



# Report

## National Forest Finance Assessment

Guyana

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The EU-funded [Forests for the Future Facility \(F4F\)](#) provides technical support to contribute to healthy forest ecosystems and forest-related value chains in Asia, Africa, the Caribbean and Latin America. The Facility is managed by [DG International Partnerships Unit F2 – Environment, Natural Resources, Water](#).

F4F is working in collaboration with CIFOR-ICRAF on the Forest Finance Assessment reports.

### Assessment context

This assessment of existing forest financing instruments at country level operates as the foundation for a proposed EU-funded Action ‘Financing for Forest’ FFF.

The Action intends to boost financing for forests at global level, by generating and sharing knowledge widely. In selected partner countries, technical assistance (TA) for the implementation of specific forest finance solutions/instruments will be provided. Prior the Action, an assessment is carried out in up to 15 countries to 1) help define which forest finance solutions will be tested and piloted and in selected countries (up to 7 countries will be selected for the Action “Financing for Forest”), 2) help EU Delegations (EUDs) and partners in other countries get a better understanding of existing financing mechanisms, and 3) generate knowledge about selected financial solutions/instruments.

As a preparatory step for the proposed EU-funded Action “Financing for Forests” (FFF), an assessment of forest financing instruments has been carried out in 11 partner countries. Implemented by CIFOR-ICRAF under the Forests for Future Facility (F4F) between February-October 2025, this assessment provides an overview of existing and innovative mechanisms that can enhance the mobilisation of finance for sustainable forest management.

### Disclaimer

This publication was produced with the financial support of the European Union. Its contents do not necessarily reflect the views of the European Union.

This assessment has been developed based on consultations with stakeholders and inputs from subject matter experts. It is important to note that the findings and recommendations presented herein do not necessarily reflect the official forest finance priorities or the positions of the national government.

The content is intended to provide insights and support discussions in the context of forest finance but should not be interpreted as an endorsement of any specific policy or strategy.

### Project implemented by:



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# Table of Contents

<b>Acronyms</b>	<b>v</b>
<b>1 Introduction</b>	<b>1</b>
1.1 Purpose and Scope of the Assessment	1
1.2 Assessment Approach and Methodology	1
1.3 Key Findings	3
<b>2 Overview of the forest sector and performance gaps</b>	<b>4</b>
2.1 Key characteristics of the forest sector	4
2.2 National targets for sustainable forest management, sustainable wood production, forest restoration, the wood industry, and protected area management	6
<b>3 Assessment of current levels of finance and investment</b>	<b>10</b>
3.1 Sustainable Forest Management	10
3.2 Forest-Based Industries	11
3.3 Forest Protection	12
3.4 Management of Protected Areas	13
3.5 Inclusiveness, Gender and Tenure	13
3.6 Finance flow overview	14
<b>4 Assessment of Forest Finance solutions and instruments</b>	<b>16</b>
4.1 Assessment of the finance/investment solution and instruments applied in Guyana	16
4.2 Concession System as an Enabling Fiscal Mechanism	19
4.3 Assessment of finance/investment solutions and instruments not applied in Guyana	23
4.4 Availability and gaps of baseline data (climate, biodiversity, social) and MRV systems	26
<b>5 Recommendations for Forest Finance solutions and instruments</b>	<b>28</b>
5.1 Potential support from the European Union	29
<b>References</b>	<b>33</b>
<b>Annexes</b>	<b>36</b>
1 Terms of Reference (TOR)	36
2 List of Technical Workshop participants	40
3 List of stakeholders interviewed	41

## List of figures and tables

### Figures

1	Forest coverage and loss from 2011 to 2022	4
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### Tables

1	Main forest finance solutions recommended	2
2	Production Indicators of the Forestry sector for selected products (m <sup>3</sup> )	5
3	Main forest sector target status, gaps and challenges	7
4	Budget Revenues and Expenses 2022-2025 of the Guyana Forestry Commission (GFC) (USD)	14
5	Budget Revenues and Expenses 2022-2025 of the Protected Areas Commission (PAC) (USD)	15
6	Budget and Expenses of External Funds (million USD)	15
7	List of fees on forestry concessions (USD/acre)	20
8	Types of fees collected by the Guyana Forestry Commission (GFC)	21
9	Potential of scaling up existing Forest Finance Instruments used in Guyana (including regulatory instruments)	21
10	Forest Finance instruments not applied in Guyana.	23
11	Key forest finance recommendations	30
12	Recommendations for Forest Finance solutions and instruments in Guyana	30

# Acronyms

ART-TREES	Architecture for REDD+ Transactions (ART) - The REDD+ Environmental Excellence Standard (TREES)
ATIBT	International Tropical Timber Technical Association
CFO	Community forestry organizations
CIFOR-ICRAF	Centre for International Forestry Research and World Agroforestry
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
DG-CLIMA	European Commission's Directorate-General for Climate Action
DG-ENV	European Commission's Directorate-General for Environment
DNS	Debt-for-Nature Swaps
EC	European Commission
EDFI	European Development Finance Institutions
EPA	Environmental Protection Agency
EU	European Union
FFF	Financing for Forest
FLEGT	Forest Law Enforcement, Governance and Trade Action Plan
FPDMC	Forest Products Development and Marketing Council
FRF	Forest Finance Revolving Fund Facility
GBTI	Guyana Bank for Trade and Industry Limited
GEF	Global Environment Fund
GEMS	Green Economy Modelling Study
GFC	Guyana Forestry Commission
GRIF	Guyana REDD+ Investment Fund
GTLAS	Guyana Timber Legality Assurance System
HFLD	high-forest, low-deforestation
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
INTPA.F.2	International Partnerships - Environment, Sustainable Natural Resources

IPED	Institute of Private Enterprise Development
IPLC	Indigenous Peoples and Local Communities
LCDS	Low Carbon Development Strategy
MRV	Monitoring, Reporting and Verification
MRVS	Monitoring, Reporting and Verification System
NBSAP	National Biodiversity Strategy and Action Plan
NDC	Nationally Determined Contribution
NGO	Non-Government Organization
NRF	Natural Resource Fund
NTFP	Non-timber forest products
NWFP	Non-wood forest products
PAC	Protected Areas Commission
PAT	Protected Areas Trust
PEFC	Programme for the Endorsement of Forest Certification
PES	Payment for Ecosystem Services
PPP	Public Private Partnerships
RIL	Reduced Impact Logging
SDG	Sustainable Development Goals
SFM	Sustainable Forest Management
SFP	State Forest Permissions
SME	Small and medium enterprises
SWM	Sustainable Wildlife Management
TSA	Timber Sales Agreements
REDD+	Reducing Emissions from Deforestation and Forest Degradation. The “+” signifies the addition of conservation, sustainable forest management, and the enhancement of forest carbon stocks.
VSP	Village Sustainability Plans
WCL	Wood Cutting Lease
WWF	World Wildlife Fund

# Introduction

## 1.1 Purpose and Scope of the Assessment

This assessment of forest financing mechanisms and instruments at the country level serves as the foundation for the proposed EU-funded Action “Financing for Forest” - FFF. The assessment is commissioned by the European Commission’s Directorate General for International Partnerships for Environment, Sustainable Natural Resources (EC INTPA.F.2) and was jointly implemented by the Centre for International Forestry Research and World Agroforestry (CIFOR-ICRAF), an applied research organization with key expertise in conservation, restoration and management of tropical forests and the Forests for Future Facility (F4F), a technical assistance facility to the EC INTPA F2 on matters regarding sustainable forest management.

This initiative is designed to support the EU’s commitments to climate action, biodiversity conservation, and the Sustainable Development Goals on a global scale by promoting the use of forest finance solutions and instruments and innovative financing mechanisms for forests.

Central to this is the recognition of forests’ crucial role in mitigating climate change, protecting biodiversity, and providing essential ecosystem services. By fostering innovative financing solutions, the initiative aims to bridge funding gaps and catalyse investments in forests. This includes developing mechanisms that can attract both public and private sector funding and aligning forest finance solutions with national environmental strategies (such as the Nationally Determined Contributions (NDCs) and National Biodiversity Strategy and Action Plans

(NBSAPs)) to support the achievement of international commitments and promote cross-sectoral collaboration.

This aligns with broader EU environmental policies, such as the European Green Deal, and international commitments under the Paris Agreement and the Convention on Biological Diversity (e.g. the Global Biodiversity Framework). By doing so, the initiative not only seeks to contribute to the global efforts to combat environmental degradation but also to demonstrate the EU’s leadership in leveraging finance for sustainable development and environmental stewardship. In summary, this EU-funded action represents a strategic and multifaceted approach to enhancing the role of forests through financial innovation.

## 1.2 Assessment Approach and Methodology

The assessment followed a structured 3-step approach. Initially, a facilitated technical roundtable on March 24, 2025, was convened with the European Delegation and key stakeholders (see Annex 2). This session aimed to delve into forest financing gaps, analyse key financial instruments and mechanisms specific to the country, and determine the most pertinent forest finance mechanisms and instruments for the pre-assessment focus. The outcomes from this stakeholder workshop identified a mix of suitable and unsuitable financial mechanisms for the forestry sectors in Guyana and Suriname. Mechanisms like Payment for Ecosystem Services (PES) and biodiversity credits face limitations in both countries due to land tenure constraints. Environmental fiscal reforms, green budgeting, and green bonds are largely

Table 1. Main forest finance solutions recommended

Forest finance solutions	Expected impact	Support needed	Source of finance
<b>Improve the National Forest Fund (FRF)</b>	Establish a centralized mechanism to channel domestic revenues (e.g. from oil and gas) toward long-term forest priorities, such as protected areas, restoration, and Indigenous support.	Requires government decisions to allocate a share of the Natural Resource Fund (NRF); legal provisions for fund governance, and transparent oversight mechanisms.	Public budget (NRF), international donors (GEF, KfW), and carbon finance revenue.
<b>Biodiversity Credits</b>	Monetizing biodiversity and other ecosystem services in forests not covered by carbon credits creates new revenue streams and incentivizes conservation and habitat protection.	Needs legal recognition of biodiversity as a tradable asset; policy on benefit-sharing; MRV systems and registries to ensure environmental integrity.	Private biodiversity credit buyers, blended finance from donors, and conservation NGOs.
<b>Payment for Ecosystem Services (PES)</b>	Create new revenue streams by monetizing ecosystem services in forests not covered by carbon credit; incentivizes conservation and habitat protection.	Needs legal recognition of biodiversity as a tradable asset; policy on benefit-sharing; MRV systems and registries to ensure environmental integrity.	Blended finance from donors, and conservation NGOs, public funding,
<b>Scale-up Carbon Finance (ART-TREES, REDD+)</b>	Scale performance-based payments for avoided deforestation and sustainable forest management; supports community development and the Low Carbon Development Strategy (LCDS) 2030 goals.	MRV infrastructure is advanced, but improvements are needed in transparency, safeguards, and benefit-sharing clarity.	Voluntary carbon markets (e.g., Hess), potential future compliance markets (CORSIA), and donor co-financing.
<b>Forest Value Chain Finance (SMEs, NWFPs)</b>	Boost local processing capacity, reduce raw log exports, and stimulate the growth of small-scale enterprises (e.g., timber, palm, crafts).	Requires SME-tailored credit lines, technical assistance, improved infrastructure/logistics, and better access to markets.	Development banks (IDB, World Bank), blended finance schemes, and domestic financial institutions.
<b>Community Forest Finance Windows</b>	Directly support Indigenous Peoples and community-based forestry groups in implementing restoration, CDPs, and tenure activities.	Requires simplified fund access rules, financial literacy support, and clear links to national programs like Guyana REDD+ Investment Fund (GRIF) or ART-TREES.	GRIF, climate adaptation funds, GCF, NGOs.
<b>Green Public Procurement &amp; Incentives</b>	Stimulate domestic demand for legal and sustainable timber; promote formalization and traceability in forest product markets.	Requires reform of public procurement policies, verification standards, and capacity in GFC and buyers.	Public procurement budgets, forest product taxes.
<b>Blended Finance Platforms</b>	Unlock private investment in the forest sector (e.g., restoration, non-wood forest products (NWFPs), eco-tourism) by sharing risk and aggregating viable projects.	Needs public financial guarantees, aggregation platforms, and technical support for project preparation.	Public-private partnerships (PPP), guarantee funds, and donor risk-sharing facilities.
<b>Sovereign Green or Forest Bonds</b>	Mobilize large-scale capital (from institutional investors) to finance landscape-scale forest and climate investments.	Requires creditworthiness, pipeline of bankable projects, and regulatory capability to issue bonds.	Institutional investors, impact bond buyers, and public co-financing.

Source: Own elaboration.

absent from current efforts and are not expected to advance in the near term. Debt-for-nature swaps appear more viable for Suriname given its economic context, while they are not relevant for Guyana. National Forest or Conservation Trust Funds could be supported by future oil revenues in both countries, but there is limited political will, especially from central governments. Financing value chains emerged as the most promising area, with active initiatives targeting both private actors and communities. Impact investment remains constrained by limited government support, a lack of development banking infrastructure (particularly in Guyana), and challenges in securing collateral within the forestry sector.

Subsequently, the second phase involved the meticulous mapping of forest finance mechanisms and instruments. This mapping was informed by insights gleaned from targeted key informant interviews conducted during March-April 2025 with a diverse range of private sector entities, including national banks, concession holders, local forest stakeholders, timber and non-timber forest product entrepreneurs, as well as pertinent public sector actors (see Annex 3). These interviews were complemented by an extensive desktop review of relevant data sources and reports concerning forestry finance. The results of the forest finance mapping were then validated and fine-tuned after a consultation roundtable with the same stakeholders on 20 June 2025.

### 1.3 Key Findings

Guyana presents a unique opportunity to lead globally in forest finance innovation, due to its high forest cover, low deforestation rate, and well-established jurisdictional REDD+ framework. The country's early success in issuing and monetising the ART-TREES<sup>1</sup> carbon credits, with over USD 150 million already mobilised, demonstrates its ability to attract performance-based finance from private investors. Beyond carbon, new opportunities are emerging to monetise non-carbon ecosystem services. Instruments such as biodiversity credits and PES have strong potential, particularly in ecologically valuable but carbon-light areas. Several success stories point to instruments with high potential for replication and scale-up through blended finance or integration with carbon and biodiversity markets.

Indicative top instruments to scale now in Guyana are: (1) forest value-chain finance for SMEs and non-wood forest products, anchored in a National Forest Fund (FRF) 2.0 window and paired with targeted technical assistance; (2) biodiversity credits in high-integrity, carbon-light, biodiversity-rich landscapes.

Next in sequence: enable and pilot Payment for Ecosystem Services (PES) once the legal basis is clarified; advance green public procurement and incentives to create predictable demand. In parallel: continue ART-TREES results-based finance with strengthened safeguards and community benefit-sharing.

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<sup>1</sup> TREES – The REDD+ Environmental Excellence Standard – is Architecture for REDD+ Transactions' (ART) standard for the quantification, monitoring, reporting and verification of Greenhouse Gas (GHG) emission reductions and removals from REDD+ activities at a jurisdictional and national scale.

