THE IMPACTS OF INTERNATIONAL REDD+ FINANCE

GUYANA CASE STUDY

Tim Laing

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The Impacts of International REDD+ Finance in Guyana

ACRONYMS

<table>
<thead>
<tr>
<th>ADF</th>
<th>Amerindian Development Fund</th>
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</thead>
<tbody>
<tr>
<td>CI-G</td>
<td>Conservation International-Guyana</td>
</tr>
<tr>
<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
</tr>
<tr>
<td>FCPF</td>
<td>Forest Carbon Partnership Facility</td>
</tr>
<tr>
<td>FLEGT</td>
<td>Forest Law Enforcement Governance and Trade</td>
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<tr>
<td>GEA</td>
<td>Guyana Energy Agency</td>
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<tr>
<td>GRIF</td>
<td>Guyana REDD+ Investment Fund</td>
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<tr>
<td>IDB</td>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>JCN</td>
<td>Joint Concept Note</td>
</tr>
<tr>
<td>LCDS</td>
<td>Low Carbon Development Strategy</td>
</tr>
<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>MRVS</td>
<td>Monitoring, Reporting and Verification System</td>
</tr>
<tr>
<td>MSSC</td>
<td>Multi-Stakeholder Steering Committee</td>
</tr>
<tr>
<td>OCC</td>
<td>Office of Climate Change</td>
</tr>
<tr>
<td>PES</td>
<td>Payment for Ecosystem Services</td>
</tr>
<tr>
<td>PMO</td>
<td>Project Management Office</td>
</tr>
<tr>
<td>PPP-C</td>
<td>People’s Progressive Party - Civic</td>
</tr>
<tr>
<td>REDD+</td>
<td>Reducing Emissions from Deforestation and Forest Degradation</td>
</tr>
<tr>
<td>R-PP</td>
<td>Readiness Preparation Proposal</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
</tbody>
</table>

Note that throughout this report all dollar amounts are U.S. dollars.
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INTRODUCTION TO REDD+ FINANCE IN GUYANA

Guyana has embarked on one of the most ambitious national REDD+ programs in the world. The program is built on the twin pillars of a Memorandum of Understanding (MOU) with Norway (Government of Guyana & Government of Norway, 2009) which provides financial incentives to maintain a low deforestation level, and the Low-Carbon Development Strategy (LCDS) (Government of Guyana, 2009) which outlines a vision for the future development of the country and how revenue will be utilized. In addition Guyana is a participant in the Forest Carbon Partnership Facility (FCPF) and is developing REDD+ plans in accordance with this process. However the vast majority of REDD+ finance, and thus the greatest source of impacts, has been from the MOU with Norway.

The objective of the MOU is to “foster partnership between Guyana and Norway on issues of climate change, biodiversity and sustainable low carbon development”, and “the establishment of a framework for results-based Norwegian financial support to Guyana’s REDD-plus efforts”.

The MOU was accompanied by a Joint Concept Note (JCN) (Government of Guyana & Government of Norway, 2012) that established the framework for collaboration. The key points of the framework are:

- Norway will provide Guyana with finance of up to $250 million over the period 2010-2015;
- Finance will be channeled through a financial mechanism called the Guyana REDD+ Investment Fund (GRIF) managed by the World Bank. The fund is structured to allow contributions from a number of different contributors, although at present Norway is the only contributor;
- Finance will be paid post-delivery of results measured on two sets of indicators:
  - Indicators of Enabling Activities including the establishment of a strategic framework, a continuous multi-stakeholder consultation process, a strong governance environment and respect of the rights of indigenous peoples and other local forest communities as regards to REDD+; and,
  - REDD+ Performance Indicators, a system of forest-based greenhouse gas emissions related indicators, to be substituted with a Monitoring, Reporting and Verification System (MRVS) once established, the timeframe of which is set out in a MRVS roadmap.

To date Guyana has earned approximately $190 million from this arrangement, $70 million of which has been deposited into the GRIF (The World Bank 2014), $5.8 million has been disbursed to the Guyana Forestry Commission to assist with development of the MRVS, and $80 million has been directly transferred to the Inter-American Development Bank (IDB) for the government’s equity in the Amaila Falls Hydro-electric project. A further $40 million is pending having been announced in May 2015.

The finance that Guyana has earned from the MOU is to be used to implement Guyana’s LCDS and Guyana’s efforts in building capacity to improve overall REDD+ efforts. The LCDS:

“...tries to do two things: assist in sustainable forest management and forest conservation, that would help us and the international community address the global issue of climate change. But to deploy our forest in a manner whereby in doing this we can earn revenue that would help to move our economy along a low-carbon growth path whereby we can try to at least have more efficiency in the way we utilize our natural resources and at the same time ensure that we can safeguard and protect forest ... what it does is draws out some of the critical
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components of [the National Development Strategy (NDS) and the National Competitiveness Strategy (NCS)] and integrates them within the framework of REDD+.”

The LCDS essentially takes the results-based REDD+ finance from the MOU and aims to transition Guyana’s economy on to a low-carbon pathway. The majority of funds are earmarked for projects that support this transition, such as the intended hydropower project. As part of this process it also aims to build the infrastructure and enabling environment for Guyana’s REDD+ activities, along with funding projects to help implement actual REDD+ in the country. It therefore takes what is essentially results-based finance from Norway and channels it in a number of directions, mostly towards “green growth” projects, but also including support for REDD+ readiness and implementation.2

Projects under the LCDS are implemented jointly by Guyanese government agencies and partner entities (such as the IDB and the United Nations Development Programme (UNDP)) that serve as the mechanism for disbursement from the GRIF. Funding from the GRIF is used to both fund the projects and the preparation and administrative fees charged by these partner entities. Currently approximately $31 million has been spent out of the GRIF, about 50% of the amount received. Table 1 outlines the projects that have received money from the GRIF to date.

