



National Institutional Arrangements for REDD Case Study – Guyana (as of November 2009)

Aditi Sen (consultant)

International Financing for REDD A Project of WWF US Policy Program

This is a report of the project “International Financing for REDD,” undertaken by WWF US Policy Program between July and December 2009, as part of WWF FC NI Program “Engaging Civil Society in REDD Programs.

The focus of the “International Financing for REDD” project was: (a) To further UNFCCC parties’ understanding of the role and sequencing of public, private and market funding for REDD; and, (b) To discuss institutional and funding arrangements for REDD at international and national level

The project worked by (a) engaging in the international REDD discussion in the run up to COP15; (b) producing or participating in the production of technical reviews, reports and proposals; (c) advising WWF network on these issues; and (d) collaborating with WWF country offices in the review of country level arrangements for REDD.

This scoping exercise on the state of Guyana’s REDD arrangements as of late 2009, was prepared by Aditi Sen (consultant). The author is thankful for information, comments and suggestions received from Janice Bollers (WWF Guyana) and Pablo Gutman (WWF US). Please direct queries regarding the project to its director Pablo Gutman at Pablo.gutman@wwfus.org and questions regarding WWF REDD work in Guyana to Janice Bollers jbollers@wwf.gy

Table of Content

1. Overview of REDD in Guyana
 - 1.1. Background and context
 - 1.2. Proposed REDD Policy
 - 1.3. Readiness Preparation
2. Institutional framework for REDD in Guyana
 - 2.1. Key Institutions
 - 2.2. Regulatory Frameworks

- 2.3. Implementation Frameworks
- 2.4. Involvement of Indigenous Peoples and Forest Dependent Communities
- 3. Conclusions and early Insights

1. Overview of REDD in Guyana

1.1 Background and context

With a population of fewer than 1 million people, Guyana is one of the smallest countries in South America. It is also the third poorest country in the Western Hemisphere, after Haiti and Nicaragua'. Guyana's forest covers approximately 76% of the country, contains over 5GtCO₂ in above ground biomass, and is estimated at 16.3M hectares by WRI and UN FAO¹. The country also has a relatively low deforestation rate - 0.1% to 0.3% (UN FAO FRA 2005, Colchester 1999). Along with countries like Suriname, Peru etc, Guyana represents a High Forest Cover Low Deforestation Rate (HFLD) country. The forest resources of Guyana are used for multiple purposes including the harvesting of forest produce, agriculture, research, eco-tourism, sustaining the livelihood of Amerindian communities, conservation and protected areas management and biodiversity reserves protection. Between 1992 and 2009, the estimated contribution of the forest sector to GDP has varied between 2.3% to 4.9% and in 2007 it is recorded at 3.86%.

Guyana's position on REDD is established within its new overarching Low Carbon Development Strategy (LCDS) "Transforming Guyana's Economy while Combating Climate Change". The LCDS recognizes Guyana's forests as its most valuable asset. Based on an independent assessment by McKinsey & Company, the LCDS estimates the economic value to the nation (EVN) of Guyana's rainforests, if harvested and the land put to the highest value subsequent use to be the equivalent of an annual annuity payment of US\$580 million. However, generating this EVN, while economically rational for Guyana, would have significant negative consequences for the world. The deforestation that would accompany this development path would reduce the critical environmental services that Guyana's forests provide to the world – such as bio-diversity, water regulation and carbon sequestration. The McKinsey report suggests that the Economic Value to the World (EVW) i.e. the contribution provided by Guyana's forests to the global economy each year would be US\$40 billion if the country's forests are left standing. Guyana believes that in the absence of credible trading markets for these environmental services, individuals and companies in rainforest countries face powerful incentives to deforest.

Guyana has been an early supporter of Reducing Emissions from Deforestation and Degradation (REDD) and has been championing the need to include payments for forestry climate services within the global carbon markets. President Jagdeo has stated that if the right economic incentives are created, Guyana would be willing to consider placing almost its entire rainforest under internationally verifiable protection, provided national sovereignty and the rights of all Guyanese are not undermined. The