# Overview of the forest sector and performance gaps

## 2.1 Key characteristics of the forest sector

Guyana is internationally recognised as a **high-forest, low-deforestation (HFLD) country**, with approximately 85 per cent of its land area covered by forests, amounting to around 18 million hectares, with an average forest loss rate of 0.056 per cent between 2011 and 2022 (Government of Guyana (GoG), 2024). These forests are primarily intact, naturally regenerated tropical rainforests that form part of the Guiana Shield—one of the world’s most pristine and biodiverse forest regions. Forest types include dense upland rainforest, dry evergreen, swamp, mangrove, and montane forests, all of which play a critical role in climate regulation, water provision, and biodiversity

conservation (GoG, 2024; International Tropical Timber Technical Association (ATIBT), 2025).

The **vast biodiversity** of Guyana is evident in its estimated 8,000 plant species and approximately 3,500 animal species, including 467 fish, 814 bird, 225 mammal, and 130 amphibian species. Guyana’s natural resource base directly contributed to 95 per cent of the country’s foreign exchange earnings in 2013, primarily through sectors such as forestry, mining, and ecotourism. Conservation assessments indicate that 91.2 per cent of terrestrial and 83.5 per cent of aquatic species are classified as “Least Concern,” with very low percentages listed as endangered or critically endangered (Oyedotun et al., 2022). The **ecological importance of the forestry**

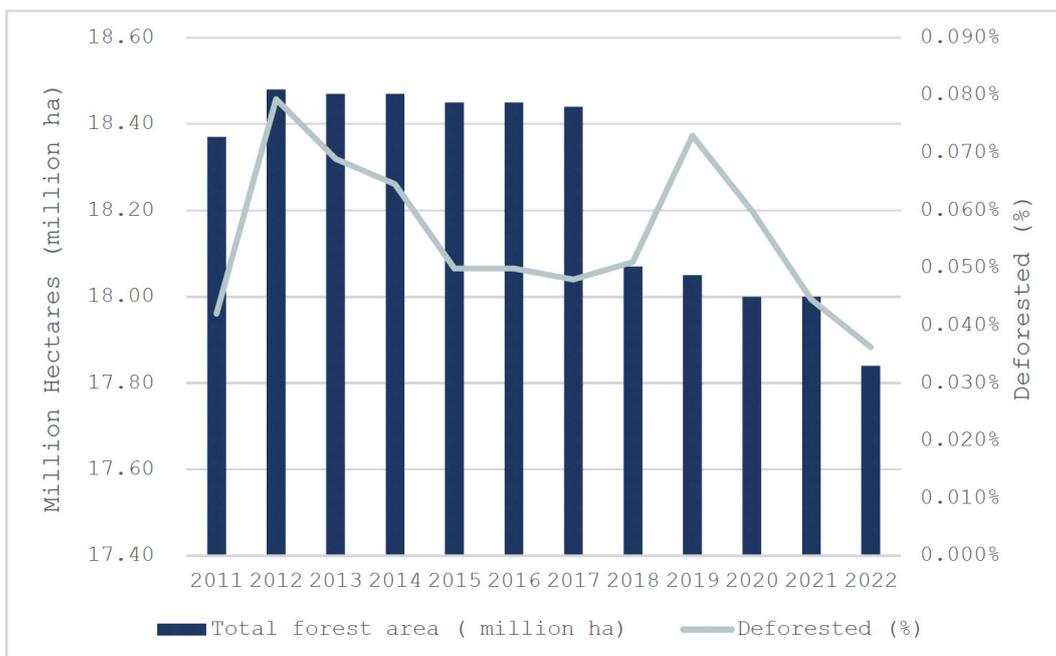


Figure 1. Forest coverage and loss from 2011 to 2022

Source: Government of Guyana (GoG), 2024

Table 2. Production Indicators of the Forestry sector for selected products (m<sup>3</sup>)

Product	2022	2023	2024
Logs	352,248	373,731	378,482
Sawn wood	41,239	47,085	49,877
Plywood	13,515	16,154	13,165

Source: Bank of Guyana Annual Report, 2024

**sector** is underscored by its high capacity for carbon storage. The country's total forest biomass is estimated at 5.96 gigatons (Gt), equivalent to 21.8 Gt of CO<sub>2</sub> when including soil carbon. Approximately 12 million hectares fall under the State Forest Estate, which is managed through codes of practice enforced by the Guyana Forestry Commission (GFC). Additionally, 3 million hectares are managed under Indigenous Village Sustainability Plans, and 1.8 million hectares (around 8.4 per cent of nationwide territory) are under **Guyana's National Protected Areas System**, including five protected areas (Kanuku Mountains Protected Area, Shell Beach Protected Area, the Kaieteur National Park, The Iwokrama Rainforest Reserve and, Kanashen Amerindian Protected Area, this last one being an indigenous people owned protected area), and four urban parks. (GoG, 2024, Protected Areas Commission, 2024).

Economically, in 2024, the **forestry output** grew by 4.6 per cent, driven by a 19.3 per cent increase in roundwood production. Log volumes rose slightly by 1.3 per cent, reflecting a 4.8 per cent increase in lesser-used species, even as greenheart output fell by 14 per cent. Sawn wood production climbed 5.9 per cent, supported by higher demand from ongoing construction projects across the country (Bank of Guyana, 2024).

In terms of **exports**, the sector generated a total value of approximately US\$33.8 million in 2022, representing an 8.9 per cent increase from US\$31.0 million in 2021. According to the Forest Sector Information Report 2022, sawn lumber led exports, generating US\$17.2 million from 15,619 m<sup>3</sup>, followed by logs with US\$7.4 million, despite a 20.4 per cent drop in volume to 42,949 m<sup>3</sup>. Split wood saw the most significant growth, earning US\$5.6 million from 5,675 m<sup>3</sup>. Roundwood exports declined 2.7 per cent in volume but grew 13.7 per cent in value (US\$3.04 million). Shingle exports (the only piling split wood item) rose 34.6 per cent in volume and 37.1 per cent in value. In contrast, plywood exports collapsed, falling by over 97 per cent in both volume and value. Fuelwood exports increased slightly in volume (+10.3 per cent) and marginally in value

(+0.3 per cent), while non-timber products dropped 47.6 per cent, and other value-added products rose 45.6 per cent in export value (GFC, 2022).

Forestry remains an important **source of employment**, particularly in rural and hinterland areas. According to the GFC, in 2025, over 25,000 Guyanese are currently employed in the forestry sector (logging, sawmilling, transportation, and the harvesting of non-timber forest products, NTFPs), a figure attributed to the recent growth in sawmills, lumberyards, and investment across the country. Many of these jobs are tied to the formal concession system overseen by the GFC, including long-term Timber Sales Agreements (TSAs), short-term State Forest Permissions (SFPs) and wood cutting leases (WCL). The total number of jobs in the sector has increased from 19,000 in 2022, despite labour shortages in the logging industry resulting from the strong labour demand of the oil and gas industry (GFC, 2022).

Forests are also central to **local livelihoods**. Rural and Indigenous populations depend on forest ecosystems for food, medicinal plants, housing materials, and cultural uses. Products such as palm hearts, wild fruits, and fibres are harvested for both subsistence and income-generating purposes. Indigenous communities are increasingly engaged in forest management and benefit-sharing under Guyana's Low Carbon Development Strategy (LCDS) (GFC, 2022; GoG, 2024). Emerging forest finance mechanisms, such as the carbon credit markets under the REDD+ framework, are providing new incentives for communities to keep engaging in sustainable management (GoG, 2024). However, the GoG's benefit-sharing plan for ART TREES credits was devised without consultation or free, prior and informed consent (FPIC) from indigenous peoples, allowing villages only to retroactively opt in for revenue from credits generated on their lands—thereby including those lands in carbon accounting and sales irrespective of community agreement (Amerindian Peoples Association, Forest Peoples Programme, and Rainforest Foundation US, 2024).

## 2.2 National targets for sustainable forest management, sustainable wood production, forest restoration, the wood industry, and protected area management

In Guyana's forestry sector, policy and regulatory authority reside with the Ministry of Natural Resources, which delegates implementation to the GFC. This agency, guided by the National Forest Plan, oversees all state forest administration and management, issues land-use allocations, enforces forestry laws, and maintains technical divisions and field stations to monitor harvesting and conservation activities. The Environmental Protection Agency (EPA) provides the requisite environmental authorisations under the Environmental Protection Act. In contrast, forests on indigenous lands fall under the jurisdiction of village councils, where the Forests Act does not apply, though communities may opt to collaborate with the GFC to certify sustainable practices; any timber or forest products harvested within reservations for external sale, however, must comply with GFC guidelines on removal, marketing and export (Oyedotun, Hamer, and Moonsammy, 2022).

### Key objectives and targets from forest policy and action plans

The legal framework, codified in the Forests Act (2009), Forest Regulations (2012), and related instruments, defines the governance architecture that underpins the national policy objectives and sets the legal requirements for harvesting, certification, export compliance, and tenure rights (GFC, 2022; Forest Products Development and Marketing Council (FPDMC), 2023; ATIBT, 2025).

The **National Forest Plan (2018)** outlines four overarching goals: increasing benefits from forest-based industries and services, protecting forest ecosystems and biodiversity, strengthening legal and institutional frameworks, and building human capacity across the sector (GoG, 2018). These are operationalised through instruments such as concession agreements, codes of practice, and environmental safeguards.

The **Low Carbon Development Strategy 2030 (LCDS 2030)** further elaborates on sectoral priorities, including explicit targets for maintaining high forest cover, avoiding deforestation, and monetising ecosystem services. Forest cover is to be kept above

85 per cent, while REDD+ implementation is scaled via carbon market mechanisms like ART-TREES. The strategy calls for increased support to Indigenous Peoples and Local Communities (IPLCs), development of biodiversity corridors, and formal expansion of the protected areas system with the goal to initially expand protected areas up to 17 per cent until reaching 30 per cent in 2030 (GoG, 2022).

In its **2023 Revised NDC** (draft), Guyana sets out the following unconditional forestry commitments: to continue and enhance sustainable forest management practices; ensure full compliance with existing Codes of Practice; maintain a low rate of illegal logging—with 50 percent of GFC staff dedicated to field monitoring across 34 stations; advance full implementation of the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan (EU-FLEGT) Voluntary Partnership Agreement; roll out national forest-certification programs; promote local value-added wood products to increase long-life carbon storage; bolster support for Indigenous stewardship; pursue the Leaders Pledge for Nature by raising the share of conserved forest area; and sustain its comprehensive REDD+ MRV system (MRVS). Subject to adequate international finance, the conditional targets include generating up to 31.7 Mt CO<sub>2</sub>e per year in internationally transferred mitigation outcomes; scaling up Reduced Impact Logging; securing resources to operationalise FLEGT fully; supporting the Programme for the Endorsement of Forest Certification (PEFC); implementing biodiversity-protection and expanded protected-area programs; accelerating reforestation and reclamation of mined-out sites; and improving mineral-mapping to prevent unnecessary forest clearance (GoG, 2023).

Guyana's **National Biodiversity Strategy and Action Plan (NBSAP) 2012–2020** sets out several forestry-sector related targets, these include: legal protection, effective management and financial sustainability for 17 percent of terrestrial forests by 2020; reduction and reversal of biodiversity loss by 2020; establishment of a fully resourced Protected Areas Trust Fund by 2020; restoration and management of at least three mined-out sites by 2015; operationalization of a REDD+ framework by 2020; development and functioning of a National REDD+ Conflict Resolution Strategy by 2016; and full verification of all timber exports to the EU under a FLEGT licensing scheme by 2020 (GoG, 2015). According to Guyana's First Biennial Update Report, the REDD+ MRVS is now operational, and the

Protected Areas Trust Fund has been established and is functioning; however, the 17 per cent protected-area coverage remains unmet (only 8.4 per cent achieved), and no FLEGT licenses have yet been issued (GoG, 2024).

#### Guyana's First Biennial Update Report (BUR)

explicitly identifies three core constraints in the forestry sector—namely, the absence of integrated, sector-wide databases and robust national statistics, limited domestic financial resources to support

more ambitious forestry mitigation actions, and an enduring reliance on donor funding—and calls for the establishment of centralized forestry data systems drawing on enhanced energy, customs, forestry and agricultural information, the mobilization of additional national financing (including via PPP and targeted budget allocations) to underpin expanded forestry projects, and the development of incentive mechanisms and strengthened REDD+ MRV protocols to broaden private-sector engagement and reduce dependence on external grants.

Table 3. Main forest sector target status, gaps and challenges

Target Area	National Target	Current Status	Gap / Challenge	Notes
<b>Forest Cover</b>	Maintain >85% forest cover	~85% forest cover maintained; deforestation rate at 0.036%	Target sustained, but long-term pressure from mining and infrastructure persists	Maintained through LCDS and MRVS oversight; linked to HFLD status
<b>Protected Areas Coverage</b>	Expand initially to 17% (2020) and progressively to 30% by 2030	Approx. 8.4% of land under formal protection	Gap of ~8.6% to meet target of 17% and 21.6% for 30% target for 2030, expansion and enforcement needed	Expansion tied to biodiversity corridors, REDD+, and the LCDS 2030 targets
<b>Carbon Market Readiness</b>	Operationalize ART-TREES; issue sovereign credits; enable equitable benefit-sharing	ART-TREES agreement signed; credits issued; scale-up and benefit-sharing evolving	Carbon finance structure in place, but equitable access and local benefits remain uncertain due to ongoing disputes with local communities over self-determination of land.	Crediting process active under ART-TREES; access gaps and equity concerns flagged
<b>Sustainable Timber Production</b>	Up to 1.1 million m <sup>3</sup> /year sustainably harvested	~0.48 million m <sup>3</sup> harvested in 2022	Substantial gap; low capacity and outdated tech hinder scaling	GFC data confirms underperformance; National Plan calls for machinery upgrades
<b>Wood Industry Development, shift to value-added products</b>	Strengthen domestic processing, reduce raw log exports	Processing remains limited; sawmilling dominates. In 2022, exports of plywood and other finished wood products together accounted for approximately 1% of Guyana's total wood-product export value	Low investment and outdated processing tech; incentives not fully deployed	FLEGT country profile cites infrastructure and finance gaps; limited transformation
<b>Forest Monitoring and Legality Assurance for sustainable timber trade</b>	Implement Guyana Timber Legality Assurance System (GTLAS) to achieve issuance of FLEGT licenses	GTLAS under development	PEFC acceptance which will guide GTLAS development	Log tracking active; GTLAS finalization needed for full legality assurance

Source: Own elaboration from various sources.

In an **international perspective**, in September 2024, the **Global Biodiversity Alliance** was established—led and funded by Guyana—which unites megadiverse nations, international bodies, the private sector, and local communities in safeguarding and restoring biodiversity worldwide. Building on commitments from COP 16 and the G20, the Alliance aims to protect at least 30 % of terrestrial and marine ecosystems by 2030 (30x30 goal), restore critical habitats, and promote nature-based solutions in development. It prioritises capacity-building, inclusive community engagement (especially indigenous knowledge), and the creation of innovative financing tools—such as green bonds, biodiversity credits, debt-for-nature swaps and a taxonomy of sustainable activities—to ensure sustainable funding. Progress will be tracked through a “Gross Biodiversity Power” index and a “Global Biodiversity Product” metric. The **inaugural Global Biodiversity Alliance Summit** is scheduled for July 22–23, 2025, in Georgetown, Guyana, and will convene world leaders, biodiversity experts, and community representatives to formalise the Alliance’s governance, launch its key financial mechanisms, and set a five-year action plan for achieving the 30x30 conservation target.

