Services / Forestry Districts  
*Permanent staff position*

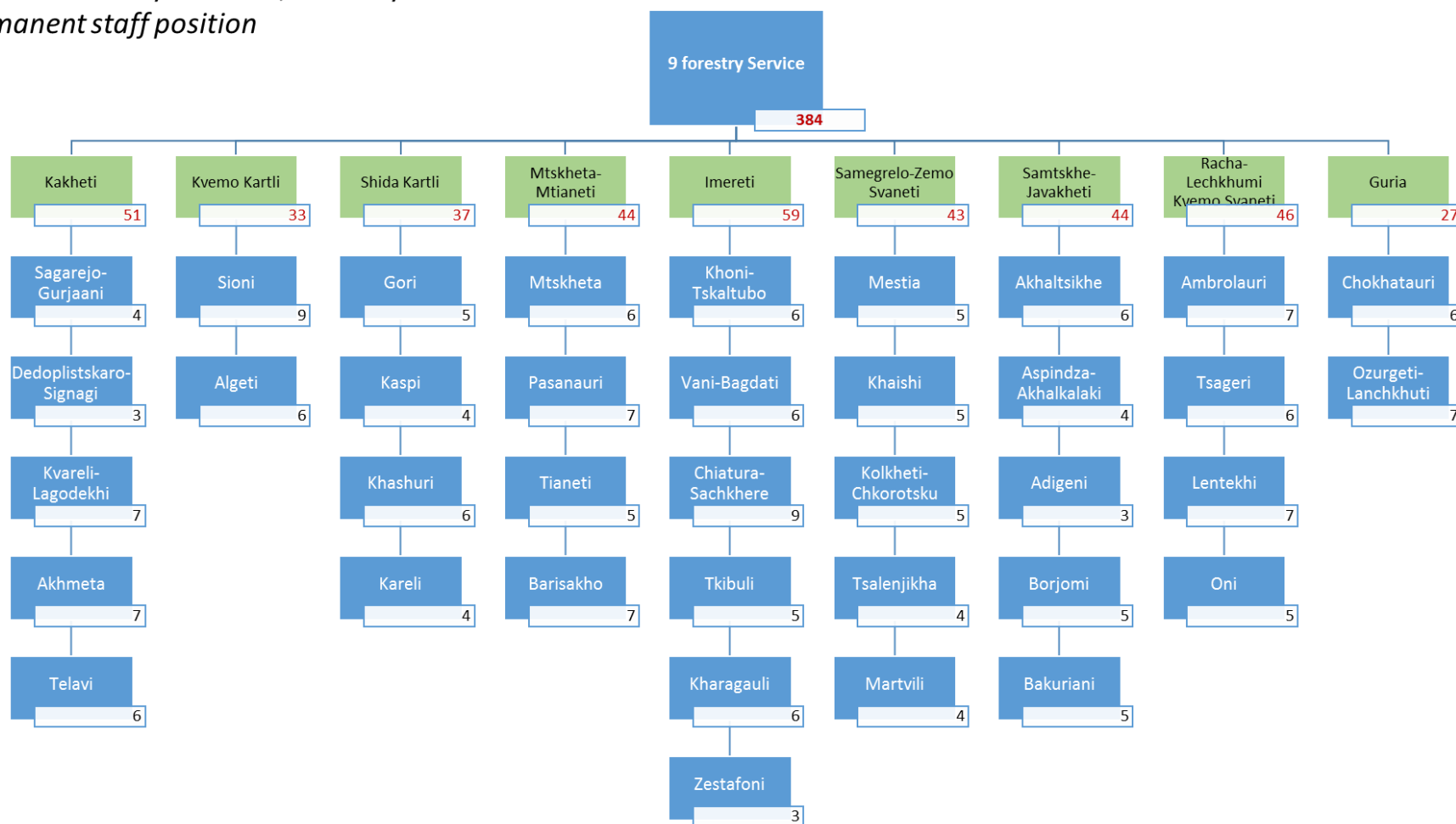


Figure 7: Organization chart and staff for NFA regional forestry service offices

Source: NFA, unpublished

### NFA under the New (Draft) Forest Code

The New (Draft) Forest Code which is already elaborated and waiting for the final hearing and approval in the Parliament of Georgia<sup>16</sup> envisages some considerable changes in the forest sector of Georgia. Some of those changes will directly affect what the NFA will be responsible for and how. The table below highlights the most important changes.

*Table 2: Main expected changes in forest sector*

Expected changes	Explanation
Separation of competencies:	<p>The code separates the competences between the involved institutions according to <b>functions</b>:</p> <ul style="list-style-type: none"><li>▪ <b>Regulator/Controller:</b> Forest Policy Division under the Department of Biodiversity and Forest Policy of the Ministry of Environmental Protection and Agriculture</li><li>▪ <b>Forest Supervision and Law Enforcement:</b> Department of Environmental Supervision of the Ministry of Environmental Protection and Agriculture</li><li>▪ <b>Forest management of state-controlled forest areas:</b> National Forest Agency. Except for the forests located within protected areas and within the territories of the autonomous republics, management of state-owned forests is undertaken by the forest managing body – a 100% state-owned legal entity of private law.</li></ul>
Transition of NFA to a multipurpose forest management enterprise:	<p>The new management model envisions a gradual transformation of the NFA to a multipurpose forest management enterprise. In this role, the NFA will be authorized to manage the forest and reinvest revenues from ecosystem-based SFM into forest restoration, fire prevention, infrastructure, and other forestry activities.</p>
Introduction of forest information and monitoring system (FIMS)	<p>FIMS is in the process of being developed to strengthen forest information and monitoring. At least 10 software modules will be developed including forest operations software, software for forest management inventories and planning, national forest inventory software, forest incidence monitoring software, and forest function mapping, among others. Once the New (Draft) Forest Code is approved, the regulatory framework and institutional arrangements will need to be established.</p>
Wood-related commercial activities exclusively implemented by NFA	<p>Forest use is split into general use and special use. The exclusive power of the management body (NFA) are logging and collection of non-timber forest products and secondary wood products. Other uses (e.g. hunting, fishing etc.) are not exclusively under NFA power, but require their approval and/or specific licenses.</p>

<sup>16</sup> As of April 2019.

Expected changes	Explanation
Phasing out of the social cut programme:	The social cut programme will be phased out and NFA is supposed to establish a sustainable fuelwood supply. There will be a transition period up to 2022.
Phasing out of logging concessions:	New concessions will no longer be issued; existing ones are allowed to operate until the expiration date is reached.

### 3.3 Department of Environmental Supervision (DES)

#### Mandate and responsibilities

DES is a state body under the auspices of MoEPA, and has the following mandate:

- Prevention and detection of illegal use of natural resources
- Prevention and detection of environmental pollution
- Control of natural resource license requirements.

The Department has a wide range of competences to fulfil its mandate that include:

- Inspection and examination of regulation objects
- Issuing administrative offence reports
- Assessing damage to the environment
- Issuing administrative orders
- Sending criminal cases to the investigation bodies.

The objective of the department in the forest sector is to prevent, detect and eliminate illegal logging, transportation, processing and realization of timber. DES is responsible for regulating license holders (commercial logging), wood resource users under the social wood program, other timber harvesters/ processing industry (e.g. wood harvested on private property, wood obtained under special logging permits, imported wood, and wood processing facilities/sawmills).

For fulfilling their mandate in the field DES has two main “instruments”:

1. **Immediate response**: The immediate response squads are equipped with vehicles, firearms, documentation tools and observation equipment. The squads patrol on 24h/7 duty in their respective regions. Their mandate includes the inspection of sites and areas for obtaining and processing natural resources and drawing up the protocol for administrative law violation.
2. **Inspection**: Inspectors implement scheduled or impromptu inspections and have the mandate to draw up an inspection act and/or protocol for administrative law violation and assessing damage to the environment.

Control mechanisms available to DES are legal status of timber documents, labelling of round timber and electronic systems for managing timber resources and managing sawmills. Within FIMS, a system of forest incidence monitoring and timber tracking is being developed to improve forest supervision and control (to be further supported in the framework of the proposed GCF project).

#### Offices and staff resources

The Department had a total of 411 staff members in 2018, of which 317 were based in 8 regional units (Figure 8 and Figure 9).