Table 1: Projects implemented using GRIF finance (Source: World Bank, 2014)

<table>
<thead>
<tr>
<th>Projects</th>
<th>Title</th>
<th>Partner Entity</th>
<th>Disbursement (US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutional Strengthening Project</td>
<td>IDB</td>
<td>5.94</td>
</tr>
<tr>
<td></td>
<td>Micro and Small Enterprise Development Fund Project</td>
<td>IDB</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Amerindian Land Titling Project</td>
<td>UNDP</td>
<td>7.96</td>
</tr>
<tr>
<td></td>
<td>Amerindian Development Fund – Village Economy Development – Phase II</td>
<td>UNDP</td>
<td>6.26</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>25.16</strong></td>
</tr>
<tr>
<td>Fees</td>
<td>Institutional Strengthening Project preparation fee</td>
<td>IDB</td>
<td>0.31</td>
</tr>
<tr>
<td></td>
<td>Micro and Small Enterprise Development Fund Project preparation fee</td>
<td>IDB</td>
<td>0.13</td>
</tr>
<tr>
<td></td>
<td>Institutional Strengthening Project admin fee</td>
<td>IDB</td>
<td>0.14</td>
</tr>
<tr>
<td></td>
<td>Cunha Canal Rehabilitation project admin fees</td>
<td>IBRD</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td>Amerindian Development Fund project admin fees</td>
<td>UNDP</td>
<td>1.88</td>
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<tr>
<td></td>
<td>Amerindian Land Titling Project Admin Fees</td>
<td>UNDP</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>5.33</strong></td>
</tr>
<tr>
<td>Administrative Budgets</td>
<td>FY11-FY12 Trustee</td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>FY13 Trustee</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>FY14 Trustee</td>
<td></td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td><strong>Sub-total</strong></td>
<td></td>
<td><strong>0.96</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>31.45</strong></td>
</tr>
</tbody>
</table>

In addition Guyana is seeking other partners to provide finance to REDD+ activities and the GRIF.3 One source is the FCPF, through which Guyana is expected to receive a total of $3.6 million to implement activities outlined in its Readiness Preparation Proposal (R-PP). However to date, Guyana has received no funds from the FCPF. Conservation International-Guyana (CI-G) has helped to harness finance (approximately $500,000) from the German Development Bank (KfW) to assist the Guyana Forestry Commission (GFC) in developing and implementing its MRVS Roadmap, along with acting as a conduit for funds from Norway to both the OCC and the GFC. In addition, the Global Canopy

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1 Nokta, S. cited in Laing (2014)
2 Additionally adaptation projects also fall under the LCDS, showing Guyana’s holistic approach to REDD+, climate change mitigation and adaptation.
3 This paragraph draws on material from Guyana’s entry on The REDD Desk available at: http://theredddesk.org/countries/guyana
Programme and the Iwokrama International Centre for Rainforest Conservation and Development (IIC) has supported the development of Community MRV with funding from NORAD (approximately $700,000). IDB has also funded CI-G ($1.1 million) in the establishment of a project in the Rupununi area of the country designed to downscale the LCDS to a landscape level.

This mix of different funding streams for REDD+ in Guyana, dominated by the MOU, has led to three categories of impacts: 1) Those relating to projects funded by the GRIF from the results-based finance under the MOU (for example capacity development in GFC and OCC, and increased Amerindian Land titling); 2) Indirect impacts relating to the receipt (and potential receipt) of results-based finance; 3) Impacts from finance received from other donors for REDD+ readiness and implementation. The impacts of all three of these categories are discussed in the following section.
OBSERVED IMPACTS OF INTERNATIONAL REDD+ FINANCE

ENVIRONMENTAL IMPACTS

The MRVS that has been established under the MOU with Norway and is used to assess the payment received annually by Guyana allows for an indication of the scale of the key environmental impact from the international REDD+ finance that the country has received. Historical rates of deforestation in Guyana are extremely low, measured at 0.01% per annum in the period 1990-2000, rising to 0.04% per annum between 2001 and 2005 before falling back to 0.02% in the period 2006-2009. Subsequent to the start of the MOU deforestation rates have risen to 0.06% per annum in 2009-2010, falling back to 0.04% in 2010-2011, before doubling to 0.08% in 2011-2012 and then falling back to 0.07% in 2012-2013 (Guyana Forestry Commission & Indufor, 2012, 2013; Guyana Forestry Commission & Poyry Forest Industry, 2010). The rises in deforestation are primarily a result of small-scale mining activity and related infrastructure. These statistics show that on the basis of the absolute numbers there is little sign of a strong impact of the finance that Guyana has received upon current deforestation rates. It may be difficult to draw strong conclusions, however, due to the countervailing factor of the rise in international gold prices that has precipitated a mining boom in the country. At least one of the interviewees thought that deforestation has reduced compared to a baseline without finance (although this seems counter-intuitive given the growth in the mining sector), whilst another argued strongly in the other direction. What is clear, however, is that international REDD+ finance has not yet been able to strongly influence the major driver of deforestation, small and medium scale gold mining.

Beyond this headline figure there may have been other environmental impacts that cannot be so easily quantified, along with the potential for future changes in deforestation. Interviewees identified two potential areas of environmental impact. The first is the raising of environmental awareness in the country. It was the general perception of most of those questioned that the importance of environmental issues generally, and climate change in particular, within and outside government, has increased as a result of Guyana’s pursuit of a low-carbon development pathway. Although this may be above and beyond a direct impact as a result of dollars and cents received, it is the perception of many interviewees that Guyana would not have undertaken such a pathway without the commitment of money on the table from the Norwegians. The placing of a value on Guyana’s forests inclusive of the carbon and the biodiversity was perceived by one interviewee to have helped drive the commitment of the Guyanese government to preserve Guyana’s forests. The establishment of the long-term planned Protected Areas System in 2011, and the National Land Use Plan in 2013 may be evidence of the growing importance of general environmental issues in government decision-making as a result of the LCDS, although as neither was directly funded by funding from the GRIF clear causality is difficult to determine.

A negative environmental impact that an interviewee directly attributed to the receipt of international REDD+ finance is the increased emphasis in the LCDS on exploiting undeveloped non-forested lands for agricultural production, such as is being undertaken through new agricultural concessions in the Intermediate Savannahs in the Berbice region of the country. The financial incentive placed on preserving every hectare of forest has changed the focus of where agricultural production should be located away from forested areas to those areas like savannahs with little or no standing forest. However this raises a number of other environmental concerns such as the impact on water, soil and biodiversity and the indirect impact on the environment of the construction of the required infrastructure to undertake commercial agriculture in these areas. This is particularly the case with the Rupununi savannahs where there are plans for large scale agriculture. It is felt that the use of fertilizers may affect the entire area including the contiguous rainforest in the flooded periods of the year. The flooded area is also thought to be rich in biodiversity.

Longer term, interviewees did perceive possible impacts on the forest, and deforestation rates, as a result of the REDD+ finance that Guyana has received to date. It was the perception of a number of the interviewees that the
original reference level\textsuperscript{4} has not required any change in government policy (with one interviewee going further to state that the only impact has been an increase in destructive logging practice). However some interviewees thought that this is likely to change with the Norwegians placing increasing pressure on the Guyanese government to take action on deforestation rates as a whole, and mining and forestry in particular through the adoption of international standards such as the Extractive Industries Transparency Initiative (EITI) and Forest Law Enforcement Governance and Trade (FLEGT) both of which the Government of Guyana is currently pursuing.