### Progress and gaps in the forestry sector

The table below assesses the gap for national targets for several forest sector indicators, including forest cover, protected areas coverage, sustainable timber production, among others.

Guyana has **maintained over 85 per cent forest cover**, with a deforestation rate of just 0.036 per cent in 2022, corresponding to 6,470 hectares. Of this, 82 per cent is associated with mining and mining infrastructure, 14 per cent with agriculture, and 3.5 per cent with road infrastructure. The primary sources of degradation include forest management-related losses (including selective harvesting of timber, logging damage and illegal harvesting) and forest degradation surrounding mining sites and road infrastructure. Nevertheless, deforestation rates remain one of the lowest worldwide, consistent with its HFLD (High Forest, Low Deforestation) status (GoG, 2024). This achievement aligns with the country’s policy targets outlined in the LCDS 2030 and the National Forest Plan.

**Protected areas**, initially targeted to expand to at least 17 per cent of the national territory and up to 30 per cent by 2030, currently cover approximately 8.4 per cent, leaving a significant gap in achieving biodiversity-related objectives (GoG, 2023).

**Carbon finance mechanisms**, including the issuance of sovereign credits under ART-TREES, have commenced (GoG, 2023); however, questions remain regarding the long-term financial sustainability and equitable distribution of revenues to communities. According to the Amerindian Peoples Association et al. (2024), Guyana’s TREES benefit-sharing mechanism employs a retroactive “opt-in” arrangement—automatically incorporating all enrolled indigenous lands into carbon accounting and credit sales while only allocating revenues to those villages that subsequently choose to participate—which does not fully secure FPIC and may limit equitable revenue distribution. Technically, because the Forests Act classifies indigenous reserves as private lands outside the statutory definition of State Forest, there is currently no explicit legal basis (such as land-use reclassification or formal community agreements) for issuing emission reduction rights or carbon credits from these territories. This situation raises questions about alignment with both domestic forestry legislation and international norms on indigenous land rights, indicating a need for clarified legal instruments and strengthened FPIC processes to ensure legitimacy and fair engagement Amerindian Peoples Association, Forest Peoples Programme, and Rainforest Foundation US, 2024).

Sustainable **timber production remains well below target**. While the national objective is to sustainably harvest up to 1,1 million m<sup>3</sup> annually (Guyana Office for Investment, Office of the President, n.d), actual production in 2022 stood at only 480,000 m<sup>3</sup> (GFC, 2022). This shortfall is attributed to outdated processing technology, limited capital investment, and gaps in technical capacity (FLEGT IMM, 2022). Meanwhile, efforts to shift **exports away from raw roundwood and non-value-added exports** remain slow, with plywood and other value-added wood products comprising around 3.6 per cent of total wood product exports (expressed in m<sup>3</sup>) and around 1 per cent of total earnings (GoG, 2022).

Negotiations for **Guyana’s Forest Law Enforcement, Governance, and Trade (FLEGT) Voluntary**

**Partnership Agreement (VPA)** with the European Union began in December 2012 and culminated in the agreement's initialing in November 2018, followed by EU Council approval in October 2022, formal signature in December 2022 and ratification by Guyana's National Assembly in April 2023. Implementation proceeds via a phased deployment of the Guyana Timber Legality Assurance System (GTLAS), which integrates electronic chain-of-custody tracking, risk-based supply-chain controls and compliance-verification mechanisms in strict accordance with the Forest Act and its subsidiary regulations; development of the necessary IT infrastructure and operational protocols is ongoing.

In June 2024, Guyana became the 49th country to secure PEFC endorsement for its national forest certification system, which now allows forest owners to pursue voluntary, market-driven certification. This system combines sustainable forest management certification, ensuring forests meet stringent environmental, social, and economic standards, with chain of custody certification, which independently audits every step of the supply chain to guarantee only sustainably sourced products reach the market. (Programme for the Endorsement of Forest Certification, 2024).

# Assessment of current levels of finance and investment\*

\* While this report provides detailed information on existing financial flows (e.g., GRIF, ART-TREES, FRF), there are no quantified estimates of the total financing needed to meet national targets related to restoration, protected areas, community development, or industrial transformation of the forest sector. This gap limits the ability to assess whether current investments are sufficient to achieve the strategic objectives outlined in the LCDS 2030, the revised NDC, and the NBSAP.

## 3.1 Sustainable Forest Management

Sustainable Forest Management (SFM) in Guyana is funded by three main streams: domestic revenues, dedicated sector funds and international climate finance.

### Key finance instruments

- **Domestic Revenue:** Operational funding for the GFC derives from logging permits, concession fees and export licenses, which fluctuate with global timber markets (GFC, 2022).
- **NWFP Subsector Financing:** In 2022, 72 Community Forestry Organisations managed 126 agreements over 1,353,923 acres (≈ 548,147 ha) and employed 6.130 people; their combined NTFP exports fetched only USD 294.225, reflecting the absence of dedicated credit lines or grant programs for value-chain development (GoG, 2022)
- **Forestry Revolving Fund (FRF) Facility:** To support private-sector investment, the Forestry Revolving Fund (FRF) Facility offers concessional loans for logging, sawmilling, equipment acquisition and value-added processing. However, as of August 2024, only 54 operators had accessed the FRF (GoG and Demerara Bank, 2023).
- **International Climate Finance (GRIF & REDD+):** As of December 2024, the Guyana REDD+ Investment Fund (GRIF) had channelled USD 7,467,412 into capacity-building for SFM (Institutional Strengthening project, implemented via the IDB for the GFC). The GFC's MRVS received USD 19.387.073 in GRIF-NORAD grants.
- **Donor grant and technical assistance:** GFC and the World Wildlife Fund (WWF) signed in

2024 GYD 118 million (≈USD 560,600) for the project "Promoting Economically Viable and Sustainable Forestry Livelihoods in Regions 2 and 10" under the "Sustainable Forest Livelihoods for Communities in Guyana and Suriname" programme" (WWF, 2024).

The forestry sector's total 2023 **emissions from degradation** amounted to 4,047,469 tCO<sub>2</sub>e, of which only 11,752 tCO<sub>2</sub>e (0.29 per cent) derived from illegal logging (GFC, 2024).<sup>2</sup> Monitoring is implemented through a network of 36 field stations and third-party audits that feed monthly data into the MRVS framework, yet the illegal-logging emissions belie ongoing challenges in enforcement capacity and rapid response funding.

Guyana's **EU-FLEGT Voluntary Partnership Agreement** was ratified in April 2023, with full digital wood tracking system rolling out in 2024 (GFC and European Union, 2023). While this framework promises improved traceability and access to premium markets, its success hinges on sustained investment in independent audits, chain-of-custody systems, and operator training to ensure genuine compliance rather than token certification. In addition, in June 2024, Guyana achieved PEFC endorsement of its national forest certification system, enabling forest owners to obtain PEFC certification (PEFC, 2024).

Although duty-and-VAT exemptions exist for processing machinery, downstream wood products still account for a small part of exports (Guyana Office for Investment, Office of the President, n.d), underscoring the need for targeted financing—soft loans, credit

<sup>2</sup> In Guyana's context, forest areas under SFM that adhere to the forest code of practice are not considered deforested if they regain the elected crown cover threshold.

guarantees, technical assistance—to modernise sawmills, kiln-drying facilities, and community carpentry workshops.

Despite hydrocarbon royalties totaling USD 1.57 billion USD (around 95 percent of government revenue totaling 1.66 billion USD) in FY 2022 (BDO Professional Services Inc. (2024), no formal mechanism channels a share into sustainable forest management; establishing a forest-trust fund financed by a fixed percentage of these royalties would secure predictable, long-term financing for conservation, restoration, and enforcement.

In addition, Guyana's Green Economy Modelling Study (GEMS) assessed the economic, social, and environmental impacts of selected green policies using system dynamics modelling to compare Business-as-Usual (BAU) and Green Economy (GE) investment scenarios across four priority sectors, with projections through 2040. In the forestry sector, the model simulated the implementation of Reduced Impact Logging (RIL) on 40 per cent of forest concessions, with the high-ambition scenario adding a 30 per cent value premium from certified sustainable production. These interventions require total investments of GYD 104.9 billion ( $\approx$  USD 485 million<sup>3</sup>) between 2018 and 2040, including GYD 13.05 billion ( $\approx$  USD 60.3 million) for RIL adoption and GYD 91.9 billion ( $\approx$  USD 425 million) in maintenance costs. While RIL practices reduce productivity and labour intensity—resulting in a cumulative reduction of GYD 41.5 billion ( $\approx$  USD 192 million) in forestry GDP—they yield important environmental benefits such as enhanced carbon storage and reduced emissions from logging activities. The results highlight the trade-offs between short-term economic performance and long-term ecological gains when transitioning to sustainable forest management (GoG, 2019).

There is a stated goal to reach 1.1 million m<sup>3</sup>/year sustainably harvested, up from  $\sim$ 0.48 million m<sup>3</sup> harvested in 2022. As there is a need to step away from used equipment, which is inefficient and wasteful, an operation harvesting 15,000 m<sup>3</sup>/year would require approximately USD 3 million in new equipment (Gobin, 2025). Using this measurement of investment, along with the gap of 0.62 m<sup>3</sup>/year stated earlier, the total investment needed is approximately USD 124 million.

### 3.2 Forest-Based Industries

Forest-based industries in Guyana remain a critical yet underdeveloped segment of the economy, with limited investment into processing and downstream value chains. The sector grew by **13.4 per cent in 2022**, primarily driven by log and sawn wood production (GFC, 2022). However, this growth is based on **low-value, high-volume exports**, with approximately **90 per cent of timber exports** still composed of primary processed wood products, such as roundwood, split wood, and sawn wood. The LCDS 2030 and Forest Plan both prioritise a shift toward value-added processing; however, this transformation has been slow to materialise due to investment constraints.

In 2025–2026, the UK PACT-supported Guyana Forest Value Creation Hubs pilot will connect small timber and NTFP producers with reliable domestic offtake, group certification (FSC/PEFC) and high-end export markets, while providing design innovation and training support to artisans. Although the initiative addresses key infrastructure, institutional and market barriers, its pilot scope and reliance on a single three-year UK PACT Amazon Regional Fund allocation mean that broader, permanent financing instruments are still needed to scale NWFP value-chain development (Pilot Projects, 2025).

Guyana's forest sector faces significant structural constraints—including unreliable and costly electricity with frequent outages, the absence of a deepwater port, low road-paving rates, high telecommunications fees and an underdeveloped transport network—all of which hinder large-scale, high-value wood-product manufacturing and contribute to its absence from the World Economic Forum's Global Competitiveness Index since 2017, a slide in the World Bank's Ease of Doing Business ranking from 126th in 2017 to 134th in 2019, and a low 9.2 score on the Global Liner Shipping Connectivity Index. Consequently, the industry remains dominated by primary activities, such as log extraction, green lumber processing, and limited plywood production (EU FLEGT Independent Market Monitoring, 2021). Forest-based small and medium enterprises (SMEs) face high entry costs and lack tailored credit facilities (Del Gatto et al., 2018).

<sup>3</sup> Calculated with the 2024 average exchange rate of 216.2 GYD/USD.

## Key financing instruments

- **Forestry Revolving Fund Facility (FRF).** As of August 2024, only 54 operators had accessed the FRF (GoG and Demerara Bank, 2023).
- **Other financial instruments.** There are other instruments, such as the Small Business Bureau Credit Guarantee Facility, the Institute of Private Enterprise Development (IPED)'s Logging Loan, and the Guyana Bank for Trade and Industry Limited (GBTI)'s Grow SME Fund. Still, they are underutilised by forestry operators (Dubelaar, 2025).
- **Guyana Forest Value Creation Hubs pilot** supporting small-scale producers.

Some efforts have been made to incentivise forest-based industrial upgrading. The LCDS 2030 outlines potential fiscal incentives for domestic processing and reduced exports of raw logs. However, reforms to taxation, export levies, and procurement policy have not yet been fully implemented. Training and labour productivity are additional constraints, as rural communities often lack the specialised skills necessary for industrial-scale processing and quality control (GoG, 2022).

For the Wood Industry to shift to value-added products and double the country's value added, the estimated need for financing is approximately USD 6 million, with a total capital investment of USD 3-4 million, and approximately 40% allocated to raw materials and finished products (Khan, 2025).

### 3.3 Forest Protection

The primary public investment in protection activities—such as field inspections, legality enforcement, and remote monitoring—comes through the GFC, but budget constraints limit its capacity.

#### Key finance instruments:

- **Forest concessions/ Export Licenses:** Operational fieldwork is mostly financed through fees collected from forest concessions and export licenses, which fluctuate with market conditions (GFC, 2022)
- **International climate finance** has supplemented domestic revenues. Under LCDS Phase I, Norway's performance payments disbursed USD

212.6 million, with USD 113.72 million channelled via GRIF into MRVS and enabling activities (GoG, 2024).

- **International carbon market:** The recent development of the ART-TREES jurisdictional carbon market, into REDD+ readiness and implementation (GoG, 2020; GoG, 2024). These funds are intended in part to support law enforcement, community patrols, and fire management, though clear allocation to protection-specific outcomes is not fully documented.

Before its 2021 restructuring, the GFC exhibited critical operational deficiencies characterized by: (i) a near-collapse of administrative functions, which necessitated a government bailout of GYD 350 million ( $\approx$  USD 1,663,149<sup>4</sup>) to sustain core activities and payroll; (ii) constrained revenue streams, with average monthly collections of only GYD 70 million ( $\approx$  USD 332,630), insufficient to underwrite routine field inspections and infrastructure maintenance; and (iii) inadequate interior surveillance capacity, remedied in 2021 through procurement of four-wheel-drive field vehicles—each fitted with GPS navigation, VHF communication systems, and dedicated payload compartments—thereby extending patrol coverage, mitigating unsupervised zones, and enhancing on-site inspection throughput. By 2024, total revenue had risen to GYD 1,440.5 million ( $\approx$  USD 6.7 million), with average monthly collections of GYD 122.9 million ( $\approx$  USD 568,167<sup>5</sup>), reflecting an improved revenue base (Kaieteur News, 2022). It is unknown if these revenues are enough to conduct efficient forest protection activities today, as forest protection faces increasing pressures due to expanding pressures from mining, road construction, and agriculture, as mentioned in the Forest Reference Level 2023- 2023, which states that the intensification of pressure on Guyana's forests by mining activities and the construction of access roads as well as the expansion of agricultural land use, result in habitat fragmentation and complicates the implementation of Remote Monitoring, Reporting, and Verification (MRV) systems based on satellite imagery, thereby increasing the operational complexity of surveillance efforts and underscoring the need to reestablish ecological corridors (GoG, 2024)

4 At a 2021 average rate of 210.6 GYD/USD

5 At a 2024 average rate of 216.2 GYD/USD

At the same time, policy documents like the LCDS 2030 call for the expansion of conservation corridors and high-integrity forests; however, the required capital investment for proactive enforcement, patrols, and legal compliance systems has yet to be mobilised at the necessary scale. To bridge this gap, Guyana will require not only carbon finance but also budgetary alignment and integrated environmental enforcement strategies across sectors (GoG, 2022; GoG, 2023).