*Figure 8: DES regional offices*

*Source: Department of Environmental Protection*

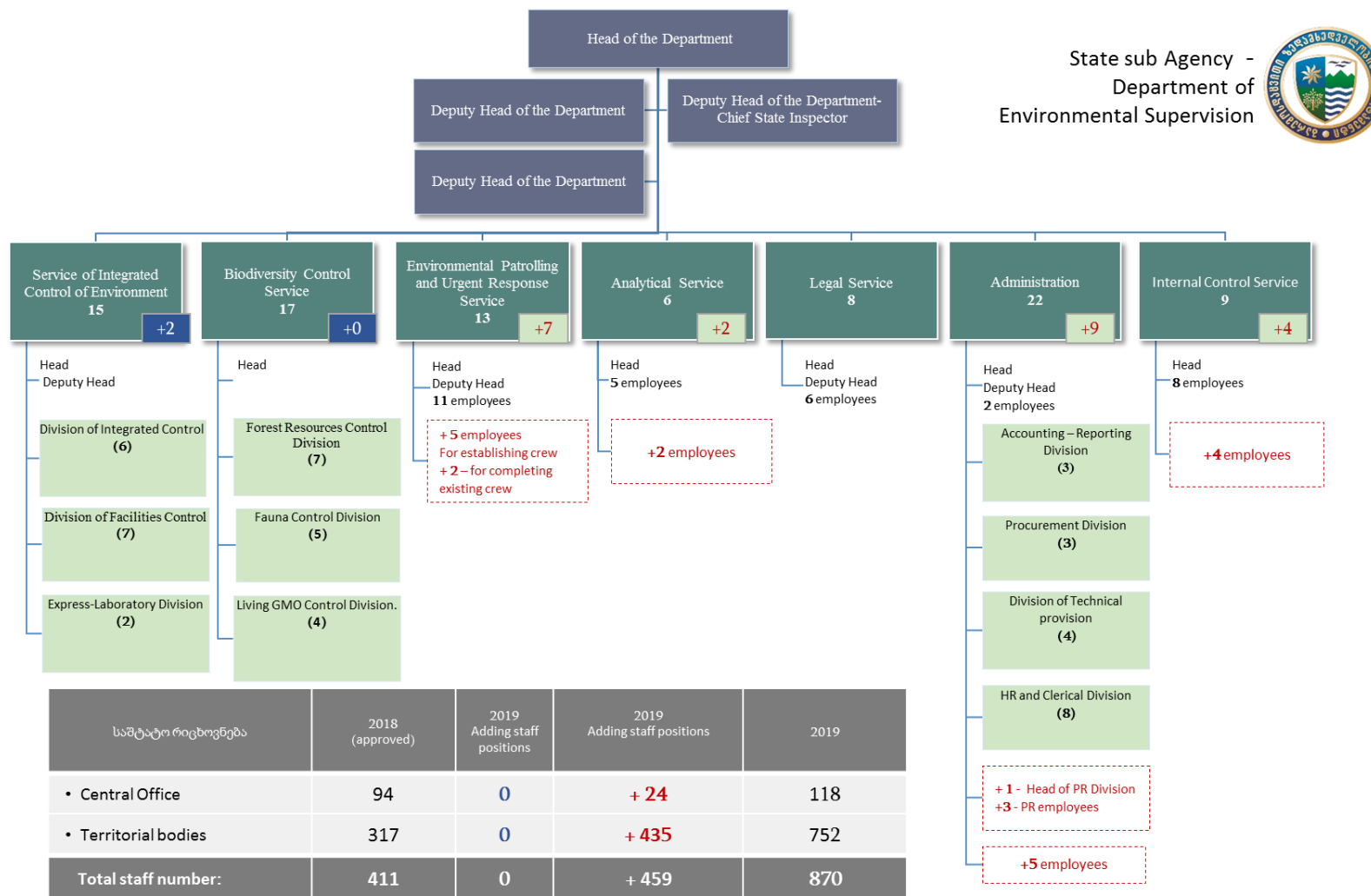


Figure 9: Organizational chart Department of Environmental Protection in 2019 (incl. requested additional staff, noted in red)





Staff number	2018 (current)	Addition to staff number	2019 (projected)
• Territorial bodies	317	+ 435	752

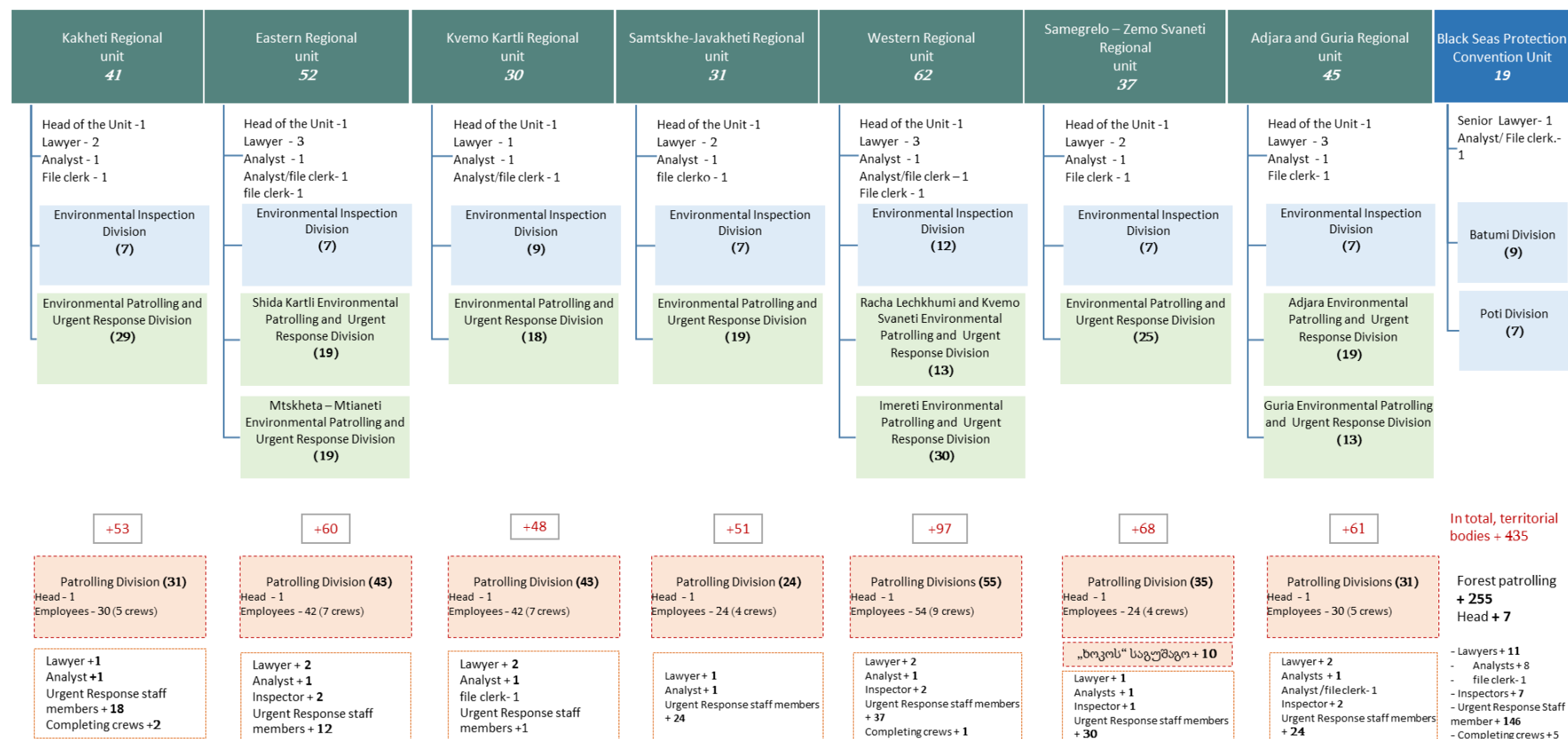


Figure 10: Projected staff in DES regional units for 2019

Source: DES, unpublished

### DES under the New (Draft) Forest Code

The New (Draft) Forest Code envisages a much stronger role of DES in the supervision of activities in the forest areas itself. This mandate is currently with NFA and shifts, once the New (Draft) Forest Code is approved, to DES.

With the forest sector reform and the transfer of forest supervision responsibilities from NFA to DES, DES expects to double their staff in 2019 to a total of 870 employees by the end of the year. Majority of DES staff (752 employees), will be based in regional unit offices. Majority of new staff will be forest patrol employees (255), followed by additional urgent response staff members (146), and 7 forest inspectors, among other staff positions. While many staff will be transferred from NFA to DES, it is also anticipated that additional staff will be hired in the coming years to meet DES's staffing needs, especially as the country aims to implement forest sector reforms and scale up SFM.

## 3.4 Environmental Information and Education Centre (EIEC)

### Mandate and responsibilities

The Environmental Information and Education Centre (EIEC) was established in 2013 as a Legal Entity of Public Law (LEPL) of the Ministry on the basis of the Aarhus Center with the aim to raise public awareness on environmental protection, support public participation in the decision-making process and increase access to justice.

The functions of the Centre are the following<sup>17</sup>:

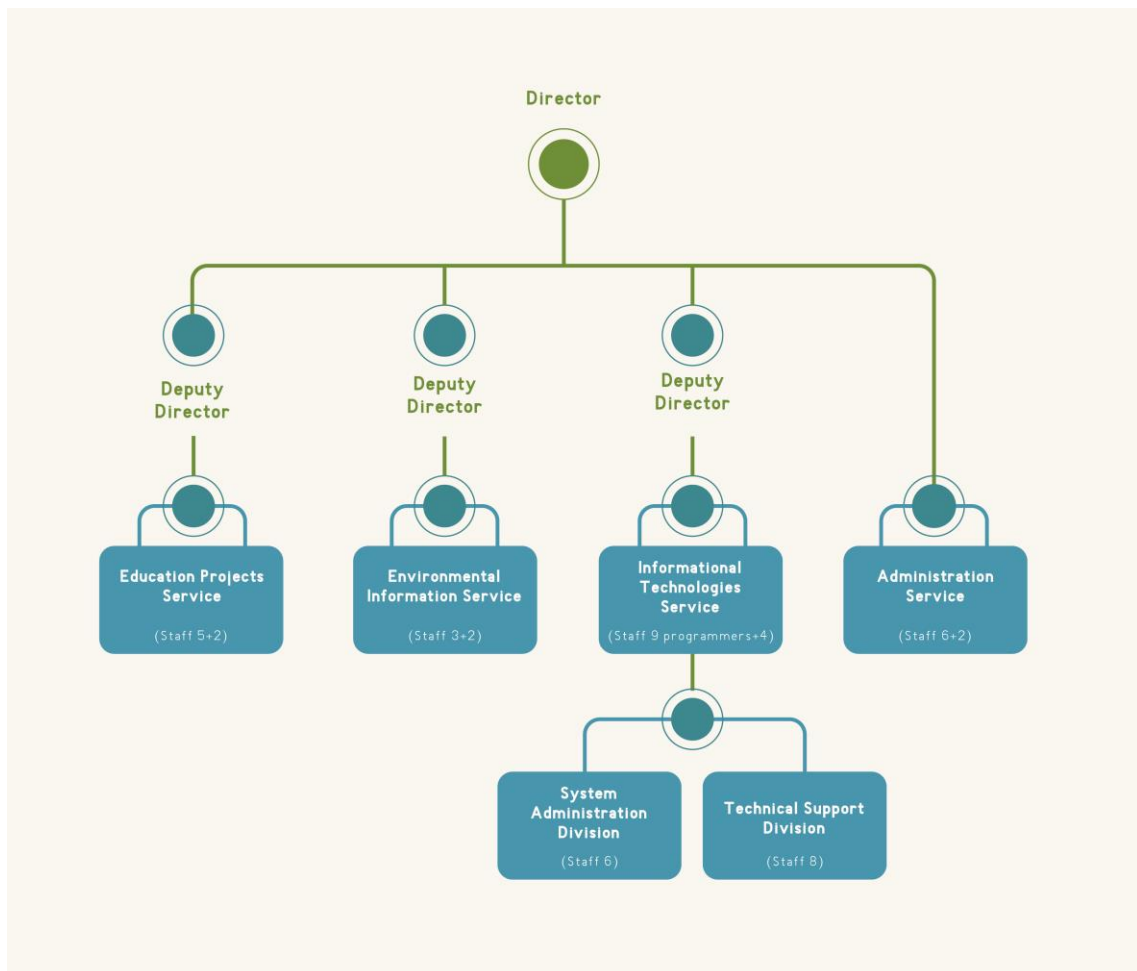
- To create a unified data base on environmental protection and support its publicity;
- To ensure public access to timely and adequate information on the state of environmental protection;
- To support public participation into the environment related decision-making processes;
- To support public participation into the environment related surveys;
- To timely disseminate information about public discussions of reports concerning impact on the environment;
- To disseminate information about adoption of new legislative acts or legislative amendments in the field of environment;
- To carry out different activities and events in order to raise awareness on environmental issues among the target groups;
- To study public demand for environment related information;
- To support environmental education in Georgia and coordinate an implementation of the respective activities.

