



# INDEPENDENT FOREST MONITORING GUYANA

## PUBLIC SUMMARY REPORT FOURTH INDEPENDENT FOREST MONITORING



Phase II

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# FOURTH INDEPENDENT FOREST MONITORING (IFM) REPORT FOR GUYANA

## Phase 2 18 February to 8 March 2019

Prepared for

**The Guyana Forestry Commission (GFC)**

By

**Soil Association Certification Limited (SACL)**

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## Disclaimer

The Fourth Independent Forest Monitoring (IFM) Report presents an assessment of the adequacy, implementation and legal compliance by forest sector operators of Guyana's forest law enforcement systems. Legal compliance was assessed at a whole of sector level against the Guyana Forestry Commission's (GFC) Criteria and Indicators for Monitoring. The IFM audit was based on a sampling strategy to evaluate objective evidence, and while the auditing strategy employed aimed at providing a representative view across the whole sector, it does not seek to provide an assessment of compliance by each individual Forest Sector Operator (FSO). While the results of this audit can contribute to due diligence assessment of the legal sources of timber traded in Guyana, it cannot be relied on solely for due diligence evaluation of individual FSOs.

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## Executive Summary

The Independent Forest Monitoring (IFM) assesses on a biennial basis the legal compliance system for Guyana's forestry sector at the broader country level. Its main objective is to provide stakeholders with a third-party independent assessment of:

- the adequacy and relevance of Guyana's forest law enforcement systems;
- implementation of the forest law enforcement systems; and
- how operators within the forestry sector are complying with the nationally agreed legality requirements based on the specified Criteria for Monitoring

This includes:

- Methodology validation - conformity of the law enforcement systems in place against applicable validation criteria;
- Verification that the law enforcement systems are implemented appropriately against applicable verification criteria;
- Verification of legal compliance by operators in the forestry sector with forest laws and regulations against applicable verification criteria; and
- Verification that the comments from stakeholders (both operators and non-forest sector operators) have been taken into account.

The Terms of Reference (ToR) for the IFM audit outlined the principles, criteria and indicators for monitoring compliance with the agreed legal requirements in Guyana's forestry sector and guided this fourth IFM Audit. It required the audit team to:

- undertake an audit of the adequacy of Guyana's forest law enforcement systems;
- assess the effectiveness of how the enforcement systems are being implemented;
- assess how operators within the forestry sector are complying with the legality requirements specified in the Criteria for Monitoring; and
- prepare and submit a report on the findings of the audit.

The Audit covered the production and sale of logs (including industrial round wood, piles, poles and posts) and lumber, involving all stages of the chain of custody as it relates to logs and lumber, namely: harvesting, transportation, processing, and export for following concession types issued in Guyana:

- Large concessions
  - State Forest Exploration Permits (SFEPs),
  - Timber Sales Agreements (TSAs); and
  - Wood Cutting Licenses (WCLs);
- Small concessions, State Forest Authorisations (SFAs);
- Mining Leases;
- Agricultural Leases;
- Amerindian Villages; and
- Private Lands.

Six (6) categories of monitoring indicators were specified in the ToR for the Audit as follows:

- A: Indicators for Monitoring of Large Concessions (SFEPs, TSAs, and WCLs).
- B: Indicators for Monitoring of Small Concessions (SFAs).
- C: Indicators for Monitoring of Amerindian Villages, Agricultural Leases, Mining Leases and Private Lands that engage in commercial forestry activities.

- D: Indicators for Salvage Timber Products from State Forest and State Land in Conversion
- E: Indicators for Processing and Sale of Timber Products
- F: Indicators for Export of Forest Products

The Fourth Independent Forest Monitoring (IFM) Audit took place in Guyana from 18<sup>th</sup> February to 8<sup>th</sup> March, 2019. The detailed Audit Agenda is at Appendix 1.

The reference period for audit sampling was for the calendar year 2018.

The methodology used by the audit team for the Fourth IFM Audit was a combination of desktop review of documents and records, interviews with GFC staff, FSOs, independent stakeholders and field inspections of concession areas, sawmills, lumberyards and GFC field stations, to verify and cross-reference evidence obtained from document reviews and interviews.

At the request of GFC, the Fourth Audit excluded non-timber forest products (NTFPs). Special emphasis was placed on field work to assess how Guyana's Wood Tracking System (WTS) was being implemented on the ground.

Similar to the Third Audit, sampling was based on the Forest Stewardship Council® (FSC®) formula used for calculating the number of sites to be included in a multi-site certification. This provides a rational basis for the extrapolation of results from the sample inspected to the total as a whole.

The ToR required that the Fourth IFM Audit was to be "systems based", focussing on ascertaining the following:

- whether the GFC has a system or systems in place for monitoring the compliance of operators in the forestry sector with the requirements of Guyana's agreed forestry laws covering the following:
  - allocation of concessions;
  - pre-harvesting approvals;
  - conduct of in-forestry harvesting activities;
  - post-harvest inspections;
  - the requirements of Guyana's Wood Tracking System for forest produce including processing; and
  - domestic sale and export of forest produce.
- whether there are monitoring mechanisms, procedures and/or protocols in place for the system or each system;
- whether these procedures and/or protocols are being followed by both GFC staff and forestry operators; and
- whether there are mechanisms to detect any breaches and address them satisfactorily including learning, to prevent and/or minimise future occurrence.

The results presented for the audit objectives relating to adequacy and implementation take the form of a commentary on those aspects of Guyana's forest law enforcement systems.

The results for the legality compliance by FSOs focus on assessments of the FSOs included within the audit sample with the applicable indicators for legality.

The same approach for determining non-compliances for the Third Audit was also adopted for the Fourth Audit, where "Non-compliances" related to whether or not a monitoring mechanism, procedure or protocol was in place, and whether or not it was being followed.

Determination of non-compliances was assessed at the level of the Indicator and the associated "verifiers" related to each Indicator.

Observations related to recommendations for further improvement of mechanisms, procedures and protocols, and were made purely for GFC's consideration.

Determination of non-compliances was based on objective assessment of information contained in GFC's records, as well as the results of field verifications and observations.

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Three non-compliances were identified. These related specifically to the requirements for forest sector operators to hold valid environmental authorisations (Indicators A.2.1.1, B.2.1.1 and E.2.1.1).

For 40 of the 43 indicators assessed, the audit team found that the systems and procedures were operating effectively, and that satisfactory compliance with the specific indicators could be demonstrated. For the remaining 2 Indicators, the absence of relevant activity in the sample period meant that the audit team was unable to record a finding. For example, there were no hydro projects during the reference period for audit sampling.

The audit team raised seven specific Observations in relation to:

- the systems and procedures of the GFC; or
- the Indicators themselves.

Based on document reviews and field inspections, the audit team concluded that:

- overall, the compliance/monitoring system is working as it was intended;
- both GFC staff and FSOs are fully conversant with the compliance/monitoring systems, and the associated requirements;
- FSOs understood and accepted the need for the compliance/monitoring systems for demonstrating to their buyers the legal sources of their wood produce;
- stakeholders again confirmed that the compliance/monitoring regime was working well, and any illegal activities that may be occurring are low, and limited largely to the domestic market; and
- there are opportunities to improve further the compliance/monitoring regime.

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## Acknowledgements

The audit team thank the GFC for the opportunity to work on the Fourth IFM Audit.

We also thank the Divisional Heads: Gavin Agard and Rawle Lewis, as well as the Assistant Commissioners and all the staff we visited and interacted with.

In particular, we thank Ms Shuba Soamandaugh for her timely responses to our requests for information and clarifications as well as Ms Amanda Edwards and Ms Marie Simon for their dedicated work behind the scenes in managing the logistics for the audit activities, especially the field visits to FSO enterprises in the Essequibo Division.

The audit team met with many stakeholders from industry associations and NGOs. The information provided by these stakeholders was invaluable to the successful completion of the audit.

We also thank the many FSOs (concessionaires, sawmillers, lumberyard operators and exporters) who welcomed us warmly to their operations and businesses and provided unfettered access, which enabled us to assess their compliance with the nationally agreed legality requirements.

We thank all the support staff: drivers, security officers and others who facilitated various aspects of the audit process.

Finally, we thank everyone whose contribution, either directly or indirectly, contributed to the success of our work.