### 3.4 Management of Protected Areas

Protected areas in Guyana are managed primarily by the **Protected Areas Commission (PAC)**, which falls under the purview of the Office of the President. PAC oversees three core reserves: Kaieteur National Park (≈62,700 ha), Kanuku Mountains Protected Area (611,000 ha), Shell Beach Protected Area (123,000 ha) and Urban Parks. Iwokrama is governed under the Iwokrama Act and an International Board of Directors—the Kanashen Amerindian Protected Area (625,000 ha) (KAPA) is managed by the Kanashen Village Council authority. Nevertheless, the PAC provides technical support to both Iwokrama and KAPA (PAC, 2025). Revenues for the management of the PAC primarily come from Subsidies and Contributions from the Central Government. After reporting an overall budget deficit in 2024, USD 13 million in Capital Grants from the Central Government have been transferred to the PAC (as shown in the 2025 budget projection).

#### Key finance instruments:

- Protected Areas Trust (PAT).** The PAT was endowed with USD 8.5 million and closed 2024 with a fund value of USD 10.3 million. PAT disburses on average two grants annually to support management, patrols and community engagement, though the amount allocated to grants compared to the amount finally disbursed for approved projects was constantly higher (Protected Areas Trust, 2022). While it provides partial support to the PAC's operations, the fund has not yet achieved the scale or consistency needed to sustainably finance long-term protected area management. Additionally, many conservation targets laid out in the LCDS 2030—including expanding protected coverage to 17 percent initially and up to 30 percent until 2030 of national territory—have not been met.
- International Carbon market.** the emergence of carbon finance under ART-TREES has introduced a new funding source. Revenue from the sale of jurisdictional carbon credits has been earmarked for ecosystem protection and biodiversity management, including within protected areas. Some of these funds are expected to support community co-management agreements, monitoring systems, and the establishment of new conservation corridors (WBCSD, 2023). However, the current allocation mechanisms do not clearly specify how much funding will be directed to protected area operations versus other REDD+ priorities.

As protected areas become central to Guyana's climate and biodiversity strategy, a more stable and diversified funding model will be needed. Options include securing long-term donor commitments, and linking conservation finance with tourism and payment for ecosystem services. Without these measures, the Protected Areas Commission will remain dependent on intermittent support, constraining its ability to meet ecological and community engagement goals.

### 3.5 Inclusiveness, Gender and Tenure

As of December 2024, the Amerindian Land Titling Project had completed 13 demarcations and issued 21 Absolute Grants, below targets of 68 and 45, leaving many Indigenous communities without full tenure security or transparent carbon-revenue benefits (Department of Public Information, 2024). Under ART-TREES, 15 percent of carbon-credit revenues are earmarked for local communities, but private firms are excluded, and villages cite opaque benefit-sharing mechanisms (Mission Report, 2025)

Among 72 registered CFOs in 2022, only six were women-led, and 78 women were employed in forest activities, 50 in charcoal collection, yet no gender-responsive financing lines exist (GFC, 2022; VPA Secretariat, 2022). CFOs manage 548,147 hectares and employ 6,130 people, but lack access to formal credit or concessional loans. The NBSAP calls for "favorable financial mechanisms" for Indigenous and SME forestry initiatives, but no concrete instruments have been implemented (GoG, 2020).

### 3.6 Finance flow overview

Tables 4, 5 and 6 depict the government budget allocations for the GFC and PAC, as well as the flow of external funds for the period 2022-2025 (2025 is estimated), compiled from various sources, including national budgets. Table 4 shows that the majority of GFC revenue comes from operations (fees, fines, rents, and royalties), and that the majority of expenditures are employment and recurrent expenditures, with little capital expenditure.

For the Protected Areas Commission (PAC), the majority of expenditures are employment and recurrent expenditures, with small capital expenditures for the period 2022-2024. However, it is expected that in 2025, there will be capital grants from the central government (USD 12.95 million), that will increase the capital expenditures by almost the same amount. With the desired increase in protected areas from 8.5 per cent to 30 per cent (3.5 times), and assuming a linear increase in budget, the total financing needs would be around USD 23.4 million, with an estimated gap of USD 16.8 million.

Table 6 shows budget allocations for external and programme-specific flows from REDD+ GRIF, the PAT, the Forestry Revolving Fund (FRF) Facility for concessional loans, and the ART-TREES carbon revenues. For REDD+ GRIF, there is an increase in funding transfer for projects and fees from the period 2022-2023 to the period 2024-2025. Section 4.1 provides more details on these instruments.

These annual budgetary needs, with the estimated gap for PAC of USD 16.8 million, along with the estimated USD 124 million for sustainable forest management, and USD 6 million for the wood industry to double its value-added production, put the overall financing gap at USD 146.8 million. Although it is clear that significant additional finance is needed to meet national forest-related objectives, current data limitations preclude a more reliable estimate of the total financing gap. This issue could be addressed more robustly in a subsequent appraisal phase.

**Table 4. Budget Revenues and Expenses 2022-2025 of the Guyana Forestry Commission (GFC) (USD)**

<b>A. Domestic Public Finance- GFC</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025e</b>
<b>Total Revenue</b>	<b>6,677,646</b>	<b>6,625,265</b>	<b>6,702,494</b>	<b>6,818,723</b>
Recurrent Revenue	6,677,646	6,452,285	6,702,494	6,818,723
Subsidies and Contributions from Central Government	0	0	0	0
Contribution	0	0	0	0
Revenue from Operations (fees, fines, rents, royalties)	6,578,798	6,358,275	6,604,783	6,710,860
Other Recurrent Revenue	98,848	94,010	97,711	107,863
Capital Revenue (Capital Grants from Central Government)	0	172,979	0	0
External Grants	0	0	0	0
<b>Total Expenditure</b>	<b>6,504,190</b>	<b>6,384,855</b>	<b>6,524,018</b>	<b>6,626,281</b>
Recurrent Expenditure	6,359,535	6,141,359	6,319,291	6,464,394
Employment Cost	4,122,667	4,135,199	4,139,210	4,243,908
Other Recurrent Charges	2,236,868	2,006,161	2,180,081	2,220,486
Capital Expenditure	144,655	243,495	204,727	161,887
<b>Surplus (Deficit)</b>	<b>173,456</b>	<b>240,410</b>	<b>178,476</b>	<b>192,442</b>

Source: Compiled from various sources. e = estimated.

Table 5. Budget Revenues and Expenses 2022-2025 of the Protected Areas Commission (PAC) (USD)

A. Domestic Public Finance- PAC	2022	2023	2024	2025e
<b>Total Revenue</b>	<b>2,013,337</b>	<b>2,187,071</b>	<b>2,505,663</b>	<b>15,268,848</b>
Recurrent Revenue	1,844,573	2,030,443	2,040,373	2,317,877
Subsidies and Contributions from Central Government	1,702,107	1,765,627	1,802,950	2,039,778
Revenue from Operations (sales of goods and services)	0	183,696	142,835	0
Other Recurrent Revenue	0	81,119	94,589	0
Capital Revenue ( <i>Capital Grants from Central Government</i> )	168,764	156,628	465,289	12,950,971
External Grants	0	0	0	0
<b>Total Expenditure</b>	<b>1,992,401</b>	<b>2,038,284</b>	<b>2,507,054</b>	<b>15,268,848</b>
Recurrent Expenditure	1,823,637	1,881,656	2,041,764	2,317,877
Employment Cost	1,114,461	1,319,156	1,425,744	1,530,689
Other Recurrent Charges	709,176	562,499	616,020	19,288,575
Capital Expenditure	168,764	156,628	465,289	12,950,971
<b>Surplus (Deficit)</b>	<b>20,936</b>	<b>148,787</b>	<b>(1,391)</b>	<b>0</b>

Source: Compiled from various sources. e = estimated.

Table 6. Budget and Expenses of External Funds (million USD)

B. External & Programme-Specific Flows	2022	2023	2024	2025e
<b>REDD+ GRIF (overall amounts)</b>				
Total contributions from donors to GRIF	186.76	184.53	113.72 <sup>a</sup>	113.72 <sup>b</sup>
Investment income earned	5.82	8.59	11.67	12.22
Funding transferred for projects and fees	70.68	70.68	117.76	117.81
Funds available	48.86	51.62	5.14	5.63
<b>Protected Areas Trust (PAT)</b>				
Trust Fund total value <sup>c</sup>	8.99	9.9	10.3	-
Trust Fund Return	(-1.61)	1.14	0.621	-
Value of signed Grand Agreements	0.125	0.210	0.144	-
Disbursed funds	0.073	0.182	0.074	-
<b>Forestry Revolving Fund (FRF) Facility</b>				
Value at launch	-	4,23	-	-
Number of credits disbursed	-	-	54 <sup>d</sup>	-
<b>ART-TREES carbon revenues</b>	<b>75</b>		<b>237.5<sup>e</sup></b>	<b>512.5</b>

Source: Compiled from various sources. e = estimated.

Note:

- Norway has cancelled the unpaid contribution amounting to USD eq 70.81 million in January 2024, bringing down its contribution amount to USD eq. 113.72.
- Values extracted from the World Bank Trustee Report March 2025.
- Values as of December 31 of each year.
- Reported in August 2024 at: <https://nif.ufi.mybluehost.me/54-benefitted-so-far-from-900m-forestry-revolving-fund/>. There is no information of how many of these credits have been disbursed in 2023 and what was the amount.
- According to latest LCDS update (October 2024), available at <https://lcds.gov.gy/guyanas-low-carbon-development-strategy-lcdis-2030-october-2024-update/>

# Assessment of Forest Finance solutions and instruments

## 4.1 Assessment of the finance/ investment solution and instruments applied in Guyana

Since 2009, Guyana's Low Carbon Development Strategy (LCDS) has underpinned its forest finance architecture, combining public budgets, concessional loans, carbon finance schemes, and trust funds. Key instruments now in operation include:

1. Forest Finance Revolving Fund Facility (FRF)
2. Guyana REDD+ Investment Fund (GRIF)
3. ART-TREES
4. Protected Areas Trust (PAT)
5. Forest Concession System (TSAs, SFPs, WCL)

### Forest Finance Revolving Fund Facility (FRF)

The Forestry Revolving Fund (FRF) in Guyana was officially launched on 21 March 2023 as a PPP between the GoG and Demerara Bank Limited, designed to strengthen the forest value chain and improve access to affordable credit for small and medium-scale loggers and sawmillers.

- a) **Segments Addressed.** The FRF extends concessional loans to four cohorts of forest-sector actors: individual entrepreneurs ( $\leq 10$  employees; revenues  $\leq$  GYD 30 M  $\approx$  USD 143 K; assets  $\leq$  GYD 20 M  $\approx$  USD 95 K) in logging, sawmilling or downstream wood-product manufacturing; small operators and community logging organizations (including Amerindian village councils and cooperatives); mid-size and large businesses ( $> 10$  employees; revenues  $>$  GYD 30 M  $\approx$  USD 143 K or assets  $>$  GYD 20 M  $\approx$  USD

95 K), such as concession holders, kiln operators and exporters; and registered companies ( $\geq 75$  percent Guyanese-owned) across the value chain (FPDMC, 2023).

- b) **Technical Description.** Administered by the FPDMC and delivered via Demerara Bank Limited, FRF "Loan Plans" finance start-ups, equipment acquisition, value-addition and expansion. A seven-member Loan Committee, chaired by the Ministry of Finance, oversees eligibility, technical appraisal against Guyana's Sustainable Forest Management Standards and collateral audits. Loans accrue interest at a fixed 4 per cent p.a. (daily on reducing balance), require borrower equity of 15–22 per cent, waive processing and prepayment fees, and cap collateral at 60 per cent of loan value (FPDMC, 2023; GoG, 2022).
- c) **Financial Description.** Seed capital totalling GYD 900 M  $\approx$  USD 4.3 M (GYD 300 M from the State; GYD 600 M from Demerara Bank) was committed under a 29 December 2022 MOU. Loan ceilings are up to GYD 20 M  $\approx$  USD 95 K for individuals/small businesses, up to GYD 30 M  $\approx$  USD 143 K for mid-size firms, and amounts above GYD 30 M are subject to project evaluation. Tenors extend to 84 months with a 1–6-month principal moratorium; interest is serviced quarterly. Site-inspection and legal fees apply per scale; all other fees are waived to minimise borrower costs (FPDMC, 2023).
- d) **Impact and Effectiveness.** By 2024, 54 beneficiaries—including Parika Sawmills Ltd is now expanding its operations with a new complex that will produce finished doors, cupboards, and windows, in addition another sawmill in Parika is also establishing a factory for the production of roof shingles (Guyana Times, 2024).

e) **Alignment with Frameworks.** The FRF underpins Objective 1 of Guyana's Low Carbon Development Strategy 2030 ("Value Ecosystem Services") by incentivising downstream processing over raw log exports. It embeds FAO's Voluntary Guidelines on Responsible Governance of Tenure criteria and supports Aichi Biodiversity Targets through funding for reduced-impact logging and community stewardship. Additionally, by driving enterprise growth and job creation, it advances UN SDG 8 (Decent Work and Economic Growth), and by channelling carbon-payment revenues into sustainable forest investments, it contributes to SDG 13 (Climate Action) (GoG, 2022; FPDMC, 2023).

In the context of FRF, the EU Forest Governance and Value Chain programme (FGVC) supports strengthening of forest governance, promoting sustainable forest management, and improving forest value chains. One key project under this initiative is the development of a national sawmilling training program to improve output quality and worker safety, called the SME Accelerator. The program is aiming at improving investment readiness of SMEs by providing financial literacy and business management advisory support in combination with finance matchmaking and a catalytic grant financing window. The project target is to mobilise 200 SMEs which will receive cohort-based capacity building. A total of 75 SMEs will be selected for an intensive nine-month training focusing on core thematic areas of business development. Catalytic grant financing will be awarded to SMEs who have completed the acceleration programme. The Guyana-based Centre for Local Business Development (CLBD) is the main service provider of the SME accelerator.

### **Guyana REDD+ Investment Fund (GRIF)**

Guyana's LCDS has employed two REDD+ financing streams: Norway's bilateral, results-based payments, disbursed upon independent verification of avoided deforestation between 2009 and 2015, and the Guyana REDD+ Investment Fund (GRIF), a World Bank-administered trust currently under implementation. The former compensates only for verified emission reductions, while GRIF pools those payments and investment income to finance "enabler" activities, institutional capacity, community development and resilience infrastructure under the LCDS framework (GoG, 2024; World Bank Group, 2024).