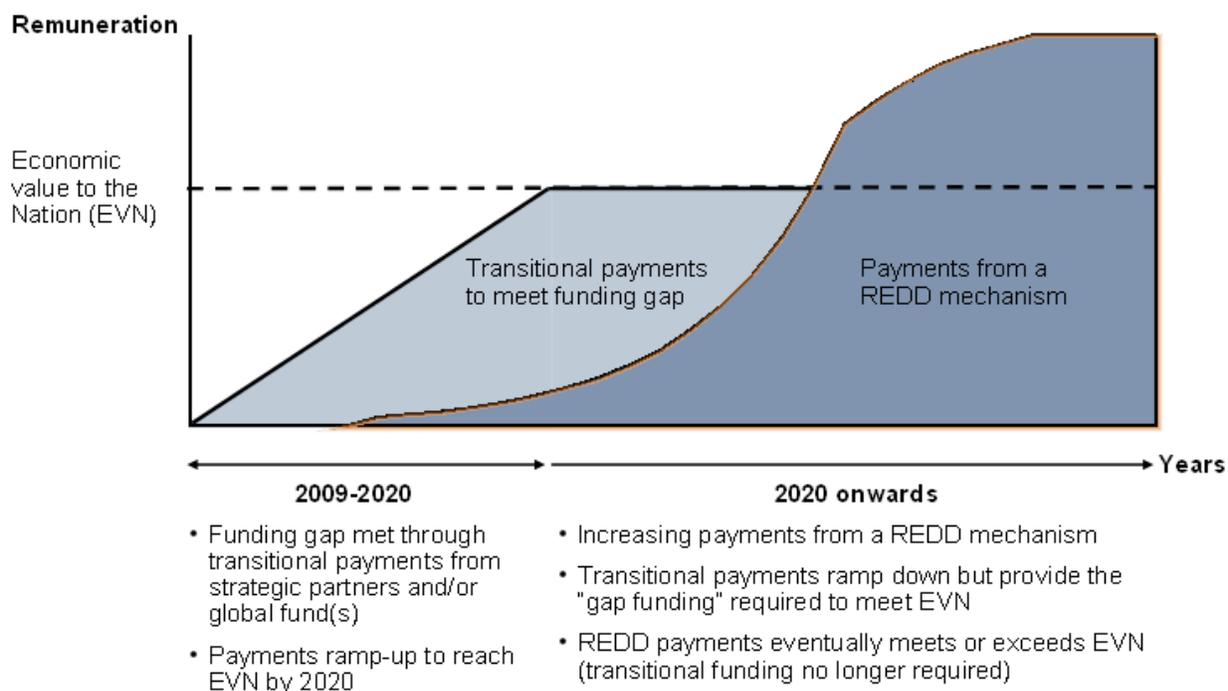
¹ There are some discrepancies in the estimates, with a recent Guyana Forest Commission for REDD document "Readiness Preparation Proposal to the World Bank Forest Carbon Partnership, September 2009" giving substantial higher figures for the country forest cover. Nevertheless a majority of sources estimate a country-wide forest cover of around 76% (e.g. 76.7% in FAO 2005 Assessment, (<http://www.fao.org/forestry/country/57478/en/guy/>) and 76% according to <http://rainforests.mongabay.com/20guyana.htm>)

Government of Guyana believes that the replacement to the Kyoto Protocol which will be negotiated in Copenhagen in December 2009 must address the exclusion of forestry from the carbon markets. The Government supports international proposals that Kyoto's replacement should include incentives to cut tropical deforestation in half by 2020, and make the global forestry sector carbon neutral by 2030 – where greenhouse gas emissions from deforestation are balanced by new forest growth.

In term of funding preferences, Guyana is in favor of a dual approach that includes payments from public funds and payments from a REDD market mechanism. As per the LCDS, forestry should be introduced to the carbon markets progressively over time. Starting in 2013, a portion of each country's rainforest should be assigned forestry emissions quotas or carbon credits (known as AAUs) as offsets to trade within the carbon markets. However to get started, Guayan favors transitional payments from bilateral donors. This transitional funding will eventually be replaced by a REDD payment mechanism linked to global carbon compliance markets. The evolution from transitional payments to payments from a REDD market mechanism is illustrated below. (Taken from Guyana – LCDS document).

Potential flow of payments from transitional funding sources to an at-scale REDD mechanism

ILLUSTRATIVE



SOURCE: "Climate Change: Financing Global Forests: The Eliasch Review", Government of the United Kingdom (2008)

The LCDS also envisions a phased approach to REDD implementation where the first three years will focus on development of systems and development of capacity, which will gradually be ramped up to the full implementation phase.

The president, Bharat Jagdeo, has also made a strong case that avoided deforestation must complement REDD, and is in favor of REDD plus mechanism that rewards conservation, sustainable forest management and enhancement of carbon stocks.

1.2 Proposed REDD Policy

The objective of Guyana's REDD policy is to enable the effective implementation of natural resource policies and legislation including monitoring and enforcement which is necessary to address deforestation and forest degradation, and expanding opportunities for sustainable forestry. It is expected that the development of the REDD strategy will be informed by extensive consultations with stakeholders and demonstration activities.

The key challenges in the proposed REDD policy in Guyana are to address the following issues:

