

Joint Concept Note

Background

On November 9th, 2009, Guyana and Norway signed a Memorandum of Understanding (MoU) regarding cooperation on issues related to the fight against climate change, in particular those concerning reducing emissions from deforestation and forest degradation in developing countries (REDD-plus¹), the protection of biodiversity, and enhancement of sustainable, low carbon development.

An accompanying Joint Concept Note (JCN) set out the framework for taking the Guyana-Norway co-operation forward. It set out how Norway would provide Guyana with financial support for REDD-plus results, and formed the basis for the first payment from Norway to Guyana.

Since the Joint Concept Note was published, considerable progress has been made in the Guyana-Norway cooperation, and in other related international efforts. Of particular relevance is the agreements reached in the UNFCCC COP 16 in Cancun².

This current version of the Joint Concept Note incorporates progress made since November 9th, 2009, and replaces the November 9th 2009 version.

¹ As defined in the Bali Action Plan (2/CP.13).

² The question of self-financing is not addressed in this JCN, as it is most appropriately addressed under the UNFCCC. This MoU will be adjusted as appropriate for the conclusions there reached.

The question of payment for forest-based eco-system services (other than carbon) may be addressed through future international or other mechanisms. This MOU will be adjusted as appropriate for any conclusions there reached.

Section 1: Introduction

This Joint Concept Note constitutes the overarching framework for taking the Guyana-Norway cooperation forward. Specifically, it addresses Paragraphs 2 (c), 3 and 4 of the MoU signed between Guyana and Norway on November 9th, 2009. The Joint Concept Note sets out how Norway is providing, and will continue to provide, financial support to Guyana, based on Guyana's delivery of results as measured, and independently verified, against two sets of indicators:

- *Indicators of Enabling Activities:* A set of policies and safeguards to ensure that REDD-plus contributes to the achievement of the goals set out in Paragraph 2(c) of the MoU signed between Guyana and Norway on November 9th, 2009, namely "that Guyana's LCDS Multi-Stakeholder Steering Committee and other arrangements to ensure systematic and transparent multi-stakeholder consultations will continue and evolve, and enable the participation of all affected and interested stakeholders at all stages of the REDD-plus/LCDS process; protect the rights of indigenous peoples; ensure environmental integrity and protect biodiversity; ensure continual improvements in forest governance; and provide transparent, accountable oversight and governance of the financial support received." The enablers are described in more detail in Section 2 and table 1 below.
- *REDD-plus Performance Indicators:* A set of forest-based greenhouse gas emissions-related indicators, as described in more detail in section 3 below. These indicators will gradually be substituted as a system for monitoring, reporting and verifying (MRV) emissions from deforestation and forest degradation in Guyana is established. The time frame for this is established in the MRV roadmap.³

Norwegian financial support is being channeled through a multi-contributor financial mechanism – the Guyana REDD-plus Investment Fund (GRIF). The support is financing two sets of activities:

- The implementation of Guyana's Low Carbon Development Strategy (LCDS)
- Guyana's efforts in building capacity to improve overall REDD+ and LCDS efforts.

Section 4 sets out how the financial mechanism operates.

The first payment to the GRIF was made in October, 2010. The second payment will be determined in March 2011 for results achieved between October 1, 2009 and September 30, 2010. To allow the use of the most recent cloud free satellite imagery when reporting, the reporting period for subsequent years will be January 1st to December 31st. As a transition, reporting for 2011 will also include October–December 2010.

The contents of this concept note will be updated to include annual progress in developing the MRV system and in strengthening the quality of REDD-plus-related forest governance according to Guyana's REDD-plus Governance Development Plan, as well as to reflect increased knowledge and developments in negotiations under the UNFCCC and other related global efforts. The Government of Guyana is responsible for providing the necessary data for assessing performance against the given indicators.

³ http://www.forestry.gov.gy/Downloads/Terms_of_20Reference_for_Guyana's_MRVS_Draft.pdf

Section 2: Enabling Activities

The continuation of result-based financial support from Norway to Guyana will depend on independently verified progress against four key factors. Section 2.1 describes the four key factors, and Section 2.2 describes the verification process.

Section 2.1 Indicators of Enabling Activities

Performance in enabling activities will be measured against four key factors:

Strategic framework

All aspects of Guyana's planned efforts to reduce deforestation and forest degradation, including forest conservation, sustainable management of forests and enhancement of forest carbon stocks ("REDD-plus"), are being developed in a consistent manner, through an internationally recognized framework for developing a REDD-plus programme, and will continue to evolve over time. Currently, the UN REDD Programme and the Forest Carbon Partnership Facility (FCPF), managed by the World Bank, are two examples of this; the latter constitutes the framework under which Guyana is developing its REDD-plus efforts. Furthermore, all REDD-plus efforts will, at all stages, be fully integrated with Guyana's Low Carbon Development Strategy (LCDS). The contributions to Guyana's REDD-plus/LCDS from Norway and other contributors, including the FCPF, will be administered in a transparent manner. Information concerning all expenditures, both planned and implemented, will be publicly available on the relevant website of the Government of Guyana, and through national systems of public disclosure, including to the National Assembly.