- a) **Segments Addressed.** GRIF allocates funding to governance and safeguard implementation; phased development of a national Monitoring, Reporting and Verification (MRV) system per IPCC guidelines; Amerindian land titling and micro-enterprise grants; and climate-resilience infrastructure such as solar electrification, information and communications technology (ICT) connectivity and coastal adaptation (GRIF Secretariat, 2025).
- b) **Technical Description.** GRIF operates as a multi-donor trust under World Bank fiduciary rules, governed by a Steering Committee chaired by Guyana's government, with Norway as the principal contributor and civil society, the private sector, and development partners as observers. Disbursements are triggered upon completion of "enabler" milestones (e.g., MRV system design, safeguard assessments) and upon independently verified REDD+ results, as per the 2009 Joint Concept Note and subsequent Memorandum of Understanding. All activities require environmental and social impact assessments, as well as prior informed consultation with Indigenous communities (Government of Norway and GoG, 2009).
- c) **Financial Description.** Between 2009 and 2015, Norway disbursed USD 212.6 million in REDD+ results-based payments to Guyana (GoG, 2024). Concurrently, it committed NOK 1,500 million (≈ approximately USD 184.5 million) to GRIF; NOK 718.6 million remained unfulfilled, yielding net trust receipts of USD 113.72 million as of December 31, 2024. Unexpended balances generated USD 11.67 million in investment income, including USD 2.32 million in co-financing. To date, USD 120.25 million has been approved for grants and contracts (including USD 1.32 million in administrative fees), and USD 117.76 million disbursed, leaving a trust balance of USD 7.63 million (USD 5.14 million available) (World Bank Group, 2024).
- d) **Impact and Effectiveness.** REDD+ Results: The USD 212.6 million in payments (2009–2015) correspond to verified emission reductions that significantly curtailed deforestation rates (GoG, 2024). GRIF has financed 17 MRV and institutional projects, enhancing the precision of emissions monitoring. Community investments, totalling USD 17.03 million for ICT electrification and USD 14.79 million for solar home systems, have improved resilience and improved livelihoods in

remote Amerindian villages. With 96 per cent<sup>6</sup> of net receipts disbursed, GRIF demonstrates high financial absorption and operational efficiency (GRIF Secretariat, 2025).

- e) **Alignment with Frameworks.** GRIF activities support all four LCDS 2030 pillars—ecosystem services valuation, clean energy deployment, climate-biodiversity protection and global biodiversity targets—and comply with UNFCCC’s Enhanced Transparency Framework and CMA safeguard requirements. Phase II integration with ART-TREES voluntary carbon markets vices issuance of carbon credits, reinforcing fund sustainability (World Bank Group, 2024; GoG, 2024).
- f) **Inclusiveness.** GRIF allocates over USD 21 million through the Amerindian Development Fund and Land Titling window to secure Indigenous land rights and support community development under mandatory free, prior and informed consultation. A USD 5.13 million micro-enterprise facility and targeted training programs prioritize women and youth entrepreneurs. Annual independent audits, public reporting, governance observer roles for civil society and the private sector, including ensure transparency and accountability (GRIF Secretariat, 2025; World Bank Group, 2024).

## ART TREES

ART-TREES (Architecture for REDD+ Transactions) issues jurisdiction-wide carbon credits for avoided deforestation, enabling Guyana to monetise intact-forest conservation and channel private finance into LCDS priorities. Unlike bilateral REDD+ payments, ART-TREES generates “TREES Credits” tradeable on voluntary and compliance markets, with a legally binding benefit-sharing structure and UNFCCC-aligned safeguards (GoG, 2022; ART, 2024).

- a) **Segments Addressed.** ART-TREES covers: (i) Jurisdictional REDD+—crediting all nationally reported deforestation avoidance, (ii) High Forest, Low Deforestation (HFLD)—valuing maintenance of intact forest stocks, (iii) Benefit Sharing—15 percent of credit revenues to Village Sustainability Plans (VSPs); 85 percent to national LCDS programs (renewables, land titling, adaptation),

(iv) Market Integration—eligibility under CORSIA, Article 6.2 NDC accounting and voluntary corporate commitments (GoG, 2022).

- b) **Technical Description.** Jurisdictions submit a TREES Registration and Concept Document, undergo independent validation/verification by International Accreditation Forum (IAF)-accredited bodies, and receive serialised credits based on a reference level (five-year historic average plus an HFLD buffer). The standard mandates Cancun Social and Environmental Standards, environmental/social impact assessments and FPIC for IPLCs. Verification is periodic (years 1, 3, 5) within each five-year cycle (ART, 2024).
- c) **Financial Description.** In December 2022, ART-TREES issued 33.47 million credits for Guyana’s 2016–2020 performance. Hess Corporation is committed to purchase 37.5 million credits (2016–2030) for at least USD 750 million, with floor prices of USD 15/t (2016–2020), USD 20/t (2021–2025) and USD 25/t (2026–2030), plus 60 per cent upside sharing above each floor (Fact Sheet, 2022). These credits qualify for voluntary, NDC (Art 6.2) and CORSIA use (ART, 2022).
- d) **Impact and Effectiveness.** ART-TREES delivered the first jurisdictional forestry credits. It mobilised USD 750 million through an agreement with Hess Corporation for 37.5 million credits (NICFI, 2022) and includes a mandatory 25 per cent reversal buffer—held in reserve against wildfire, unreported deforestation or other losses—ensures environmental integrity (adjustable downward only if jurisdiction-specific risk assessments justify a lower level) ART Secretariat, 2024). Up to September 2024, a total of USD 237.5 million has been disbursed. The implementation of the benefit-sharing mechanism resulted in all 242 villages submitting their Village Sustainability Plans (VSPs). According to the 2024 update of the LCDS, around GYD 9.5 billion (US\$44) million has been transferred directly to 242 IPLCs for investment in their village plans. Currently, over 1,300 projects are being implemented by villages in accordance with their plans (ART Secretariat, 2024; Global Voices, 2024).
- e) **Alignment with Frameworks.** ART-TREES aligns with all four LCDS 2030 pillars—ecosystem valuation, clean energy, biodiversity protection and global targets—and adheres to the Paris Agreement’s Enhanced Transparency Framework and CMA safeguards. Its HFLD model extends

<sup>6</sup> Total cumulative resources in the fund = USD 125,93 million vs. Total funding decisions = USD 120,31 million (96%)

UNFCCC REDD+ guidance by rewarding forest stewardship, positioning Guyana as a jurisdictional carbon-market pioneer (GoG, 2022; ART Secretariat, 2024). Although the EU and its Directorate-General for Climate Action (DG CLIMA) strongly support jurisdiction-scale REDD+ programs, there is criticism from DG CLIMA on credits from ART-TREES as they are not considered as the most “high integrity” ones.

- f) **Inclusiveness.** The benefit-sharing design, 15 per cent of credit revenues to VSPs under FPIC, was endorsed by the National Toshias’ Council in July 2022. By 2024, all IPLC villages had elected local finance committees and begun receiving disbursements. However, independent feedback highlights uneven FPIC practices and calls for strengthened grievance mechanisms and capacity building to ensure informed consent and equitable access (GoG, 2022; Global Voices, 2024).

### Protected Area Trust (PAT)

The Protected Areas Trust (PAT) was established under the Protected Areas Act 2011 to secure perpetual financing for Guyana’s National Protected Areas System. Seeded with USD 8.5 million (USD 5 million from KfW; USD 3.5 million via Conservation International), PAT invests globally to target a 5 percent real annual return, thereby safeguarding the endowment’s capital base (Protected Areas Trust, 2022).

- a) **Segments Addressed.** PAT’s endowment covers four statutory protected areas: Kaieteur National Park, Shell Beach Protected Area, Kanuku Mountains Protected Area (these three under PAC management) and the Kanashen Amerindian Protected Area (under Kanashen Village Council authority). (PAT, 2022). The Protected Areas Commission and Kanashen Village Council continue to be the only recipients of PAT grants.
- b) **Technical Description.** Governance is defined by the Protected Areas Act 2011 (Part VIII §88; Part IX §101). An independent Board of Trustees oversees policy and risk limits informed by FAW-curve analytics, including a 60/30/10 target asset mix (equities/fixed income/alternatives) calibrated to sustain a 4.5 per cent withdrawal rate at ±10 per cent volatility (Protected Areas Trust, 2023). Daily operations are managed by a Secretariat under an Executive Director. UBS Financial Services (USA) executes the investment mandate to preserve real returns (Protected Areas Trust, 2022).

- c) **Financial Description.** End-of-year valuations were USD 8.99 million on 2022 (–14.97%), USD 9.90 on 2023 (+12.73%) and USD 10.3 on 2024 (+6.31%) (Protected Areas Trust, 2022; 2023; 2024). Withdrawals under the spending policy amounted to USD 343,916 in 2022, USD 200,000 in 2023 and USD 200,000 in 2024. Since 2017, PAT has committed GYD 150.8 million (≈ USD 720,000<sup>7</sup>) (Protected Areas Trust, 2022; 2023; 2024). At the end of 2024 three (3) grants were still active.
- d) **Impact and Effectiveness.** Grant execution rates exceed 80 per cent; in 2023, GYD 52.49 million (≈ USD 249,953) was allocated and GYD 44.33 million (≈ USD 210,619) expended. (Protected Areas Trust, 2023). Portfolio recovery post-2022 downturn confirms the efficacy of diversified asset allocation and dynamic rebalancing (Protected Areas Trust, 2022).
- e) **Alignment with Frameworks.** PAT operates under the Protected Areas Act 2011 and advances Guyana’s Low-Carbon Development Strategy 2030 goal of expanding protected cover from 17 per cent to 30 per cent by 2030, in accordance with Aichi Biodiversity Targets and the Leader’s Pledge for Nature. Financial statements comply with IFRS, undergo annual external audit (Protected Areas Trust, 2024).
- f) **Inclusiveness.** The Board includes a representative from the National Toshias’ Council, University of Guyana, Private Sector Commission, GoG and major donors, ensuring multi-stakeholder governance. The Kanashen Amerindian site, as the sole Indigenous-owned protected area, receives prioritized grants for local leadership and ranger salaries. Engagement with RedLAC and the Caribbean Biodiversity Fund further integrates regional conservation perspectives (Protected Areas Trust, 2022; 2023).

## 4.2 Concession System as an Enabling Fiscal Mechanism

Although primarily a regulatory framework, Guyana’s Forest Concession System functions as a critical **revenue-mobilization tool**. Its permit, acreage and stumpage fees, and the annual management charges embedded in every Forest Concession Agreement, directly finance the GFC’s monitoring, enforcement and sustainability programs. By converting harvest rights into predictable budget lines, the concession fee-regime

<sup>7</sup> Using an average multianual exchange rate of 209.61 GYD/USD (average of annual exchange rates from 2017 to 2024)

underpins all downstream forest-finance solutions (e.g. PAT, ART, GRIF) and helps ensure that private extraction activities contribute to the public funding of forest protection and community benefit-sharing (GoG, Ministry of Natural Resources, 2018).

## Forest Concession System

Guyana's Forest Concession System establishes how timber-harvesting rights are allocated, managed and monitored to safeguard tropical forest integrity and ensure full traceability (GFC, 2023).

- a) **Segments Addressed.** This mechanism applies to three categories of operators. Large-scale concessionaires controlling areas greater than 8,097 hectares hold Forest Concession Agreements valid for up to 40 years. Small-scale harvesters managing up to 8,097 hectares operate under State Forest Permissions or Community Forest Management Agreements of two to three years. Amerindian and private-land owners must also secure State Forest Authorizations to demonstrate "effective control" over their designated areas (GFC, 2023).
- b) **Technical Description.** Once a forest block is zoned available, applicants for large concessions submit a five-year Forest Management Plan and annual operational plans, along with an Environmental and Social Impact Assessment when triggered, while small concession applicants provide a two-year Area Work Plan based on satellite-derived yield estimates. The GFC sets an Annual Allowable Cut capped at 20 m<sup>3</sup> per hectare over a 60-year cycle and verifies compliance by pre-harvest spot-checking 2.5 per cent of inventory volumes. Every tagged tree is tracked through the National Log Tracking System, from stump to port, to enforce a chain of custody (GFC, 2023).
- c) **Financial Description.** In fiscal year 2022, forestry sector revenues totaled GYD 1,352.92 million (approximately USD 6.43 million) (Guyana Extractive Industries Transparency Initiative, 2024). Operators pay acreage fees ranging from USD 0.08 to USD 0.15 per acre depending on authorisation type, application fees between USD 50 and USD 20,000, and issuance fees of USD 100 to USD 1,500, as specified in the annual Schedule of Fees under Forest Regulations No. 2 of 2018 (GoG, Ministry of Natural Resources, 2018). Other administrative fees related to applications, inspections, and other services provided by GFC have been summarised in the table below.
- d) **Impact and Effectiveness.** By enforcing strict harvest quotas, conducting independent audits and maintaining real-time log tracking, the system has consistently kept annual harvests within regrowth capacity and significantly curtailed illegal logging, while matching administrative requirements to operator scale.
- e) **Alignment with Frameworks.** Implementing a Legality Assurance System enables Guyana to meet the EU-FLEGT legality benchmarks. The Guyana Standard for Sustainable Forest Management underpins PEFC certification, and concession zoning supports the LCDS 2030 targets of legally protecting 17 per cent of the national territory by 2025 and 30 per cent by 2030 (GFC, 2023).
- f) **Inclusiveness.** Community Forest Management Agreements empower Amerindian communities to manage up to 8,097 ha under culturally appropriate rules. Small-scale permissions lower entry barriers for small and medium-sized enterprises, foster rural employment and mandate community consultations with benefit-sharing provisions (GFC, 2023).

Table 7. List of fees on forestry concessions (USD/acre)

Category	Fee (USD/acre)
State Forest Authorization < 1,000 acres	0.00
State Forest Authorization 1,000 to 20,000 acres	0.08
Wood cutting lease	0.10
Small Concessions and Timber Sales Agreement <300,000 acres	0.12
Small Concessions and Timber Sales Agreement <300,000 acres	0.15
State Forest Exploratory Permit (application fee USD 2,000)	0.15

Source: BDO Professional Services Inc. (2024).

Table 8. Types of fees collected by the Guyana Forestry Commission (GFC)

Type	Description	Amount (USD)
Application Fees	State Forest Authorization / CFMA	50
	Timber Sales Agreement (TSA)	300
	Permission to construct and Use Timber and Cart – paths – Timber Path	50
	Permission to occupy any State Forest for the purpose of depositing or storing, etc. – Timber Depot	50
	Charcoal or firewood dealers’ license	2,525
	Timber dealers license: lumberyards and exporters	50
	Permission to erect a sawmill or to change the location of an existing sawmill	50
	Sawmill license	50
	Sawpit license	50
	State Forest Exploratory Permission license	20,000
Issuance Fees	For issue of a State Forest Authorization (SFA)	100
	For issue of a Timber Sales Agreement (TSA)	1,500
Licenses Fees	Permission to construct & use timber & cart paths in any State Forecast	75
	Permission to occupy a State Forest for the purpose of depositing or storing timber	75
	For license to carry on the business of purchasing charcoal or fuelwood for resale	50
	Permit to erect a new sawmill or to erect any extension or addition to existing sawmill	100
	For license to carry on the business of purchasing timber for scala	300

Source: BDO Professional Services Inc. (2024).