- *Drivers of deforestation and land use patterns* – According to landstat mapping, Guyana has a land area of 21.5 million hectares. A total of 54, 210 ha of degraded forest area and 2626 km of forest roads were mapped during the period 2007-2008. Of this total, it is estimated that approximately 34, 044 ha of degraded forests are found within the State Forest Estate (SFE). Total State Forest Area is 13.8 million hectares while total forest cover is 18.6 million hectares. The rate of deforestation in the SFE is 0.25% while the rate in Guyana forest cover is 0.29%. Mining seems to be the single most major cause of degradation within the SFE. Approximately 24, 428 ha of forests was cleared due to mining activities and another 21, 903 ha of forests was cleared for agriculture. The most degraded forests areas are found in the North-West region of the country, which is traditionally known to have the highest concentration of mining concessions. The Readiness Proposal does not articulate clearly how the main driver of deforestation – mining – is going to be addressed within REDD. This issue has become particularly problematic since the price of gold has risen substantially in the last one year.
- *Participation of local communities and Amerindian Peoples* – The Government has committed to substantive national and sub-national consultations that will target primarily indigenous and forest communities across Guyana. It is important to note that Guyana's Indigenous Peoples have jurisdiction over the forests in all their own titled lands which are legally held by them under the Amerindian Act –this accounts for 4.5 million hectares of land. The inclusion of lands under Amerindian jurisdiction in REDD will be determined by the Indigenous communities themselves only after they have been engaged in appropriate consultations. As of now, there is considerable debate on this issue and significant mis-trust between the Government and Civil Society.
- *Reference Scenario* - The reference scenario will provide a REDD baseline that defines an expected emission rate of CO₂e from deforestation and forest degradation in the absence of interventions to reduce those emissions. Guyana will establish the historic emissions level and projected emissions level, using both field data and remote sensing data. As per the 2008 paper put forth by the Office of the President on "Creating Incentives to Avoid Deforestation", a forward-looking baseline rate of economically rational deforestation better reflects true pressures on forests than do assessments of historical or stock-based baselines, which likely understate pressures on forests in cases where government policies have limited deforestation in the past. However, establishing a credible national baseline is a key challenge given the fact that Guyana has historically low deforestation rates. Guyana has estimated a baseline scenario in which the country aggressively pursues economically rational land use opportunities. However some have questioned the credibility of projected deforestation rates given low soil fertility and the limited use of forests for economic activities other than forestry. This was one of the key questions raised in the review of Guyana's Readiness Preparation Proposal (R-PP) that was submitted to the World Bank's Forest Carbon Partnership Facility (FCPF).

1.3 Readiness Preparations

As part of Guyana's efforts to provide an enabling environment for the facilitation of REDD activities, a working group has been established in the form of a REDD Secretariat (RS). The Secretariat has been set up as a part of the Guyana Forestry Commission (GFC) which will be the focal agency responsible for the coordination of national REDD activities in Guyana. Key components of the Readiness Preparations include:

- Consultations and outreach
- Identifying appropriate REDD activities
- Designing an implementation system for REDD
- Forest policy and governance diagnostics
- Social and environmental analysis
- Demonstration projects
- Developing a reference scenario
- Designing a Monitoring Reporting and Verification (MRV) system

In particular, some progress has been made vis-a-vis the following:

- MRV - Comprehensive estimates of forest biomass have been established and satellite images (LANDSAT and CBERS) are in the process of being utilized to determine forest cover with the intent to monitor every 3 to 5 years with supplementary forest inventory assessment to obtain percent forest cover changes. Currently, the Clinton Climate Initiative (CCI) is helping Guyana develop an MRV system that is likely to provide some benchmarks for other REDD countries in MRV methodologies.
- Demonstration projects -The Guiana Shield Initiative, funded by IUCN Netherlands, has started work at Iwokrama in Guyana as a pilot site to test compensation mechanisms for provision of environmental services.ⁱ
- The National Forest Policy was modified in 2008 and forest laws are being reviewed and updated to support this new policy. On 22nd January 2009, the Forest Bill was approved by Parliament. This Bill, among other areas, emphasizes the importance of multiple uses of forest resources. It seeks to promote sustainable and efficient forest activities which utilize the broad range of forest resources and contribute to national development while allowing fair returns to local and foreign entrepreneurs and investors. It also supports ecosystem conservation and forest and soil rehabilitation.

Guyana will be receiving support from the World Bank's Forest Carbon Partnership Facility (FCPF) and Norway for REDD. Guyana's Readiness Preparation Proposal (R-PP) was cleared by the FCPF Participants Committee in June 2009, and the Bank is now conducting its due diligence (safeguards, fiduciary, other key issues) in view of processing a \$3m FCPF readiness grant.

The Norwegian government plans to support the Guyana's Low Carbon Development Strategy (LCDS) through a 5 year grant (estimated \$250m over 5 years). This is part of Norway's global initiative on Climate Change. Norway would disburse against performance based metrics (mostly related to reducing deforestation) agreed upon with Guyana. The grant would then finance investment projects listed in the LCDS, ranging from community-development and maintenance of the sea-wall,ⁱⁱ to possibly a road and a hydropower. A Memorandum of Understanding between Norway and Guyana was signed in November 2009.

Guyana is also receiving support from a range of other international agencies such as the Clinton Climate Initiative, Conservation International, and International Institute for Environment and Development (IIED) for readiness activities. Conservation International has provided technical and funding support to establish the REDD secretariat for managing Readiness activities; CCI will be providing technical support to help design a MRV framework for Guyana. The Government of Norway has also engaged IIED to provide advice to assist the consultation process in Guyana. Norway and Australia will also be providing support for the development of MRV systems.

2. Institutional framework for REDD in Guyana

2.1 Key Institutions

Developing and implementing REDD strategy will involve collaboration between the Guyana Forestry Commission (GFC) - which is the focal agency for REDD, and the REDD Secretariat which is a multi-stakeholder working group responsible for the facilitation of Readiness activities. Other Ministries and Agencies such as the Guyana Land and Surveys Commission (GLSC), Guyana Geology and Mines Commission (GGMC), and the Office of Climate Change of the Office of the President, will provide support within their respective mandates. Locally-based international NGOs such as CI and the World Wildlife Fund (WWF) will also contribute to this process.

The following describes the various agencies and organizations and their role in climate change & REDD.

