



GIZ Project: Sensitisation for sustainable biomass production and use in Ukraine

Workshop "Accessing the EU Biofuels Market: Practical Recommendations for Sustainability Certification for Ukrainian Biomass Producers and Traders"

Odessa – 5 July 2012

Workshop Report

On 5 July 2012 GIZ in conjunction with the Institute for Economic Research and Policy Consulting (IER) and supported by AgriEvent held a workshop on sustainability certification of biomass in the context of the EU Renewable Energies Directive (Directive 2009/28/EC - RED). About 40 stakeholders from the business sector, government and other institutions discussed the benefits and challenges of sustainability certification in Ukraine.

The **aim of the workshop** was to

- ⇒ clarify the EU requirements for biomass production and sustainability certification
- ⇒ provide up-to-date information on the relevant regulatory processes in the European Union and its Member States
- ⇒ share experiences in sustainable biomass production and certification
- ⇒ analyze the benefits and challenges Ukrainian producers and traders face in complying with the certification requirements and discuss solutions

European Union demand for rape seed will increase as Member States strive to fulfil the 20% renewable energies target in 2020. This offers opportunities for Ukraine which is already the EU's second most important supplier of rape seed. Feedstocks imported to the EU for bio-energy use need to fulfil certain criteria relating to their production process.

In the workshop, participants received an overview of the Directive's sustainability criteria and the use of certification schemes as a tool to prove compliance. In her introductory presentation, Martina Gaebler, GIZ project coordinator, also presented the current state of RED implementation in the EU. Yuliya Ogarenko from IER informed participants that most of the RED sustainability requirements are already reflected in Ukrainian legislation. However, compliance with national legislation is often poorly controlled.

Alexey Zyukov, Lead Auditor of SGS Ukraine, gave insights into his extensive audit experience in Ukraine with the ISCC system. He emphasized that documentation of the company's processes is a core requirement for a successful audit. Another important aspect is that the first gathering point (FGP) as the unit of certification has a good internal management and control system in place that allows effective control of the supply base.

Oksana Galushko, from Bunge Ukraine presented on the company's experiences with certification. Bunge Ukraine is certified as first gathering point and as trader under the ISCC system. She pointed out that effective cooperation between FGP and farmers is essential to complete certification process successfully. In particular, it is very important to make farmers understand what is required from them, i.e., what documents should they have in place and what management practices should they follow.

Sustainability certification systems under the RED can cover different criteria, relating to the environmental, social and economic dimension of sustainability. Participants analysed four case studies of biomass production and trade. For each case study participants identified compliance or non-compliance with a given sustainability requirement and formulated appropriate documentation. The results were then reviewed by the auditor Alexey Zuykov. In the discussion various participants underlined that it is difficult to document land use since official electronic cadastre is not fully developed yet and legal documents are difficult to obtain from government authorities. Regarding social rights, farmers raised concerns about working hours requirements as this might conflict with the seasonality of field work. At harvest time, for example, working hours may exceed the limit prescribed in the standard. Another area of concern is regulations on buffer zones to water sources. It appears that Ukrainian legislation is much stricter than the ISCC standard. It was clarified that in such cases the national legislation always prevails.

A joint SWOT analysis carried out by the participants showed that Ukraine has the potential to position itself on the international market as a sustainable supplier. Currently however, there is insufficient knowledge about the market requirements and capacities to manage compliance.

Sustainability certification can bring the following **opportunities** for Ukrainian producers

- Competitive advantage of certified producers compared to non-certified producers (expectation to deliver a better quality produce and to achieve better prices)
- More stable operations of the company at the market as a result of improved management practices

The following **threats** in complying with sustainability requirements were identified

- political and economic instability
- lack of support from government authorities

Ukrainian producers and traders possess the following **strengths** to comply with EU RED market requirements

- abundance of available land
- fertile soils

Ukrainian farmers/traders have the following **weaknesses** that may complicate RED compliance

- Old equipment and assets of Ukrainian producers
- Ukrainian producers and traders lack motivation and are oriented towards short term goals and profit
- non-compliance with legal requirements
- falsification of data

The workshops are part of the GIZ funded project “Sensitisation for sustainable biomass production and trade in Ukraine”. All workshop presentations can be downloaded from the project website http://www.ier.com.ua/en/biomass_project/. For updated information on our activities please visit the website or contact the project team:

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