Continuous multi-stakeholder consultation process:

The LCDS, including the REDD-plus strategy and prioritized LCDS funding needs, is subject to an institutionalized, systematic and transparent process of multi-stakeholder consultation, enabling the participation of all potentially affected and interested stakeholders at all stages of the REDD-plus/LCDS process. This process will continue to evolve over time. Particular attention will be given to the full and effective participation of indigenous peoples and other forest-dependent communities. The consultation process will continue to be monitored by an expert team appointed jointly by Guyana and Norway. This team will provide advice to all stakeholders and report on the quality, implementation and adequacy of processes and institutional arrangements to suit the relevant stage of the consultation process, e.g. through regular meetings of a representative multi-stakeholder steering committee.

Governance:

A transparent, rules-based, inclusive forest governance, accountability and enforcement system for forest governance in Guyana is being progressively strengthened, in accordance with Guyana's outline REDD-plus Governance Development Plan (RGDP) and the enabling activities for 2011 as outlined in table 1. The RGDP was developed and informed by recommendations from independent assessments performed by Centre for International Forestry Research (CIFOR) and the Food and Agriculture Organizations of the United Nation (FAO). The system for forest governance progresses the 23 thematic areas outlined in the RGDP.⁴

The rights of indigenous peoples and other local forest communities as regards REDD-plus

⁴ www.forestry.gov.gy

The Constitution of Guyana guarantees the rights of indigenous peoples and other Guyanese to participation, engagement and decision making in all matters affecting their well-being. These rights will be respected and protected throughout Guyana's REDD-plus and LCDS efforts. There shall be a mechanism to enable the effective participation of indigenous peoples and other local forest communities in planning and implementation of REDD-Plus strategy and activities.

Guyana's policy is to enable indigenous communities to choose whether and how to opt in to the REDD-plus/LCDS process. This will take place only when communities wish to do so with their titled lands, in accordance with Guyana's policy of respecting the free, prior and informed consent of these communities.

Section 2.2 Assessing Progress Against Enabling Indicators

The November 9th, 2009 JCN set out how progress was measured against enabling indicators for Year 1 and Year 2 of the Guyana-Norway cooperation. These form part of the basis for the second payment under the cooperation.

Table 1 below sets out how progress will be measured in Year 3. These indicators are informed by the draft REDD+ Governance Plan. The REDD+ Governance Plan will be finalized in 2011, and thereafter updated as appropriate.

Guyana and Norway have agreed that annual independent overall assessments of progress against enabling indicators will be conducted by one or more neutral expert organizations, to be appointed jointly by the Participants. The assessment determines whether or not, and to what degree, the REDD-plus enablers have been met. For the period to September 30, 2010, the independent assessment was carried out by Rainforest Alliance, following an international tender process in accordance with Norwegian procurement regulations.

Section 3: REDD-plus performance indicators

Guyana is being paid for its performance through an incentive structure which rewards keeping deforestation below an agreed reference level, as well as avoiding increased forest degradation.

The Governments of Guyana and Norway strongly endorse the establishment of such an incentive structure under the United Nations Framework Convention on Climate Change (UNFCCC). To help facilitate such an agreement, the Governments have decided to pilot such an incentive structure on a national scale and in a pragmatic, gradually evolving, workable and hopefully replicable manner. Once an international regime is in place, the Guyana-Norway partnership will be adjusted accordingly. Section 3.1 sets out the incentive structure, while Section 3.2 outlines how performance is to be assessed.

Section 3.1 REDD+ incentive structure

The payments due to Guyana for a given year are paid post facto. They are calculated as follows:

1. Measure avoided deforestation by subtracting Guyana's observed deforestation rate against the agreed *reference level*. See Section 3.1.1
2. Determine avoided greenhouse gas emissions by applying a set of *carbon-density proxies* to:
 - (i) convert the observed avoided deforestation rate into avoided greenhouse gas emissions;
 - (ii) subtract increased emissions from forest degradation (based on agreed indicators of forest degradation (see table2)

See Section 3.1.2

3. Apply an interim carbon price of US\$5 per tonne of avoided emissions, providing Guyana does not exceed an agreed level of deforestation within the context of the Guyana-Norway partnership – see Section 3.1.3. If the deforestation rate is above the levels stipulated in section 3.1.3, payments will be reduced and ultimately cease.

Section 3.1.1 – Measuring Avoided Deforestation

For a global REDD+ mechanism to be effective it must incentivize both (i) reductions in deforestation in countries with high levels of deforestation and (ii) maintenance of low deforestation rates in countries that have maintained their forest cover. If only countries with high deforestation rates are compensated for improving their forest protection under an international climate regime, deforestation pressures will move to countries with currently low deforestation, like Guyana, and the overall emissions reduction effect will be diluted or lost.

On the other hand, if a global incentive structure does not ensure global additionality, the international community will be paying for “hot air” and there will be no mitigation impact.

This point is broadly accepted within the UNFCCC negotiations, and there is general agreement that a REDD-mechanism must provide genuine incentives for forest conservation in low deforestation countries, as well as ensure global additionality.