Table 9. Potential of scaling up existing Forest Finance Instruments used in Guyana (including regulatory instruments)

Criteria / Instrument	Challenges and Opportunities	Scalability Potential	Market Development Potential	Recommendations
FRF Facility	High collateral requirements have excluded many informal or small-scale operators. There is limited financial literacy among potential borrowers. The program could benefit from integrating business development services and technical forestry assistance to improve loan uptake and repayment.	The model has strong potential for expansion into non-timber forest products, such as sustainable harvesting of non-wood forest goods. Partnerships with additional financial institutions could increase geographic coverage.	Demonstrates that forestry sector lending can be commercially viable, paving the way for future issuance of green bonds backed by similar portfolios of sustainable forestry loans.	Adjust collateral requirements to a maximum of 10% of the loan value. Develop a mobile app to streamline loan applications and automate monitoring of loan performance. Coordinate with the SME accelerator (FGVC) to provide financial literacy and business management advisory support in combination with finance matchmaking.

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Table 9. Continued

Criteria / Instrument	Challenges and Opportunities	Scalability Potential	Market Development Potential	Recommendations
<b>GRIF</b>	Disbursement cycles were prolonged due to complex verification requirements, causing delays of six to twelve months. The mechanism could be improved by simplifying the verification templates and accelerating fund transfers.	While effective in jurisdictions with robust governance, setting up similar funds elsewhere would require initial capitalization and institutional capacity for transparent fund management.	By establishing a track record of verified emission reductions and secure fund flows, the GRIF has laid the groundwork for both voluntary and compliance carbon market development in Guyana.	Publish annual disbursement schedules to enhance transparency and allow communities to plan. Introduce direct electronic payments (e.g., mobile wallets) so funds reach community accounts within 30 days of approval.
<b>ART-TREES</b>	Phase III REDD+ mechanism under Article 6 of the Paris Agreement remains under negotiation or future carbon-credit frameworks beyond ART-TREES. One challenge is that the EU's DG CLIMA does not consider these credits as the most "high integrity" credits.	There is high scalability potential once digital registries and transparent governance structures are in place, offering a pathway to participation in Article 6 market mechanisms under the Paris Agreement.	It provides a reliable demand signal for carbon credits from forest conservation, encouraging private sector participation and the development of supporting services such as carbon brokering and registry maintenance.	Negotiate minimum price-floor clauses in Emission Reduction Purchase Agreements to reduce revenue volatility. Review revenue-benefit sharing mechanism to reduce community resistance.
<b>Protected Areas Trust</b>	Annual government budget fluctuations of up to ten percent can disrupt planning. At the moment only USD 8.5 million has been raised, with the ultimate goal being USD 65 million to be raised.	An endowment model is transferable to other countries but requires legislative amendments to allow for capital preservation and investment income generation.	By guaranteeing funding for conservation activities, the trust fund enhances the credibility of protected area management, potentially attracting impact investors focused on biodiversity conservation.	Seed a USD 50 million endowment fund to buffer $\pm 10\%$ annual through oil revenue. Establish a dedicated co-management grant window for Amerindian community groups under the Trust Board.
<b>Forest Concession System</b>	GFC needed to be backed up by the government in 2021 to pay salaries with 350 million GYD. Changes have been made to the system, increasing income from fees to become self-sufficient.	The framework can be scaled by incorporating performance-based fee structures across all concession types and expanding opportunities for community-managed concessions.	Stable royalty and fee income provides a predictable revenue stream for government and commission operations, forming a solid base for developing additional domestic forest finance instruments such as concession-backed securities.	Introduce a performance-linked fee adjustment mechanism, raising or lowering royalty rates based on annual compliance scores.

Source: Own elaboration.

### 4.3 Assessment of finance/investment solutions and instruments not applied in Guyana

Building on the analysis of existing instruments, this subsection examines six promising forest-finance solutions that have been discussed but not deployed in Guyana. While each instrument offers the potential to diversify funding sources, support biodiversity, or strengthen community engagement, their absence reflects a combination of legal, market, and organisational hurdles.

#### Gaps in the implementation of potential key Instruments:

- **Regulatory Gaps:** Many instruments, such as green bonds or biodiversity credits, require new legislation or amendments to existing laws to authorise use-of-proceeds tracking, credit issuance, or ecosystem service registries. (GoG, 2022)
- **Market Maturity:** Although Guyana’s credit standing is strong, local capital markets lack

ESG-branded products, and voluntary market demand for biodiversity and ecosystem services remains nascent.

- **Institutional Readiness:** Public bodies possess technical expertise in carbon MRV and revenue management; however, dedicated units or legal mandates for specialised instruments (e.g., debt swaps, Indigenous-led funds) have not been established.
- **Experience and Pilot Testing:** Initial discussions and feasibility studies (e.g., under LCDS 2030 and Emerging Finance reviews) surfaced concepts like blended finance and national forest funds but stalled due to limited seed capital, unclear responsibility, and no pilot frameworks.
- **Private-Sector Engagement:** There are no dedicated vehicles or frameworks to channel private-equity, institutional-debt, or impact-investment capital into forestry. In all Guyana-specific plans and reports, “private sector” appears only in service or promotional roles, never as an investor or guarantor, leaving a critical source of long-term financing untapped.

Table 10. Forest Finance instruments not applied in Guyana.

Instrument	Regulatory Constraints	Market Readiness	Institutional Capacity	Past Attempts & Lessons Learned	Prioritization <sup>1</sup>
Green and Sustainability Bonds	Public debt is mainly short-term treasury bills held domestically, lacks sovereign credit rating, limiting access to international bond markets. Idea of climate-aligned bonds is mentioned in <b>Green State Development Strategy</b> , only seen as a potential option—possibly through a multilateral like the IDB in short term	Strong sovereign credit rating (BBB-) favors issuance; no prior ESG bond issues, but pension funds and banks could anchor.	The Ministry of Finance can issue sovereign debt; Stock Exchange needs green bond listing rules; regulator to certify use-of-proceeds.	LCDS 2030 recommended green bonds for low-carbon projects, but no feasibility study or pilot issuance has occurred.	Medium

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Table 10. Continued

Instrument	Regulatory Constraints	Market Readiness	Institutional Capacity	Past Attempts & Lessons Learned	Prioritization <sup>1</sup>
<p><b>Debt-for-Nature Swaps (DNS)</b></p>	<p>Guyana maintained primary budget deficit in the past 20 years. Current levels of <b>external debt are around 23%</b> (drop from 47% at the end of 2020). IMF sets Guyana's external debt ceiling at 40% of GDP/ 150% of exports (in present value), recommending buffer of 10–11% below that limit. Therefore, Guyana's <b>low external debt profile limits applicability</b>.</p>	<p>Global DNS demand targets high-debt nations; private investors lack the motive to buy Guyanese debt at a discount.</p>	<p>No dedicated DNS unit in the Finance Ministry; EPA/GFC have technical expertise and could lead if mandated. Legal and institutional frameworks for redirecting fiscal savings to conservation are not yet in place. Oil/gas revenue influences positive external debt.</p>	<p>WRI and Emerging Finance (2024) flagged DNS as a theoretical option, but a strong credit profile prevented negotiations.</p>	<p><b>Low</b></p>
<p><b>Payments for Ecosystem Services (PES)</b></p>	<p>Conceptually acknowledged under LCDS, no operational PES schemes exist beyond REDD+ ART-TREES.</p>	<p>Carbon-market infrastructure exists (ART-TREES); biodiversity-offset demand is nascent but gaining traction globally.</p>	<p>GFC MRV capacity could extend to non-carbon services; EPA/ Ministry of Natural Resources could host a biodiversity-credit registry.</p>	<p>UNEP-PAGE and GGGI conducted mangrove-PES pilots, but legal ambiguity and funding gaps prevented launch. In 2002, CI piloted a "conservation concession" over 80,000 ha of Essequibo forest (30 years leasing) under a timber-sales agreement for a US \$200 000 upfront payment (covering inventories, ranger training and fees) and annual "rent" to the Forestry Department</p>	<p><b>Medium</b></p>

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Table 10. Continued

Instrument	Regulatory Constraints	Market Readiness	Institutional Capacity	Past Attempts & Lessons Learned	Prioritization <sup>1</sup>
<p><b>Biodiversity Credits</b></p>	<p>Established mechanisms for carbon credit are in place, yet no specific framework has been established for biodiversity credits.</p>	<p>The country has announced to develop a biodiversity credits system that extends beyond carbon, creating a comprehensive framework for valuing ecosystem services.</p>	<p>Experiences from carbon credit emissions under ART TREE can be used as a guideline</p>	<p>The EU financed Sustainable Wildlife Management (SWM) Programme has launched a biodiversity monitoring component in Guyana to advance in integrating traditional ecological knowledge with cutting-edge scientific techniques to track changes in biodiversity. For EU support, there is a need to engage with the Directorate-General for Environment (DG ENV).</p>	<p>High</p>
<p><b>Blended-Finance Facilities</b></p>	<p>Absence of a statutory vehicle for first loss guarantees or concessional capital tranches; banking rules need guidance on risk-weighting forestry assets.</p>	<p>Development partners (e.g., IDB, CAFI) signal interest; local banks wait for de-risking via blended structures.</p>	<p>Demerara Bank and GBTI have managed the FRF; they could serve as anchoring intermediaries for blended facilities.</p>	<p>Initial LCDS discussions included multilateral co-finance; proposals faltered due to a lack of seed guarantees and formal program design. The <b>Caribbean Corporate Investment for Resilience (CCIR)</b> program by USAID blended concessional loans (up to \$100,000), grants, and technical assistance for SMEs in Guyana and across the Caribbean, boosting their disaster-resilience. Managed by PM Consulting Group, Collaborate Up, the Pan American Development Foundation, and TOTAL Impact Capital, it aims to unlock more private investment into projects with strong social and economic benefits.</p>	<p>Medium</p>

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Table 10. Continued

Instrument	Regulatory Constraints	Market Readiness	Institutional Capacity	Past Attempts & Lessons Learned	Prioritization <sup>1</sup>
<b>Indigenous and Community-Led Funds</b>	No domestic law recognizes IPLC funds as financial intermediaries; trust-fund regulations are inflexible, delaying approvals.	Donor and philanthropic interest post-COP26 (e.g., GATC, Path to Scale); seed grants available if structure legalized.	Civil-society groups (AAG, National Toshias Council) could host funds; require capacity-building in fiduciary management.	Interviews conducted by FAO in 2025 reveal strong community interest; initial proposals stalled due to a lack of legal frameworks and operational plans.	Low
<b>Finance instruments for value chains</b>	A PPP framework has been recently signed, which can enable work in value chains and connect with companies. Pilots, both in the forestry sector and in other sectors such as fishing, etc., provide information for the regulatory framework to be fine-tuned.	Outdated technology, investment required for large scale downstream processing infrastructure (to include added value processing with supply chain integration)	Initial experiences are underway. However, ongoing training, including to private sector actors, should still be prioritized to strengthen these type of programs.	The EU financed Sustainable Livelihood Facility (EU-WWF-AFD): In May 2025 “Forest Value Hubs” launched under UK PACT’s Amazon Regional Fund and implemented through a Guyanese consortium (including Georgetown’s Cities4Forests participation). Aims to incentivize forest conservation by strengthening local and global value chains for timber and non-timber forest products. project addresses infrastructure, institutional, equity, and market barriers to unlock new economic opportunities for forest and coastal communities while promoting forest-positive management	High

#### 4.4 Availability and gaps of baseline data (climate, biodiversity, social) and MRV systems

A comprehensive baseline dataset and a robust Monitoring, Reporting, and Verification (MRV) framework are critical for the effective development and scaling of forest-finance instruments. Guyana has made significant advances in carbon monitoring, yet it still lacks systematic data collection and integration for biodiversity and socio-economic indicators.

**Climate (Carbon) Baseline and MRV:** Guyana’s Low-Carbon Development Strategy 2030 established a national baseline for forest carbon stocks from 2009 onward and operates a Tier-2 MRV system co-managed by UNDP and the GFC under the Forest Carbon Partnership Facility (GoG, 2022). The GRIF Trustee Report provides multi-year aggregates of verified emission reductions and payments for 2009–2015 (World Bank Trustee, 2023), while ART-TREES documentation records 33.47 million credits issued during 2016–2020 and an annual

issuance rate of 8 million credits for 2022–2025 with verification accuracy above 99 percent (Architecture for REDD+ Transactions, 2024). The MRVS Year 2023 Report further details high-resolution deforestation drivers and annual trend analysis (Guyana Forestry Commission, 2024).

Despite these strengths, spatially explicit carbon stock maps at sub-national resolution remain unavailable to the public, and an annualized linkage between GRIF disbursements and verified emission reductions is not published in a consolidated format. Additionally, methodological updates transitioning MRVS from Phase 2 (2015–2019) to Phase 3 (2020–2024) are only partially documented (CI-Guyana & Norad, 2021).

**Biodiversity Baseline and Monitoring:** In 2022 a National Context Analysis Updated with LCDS 2030 (Biodev 2030) includes a detailed Biodiversity and species analysis for Guyana. In addition, the Sustainable Wildlife Management (SWM) Programme officially launched its biodiversity monitoring component in Georgetown on 13 November 2024, bringing together CIFOR-ICRAF, FAO, CIRAD and the Wildlife Conservation Society under EU, the French Facility for Global Environment, and French Development Agency (AFD) funding. Over the next two years, it will work with seven Indigenous communities in Guyana's Rupununi region—an area of exceptional forest, savanna and wetland diversity—to establish a robust biodiversity baseline and tracking system (CIFOR-ICRAF, 2024). By blending traditional ecological knowledge with cost-effective scientific tools—environmental DNA (eDNA) sampling, passive acoustic (soundscape) monitoring and camera traps—the initiative will generate quantitative data on species richness, occupancy rates and population trends. This baseline dataset not only strengthens community-based monitoring capacity but also feeds into national conservation priorities and global biodiversity targets, offering a scalable model for similar ecosystems worldwide (CIFOR-ICRAF, 2024). No formal PES pilots have been implemented to date. Conceptual PES frameworks for mangrove and wetland ecosystems

were discussed, outlining valuation approaches and potential benefit-sharing, but from the interviews conducted, these remain at the proposal stage with no quantified baseline metrics published.

**Socio-Economic Baselines:** interviews conducted document qualitative community governance structures and the Amerindian 15 percent revenue-share mechanism under GRIF. The Second Voluntary National Review (2023) integrates SDG indicator mapping but does not disaggregate socio-economic data to community or household levels (Ministry of Finance, 2023). Community-based MRV (CMRV) is a significant aspect of Guyana's approach, empowering local communities to participate in monitoring and decision-making processes related to their resources (WWF, 2019). Guyana has conducted and established in the past socio-economic baselines and longitudinal livelihood surveys as for example the Household Budget Survey in 2018, the Multiple Indicator Cluster Survey (2014 and 2019) as well as gender-based surveys financed such as Guyana Women Health and Life Experience Survey through IDB. Nevertheless, these surveys are not developed on a regular basis and there is no updated survey published on the Bureau of Statistics since 2019.