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27 March 2019

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## Acronyms

AAA	Annual allowable area
AAC	Annual allowable cut
AOP	Annual operational plan
APA	Amerindian Peoples Association
CAR	Corrective action request
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CoP	Code of Practice for Timber Harvesting
DBH	Diameter at breast height
EPA	Environmental Protection Agency
EU-FLEGT	Forest Law Enforcement, Governance and Trade Action Plan of the European Union
FMD	Forest Monitoring Department
FMP	Forest Management Plan
FMO	Forest Management Organisation
FPA	Forest Producers Association
FPDMC	Forest Products Development and Marketing Council
FRMD	Forest Resources Management Division
FSO	Forest sector operator
FTCI	Forestry Training Centre Inc.
GFC	Guyana Forestry Commission
GGMC	Guyana Geology and Mines Commission
GIS	Geographic Information System
GLSC	Guyana Lands & Surveys Commission
GMSA	Guyana Manufacturing and Services Association
GoG	Government of Guyana
GOIP	Guyanese Organisation of Indigenous Peoples
IFM	Independent Forest Monitoring
IPC	Indigenous Peoples Commission
JCN	Joint Concept Note
LCDS	Low Carbon Development Strategy
LMEU	Legality, Monitoring & Extension Unit
MAC	Maximum allowable cut
MIS	Management information system
MoIPA	Ministry of Indigenous Peoples Affairs
MoL&HS	Ministry of Labour and Human Services
MoU	Memorandum of Understanding
NADF	National Amerindian Development Foundation
NTC	National Tshao Council
IIC	Iwokrama International Centre
OBS	Observation (formal)
REDD+	Reducing Emissions from Deforestation and Forest Degradation plus the role of conservation, sustainable management of forests and enhancement of forest carbon stocks
RP	Reporting Panel for IFM (includes reps. of EPA, FPA, FPDMC, FTCl, GGMC, GLSC, IPC, NTC)
TAAMOG	The Amerindian Action Movement of Guyana
ToR	Terms of reference

## Agreements, licences and authorisations

AG	Absolute Grant: issued by the Guyana Lands and Surveys Commission
AL	Agricultural Lease: issued by the Guyana Lands and Surveys Commission
CFMA	Community Forest Management Agreement: State forest authorisation issued to Village Councils or registered societies for concessions of less than 8,097 ha and allocated for two years.
ML	Mining Permit or Licence: issued by the Guyana Geological and Mines Commission
OP	Operation Permit: issued by the Environmental Protection Agency
SFEP	State Forest Exploratory Permit: issued for undertaking exploratory operations such as inventories, environmental and social impact assessments and the preparation of management plans. SFEPs are a pre-requirement for any large concession and may include commercial cutting rights to assist the prospective investor to defray part of the cost of undertaking the exploratory operations.
SFP	State Forest Authorisations: issued for concessions of less than 8,097 ha and allocated for two years. These are usually issued to small-scale operators.
SL	Sawmill licence: Issued by Guyana Forests Commission
TSA	Timber Sales Agreement: issued for concessions of more than 24,000 hectares and allocated for 20 years
WCL	Wood Cutting Lease (WCL): issued for concessions between 8,000 and 24,000 hectares and allocated for 3 to 10 years.
TDL	Timber Dealers License issued by the GFC for Lumberyard operators.
FPDL	Forest Produce Dealers License issued by GFC for exporters of forest produce.

## Introduction

This audit is the fourth under the Memorandum of Understanding (MoU) signed in 2009 between the Governments of Guyana and Norway on cooperation on issues related to addressing climate change, in particular, those concerning:

- reducing emissions from deforestation and forest degradation in developing countries (REDD-plus);
- protection of biodiversity;
- enhancement of sustainable forest management; and
- low carbon development.

The Joint Concept Note (JCN) of the MoU requires independent forest monitoring in the form of a third-party audit to be undertaken biennially, to verify the agreed Interim Indicators for REDD-plus performance in Guyana, related to emissions resulting from:

- forest management activities in natural or semi-natural forests (i.e. selective timber harvesting); and
- illegal forestry activities.

Relevant interim performance indicators agreed by the Parties to the MoU require that:

- all areas under forest management should be rigorously monitored, and the activities documented (i.e. concession activities, harvest estimates, timber imports/exports); and
- areas impacted by illegal activities related to forestry operations should be monitored and documented as far as practicable.

The initial scoping work for the IFM which aimed at evaluating the adequacy of Guyana's existing national forest monitoring system, and how it was being implemented was completed in 2011. The initial scoping work was part of the preparation for the Year 1 audit under Guyana's REDD+ Monitoring Reporting and Verification System (MRVS).

Following the initial scoping exercise, two IFM Audits have been conducted- the first in 2013 and the second in 2014.

In 2018, the GFC awarded a two-year contract to the Soil Association Certification Limited for the conduct of the third and fourth audits. The third audit took place from 17<sup>th</sup> January to 7<sup>th</sup> February, 2018. The fourth audit was conducted between 18<sup>th</sup> February and 8<sup>th</sup> March, 2019.

## Background, Objective and Terms of Reference

### *Background*

The IFM is a tool for assessing and strengthening legal compliance in Guyana's forestry sector. It complements GFC's forest law enforcement activities with the objectivity and public credibility of an independent third party, to ensure continual improvements in transparency and accountability, while contributing to the development of a sound legislative and regulatory framework for responsible forest management.

The GFC commenced the Programme of Independent Forest Monitoring (IFM) in 2011 as part of the Commission's strategy of:

- managing the national forest estate to ensure ongoing sustainable management of the nation's forest resources, as well as contribute to the global effort to mitigate the adverse impacts/effects of climate change;

- understanding the drivers of forest deforestation and degradation so as to implement corrective action; and
- improving continually, forest law enforcement and legality as a whole in Guyana's forestry sector.

In general, the level of illegal activities and the rate of deforestation and degradation in Guyana's forestry sector are low compared with other International Tropical Timber Organisation (ITTO) producer member countries.

However, the Government of Guyana (GoG) and the GFC are committed to ensuring that Guyana's already low rates of deforestation and degradation are maintained and reduced further continually; and similarly, illegal activities in the forestry sector are minimised continually.

Strategies and initiatives including the IFM Audit Programme implemented by the GFC with the support of the GoG, are aimed to:

- ensure the proceeds from forest resources utilization flow to the right beneficiaries;
- prevent unfair competition between illegal and legal produce;
- maintain Guyana's low rate of deforestation and forest degradation;
- ensure sustainable development of forest dependent communities; and
- mitigate against climate change in a REDD+ framework.

## ***Audit objective***

The objective of the fourth audit was to assess:

- the adequacy of Guyana's forest law enforcement systems;
- how the systems are being implemented; and
- legal compliance by forestry operators using the specified Criteria for Monitoring, which includes:
  - Methodology validation - conformity of the law enforcement systems in place against applicable validation criteria;
  - Verification that the law enforcement systems are implemented appropriately against applicable verification criteria;
  - Verification of legal compliance by the stakeholders to forest laws and regulations against applicable verification criteria; and
  - Verification that the comments from stakeholders have been taken into account.

## ***Terms of Reference for IFM audit***

Except with the exclusion of non-timber forest products, the Terms of Reference (ToR) for the fourth audit was similar to that for third audit.

The ToR required the audit team to:

- undertake an audit of the adequacy of Guyana's forest law enforcement systems;
- assess how the systems are being implemented;
- assess compliance by forestry operators based on the specified Criteria for Monitoring; and
- prepare and submit a report on the Audit's findings.

The detailed ToR are at Appendix 7.

## Audit scope, criteria, dates and reference period

### *Audit scope*

The Audit scope involved a review of GFC's strategies, initiatives and systems in place to ensure the effective implementation of the nation's sustainable forest management regime, and legal compliance by Forest Sector Operators (FSOs) engaged in commercial forestry activities in:

- the national forest estate including salvage timber;
- Amerindian Villages;
- private forest lands involved in commercial forestry activities;
- agricultural and mining leases involved in commercial forestry activities;
- sawmillers;
- lumberyards; and
- agents and exporters.

It covered the production and sale of logs (including industrial round wood, piles, poles and posts) and lumber, involving all stages of the chain of custody as it relates to logs and lumber, namely: harvesting, transportation, processing, and export for the following concession types:

- State Forest Exploratory Permits (SFEPs): issued for undertaking exploratory operations such as inventories, environmental and social impact assessments and the preparation of management plans. SFEPs are a pre-requirement for any large concession, and may include commercial cutting rights to assist the prospective investor to defray part of the cost of undertaking the exploratory operations;
- Timber Sales Agreements (TSAs): issued for concessions of more than 24,000 hectares and allocated for 20 years;
- Wood Cutting Leases (WCLs): issued for concessions between 8,000 and 24,000 hectares and allocated for 3 to 10 years; and
- State Forest Permits (SFPs): issued for concessions of less than 8,097 ha and allocated for two years, usually issued to community-based associations (CFMAs) or small-scale operators (SFPs).

It also included activities by licence holders (saw mill owners, lumberyard operators and exporters).

The Audit determined the extent to which State Forest Operators (FSOs) are complying with the legal requirements in the Forestry Laws of Guyana, in terms of pre-approval for harvesting activities such as preparing operational and management plans for approval by the GFC prior to commencing forestry activities; and

- harvesting;
- transportation of harvested forest produce;
- obtaining and/or renewing annual licenses;
- local processing of forest produce; and
- domestic sale and export of forest produce.

The Audit covered the following key activities:

- the initial allocation of the full range of timber and other permits FSOs in Guyana are required by law to possess before they are able to undertake commercial forestry activities in the country;

- the management of forestry operations and harvesting activities by FSOs, and the systems the GFC has in place to monitor compliance with national guidelines and codes of practice for these activities;
- the processing and trade (both domestic and international) in forest products; and
- the collection of taxes, fines and other statutory payments.

## ***Audit criteria and indicators***

The audit was based on principles, criteria and indicators described in the ToR (see Appendix 7). Monitoring indicators were specified for 6 categories as follows:

- A. Indicators for Monitoring of Large Concessions
- B. Indicators for Monitoring of Small Concessions
- C. Indicators for Monitoring of Amerindian Villages and Private Lands that engage in Forestry Activities
- D. Indicators for Salvage Timber Products from State Forest and State Land in Conversion
- E. Indicators for Processing and Sale of Timber Products
- F. Indicators for Export of Forest Products

In total, 45 Indicators were specified along with verifiers for each indicator.