Two further future impacts were also identified. The first relates to an increased mainstreaming of climate change into general development planning. As identified by interviewees the LCDS is more an economic development plan than a plan to directly reduce the pressure on forests. This integration of climate change aspects into wider development frameworks is also occurring through projects run outside the government such as CI-G’s project to downscale the LCDS to the Rupununi region. It was the perception of some of the interviewees that there is considerable potential for these types of projects to spread to other regions of the country, with associated potential environmental impacts.

The largest single project that has been earmarked to receive results-based finance under the MOU was the Amaila Falls Hydroelectric project. This 165 MW facility was slated to receive around $80 million of finance from the GRIF. However due to parliamentary opposition the project collapsed in 2013 with the withdrawal of the private sector partner. The current status of the project is unclear with the recent change in government. However, if the project continues it is likely to lead to the largest point-source of environmental impacts from REDD+ finance—either positive through avoided emissions from replacing the diesel used to currently generate electricity, or negative through land clearance and opening up the forest through roads and other infrastructure related to the project. A key impact that has arisen from the project, even with its cancellation, has been the amending of legislation (the Hydroelectricity Act) to provide for biodiversity offsets as part of the mitigation of environmental impacts from hydro-electric projects. With this amendment in place, hydropower development will have to improve on the reduction of environmental impacts from projects, and residual impacts will have to paid for through offsets, such as conserving forest elsewhere, in order to maintain deforestation rates for the projects (and its offsets) below an established level. It also opens the door for other kind of offsets that may be used by, for example, the mining industry. Options are under discussion for proposed large-scale projects such as the Guyana Goldfields Aurora operation.

**ECONOMIC IMPACTS**

In a similar vein to environmental impacts it is difficult to determine tangible economic impacts from Guyana’s receipt of international REDD+ finance. This is due, in part, to the fact that although Guyana has earned in the region of $190 million via the MOU from Norway only approximately $40 million of that has actually been spent, and even that is likely to be an overestimate as well over a quarter of that sum lies in the Micro and Small Enterprise Development Fund (MSEDF) and the Amerindian Development Fund (ADF), both of which have currently disbursed very small amounts of funding. The largest share of spending from Guyana’s payment-for-results finance has gone towards supporting government entities such as the GFC, the OCC and the Project Management Office (PMO).\textsuperscript{5} The impact of this finance is unclear although one interviewee made strong accusations that all this finance has achieved is increased wages and vehicles for the staff of these offices. Others commented that there had been some capacity improvements, especially in the GFC.

\textsuperscript{4} The ‘combined reference level’ methodology is an average of Guyana’s mean 2000-2009 deforestation rate and the mean 2005-2009 rate in developing countries with deforestation. This methodology results in a reference level of 0.275% for Guyana. Payments are calculated by subtracting Guyana’s observed deforestation rate from the reference level and applying carbon-density proxies and an interim carbon price of $5 per ton CO\textsubscript{2}e.

\textsuperscript{5} The PMO is described by the Head of the OCC in the following manner ‘The PMO is responsible for the implementation of the LCDS projects, or the implementation process for that. So we have the GRIF which is the body that approves projects. Projects are submitted jointly by the implementing agency and a partner entity. The PMO would facilitate this process.’ (Nokta, S. cited in Laing 2014).
The lack of economic impacts was ascribed partially to the fact that disbursement has been slow, with much earned money still to be disbursed. There were few economic impacts (either positive or negative) identified by interviewees in land-use sectors, partially due to the lack of strong incentives created thus far for change, with a greater focus put on transitioning the economy as a whole. Future potential economic impacts were identified however, related to renewable energy and green businesses.

A key area is the renewed interest and pursuit of renewable energy in the country, for example through the Amaila Falls project. In addition there has been renewed interest and disbursement of solar panels to remote communities (although there have been allegations of political favoritism in their distribution) and interest in wind energy. These potentially have long-term economic benefits for the country as it currently imports all of its fossil fuels that it uses to generate the vast majority of its expensive energy. However many of these potential economic benefits are notional with the stalling of the Amaila project. If the Amaila project continues it could lead to further economic impacts through reduced electricity prices, although this has been disputed (Demerara Waves, 2013).

Another area identified as a potential future economic impact is through the promotion of low-carbon, green businesses. This is a stated aim of the LCDS and key projects funded by the GRIF directly, and related to the LCDS more generally, have this as their aim. The establishment of a MSEDF was the second project under the GRIF to receive finance. CI-G’s Rupununi project also has a key component of a revolving fund, hosted by Guyana Bank of Trade and Industry, to support low-carbon, green businesses in the region. The $290,000 Rupununi Innovation Fund aims to provide financing and technical support for local and community-based agriculture and tourism enterprises to enable their participation in, and support of, the LCDS.

Despite this potential for future positive economic impacts from REDD+ finance, it was the view of more than one interviewee that in fact the economy seems to have developed away from a low-carbon trajectory with none of the recent economic development related to the receipt of REDD+ finance. Instead it has resulted from extractive industries, through increased mining and logging, with the future potential for even more growth in the sector through the recent discovery of oil offshore (Reuters, 2015).

POLITICAL IMPACTS

REDD+ has managed to reach the very top of the political agenda in Guyana. The policy was initiated and driven by the then President Bharrat Jagdeo, who has since become a major international figure on REDD+. It was the cornerstone of the political agenda of the ruling People’s Progressive Party-Civic (PPP-C) coalition between 2009 and 2011, being driven by President Jagdeo and managed out of the twin offices of the OCC and the PMO, both housed (institutionally and physically) within the Office of the President. Again, although it is difficult to define a fully causal link, the lack of a REDD+ agenda in the country (and indeed a strong environmental agenda) prior to the agreement with Norway seems to be evidence that international REDD+ finance has been crucial in creating this initial political support at the highest level.

The ownership of the process by President Jagdeo allowed REDD+ to move very quickly to the top of the political agenda in the country. The LCDS was also tabled twice in the Parliament of Guyana with a Motion for support passed in 2009. REDD+ therefore became part of the political mainstream in the country and part of the general discourse. It also helped to catalyze discussion of environmental issues more generally, leading to associated impacts, such as the long-awaited establishment of the country’s Protected Areas System.