**MRV Integration and Institutional Capacity:** Carbon MRV in Guyana is governed by well-defined procedures (GoG, 2022) and adheres to the ART Code for independent validation of credits (Architecture for REDD+ Transactions, 2024). Community-based MRV pilots by WWF-Guyana demonstrate local data-management capacity but remain isolated to a subset of Amerindian communities (WWF, 2019). The Joint Implementation Framework for FLEGT focuses on legality monitoring but excludes biodiversity and social indicators (Attah and Rozemeijer, 2019). A unified data platform that integrates carbon, biodiversity, and socio-economic indicators is absent, and formal protocols for community-generated data incorporation have not been adopted by national agencies. Without such integration, the design of blended-finance instruments or biodiversity-linked bonds face fragmented data landscapes.

## Recommendations for Forest Finance solutions and instruments

The proposed portfolio of forest finance instruments reflects the diverse structure and financing needs of Guyana's forest sector. One of the most significant benefits of these instruments lies in their potential to **leverage both public and private capital** to meet environmental, social, and economic objectives. Instruments such as the National Forest Fund and sovereign green or forest bonds can provide **predictable, long-term financing** for forest governance and ecosystem restoration, shifting Guyana away from dependence on episodic donor support and positioning it to finance its LCDS 2030 priorities through domestic revenue (GoG, 2022; UNEP, 2022). The financial needs of at least USD 146.8 million, require coordinated efforts between government and private sector actors, as well with international and bilateral institutions.

Instruments targeting **value chain development**, such as SME financing and green procurement, offer high-impact opportunities for rural job creation, formalization of small producers, and increased local value addition, particularly in undercapitalized segments like NWFPs, furniture and other value-added wood products. These measures align with ongoing government efforts to reduce log exports and stimulate domestic processing of value chains with higher value. However, they require concessional finance and technical assistance to overcome current constraints in SME capacity and infrastructure (Forest Declaration Assessment Partners 2024). In this context, the *Framework of the Guyana Green State Development Strategy and Financing Mechanisms* (GoG, 2017) outlines industrial development as a strategic area to expand the country's economic base into higher value-adding activities, particularly in sectors where the country has natural resource advantages. Among

these, the **forestry sector, including wood processing and forest-based manufacturing, is identified as a core area for green, inclusive industrial growth.**

The strategy emphasizes upgrading existing lower-value forestry processing activities to more complex manufacturing, thereby increasing foreign exchange earnings, generating high-value employment, and contributing to environmental conservation. Additionally, the framework highlights the role of economic incentives and green technology investment in enhancing competitiveness and reducing the carbon footprint of these industries. This positions forestry-based industries as key beneficiaries of targeted finance instruments aimed at supporting entrepreneurship, improving infrastructure, and accelerating the transition to more efficient, low-emission industrial practices (GoG, 2017).

Guyana's Green Economy Modelling Study (GEMS) has been conducted to assess the economic, social and environmental impacts of a selection of such green policies. GEMS makes use of System Dynamics modelling to test how a transfer of investments from Business-as-Usual (BAU) to Green Economy (GE) policies affects a range of economic, social and environmental indicators. For the purpose of elaborating the Strategy, four priority sectors were identified, where the impact of selected green economy policies were evaluated to the year 2040.

**Carbon and biodiversity market instruments** are already demonstrating results. Guyana's REDD+ framework under ART-TREES has successfully issued 33.5 million credits and generated the country's first large-scale voluntary carbon transaction (WBCSD, 2023), supporting investments in Indigenous communities, protected areas, and monitoring

systems. Building on this foundation, **biodiversity credits and PES mechanisms** can expand the monetization of ecosystem services beyond carbon, such as food, watershed protection for clean water and natural barriers against climate impacts, and species conservation, particularly in forest areas that are high in biodiversity but low in carbon density (Wunder et al., 2024; GEF). In addition, Guyana is committed to facilitate access to genetic resources and the fair and equitable sharing of benefits arising from their utilization under the Nagoya Protocol, and has a national policy on Access and Benefit Sharing (ABS) published in 2007.

**Community finance windows**, such as those channeled through the ART, are essential for ensuring that forest finance is inclusive and equitable, reaching Indigenous Peoples, smallholders, and women. When paired with clear tenure rights and tailored financial products, these instruments can help secure livelihoods, support climate adaptation, and reinforce local forest governance. They are also instrumental in meeting Guyana's commitments under its Nationally Determined Contributions and the NBSAP.

Finally, a coordinated approach between public and private actors (e.g. Ministry of Finance, Development Financial Institutions (DFIs), and Local Financial Institutions), to **blended finance and risk-sharing mechanisms** can unlock private investment in restoration, agroforestry, ecotourism, and sustainable forest enterprises. Platforms that combine concessional capital with guarantees or technical assistance can address the risk-return barriers that currently limit private sector participation by covering a portion of a loan or project cost in case of default or other unforeseen events, thus making projects more attractive to investors. However, this will require institutional innovation and partnerships across ministries, DFIs, and civil society (Forest Declaration Assessment Partners, 2024; Ministry of Finance, 2022).

## 5.1 Potential support from the European Union

The European Union has developed several innovative finance instruments under its Global Europe –

Neighborhood, Development and International Cooperation Instrument (NDICI) framework and the European Fund for Sustainable Development Plus (EFSD+) to mobilize blended capital in support of climate, biodiversity, and development goals. Among these, the Aya Scalable Solutions Facility and European Development Finance Institutions (EDFI) Carbon Sinks are tailored to climate-resilient land use and nature-based solutions. Aya Scalable Solutions—part of the Dutch Fund for Climate and Development (DFCD)—focuses on investing in small and medium enterprises across agriculture, forestry, and restoration, promoting both adaptation and mitigation (European Commission, n.d.a). EDFI Carbon Sinks, coordinated by EDFI Management Company, uses EU guarantees to de-risk investments in large-scale carbon sequestration through afforestation, agroforestry, and other natural carbon sinks (European Commission, n.d.b). (Table 11).

More specifically using a combination of EFSD+ Windows the EC could support Guyana through a technical assistant facility consisting of technical forest sector and public policy instrument specialist to align well with the European Commission's Roadmap Towards Nature Credits (COM/2025/374). The technical assistant facility should work together with the government of Guyana to harmonized MRV, interoperable registries, derisk private sector investment and catalyze increased revenue into the timber and forest sector.

Specific promising actions that came out of the stakeholder consultations could be:

- Improve and capitalise the Forest Finance Revolving Fund (FRF) using NRF and carbon revenues.
- Develop biodiversity credits and PES to monetise non-carbon ecosystem services, with strong capacity building in national MRV systems and baselines
- Scale ART-TREES/REDD+ carbon finance with transparent safeguards and benefit-sharing.
- Launch forest value-chain finance for SMEs/NWFPS with technical assistance and logistics upgrades.
- Create community forest finance windows linked to GRIF/ART-TREES; simplify access.
- Support the development of a project pipeline to enable sovereign green/forest bonds

Table 11. Key forest finance recommendations

Instrument / Action	Type	Rationale	Likelihood (H/M/L) & reason
Scale carbon finance (ART-TREES/REDD+)	Blending; TA	Proven track record; >USD 150M mobilised; expand with safeguards.	High – established MRV and transactions; improve transparency.
Strengthen & capitalise FRF (incl. NRF share)	Blending; Policy	Centralise long-term funding for protected areas/restoration/IPLC support.	Medium–High – institutions exist; needs allocation decisions.
Biodiversity credits & PES	Policy; TA; Blending	New revenue in carbon-light areas; requires MRV/benefit-sharing.	Medium – high potential; legal/registry work needed.
Value-chain finance for SMEs/NWFs	Blending; TA; Guarantees	Boost processing, reduce raw log export, grow SMEs.	Medium – requires SME credit lines and TA.
Community forest finance windows	Blending; TA	Direct support to IPLC/community forestry and VSPs.	Medium – success with simplified rules and literacy support.
Sovereign green/forest bonds	Blending; Guarantees; Policy	Mobilise scale capital for landscapes.	Medium – depends on creditworthiness and pipeline.

Table 12. Recommendations for Forest Finance solutions and instruments in Guyana

Proposed Action	Expected impact	Feasibility (changes or types of support needed for implementation or scale-up)	Potential sources of funding	Time horizon	Possible EU Support (EFSD+ / NDICI-GE)
<b>Improve the National Forest Fund (FRF)</b>	Establish a centralized mechanism to channel domestic revenues (e.g. from oil and gas) toward long-term forest priorities, such as protected areas, restoration, and Indigenous support.	Requires government decisions to allocate a share of the Natural Resource Fund (NRF); legal provisions for fund governance, and transparent oversight mechanisms.	Public budget (NRF), international donors (GEF, KfW), and carbon finance revenue.	Medium to long term	Aya Scalable Solutions (EFSD+ Guarantees)
<b>Payment for Ecosystem Services (PES)</b>	Create new revenue streams by monetizing ecosystem services in forests not covered by carbon credits; incentivizes conservation and habitat protection.	Needs legal recognition of biodiversity as a tradable asset; policy on benefit-sharing; MRV systems and registries to ensure environmental integrity.	blended finance from donors, and conservation NGOs, public funding,	Medium term	NDICI – Global Europe, through the Americas and the Caribbean programme / Global Challenges thematic programme

continued on next page

Table 12. Continued

Proposed Action	Expected impact	Feasibility (changes or types of support needed for implementation or scale-up)	Potential sources of funding	Time horizon	Possible EU Support (EFSD+ / NDICI-GE)
<b>Forest Value Chain Finance (SMEs, NWFPs)</b>	Boost local processing capacity, reduce raw log exports, and stimulate the growth of small-scale enterprises (e.g., timber, palm, crafts).	Requires SME-tailored credit lines, technical assistance, improved infrastructure/logistics, and better access to markets.	Development banks (IDB, WB), blended finance schemes, and domestic financial institutions.	Medium term	EDFI Carbon Sinks (EFSD+ Guarantees)
<b>Community Forest Finance Windows</b>	Directly support Indigenous Peoples and community-based forestry groups in implementing restoration, CDPs, and tenure activities.	Requires simplified fund access rules, financial literacy support, and clear links to national programs like GRIF or ART-TREES.	GRIF, climate adaptation funds, GCF, NGOs.	Immediate to medium term	Aya Scalable Solutions (EFSD+ Guarantees)
<b>Green Public Procurement and Incentives</b>	Stimulate domestic demand for legal and sustainable timber; promote formalization and traceability in forest product markets.	Requires reform of public procurement policies, verification standards, and capacity in GFC and buyers.	Public procurement budgets, forest product taxes.	Medium term	NDICI – Global Europe, through Caribbean programme / Global Challenges thematic programme Aya Scalable Solutions (EFSD+ Guarantees)
<b>Blended Finance Platforms</b>	Unlock private investment in the forest sector (e.g., restoration, NWFPs, eco-tourism) by sharing risk and aggregating viable projects.	Needs public financial guarantees, aggregation platforms, and technical support for project preparation.	PPPs, guarantee funds, and donor risk-sharing facilities.	Medium to long term	Aya Scalable Solutions (EFSD+ Guarantees)  EDFI Carbon Sinks (EFSD+ Guarantees)  EFSD+ blending facilities (combined with loans or equity from public and private financiers)
<b>Sovereign Green or Forest Bonds</b>	Mobilize large-scale capital (from institutional investors) to finance landscape-scale forest and climate investments.	Requires creditworthiness, pipeline of bankable projects, and regulatory capability to issue bonds.	Institutional investors, impact bond buyers, and public co-financing.	Long term	EDFI Carbon Sinks (EFSD+ Guarantees)

Note: No specific project proposals have emerged to date. The identification of a concrete pipeline will form part of the appraisal phase, in collaboration with the EU Delegation and national stakeholders.

**Box 1. CIFOR Expertise in Forest Policy, Finance, and Technical Delivery**

- **Reduced Impact Logging (RIL):** Led global research and training; integrated RIL into national forest codes, REDD+ strategies, and IPCC guidance.
- **Certification & Legality:** Supported FSC, PEFC, and EU-FLEGT processes; built SME capacity for legality assurance and sustainable trade.
- **Smallholder Timber & Concessions:** Advised on concession reforms and inclusive finance; piloted credit and value-chain instruments for smallholders.
- **Non-Timber Forest Products (NTFPs):** Designed blended-finance and market models linking NTFPs to sustainable value chains.
- **Community Forestry:** Strengthened tenure, FPIC, and co-management frameworks; delivered participatory governance tools across Africa, Asia, and Latin America.
- **Results-Based Payments & PES:** Developed safeguards, MRV, and benefit-sharing systems for REDD+, and PES schemes.
- **Monitoring & Evaluation:** Built state-of-the-art MRV and wildlife monitoring systems combining satellite, field, and community data for transparent, investment-grade reporting.
- **Research-in-Development Leadership:** Excels in forestry research-in-development, capacity building, and stakeholder engagement, ensuring science directly informs finance and policy.
- **Investment & Partnerships:** Through the **Global Landscapes Forum (GLF) Investment Case**, connects financial actors and sustainable land-use investments; with the **University of Kisangani**, leads a flagship DRC forest-based development programme; with **COMIFAC**, co-leads **OFAC**, Central Africa's foremost forest data body; and as part of the **Congo Basin Forest Partnership (CBFP)**, co-produces the regional *State of the Forests* report guiding investment and governance.

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# Annexes

## Annex 1. Terms of Reference (TOR)

### Study into forest financing options – second and third phase

Terms of Reference

EC Forest Financing Programme

Date: 9<sup>th</sup> January 2025

#### Introduction

As a precursor to a proposed EU-funded Action, “Financing for Forests” (FFF), a preliminary assessment across 15 countries will be carried out to provide an overview of existing forest financing tools and mechanisms.

Forests offer a wide range of opportunities both in terms of socio-economic development and environment preservation. However, generally the forest sector is lacking the funds to allow countries to seize these opportunities, despite some promising but still untapped financing mechanisms.

The current assessment/study aims at providing an overview across 15 countries of existing and innovative financing instruments/mechanisms that can help preserve and use forest resources.

The assessment will produce a short appraisal of the forest finance situation for each country that can help leverage finance for forests geared towards the enhancement of the productivity and sustainability of the forest sector in partner countries. This assessment could inform potential EU future investments, as well as partner countries or donors. This is to support progress towards meeting the goals of the Paris Agreement, the Global Biodiversity Framework, the SDGs, and overall EU policies.

The pre-action assessment is divided into the following phases:

1. First phase: June – December 2024: 3 countries (Mongolia, Brazil, Uganda).
2. Second phase: December- end of September 2025, with
  - a) Six countries (Congo, DRC, Gabon, Guyana, Laos and Morocco)
  - b) Six countries (Suriname, to be determined)

The **outcomes** of the assessment are:

- A short appraisal (20 pages) of the forest finance landscape for each target country, to support national targets and goals. This will encompass a brief overview of the forest sector, national ambitions, existing and available finance mechanisms, and expert insights on their effectiveness, bottlenecks, pre-requisites, risks and opportunities for scaling existing solutions or introducing new ones.
- A comprehensive compilation of forest finance instruments from all assessed countries, highlighting their alignment with international climate and biodiversity commitments. This resource will be made available to EU Delegations (EUDs) and partners. This global report will be prepared at the end of the different country assessments, enabling each country to possibly identify other financing mechanisms which do not exist yet in the country.