There were differences between the criteria and indicators used for Phase I (first and second audits) and those used for Phase II (third and fourth audits) reflecting outcomes of the Guyana/EU VPA negotiations.

## ***Audit dates***

The Fourth Independent Forest Monitoring (IFM) Audit took place in Guyana from 18th February to 8th March 2019. The detailed Audit Agenda is at Appendix 1.

## ***Reference Period for audit sampling***

The reference period for audit sampling was for the calendar year 2018. This was used for all concession agreements as well as licences for sawmills, lumberyards, exports and imports. During field inspections of concessions, sawmills, lumberyards and GFC field stations, document review and inspection of forest produce on site necessarily focussed on contemporary records – 2018 and 2019 (year to date), but the period of focus remained calendar year 2018.

Data from previous years (2015 to 2017) were reviewed where necessary for the purposes of ascertaining trends only. For example, if a review of an indicator for 2018 suggested an exceptional event or occurrence, the audit team examined the records related to that particular indicator for earlier years to ascertain whether this was a “one-off” occurrence, or it was systemic over the last four years.

## **Audit Methodology**

The methodology used for the Fourth IFM Audit was based on the same methodology developed for the Third Audit to ensure consistency in approach. It comprised a combination of desktop review of documents and records at GFC Headquarters, interviews with GFC staff, FSOs and independent stakeholders and field inspections of concession areas, sawmills, lumberyards and GFC field stations and relevant local records to verify and cross-reference evidence obtained from document reviews and interviews.

Assessment of GFC's compliance systems was done based on the Principles, Criteria and Indicators for IFM included in the ToR (see Appendix 7).

Sites selected for field verification were drawn from the samples selected for the desktop reviews. Given the complexities of travelling within Guyana, the selection of field sites was influenced largely by logistical considerations such as proximity of the selected sites to one another, and the ease of travelling between sites. While the field and site inspections during the Third Audit focussed on the forestry divisions of Demerara and Berbice, Essequibo was selected as the focal point for inspections during the Fourth audit. the, audit team again noted the relatively low level of forestry activity in the newer and much smaller division of North West.

## ***Sampling Methodology***

The sampling methodology used was again based on the Forest Stewardship Council® (FSC®) formula used for calculating the number of sites to be included in a multi-site certification. This provides a systematic and representative basis for the extrapolation of results from the sample inspected to the total as a whole. As this approach was also used during the Third Audit, it provides a measure of consistency between the Third and Fourth Audits.

### ***Concession agreements***

The minimum number of concession agreements (large and small concessions, private property, agricultural and mining leases) examined was calculated as the square root of the total number for each tenure type operating during the base year of 2018.

For large concessions, seven out of 20 large concessions from 2018 were included within the audit sample – four TSAs, one WCL and two SFEPs. Two large forest concessions in Essequibo Division were visited in the field, although inspection of forest operations was only logistically possible in one of those concessions.

For small concessions, 23 out of the 488 active agreements in 2018 were sampled – 17 SFAs and six CFMAs, distributed across the four divisions Demerara, Essequibo, Berbice and North West. Two small forest concessions were visited in the field.

A similar sampling approach was used for private properties (two of three sampled), salvage operations (two of two), agricultural leases (four of eleven) and mining leases (also four of eleven). Auditing for these agreements was based on document review only.

### ***Licences***

The calculation of the audit sample for sawmill, lumberyard, export and import licences was based on the same methodology, producing an audit sample of:

- 15 of 200 sawmills licensed to operate in 2018;
- 13 of 154 lumberyards;
- 10 of 99 exporters; and
- Four of 10 importers.

Details of the sampling calculations, and the selection of entities to be sampled for each category is at Appendix 3.

## ***Evaluation of compliance***

The ToR stated that the Fourth IFM Audit was to be “systems based”, focussing on ascertaining the following:

- whether the GFC has a system or systems in place for monitoring stakeholder compliance with the requirements of Guyana's forestry laws covering the following:



- allocation of concessions;
- pre-harvesting approvals;
- conduct of in-forestry harvesting activities;
- post-harvest inspections
- the requirements of Guyana's Wood Tracking System for forest produce including processing; and
- domestic sale and export of forest produce.
- whether there are monitoring mechanisms, procedures and/or protocols in place for the system or each system;
- whether these procedures and/or protocols are being followed; and
- whether there are mechanisms to detect any breaches and address them satisfactorily including learning to prevent and/or minimise future occurrence.

In this context, "Non-compliances" relate to whether or not a monitoring mechanism, procedure or protocol is in place, and whether or not it is being followed.

Determination of non-compliances was assessed at the level of the Indicator and the associated "verifiers" related to each Indicator.

Observations relate to recommendations for improving further, mechanisms, procedures and protocols, and are made purely for GFC's consideration.

Determination of non-compliances was based on objective assessment of information contained in GFC's existing records, as well as the results of field verifications and observations.

## Breaches

As in 2018, the audit team requested information on breaches of GFC's compliance/monitoring system as an adjunct to assessing overall performance of the system. Details of breaches by type are included in Appendix 2.

The number of breaches identified was considered in the context of the total number of Forest Sector Operators within each category, and the intensive monitoring program implemented by the GFC. The main conclusions from this summary are:

- small concession holders continue to be the main area of challenge for the GFC in terms of ensuring compliance with the legality requirements;
- late submission of removal permits was by far the largest area of concern for non-compliance, followed by improper record keeping and no tagging of stumps and logs; and
- none of the key areas of concern from non-compliance point of view, had shown desired improvement over the last four years.

Similar to the audit team's conclusion last year, in the view of the audit team, the fact that these breaches are being identified suggests that GFC's compliance/monitoring system is working as it is intended.

The audit team, however, identified the following issues:

- the compliance/monitoring system identifies breaches, and although the audit team sighted copies of letters GFC sends to audited FSOs about the audit and its results, GFC follow up actions with FSOs on these breaches is lacking, to ensure they are addressed. This is not congruent with striving to continuously improve the system;
- the penalty system (fines) does not appear to act as strong deterrent to the FSOs, as evidenced by the fact that few of the key areas of breaches identified above have improved over the past four years;

- there was no evidence of how repeat offences are dealt with. Review of Compounding files indicated that specific FSOs continually breach the requirements of the Forest Act, 2009. Apart from paying the fines imposed, there was no evidence in the GFC files indicating that the GFC had taken any stringent actions to deter the FSOs from continually breaching the requirements of the Forest Act, 2009. The audit team is aware that the new Forestry Regulations provide for escalating fines for repeat offences. The audit team acknowledges that analysis of the number of breaches recorded needs to be undertaken in the context of overall compliance records and that training and capacity building, particularly among small operators, are vital elements in promoting a culture of compliance. However, to ensure the overall integrity of the compliance system, it would be important for the GFC to develop and implement a system whereby an FSO could be asked to surrender his or her concession after a stipulated number of repeat non-compliances; and
- there was limited evidence from field inspection reports examined at the GFC out stations that Headquarters provide feedback to the stations on the actions implemented in response to breaches identified in the field inspection reports. GFC should consider providing such feedback to the stations, in addition to requesting them to follow up to ensure the breaches are addressed satisfactorily within the timeframes stipulated for corrective actions to be implemented. While the comments above relate specifically to feedback in relation to field inspection reports carried out by staff from the out stations, GFC advise that it is routine practice for the officers situated at the GFC out stations to physically deliver and follow up on deficiency letters from the Compounding Unit to the stakeholder. Officers see the content and follow up with stakeholders to ensure these payments are honoured. Additionally, monthly summaries of compensation owing and acreage fees owing are also submitted to out stations. In all situations where follow up is carried out, it is important that out stations keep effective records of these actions.