Despite this initial impact, however, it was the view of more than one interviewee that this political momentum had not been maintained. REDD+ policy (like much of government policy generally) was tightly controlled by President Jagdeo (Laing 2014). This centralized control, it was perceived, led to a lack of political buy-in for the policy from both the opposition but also from the rest of the ruling PPP-C coalition. This is evidenced in some part by the lack of attention given to REDD+ by President Donald Ramotar, who held power from 2011 to May 2015. The one exception
is the formation of the new Ministry for Natural Resources and the Environment (MNRE) in 2012 that brought together the key resource management agencies under one banner. One interviewee expressed the view that President Jagdeo thought of REDD+ finance as ‘my money’ and this perception of such a close ownership of the finance and the process of how it will be spent by a relatively small group of actors may also have led to a lack of wider political impact (Laing 2014).

The lack of attention from President Ramotar led to the perception that REDD+ may have been de-prioritized. The slowness of REDD+ finance actually hitting the ground at this point may also have contributed to this drop-off in political impact (Laing 2014). The lack of wide buy-in to REDD+ coupled with the slowness of financial disbursement may have also led to the lack of attention placed by the new APNU-AFC government, who just took over in May 2015, on REDD+ and the LCDS. At this stage it is unclear the level of importance that the new coalition will place on REDD+, whether they plan to reform or revise the LCDS, or even where ultimate responsibility for REDD+ and the LCDS now lies (Stabroek News 2015). It was, however, the perception of the interviewees that the substantial amount of REDD+ finance that Guyana has earned but has remained unspent (approximately $150 million) could serve as an important carrot, placing REDD+ back on the political agenda. The general lack of noise regarding the LCDS since the election raises this into question—although, as another interviewee put it, REDD+ might provide ‘too much money to throw away’. It is also unclear as to what Norway’s position will be as the 5-year agreement ends shortly.

POLICY IMPACTS

Guyana has undertaken a unique approach to REDD+ policy, and utilization of REDD+ finance. Rather than target forest-related sectors specifically it has instead committed to using finance received from results-based REDD+ to transition the entire economy on to a low carbon pathway. Through projects such as Amaila Falls it has communicated a potential ‘double-dividend’ of REDD+ finance—maintaining a low deforestation rate and Guyana’s standing forests, and eliminating greenhouse gas emissions from sectors such as energy. Its holistic LCDS thus has aims far beyond mere REDD+ and aims at total economic transformation.

In order to help this transformation Guyana has started to implement a number of new policies, either directly or indirectly as a result of REDD+ finance. Norway has included requirements for the country to sign up to EITI and FLEGT in order to access finance as part of the revised JCN. In addition a new National Forest Plan was established in 2011 along with a National Forest Policy Statement designed to encourage best practice in the sector. In 2013 a new National Land Use Plan was implemented to “provide a strategic framework to guide land development in Guyana” (Guyana Lands and Surveys Commission 2013). The Protected Areas Act was passed in 2011, establishing a Protected Areas System. The Act frames the establishment of Protected Areas as a national response to mitigate climate change through maintenance of ecosystems—thus recognizing the direct connection between biodiversity conversation and climate change mitigation. Although these latter policies were not directly funded by REDD+ finance they did move forward rapidly following the establishment of the LCDS. Perhaps more closely related to the receipt of finance (although again not directly funded) was the drafting of new codes of practices for the mining sector (the key driver of deforestation), including a component on Mining Reclamation and Closure, covering how mine sites could be correctly closed down to allow restoration of the environment to occur. The most directly attributable policy impact from REDD+ finance was the increase in titling, demarcation and extension of Amerindian Lands. A project has been funded by the GRIF to extend existing processes in this area, under the Amerindian Act of 2006. The full titling and demarcation of Amerindian Land is a key precursor to moving toward a proposed “opt-in mechanism” that would allow Amerindian communities and protected areas to directly participate in REDD+ by including their forested lands under the provisions of the MOU with Norway.

Despite these lofty goals there was a general sense of skepticism across the majority of interviewees about how much has actually been achieved in terms of clear and demonstrable policy impacts on the ground. It was unclear to some interviewees about what had actually changed as a result of REDD+ finance. Although there had been much discussion of improved regulation and improved land-use planning there was skepticism amongst some about how
much of this had been achieved. The lack of focus on the mining sector, especially in the initial years of the process (Laing 2014) may have also led to the perception of little policy movement, despite some attempts at reform of agencies such as the GGMC and the creation of the new cross-cutting MNRE.  

The emphasis in the LCDS is transformational change through the creation of alternative sectors and livelihoods to help individuals transition away from extractive sectors. However the delays to the Amaila Falls project and the general slowness in implementation has hindered efforts to start this transition. The establishment of the MSEDF, the ADF and CI-G’s Rupununi project could create future catalysts for action, however, due to their aim to promote alternative low-carbon and green businesses at both a national and community level. Some interviewees did however have doubts about the creation and the operation of the first two of these entities due to the centralization of the operation of both in national government agencies with relatively little capacity. Concerns were also raised over the production of the Community Development Plans that serve as the basis for funding out of the ADF, with doubts raised about the level of community involvement in the Plans and the feasibility of proposed economic activities such as eco-tourism that has been highlighted for many communities in the Plans.

To the frustration of one interviewee in particular the lack of financial audits of specific projects funded by the GRIF, such as the Institutional Strengthening project, makes it difficult to fully account for impacts and what actual steps have been taken to improve policy and capacity (discussed further in Section 2.6).

The future direction of policy is also unclear given the change in government. A second tranche of LCDS projects was targeted by the previous administration (as evidenced by the LCDS website), but currently no project concept notes have been produced and it is unclear whether they will still remain the priority of the new administration. Indeed in the new President’s opening speech to Parliament there was no specific reference to the LCDS, although there was discussion of a transition to a ‘Green Guyana’.

One key policy impact that was raised by a number of interviewees is the role that REDD+ finance has played in creating a dialogue for environmental issues at a national and international scale in relation to Guyana. Although there were innovative policies and projects in the country previously such as the creation of the Iwokrama International for Rainforest Conservation and Development and Conservation International’s Conservation Concession in the Upper Essequibo, the level of discourse on the environment has been generally been low. Since the creation of the LCDS and the MOU the level of environmental dialogue nationally and internationally has been perceived to have increased. Greater engagement with civil society and internationally with the donor community could lead to greater future impacts on emissions and deforestation.

STAKEHOLDER PERCEPTION AND PARTICIPATION

Guyana’s commitment to REDD+, and a move towards a low-carbon economy, has met with broad support from stakeholders and the general public, at least at a conceptual level (although there has been considerable skepticism regarding the details of how it’s being implemented) (Laing 2014). Despite this support it was the general perception of interviewees that the level of understanding and awareness of REDD+ in the country varies massively among stakeholders and across communities.