The Office of the President: The Office of the President is responsible for overseeing climate change initiatives at the national level. The office of the president is also primarily responsible for managing international relations and representing Guyana's interests in climate negotiations.

The office of the president has a Climate Unit that oversees the National Climate Committee (NCC) which is primarily responsible for overseeing policy and projects on climate change matters.

Guyana Forestry Commission (GFC): The GFC is the focal agency for REDD in Guyana. It also coordinates the activities of the REDD Secretariat. The GFC is responsible for the management and regulation of Guyana's State Forest Estate and the implementation of REDD activities in Guyana. The GFC's main responsibility is policy enforcement, sustainable forest management, community forestry and planning the effective utilization of Guyana State Forest Resources. The GFC was established in 1979 as a semi-autonomous Government organization which is governed by an independent board of directors comprising 12 persons who are responsible for overseeing the management of the organization. The President is the Minister responsible for forestry and has delegated this responsibility to the Minister of Agriculture though key decisions are taken by the President and Cabinet.

REDD Secretariat: As part of Guyana's efforts to provide an enabling environment for the facilitation of REDD activities, a working group has been established in the form of a REDD Secretariat (RS). The Secretariat has been set up as a part of the GFC and will be responsible for the coordination of national REDD activities in the country. The REDD Secretariat will oversee the implementation of all REDD activities guided by the Office of the President with the involvement of the National Climate Committee. It is also tasked with the Consultation and Outreach activities, dissemination of results of the assessment of the carbon stock potential of Guyana's forests. This Secretariat will report to the Guyana Forestry

Commission as well as the National Climate Committee of Guyana. Key stakeholders involved in the Secretariat include:

- Office of the President
- Ministry of Agriculture
- Guyana Lands and Surveys Commission
- Indigenous Community groups (APA, NDAF, GOIP and TAAMOG), Toshaos, community residents
- Non Governmental Organizations (NGOs) such as Conservation International (CI), Iwokrama and World Wildlife Fund (WWF).
- Environmental Protection Agency
- Ministry of Local Government and Regional Development
- Ministry of Amerindian Affairs
- Guyana Geology and Mines Commission
- Guyana Energy Agency
- Private Sector Commission
- University of Guyana

Relevant ministries and government agencies:

- Ministry of Agriculture: The Ministry of Agriculture has the responsibility for the forestry sector, and has also been responsible for a number of departments that have responsibility for various aspects of climate change and REDD activities. These Agencies include the Hydrometeorological (Hydromet) Division and the National Drainage and Irrigation Authority. The Agricultural Ministry remains integral to the coordination and implementation of REDD policy and activities.
- Guyana Geology and Mines Commission: The GGMC is tasked with regulating, all activities in the mining sector including providing advice to the Government on mining policy. It regulates the extraction of minerals from large scale (500- 12,000 acres) mining operations, medium scale (150- 500 acres) mining operations and small scale mining operations. The Mining Act provides for the management of both large and small scale mining claims. Environmental management of both large and small scale operations at the field and policy levels are monitored and implemented by the GGMC. The EPA also has environmental oversight for mining operations.
- Guyana Lands and Surveys Commission (GLSC) – Its role will be to advise the government on policies relating to public lands and land surveys and to administer and enforce all laws to public lands and land surveys.
- Ministry of Amerindian Affairs: Its key role would be support social, economic and cultural activities in Amerindian communities

Civil society, local communities and Indigenous People’s Involvement: Forest communities and civil society are intended to be key stakeholders in the design and implementation of REDD – and a consultation plan has been developed to seek input from non-government stakeholders with a focus on Amerindian communities. (See section 2.4 for details)

Role of international Partners: The Government of Guyana sees the support of international partners as being a core part of its readiness efforts. It is currently seeking specific project related and bilateral donor support for Readiness activities. At present the GoG is working principally with the Norwegian Government through a bilateral agreement - this support, among other areas, will assist in the setting up of a MRV system. Several other donors and international partners have also been supporting Guyana’s REDD preparation and related activities including the World Bank, World Wildlife Fund (WWF),

United Nations Development Program (UNDP), Inter-America Development Bank (IDB) and Conservation International (CI) as discussed in section 1.3.

The GFC intends to submit a proposal to the ITTO Thematic Programme on REDDES (REDD & Enhancing Environmental Services in tropical forests) to secure finances for monitoring deforestation and degradation at the national and community levels. In addition, the existing WWF supported programme with the GGMC will inform the identification of the REDD strategies that address capacity building in the mining sector to facilitate greater enforcement. The active engagement of international NGOs such as WWF, CI, IIED is envisaged throughout the REDD process - in the REDD working group; in the development and implementation of studies and pilot projects; and in capacity building of regulatory agencies in Guyana.