## Audit activities, agenda and team composition

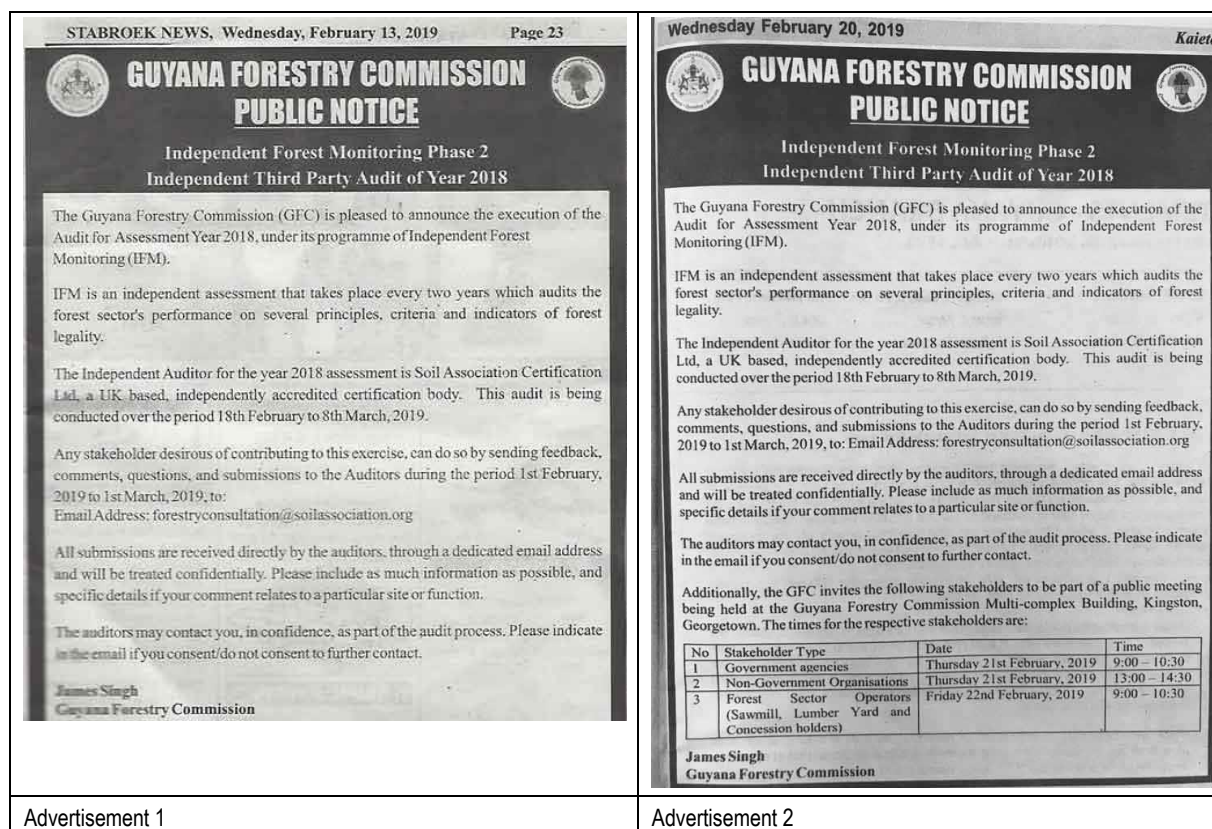
### *Stakeholder notification*

Following the Third Audit in 2018, the audit team held the view that there was an opportunity to encourage greater stakeholder involvement in future audits. For the Fourth Audit, a strategy was developed to publicise the audit in advance and provide opportunities for those interested to provide information to the audit team. A two-phased approach was adopted, that comprised:

- Newspaper announcements in advance of the audit, informing members of the public that the audit was taking place in February/March 2019, and inviting contributions in relation to the scope of the audit that could be made directly and confidentially to the audit team through Soil Association Certification Ltd. The advertisements were placed in the Kaieteur News and Starbrook News and ran from the 3<sup>rd</sup> February 2019 to the 1<sup>st</sup> March, 2019.; and
- Newspaper announcements during the audit announcing details of targeted stakeholder meetings to be conducted by the audit team. Sessions were arranged for government agencies, non-government organisations (NGOs) and Forest Sector Operators (FSOs). These advertisements appeared in the Kaieteur News on Wednesday 20<sup>th</sup> February, 2019.

The audit team had not received any stakeholder feedback as a result of these adverts at the time of writing the report.

Images of the public notices used are shown below in Figure 1.

**Figure 1 – Public notices used for stakeholder notification**

## ***Audit team composition***

The audit team comprised the same three individuals that participated in the Third Audit in 2018, as shown in Table 1.

**Table 1 - Audit team composition**

Name	Affiliation	Country
Kwame Asumadu	WoodPanels Australia Pty Ltd	Australia
Hamish Crawford	Cailum Pty Ltd	Australia
Ewan Brown	Soil Association Certification Limited	United Kingdom

## ***Audit agenda and activities***

For the audit period (i.e. from 18th February to 8th March 2019), a detailed audit program was developed to ensure that sufficient time was allocated to the various tasks of document review, interviews and physical inspections across the audit sample of FSOs, and to ensure broad and comprehensive engagement with external stakeholders, including independent stakeholders such as NGOs. The detailed Audit Agenda is at Appendix 1.

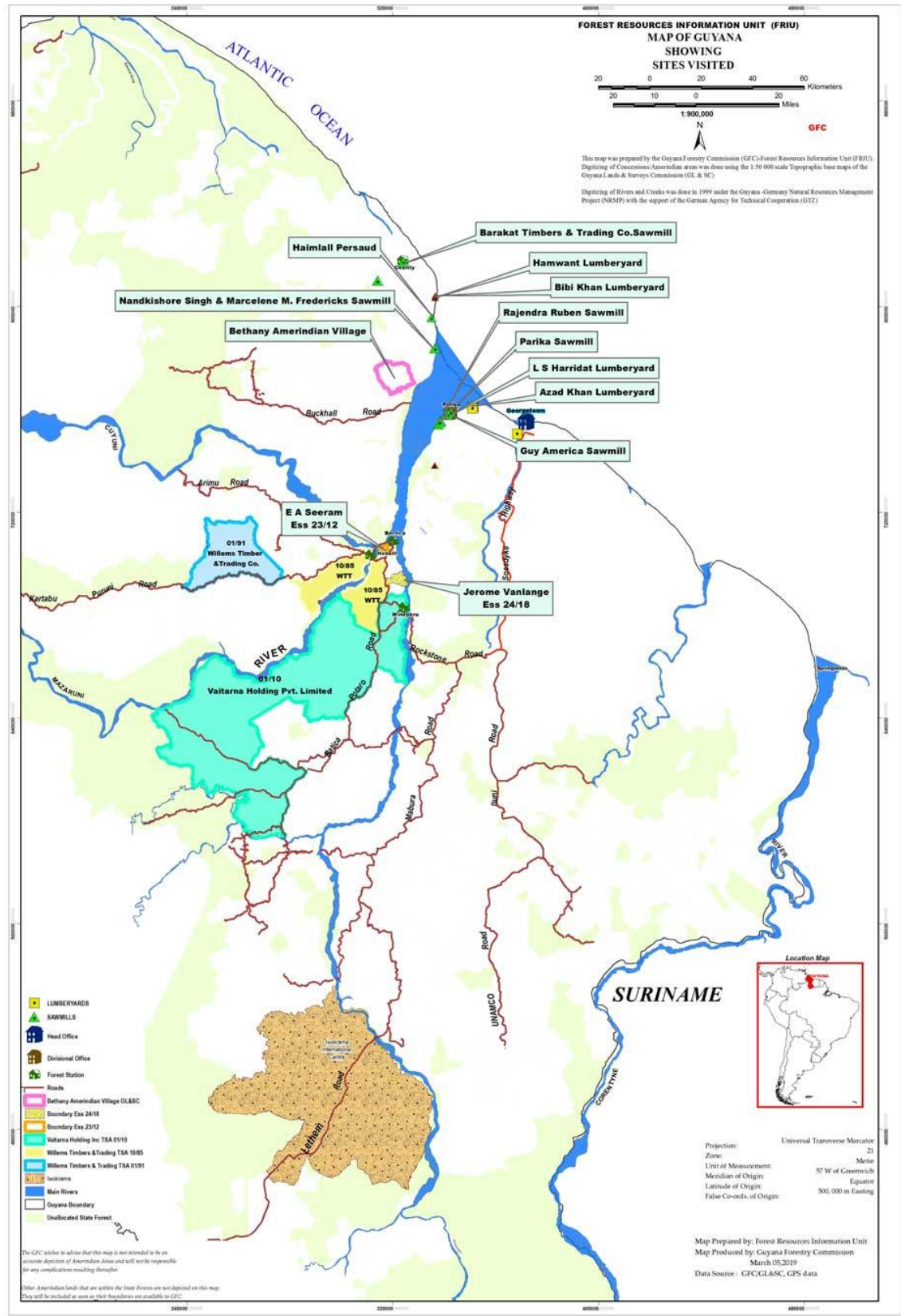
In accordance with the sampling framework, field and site inspections focussed on enterprises operating within the Essequibo Division. Field inspections also included the GFC Divisional Office and a number of forest stations. Sites visited during the field inspection are listed below in Table 2 and shown spatially in Figure 2. During the field inspection visit, the audit team substituted two sawmills in Parika to facilitate corroboration of Wood Tracking System documentation associated with timber removals from concession areas visited. These were:

- Rajendra Ruben Sawmill (substituted in the field for C & S Mohabir & Sons from the original document review sample); and
- LS Harridat (Laekram) Sawmill (substituted in the field for Sandra Chaitranjan & Sons from the original document review sample).

**Table 2 – Sites visited during the audit**

Type of stakeholder	Site	Coordinates
Guyana Forestry Commission	Head office, Georgetown	N6° 49.517' W58° 09.883'
	Divisional office - Parika	N6° 51.427' W58° 25.640'
	Forest station - Bartica	N6° 24.479' W58° 37.523'
	Forest station - Iteballi	N6° 21.239' W58° 42.375'
	Forest station - Winiperu	N6° 10.399' W58° 35.250'
	Forest station - Charity	N7° 23.596' W58° 35.843'
Large concession holders	Willems Timber	N6° 21.134' W58° 42.452'
	Vaitarna	N6° 10.468' W58° 34.912'
Small concession holders	E A Seeram	N6° 22.472' W58° 39.753'
	Jerome Vanlange	N6° 17.009' W58° 35.010'
Amerindian communities	Bethany	N6° 58.521' W58° 34.749'
Sawmillers	Vaitarna Holding Private Incorporated	N6° 10.468' W58° 34.912'
	Rajendra Ruben Sawmill (substituted in the field for C & S Mohabir & Sons)	N6° 48.949' W58° 28.181'
	LS Harridat (Laekram Sawmill) (substituted in the field for Sandra Chaitranjan & Sons)	N6° 49.512' W58° 27.889'
	Guy America Sawmill	N6° 51.127' W58° 26.058'
	Parika Sawmill	N6° 51.633' W58° 25.493'
	Haimlall Persaud Sawmill	N7° 11.536' W58° 29.738'
	Nandkishore Singh & Marcelene M Fredericks	N7° 04.753' W58° 28.861'
	Barakat Timbers and Trading Co. Ltd	N7° 23.319' W58° 35.692'
Lumberyards	L S Harridat	N6° 52.472' W58° 20.914'
	Azad Khan	N6° 52.476' W58° 20.899'
	Hamwant	N7° 15.765' W58° 28.949'
	Bibi Khan	N7° 16.167' W58° 28.881'
Exporters	Toolsie Persaud Limited (export documentation only, at Iteballi FS)	N6° 21.239' W58° 42.375'

**Figure 2 – Locations visited during audit**



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## Review of findings from IFM Third Audit

The audit team followed up on findings raised during the Third Audit in 2018. In 2018, no major or minor non-compliances were identified, and for 34 of the 45 indicators, the audit team found that the systems and procedures were operating effectively, and that satisfactory compliance with the specific indicators could be demonstrated. For the remaining 11 of the Indicators, the absence of relevant activity in the sample period meant that the audit team was unable to record a finding.