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<sup>17</sup><http://eiec.gov.ge/AboutUs/%E1%83%AA%E1%83%94%E1%83%9C%E1%83%A2%E1%83%A0%E1%83%98%E1%83%A1-%E1%83%9B%E1%83%98%E1%83%A1%E1%83%98%E1%83%90.aspx>

### Office(s) and staff resources

The Centre is divided into three main units: Administrative Service, Educational Project Service and Environmental Information Service. The Centre also has the Informational Technology Services with 3 divisions that serves the entire Ministry and its subdivisions. Currently EIEC has 41 employees, out of which 21 are IT specialists, and only 5 employees are under the Educational Project Service.



*Figure 11: Organizational chart of EIEC.*

*Source: EIEC 2019*

### EIEC under the New (Draft) Forest Code

EIEC continues to play an important role under the forest sector reforms, as they are a key institution that supports environmental education, the dissemination of information on new and/or amended legislation and regulatory changes, and awareness raising on the reforms at different levels and to diverse stakeholders (NGOs, CSOs, municipalities, among others). Besides this, EIEC is expected to play an important role in supporting the institutionalization of trainings, ensuring quality control.

EIEC has been implementing various capacity building activities for forest sector employees for several years, and continue to do so under the ongoing reforms. With the support from GIZ, the Centre has already started implementing capacity building activities for new employees of DES,

more precisely for new employees of the Environmental Patrolling and Urgent Response Service. At this stage, 48 persons have undergone the trainings, and by the end of summer at least 160 persons will be trained. The senior managers of DES act as trainers, who have been trained to conduct trainings. The main topics of the trainings are offences of Administrative Law, techniques of urgent response, Illegal hunting, CITES, etc. The training program covers half-day practical exercise in the field as well.

## 4 ANALYSIS OF EXISTING CAPACITY IN RELATION TO THE GCF PROJECT

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### 4.1 Capacity development support in Georgia for the forest sector from development cooperation

Capacities in relation Sustainable Forest Management (SFM) in Georgia are diverse, and to a certain extent have been influenced by development partner initiatives. There has been a number of projects and programs implemented with support from different development partners working with the Government (MoEPA), including GIZ/ BMZ, ADA, GEF, and UNDP, among others. These projects and programs have been instrumental in building the capacities of key agencies in the Georgian forest sector on topics related to climate change, SFM and ecosystem-based forest management. The main focus so far has been on supporting central-level institutional and technical capacity within MoEPA (specifically BFD), NFA and DES. This has supported the development of the forest reform until now, with major accomplishments including the development of the National Forest Concept and the National Forest Program, as well as the drafting of the New (Draft) Forest Code, which is undergoing parliamentary hearings, and is expected to be approved later this year.

A more detailed overview of key development projects is included in the Feasibility Study (within Chapter 5.4), along with a description of their advances and challenges (incl. a description of some of the capacity development measures applied).<sup>18</sup> Experiences and analysis from these projects shows that it is necessary to continue supporting capacity development (both functional and technical) in order to support the timely and effective translation of SFM principles into practice, ensuring long-term sustainability in the sector.<sup>19</sup>

### 4.2 Capacity gaps for the implementation of the proposed GCF project

The capacity needs assessment, conducted to inform project design, identified specific areas where capacities need to be further strengthened. Table 3 below provides a summary of main themes in regards to the functional and technical capacity gaps, followed by a more detailed description in the text below.

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<sup>18</sup> Unfortunately, it was not possible to access other capacity needs assessments, with the exception of a very specialized baseline study on education for the forestry sector. Thus, this report was unable to include a comprehensive summary of the results of past capacity assessments.

<sup>19</sup> Chapter 7.2 provides a summary of the capacity assessment conducted for the pre-feasibility study.

*Table 3: Capacity gaps identified*

Capacity Function	Functional and Technical Capacity Gaps
Capacity to Define a Vision and Mandate	<ul style="list-style-type: none"> <li>▪ In the past, there was an unclear long-term vision for forest sector development. While the sector reform efforts have tried to create a long-term vision, there are still many information gaps that are a barrier for long-term planning (e.g. lack of FMPs and forest information, limited capacities on economic and financial planning for the forest sector). There are still several competing agendas within the sector, however the New (Draft) Forest Code will help the sector to have a stronger vision and cohesive legal and regulatory framework.</li> <li>▪ With the institutional re-structuring associated with the forest sector reform, there is some confusion over the roles and responsibilities – which are not always clear, and may even lack operational procedures, guidelines, protocols and other supporting documents. This leads to confusion and an inconsistent application of laws and regulations, and further weakens coordination and communication within the sector.</li> <li>▪ In addition, new positions and teams (e.g. harvesting teams, road building teams, etc.) will be required under the reforms (see Feasibility Study Chapter 5.2.3.4), which will require clear division of roles and responsibilities among them (both within government, and with private sector actors)</li> <li>▪ Diverse understanding of SFM on different levels and by different stakeholders, which leads to confusion in planning, implementation and monitoring within the forest sector.</li> </ul>
Capacity to Formulate Policies and Strategies	<ul style="list-style-type: none"> <li>▪ While policies, strategies and other guidance on SFM have emerged since 2013 (see Feasibility Study Chapter 5.2), the regulatory framework has been revised many times during the past two decades, resulting in numerous inconsistencies. This leads to an inconsistent interpretation and application of forest laws and regulations.</li> <li>▪ New (draft) Forest Code is not yet approved, but is undergoing parliamentary hearings and is expected to be approved in mid-2019. Once the New (Draft) Forest Code is approved, the regulatory framework and key secondary legal acts will need to be revised to streamline SFM, in particular ecosystem-based forest management practices. National-level Principles, Criteria and Indicators for SFM and Management-level Principles, Criteria and Indicators for Ecosystem-based Forest Management are drafted yet pending formal approval.</li> <li>▪ SFM principles and strategies not yet mainstreamed in all sectoral documents, trainings modules, protocols, and regulations.</li> <li>▪ While capacities in MoEPA's BFD are comparatively high, additional external support is recommended to support with the revision of legal secondary acts (e.g. commercial use of NTFPs) due to tight timelines, and the need for specialized expertise (forest management inventories, ecosystem-based forest management practices etc.)</li> </ul>

Capacity Function	Functional and Technical Capacity Gaps
	<ul style="list-style-type: none"> <li>▪ Limited coordination among different line ministries (i.e. MoEPA and MoSDE), means that there are limited joint initiatives on key cross-cutting topics (e.g. rural development, energy, forest management). This often limits the effectiveness of sectoral initiatives, as cross-cutting elements are not fully addressed due to coordination issues.</li> </ul>
Capacity to budget, manage and implement	<ul style="list-style-type: none"> <li>▪ Insufficient state budget<sup>20</sup> allocated to forestry sector that would support the effective and timely implementation of SFM. As described in Chapter 5.2.4 of the Feasibility Study, one of the biggest challenges for implementing the forest sector reform is the lack of finance.</li> <li>▪ Reliance on project funding from external sources (mainly international donor organizations) for implementation</li> <li>▪ Staff numbers lower than required to enable the implementation of SFM, including foresters and forest workers, staff for improved forest information and monitoring, training and education, forest supervision, etc.</li> <li>▪ Low staff motivation limits the capacity of the government to implement reforms. This is due to low salaries and a lack of other incentives to keep qualified professionals motivated. This further leads to high staff turnover, and frequent role changes.</li> <li>▪ Staff turnover and the need to onboard new staff to adopt SFM is currently limited by the lack of an institutionalized training and knowledge management platform. There is thus a high dependency on individuals, rather than processes/ systems, and as such implementation and management will both suffer if key individuals and knowledge leave. Trainings are often limited to one-off trainings, and knowledge is easily lost. Thus, institutional learning and knowledge management suffer.</li> <li>▪ There are limited staff capacities on SFM, especially ecosystem-based practices. BAU practices have negative environmental impacts (see Feasibility Study Chapters 5.1 and 5.2)</li> <li>▪ Informal coordination among the main forest sector agencies rather than formal coordination and cooperation mechanisms among them. Limited inter-sectoral coordination, especially on closely linked topics (e.g. rural energy and development, forest sector development), which limits the effectiveness and efficiency of interventions.</li> <li>▪ NFA has a capacity gap in terms of financial and economic planning for SFM. In the past, planning has been ad-hoc due to the lack of forest information and FMPs. With newly developed FMPs under the project, there is a gap in capacity to develop robust business plans and financial and economic planning for SFM, considering the different social, economic and environmental components that need to be considered and balanced.</li> </ul>

<sup>20</sup> Budgeting capacities are perceived as high, as detailed budgets are available for the sector.

Capacity Function	Functional and Technical Capacity Gaps
	<ul style="list-style-type: none"> <li>▪ There is a lack of suitable equipment and forest infrastructure for SFM (as described in Feasibility Study Chapter 5.2.3.4). Budgets often cover basic equipment (uniforms, GPS, second-hand cars), but are insufficient for the equipment required to implement SFM, in particular ecosystem-based forest management practices.</li> <li>▪ For forest road planning, construction and maintenance, there is limited knowledge on low-impact and resilient construction practices. Also, in order to establish a comprehensive road network for SFM in the project's target districts, there is a gap in capacity to support the planning of these roads within forest sector agencies. There is a need to hire additional expertise (civil engineers, forest road specialists) to support the planning, and oversee the construction and maintenance work.</li> </ul>
Capacity to evaluate	<ul style="list-style-type: none"> <li>▪ Lack of Forest Management Plans, resulting in ad-hoc forest management, where harvesting are not based on the forest conditions or optimal yields. This greatly limits the government's ability to plan, manage, monitor and evaluate the forest sector. This is further exacerbated by the lack of up-to-date forest inventories resulting in major gaps and uncertainty about the state of Georgian forests</li> <li>▪ Ineffective monitoring and evaluation system (often hardcopies only, limited data entry, data may be incomparable [differing units, scales, timeframes, etc.], missing data, etc.), although recent initiatives to develop an improved Forest Information and Monitoring System (FIMS) aim to address these barriers. Nonetheless, it is critical that detailed standard operating procedures, data management and collection protocols/ manuals and standards are established, and set a robust standard that enables consistent and comparable data collection and analysis.</li> <li>▪ Data interpretation also poses challenges in Georgia. Within the course of project preparation there were instances where statistics differed in Government reported data and data from the national statistics agency, and/or from the institutions themselves. While FIMS aims to address this (as described above), it remains a challenge how to work with and interpret old statistics given the substantial uncertainties and differences.</li> <li>▪ Sector level data and information systems are lacking; for example, the old inventory data is kept in a hardcopy format only and can't be easily accessed in an electronic format. Data is often lost when it is hardcopy format, or even when scanned versions are available – it is extremely non-user-friendly for analysis (e.g. requiring the transcription of hundreds of pages of excel tables).</li> <li>▪ Skills in GIS and remote sensing and data interpretation/analysis are available, but require further capacity building as FIMS is developed to strengthen forest sector monitoring, planning, evaluation and reporting.</li> </ul>
Capacity to engage stakeholders	<ul style="list-style-type: none"> <li>▪ Legal basis for stakeholder engagement in place, but actual stakeholder engagement practices could be more effective. In the forest sector, FMPs are often placed in a public office for a few weeks where the public can comment, however in practice local people do not have the capacities or interest to comment, and/or are often unaware. The New (Draft) Forest Code aims to improve this, but the</li> </ul>



