

What is the GRIF?

The GRIF is a fund for the financing of activities identified under the Government of Guyana's Low Carbon Development Strategy (LCDS). The fund will receive up to US\$250 million from Norway in performance-based payments for the period up until 2015, based on an independent verification of Guyana's deforestation and forest degradation rates and progress on REDD+ enabling activities.

Background on Low-Carbon Development Strategy

The LCDS sets out Guyana's approach to transition to a green economy. Its stated aim is to combat climate change while simultaneously promoting economic growth and development. It sets out how Guyana's economy can be realigned along a low carbon development path, by investing payments received for avoided deforestation into strategic low carbon sectors. These payments will catalyse Guyana's efforts to diversify its economy and provide new economic opportunities, employment and more efficient use of resources, while maintaining a valuable forest ecosystem. The LCDS anticipates, but does not prejudice, the emergence of an international REDD+ mechanism which will create positive financial incentives for forest-based greenhouse gas abatements.

Background on Norway-Guyana Partnership

On November 9th, 2009, the Governments of Guyana and Norway signed a memorandum of understanding (MOU), and simultaneously published a Joint Concept Note (JCN), which set out how the two countries will "work together to provide the world with a relevant, replicable model for how REDD+ can align the development objectives of forest countries with the world's need to combat climate change". Norway committed to providing financial support of up to US\$250 million until 2015 for results achieved by Guyana in limiting emissions from deforestation and forest degradation, which will support the implementation of Guyana's LCDS. As part of the agreement, the two countries agreed to establish the GRIF as the financial intermediary mechanism for the performance-based payments from contributors to Guyana.

Objectives of the GRIF

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 the Partner Entities' financial, environmental and social safeguards.

The GRIF will (i) receive payments for forest climate services provided by Guyana; and (ii) transfer these payments and any investment income earned on these payments, net of any administrative costs of the Trustee and the Secretariat and any administrative fees to the Partner Entities, for projects and activities that support the implementation of Guyana's LCDS.

Organizational Arrangements of the GRIF

The GRIF will have:

A Steering Committee (SC) serving as the oversight and decision-making body. The Government of Guyana will chair the SC and its members will be the Government and the financial contributors to the GRIF. The Trustee, each of the GRIF partner entities, civil society organizations and private sector entities will be invited by the SC to participate as observers.

A Trustee: The World Bank's International Development Association (IDA) was invited by Guyana and Norway to act as Trustee and will be responsible for providing financial intermediary services to the GRIF. The Trustee will receive funds from contributors, and manage them within a trust fund on Guyana's behalf. The Trustee will make transfers of GRIF resources in the amounts approved by the SC to Partner Entities.

Partner Entities: Partner Entities will provide operational services for the approved LCDS projects. Each GRIF Partner Entity will ensure:

- i) consistency with the LCDS and the applicable decisions of the SC, including the purpose for which the funding has been provided;
- ii) that the Partner Entity's fiduciary safeguards and operational policies and procedures are followed; and
- iii) that a robust results framework, as defined by the SC and the Partner Entity, is developed and agreed upon at the project level.

The Inter-American Development Bank (IDB), the World Bank, and any program or specialized agency of the United Nations that is a member of the UN Development Group are eligible to serve as a Partner Entity. Others may be added if they are approved by the SC as meeting internationally recognized standards for operational policies and procedures as well as fiduciary, safeguard and operational standards.

Implementing Entities: Partner Entities will enter into agreements with Implementing Entities, which will receive funds from the Partner Entities and be responsible for the implementation of the relevant project or activity. These may include the Government of Guyana or any other entity that is eligible for funding in accordance with the relevant policies, guidelines and procedures of the Partner Entity and approved by the SC.

A Secretariat of the GRIF has been established. The Governments of Norway and Guyana will constitute the secretariat and provide necessary administrative support to the Steering Committee for the operation of the GRIF.

Determining the payments to be made by contributors to the GRIF

The JCN agreed between Guyana and the Norway sets out how Guyana is putting in place a Monitoring, Reporting and Verification (MRV) system for emission or removals of carbon from Guyana's forest sector. As this evolves a number of basic interim indicators will be used to

assess Guyana's performance. These are set out in the JCN, and payment will be based on an independent verification of Guyana's implementation of REDD+ enabling activities.

Application of safeguards to the activities and projects financed by the GRIF

The safeguards of the organization serving as Partner Entity for a given project will apply for that project. All Partner Entities will have to be approved by the SC.

Contributors to the GRIF

Norway will be the first contributor to the GRIF. The Governance Framework of the GRIF is designed with the necessary flexibility to allow other contributors to participate.

Projects to be funded by the GRIF

Chapter 9 of the revised LCDS (May 2010) sets out the projects and sectors identified, through a national consultation process, of strategic importance to the development of a low-carbon economy in Guyana.

Who should I contact if I have questions about the GRIF?

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Useful Links:

GRIF Secretariat: <http://www.lcds.gov.gy/guyana-redd-investment-fund-grif.html>

GRIF Trustee: www.worldbank.org/grif

Guyana's LCDS: www.lcds.gov.gy/

Norway-Guyana Partnership (MOU & JCN): <http://www.lcds.gov.gy/guyana-norway-agreement.html>

The Government of Norway's International Climate and Forest Initiative:

<http://www.regjeringen.no/en/dep/md/Selected-topics/climate/the-government-of-norways-international-/why-a-climate-and-forest-initiative.html?id=547202>