There have been two major developments as part of the REDD+ process to raise stakeholder awareness and increase participation in the policy-making process that can be seen as positive impacts from the receipt of REDD+ finance.

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6 It should be noted that as a result of a reform in the wake of the May 2015 elections the status of the MNRE is unclear, with responsibility for natural resources and the environment passed to Minister of Governance and National Patrimony Raphael Trotman.

7 Kaieteur New June 20th 2015 headline states “Norway halts forest payments pending new Governments decision – Norway Report”

8 For example on June 22nd, 2015 Professor Suresh Narine of Trent University in Canada spoke at a very well attended “Carbon Conversations” event.
Consultation/outreach sessions with different communities and stakeholders began in 2009 with the launching of the LCDS and have been conducted intermittently throughout the process. These sessions have targeted a variety of different actors including indigenous and forest-dependent communities. These sessions represent perhaps the most ambitious consultation/outreach sessions in the country and maybe beyond, as evidenced by this quote from a former government official: “our stakeholder engagement for the LCDS is probably one of the most extensive that has happened anywhere”, some interviewees did raise question-marks about the efficacy of these sessions, especially with regard to the engagement with indigenous people.

The overall perception of previous work in this area highlights that these sessions should be considered more outreach than consultative (Laing 2014). Issues such as financial constraints (especially given the high cost of reaching interior communities within Guyana) and a lack of capacity in government, civil society and communities were perceived as hindering these efforts. Generally it was the perception of the interviewees that although these efforts had been successful in raising awareness of the issue generally, a detailed understanding in certain communities, especially coastal populations and the mining community was limited (although differing views on the capacity in the extractive industries were expressed).

A second development was the establishment of a Multi-Stakeholder Steering Committee (MSSC) to act as a quasi-steering committee for the initial consultation phase of the LCDS, and later the strategy more generally. This committee consisted of government officials, members of civil society and representatives of indigenous communities and the private sector, invited by the President and the OCC. A notable omission was the lack of any member of the parliamentary opposition who were not invited. The creation of the MSSC was a laudable effort to create a forum for stakeholder participation in the utilization of REDD+ finance in the country. It was one of the largest government/non-government governance collaborations in the country’s history and the creation of the committee can be seen as a clear positive impact from the receipt of REDD+ finance.

It was, however, the general perception of the interviewees, and previous studies (Laing 2014), that a lack of capacity in both government and civil society to engage on the LCDS and REDD+ and the perception of control over the committee by President Jagdeo and the Office of the Presidency hindered the effectiveness of the MSSC to fully serve its purpose. It should be noted that frustration over this issue was shared by members of civil society and also former government officials (Laing 2014). A positive impact from the establishment of the MSSC has been a move toward greater transparency in government, both from the inclusion on the committee of key civil society actors such as trade union bodies, private sector member associations and environmental and indigenous peoples NGOs, and also from the fact that minutes of this committee are made publically available—an unprecedented step in Guyana.

**IMPACT ON CAPACITIES**

A major focus of the REDD+ finance that Guyana has received to date has been to build and strengthen capacity in REDD+ generally through the types of outreach sessions discussed above, and specifically in government agencies directly involved in the REDD+ process.

The greatest focus has been on the establishment of Guyana’s MRVS used to assess performance for the results-based finance under the MOU. The GFC received approximately half of the finance under the Institutional Strengthening project financed by the GRIF, and has received additional support via CI-G and a number of other sources. This finance has been used to make major progress on a remote sensing monitoring system that has now largely transferred from international consultants to government actors. Before the establishment of this system there was no accurate information on how much forested area there was in the country, let alone deforestation rates. The increase in capacity in this area was almost universally applauded by the interviewees and could serve to be a crucial step towards better management of Guyana’s forest resources. As one interviewee put it “what you

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*Nokta, S. as cited in Laing (2014).*
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cannot measure you cannot manage...”. Some doubts were raised however regarding the system including methodological questions regarding the attribution of deforestation between drivers (specifically mining and logging), the lack of integration of national-level remote sensing systems and community level systems as being piloted by the Global Canopy Programme and the failure to convert technical documents into publications that were accessible to the general public.

It was the perception of interviewees that although the broad progress in the MRVS is crucial to the success of REDD+, and indeed without this donors may have been unhappy with the relative lack of progress, the question arises as to whether there was too much focus on the MRVS to the detriment of other capacity. It was the broad perception that although pockets of capacity exist in other government agencies significant gaps still remain that REDD+ finance could help fill.

Six broad areas of capacity gaps were identified:

- Understanding the actions required in the mining sector to allow it to play a role in a low-carbon economy, and the capacity to implement any such actions. Some action has been undertaken here between civil society and the mining sector (Singh et al, 2013) but overall capacity is extremely limited.

- Capacity for land management generally, but in indigenous communities in particular. Although land titling has been pushed forward with finance from the GRIF the capacity both within government and within communities is limited. The general mistrust between the previous government and the most prominent Amerindian NGO, the Amerindian People’s Association may have hindered this process.

- Support for medium-sized enterprises to become part of a low-carbon economy. These types of businesses represent a major share of economic activity and employment in the country but have been predominantly missing from questions of technical and financial capacity.

- The capacity of the OCC and PMO to implement the LCDS. Finance has been made available to hire staff and strengthen these bodies under the Institutional Strengthening project but it was the general perception of a number of interviewees that further work was required in these areas to raise capacity and address issues of work-load vs. personnel. One interviewee stressed that without a clear audit of the Institutional Strengthening project it is impossible to assess the impact on capacity.

- The capacity of the government to engage in the types of large-scale public-private projects that dominate the current LCDS. Although pockets of expertise were perceived to exist at the Ministry of Finance the general lack of capacity across the government to implement projects such as Amaila were perceived to have led to a reliance on foreign consultants and the delays in projects moving forward and REDD+ finance earned actually being spent.

- An absence of capacity in civil society generally, and with regard to REDD+ in particular. This absence of capacity may have hindered efforts to establish a fully effective MSSC (Laing 2014) and also was perceived to have limited the involvement of civil society in the REDD+ process.