Capacity Function	Functional and Technical Capacity Gaps
	<p>specific mechanism which will be promoted for stakeholder engagement on FMP development is vague (e.g. at least two community workshops/ meetings).</p> <ul style="list-style-type: none"> <li>▪ Until now communication of the forest sector reforms has been limited. Consultations have occurred for the New (Draft) Forest Code, however major communication and awareness raising campaigns are only planned for once the New (Draft) Forest Code is approved. As a result, there is a lot of confusion and misconception (except for government actors), on the implications of the New Forest Code for private sector businesses, local people, and other stakeholders. Most people know that there is a reform process ongoing, and that the fuelwood mechanism is expected to change – however they are not aware of how/ what are the implications on their livelihoods.</li> <li>▪ Limited cooperation with local CSOs and organizations to support data dissemination.</li> </ul>

#### 4.2.1 Capacity to define a vision and mandate

In general, capacities are quite good in terms of defining a vision and mandate. The Government has developed key documents over the last 5-10 years, aiming to create a stronger goal and vision in the forest sector (e.g. The National Forest Concept, National Forest Program). Throughout the forestry sector reform the concept of SFM in the Georgian context has been defined, which is reflected in the National Principles, Criteria and Indicators for SFM, Management-level Criteria and Indicators for Ecosystem-based Forest Management, and the New (Draft) Forest Code. These developments are shaping a clearer vision for the forest sector, and are working towards a unified understanding on SFM and necessary related reforms within the sector.

The potential to strengthen capacities lies mostly in clarifying roles and responsibilities as institutions take on new or revised mandates. In the light of latest developments with the Forest Sector Reform and new (draft) Forest Code, envisioned institutional re-structuring causes some confusion over the roles and responsibilities among institutions, especially during the transition phase. This is likely due to the lack of operational procedures, guidelines, protocols and other relevant guiding documents, as well as ongoing discussions regarding the reform (e.g. hearings on the New (Draft) Forest Code).

It is further considered important to pursue improved cross-sectoral coordination to build on the momentum created by the ongoing reforms to ensure coordinated action towards a shared vision (see below). During the interviews, many actors noted that there is limited cooperation with other ministries, even on synergetic topics such as rural development, energy efficiency and alternative fuels. MoEPA may need more technical and financial support to strengthen its leadership role in the government-level discussions and strategic decision-making processes. A quite promising platform exists already that aims at increased coordination among the different governmental bodies and stakeholders – the National Forest Program (NFP) multi-stakeholder platform that is coordinated and managed by the BFD. So far it has been developed as a platform for technical coordination and cooperation among the mid-level managers and specialists representing different sectors and interests, although some adjustments are envisioned to improve engagement of stakeholders. At the inter-ministry level there is a need for improved coordination, where it is recommended that a high-level working group is developed to improve coordination and support the development of joint initiatives in key sectors (e.g. forests, energy, rural development, etc.).

#### 4.2.2 Capacity to formulate policies and strategies

While policies, strategies and other guidance on SFM have emerged since 2013 (see Feasibility Study Chapter 5.2), there are still many inconsistencies in the legal and regulatory framework. For instance, the regulatory framework has been revised many times during the past two decades (e.g. the Government Resolution 242 on the “Rules of Forest” 2010 – 94% of which has been amended during the period from 2008-2012 through 40 amendments - See Appendix 5 to the Feasibility Study for more examples). This leads to an inconsistent interpretation and application of forest laws and regulations.

A major advancement towards improving the regulatory and legal framework will be the approval of the New (Draft) Forest Code, which is expected in 2019. Once approved, the regulatory framework and key secondary legal acts will need to be revised to address these inconsistencies, and streamline SFM, in particular ecosystem-based forest management practices. National-level Principles, Criteria and Indicators for SFM and Management-level Principles, Criteria and Indicators for Ecosystem-based Forest Management are drafted and expected to guide regulatory changes. However, until now SFM is not fully mainstreamed in the regulatory framework, nor in trainings modules, protocols, standard operating procedures and regulations.

While capacities in MoEPA's BFD are comparatively high, additional external support is recommended to support with the revision of legal secondary acts once the New (Draft) Forest Code is approved. External expertise is required due to:

- Tight timelines requiring quick yet effective adjustments to address shortcomings and gaps in the legal framework, and
- The need for specialized expertise (forest management inventories, ecosystem-based forest management practices etc.).

#### 4.2.3 Capacity to budget, manage and implement

While central Government staff, especially the senior managers of the forest sector, are generally aware of SFM as a concept, technical and policy-level understanding is still limited. The main gap is in practical operationalization of SFM, in particular ecosystem-based practices. It should be noted, that lack of an enabling regulatory framework as well as limited finances, capacities and sometimes proper equipment are the main barriers. Capacity building to develop a deeper understanding of concrete actions and best practices supporting SFM will be needed. It will require learning-by-doing, and should also build on the experiences of other countries with similar realities and challenges implementing SFM.

##### Skills, Knowledge and Training

Once the draft New (Draft) Forest Code is approved by the Parliament, it envisions that all foresters and forest workers (including existing NFA staff and future staff) to obtain a formal qualification by 2025 requiring a university degree in the forestry for foresters and a relevant professional qualification for forest workers.

The capacity assessment of forestry sector in Georgia conducted by GIZ in 2014 found out on national level, 84% of NFA staff had educational background in forestry, forest related field or other adequate (lawyer, accountant, etc.) education. On the district level (where forest guards and forest rangers operate), the average percentage of forest educational background in Georgia was 27%. The assessment concluded that at the central and district offices (mainly planning level), the education background was sufficient to perform well the institutional duties and tasks, but at the operational level (including supervision in forest), educational level was not sufficient.

Ensuring that the existing and new staff in the forestry fulfill the necessary qualification requirements will be important task for the forestry sector in Georgia. GIZ, through its IBIS and ECOserve

projects, supports the Georgian Government to strengthen vocational education programs, including the development of accredited courses and trainings, training of trainers, and supporting four vocational education and training colleges to become accredited for the vocational education course “Forest Work Specialist”.

During current assessment, the main training gaps of BFD, NFA and DES were identified as following:

- FMP elaboration based on new regulations
- Strategic and long-term planning (financial and economic planning, and business plan development for NFA based on FMPs)
- Marketing and communication under the new business service yard concept
- Forest tourism development and management (promoting recreational use)
- Best practices of SFM and international experience (planning and implementation)
- Monitoring and evaluation, including improved data collection and analysis
- Financial management to help with work planning and project implementation
- Conflict resolution techniques and community engagement
- Trainings in concrete SFM tools and techniques based on best practices that are adapted for the Georgian context

It should be noted that international partner organizations and especially GIZ have been supporting the capacity building of forest state entities through trainings for a considerable period of time. However, it appears the forest system lacks a systematic and institutionalized training platform that would evaluate the training needs and provide adequate training programs systematically and on a long-term basis. Back in 2013 EIEC Centre was created for that purpose (not only for the forestry sector though). Its capacities are not enough for now to fill in the existing gap for the forestry sector (it expected that additional staff hours of around 20 months are needed to support the implementation of a training and knowledge management platform, as well as awareness raising, and another 2 full-time staff are expected to support FIMS - see Chapter 5 below).

#### Human resources – staff

It is generally understood that salaries are low and staff numbers are insufficient for many forest sector institutions. The salaries of staff are mainly funded from the state budget. While NFA and EIEC generate their own funds as well, in addition to state budget, their budgets are still insufficient to implement the activities envisioned under the sectors reform, which is a considerable gap<sup>21</sup> (see Chapter 5.2.4 of the Feasibility Study for a more detailed analysis of the financial baseline of the project). For example, the implementation of the project the following increases in staff are foreseen:

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<sup>21</sup> NFA to increase staff from 33 forest workers to over 90, and train and hire 428 seasonal staff. In addition, DES’s staff numbers are increasing, and will almost double from 2018 levels in 2020. See Feasibility Study Chapter 5.2.3.4 for more detailed information.

- EIEC: Need to hire 2 staff for FIMS, part-time staff (20 months in total) to support training and knowledge management platform
- DES: Need to hire 459 staff by 2020 to support supervision
- NFA: Need to hire an extra 57 permanent staff within the regional forest services offices, plus 248 seasonal staff

Imbalance between a big workload and limited workforce creates the situation when certain individuals are overloaded with responsibilities and workload that in its turn creates an unhealthy working environment, and negatively affects the productivity and motivation of employees. As described in the feasibility study, without additional investments in staff – it is not realistic to implement SFM in the target area.

Staff turnover is also high due to different reasons:

- At the senior and middle management level, the reason of turnover can be political – once the Minister is changed, the heads of departments and units might be changed as well.
- As for specialists, their turnover often is the result of low salaries, no additional incentives or motivation to stay in the public sector, the perspective to get better paid jobs with more chances for career development either in the private or NGO sector and so on.

Staff turnover at both national and regional level is highlighted as a significant concern, with new staff constantly requiring upskilling to fill vacant positions. One of the observations is that in some departments, the issue of delegation can be present, with senior staff appearing to be dominant and hesitant about passing certain tasks to junior members. Many projects understandably require the use of external international consultants, but there is limited transfer of knowledge to Georgian staff.