Therefore, Norway and Guyana have – pending the determination of a UNFCCC reference level methodology – decided to use the “combined reference level” methodology to set a provisional reference level, based on an equal weighting of Guyana's mean 2000 - 2009 deforestation rate and the mean 2005 – 2009 rate in developing countries with deforestation. The “combined reference level” methodology provides incentives for all categories of forest countries, and

ensures that emissions from deforestation and forest degradation are reduced cumulatively at a global level.

In setting a historical deforestation baseline for Guyana under the Guyana-Norway REDD+ partnership, the mean value for the 2000-2009 period is used; 0,03% (see box 1 for background). This adheres to the principles used for setting the historical deforestation baseline in the Brazilian Amazon Fund.

The “global average deforestation rate” is calculated⁵ across 85 developing forested countries by dividing the sum of reported forest area loss in only those countries which lost forest by the starting area of forest across all countries, Data on forest loss is taken from FAOs Forest Resources Assessment 2010 (FRA 2010). For the period 2005-2010 the “global average deforestation rate” was 0.52%. This figure will be subject to revision given new data from future FAO FRA’s or from the IPCC.

The reference level for Guyana is the mean value of these two measures, that is, 0.275%.

⁵ The open source Osiris database was used for these calculations (www.conservation.org/osiris). Note that this is an underestimate because it does not include deforestation that occurred within countries that had a net gain in forest, nor does it account for all deforestation in countries that lost forest as some countries' reported forest area loss are net values.

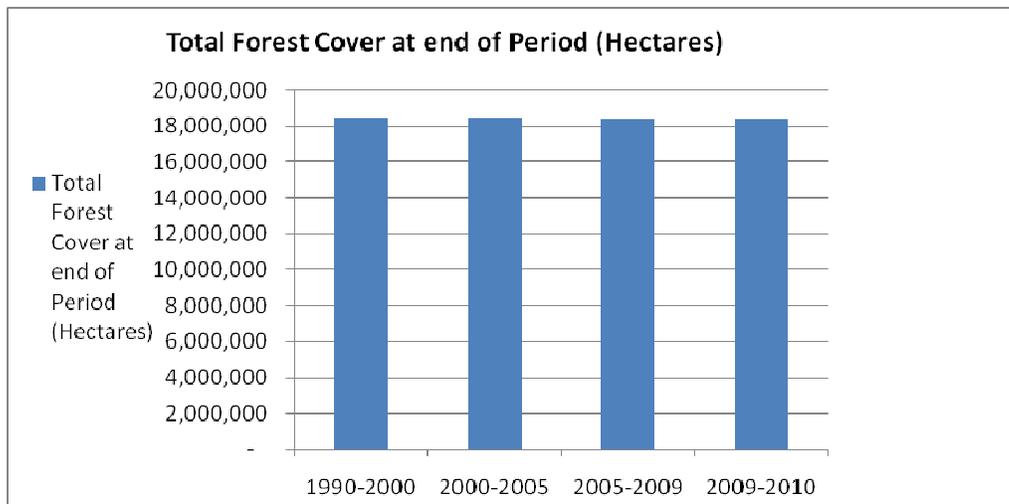
Box 1:

To improve knowledge on historical deforestation rates in Guyana, an analysis of forest area change since 1990 to September 2009 has been undertaken, using archived Landsat-type satellite data that met the IPCC Good Practice Guidelines for Land Use, Land Use Change and Forestry (LULCF). The analysis was conducted by Poyry–New Zealand, upon assignment by the Guyana Forestry Commission. The report was subsequently subject to independent verification by the Det Norske Veritas (DVN). The reports can be downloaded at www.regjeringen.no/guyana or www.forestry.gov.gy

	Benchmark period			Year 1 (09-10)
	1990 to 2000	2001 to 2005	2006 to 2009	
Driver	Area (ha)			
Forestry	6 094,50	8 419,56	4 784,13	294,34
Agriculture	2 030,39	2 852,22	1 797,24	512,94
Mining	10 843,45	21 438,30	12 623,74	9 384,07
Infrastructure	590,46	1 304,39	195,21	63,65
Fire	1 708,19	234,71	-	32,12
Area deforested	21 267,00	34 249,18	19 400,32	10 287,12
Total forest area of Guyana	18 473 394,08	18 452 127,08	18 417 877,90	18 398 477,58
Total forest area of Guyana remaining	18 452 127,08	18 417 877,90	18 398 477,58	18 388 190,47
Deforestation %	0,012	0,037	0,022	0,056

The estimates include all forest to non-forest change, i.e. detected mining, road infrastructure, agricultural conversion and fire events that result in deforestation. They do not include degradation caused by selective harvesting, fire or shifting agriculture. It should be noted that the numbers are annualized, but that firm enough data to establish actual rates for any given year are not available. Insights gathered from countries where such data exists, indicate that there is most probably a fairly significant year-on-year variation.