National institution functions in REDD in Guyana

Functions /Tasks	Responsible Institution(s)	
	<i>International Interface</i>	<i>National Level</i>
Oversight		
<ul style="list-style-type: none"> • Manage relationship with the COP REDD mechanism; Manage international REDD relations (e.g. with other national or regional REDD programs); Manage relationship with international multilateral and bilateral sources of REDD funding; Oversees relations with international carbon markets • Elaborates REDD strategy; reviews and approves REDD plans programs and projects ; Oversee implementation and review of the REDD strategy 	Office of the President & National Climate Committee (NCC)	

Finance

- Manage relations with UNFCCC-COP funding window; Request and receive funding from international sources; Agrees on international funding, fiduciary and reporting procedures
Office of the President & National Climate Committee (NCC)
- Allocate resources according to REDD Strategy; Disburse resources to approved REDD plans programs and projects; Ensure compliance with national and internationally agreed; financial, fiduciary and reporting procedures
GFC

Technical (including standard setting)

- Manage Relations with UNFCC and other REDD technical bodies; Request technical support from international sources; Agrees on standards, MRV methodologies and other technical procedures
NCC & GFC
International institutions will play a key role in establishing technical standards and MRV methodologies
- Put in place national standards for REDD metrics, for MRV and for social and environmental safeguards; Provide technical assistance to programs and projects
GFC
Substantial support from International partners is envisaged

Implementation

- Implement enabling and readiness activities
GFC is primarily responsible for implementing readiness activities with substantial support from international agencies
- Prepares REDD programs and projects in accordance with REDD national strategy ; Request and receive funding for approved REDD
Lack of clarity on who will

programs and projects; Implement REDD projects in accordance with MRV standards and social and environmental safeguards; Submit results to national REDD oversight and certification agencies

prepare REDD programs and projects, implement projects etc

Certification (and registry)

- Submit country REDD strategy to COP Registry; Submit country REDD reports with MRV performance for COP recognition/ certification /market crediting

NCC & GFC

Strong role of international institutions envisaged in setting up certification and registry processes

- Put in place and oversees the national REDD MRV and certification standards and procedures; Register and Certify MRV REDD results;

National arrangements not defined as yet

- When appropriate, use the registry to facilitate payback and distribution of CERs among REDD project participants

Options for setting up a Guyana Low-Carbon Finance Authority are being discussed

Accountability

- Manage relations with COP regarding social and environmental standards; Agrees on social and environmental standards and grievance procedures; Regularly report to COP

NCC & GFC

The FCPF will also play a key role in shaping social and environmental standards and grievance procedures in accordance with the World Bank safeguard policies

- Put in place and oversees the operation of social, and environmental safeguards that ensure informed previous consent, from affected population; Put in place and oversees operation of grievance procedures

GFC; REDD Secretariat; Ministry of Amerindian Affairs (their role is still vaguely defined)

2.2 Regulatory frameworks

The issue of land use and land tenure is central to the REDD debate in Guyana. Land tenure in Guyana is administered under the following categories: (1) State owned land and (2) privately owned land

State Owned Land - In Guyana, land uses are classified into the following areas: forestry, mining, agriculture, protected areas, and other land based uses. The land use structure provides for the mining sector on State Land to be managed by the GGMC and forestry activities on State Forests by the GFC.

The GFC is responsible for the management of the State Forest Estate. The GFC has oversight on the enforcement of forest laws and regulations, monitoring and control of social and environmental impacts of operations within the State Forest estate and collection of revenues. State forests administered by the GFC account for about 13.6 million ha (63 percent of the land area). As of 2008, 50.2 percent of state forest had been allocated for timber harvesting. Within the State Forest Area there are some areas nationally identified for total or partial conservation activities including the Iwokrama Forest reserve/research sites.

Lands identified for mining fall under the purview of the Guyana Geology & Mines Commission (GGMC). The GGMC is responsible for regulating all activities in the mining sector on behalf of the Government as well as for providing the basic prospecting information and advisory services on the available economic mineral prospects.

Lands for agricultural usage are administered by the Guyana Lands and Surveys Commission (GLSC). The Commission prepares and distributes leases for agricultural lands. Large scale agricultural lands are limited to the coastal plain of Guyana.

Protected areas - As of today, there are three protected areas, totaling 486, 000 hectares of land and 2.3 % of Guyana's land area. The management of these areas falls under the responsibility of the National Parks Commission and the Environmental Protection Agency. During the preparation phase, the REDD Secretariat will work with the Office of the President and the EPA, as well as other partners, on protected areas under the Guyana Protected Areas System project at site levels.

Other Land Based Uses - This includes lands identified for urban and infrastructural development, such as the proposed Linden to Lethem Road Corridor. While these lands are administered by the GL&SC, some roads are in heavily forested areas and some roads are in areas with logging and mining concessions. This results in overlapping jurisdictions between GL&SC, GFC and GGMC.

Private land - Lands that are privately owned are divided into two categories: (a) Amerindians; (b) Non-Amerindian.

Amerindians total approximately 9.2 percent of Guyana's population, and currently own approximately 13.9 percent of the land. With regards to land titling, Amerindian communities can be classified into four groups:

- Titled communities and Titled Communities that have applied for extension
- Untitled communities & communities in the process of becoming titled
- Communities engaged in legal cases regarding boundary demarcation and other issues
- Existing communities that do not yet meet the criteria for titling

In addition to this, the GFC has issued leases of State forests to community and indigenous groups for the purposes of logging.