#### Equipment and investments in SFM

NFA and DES have very detailed list of equipment (cars, wood processors, smart tools for monitoring and patrolling etc.) they need in order to fulfill their tasks especially in the light of the upcoming reform. These lists have been further revised by forestry experts to ensure they cover all pertinent investments to enable SFM, in particular ecosystem-based forest management. As stated above, budgets of key forest sector institutions are insufficient to invest in costly equipment required for SFM (refer to Feasibility Study Chapter 5.2.4 for more detailed information), especially since equipment is needed for specialized teams in each district, as well as other general equipment at the regional level. In addition to equipment, the forest infrastructure, especially the roads within and nearby the forests need considerable improvement. Investments in forest infrastructure have lagged in the past due to budget limitations, and the quality of construction was often poor given limited budgets and capacities. Within the “Business Service Yards” that will be developed by NFA for the sorting, storage and sale of timber and firewood, major investments are required to establish these systems, and ensure their proper functioning (since the state funding for that purpose will be limited). Such investments are necessary to enable the government to implement SFM and support the implementation of the sector reforms. However, such investments need to be accompanied by trainings on new protocols,

guidelines, standard operating procedures, equipment, etc., to ensure that the implementation is effective and efficient, whilst ensuring potential social and environmental risks are avoided (refer to the project's ESIA and ESMP for more detail on the Environmental and Social Risks).

#### 4.2.4 Capacity to evaluate

In general the capacity to evaluate is limited, primarily due to the lack of supporting systems to support monitoring and evaluation in the sector.

##### Monitoring and evaluation

The lack of forest information, and ultimately limited monitoring and evaluation in the sector is a huge barrier for the planning and implementation of SFM. Since 2017, the government has been working together with donors such as GIZ and Global Forest Watch, among others, to develop a Forest Information and Monitoring System, involving 9 software modules on topics related to forest management inventories and FMP development, timber tracking, and activity recording for forest management, among others (see Feasibility Study Chapter 5.2.3 and Chapter 6.3 for further information). While the concept has evolved substantially in the last years, there is still a need for additional financial and technical support to develop the systems and ensure the effective operationalization of FIMS. In addition, more clarity is needed regarding the regulatory framework and institutional arrangements for FIMS, and targeted capacity development will be needed for FIMS end users once the software modules are completed. In general, early experiences with NFA and DES using some of the modules has been positive, however there is a need for institutionalized trainings to ensure ongoing and consistent training – especially considering projected staff increases in forest sector institutions. This includes trainings on module use and data collection, but also in terms of data analysis and reporting. However, until now – majority of trainings are limited to one-off trainings (as described in the previous sections). The project, thus, not only needs to support the development of FIMS, but also ensure a robust, efficient and effective system is in place to develop institutional and individual capacities on FIMS.

##### Data collection/ storage and knowledge management

In general, data collection/ storage and management systems need support in the systematization and digitalization of existing data - within and among the divisions of MoEPA. During the assessment, it was observed that the existing (albeit often old) forest management plans are often not in digital formats, which makes the use of them a challenge as they are not usable without extensive data entry. This results in a need to digitalize and manage the data in a usable format. The government has identified digitalization as a priority, and under the forest sector reforms and FIMS it is envisioned to develop a comprehensive forest resource database with digitalized information, the use of tablets and smartphones in the field, and standard operating procedures on data management, monitoring and reporting. However, digitalization processes for information prior to the (ongoing) development of FIMS has lagged (e.g. with past forest management plans for concession areas).

#### 4.2.5 Capacity to engage stakeholders

With the establishment of EIEC, the government of Georgia has made a notable commitment to improve environmental education and communication in the country. However, while the legal basis for stakeholder engagement is in place, in practice there is still room to improve stakeholder engagement practices.

Until now communication of the forest sector reforms has been limited. Consultations have been conducted for the New (Draft) Forest Code, however broader communication and awareness raising campaigns are only planned once the New (Draft) Forest Code is approved. As a result, there is a lot of confusion and misconception, on the implications of the New (Draft) Forest Code for private sector businesses, local people, and other stakeholders. Most people know that there is a reform process ongoing, and that the fuelwood mechanism is expected to change – however they are not aware of how/ what are the implications on their livelihoods. While there is a general implementation of the reforms (e.g. the social cutting mechanism will be phased out by 2022), nonetheless a comprehensive awareness raising campaign will need to be launched as soon as the New (Draft) Forest Code is approved, and regulatory frameworks adjusted. Currently the government does not regularly cooperate with local organizations for awareness raising and information dissemination, however it is recommended that they build upon local organizations and their networks, to create a more stable presence of “local focal points” capable to improve communication between local communities and the government (and vice versa).

Focusing on stakeholder engagement in forest management – current practices at engaging stakeholders are not effective during planning processes. FMPs are often placed in a public office for a few weeks where the public can comment, however in practice local people do not have the capacities or interest to comment, and/or are often unaware. The New (Draft) Forest Code aims to improve this, but the specific mechanism which will be promoted for stakeholder engagement on FMP development is vague (e.g. at least two community workshops/ meetings). Nonetheless, it represents an important opportunity to set an early “good” example of improved stakeholder engagement, including identifying potential opportunities for local communities to benefit from SFM (e.g. negotiating grazing areas/ conditions, recreation areas, noting areas of importance for NTFP collection, etc.). It is further recommended that capacities of local communities are strengthened, along with the strengthening of government capacities on stakeholder engagement, to enable them to understand opportunities for local communities within the NFP process, and to build basic capacities on SFM, and related benefits.

#### 4.2.6 Summary of key capacity gaps

The following capacity gaps can be highlighted as the most urgent ones in the light of GCF project potential to address them directly or indirectly:

- Lack of processes and institutionalized mechanisms for effective coordination between the agencies within the MoEPA as well as different line ministries.
- Limited capacities for the adoption of SFM and improved forest supervision Information gaps, lack of available data or old data available in an unworkable format.

- Lack of capacity to store, manage and analyze the data and use it in the decision-making cycle.
- Lack of long-term vision and planning, also the capacity to prioritize and streamline different initiatives into shared vision and goals.
- Lack of systematized and institutional platform for trainings.
- Weak and inadequate monitoring and evaluation systems.



## 5 CAPACITY DEVELOPMENT PLAN

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### 5.1 Key Principles

This capacity development plan is recommended in order to develop the required capacity across relevant institutions within the GCF project. A number of strategies and interventions are proposed in this report, which are designed to focus on the critical capacity needs. These proposals seek to improve some existing functional and technical strengths, plus introduce new capacities in order to achieve maximum effectiveness. In developing this capacity development plan, the following key principles were considered:

- **Systematized capacity building:** During the assessment it became clear that the Georgian forest sector has been supported by a number of successful and vital capacity assessment interventions, especially since the current reform has been initiated. The presented capacity development plan considers the lessons learnt and achievements of previous and ongoing capacity development interventions (i.e. capacity development strategy for forestry education supported by GIZ, assessments conducted for the NFP, etc.), avoids duplications and unnecessary repetitions, targets the existing gaps, and introduces the capacity building measures with long-term effect.
- **New (Draft) Forest Code, and National SFM Principles, Criteria and Indicators for SFM:** The planned capacity development interventions take into consideration the following nationally elaborated SFM principles: Ecological Principle, Economic Principle, Social Principle, Multi-functional Principle, and Transparency Principle. The New (Draft) Forest Code, along with the National principles, criteria and indicators for SFM, and other supporting documents, lay the foundation for the sector's vision, and training needs will be considered that aim to implement SFM that is based on such principles, criteria and indicators, as well as the New (Draft) Forest Code.
- **Social, cultural and economic aspects:** Capacity development plan takes into consideration the social, cultural and economic context of Georgia (see Feasibility Study Chapters 1, 5.1 and 5.2 for more information), and acknowledges the opportunities as well as limitations defined by those realities. Due to the complex nature of the forest sector and related issues, it is well recognized that the development of capacities to an ideal level will require time, and targeted interventions for a considerable period of time.

### 5.2 Summary of capacity needs assessment

This assessment has established several key findings. The first is that there are cases where capacity exists, but institutional incentives, knowledge management and training systems are limited, and individual capacities are weak. The second is that it is necessary to mobilize and strengthen existing capacities as well as create new capacity where gaps have been identified taking into consideration the changes envisioned with the enforcement of the New (Draft) For-

est Code. The overall goal of the capacity development plan is to enable the institutions responsible for implementing GCF project interventions in carrying out their mandate and tasks as well as individuals working at these institutions.

Below are capacity development strategy recommendations for all institutions involved in the GCF project.

## 5.3 Capacity development strategy recommendations

### 5.3.1 Capacity to define a vision and mandate

With the anticipated approval of the New (Draft) Forest Code in 2019, there are no minimal capacity needs related to defining a vision and mandate. While currently there are some competing agendas and interests in the sector, the adoption of the New (Draft) Forest Code will create strong momentum in the forest sector and country towards the adoption and scaling up of sustainable forest management.

The main needs are related to ensuring the institutional arrangements are clear, and that standard operating procedures are established that ensure a consistent interpretation of the New (Draft) Forest Code and related regulatory changes.

Furthermore, the GCF project could support the NFP process further to strengthen multi-stakeholder and cross-sectoral coordination and cooperation on a more political and strategic level. This would build on the already growing momentum associated with the forest sector reform, and New (Draft) Forest Code, which could foster improved interest in strengthening cooperation and coordination across sectors. This could also look at developing an inter-ministerial high-level working group, which would support coordinated efforts and joint initiatives between key ministries to work together towards a shared vision of SFM, closely linked with energy efficiency and alternative fuels, rural development and other cross-cutting topics.

### 5.3.2 Capacity to formulate policies and strategies

Once the New (Draft) Forest Code is adopted, there will be a need to urgently revise secondary legal acts and the regulatory framework to ensure that they are consistent with the New (Draft) Forest Code. It will be further necessary that these revisions reduce redundancies and inconsistencies found in existing regulations. While MoEPA's BFD has relatively high capacities for formulating policies and strategies, it is recommended that external experts are provided to support the Government with regulatory revisions as there is a strong time pressure to revise the regulations, and there is a need for technical and specialized expertise.<sup>22</sup> Nonetheless, BFD will play an important role in cross-checking the quality and ensuring the revisions are in line with the New (Draft) Forest Code (where sufficient capacities are in place).

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<sup>22</sup> BMZ/GIZ has already committed to provide support to the Government for the Revision of Regulations 179, 241 and 242 for 2019, and will continue to provide support during the project implementation on such measures, as it is likely there may be ongoing revisions during the early years where SFM is being implemented at scale.

### 5.3.3 Capacity to budget, manage and implement

#### Budgeting and planning for SFM

While the project will support the compilation of current information on forest areas (e.g. through forest management inventories and FMP development), NFA has a capacity gap in connecting detailed forest information with financial and economic planning for SFM in the long-term. Thus, the project will support NFA to fill this capacity gap by providing targeted trainings on budgeting and financial and economic planning for SFM in Activity 1.1.

