

Georgia's Development in Meeting International Standards

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Under the Soviet Union, Georgia operated under the old GOST Standards, which were unwieldy mandatory requirements to meet international standards. While these requirements for the most part met the International Standards Organization (ISO) provisions, they were extremely bureaucratic and cumbersome. At the time of Georgia's accession to the World Trade Organization (WTO) in 2000 the Government of Georgia (GoG) stated that they would loosen the existing Soviet-era GOST Standards with respect to products imported from WTO member countries, other non-CIS countries, and other bodies recognized by "Sakstandarti"- Georgia's equivalent of GOST Standards regulating body. However, this never took place, and Sakstandarti continued its bureaucratic grip on standards making it difficult for both importers and exporters in the country.

In 2004 the USAID implemented Georgia Enterprise Growth Initiative (GEGI) Project made several recommendations to the GoG on streamlining and restructuring Sakstandarti to make it more efficient and meet the needs of the stakeholders in the country. While these recommendations were not heeded, in 2005 the GoG totally disbanded Sakstandarti, with the idea that the private sector could take care of any standards needed without any assistance from government. This left an immediate vacuum in the country regarding international standards. The GEGI Project brought in an ISO Standards expert to promote the idea of Georgian companies meeting ISO Standards to help fill this large gap in the country. This expert worked with government and the stakeholder companies to revive basic international standards in Georgia; however, given the time limitations, was only able to wet the appetite of the stakeholders. During this period, the GoG also realized (to a limited extent) that they had gone too far in eliminating Sakstandarti.

With the end of the GEGI Project in the summer of 2005, the USAID funded SME Support Project that begin in the fall of 2005 took on the initiative of promoting ISO Standards and, in giving the GoG tacit assistance in developing two new agencies – the Georgian National Agency of Standards, Technical Regulations and Metrology, and the Unified National Accreditation Body, under the control of the Ministry of Economic Development. While the GoG created these institutions, it had few employees and a very limited and unrealistic budget – as such, it had very limited capacity to do anything meaningful for the economy of Georgia. However, the employees of these organizations were committed, and did manage to take certain steps forward towards the integration into international accreditation and certification systems.

During 2005 and 2006, the SME Support Project brought in technical assistance to work with the new agencies mentioned above, and worked closely with the business sector in Georgia on developing ISO Standards. Every major business association was given training in Quality Management related to ISO 9001-2000, as well as specific ISO Standards for specialties. While the emphasis was on Quality Management, this represented the base for other standards and certifications. In addition to the broad base of associations' trainings and workshops, the project provided additional assistance to the major business associations in Georgia and to some of their member companies. At the same time, we encouraged and worked with Georgian National

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Agency of Standards, Technical Regulations and Metrology, and the Unified National Accreditation Body to re-join ISO as a member, which they ultimately did.

While promoting ISO Standards in our workshops and seminars, we did create a knowledge and atmosphere in Georgia that ISO Standards were needed especially related to company operations and exports; however, only a handful of companies actually started the certification process. Most companies said that if we or other donors would fund the certification process, they would be more than willing to become certified – but they were not willing to pay for this themselves. In addition, some companies only wanted certification for PR and marketing purposes, and their attitude towards using ISO Standards to better their company’s operations was grossly lacking. This attitude has slowly changed over the years, and a number of companies that have become ISO Certified, but it is still a slow process and numerous companies could still benefit greatly by becoming certified. The above agencies have been building up their competency, but slowly due to the lack of sufficient operating funds and a strong commitment from the GoG.

It should be noted that after the old Sakstandarti was dissolved, the GoG did open up Georgian entities and individuals to be “self-certified”, except for certain groups and individuals that were either already regulated or licensed by the government. These are such as banks and other financial institutions, doctors, engineers and others related to public safety and health. Several associations have already developed certification programs for their individual members, and have been accredited as certification bodies based on the relevant ISO standard at the national level. Although non-recognition of the National Accreditation Body at the international level makes it more difficult for them to be aligned with international professional organizations and associations.

At the present time, Georgia is facing a number of economic problems, along with the rest of the world, but its Balance of Payments Deficit related to exports is a major problem. This stems from Georgia being tied closely to Russian in the past for most of its exports, and the fact that there was literally a “free trade agreement” with them and the rest of the CIS – and almost no standards that needed to be followed. Now with the Russian embargo on wine, agricultural, and other products, Georgia is faced with meeting international standards on exports, with only a few larger firms being able to do so. The GoG is slowly but surely working on mechanisms and methods of developing Free Trade Agreements with the EU and the US, and in meeting international norms for exports. However, negotiating and being able to meet the requirements for Free Trade Agreements, especially with the EU will take quite some time before agreements are reached. Some of the impediments for exports are ISO Standards, HACCP Standards, ISO accredited Laboratories recognized internationally, Quality and Quantity, and other aspects related to health and safety.

All of these impediments relate in one form or another to standards and accreditation, and due to the economic and political problems in Georgia, these shortfalls will lead to greater economic problems in the country. At this time, the GoG seems to be more interested in working on long-term aspirations of obtaining US and EU Free Trade Agreements, and appear to be unwilling or unable to commit funding and the required emphasis on developing the “basic” international standards to drive its export market. However, the GoG said it was willing to further develop these standards and systems, but need substantial donor funding and technical assistance. In any event, it is doubtful that the GoG will properly develop its standards and accreditation mechanism without USAID or other donor support.