While no non-compliances were identified in 2018, the audit team did raise 14 specific Observations in relation to:

- the systems and procedures of the GFC;
- the interaction between the GFC and other agencies of government that are integral to the demonstration of legality; or
- the Indicators themselves.

Table 3 below lists the Observations raised in 2018, GFC's responses, including, if appropriate, actions taken in relation to the findings, and the audit team's comments on GFC's response and actions taken.

**Table 3 - Corrective Action Requests from IFM Audit 3**

2018 Indicator	2018 Finding and related comments	GFC response to Finding	2019 IFM Team comments
<b>Indicator A.1.1.1</b> The FSO is the holder of one of the following: i) a valid Exploratory Permit ii) a Large Forest Concession Agreement (FCA)	<b>Observation 2018.01</b> The audit team observed that only one FSO harvests NTFPs commercially and was included in the sample for the audit. This company has a TSA for demonstrating "the legal right to harvest" palm hearts (cabbages). The audit team questioned whether a TSA was the appropriate authorisation for the FSO to demonstrate "the legal right to harvest" NTFPs commercially. GFC explained that this was the only mechanism provided by the Forests Act, and the audit team confirmed from the Forest Act that was indeed the case.	The audit team confirmed from the Forest Act that was indeed the case.	The audit team noted GFC's comments and acknowledged that the Terms of Reference for the 2019 audit specifically excluded NTFPs.
	<b>Observation 2018.02</b> Minor typographical errors were detected in the files for some of the Agreements. These errors were of no operational significance to the functioning of the monitoring system. However, they need to be addressed as part of general good housekeeping. This is particularly important for Agreements as they are legal documents.	FRM - Completed	The audit team acknowledged GFC's advice that typographical corrections had been made in relation to concession agreements inspected in 2018.
<b>Indicator A.1.2.2</b> The FSO does not prevent the traditional rights of Amerindian peoples	<b>Observation 2018.03</b> Section 11 of the Code of Practice for Timber Harvesting describes requirements to ensure the traditional rights of Amerindian peoples are respected. However, the Forest Management Plans do not define and describe what the applicable user rights of Amerindian peoples are in relation to the concession area, and how FSOs will demonstrate compliance. While this issue is currently included in Monitoring reports, there is at present very little site-specific information available to assist GFC's monitoring staff to verify compliance by FSOs. The audit team recommends that GFC's guidelines for preparing Forest Management Plans should be amended to bring them in line with the Code of Practice for Timber Harvesting. This will require FSOs to address in their Forest Management Plans, how they are going to meet the requirements of this indicator	Traditional Rights have not been completely elucidated by the MolPA. The GFC has updated the AOP guidelines in 2018 and continue the process for FMP in 2019. All traditional subsistence activities continue unhindered.	The audit team acknowledges GFC's advice that traditional rights have not been fully defined, and that the MolPA are leading the process to codify these rights. The team also noted that the Guidelines for Annual Operating Plans have been amended to ensure the legal, social and ecological integrity of all Amerindian lands are respected and that there is a process for disputes to be brought to the attention of MolPA and GLSC.

2018 Indicator	2018 Finding and related comments	GFC response to Finding	2019 IFM Team comments
<b>Indicator A.2.1.1</b> The FSO has an Environmental Authorisation or has commenced the process to attain the authorization	<b>Observation 2018.04</b> The audit team was made aware that the process for obtaining environmental authorisation can take many years. While this is reflected in the current Indicator (which recognises commencement of the process for obtaining authorisation), the audit team was informed that GFC plans to remove the qualification 'commenced the process to attain the authorization'. This will therefore mean that FSOs that have only applied but not been granted permits will not be compliant. Only a valid EPA environmental authorisation will be compliant. This will apply to all FSOs (large and small concession holders) as well as sawmillers (static, sawpits and mobile sawmills) and lumberyards	EPA & GFC to work out the time frame/agreement for which Environmental Authorizations can be obtained. This is ongoing.	The audit team noted that this matter is ongoing, however, the issue remains an area of concern to the audit team, which has raised new findings following the 2019 audit.
<b>Indicator A.2.1.3</b> The FSO complies with the Wood Tracking System (WTS)	<b>Observation 2018.05</b> The audit team noted that the Wood Tracking System is currently designed to track timber products only. The Audit team recommends that a similar system be developed to provide comparable monitoring of NTFPs.	This will be developed during the EU FLEGT implementation phases	The audit team noted GFCs comments as well as the removal of NTFPs from the scope of the IFM audit for 2019.
	<b>Observation 2018.06</b> Reconciliation of tags issued, tags used, and tags not used is made difficult because, for the category of tags not used, this can include: <ul style="list-style-type: none"> <li>• tags on logs not yet removed from the forest;</li> <li>• tags still to be used;</li> <li>• tags to be returned but not yet reconciled in the system (e.g. tags returned to a field station, but not yet sent on to headquarters); and</li> <li>• tags returned to headquarters and recorded.</li> </ul> Some discrepancies were therefore observed in the tag management records for some of the tags allocated, used and recorded as being returned, for some of the concession Agreements examined. GFC procedures indicate that the cut off for the return of unused tags, as well as extraction of jungle stock is 31st December. It is important that these procedures are followed.	Draft Standard Operating Procedures for Tags Unit Developed, Tag reconciliation included on tag allocation letter, methodology for tag reconciliation developed.	The audit team noted the amendments to tag allocation and reconciliation processes. The team has addressed this in more detail in the findings from the 2019 audit below.
<b>Indicator A.3.1.1</b> The FSO complies with the requirements for the payments of royalties and acreage fees or payment plan.	<b>Observation 2018.07</b> There is potential to develop online payment systems for the payment of royalties, acreage fees and other GFC statutory payments, to minimise risks associated with handling large cash payments.	The process has commenced and will be implemented in connection with the EU FLEGT Implementation process.	The audit team acknowledges the GFC comments that the process has commenced and will be implemented in connection with the EU FLEGT Implementation process.



2018 Indicator	2018 Finding and related comments	GFC response to Finding	2019 IFM Team comments
<b>Indicator B.2.1.1</b> The FSO has an Environment Authorization or has commenced the process to attain the authorization	<b>Observation 2018.08</b> The Audit team was made aware that the process for obtaining environmental authorisation can take many years. While this is reflected in the current Indicator (which recognises commencement of the process for obtaining authorisation), the Audit team was informed that GFC plans to remove the qualification 'commenced the process to attain the authorization'. This will therefore mean that FSOs that have applied but not been granted permits will not be compliant. Only a valid EPA environmental authorisation will be compliant. This will apply to all FSOs (large and small concession holders) as well as sawmillers (static, sawpits and mobile sawmills) and lumberyards.	EPA & GFC to work out the time frame/agreement for which Environmental Authorizations can be obtained. This is ongoing.	The Audit team noted that this matter is ongoing, however, the issue remains an area of concern to the Audit team, which has raised new findings following the 2019 audit.
	<b>Observation 2018.09</b> As part of the requirements under the Guyana/EU VPA, all small concessions currently not required to obtain environmental authorisation will need environmental authorisation from the EPA to be complaint. The large number of small concession holders (currently around 469) that will need environmental permits will likely present challenges to the EPA in issuing these permits in a timely manner. The Audit team was informed that the GFC and the EPA are still discussing the practicalities of issuing environmental permits for SFPs."	EPA & GFC to work out the time frame/agreement for which Environmental Authorizations can be obtained. This is ongoing.	The Audit team noted that this matter is ongoing, however, the issue remains an area of concern to the Audit team, which has raised new findings following the 2019 audit.
<b>Indicator B.2.1.3</b> The FSO complies with the WTS	<b>Observation 2018.10</b> Reconciliation of tags issued, tags used, and tags not used is made difficult because, for the category of tags not used, this can include: <ul style="list-style-type: none"> <li>• tags on logs not yet removed from the forest;</li> <li>• tags still to be used;</li> <li>• tags to be returned but not yet reconciled in the system (e.g. tags returned to a field station, but not yet sent on to headquarters); and</li> <li>• tags returned to headquarters and recorded.</li> </ul> Some discrepancies were therefore observed in the tag management records for some of the tags allocated, used and recorded as being returned, for some of the concession agreements examined. GFC procedures indicate that the cut off for the return of unused tags, as well as extraction of jungle stock is 31st December. It is important that these procedures are followed	Draft Standard Operating Procedures for Tags Unit Developed, Tag reconciliation included on tag allocation letter, methodology for tag reconciliation developed.	The Audit team noted the amendments to tag allocation and reconciliation processes. The team has addressed this in more detail in the findings from the 2019 audit below.