A key conclusion to be drawn from the study is that forest cover in Guyana has remained relatively stable over the 20-year benchmark period, as illustrated below:



Section 3.1.2 Converting to Avoided Greenhouse Gas Emissions

Guyana is working to implement an IPCC-compliant MRV-system for emissions or removals of carbon from Guyana's forest sector. Until such a system is in place, a set of basic interim (proxy) indicators will be used to assess Guyana's performance. As a more sophisticated forest carbon accounting-system is implemented, these basic indicators will be gradually phased out. The set of interim performance indicators is based on the following assumptions:

- They provide justification and prioritization for near-term implementation of REDD-plus efforts.
- They are based on conservative estimates while encouraging the development of a more accurate MRV system over time through building national capacities.
- They will contribute towards the development of a national MRV-system, based on internationally accepted methodologies and following the IPCC reporting principles of completeness, consistency, transparency, uncertainty, comparability, and encourage independent international review of results.

When calculating reduced emissions from avoided deforestation, an interim default value of 100 tons of Carbon is applied. This interim carbon figure corresponds to 367 tons of CO₂. When calculating emissions caused by forest degradation, a default value of 400 tons per hectare is applied, which corresponds to 1468 tons of CO₂. These conservative carbon values help to ensure that emission reductions from deforestation are not over-estimated and emissions from forest degradation are not under-estimated.

The interim indicators are described in table 2 below.

Section 3.1.3 Calculating Payment

Payments due to Guyana will be calculated by applying an interim carbon price of US\$5/ton CO₂, as established in Brazil's Amazon Fund.

However, this price will only be applied if Guyana's observed deforestation rate is below the agreed level. This is explained in the following section.

Agreed maximum level of Deforestation

If designed for maximum effectiveness and efficiency, a future global incentive system could allow for significant variations in individual countries' deforestation rates while still ensuring global additionality.

However, in the absence of a global system, such an approach alone would imply that Guyana would be eligible for significant payments even if it were to increase its deforestation along a business-as-usual trajectory towards the agreed reference level of 0.275%.

However, neither Norway nor Guyana wishes to see such an increase in deforestation, and in November 2009 the Joint Concept Note clearly stated that:

"(...) the Participants agree that Norwegian financial support from 2011 onwards is also dependent on no national-level increase in deforestation over an agreed level that should be as close to historical levels as is reasonable in light of expanded knowledge of these historical rates and the quality of that knowledge. Such a level can only be set when more robust data is available concerning current and historic deforestation."

At the same time, Guyana's national development requires limited but strategic use of forest assets to enable (i) a limited amount of economic activity to take place within the forest, where

the economic value to the nation of such activity is very valuable; (ii) a limited amount of essential national infrastructure to be constructed where this is in line with critical development goals; (iii) support for the sustainable development of forest villages. Guyana is reaching a stage of economic development where experience from other countries suggests that enabling these objectives brings further deforestation pressures.

Therefore, pending the introduction of a global incentive system, it would defeat the purpose of making REDD+ an attractive development option for forest countries if this REDD+ agreement meant that no increases at all be allowed in Guyana's historically low deforestation rates. First, the rates are so small that the margin of error of measurements in itself could yield significant annual variations (as measured in per cent). Second, insisting on such strict limitations would probably yield an insufficient incentive structure for the people of Guyana to stick to a low-deforestation development path, as the economic downsides would be disproportionate to the incentive offered. Third, the relevance of historical trends when deforestation rates are extremely low is not as useful a predictor of future pressures on the forest as it is in countries with higher historic rates of deforestation.

There is no given mathematically correct answer to how these concerns should best be balanced. Guyana and Norway have chosen a model that on the one hand enables Guyana to exercise careful, strategic use of limited forest areas for high value economic activity, the construction of essential national infrastructure and sustainable development of forest villages. On the other hand, the model puts in place incentives that would quickly penalize an upward trend in deforestation, see box 2.

The essence of this approach has two implications:

(i) one-off predictable and controllable deforestation events will be allowed for critical national infrastructure that is part of Guyana's transition to a low carbon development path.⁶ During the duration of the current Guyana-Norway partnership, the only such event will be the construction of the Amaila Falls hydro-electricity plant. This plant is the flagship of Guyana's Low Carbon Development Strategy, and is expected to eliminate over 92% of the country's energy-related emissions, after the emissions associated with its construction are accounted for⁷. It will only go ahead after Guyana and Norway have agreed that the necessary Environmental and Social safeguards have been met, and an independent verification agreed by Guyana and Norway confirms the overall beneficial effects of the project from a climate change perspective.

⁶ The exception is only from the 'agreed maximum level of deforestation' provision. The emissions resulting from such activities would still be part of the total deducted from the reference level to determine total payments due to Guyana. I.e., emissions from Amaila would still count as deduction in total amount due to Guyana in the years when Amaila was established.

⁷ The January 2011 ESIA for the Amaila Falls project can be found at <http://amailahydropower.com/latest-news/key-project-documents>. Section 5 details how a 92% reduction in net greenhouse gas emissions is calculated.