The general perception was that these areas still needed additional attention and finance, with the majority of the areas lying outside of current capacity building efforts. Even where work has been undertaken and progress made regarding the second and fourth points it was felt that greater effort was required to maximize the impact of REDD+ finance.
IMPACTS ON GUYANA’S FOREST SECTOR PATHWAY

Guyana contains one of the highest levels of intact tropical forest in the world. Intact forest makes up almost 45% of the country’s forest which covers between 75-85% of its land area depending on estimates (FAO, 2010; Guyana Forestry Commission & Indufor, 2012, 2013; Guyana Forestry Commission & Poyry Forest Industry, 2010). Historically the economy has been dependent on rice and sugar, produced along a narrow coastal strip, buttressed by a series of water conservancies, creating a barrier between agricultural land and the forest. This has meant that the country has not experienced the type of expanding agricultural frontier seen in other tropical forest countries.

Historic pressures on the forest came from selective logging and low-level small-scale gold production. Industrial logging increased in the mid-1990s with the granting of concessions to major Asian logging companies and has further increased in recent years with the entry of Chinese and Indian companies. Gold production has increased dramatically in recent years as a result of a stable legal framework, increases in international gold prices and immigration of Brazilian expertise and technology (Laing 2014). This mining sector has increasingly become the driving force of the economy, increased from 11% of GDP in 2006 to over 20% in 2013 (Guyana Bureau of Statistics, 2014), and representing the major source of exports and foreign currency. This increased economic dependence on mining has taken place at the same time as Guyana has started to receive results-based REDD+ finance. It will be interesting to see the impact of mining on deforestation rates given the slump of gold prices in the last 18 months.

Guyana’s strategy for maintaining a low deforestation rate has been to allow forestry and mining to continue, and indeed to grow, but with the intention that regulations will be tightened and enforcement increased (although interviewees were doubtful about how much either of these two steps had been taken). In addition, a number of new sectors will be developed, such as business services, high value agriculture for export, such as fruit and vegetables, and aquaculture. These sectors would help to reduce the pressure from extractive industries upon the forest and also help reduce the chances of an expansion of commercial agriculture into forested areas. The latter of these is supported by the expansion of agriculture into non-forested areas, as discussed in Section 2.1. Again, however, the majority of interviewees were doubtful about how much progress had been made in these areas. Although there is big potential for future growth in these sectors, facilitated by interventions such as the MSEDF, there is still much to do. A greater focus on climate-smart agriculture and the creation of ‘knowledge-intensive’ sectors such as the call centers currently under development were recommended as key areas for intervention. It was noted that both of these require a much higher level of education than Guyana currently has, or is required for the current extractive industries. A major omission according to that interviewee was the absence of REDD+ finance to support the education sector, such as the University of Guyana.

The one intervention that could be potentially transformational, according to those questioned, is the large-scale deployment of renewable energy, either through the Amaila Falls project or otherwise. Energy costs (and frequent intermittency) are major barriers for many sectors, and the facilitation of cheaper and more reliable energy was seen as a major factor for encouraging low-carbon growth, away from the traditional extractive industries, and creating additional value-added within those industries. It was noted by one interviewee that one agency notable by their absence from the whole process was the Guyana Energy Agency (GEA), which was evidence, according to the interviewee, of the centralization of the process within the Office of the President. Inclusion of such agencies in the Strategy going forward was noted as a key recommendation.

The failure to date to create sufficient incentives for change, within the mining sector, was seen as a major failure of the current strategy by a number of interviewees. It should be noted that in the original projections of the threats to the forest as identified by the Government of Guyana (in collaboration with McKinsey) mining was not perceived as a threat to the forest (Office of the President 2008). The major drivers that were suggested could lead to an increase in the deforestation rate to 4.3% annually were infrastructure and large-scale agricultural clearance. The second of these at least has been avoided with little or no agricultural expansion into forested areas during the life of the MOU.
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and the LCDS. However there has been little evidence of a re-focusing of attention on the driver of approximately 90% of deforestation as measured by the MRVS: small and medium scale gold mining and its related infrastructure. Addressing the myriad of issues relating to this sector was identified as a key transformational change for Guyana to maintain its standing forest. Addressing issues such as tenure, access to finance, technology and incentivizing rehabilitation and restoration have been identified as key parts of any future REDD+ strategy (Singh et al, 2013; Laing, 2014). The recent moves to start the reform of the sector through new codes of practice and the introduction of international standards such as EITI are positive steps in this direction.

The LCDS was described by some interviewees as basically a shopping list of projects, rather than a holistic strategy for shifting the policy direction of the country. Although, it was noted, many of these grew out of previous development strategies, such as the NDS of 2000 (Government of Guyana, 2000) and the NCS of 2006 (Government of Guyana, 2006) there was a lack of faith amongst some participants about whether this “shopping list” could shift the whole economy on to a low-carbon growth path. Moreover, the strategy does not seem to have become entrenched enough in the public sector where it could have been used to drive policy at the level of Ministries and other Government institutions.

A further recommendation for an intervention that could potentially “tip the scales” and help Guyana achieve its targets is greater land-use planning, and coordination across agencies. Although progress has been made in this area with the creation of the MNRE it was the view of interviewees that there was much still to be achieved in this area, with conflicts between miners and other forest-users, and between miners - key drivers of deforestation and forest degradation, although steps such as the introduction of the National Land Use Plan represent positive developments in this area.

The approach of the LCDS on essentially economy-wide transformation, but with little focus on directly affecting the pathways of sectors impacting the forest, is an interesting and innovative development in Guyana’s approach to REDD+. If successful, this approach is likely to only yield its full impacts over a number of years, and is likely to take considerably longer than direct approaches to dealing with the drivers of deforestation today. It may, however, yield larger potential climate change benefits with the ‘double-dividend’ of reduced deforestation and other greenhouse gas emissions from energy and transport. Guyana’s progress along this route has, however, been slower than anticipated, and with the absence of strong direct action in the forest-using sectors the overall impact to date on Guyana’s forest sector pathway has been small—but with considerable potential for change in the future.
FACTORS THAT AFFECT THE IMPACTS OF REDD+ FINANCE

Guyana has been a first-mover in REDD+ finance, and launched the first national-level results-based financing approach. The creation of its LCDS was an innovative and revolutionary step for the country, and also for REDD+ internationally. During the five years since the start of the MOU with Norway there have been a number of successes and set-backs, with a number of key factors affecting the scale of impact from the REDD+ finance Guyana has been pledged and received.

Ownership and control of finance

A key factor in defining Guyana’s experience with REDD+ finance is a perceived lack of clarity over where control of finance lies, and who has full ownership and decision-making capacity. The MOU is structured as a result-based finance mechanism, and it was the perception of key actors within the Government of Guyana that once key conditions had been met (including safeguards and other related standards) the finance was the property of Guyana. Indeed President Jagdeo stated, in response to delays in disbursing finance:

“They (the World Bank and the IDB) want to treat it as though it is their money; this is our money.” (Kaieteur News, 2011)

Cabinet Secretary Dr Roger Luncheon stated: “this is our money...we have earned this money and we have difficulties in continuing to see frustration along the way.” (Kaieteur News, 2011).