The Amerindian Act 2009 provides for the "recognition and protection of the collective rights of Amerindian Villages and Communities, the granting of land to Amerindian Villages and Communities and the promotion of good governance within Amerindian Villages and Communities." Under the Act, the governing body of an Amerindian Village or Community is the Village or Community Council. The Act provides for the transfer of land rights from the State to designated Village Councils, which in turn are

responsible for the allocation of land to residents. Under the Act, an Amerindian Community may apply in writing to the Minister for a grant of State lands subject to statutory conditions. If the application is approved, title can be granted under the State Lands Act and the Minister can establish a village council to hold the land for the benefit of the village.

The key challenge in the context of regulatory frameworks for REDD is that there are competing interests in land, and the hierarchy of land use and land rights is not clear. Many Amerindian land tenure and territorial rights claims in Guyana remain unresolved. Even though Amerindians have legal rights, land tenure systems remain weak in practice. The issue is not so much land ownership, but management and administration, and of enforcement of rights and clarifying competing claims. As of now, Guyana does not have a comprehensive land use framework that strengthens tenure security, and promotes efficient yet sustainable land management practices. With regard to REDD, the government seeks to improve and harmonize legislation and national land use policy, in particular land use planning and zoning as a part of the readiness process. However, at this stage there are no details regarding the specific changes sought, or the processes that will be put in place to bring about such alignment. In collaboration with the German government, the government of Guyana has produced a draft land use plan for a pilot area. The project to produce the plan included the use of Geographic Information Systems (GIS) technology, participatory planning processes, supporting policy guidelines and adequate legislation, and institutional capacity for natural resources management agencies. Efforts to develop a national land use plan are now underway building on this experience.

2.3 Implementation framework

As of now, concrete REDD activities have not been identified. It is expected that Guyana's REDD strategy will consider potential activities such as:

- Utilization of non-timber forest products
- Expanding multiple uses of the forest (good and services) for economic activities and income generation, including exploring the generation of environmental services benefits
- Exploring and developing added value forest production at the community level
- Reforestation of forest gaps as well as exploration of plantation activities
- Engaging communities in forest rehabilitation activities including and enrichment planting
- Enhanced the enforcement of compliance by miners and mining companies with GGMC & EPA requirement of reforestation on closure of mined out areas
- Stronger compliance by and improved capacity of miners of mining regulations.
- Agro forestry & Community agro forestry initiatives
- Development of the practice of SESA and mitigation plans for future infrastructural development
- Exploring options of forest certification/ legal verification

Implementation arrangements for REDD are still in a very still in a very early stage of development in Guyana. As of now there is a lack of clarity on: scope of eligible REDD activities; processes for developing REDD projects and project appraisal and selection; flow of funds and scale of implementation i.e. national, sub-national or hybrid; GHG accounting; distribution of carbon revenues and benefit sharing mechanisms; and oversight and accountability mechanisms. There are also technical capacity gaps in areas such as assessment of deforestation & degradation; biomass monitoring, GIS/Remote Sensing, and national methodology for forest carbon stock assessment.

There are also intrinsic institutional weaknesses in the public sector in Guyana that need to be addressed. There is a recognition that REDD will not happen without fundamental improvements in governance and public sector institutional capacity. Corruption, lack of accountability and transparency in government institutions are key challenges that constrain development and which also explain the low social and economic return on public spending in Guyana.ⁱⁱⁱ In particular, it is expected that the GFC would need capacity building support for stronger forest monitoring and law enforcement.

For all readiness activities, funds will be channeled through the GFC. According to the LCDS, Guyana will also establish the Guyana Low-Carbon Finance Authority, which will be responsible for collecting, managing and monitoring forestry payments. This agency has not been established as yet – and there is no clarity on how it will exactly work.

2.4 Involvement of Indigenous Peoples and forest dependent communities

The effective participation of indigenous peoples (IPs) and local communities in a REDD mechanism and actions will have strong implications for REDD. In Guyana, Amerindian communities, by law, have the right to the management of titled indigenous lands and their potential use in REDD activities. The participation in the REDD program will not be mandatory but rather will be optional. Overall the Amerindian communities have a cautious approach to REDD and see it both as a risk as well as an opportunity.

Lack of secure tenure over ancestral forests is a major concern for indigenous peoples in Guyana. Amerindian land rights issues remain unresolved in Guyana. In 1965, as a condition of independence in 1966, all the political parties agreed that Amerindian land claims would be settled. These claims were duly set out in the government-commissioned Amerindian Lands Commission (ALC) Report of 1969. But about 25 per cent of Amerindian communities remain without land title and are technically squatters on state lands. Of the 24,000 square miles of land recommended for titling by the Amerindian Lands Commission in 1969, only half has been titled.

There is no government recognition of native titles but any Amerindian community that has been in existence for 25 years can go through a formal claims procedure (section 60 Amerindian Act). If a claim is successful the state must issue a title under the State Lands Act. However, decision to grant the whole or part of any claim is essentially arbitrary, patronal, non-transparent, and with no effective possibility of appeal against refusal.

Amerindian communities can veto mining activities on their land. But the state has the power to override the veto in the public interest in the case of large-scale mining projects. Communities are not allowed to dispose of the land (section 44), no more than 10 per cent of the land can be leased to outsiders and the maximum term is 50 years (section 46). Titles may be revoked in the public interest or if Amerindians transfer rights to their titles lands or parts thereof.