Box 2:**Mechanism for reducing results based payments if deforestation rate exceeds the agreed maximum level (0,056%)**

Deforestation rates (%)	Up to 0.056	0.057-0.062	0.063-0.080	0.081-0.090	0.091-0.1
Reduced compensation (% per 0.0015 increased deforestation)	0	1,5	2,0	2,5	3,0

Examples of reductions in compensation at levels above agreed maximum level:

Deforestation rate (%)	Up to 0.056	0.07	0.08	0.09	0.1
Reduced compensation (%)		25	45	70	100

(ii) economic activities will be permitted within the forest, within a ceiling on deforestation of 0.056 per annum, without any financial penalty apart from the reduction in compensation caused by a smaller margin between the reference level and the verified deforestation level. For any deforestation rate up to this level, Guyana will be eligible for payments equaling the full margin between the reference level and the verified deforestation level. For deforestation rates between 0,056 per cent and 0,1 per cent (unless they relate to the Amaila Falls project as described above), eligibility for payments would be calculated as a gradually decreasing percentage of the payments that would be due if only the margin between the reference level and the verified deforestation level were taken into account, as set out below. At deforestation rates at or above 0,1 per cent, no payments would be due to Guyana for that given year.

This approach is compatible with the Government of Guyana's declared long-term strategy to maintain the maximum amount of forest cover in Guyana, if an appropriate incentive structure is in place to make this strategy viable. This is being done through a balanced mix of maintaining forests under full protection (areas where only small-scale subsistence farming by forest dependent communities is allowed) and sustainable commercial forest management (where existing forestry concessions can operate within the terms of their licenses and the GFC's sustainable forest management guidelines).

In sum, this means:

- a) that a ceiling on the level of deforestation that can take place before 2015 with any incentives still flowing, has been set at only around 35 per cent of the level of deforestation that the reference level would imply;
- b) the accommodation of limited annual upward variations to ensure that the incentive structure still makes REDD+ a positive development choice for Guyana; and
- c) that Guyana is incentivized to maintain more than 99.5 per cent of its forest cover for the duration of the partnership.

See box 3 for a summary description of how performance based payments will be calculated.

Norwegian support to GRIF – alone or in combination with other contributors – will not exceed the sum calculated on the basis of the above described methodology (neither in 2010 nor in future years).

It is also likely that while support from Norway will be sufficient to provide majority funding for results delivered by Guyana, in a given year, it is unlikely to equal the total sum owed to Guyana. Therefore, to ensure that the incentives which underpin the partnership are fully in place, Guyana and Norway will work together to seek to get other Participants to join the partnership. The Participants' goal is to reach agreement with other Participants by the end of August 2011. Based on progress at that point, this JCN will be updated by the end of September 2011.

Once other Participants are in place with sufficient commitments to the Partnership, this will enable Norwegian (and other Participants') contributions to vary directly with performance, i.e. a reduction in estimated emissions will lead to relatively higher contributions, increases to relatively lower contributions.

Box 3:
How will results based payments be calculated?

To calculate the results based payments due to Guyana based on the results in any given year, the following steps will be followed:

1. Subtracting Guyana's reported and verified deforestation rate from the agreed interim reference level of 0.275%;
2. Calculating the carbon emission reductions achieved through avoided deforestation (as compared to the agreed reference level) by applying an interim and conservatively set estimate of carbon loss of 100tC/ha. This value will be replaced once a functional MRV system is in place. The interim carbon loss figure corresponds to 367tCO₂/ha.
3. Subtracting from that number changes in emissions – on a ton-by-ton basis – from forest degradation as measured against agreed indicators, as specified in Table 2.. In calculating the carbon effects of forest degradation, an interim and conservatively set carbon density of 400 tC/ha will be applied. Upon agreement under the UNFCCC on how to estimate and account for emissions from degradation, this approach will be adjusted accordingly;
4. The tons of "avoided emissions" is then multiplied with an interim carbon price of US\$ 5/ton CO₂, as established in Brazil's Amazon Fund.
5. If the deforestation rate in a given rate exceeds 0,056, the payments will be gradually reduced as a proportion of the sum derived through step 1-4 above, or cease (if at or exceeding 0,1 per cent), as stipulated in section 3.1.3, box 2.

Section 3.2 Monitoring Progress Against reducing emissions and enhancing removals of carbon in Guyanas forests

Progress against reducing emissions and enhancing removals of carbon in Guyanas Forests will in time be measured through the MRV system that is being put in place as set out in the MRV-system Road-map⁸.

Pending the implementation of the MRV-system, Table 2 sets out the interim REDD+ performance indicators described above. Guyana and Norway agree that these indicators will evolve as more scientific and methodological certainty is gathered concerning the means of verification for each indicator, in particular the capability of the MRV system at different stages of development.