Additional trainings will be conducted on FMP development for NFA (including conducting forest management inventories using robust and appropriate practices). Trainings for MoEPA on SFM, in particular reviewing FMPs will be conducted to improve their capacity to comprehend the information included within FMPs, and to revise and either provide feedback or approve FMPs, ensuring that high quality FMPs are developed and implemented.

In addition, as described in Chapter 5.2.3.4 in the Feasibility study, substantial investments are required in forest access road construction and skidding trails, ensuring low-impact and resilient practices are applied. To build up the road network in a short time (7 years), the project will also hire additional experts outside of the government to support with the planning process (including civil engineers, and forest road experts). Without additional support, there is a risk that capacities are too weak (and not familiar of best practices), and insufficient staff resources would mean that plans are either not developed or poorly developed (the latter which could create negative social, environmental and economic impacts)

#### Developing SFM knowledge

It is important that SFM is not presented in isolation, but is, instead, framed in relation to activities that Government and other agencies are implementing in relation to biodiversity protection, natural resources management, agricultural development, economic development and energy security. The BFD as well as different NGOs have undertaken some good work on building awareness and understanding of SFM across central and local Government levels. However, this needs to be built upon, as many institutions stated they have only basic knowledge of SFM. Building awareness across Government will help increase individual staff members' confidence in expressing ideas with regards to SFM and how it links to other policies and programs across government. Furthermore, it is important for field staff at regional and district levels to be able to explain to communities the benefits and costs of SFM, as well as understand their rights and responsibilities in relation to social safeguards.

The following Table provides an overview of the trainings envisioned within the framework of the project:

*Table 4: Training needs to develop capacities to implement the proposed project*

Training topic where capacities need to be built	Target Audience
<b>Activity 1.1</b>	
New roles and responsibilities of NFA, SOPs and guidelines for operationalizing SFM, in particular the adoption of ecosystem-based forest management practices	NFA
Training trainers to train regional forestry services: New roles and responsibilities of NFA, SOPs and guidelines for operationalizing SFM, in particular the adoption of ecosystem-based forest management practices	NFA Heads of Regional Forestry Services, Chief Forester and Forest Operation Manager in all 8 regions
Forest cutting (maintenance and final cuts) for ecosystem-based forest management	NFA, private sector service providers
Construction of sustainable and resilient forest infrastructure for ecosystem-based forest management	NFA, private sector service providers
Forest regeneration and restoration under ecosystem-based forest management	NFA
Data collection for Forest Management Inventories (FMIs) and planning for SFM	NFA
Business Plan Development to support FMP elaboration and implementation, and business service yard operations planning	NFA
Climate change: <sup>23</sup> risks for Georgia's forests and best practices for climate-resilient ecosystem-based forest management	NFA, MoEPA
Training for NFA staff on forest and economic modeling to strengthen strategic planning and long-term financial sustainability	NFA
<b>Activity 1.2</b>	
DES standard operating procedures, regulations and guidelines	All of DES
Best practices for forest patrolling: good international practices for forest patrolling, including the utilization of new technology for enhanced forest supervision (incl. data interpretation and analysis). Information on SFM will also be provided so that DES can better patrol forested areas.	Forest patrols, and environmental patrolling and urgent response staff

<sup>23</sup> Climate change risk reduction and improving climate-resilient forest management will be cross-cutting through all trainings.

Training topic where capacities need to be built	Target Audience
Best practices for forest inspection: good international practices for forest inspection, including the utilization of new technology for enhanced forest supervision (incl. data interpretation and analysis).	Inspectors (working in forest sector)
Best practices for conducting evaluations of damage imposed to forest ecosystems and overseeing remediation plan development <sup>24</sup>	Forest patrols, and environmental patrolling and urgent response staff, inspectors, analysts
<b>Activity 1.3</b>	
Sustainable operation and maintenance of BSYs (standard operating procedures, guidelines)	Regional and district-level NFA staff
Training for NFA on marketing timber and fuelwood	NFA
<b>Activity 1.4</b>	
Ecosystem-based SFM: What is ecosystem-based SFM and why is it important?	NFA, DES, MoEPA, EIEC
Trainings on ecosystem-based SFM for policy makers to understand best practices for SFM, and key considerations for policy makers	MoEPA Biodiversity and Forest Policy Division, other interested staff from MoEPA
Forest Management Planning for Ecosystem-based SFM: Key components and consideration for FMP design, and revision	MoEPA Biodiversity and Forest Policy Division
Capacity development on e-learning, administration, operationalization of the training and knowledge management plan, as well as awareness raising (best practices for awareness raising)	EIEC
<b>Activity 1.5</b>	
MoEPA training on FIMS: Implications for data analysis, monitoring and reporting to inform policy and sector planning (incl. forest management, biodiversity monitoring, and climate risks)	MoEPA Biodiversity and Forest Policy Division, other interested staff from MoEPA
FIMS trainings for end users: FIMS SOPs and institutional arrangements, Data collection, management, analysis, evaluation and reporting.	All FIMS end users (e.g. MEPA, DES, NFA, APA, AFA, Tbilisi City Hall)

<sup>24</sup> The responsibility for overseeing the development and implementation of remediation plans under the liability law are still undergoing discussion (whether NFA or DES, or both – should be in charge). This should become clear once the liability law is approved in late 2019 or early 2020.

In addition to the identification of concrete training topics for BFD, NFA and DES, one of the main observations of the capacity assessment exercise is that the forest sector lacks the institutionalized and systematized training and knowledge management platform (TKMP) that would ensure that the main actors in the forest sector receive trainings in a regular and systematic manner.

The GCF project will support the establishment and operationalization of such a platform (see Activity 1.4.3 in Chapter 6.3 of the Feasibility Study). In addition to establishing the platform, which addresses a major capacity need, the following support is also required:

- Institutional arrangements for the platform will need to be clarified (roles, responsibilities, SOPs/protocols)
- Staff within EIEC will need to be trained on the training and knowledge management platform
- Staff within MoEPA, DES and NFA will need to be trained on the TKMP

#### 5.3.4 Capacity to evaluate

##### Monitoring and Evaluation

At this stage there is no uniform system of monitoring and evaluation, however the project will support the development of FIMS (see Activity 1.5 description in Chapter 6 of the Feasibility Study). The ability to assess the effectiveness of projects and programs requires significant improvement across a range of levels, including the development of Information and communications technology skills, improvements to data collection and analysis systems, guidelines and the introduction of additional equipment, including IT software and hardware. The GFC project can support the development, uptake and effective use of FIMS.

From a capacity needs perspectives, the following support is seen as critical:

- Clarification of institutional arrangements for FIMS (roles, responsibilities, communication channels)
- Training FIMS end users on FIMS modules, standard operating procedures, manuals and guidelines (to ensure consistent application, data collection), ensuring that training modules are developed and institutionalized to enable ongoing training, and improved knowledge retention and learning within government institutions.

#### 5.3.5 Capacity to engage stakeholders

##### Communication and Awareness-Raising

Understanding that BAU practices in stakeholder engagement are limited for FMP development, the project will ensure at least 2 stakeholder consultations are conducted during FMP elaboration. This will include an opportunity to provide feedback at an early stage, and a validation workshop for the FMP. This will encourage more active participation, and serve as a best practice for future community engagement in the FMP development process.

Public engagement processes are essential for the SFM. A number of institutions noted the importance of communications and awareness-raising in relation to informing stakeholders of the role of Government agencies, information on projects and programs, and communities' rights

and responsibilities. These are key activities in relation to the SFM principles and implications of legal framework change that will affect stakeholders at the national, regional and local level. 5-year communication strategy is existing and currently updated and a 2- year action plan is elaborated to ensure that relevant information on the New (Draft) Forest Code, Regulatory Changes, the new mechanism for fuelwood and timber provision, forest law enforcement, etc. are communicated to diverse audiences ranging from other government ministries, regional governments, municipalities, private sector actors, CSOs, and local people.

The project will support EIEC to conduct national level awareness raising, and will further work with local CSOs to support information dissemination and awareness raising in the project. EIEC is supporting the implementation of the UNDP GCF project, and will receive substantial capacity building support which will also be of use for the implementation of this project.

**5.3.6 Summary of capacity building integrated into project design**

Table 5 provides a summary of the specific capacity interventions broken down to the level of individual departments and divisions of the government institutions that have been integrated into the project.

*Table 5: Institutional Capacity Gaps and Capacity Response*

Capacity Gaps	Intended capacities	Capacity development activities integrated the project
<b>NFA</b>		
Insufficient human resources in terms of number of staff (limited budgets, high turnover, low-salaries)	NFA has sufficient staff to implement SFM	<ul style="list-style-type: none"> <li>▪ Government agreement to increase the number of staff for NFA to implement SFM in the 8 target districts.</li> <li>▪ Improved training modules to be developed and implemented to provide avenues for professional career development and individual capacity building</li> </ul>
Insufficient capacities to budget and plan for SFM (linking forest management planning based on updated forest management inventories, with long-term financial and economic planning that takes into consideration the principles of SFM)	NFA has sufficient capacities to budget and conduct related financial and economic analyses for SFM to support long-term planning	<ul style="list-style-type: none"> <li>▪ Training on financial and economic planning on SFM to support the elaboration of 8 business plans (1 per district). This will build the capacity of NFA to budget, plan and conduct appropriate economic and financial assessments for SFM, improving long-term planning and management.</li> </ul>
Insufficient capacities and knowledge for SFM / qualification of staff	NFA staff have sufficient capacities to plan, implement, monitor and evaluate SFM implementation.	<ul style="list-style-type: none"> <li>▪ Elaboration of a training and knowledge management platform to support the institutionalization of trainings, and ensure consistent and high-quality training for all NFA staff (and private sector service providers).</li> <li>▪ Training of trainers within NFA to increase knowledge retention and learning within NFA, while increasing NFA staff capacities</li> <li>▪ Targeted trainings for SFM, in particular ecosystem-based forest management, to strengthen capacities of NFA to implement SFM based on Georgian regulations, especially ecosystem-based forest management (see Table, which provides an overview of trainings to be developed for the forest sector)</li> <li>▪ Improved training courses on SFM to be developed by external experts, to strengthen the quality of trainings in the forest sector</li> <li>▪ Partnerships with the Bavarian Forest Service, and possibly the Slovenian Forest Service to improve information exchange and learning, integrating best practices for mountainous ecosystems</li> </ul>