2018 Indicator	2018 Finding and related comments	GFC response to Finding	2019 IFM Team comments
<b>Indicator B.3.1.1</b> The FSO complies with the requirements for the payments of royalties and acreage fees or has a payment plan	<b>Observation 2018.11</b> The GFC should give consideration to the possibility of developing online payment systems to minimise risks associated with handling cash payments, particularly for GFC stations located outside headquarters in Georgetown. Implementation of online payment systems (for example via cell phones) will be consistent with the GFC's current digitisation of its control systems including real time data management, in preparation for issuing FLEGT licenses for forest produce when the Guyana/EU VPA is implemented.	The process has commenced and will be implemented in connection with the EU FLEGT Implementation process.	The Audit team acknowledges the GFC comments that the process has commenced and will be implemented in connection with the EU FLEGT Implementation process.
<b>Indicator C.1.2.2</b> The FSO does not prevent Traditional rights of Amerindian peoples	<b>Observation 2018.12</b> This requirement is redundant, and the GFC should consider removing it. This is because it is unlikely Amerindian FSOs will prevent the traditional rights of Amerindian peoples on either Amerindian lands or Amerindian SFPs.	In an effort to maintain consistency across FSO, it was maintained.	The Audit team acknowledges the GFC comments.
<b>Indicator F.1.1.2</b> The FSO has an Export Certificate	<b>Observation 2018.13</b> It is recommended that the title for the form for applying for an Export Certificate should be changed to "Application for Export Certificate." rather than "Application for Export Certification."	Completed – will officially be implemented in connection with the revised Timber Grading Rules which has been approved by the board in 2018 and will commence implementation in the Second half of 2019. Training of GFC officer in the first half of the year.	The Audit team acknowledges the GFCs amendment of the export documentation.
<b>Indicator F.1.1.4</b> The FSO complies with the requirements for the payments of: I) applicable fees (export levies); II) export taxes	<b>Observation 2018.14</b> The Audit team confirmed that FSOs pay export levies, which are levies on the export of logs paid to the GFC. However, it was not possible to verify FSOs' payment of export taxes (which the Audit team was informed is paid annually at 2% of the total value of exports) to the Guyana Revenue Authority (GRA). The Audit team was informed that export taxes paid to the GRA are paid annually. FSOs have until 30th April of the following year to pay export taxes. This would present challenges for the GFC when issuing FLEGT licenses as this legal requirement would not be able to be verified at the time a consignment or a batch of forest produce is exported. The Audit team was informed that the payment of export taxes has been agreed as part of the Legality Definition for the VPA.	GFC-GRA- payment of export taxes cannot be verified	The Audit team acknowledges the GFCs confirmation that as payments of GRA export taxes are made retrospectively, they cannot be verified at the time of export of forest produce. The Audit team confirms its view that continuation of the inclusion of Indicator F.1.1.4 could impede the future issuance of FLEGT licences.

## Results from the Fourth IFM Audit

As stated in section 2.2 above, the objective of the audit was to assess:

- the adequacy of Guyana's forest law enforcement systems;
- how the systems are being implemented; and
- legal compliance by forestry operators using the specified Criteria for Monitoring.

The audit results are expressed below in relation to each of these three objectives. The results presented for the first two of these objectives take the form of a commentary on the adequacy and implementation of Guyana's forest law enforcement systems. The results for the third objective focus on assessments of compliance by FSOs with the applicable indicators for legality.

The audit team's findings were informed through a process of document review, field inspection of sites and activities and stakeholder consultation. The document review and field inspections were systematic and based on the sampling approach described earlier in the report.

### *Key findings – Systems adequacy*

#### **Guyana's forest law enforcement systems**

Guyana's forest law enforcement system involves a number of government agencies implementing the requirements of a range of legal and regulatory instruments. The most significant of these is the Guyana Forestry Commission, which has responsibility for the implementation of the Forests Act 2009 and the subsidiary Forests Regulations 2018.

The Environmental Protection Agency (EPA) is also a key component of the legality system, through its implementation of the Environmental Protection Act 1996.

Other agencies with responsibilities for aspects of forest legality include:

- Ministry of Natural Resource;
- Ministry of Indigenous Peoples' Affairs;
- Ministry of Public Infrastructure;
- Guyana Lands and Survey Commission;
- Lands Registry; and
- Guyana Geology and Mines Commission.

Based on the findings from both IFM 3 and IFM 4, the audit team observed that Guyana has mature forest law enforcement systems. Guyana's forest law enforcement systems are comprehensive covering the whole production and value chain (award of concessions, pre-harvesting planning, harvesting operations, transport, post-harvesting operations, processing, domestic marketing and exports).

The systems comprehensively and successfully monitor logs and sawn lumber from the state forests, Amerindian owned lands, private properties, and agricultural and mining leases. The systems are able to identify breaches, and there are mechanisms in place (Compounding) for dealing with the identified breaches. The audit team identified the following areas, which could be addressed to improve further, the effectiveness of Guyana's forest law enforcement systems.

#### **Opportunities to promote GFC's mechanisms for transparency**

During the field inspection visits, the audit team met with an FSO who informed the team that his application for an SFP had been rejected by the GFC. The FSO showed the team a copy of the letter

from the GFC, which outlined the reasons his application was not successful. The team, however, noted that the letter did not include information/advice on how the FSO could appeal the GFC's decision.

The team was informed that the GFC has a mechanism for dealing with complaints, including appealing the Commission's decision. It would be important for GFC's appeal mechanism to be promoted widely to improve further transparency.

In relation to the award of concessions, one option is to include a description of the appeal system in the concession application forms, which are available at the GFC website.

A representative of a community logging association informed the audit team that the GFC had imposed penalties on the association for untagged stumps. The representative informed the audit team that it had informed a GFC field officer prior to commencing forestry operations of the existence of the untagged stumps, indicating that "illegal harvesting" not attributed to the members of the association had occurred in the concession. Despite this explanation, the GFC officer had still issued an infringement notice against the association members and imposed fines.

At the time of the audit, the association members were still appealing to the GFC for a waiver of the fines on the basis that its members were not responsible for the illegal harvesting identified by the GFC field officer.

The audit team understands that the SFA contract states it the concessionaire's responsibility to monitor its boundaries and report any illegal operations:

*"The Holder is responsible for patrolling the boundaries of the concession area and reporting any illegal activity to the Commission."*

GFC has advised the audit team that in the specific instance referred to above, no investigation or evidence was presented by the concession holder to validate the claims and that this could have been a case where the concessionaire failed to make such reports in a timely manner.

## Recognition of other statutory payments in legality matrix

The audit team noted that the criterion and indicators in the legality matrix for the payment of statutory fees related to only acreage fees and royalties. In the context of legality, other statutory payments are also important. In the case of Guyana's forest sector, these payments include:

- payment of taxes (GRA);
- national insurance scheme contributions for workers (NIS payments); and
- payment of fees associated with applying for new permits or renewing existing ones required for operating in the forest sector.

The audit team formed the view that this criterion and the associated indicators should be broadened to include other statutory payments that are relevant to the sector. This has been recorded as Observation 2019.03 below.

The GFC explained that the non-inclusion of these other statutory payments constitutes one of the differences between the IFM monitoring indicator and the legality indicators developed for the VPA. The team was informed that all relevant statutory payments have been included in the VPA legality indicators, and will become enforceable once the VPA is signed, becomes operational and FLEGT licences are issued for the trading of logs and lumber.

## Stakeholder engagement

The audit team met with a wide range of stakeholders during the audit. Focus group meetings were held in Georgetown with representatives from:

- government agencies with responsibilities linked to forest sector legality;
- non-government agencies; and

- forest sector operators.

Notification for the focus group meetings was done by advertising in the Starbroek and Kaieteur News (as described earlier in the report) and by direct contact with known stakeholder organisations. The list of invitees directly contacted is presented in Table 18 in Appendix 5 below.

An additional focus group meeting was held at Anna Regina during the field visit to Essequibo Division. This meeting was attended by a number of FSOs from the region, as well as representatives from Amerindian communities and organisations.

At the end of each focus group meeting, the audit team provided their email addresses to stakeholders, and invited stakeholders to provide (on a confidential basis) any information which they felt would assist the audit team.

The audit team also contacted the journalist who wrote an article about the conclusions of the Third Audit, and invited her to provide any information she had, which could assist the Team with the Fourth Audit. The journalist subsequently informed the audit team that she did not wish to make a submission.

The audit team noted that there were no stakeholder responses to the pre-audit public notification advertisements, and no additional stakeholder responses were provided other than those expressed during the focus meetings or in one-to-one interaction during the field visits.

The audit team expressed disappointment with the poor attendance by government agencies at the focus group meetings held in Georgetown, despite the GFC publicising these meetings through newspaper advertisements, and writing to the agencies directly inviting them to these meetings.

Only three government agencies (the EPA, MoIPA and the Ministry of Natural Resources) sent representatives to the relevant focus group meeting.

Similarly, attendance by forest sector companies was also poor at the stakeholder focus group meeting held in Georgetown.

Issues raised at these focus group meetings are described below.