Participation and consultation of local communities is also a key issue. The GFC has already commenced a series of Sensitization Meetings targeting communities in all of the 10 administrative regions of Guyana. Over the period September 2008 to January 2009, initial consultation sessions were planned for and held with 27 community groups, many of which are indigenous communities. In addition to this, the Readiness Proposal section that outlines relevant management structures for REDD was shared with Indigenous leaders working on a climate change action plan during a five day Guiana Shield Regional Meeting of Indigenous Leaders. This involved leaders from the Amerindian Peoples Association of

Guyana, Organisatie Van Inheemsen (OIS) of Suriname and the Fédération des Organisations Autochtones de Guyana Village Amérindien (FOAG) of French Guiana, in coordination with the Coordinator of Indigenous Organisations of the Amazon Basin (COICA) and the Amazon Alliance. (April 13-17, 2009)

Upcoming consultations - In addition, according to Readiness Proposal, national and sub-national consultations will be organized in early 2010 to sensitize as well as receive feedback from all key stakeholders. These sessions will target around 141 indigenous and forest communities across the different administrative regions of Guyana, covering all forested areas.

In a workshop with Amerindian communities in June 2009, participants raised the following concerns:²

- National land tenure and land rights policies in Guyana are weak and have serious problems.
- Carbon rights, land rights and benefits sharing - On the question of carbon trading, REDD and land rights, indigenous peoples have to work out clearly the manner in which to proceed. It is necessary to have the land and territorial rights issue addressed as a priority in any REDD or LCDS arrangement.
- Lack of capacity of Indigenous communities, organizations and the National Toshios Council (NTC) to engage in REDD policy discussions.
- Participants noted that REDD activities could pose serious risks to traditional farming and other livelihood activities. They also felt that it could promote intercommunity conflicts. If one village 'opts in' to government and Guyana Forestry Commission schemes for REDD, while neighbors decide to stay out, what happens to their traditionally shared resource areas? Even if they have traditionally shared resources with other villages on their titled lands – as occurs presently in many parts of Guyana – will the 'REDD community' seek to restrict access by their neighbors?
- Rotational farming must not be classified as 'deforestation' nor 'degradation' and this sustainable traditional land-use practice must be fully safeguarded in any national LCDS/REDD programme.
- Free prior and informed consent was not a policy that was consistently followed in Guyana.
- The consultation schedule is moving too fast and IP leaders have not had the time to discuss issues with their communities.

3. Conclusions and Early Insights

While Guyana has been an early mover on REDD, it faces significant challenges in developing effective REDD policies. On the positive side, Guyana has placed REDD at the center of a national development policy and provided high level of government commitment to the forests and climate change agenda. The country has also benefited from strong support from international donors and NGOs. On the other hand, Guyana has inadequate institutional capacity for implementing REDD activities on the ground, and critical governance and regulatory weaknesses need to be addressed in order to ensure that REDD is equitable, inclusive and transparent.

The Guyana experience provides important early insights for other REDD countries.

² Indigenous peoples' rights, REDD and the draft Low Carbon Development Strategy, June 24-26 2009, Guyana -(Amerindian Peoples Association & Forest peoples programme

Key strengths of Guyana's approach to developing institutional structures for REDD are as follows.

- **REDD is treated as an integral part of national development plans.** Integrating REDD within an overarching national development strategy is critical to ensuring that REDD efforts are prioritized and to enable cross sectoral management of REDD. In Guyana, REDD is embedded within an overarching low carbon development strategy and is seen as part of a cohesive and coherent national development plan.
- **Government ownership:** Ensuring a high level of political commitment is important for building momentum for REDD both internationally and domestically. In Guyana, the president has taken a lead role in being a champion for REDD. He is the country's principal focal point for international negotiations, and is also involved in overseeing national readiness efforts. Under his leadership, the government has invested significant effort and time in preparing for REDD.
- **Strong focal agency for managing REDD:** Establishing a focal agency with clear responsibilities for coordinating REDD activities and a multi-stakeholder REDD working group/steering committee are important steps in setting up the institutional architecture for REDD. Guyana is one of the few REDD participant countries where there is a clear delineation of roles and responsibilities for coordination of REDD activities.
- **Broad international support for readiness preparations.** REDD preparations in less developed countries involve the need for significant financial and technical support. This is especially relevant for countries that have limited experience in performance based schemes for avoided deforestation as they tend to have very little in-house capacity for addressing REDD. In this context, Guyana has benefited from a range of international donors and NGOs. It has received support for several of its Readiness activities such as the development of its consultations plan, the development of MRV etc. In particular, the visible support of the Government of Norway has played a key role in advancing Guyana's REDD efforts.