A roadmap for the establishment of a national MRV system and accompanying Terms of Reference for the system have been developed to provide a framework for verifiable, performance monitoring, set against international best practice and nationally appropriate circumstances. In years 1 and 2 (2009-2010), implementation has also commenced in a number of administrative and technical areas. Broad based MRV-system Steering and Technical Committees have been established and initial technical work has commenced in forest area and forest carbon stock assessment and monitoring. The framework has been created for annual reporting on deforestation and forest degradation in accordance with interim REDD+ Performance Indicator that will evolve into a full MRV system. The first product has been the completion of historic reporting on forest/non forest cover and deforestation by driver, over the period 1990 to 2009, accompanied by annual reporting of forest/non forest cover and deforestation and forest degradation results in accordance with REDD+ Interim indicators set out in the JCN. Concurrently, work has also commenced for field based assessments of forest carbon stock assessment and monitoring, the establishment of demonstration activities, and detailed technical studies on reference level setting and forest degradation, as well as other areas.

During 2009 and 2010, significant improvements to Guyana's ability to measure deforestation indicators were made. In particular, it was determined (and independently verified) that deforestation rates were extremely low.

Progress was also made to gain a greater understanding of how degradation is to be measured, and this is leading to further work in 2011, when new scientifically-based knowledge will enable progress on refining the reporting on indicators to assess mining and infrastructure-related degradation.

Guyana and Norway have agreed that annual independent verification of REDD+ performance indicators will be conducted by one or more neutral expert organizations, to be appointed jointly by the Participants. The assessment determines what results Guyana has delivered according to the established indicators for REDD-plus performance. For the period to September 30, 2010, the initial measurement of progress was carried out by Poyry on behalf of the Guyana Forestry Commission, and independent verification was carried out by DNV. DNV was selected on the basis of an international tender process in accordance with Norwegian procurement regulations.

⁸ http://www.forestry.gov.gy/Downloads/Terms_of_%20Reference_for_Guyana's_MRVS_Draft.pdf

Section 4: Financial mechanism:

The Guyana REDD+ Investment Fund (GRIF) is channeling REDD-plus financial support from Norway and other potential contributors to the implementation of Guyana's LCDS.

Pending the creation of an international REDD+ mechanism, the Guyana REDD+ Investment Fund (GRIF) represents an effort to create an innovative climate finance mechanism which balances national sovereignty over investment priorities with ensuring that REDD+ funds adhere to globally accepted financial, environmental and social safeguards.

The World Bank's International Development Association (IDA) was invited by Guyana and Norway to act as Trustee and is responsible for providing financial intermediary services to the GRIF.

The Trustee (i) receives payments for forest climate services provided by Guyana; and (ii) transfers these payments and any investment income earned on these payments, net of any administrative costs, to Partner Entities, for projects and activities that support the implementation of Guyana's LCDS. Transfer of funds takes place on approval by the GRIF Steering Committee, which consists of Guyana and Norway, with observers from Partner Entities, and Guyanese and Norwegian civil society.

Partner Entities provide operational services for the approved LCDS investments, and apply their own globally accepted operational procedures and safeguards. As of March 2011, Guyana and Norway have approved as Partner Entities the Inter-American Development Bank (IDB), the World Bank and the United Nations Development Group.

More information on the operation of the GRIF is set out in the Administration Agreement between the Government of Norway and the World Bank⁹.

⁹ http://www.regjeringen.no/upload/MD/Vedlegg/Klima/klima_skogprosjektet/Guyana/aa.pdf or <http://lcds.gov.gy/guyana-redd-investment-fund-grif.html>

Table 1- Key REDD+ Efforts in 2011 :

Improved REDD+ Governance

In 2009 and 2010, the Government of Guyana continued to improve governance standards within the REDD+-related forest dependent sectors. These efforts to improve REDD+ -related governance, will continue in 2011. During 2011, the draft REDD+ Governance Development Plan (RGDP) produced in 2010 will be updated and improved with more specific expected results, indicators and timeframes, addressing among other issues all aspects of Table 1 of the November 9th 2009 Joint Concept Note. It will draw on recommendations from relevant sources, including the 2011 independent assessment of REDD+ enabling indicators. It will detail specific measures to advance REDD+ governance, and progress, among others, the following actions:

- Development of an IPCC-compliant national system for measuring, reporting and verification (MRV) of emissions and removals of carbon in Guyana's forests will continue. Progress in 2011 will be measured against the MRV-roadmap established in 2009.
- An initial structure for an Independent Forest Monitoring mechanism shall be in place by mid-2011. Its first report shall be due by the end of 2011.
- Stakeholder consultation on the European Union Forest Law Enforcement, Government and Trade (EU-FLEGT) process will continue. The Government of Guyana and the European Commission will, by September 2011, initiate negotiations on a Forest Law Enforcement, Government and Trade Voluntary Partnership Agreement, in a manner that is consistent with the outcomes of this consultation where applicable.
- The development of a national, inter-sectoral system for coordinated land use will continue. The system shall serve to maximize benefits to society and development, while minimizing negative impacts on the environment, from land-use decisions. By mid November 2011, Guyana's Special Land Use Committee, comprising stakeholders from the Government and forest dependent sectors, will have identified - and established a plan for implementation of - the necessary measures, including enforcement measures, to be implemented in the relevant forest dependent sectors, including forestry and mining. These will ensure that these sectors can operate at the standards necessary to sustainably protect Guyana's forest. Recognizing that sustainable, well coordinated land use is a continuous challenge, further mechanisms will be established and/or strengthened to ensure such coordination, where necessary. Key measures to be implemented by the end of 2011 will on that basis be agreed by the partners by mid November 2011 as an addendum to this JCN.
- Stakeholder consultation on the Extractive Industries Transparency Initiative (EITI) will continue until June 2011. Based on the outcomes of this consultation, a plan for the implementation of the EITI principles will be in place by mid November 2011. These next steps will address the introduction of EITI, if the conclusions from the 2011 stakeholder consultation support this goal, or an alternative approach to the same effect if that is decided. Based on the outcome of those consultations, an addendum to this JCN will be agreed on this issue by mid November 2011.
- Based on the outcomes of a scientific study to determine the extent of degradation caused by mining and infrastructure, the Government of Guyana will work with the forest dependent sectors to agree specific measures to reduce forest degradation by these activities. Based on this, an addendum to this JCN, including end of 2011 as well as 2012 deliverables, will be put in place by mid November 2011.