### **General stakeholder comment on the GFC**

Similar to the feedback received from stakeholders during the Third Audit, all stakeholders consulted were again very complimentary of the GFC. Representatives of all the organisations who attended the focus group meetings and those visited indicated that the GFC continues to be a model organisation in Guyana in terms of working with their stakeholders. They appreciated GFC's understanding and flexible approach to dealing with them and addressing some of the challenges some stakeholders face occasionally.

Stakeholders also informed the audit team that they agreed with the compliance system, although some considered it sometimes bureaucratic, time consuming and ultimately expensive. Stakeholders believed that the compliance system was necessary for them to provide assurance to the market (particularly the export market) that their wood produce was from legal sources.

### **Perceptions of levels of illegality in Guyana's forestry sector**

At the end of each focus group meeting, the audit team asked the stakeholders to rate the level of illegal activities in the sector based on their own personal experience, on a scale of 1 to 10. One (1) indicating a very high level (incidence) of illegal activity, and ten (10) indicating no illegal activities.

Consistently, stakeholders informed the audit team that, overall, the level of illegal activity in the sector is very low. However, the audit team notes that this stakeholder comment was unable to be verified.

Stakeholders informed the audit team that GFC's compliance system (particularly implementation of the wood tracking system) ensured no illegal activity in the segment of the sector involved in the export of wood produce. However, it was possible that some illegal activity (albeit small) was occurring in the segment of the industry focussed on the domestic market.

One FSO reported to the audit team that the level of illegal activity was high, although the FSO also acknowledged that such illegal activity was confined largely to individuals buying timber produce locally for personal consumption such as house construction. The audit team was informed that such illegal activity was possible due to some sawmillers being prepared to buy illegal logs and lumber and mix these products with their compliant stock.

Although the audit team did not find direct evidence relating to this practice, the team is of the view that it is possible for such illegal practices to occur as the GFC's system for checking stock at sawmills and lumberyards is based on sampling.

### **Potential for undocumented sales**

During the field inspections, the audit team identified a situation at a sawmill where an FSO had recorded a sale of timber for which there was no corresponding entry in the Sawmill Record. It was explained by the FSO that this was because the company had not yet been billed by their supplier, and they couldn't record the receipt of the produce until they had the necessary documentation from their supplier, despite already having sold the material. This introduces an element of risk into the WTS documentation, suggesting the possibility that undocumented receipts and/or sales have the potential to occur. This has been documented below in Observation 2019.05.

Also, the GFC does not check each board of sawn lumber in stock at a sawmill or a lumberyard, and neither is physical stock taking conducted by the GFC. During stock inspection at sawmills and lumberyards, only lumber above a certain thickness is branded with a GFC hammer. Although the ends of most sawn lumber at sawmills and lumberyards are spray-painted after inspection, because not all boards are branded with a GFC hammer mark, it is potentially possible for an unscrupulous sawmiller or lumberyard owner to bring in illegal timber and mix it with legal lumber without GFC detecting such illegal activity. While the audit team acknowledges the impracticality of physical counts of all stocks during GFC inspections, this is an area of potential weakness in the WTS. This has been documented below in Observation 2019.06.

### **Commercial transactions among small producers, buying agents and sawmills**

The audit team was again informed of situations where small producers are not paid full price (market value) of produce they sell either directly to sawmillers, or through third-party buyer agents, although these small producers pay full royalties to the GFC.

Further investigations by the audit team revealed that such short payments arise from different understanding and or interpretations of the contract specifications between the buyer and the seller, which is usually verbal and not documented.

To assist these small producers, the audit team recommends that the GFC should consider implementing a contract system similar to the one currently in place for the leasing of equipment among forestry operators.

It is recommended that such template contracts for the purchase of lumber and logs, should include Guyana's national grades for lumber and logs, to assist buyers and sellers to agree and document the exact specifications required by the buyers, to avoid the misunderstandings and disagreements which results in such underpayments.

Amerindian stakeholders, in particular, requested that the GFC should consider training and accrediting indigenous lumber and log graders for their communities, to assist their FSOs understand the lumber and log grades required by lumberyards and sawmillers.

Trained and accredited indigenous lumber and log graders can offer their services on a "user pays" basis similar to the practice that exists currently for trained GPS operators, who the indigenous operators use to verify the coordinates of harvested trees for GFC stump inspection purposes on a "user pays" basis.

### **Trained first aid officers**

Amerindian stakeholders also requested that the GFC, in collaboration with the Ministry of Health or the Red Cross, should consider training indigenous First Aid Officers, to accompany harvesting teams, so that immediate first aid can be provided in cases of accidents, until the patients can access clinics and hospitals.

## ***Implementation of the legality systems***

Assessment of the implementation of legality systems was undertaken in the context of the agencies responsible for that implementation. While there are clear needs for coordination between agencies, it is the agencies themselves that take responsibility for discharging their respective obligations under Guyanese law. Commentary on implementation is therefore provided at the agency level.

### **Implementation of GFC requirements**

In relation to forest legality, GFCs responsibilities are to ensure that Forest Sector Operators' forestry operations comply with the requirements of the Forests Act, 2009 and the gazetted Forests Regulations 2018. In summary, these responsibilities include administration and management of:

- how forest concessions are awarded;
- pre-harvesting requirements including approvals for management plans and annual operational plans;
- all aspects of forestry operations, including ensuring that FSOs follow the appropriate code of practice or guidelines;
- post-harvest inspections
- the wood tracking system including payment of all statutory fees;
- wood produce processing and the associated code of practice; and
- wood produce trade: both domestic and exports.

### **Information availability**

The audit team noted the general availability of information relating to all aspects of the GFC's responsibilities in relation to the administration and management of Guyana's forest legality systems. The audit team found the GFC staff very professional and having adequate knowledge, skills and experience related to their areas of responsibility.

Information requests were readily and promptly responded to and provided. Where explanation or clarification was required, these were provided professionally.

The audit team identified the following areas for improving further the integrity of the systems.

### **Enhance efficiency and system integrity of WTS through digitisation and use of online platforms**

The Audit team noted that GFC continues to make good progress with the migration of its records to digital platforms. Many of the documents reviewed by the Team were available electronically in pdf formats. However, the Team observed that the current digital migration involves converting paper-based records into electronic (pdf) formats. The advantage of this is that these records are available widely on a "need-to-know and access" basis by relevant GFC staff.

The Team observed that a significant component of GFC's data and information capture is still human-based, with its attendant potential human errors from multiple handling. This was particularly the case in the regional offices and 'Backdam'-located field stations.

The Team was given a presentation by the team involved with migrating some of GFC's existing databases to digital formats (Digital Surveys). The Team was impressed with this initiative but noted that of the key data sets selected for piloting, GFC's financial database was not included.

As noted, the presentation was based on the work being done currently on a pilot basis. However, the Team recommends inclusion of the finance database at this early stage, as this database is an important component of the legality compliance system (i.e. payment by FSOs of all statutory payments).

As indicated above, the Team believes the digital migration initiative is a good one, and encourages the GFC to continue its progression, but more importantly, to include online platforms that will allow FSOs and GFC regional and backdam outstations to be able to input data and information digitally. This will significantly improve efficiency, and also reduce errors associated with multiple human handling of paper-based data and information.

One FSO complained about the GFC's "bureaucratic" data and information capture systems, in particular the avoidable duplication of the same data and information required to be provided to different divisions and sections within the GFC.

This FSO informed the team that its digital systems are ready for online transmission of compliance data and information to the GFC, but the GFC has indicated it is not yet ready to receive data and information online. In response, GFC advised that on the basis of its own observations, the majority of FSOs, particularly many of the smaller operators, do not have the resources and skills needed to implement digital record keeping at this time. The team recommends that the GFC should contact this FSO and offer to include it in any future pilot testing of receiving compliance data and information online.

### **Limitations of new tag reconciliation procedures**

Based on the field inspections of the large concession holders sampled and the local GFC field stations linked to the concession, the audit team confirmed that FSOs adhered to the requirements of the wood tracking system (including permits for removal, tags used on logs and transport documents - trip sheets and trans-shipment sheets).

As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.

The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.

Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.

The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.

This has been documented below in Observation 2019.01.



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## **Auction of seized forest produce, GFC Boardroom 6th March 2019**

An auction was held to allow GFC to process timber that had been seized following illegal harvesting. 10 lots of timber were purchased by stakeholders generating an income of GYD 7,944,930.00. The successful bidders were primarily sawmillers, along with one exporter.

GFC's Internal Audit Office was responsible for conducting the sale and management of the auction process. The Office reported the outcome of the auction to the audit team.

Seized timber is sold at auction by the GFC. The Commission has no other way of processing the material and leaving it where it was confiscated would simply result in theft of the material, with the likelihood that it could make its way back into concessions and to be sold with legal timber.

One of the issues associated with the seizure of timber is being able to ascertain with certainty who was responsible for the illegal harvesting. GFC reported that operators caught at the scene typically refuse to give true identification or sign any form of paperwork. This issue becomes pertinent when the timber is re-sold at auction, as there is often a strong likelihood that the original perpetrator, or their associates purchase the logs, and in doing so, 'legalise' them.

Further to this issue, a recent trend of low prices suggests that the stakeholders attending the auction are colluding to not bid against one another. This ensures that the value that the auctioneer can achieve for the timber is below the proposed auction price set by GFC and below market value.

