



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

Workshop "Accessing the EU Biofuels Market: Sustainability Certification as a business opportunity?"

Lviv – 31 May 2012

Workshop Report

On 31 May 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 experiences in sustainability certification of biomass in Ukraine, its benefits and challenges.

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

Complying with the RED criteria for biomass production will become a *de facto* market access requirement for biofuels feedstocks once all EU Member States have fully implemented the new regulation (possibly from 2013). Ukrainian producers have to show compliance with a recognised certification schemes. 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.

Dr. Rainer Friedel, Managing Director of Peterson Control Union Germany and experienced auditor in Ukraine, clarified the process of sustainability certification and expected costs. He emphasised that good preparation for an audit and documentation of relevant procedures is key to successful certification. He advised farmers to search direct contact with their buyers as they will in most cases decide which certification scheme is needed and will assist farmers in the preparing for compliance. While most of the Ukrainian traders and farmers certified today use a group certification approach, Landkom UA opted for full certification as an individual farming company. Ms Nataliya Litvinova, Head of Landkom's Grain Department, presented the company's experiences with the ISCC certification process. Although preparation was rather time intensive, Ms Litvinova emphasised the positive effects the process can have on a company's management and documentation system.

European Union demand for rape seed will increase as Member States strive to fulfil their 20% renewable energies in 2020. This offers opportunities for Ukraine which is already the EU's second most important supplier of rape seed. Mr. Bastian Supper from Toepfer International presented these figures and Toepfer's activities in sustainability certification. Farmers have to fulfil the ISCC requirements and make a self-declaration to Toepfer. Toepfer assists farmers in implementation of the requirements and bears all audit costs.

One major challenge encountered in complying with the sustainability criteria is the proof of land use status. Mr Tkhir, First Deputy Head of Department of the State Land Committee in Lviv Region commented that the land reform process is speeding up which should facilitate the land registration processes.

Participants analysed the certification criteria using the Handbook for biomass producers and traders (available from the project team) and concluded that Ukrainian farmers already comply with most of the criteria relating to land use, environmental protection and social aspects. However, in most cases proving compliance with appropriate documentation is a problem because documentation from authorities might not be easily available and there is not enough clarity on the nature of documentation needed. Some requirements do not yet represent common practice on the farms. These include for example maintenance of sufficient levels of biodiversity, protection of community rights for sufficient quantity and clean water or establishment of buffer zones for water protection.

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

- Strengthening the position of Ukrainian farmers at the domestic and international market through the development of the market of certified biomass
- achieving a better price for certified product/ no decline in price for certified product
- Improving the internal management of the company

Ukrainian producers and traders face the following **challenges/threats** in complying with sustainability requirements

- Often changing legislative requirements in Ukraine
- Difficulties in obtaining documents from government bodies needed for certification
- General lack of knowledge about certification for the public
- Lack of price stimuli for sustainability certification of biomass
- Guidelines for certification and other documentation is not available in Ukrainian

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

- Availability of fertile land for biomass production in Ukraine
- Comparatively short transport distance to the EU facilitates access to export markets (i.e. Ukraine is closer to the EU than Brazil)
- some companies have gone through certification already and can serve as examples for other Ukrainian producers and traders
- Competitive environment of traders (independence from traders/intermediaries).

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

- Documents required for certification are often not available
- Lack of/unclear management structures
- Lack of knowledge about EU regulations and lack of experience with certification processes
- Electronic maps/coordinates of fields are not available
- Production potential is not fully used
- Qualified personnel is not available

The **next workshop** will take place on **July 5th in Odessa**. The workshops are part of the GIZ funded project “Sensitisation for sustainable biomass production and trade in Ukraine”. For updated information on our activities please visit the project website (http://www.ier.com.ua/en/biomass_project/) or contact the project team:

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