- Undertake mapping of priority areas for biodiversity in Guyana's forests, based on, inter alia, the criteria established in 2010. By mid November 2011, Guyana will release a policy statement on how it plans to meet its CBD obligations. Based on the forest related elements of this statement, an addendum to this JCN will be agreed by mid November 2011.

Improved Financial Intermediation

For global efforts on REDD+ to function well, it is critical that effective financial intermediation functions are available to forest countries and the broader international community. Existing models of ODA-financing are not designed for this purpose.

Since 2009, significant progress has been made in understanding the global channels inherent in the establishment of such mechanisms to channel results-based finance for REDD+. The experience gained in the setting up and implementation of the GRIF has been valuable in this context – although its establishment was challenging and took far longer than Guyana and Norway expected.

In 2011, Guyana and Norway will work with the Trustee and Partner Entities of the GRIF to identify how the GRIF mechanism can function in a way that is fit for the purpose of channeling results-based international support to the implementation of Guyana's low carbon development strategy in an effective, efficient and equitable manner. Moreover, like all other elements of the Guyana-Norway partnership, the financial intermediary function should be independently evaluated to ensure that it meets the needs of stakeholders within Guyana, and that useful lessons are generated to inform the global debates on REDD+.

Therefore:

- Guyana and Norway will invite the other partners involved in the Guyana REDD+ Investment Fund (GRIF) – the World Bank, The Inter American Development Bank, and the UNDP; within the framework provided by the structure of the GRIF (including the GRIF Governance Framework document, the Administrative Agreement and the Transfer Agreements) –to participate in an independently facilitated process, which will be initiated by Guyana and Norway to: (i) help to accelerate the disbursement of funds from the GRIF, in a manner which is in accordance with the AA and the TAs of the GRIF, and in a manner satisfactory to all concerned; (ii) identify potential short-term improvements in the processes and practices of the GRIF and all its partners in the GRIF context. This facilitated process will start by mid-May 2011.
- Guyana and Norway will – as part of the annual review process of the partnership – appoint an expert organization to assess the overall performance of the GRIF and make recommendations for its improvement.
- Transparency around funding is also critical for REDD+ to function well. To facilitate such transparency, the Government of Guyana will – by the end of April 2011 – establish a dedicated website, containing an overview of all committed international funding for activities relevant to REDD+ and LCDS efforts in Guyana. This will ensure easy access to transparent information on contributors to Guyana's REDD+ and LCDS efforts. The website will track pledges of funding, commitments of funding, and actual disbursements.

Table 2: Interim Indicators for REDD+ performance in Guyana¹⁰

Source of emissions or removals	Justification	Interim performance indicator	Monitoring and estimation	IPCC LULUCF reporting
Deforestation indicator:				
Gross deforestation	Emissions from the loss of forests are among the largest per unit emissions from terrestrial carbon loss.	<p>Rate of conversion of forest area as compared to agreed reference level.</p> <p>Forest area as defined by Guyana in accordance with the Marrakech accords:</p> <ul style="list-style-type: none"> • Minimum 30% tree cover • At a minimum height of 5 meter • Over a minimum area of 1 ha.. <p>Conversion of natural forests to tree plantations shall count as deforestation with full carbon loss.</p> <p>Forest area converted to new infrastructure, including logging roads, shall count as deforestation with full carbon loss.</p>	<p>Forest cover as of September 2009 will be used as baseline for monitoring gross deforestation.</p> <p>Reporting to be based on medium resolution satellite imagery and in-situ observations where necessary.</p> <p>Monitoring shall detect and report on expansion of human infrastructure (eg. new roads, settlements, pipelines, mining/agriculture activities etc.)</p>	Activity data on change in forest land

¹⁰ The Participants agree that these indicators will evolve as more scientific and methodological certainty is gathered concerning the means of verification for each indicator, in particular the capability of the MRV system at different stages of development. Based on experiences from the first reporting and verification exercise, some adjustments have been made in this table. However, the process has identified a need to develop further detail on the operationalisation of the indicators. A process to this end will be completed before work on the second result report is started.