The requirement that finance had to first flow into the GRIF, and then through either the IDB or the UNDP has introduced delays into disbursement that led to these statements. The fact that the World Bank took substantial time to operationalize the GRIF contributed to these delays (Office of Climate Change, 2013). The confusion over ownership is complicated by Norway’s definition of the finance as ODA (as opposed to a Payment for Ecosystem Services (PES)), with a range of associated budgetary rules. This was highlighted in 2012 when Norway announced that the third tranche of payments that Guyana had earned was unable to be paid. Minister Solheim was quoted in the Guyanese media as saying: “Norwegian rules and regulations demand that a significant portion [of] the money currently in the GRIF are spent before a new payment can be made. Norwegian rules also require that [the]...need for funding is justified in terms of new projects.” (Stabroek News, 2012).

There therefore has seemed to be fundamental confusion as to the conditions under which Guyana has received the money and where ‘true’ ownership lies. Clarifying these provisions at the start of subsequent agreements is likely to speed up disbursement and maintain realistic expectations of all actors. The slow disbursal of finance and therefore relatively low level of impacts seen from REDD+ finance to date could be attributed, in part, to these issues.

Role of international agencies

The question of ownership and the slowness of disbursal of finance leads to a second factor affecting the impact of REDD+ finance: the role of international agencies. REDD+ finance in Guyana is intermediated through the World Bank in their role as manager of the GRIF, and then either the IDB or the UNDP in their role as partner agencies. The requirement that projects need to meet the standards of all of these agencies (and the fact that these standards are not always coordinated) has introduced severe delays into the process, along with capacity questions discussed above. Question marks have also been raised amongst stakeholders in Guyana over the scale of initial finance that was expended as project preparation and management fees (Laing 2014). These agencies were brought in as intermediaries to ameliorate fears over transparency and accountability and to buttress the capacity of the Government of Guyana. However there are clear trade-offs regarding accountability and speed. Greater transparency

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10 This section draws heavily on Chapter 7 of Laing (2014), in addition to the data gathered through the specific interviews for this study.
may lead to much slower delivery of finance, potentially eroding public support for REDD+ (see discussion in Laing, 2014). Understanding and managing this trade-off will be a key lesson for other countries, and is a key topic for future REDD+ design. The innovative way that the Norwegians and Guyana have utilized CI-G as a body that can serve as a conduit for finance and provide accountability and transparency but can act more quickly than multilateral agencies is an interesting model.

**Political support**

Guyana’s experience with REDD+ has been unique in the fact that since its very inception it has had the support of the very top of the political establishment. It originated in the Office of the Presidency, rather than the Minister of Environment as is the case with many other countries. The overwhelming support of the President meant that it was placed on the top of the political agenda from Day 1. This, coupled with the huge power vested in the Executive President by the Constitution of Guyana, meant that domestically Guyana could move extremely quickly on the issue, and become a world-leader. Coupled with this high-level political support was a general support of the majority of the populace for the concept (although there was more skepticism over its implementation and still elements of opposition in the extractive industries see Laing, 2014). These two factors meant that REDD+ became mainstream relatively quickly. Earning such high-level political support, and general public support, are key recommendations for other countries.

There may however be downsides to such high-level political buy-in, especially in countries with centralized governance and weak civil societies. The close control that President Jagdeo exercised over the process may have hindered the wider political impact of REDD+ finance, and also the engagement of the whole of Guyanese society in managing how finance was to be most effectively spent (Laing 2014). A term often heard in previous studies on the topic (Laing 2014) was the ‘devil is in the details’. This meant that although on a conceptual level there was broad support for the idea of transitioning to a low-carbon economy, the lack of wide involvement into how this transition was actually to occur, caused increasing concern amongst stakeholders (Laing 2014). This trade-off between political support and centralization and exclusion of stakeholders has been an important factor in the effectiveness of REDD+ finance within the country (Laing 2014). It has also raised concerns over the sustainability of the strategy over transitions in government. There are still large question-marks over how, and even if, the LCDS and REDD+ will continue in Guyana under the new government.

**Capacity**

The capacity of all actors involved in REDD+ in Guyana has been a key factor in defining the impact of REDD+ finance. The focus of much of the finance has been to build a robust MRVS to assess whether Guyana has met the conditions required for the results-based finance. Much has been achieved in this area and significant capacity has been built, although there are still open questions regarding the system. Interviewees identified capacity weaknesses in areas such as project design, public-private partnerships (for example in relation to the Amaila Falls project) and incentivizing change in the extractive industries as limiting the impact of finance, highlighting that MRV is a necessary, but not sufficient condition for successful REDD+ finance. This lack of capacity for REDD+ is not limited to the Guyanese government, but has been perceived to be across a whole range of stakeholders relating to REDD+. Civil society in Guyana is generally perceived to be weak, especially with regard to REDD+ where significant capacity gaps relating to both personnel and knowledge exist, limiting their active participation in forums such as the MSSC (Laing 2014). In addition it has been perceived by stakeholders interviewed that significant capacity constraints exist within international partners such as the government of Norway (who still have no permanent presence in Guyana, making it difficult for them to assess impacts) and also the multilateral development institutions, who have had
difficulties assisting the Government of Guyana in moving projects through the design phase, past the multitude of standards required and towards implementation.\textsuperscript{11}

Building capacity across all stakeholders involved is a key recommendation for other countries looking to embark on results-based REDD+ finance, and is a key step still to be achieved in Guyana.

\textit{Appropriateness of Results-Based Financing}

Guyana created an innovative potential double-dividend in its LCDS with a twin goal of maintaining standing forests, and utilizing the finance earned through this to transform its entire economy. Results-based finance would create the incentive to build both a solid REDD+ architecture and also to support projects to create a low-carbon transition. The concept was that the financial incentives offered would create sufficient incentives for Guyana to manage the country’s forests sustainably. This was a laudable goal and although progress has been made in some areas, much work still remains. The effectiveness of utilizing a results-based system focused on outcomes related to forest protection, however does raise questions. In particular, the reference level used in the agreement—created to generate significant finance—is unlikely to have created any incentive to change practices in the forest. Thus, some interviewed questioned: Are the payments made under such a results-based system linked to any real results?