The assignment will be carried out by a joint CIFOR-ICRAF and Forests for the Future Facility (F4F) team of experts. Under contract with F4F, CIFOR will oversee the overall coordination and direction of the assignment. F4F will check the quality of the outputs and ensure that EU priorities are considered throughout the studies.

Key activities and outputs

Step/Phase	Methodology phase	Activities	Experts in charge	Output	Provisional timeline
Preparation	Mobilisation and work plan preparation	<ul style="list-style-type: none"> <li>Mobilisation (logistical arrangements)</li> <li>Introductory message to the delegation involved</li> <li>Collation of relevant national reports and programs</li> </ul>	National consultant	Inception report with methodology, criteria and work plan (one single inception report for phases 2 and 3, adapted depending on the start in the different countries)	January 2025
		<ul style="list-style-type: none"> <li>Work plan preparation and presentation of the inception report to INTPA F2 and the delegations involved</li> <li>Template design for inception report</li> </ul>	Global team		
Step 1 National level hybrid (online and in-person) stakeholder workshop to identify key financial instruments	Workshop Preparation	<ul style="list-style-type: none"> <li>Desk review of available reports and documentation shared by EUD and global team</li> <li>Identification of key stakeholders, with a short description of roles in the forest finance landscapes</li> <li>Input to workshop agenda</li> </ul>	National consultant	N/A	February - March 2025
		<ul style="list-style-type: none"> <li>Invitation list (15 to 20 participants), assuring a diverse representation of forest actors (production, restoration, protected area management) and donors and partners</li> <li>Development of workshop agenda, including a) opening, concepts for 3-4 presentations from key stakeholders and guiding questions for facilitated plenary discussion to reach agreement on key instruments to be included in the appraisal</li> <li>Template design for workshop report</li> </ul>	Global team		
	Conducting a hybrid Workshop (Invitation and hosting done by the EU delegation)	<ul style="list-style-type: none"> <li>Support EUD in workshop logistics</li> <li>Facilitation of workshop</li> <li>Writing of workshop report</li> </ul>	National consultant	Workshop Report, including a list of key instruments and a list of actors/key informants to be interviewed	
<ul style="list-style-type: none"> <li>Introduction to the scope and content of the mission/ consultancy</li> <li>Facilitation of plenary discussion</li> </ul>	Global team				

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## Key activities and outputs. Continued

Step/Phase	Methodology phase	Activities	Experts in charge	Output	Provisional timeline
Step 2 Mapping of finance mechanisms and instruments	Interviews of key stakeholders and preparation of draft country reports	<ul style="list-style-type: none"> <li>Designing an interview instrument to understand existing finance mechanisms, ambitions, effectiveness, bottlenecks, risks and opportunities, and scalable financial solutions to achieve national goals</li> <li>Backstopping and input to the national country report</li> </ul>	Global team	Draft country reports	March – May 2025
		<ul style="list-style-type: none"> <li>Meetings with the EUD and partners</li> <li>Interviews with key informants/ stakeholders</li> <li>Review of secondary data and reports</li> <li>Writing of draft national country reports</li> </ul>	National consultant		
Step 3 Consultation	Consultation with EUD and INTPA F2	<ul style="list-style-type: none"> <li>Dissemination of draft country report to EUD and INTPA F2 for comments</li> </ul>	Global team	Final country reports	May - June 2025
		<ul style="list-style-type: none"> <li>Integration of comments</li> </ul>	Global team and national consultant		
	Consultation with stakeholders	<ul style="list-style-type: none"> <li>Stakeholder consultation workshop for feedback and alignment</li> </ul>	National consultant		
		<ul style="list-style-type: none"> <li>Integration of comments</li> </ul>	Global team and national consultant		
Step 4 Final Report	Final report	<ul style="list-style-type: none"> <li>Final report preparation</li> </ul>	Global team and national consultant	Final report	June - September 2025
		<ul style="list-style-type: none"> <li>Final layout</li> </ul>	Global team		

## Appendix: Proposed list of forest finance solutions and instruments

Forest finance refers to the management and allocation of financial resources aimed at supporting sustainable forest management, conservation, and restoration activities. It involves the funding of projects and activities that maintain forest ecosystems, reduce deforestation, and enhance the provision of forest

ecosystem services. Forest finance plays a crucial role in addressing climate change, biodiversity loss, and promoting the economic viability of forests.

A diversity of forest finance solutions/instruments will be assessed in each country benefitting from the assessment. Below table highlights some of the critical funding instruments that will be considered.

## List of forest finance solutions and instruments: short definitions (non-exhaustive)

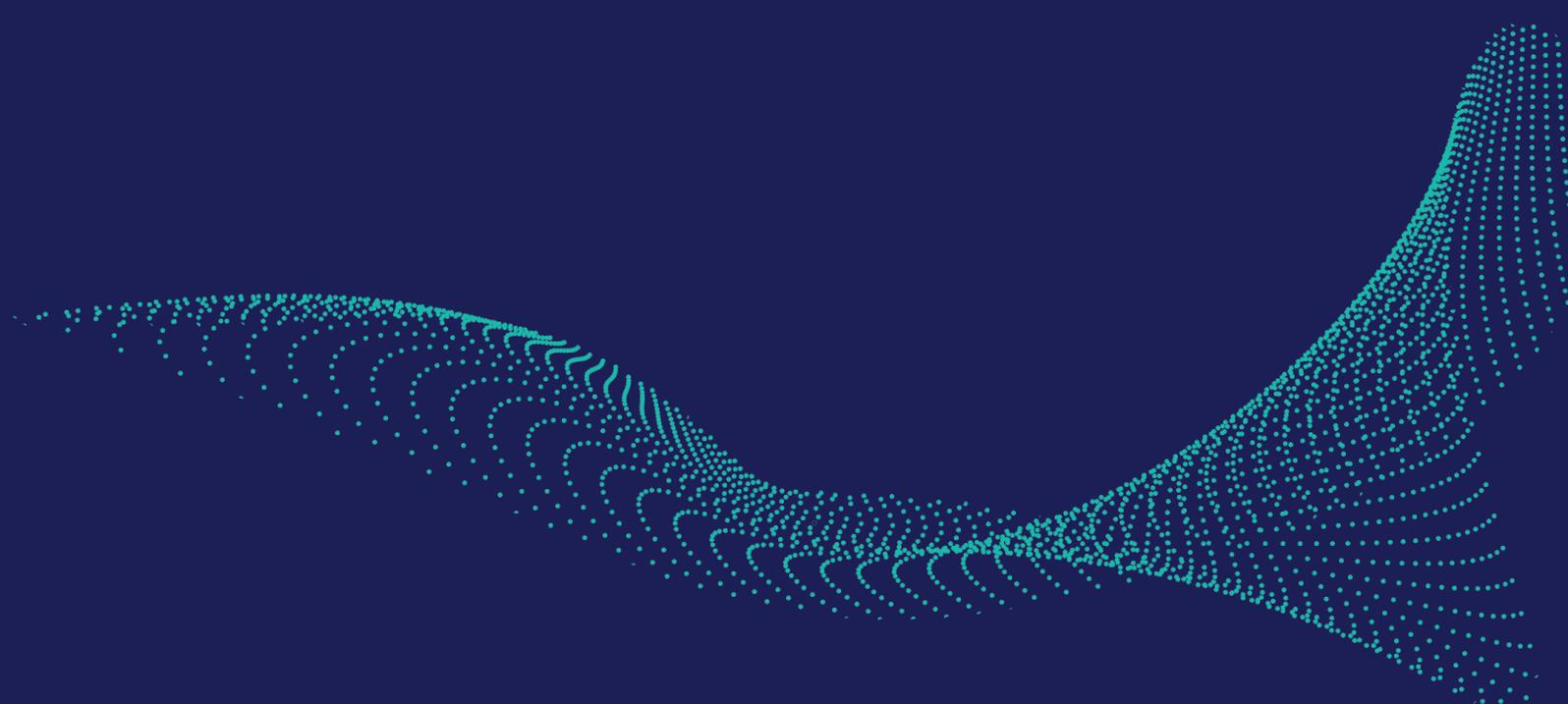
Forest Finance (FF) solutions, tools, and instruments	Short definition
Public finance (including Fiscal Reforms, Green Budgeting, etc)	<p>The adjustment of fiscal policies and budgeting processes to reflect environmental sustainability goals, often incorporating the valuation of natural resources and ecosystems into financial planning.</p> <p>Can include diverse solutions and instruments such as:</p> <ul style="list-style-type: none"> <li>• Tax breaks/waivers</li> <li>• Subsidies</li> <li>• Grant schemes</li> <li>• Dedicated funds established by national or local governments to support forest conservation or sustainable management</li> <li>• Any other state-funded schemes</li> </ul>
Payments for (Forest) Ecosystem Services / Incentives Schemes	<p>Financial and/or non-financial incentives are provided to landowners or communities for managing their land in ways that preserve or enhance ecosystem services, such as water filtration, landscape beauty, climate benefits, and biodiversity.</p>
National Forest Funds / Conservation Trust Funds	<p>Dedicated funds established by governments or organisations to support forest conservation, sustainable management, and the development of forest areas through grants, incentives or loans.</p>
Debt-for-Nature Swap	<p>A debt-for-nature swap is a financial arrangement where part of a country's debt is forgiven or reduced by creditors in return for the country committing to environmental protection projects. This typically involves conserving natural habitats, biodiversity, or investing in sustainable development initiatives.</p>
Green Bonds / Sustainability-linked Loans	<p>Financial instruments issued to fund projects with environmental benefits, with green bonds raising capital for upfront expenditure and sustainability-linked loans offering incentives for achieving sustainability performance targets.</p>
Finance instruments for value chains that support the conservation and restoration of forests	<p>Can include: concessions mechanisms, micro-credit schemes, SME support smallholder schemes, company finance for smallholders &amp; other SMEs (out-grower schemes, off-take contracts), and venture capital/business catalysers. These instruments are strongly linked to value chains that can support conservation and restoration of forests with SMEs and smallholders.</p>
Biodiversity Markets (Biodiversity Credits/Certificates)	<p>Markets designed for the trade of biodiversity credits or certificates, representing actions taken to conserve or restore biodiversity.</p>
Carbon Markets / Carbon Finance	<p>Financial markets and instruments aimed at reducing greenhouse gas emissions through the trading of carbon credits, where one credit represents the right to emit a specific amount of carbon dioxide or the equivalent amount of a different greenhouse gas (may include REDD+ mechanisms, even if not under EU legislation)</p>
Impact Finance / Impact Investment (Fund Set Up – Sustainable Forest Funds / Blended Finance / De-risking)	<p>Investments made with the intention to generate positive environmental and social impacts alongside a financial return, using strategies like fund setup, blended finance to mix different forms of private and public capital, and de-risking (Guarantees, leverage finance, first-loss positions, etc) to reduce financial risk for investors.</p> <p>The roles of Development Finance Institutions and other funds EFSD+ can be considered when relevant for impact and blended finance.</p>

## Annex 2. List of Technical Workshop participants

Participant	Position	Organization
Edward Goberdhan	Commissioner	Guyana Forestry Commission
Basmatee Mohabeer	Assistant Commissioner of Forests	Guyana Forestry Commission
Vanessa Benn	Chair of the Board of Directors	Guyana Forestry Commission
Mr. Kemraj Parsram	GEF Operational Focal Point	Executive Director, Environmental Protection Agency
Karen Small	Senior Environmental Officer	Environmental Protection Agency (EPA)
Gillian Smith	Country Representative	FAO
Theresa Loeffler	Forest Policy and Partnerships Officer	FAO
Wotjek Dubelaar	Technical Expert	FAO
Anna Correia de Sa	EU FLEGT-VPA Facilitator, Forest Partnership Advisor Guyana	FAO
Guiani Razab-Sekh	Technical Expert	Agence Française de Développement (AFD)
Lorena Solorzano Salazar	Country Representative	IDB
Rohini Kerret	Forest expert (UK funded)	European Forest Institute Technical Assistance Project - EFITAP
Johanna Langbroek	Director	WWF Suriname and Guyana
Anupana Puran	Technical Specialist	IICA
Dane Gobin	Chief Executive Officer (CEO)	Iwokrama
Mona Bynoe	Senior Vice President	Forest producers association (FPA)
Rafeek Khan	Vice President	Guyana Manufacturing & Services Association/ Durable Wood Products
Govindra Raghubansi	Economist	Guyana Manufacturing and Services Association
Hans Rajie Sukhdeo	Guyana Country Program Manager	Global Green Growth Institute (GGGI)
Patrick Chesney	Forestry consultant (agro-forestry)	Local expert
Gary Clarke	Forestry consultant (certification)	Local expert
Daniele de Bernardi	EU representative to Guyana	EU Delegation
Layla El Khadraqui	Programme and Policy Manager	EU Delegation
Peter Rowan	Private Sector and Investment Expert	Forests for the Future Facility (F4F)
Win Ellenbroek	Senior Sustainable Forest Management Expert	Forests for the Future Facility (F4F)
Anja Gassner	Director Europe	CIFOR-ICRAF

**Annex 3. List of stakeholders interviewed**

Contact person	Position	Organisation	Date
Wojtek Dubelaar	Value Chains and Business Development Specialist	FAO	February 28
Alexander Vasa	Senior Financial Institutions and Capital Markets Specialist	Inter-American Development Bank (IDB)	March 11
Tatiana Alves	Lead Green Finance Specialist	Inter-American Development Bank (IDB)	March 11
Dane Gobin	Chief Executive Officer (CEO)	Iwokrama	March 25
Theresa Loeffler	Forest Policy and Partnerships Officer	FAO	March 25
Rafeek Khan	Vice President	Guyana Manufacturing & Services Association/ Durable Wood Products	March 26
Gary Clarke	Forestry consultant (certification)	Local expert	March 26
Lorena Solorzano Salazar	Country Representative	Inter-American Development Bank (IDB)	March 27
Patrick Chesney	Forestry consultant (agroforestry)	Local expert	March 28
Mona Bynoe	Senior Vice President	Forest Producers Association (FPA)	March 28
Rohini Kerret	Forest expert (UK-funded)	European Forest Institute Technical Assistance Project - EFITAP	March 31
Wilmot Garnett	Representative	Interamerican Institute for Cooperation on Agriculture (IICA)	April 1
Anupana Puran	Conservation biologist	Interamerican Institute for Cooperation on Agriculture (IICA)	April 1
Tonya Wilson-Reid	Officer	Interamerican Institute for Cooperation on Agriculture (IICA)	April 1



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DG International Partnerships Unit F2 – Environment, Natural Resources, Water,  
Sustainable Forests for the Future Group

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The Center for International Forestry Research and World Agroforestry (CIFOR-ICRAF) harnesses the power of trees, forests and agroforestry landscapes to shift the trajectories of three global issues – biodiversity, climate change and food security – supported by our work on equity and value chains. CIFOR and ICRAF are CGIAR Research Centers.