Capacity Gaps	Intended capacities	Capacity development activities integrated the project
Insufficient equipment (outdated/second-hand/not the right equipment for SFM) for forest operations	NFA is equipped with suitable equipment to implement SFM, in particular ecosystem-based forest management practices.	<ul style="list-style-type: none"> <li>Investments in new and suitable equipment for ecosystem-based SFM (see Feasibility Study Chapter 5.2 for more detailed information) to support the adoption of SFM at scale</li> </ul>
Gaps in data and knowledge management (old documents in paper, incorrect formats that limit the use of existing information)	Up-to-date information on forests is collected using robust and suitable approaches, and is stored digitally in a format that is comparable, consistent. This information informs forest sector planning, management, monitoring and evaluation.	<ul style="list-style-type: none"> <li>Development of SOPs, protocols and guidelines to support consistent interpretation and adoption of SFM</li> </ul> <p>Data collected using FIMS to be based on standard data collection protocols, and will be integrated into an electronic/ digit forest resource database.</p>
Insufficient capacities and human resources for data analytics	NFA capacities are sufficient to analyze forest sector information to inform planning, monitoring, management, evaluation and reporting.	<ul style="list-style-type: none"> <li>Protocols, guidelines and trainings on improved data analysis to ensure robust, consistent and coherent data analysis</li> <li>Institutional arrangements clarified, ensuring the establishment of transparent roles and responsibilities, for data analysis and interpretation.</li> </ul>
<b>DES</b>		
Lack of harmonized SOPs, protocols and guidelines (transition of forest patrols from NFA to DES, compatibility of SOPs, etc.)	DES has harmonized SOPs, protocols and guidelines that enables a consistent interpretation of the law, and application of best practices	<ul style="list-style-type: none"> <li>SOPs, protocols, guidelines and trainings on forest supervision (harmonizing protocols) to ensure a consistent interpretation of the law and application of best practices</li> <li>Trained trainers in DES to improve institutionalized trainings, and strengthen institutional learning and knowledge management. This is particularly important as DES's staff size is projected to continue growing in 2019 and 2020.</li> </ul>

Capacity Gaps	Intended capacities	Capacity development activities integrated the project
	for forest supervision and inspection.	
Insufficient budget to invest in innovative and effective technology and equipment for forest supervision	DES staff in the target districts are equipped with innovative and effective technology and equipment for forest supervision.	<ul style="list-style-type: none"> <li>▪ Purchase of new technology and equipment to enable improved forest supervision (see Chapter 5.2.3 and 6.3 of the Feasibility Study for more information). This will improve the efficient and effective use of staff resources.</li> <li>▪ Training on new technology and equipment (data collection, interpretation, as well as the use of technology and equipment for patrolling as well as inspection)</li> </ul>
Insufficient capacities and knowledge on key topics for forest supervision (good practices on data analysis, patrolling, forest inspection, ecosystem-based forest management and SFM)	DES staff have sufficient capacities and knowledge that enable them to effectively and efficiently supervise.	<ul style="list-style-type: none"> <li>▪ Trainings on improved practices on patrolling, inspection, evaluation of environmental damage, use of improved technology/equipment, data analysis, interpretation of data to inform supervision and planning/monitoring forest supervision.</li> </ul>
Insufficient coordination with other key forest sector institutions	Improved coordination between DES and other key forest sector institutions.	<ul style="list-style-type: none"> <li>▪ Support to the NFP process to improve coordination and communication among forest sector institutions.</li> </ul>
Insufficient communication with local communities.	Improved communication between the government and local communities on topics related to forest use, regulations and penalties.	<ul style="list-style-type: none"> <li>▪ Awareness raising and communication on reforms and new regulations to improve local awareness on the law. Strengthened partnerships with CSOs and local actors, to further improve communication between the government and local communities (within Activity 2.3)</li> </ul>
Gaps in data and knowledge management (old documents in paper, incorrect formats that limit the use of existing information)	Data collection and analysis approaches are standardized, consistent, comparable, transparent and digitalized.	<ul style="list-style-type: none"> <li>▪ FIMS modules to support the digitalization of forest supervision (registering infractions, supporting increased transparency in tracking timber resources, etc.). Tablets and smartphones to be used to enable electronic data collection, which will improve data storage, comparability and assessment.</li> <li>▪ DES trainers trained on FIMS to enable staff to utilize FIMS in a consistent manner (based on SOPs, and utilizing developed guidelines and protocols)</li> </ul>

Capacity Gaps	Intended capacities	Capacity development activities integrated the project
Insufficient staff	DES has sufficient staff to effectively supervise forest land.	<ul style="list-style-type: none"> <li>Government budget will enable the hiring of 459 staff by 2020 to address shortages in human resources.</li> </ul>
<b>MoEPA</b>		
Varied capacities for data analysis and interpretation of forest information.	Sufficient capacities to analyze and interpret forest information and related data.	<ul style="list-style-type: none"> <li>Trainings on FIMS and data analysis for FIMS to improve data interpretation to inform public policy and decision-making, as well as national and international reporting requirements (e.g. Nationally Determined Contributions to the UNFCCC).</li> </ul>
Need for additional capacity building to revise FMPs based on SFM, and in particular ecosystem-based forest management.	MoEPA has sufficient capacities to thoroughly revise FMPs and ensure that only high-quality and robust FMPs that promote SFM, in particular ecosystem-based forest management practices are approved.	<ul style="list-style-type: none"> <li>Trainings on ecosystem-based forest management, and trainings on FMP revision to enable MoEPA to revise newly drafted FMPs and ensure that only high-quality FMPs that are aligned with the principles and practices of SFM, in particular ecosystem-based forest management area approved.</li> <li>Business plans for each target forest district to improve alignment between economic, social and environmental elements of FMPs and forest management in general</li> <li>Training modules developed, and trainers trained within the government to support the institutionalization of trainings (integrated into the knowledge management and training platform)</li> </ul>
Need for substantial capacities to follow up on New (Draft) Forest Code (substantial regulatory revisions are foreseen in 2019/2020)	Regulatory revisions are done in a timely manner whilst ensuring they are of high quality and robust.	<ul style="list-style-type: none"> <li>Provision of expert support for regulatory revisions to enable timely and high quality revisions are made that effectively reflect the expertise required.</li> <li>Provision of expert support to elaborate a regulation on the commercial use of NTFPs to clarify regulatory 'grey area' and improve transparency and accountability in the management of NTFPs</li> </ul>
Insufficient inter-ministerial coordination on cross-cutting topics	Improved inter-ministerial coordination and cooperation on cross-cutting topics.	<ul style="list-style-type: none"> <li>Establishment of inter-ministerial group/committee to improve inter-ministerial cooperation and support joint initiatives.</li> <li>Support to the NFP process to further strengthen multi-stakeholder coordination and cooperation</li> </ul>

Capacity Gaps	Intended capacities	Capacity development activities integrated the project
Inefficient level of communication of forest sector reform	Improved communication and information on forest sector reform increases awareness and understanding at the national, regional and local level.	<ul style="list-style-type: none"> <li>▪ Close coordination with local CSOs to enable a stable presence at the local level to support information dissemination and communication on reforms. This will also serve as an important approach to strengthen coordination and cooperation between governments and CSOs.</li> <li>▪ Establishment of a database on fuelwood consumers in the target regions to inform planning and policy directives.</li> <li>▪ Inception meetings with local partners in the target regions (regional, municipal and forest authorities, CBOs, NGOs, women groups) to inform about the project and its advocacy and communication strategy.</li> <li>▪ Development of advocacy and communication plan to reach out to at least 80% of fuelwood users/households, including list of communication materials, on-line platform for engagement and list of local partners to strengthen the engagement of these households.</li> <li>▪ Regular community meetings and advocacy events to inform about the project and associated reforms.</li> <li>▪ National advocacy and awareness campaign developed and implemented to communicate to a wider audience the objective and key elements of the forestry sector reform, SFM, and linkages between climate change and sustainable energy, including: <ul style="list-style-type: none"> <li>- Engaging youth and children in SFM campaign through forestry knowledge publicity, tree species identification, voluntary actions, knowledge competition, art performance, and essay contest</li> <li>- Organization of forest visit programs for journalists, youth, and students (specifically in the three target regions)</li> <li>- Writing and publishing forestry related stories targeting radio, newspapers and TV, as well as using social media such as Facebook, YouTube, Twitter, and Instagram for scaling outreach</li> </ul> </li> </ul>

Capacity Gaps	Intended capacities	Capacity development activities integrated the project
		- Production and dissemination of promotional items.
<b>EIEC<sup>25</sup></b>		
Lack of strategic vision on the long-term financial and operational sustainability of the center (highly dependent on government budget) <sup>26</sup>	EIEC has improved financial and operational sustainability.	<ul style="list-style-type: none"> <li>▪ EIEC's staff capacities are built to operate the training and knowledge management platform, strengthening the capacities of staff and improving institutional learning for DES, NFA and MoEPA</li> <li>▪ Capacities built in EIEC to support the operationalization of FIMS, and support training on FIMS for end-users.</li> <li>▪ Scoping of potential opportunities for private sector trainings and/or certificates to be further explored during project implementation to potentially serve as a new/ additional finance stream for DES.</li> </ul>
Lack of appropriate capacities and human resources. Current staff resources are stretched tightly.		<ul style="list-style-type: none"> <li>▪ Establishment of training and knowledge management platform to increase EIEC's ability to support environmental education and training within the forestry sector.</li> <li>▪ EIEC staff to support the operation of the training and knowledge management platform, and awareness raising for sector reforms and also on the project</li> <li>▪ Trainings on e-learning, administration, operationalization of the training and knowledge management plan, as well as awareness raising for EIEC staff to strengthen capacities for project implementation, and to support ongoing awareness raising for environmental education in general (included within Activity 1.3.4)</li> <li>▪ Investments in key MRV hardware and infrastructure (combined with co-finance from EIEC) to enable improved MRV and monitoring in the sector</li> </ul>

<sup>25</sup> It should be noted that EIEC is currently supporting the implementation of the approved GCF project "Scaling-up Multi-Hazard Early Warning Systems and the Use of Climate Information in Georgia" implemented by NFA. As such, capacity building activities are also planned in the ongoing GCF project, which the proposed GCF project can build upon. For instance, in the context of the ongoing UNDP project, EIEC works with local municipalities on environmental awareness raising, and will receive training and support to conduct this task. Thus, there are less capacity building needs for EIEC, as it builds on substantial synergies with the UNDP project.

<sup>26</sup> Outstanding gap: While it is recommended to improve EIEC's business model, in order to support its long-term financial sustainability, by identifying new or alternative income streams, this is not foreseen as part of the project as it is not suitable for GCF finance to cover.