The institutional architecture created to manage the results-based finance offered greater protection against mis-use for the donor, but has proved unwieldy and ineffective at disbursing finance. So much so that on more than one occasion Norway has chosen to circumvent the process and disburse finance through other means. This raises question-marks as to whether the process created is actually suitable for Guyana’s current needs—and whether the transition to results-based finance occurred too early.

\textit{Planning and Scale}

REDD+ and the LCDS in Guyana has been framed at a national-scale with control and implementation framed almost exclusively in national government institutions. It was the perception of more than one interviewee that these national level interventions often failed to incorporate local realities, creating a disconnect between projects’ aims and the actual impacts they could achieve, notably in the ADF where a top-down approach was perceived to have been adopted leaving out the intended beneficiaries. The fact that a first draft of the LCDS appeared with no prior consultation was much to the consternation of a number of stakeholders in Guyana (Laing 2014), and was a break from the previous NDS and NCS, from which a number of projects were drawn. The range of planning undertaken for the few activities which did attempt to link the LCDS to local actors, such as the ADF, was deemed by some to be inadequate with much of the planning still centralized. Interviewees suggested that a greater planning exercise at the inception of the LCDS, coupled with a stronger focus on community planning and a devolution of power away from national government toward local and meso-level institutions could be crucial for securing greater future impacts from REDD+ finance.

\textsuperscript{11} For greater discussion of this see Chapter 7 of Laing (2014).
CONCLUSIONS AND OUTLOOK

Guyana has promoted itself as a world leader on REDD+, and has been touted as ‘a model for the world’ by the governments of Guyana and Norway (GINA 2008, Norwegian Ministry of the Environment, 2009). In the meantime a number of key lessons have been learned from other countries and donors alike. The overall experience of Guyana shows that even with seemingly favorable conditions implementing a national-level results-based REDD+ financing mechanism is extremely tricky, and should not be expected to occur overnight. This is especially the case when it is not just an impact on forest-related sectors that is aimed for, but transformation of the entire economy on to a low-carbon pathway. Even with strong political commitment achieving this goal in just five years is likely to be far too ambitious, especially without an emphasis on strong stakeholder engagement.

Guyana had high-level political buy-in, general public support for the concept and strong financial support from Norway. Despite this it has proved difficult to translate pledged finance into either cash on the ground, or clear discernible environmental or economic impacts. There seems to be more movement at a political level with the promise of cash changing the overall direction of strategic policy in the country, at least on paper, with the creation of the LCDS. What has proved more difficult is translating this high level political impact into clearly defined policy to impact the drivers of deforestation and projects that clearly shift the future pathway of the economy. Although large-scale agricultural expansion into the forest has been avoided, little has yet been achieved on the ground in order to combat the current driver of deforestation, small-scale mining. There have been recent movements in this direction at a civil society and donor level, which if continued by the new administration could lead to clear impacts from REDD+ finance in the future.

Capacity has been built, especially in the realm of monitoring and measuring, reporting and verification. Yet capacity gaps are still present across much of the rest of the governance institutions needed for REDD+. Greater focus on these ‘soft’ elements of REDD+ capacity could be crucial for large environmental and economic impacts from REDD+ finance.

One of the key lessons from Guyana’s experience is that an understanding of the interactions of sectors with the forest resource is crucial to designing REDD+ policy that can have impact in the required areas. The use of REDD+ finance to spark a transition of a low-carbon transition across the whole economy in Guyana is an interesting and innovative model, but has not yet created sufficient incentives to shift behavior amongst those actors who are currently impacting the forest. A lack of information and understanding about the importance of the mining sector at the start of the policy, and subsequently a lack of focus on policy in that sector, has meant that mining (and to a lesser extent logging) has increased pressure on the forest. A clearer focus on these sectors is needed in any future phase of the LCDS. The LCDS has yet to create the indirect incentives needed to shift labor and capital out of the extractive industries, and with insufficient incentives to reduce pressure on the forest within these sectors, little impacts have been seen in these crucial sectors. Understanding that indirect incentives created by incentivizing alternative non-extractive sectors of the economy are unlikely to be sufficient, at least in the short-run, to shift activity away from deforestation, is a crucial lesson for other countries. The start of the process to implement reforms on the extractive industries through FLEGT, EITI, new codes of practice and increased enforcement are positive steps that could yield benefits in terms of improved practice in the sector and represent important steps forward for REDD+ in the country (although these steps haven’t been supported by REDD+ finance directly). An improved focus on land management and especially land-use planning through initiatives such as the National Land Use Plan, and improved community level resource planning, could also yield substantial future benefits for the forest and natural resource management in the country.

A fundamental issue of how the funds are defined remains. The Government of Guyana considers it a PES to which there should be no criteria other than the Government meeting its deforestation targets under the agreement. On the other hand, the Norwegians as mentioned earlier consider it ODA funds administered by its Ministry of Foreign
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Affairs and subject to all the safeguards which are applicable to public spending—which is why disbursements are routed through the World Bank, IDB and UNDP. Disbursements through these institutions require all kinds of safeguards including good governance, transparency and other international best practices.

Guyana’s experience with REDD+ seems to have been based on three main assumptions that have turned out to be incorrect to a greater or lesser degree: 1. The finance from Norway belonged to Guyana when earned, and were (to a greater or lesser extent) under the exclusive access of the President and his office to disburse, 2. Once Guyana had earned the dollars, funding would flow easily and be available in a timely manner for use within the country, 3. Low deforestation can be maintained in spite of expansion in the extractive industries through improved regulation and enforcement. The fact that each of these assumptions has turned out to be, at least partially, incorrect has meant that expectations of impacts at the start of the deal have turned out to be quite different from the relatively small actual observed impacts to date. However with finance still available to spend the future impacts from REDD+ in the country could still be significant.

Guyana’s current results-based finance arrangement with Norway expires at end of 2015. It has run for five years, and it is not clear at present if the arrangement will continue, especially with the recent change in government. Whether the commitment to REDD+ will continue, or whether the LCDS and the system will be reformed, is currently unclear, but will be a key indicator of the true impact that finance has had on the political mindset in Guyana, along with the perception of the wider community. One aim of the arrangement was to serve as a transition to private sector, market-based finance for REDD+ with an initial start date of 2013 for that transition. The collapse of private sector interest in the purchase of REDD+ credits (Laing et al, 2015), due to the absence of a market for REDD+ credits, may have contributed to the delay in this transition, but with few other public sector donors showing interest in Guyana’s REDD+ programme, the question arises as to how successful single donor national results-based REDD+ finance can be for serving as a bridge to wider participation from either the public or private sector.
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