Degradation indicators:				
Loss of intact forest landscapes ¹¹	Degradation of intact forest through human activities will produce a net loss of carbon and is often the pre-cursor to further processes causing long-term decreases in carbon stocks. Furthermore, preserving intact forests will contribute to the protection of biodiversity.	The total area of intact forest landscapes within the country should remain constant. Any loss of intact forest landscapes area ¹² shall be accounted as deforestation with full carbon loss. The IFL Baseline map developed in the first reporting period will be used to assess future changes.	Using similar methods as for forest area change estimation.	Changes in carbon stocks in forests remaining as forests
Forest management (i.e. selective logging) activities in natural or semi-natural forests	Forest management should work towards sustainable management of forest with net zero emissions or positive carbon balance in the long-	All areas under forest management should be rigorously monitored and activities documented (i.e. concession activities, harvest estimates, timber	Data on extracted volumes is collected by the Forestry Commission. Independent forest monitoring will contribute to verify the figures.	Changes in carbon stocks in forests remaining as forests

¹¹ Intact Forest Landscape (IFL) is defined as a territory within today's global extent of forest cover which contains forest and non-forest ecosystems minimally influenced by human economic activity, with an area of at least 500 km² (50,000 ha) and a minimal width of 10 km (measured as the diameter of a circle that is entirely inscribed within the boundaries of the territory)." (See www.intactforests.org)

¹² When assessing loss of IFL, the established elimination criteria will be applied:

- Settlements (including a buffer of 1 km);
- Infrastructure used for transportation between settlements or for industrial development of natural resources, including roads (except unpaved trails), railways, navigable waterways (including seashore), pipelines and power transmission lines (including a buffer of 1 km on each side);
- Areas used for agriculture and timber production;
- Areas affected by industrial activities during the last 30-70 years, such as logging, mining, oil and gas exploration and extraction, peat extraction, etc.

The threshold values for IFL-patches (500 km², min. width 10 kms) will not be applied in assessing IFL loss.

	term.	imports/exports). Increases in total extracted volume (as compared to mean volume 2003 – 2008) will be accounted as increased forest carbon emissions ¹³ unless otherwise can be documented using the gain-loss or stock difference methods as described by the IPCC for forests remaining as forests. In addition to the harvested volume, a default expansion factor (to be established) shall be used to take account of carbon loss caused by collateral damage, etc, unless it is documented that this has already been reflected in the recorded extracted volume.		
Carbon loss as indirect effect of new infrastructure.	The establishment of new infrastructure in forest areas often contributes to forest carbon loss outside the areas directly affected by constructions.	Unless a larger or smaller area or greenhouse gas emission impact can be documented through remote sensing or field observations, the area within a distance extending 500 meters from the	Medium resolution satellite to be used for detecting human infrastructure (i.e. small scale mining) and targeted sampling of high-resolution satellite for selected sites.	Changes in carbon stocks in forests remaining as forests

¹³ The participants agree on the need to create incentives for net-zero or carbon positive forest management practices in Guyana. This will require a sophisticated MRV system to assess the carbon effects of forestry activities. This will be an objective of the MRV system under development. In the interim period, focus will be on incentives for avoiding increased emissions from forest management activities.

		new infrastructure (incl. mining sites, roads, pipelines, reservoirs) shall be accounted with a 50% annual carbon loss through forest degradation.		
Emissions resulting from subsistence forestry, land use and shifting cultivation lands (i.e. slash and burn agriculture).	Emissions resulting from communities to meet their local needs may increase as result of <i>inter alia</i> shorter fallow cycle or area expansion.	Not considered relevant in the interim period before a proper MRV-system is in place.		Changes in carbon stocks in forests remaining as forests
Emissions resulting from illegal logging activities	Illegal logging results in unsustainable use of forest resources while undermining national and international climate change mitigation policies	Areas and processes of illegal logging should be monitored and documented as far as practicable.	In the absence of hard data on volumes of illegally harvested wood, a default factor of 15% (as compared to the legally harvested volume) will be used. This factor can be adjusted up- and downwards pending documentation on illegally harvested volumes, <i>inter alia</i> from Independent Forest Monitoring. Medium resolution satellite to be used for detecting human infrastructure and targeted sampling of high-resolution satellite for selected sites.	Changes in carbon stocks in forests remaining as forests
Emissions resulting from anthropogenically caused forest fires	Forest fires result in direct emissions of several greenhouse gases	Area of forest burnt each year should decrease compared to current amount	Coarse-resolution satellite active fire and burnt area data products in combination with medium resolution satellite data used for forest area changes	Emissions from biomass burning

Indicator on increased carbon removals:				
Encouragement of increasing carbon sink capacity of non-forest and forest land	Changes from non-forest land to forest (i.e. through plantations, land use change) or within forest land (sustainable forest management, enrichment planting) can increase the sequestration of atmospheric carbon.	Not considered relevant in the interim period before a proper MRV-system is in place but any dedicated activities should be documented as far as practicable.		Activity data on change to forest land and changes in carbon stocks in forests remaining as forests
		In accordance with Guyanese policy, an environmental impact assessment will be conducted where appropriate as basis for any decision on initiation of afforestation, reforestation and carbon stock enhancement projects.		