Capacity Gaps	Intended capacities	Capacity development activities integrated the project
		<ul style="list-style-type: none"> <li>▪ EIEC agreement to increase staff to enable improved implementation (e.g. 20 months of staff to support the implementation of the training and knowledge management platform; at least 2 staff dedicated to FIMs management)</li> </ul>

The above activities have been integrated into project activities and embedded into overarching project budget.

## 6 REFERENCE LIST

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## 7 ADDITIONAL INFORMATION REFERRED TO IN THE CAPACITY NEEDS ASSESSMENT

### 7.1 List of meetings and stakeholder consultations conducted for the capacity needs assessment<sup>27</sup>

	Location	Stakeholder	Date
1	Tbilisi	IBiS GIZ Team NFA	16.01.2019
2	Guria	Regional Guria Office NFA	17.-18.01.2019
3	Tbilisi	NFA DES BFD IBiS GIZ Team	21.01.2019
4	Kakheti	Regional Kakheti Office NFA Regional Kakheti (Telavi) Office DES	22.01.2019
5	Kakheti	NFA contractors Akhmeta municipality representatives	23.01.2019
6	Kakheti	GCF SFM Workshop - MoEPA, BFD, NFA, DES, regional NFA and DES (Kakheti and Mtskheta-Mtianeti), NGOs	24.01.2019
7	Tbilisi	WWF Georgia Climate Division, MoEPA	25.01.2019
8	Tbilisi	BFD, NFA, DES	11.-15.02.2019
9	Tbilisi	GIZ IBiS Operational Planning NFA DES	14.02.2019
10	Tbilisi	GCF Project Development Workshop	15.02.2019

<sup>27</sup> Note: Additional consultations were conducted to inform project design, the gender assessment and action plan, and the environmental and social impact assessment and management plan. These other consultations are described in greater detail within the respective documents.



		MoEPA, BFD, Climate Division, NFA, DES, World Bank, GIZ, national experts.	
11	Tbilisi	NFA	22.02.2019
12	Tbilisi	DES	27.02.2019
13	Tbilisi	EIEC	01.03.2019
14	Tbilisi	MoEPA, BFD	05.03.2019
15	Tbilisi	NFA	01-02.04.2019
16	Tbilisi	GCF Funding Proposal consolidation workshop	03.-04.04.2014

## 7.2 Short summary of the Capacity Needs Assessment conducted during the concept note stage

During the GCF project concept note and funding proposal development phases, following capacity needs were identified by MoEPA-BFD, NFA and DES.

### **MoEPA – BFD**

Based on the discussions with its representatives, the ministry faces the following challenges in fulfilling its current and new mandate:

- Develop the necessary regulations and acts, once the New (Draft) Forest Code gets approved
- Revise the code and regulations once first implementation experiences are gained
- Coordinate and supervise different sector actors and ensure their proper functioning in their new mandates
- Manage the forest monitoring and MRV systems
- Increase the number of staff to fulfil the new functions
- Enhance the capacities of existing and new staff members

The main barriers to overcome these challenges were identified as:

- Lack of government budget and approval to increase the number of staff
- Lack of technical assistance to support the revision of the legal framework and to capacitate the staff members

### **NFA**

Based on the discussions with the headquarters of NFA and the regional branch office representatives in Kakheti, NFA faces the following challenges in fulfilling its current and new mandate:

- Develop SFM plans for all forest districts, which include provisions to enhance the resilience of forests to climate change
- Implement new SFM techniques and methods on the entire NFA territory. So far, even the traditional forest management practices are not implemented in full scale due to capacity constraints
- Transform into a multipurpose forest management enterprise, including the development of business plans and organizational restructuring as well as setting up a sufficient fuelwood supply to replace the social cut programme
- Implement and sustain the National Forest Inventory (NFI), analyze the results and develop forest information and management and MRV systems
- Strengthening the participation of civil society in forest management process (organization of information campaigns / involvement in elaboration of forest management plans)
- Increase the number of foresters to reduce the number of hectares per forester and to fulfill the new, more demanding SFM tasks: During Soviet Union period, in average 8 foresters were responsible for the management of around 6,000ha. The average area

under responsibility of a single ranger in NFA at the moment is 2,867 ha (in Germany, one forester covers around 1500ha). According to the estimations of the NFA Kakheti office, the current staff number of 95 (including administrative staff) has to increase to 150 full-time foresters to implement the mandate in their forest districts.

- Develop staff capacities on SFM, MRV, NFI and revenue handling, among others.
- Develop new guidelines, tools and manuals
- Procure forest management equipment and building of forest roads
- Set up the physical infrastructure for fuelwood market places

The main barriers to overcome these challenges were identified as:

- Lack of budget to fully cover the investments and operational costs.
- Lack of technical expertise in the country to work with NFA on increasing their capacities in the above mentioned fields.

### **Department of Environmental Supervision (DES)**

Based on the discussions with DES staff in the headquarters and the regional office in Kakheti, DES faces the following challenges in fulfilling its old and potentially new mandate under the New (Draft) Forest Code:

- Increase the suppression of illegal forest use through preventive actions in hot spots. So far, illegal activities are still ongoing on large scale
- Increase the number of planned and unplanned examinations
- Restructuring of the DES organization by increasing the branch offices from eight to eleven
- Building up quantitative human capacities to fully comply with their mandate. This includes the hiring of new staff for the ranger function in forest areas, since this will be a new responsibility of DES
- Develop the capacities of existing and new staff members (trainings etc.)
- Improve the electronic control systems
- Develop new tools, guidelines and manuals
- Procurement of equipment, such as vehicles and surveillance technologies.

The main barriers to overcome these challenges were identified as:

- Lack of budget to fully cover initial investments and operational costs.
- Lack of technical expertise in the country to work with DES on increasing their capacities in the above mentioned fields.

## 7.3 Short summary of private sector service providers investment needs and suggested measures

### Capacity assessment of private sector service providers

While the private sector study provides a comprehensive assessment of the private sector, the following is a summary of challenges faced in particular by private sector service providers/ contractors, who are envisioned to play a major role in supporting the implementation of SFM (conducting 70% of management work in the field):

- Private sector service provider currently **do not have the adequate experience and skills** of low impact logging and do not possess knowledge about safety standards, silviculture measures and adequate equipment;
- The small-scale timber logging organized by NFA has not yet been able to convert the self-organized production groups into legal service provider enterprises. Service provider groups hire other self-organized groups in communities, or make contracts with individual physical persons (such as the owner of a tractor or all-terrain vehicle, owner of petrol-driven power saw) and create sub groups. These **specific groups remain illegal** without any occupational health and safety standards, and specific knowledge or training ;
- Private sector service providers often **do not have adequate technical equipment**, relying on old and often insufficient equipment that may result in more negative environmental impacts. Exceptions are production groups, associated with large-scale license holders, which usually have better equipment;
- Currently private sector service providers **have little motivation for investments in equipment** and knowledge; since there is no guarantee that they will be able to continue their activities (NFA contracts are currently valid for one season only). Also, during interviews, Private sector service providers indicated that access to credit is difficult and tender terms offered by NFA are not profitable. With the changing forest reforms, the private sector was uncertain of their role and there is a need for improved communication between the NFA and these actors. Consequently, they are very reluctant to invest given these barriers.

The amount of timber/ fuelwood harvested often does not justify investments in equipment, unless organized in associations of groups.

### Support to the private sector service providers:

In order to overcome the challenges that private sector service providers are facing, it is necessary:

- **Provide service providers with long-term contracts.** This will stimulate investments for long-term business development. (Probably, this will be managed after the reform, when the system of organized implementation of SFM will be created);
- **Clear commitment of NFA to outsource logging, harvesting and transportation to the private sector.** During project development NFA noted their commitment to contract out 70% of forest work to private sector providers;

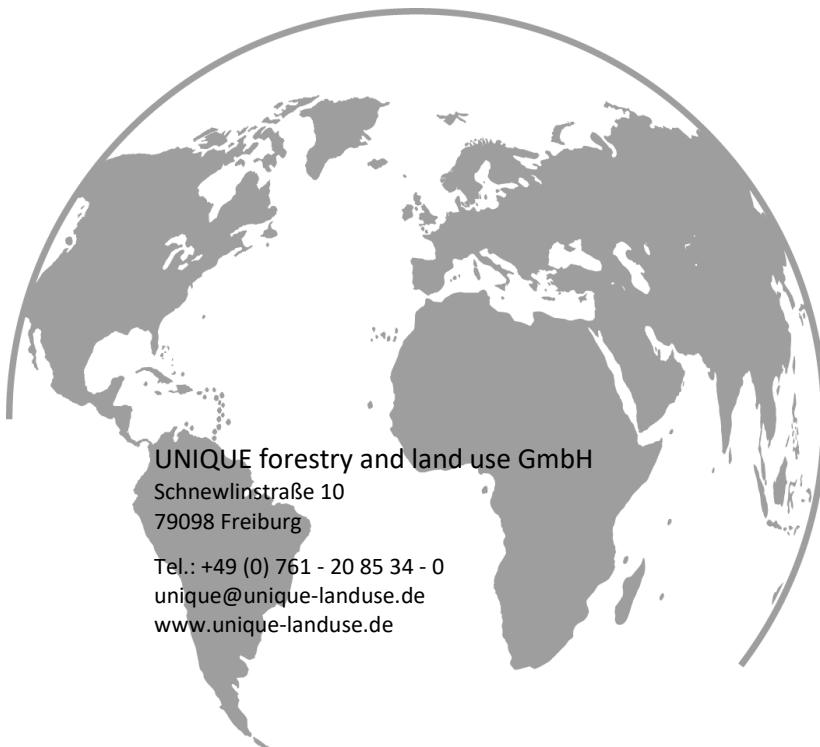
- **Training** - in terms of acquiring and implementing low impact logging techniques for timber logging and transportation In future, private sector service providers should prove qualification through certification and training participation. While it is not exactly sure what this qualification will look like, this requirement is stated in the New (Draft) Forest Code, and BMZ is committed to supporting the government to continue to strengthen forest sector vocational education and training;
- **Upgrading of technical means and equipment (including safety equipment) for timber production** - as noted above, private sector service provider groups still use outdated equipment of the Soviet period. Means should be identified where service providers could purchase equipment either on an individual basis or through groups or associations. Currently they do not have access to bank credits since they lack sufficient incentive (long term contracts);

The state should adjust the price for procurement of timber production service to a market based price which allows SP to invest and survive economically. Additional motivation will be an exemption of timber production from VAT, as export is exempted;

- Access to bank credits or a guarantee fund should be created.

For additional information on the private sector, please refer to the Private Sector Study conducted for the proposed project within Appendix 7 to the Feasibility Study.





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