In terms of weaknesses and challenges, the Guyana experience highlights the following issues that are likely to be applicable to many REDD countries,

- **Need to establish credible reference scenarios is a significant challenge for countries that have High Forest Cover Low Deforestation rate rates i.e. HFLD countries.** HFLD countries which include Panama, Democratic Republic of Congo, Peru, Suriname etc - contain 20 percent of Earth's remaining tropical forest and 18 percent of tropical forest carbon. However, as currently proposed, REDD compensation will be tied to reference levels that are determined primarily by historical deforestation rates. Guyana has proposed a fairly aggressive baseline that includes projected emissions which has been questioned in terms of its credibility. Countries with high forest cover and low deforestation rates are the most critical to an analysis of the equity/credibility trade-off. These countries would have little REDD incentive based on purely historical data. Yet, they need to be included in the mechanism in order to avoid creating a perverse incentive that would encourage them to rapidly increase deforestation rates.
- **Need for both market and non-market funding.** The Guyana experience indicates that countries will need long-term and dependable financing for REDD through both market and public funding sources. Market-based approaches can be important in compensating nations for reducing GHG emissions from deforestation and degradation; but public or non-market funds will be required to create incentives for maintaining large stocks of existing forests and help with 'REDD

Readiness,' while nations are building capacities for robust and credible market-based REDD programs.

- **Ensuring meaningful engagement of local stakeholders.** Ensuring meaningful engagement of key stakeholder groups and assessing the risks and opportunities for different groups in particular IPs and forest dependent communities is key to the long-term effectiveness of national REDD readiness efforts. In Guyana, many local stakeholders have expressed concerns that the Government was rushing through REDD preparations without adequately addressing stakeholder inputs. In many tropical forest countries, there are a significant number of Indigenous Peoples and forest dependent communities who rely on forest for their livelihood. It is therefore critical that they are involved in REDD consultation processes, and that their perceptions are reflected in decision-making.
- **Addressing underlying drivers of deforestation.** There is recognition that in most countries, many of the real drivers of deforestation are outside the forestry sector – this includes expansion of agriculture and ranching, infrastructure development, logging and mining. Yet there is a tendency to see REDD as forests centric activity as is the case with Guyana – the readiness proposal does not address the main driver of deforestation which is mining. To be effective, REDD need to be reflected not just in forests policies and programs, but also in wider policies such as agriculture policies, mining policies etc.
- **Building institutional capacity for REDD implementation.** Even though Guyana is seen as an early mover on REDD, many fundamental questions of what REDD would look like and how it will be implemented in practice remain unanswered. Other than countries such as Brazil which has built capacity through experience with Amazonian Fund, this is an area that is likely to be a challenge for many REDD countries. Countries will need support to not only shore up technical capacities for developing carbon inventories, MRV etc, but also to develop institutional systems for distribution of REDD funds, overseeing MRV procedures, registering and certifying REDD credits, project appraisal processes, audit functions etc. A key challenge is to clarify at which level REDD agreements will be made– project level, sub-national, national or hybrid.
- **Strengthening governance and regulatory frameworks.** A key aspect of readiness for REDD is to ensure that appropriate governance and regulatory frameworks are in place. There is an urgent need for clarity on land use, land tenure and carbon ownership for REDD to be effective in Guyana. A well-established system of rights, rules, institutions and processes regulating the access and use of forest lands will impact the effectiveness of REDD strategies and whether they benefit or marginalize forest communities. In many tropical forest countries, land tenure and policy frameworks for IPs are unclear as they often have customary/ancestral rights that are not necessarily codified in, or are consistent with, national laws. Putting in place mechanisms for ensuring transparency and accountability, enforcement of forest policies, and equitable benefits sharing will also be critical for developing an effective REDD regime.

While the long-term effectiveness of REDD will be ultimately determined by the extent to which national institutions are able to deliver emissions reductions from deforestation and forest degradation in efficient and equitable ways, the Guyana experience demonstrates that many REDD countries would need significant support from international institutions. While Guyana has benefitted from substantial international support both technically and financially by virtue of being an early mover, it is not clear whether other REDD countries would also receive the same level of support.

Going forward, it would be important to ensure sustained support from international partners for designing national institutional structures for REDD, especially in the early phases when countries build capacities for REDD. International partners will have to play a key role in: (a) providing technical

support for institutional strengthening, building monitoring capacities, standard setting, designing financing and certification processes; (b) supporting the initial implementation of national REDD strategies. For example, Guyana is requesting significant support for implementation of REDD activities such as agro forestry, forest law enforcement etc; and (c) providing financial support for incentivizing REDD in developing countries. This would entail developing platforms through which international institutions can provide support for national REDD policy and institutional development in a manner that is cohesive yet flexible, and aligned with different country contexts and capacities.

Primary References:

1. Readiness Preparation Proposal – Guyana (Submitted to the Forest Carbon Partnership Facility), Sept 2009
2. A Low Carbon Development Strategy – Transforming Guyana’s economy while combating climate change, May 2009
3. McKinsey. Creating Incentives to Avoid Deforestation, Office of the President – Republic of Guyana. December 2008
4. Indigenous peoples’ rights, REDD and the draft Low Carbon Development Strategy, June 24-26 2009, Guyana -Amerindian Peoples Association & Forest Peoples Programme
5. Tenure in REDD – Starting point or afterthought, IIED, 2009

ⁱ The Guiana Shield website provides detail on this initiative - <http://www.guianashield.org/joomla/>

ⁱⁱ The sea wall refers to Guyana’s sea defenses. The wall is critical to protecting the areas along the country’s coast.

ⁱⁱⁱ Guyana is ranked between the 25th and 50th percentile on worldwide governance indicators such as government effectiveness, rule of law etc as per the 2008 survey (<http://info.worldbank.org/governance/wgi/index.asp>)