While it is acknowledged that the auctioning of seized forest produce is the only transparent way of bringing such material legally into the supply chain, its effectiveness as a deterrent to restrict illegal logging may be limited.

## **Opportunities to enhance effectiveness of stump inspections**

The audit team noted inconsistency in how stump inspections are conducted. In some reports, 100% of all stumps were inspected, whereas in some situations, less than 100% had been inspected.

As the inspection of tagged stumps is an important component of the wood tracking system for identifying possible illegal activity, it is important that there is consistency in the sampling methodology.

Following completion of the audit, the audit team was shown a copy of the Procedure for Tag Sampling in Concession Monitoring which describes the process of determining an appropriate sample size for stump inspections. However, during field investigations by the audit team, it was not clear that this procedure was being implemented. Stump inspection reports sighted did not include any notes on sample size determination.

## **Assessing stock levels in sawmills and lumberyards**

In the case of all sawmills and lumberyards visited during the field inspections, the FSOs were able to produce the required WTS documentation, such as the Sawmill/Lumberyard Record of Produce Received, the Monthly Returns of Logs Sawn and Lumber Produced and the monthly Summary of Wood Products Sales.

However, in one case, the audit team identified a situation where an FSO had recorded a sale of timber for which there was no corresponding entry in the Sawmill Record. The FSO explained that this was because the company had not yet been billed by their supplier, and they couldn't record the receipt of the produce until they had the necessary documentation from their supplier, despite already having sold the material. This introduces an element of risk into the WTS documentation, suggesting the possibility that undocumented receipts and/or sales have the potential to occur.

The GFC does not check each board of sawn lumber in stock at a sawmill or a lumberyard, and neither is physical stock taking conducted by the GFC. During stock inspection at sawmills and lumberyards, only lumber above a certain thickness is branded with a GFC hammer.

Although the ends of most sawn lumber at sawmills and lumberyards are spray-painted after inspection, because not all boards are branded with a GFC hammer mark, it is potentially possible for an

unscrupulous sawmill owner to bring in illegal timber and mix it with legal lumber without GFC detecting such illegal activity.

While the audit team acknowledges the impracticality of physical counts of all stocks during GFC inspections, this is an area of potential weakness in the WTS. This has been documented below as Observation 2019.06.

## **Format and Content of Stump inspection reports**

The audit team inspected GFC stump reports prepared by officers from the GFC field stations visited during the field visits. Consistently, the Team found:

- inconsistencies in the summary of findings presented as tables and the reports' conclusions;
- some reports had not been signed by the officer who completed the report (it was explained to the team that originals of reports sent to the GFC Head Office in Georgetown are signed, but the copies left at the field stations are not always signed);
- there was little evidence that non-compliances identified by inspecting officers are followed up to ensure non-occurrence in the future; and
- it appears that these inspections have become a "box-ticking" exercise, that follows an agreed reporting format, rather than as a genuine exercise in systems improvement. This observation was based on the fact that almost all the reports examined used similar language in expressing non-compliances, conclusions and recommendations. While the value of using standardised reporting formats to facilitate consistency in reporting is recognised, the evidence sighted during the field inspections suggested that template reporting formats were driving what was being written at the expense of the officer's own observations. Subsequently, the GFC provided a copy of a Corrective Action/Follow up Sheet for Environmental Monitoring and Audits of Sawmills and Lumberyards for inspections undertaken in Georgetown, but no comparable document is in place to cover audits of concession areas.

## **Longevity of stump tags**

During the field inspections, the audit team observed instances of tags missing from stumps and logs. The audit team noted that tags could be dislodged during transport of logs.

Longevity of tags is important for stump inspections post-harvest. It is also necessary to enable follow up to establish the link between the traded timber and the forest from where it was harvested, should disputes arise in the future about the legal origins of traded wood produce.

At IFM3, an FSO informed the audit team about having received such an enquiry from an overseas buyer. This required the FSO, using the recorded GPS coordinates and the tag numbers, to identify the stumps, and provide a report to the customer confirming the legal origins of the "disputed" wood produce.

## ***New Technologies***

The GFC could consider the feasibility of new technologies as an adjunct or replacement for tags. One such technology is SmartWater. It is an asset protection system in the form of a clear traceable liquid which contains a unique forensic code that is extremely robust and guaranteed to last a minimum of 5 years within all weather conditions.

SmartWater is non-hazardous. It leaves a long-lasting traceable liquid identifying mark, that is invisible except under ultraviolet black light.

## ***Destruction of tags by tree gums***

The audit team was also shown several examples of where the gum from Wallaba destroys tags on logs and stumps. One option to address this problem is to mount the tags a few centimetres above the stump with a longer nail (see Figure 3 below).

**Figure 3 – Placement of tags above the surface of the stump**



## Gender Issues

The audit team reviewed gender issues in the sector, given the international focus on this topic. The team reported on this issue at two levels.

### ***Gender balance mainstreaming within GFC***

The audit team observed the significant numbers of females within the organisation, across all sections and divisions. Of the four Assistant Commissioner positions in GFC, three are currently occupied by females. Although, there are no females at the Deputy Commissioners level, females occupy the following key senior roles in the organisation:

- Human Resources;
- Planning and Development
- Herbarium;
- REDD+ Programme
- Forest Area Assessment Unit
- GIS

### ***Gender balance mainstreaming within the industry***

The audit team did not undertake a detailed assessment of gender issues in the industry due to time constraints. However, the team observed there were a number of women working in the industry. This involved concession holders, as well as females working at sawmills and those who are owners of lumberyards.

Several females attended the stakeholder focus groups arranged as part of the audit. These females attended either as business owners or representatives of their organisations.

## Implementation of EPA requirements

The Environmental Protection Agency (EPA) was established under the Guyana Act No. 11 of 1996 (Environmental Protection Act 1996). Sections 11 and 14 in particular have an impact on Guyana's legality system as defined in the Forestry Act, 2009 and the accompanying Regulations (see Appendix 9).

In summary Section 11 of the Environmental Protection Act requires FSOs to have a valid Environmental Permit prior to commencement of operations. This applies to:

- FSOs with large concession agreements, with or without sawmills;
- FSOs with small forest concession agreements, with or without sawmills;
- Standalone sawmills; and
- Lumberyards.

Historically, the GFC has authorised FSOs whose Environmental Authorisations have expired to continue to operate, provided the FSOs were able to provide payment receipts from the EPA to demonstrate that they had applied for a renewal of their Environmental Authorisation.

At last year's audit (IFM3), the audit team raised an Observation that reliance on this verifier (evidence of commencement of renewal of an Environmental Authorisation) was inadequate demonstration of compliance. The GFC advised the audit team that it would remove the verifier (as the VPA negotiations had similarly identified this issue). The GFC further advised the audit team, the issue was part of the discussions with the EPA on a possible MoU, which will clarify the roles of the respective agencies will play in implementing the VPA, when in operation.

At this year's audit (IFM4) the audit team was informed that discussions with the EPA on the matter was still ongoing.

The Environmental Protection Agency is a key stakeholder in relation to forest legality. Environmental authorisations for forest sector operators are a fundamental element of the legality indicators for large and small concession holders, as well as sawmill and lumberyard operators. Across these sectors, a total of 862 separate operations are technically required to have environmental authorisations from the EPA.

The audit team's findings in relation to the EPA's role in forest legality compliance are reported below.

### Lack of information on EPA authorisations

The audit team found a lack of information on EPA environmental authorisations for FSOs. This was in contrast with the GFC, which was able to provide adequate information on all aspects of the legality systems, to ensure assessment of the effectiveness of the systems, and how they are being implemented.

### Inconsistency between EPA and GFC information

The audit team also found systemic inconsistencies between the information held at the EPA and the GFC. The status of environmental authorisations for FSOs frequently differed between information held by the GFC and that obtained from the EPA during the course of the audit. For example, on a number of occasions, GFC data indicated that FSOs had expired environmental authorisations, while data from the EPA indicated that they had no record of the FSO ever having had an environmental authorisation.

### Document reviews and field verifications

Document review and field verifications undertaken as part of IFM4 showed that, of the FSOs sampled, there were some large concession holders who had valid Environmental Authorisations, but equally, there were some who were operating without valid Environmental Authorisations. It was the same situation for small concession holders.

The major flaw uncovered in the EPA's regulatory regime of forestry operations was that there was no evidence that the EPA monitors regularly the environmental conditions attached to these Permits.

Indeed, during the field visits, the audit Team did not find any evidence that indicated that the EPA monitors the environmental conditions related to noise, waste, water, atmospheric emissions etc. detailed in these permits. In particular, there is a requirement for permit holders to submit annual environmental reports to the EPA. The Team found only one lumberyard operator who had submitted such a report, which was in 2015. There were also examples where waste was being burnt, entering the river systems and accumulating on site, all of which are contrary to the EPA's environmental permit conditions.

In the view of the Team, the EPA's requirement for these small operators to obtain Environmental Authorisations for forestry operations could be perceived as a revenue raising exercise, with no evidence that the permit system is used to improve genuinely the potential environmental impacts associated with these operations.

## **Backlog**

It is estimated that GFC has 862 operators (loggers, sawmillers and lumberyards). Document review revealed for the small FSOs in particular, there was a large backlog of unrenewed Environmental Authorisations, thus making them non-compliant. This was due to the inability of the EPA to process and either renew existing Authorisations, or issue Authorisations for new operations.

The EPA's processes require that prior to renewing an existing Authorisation or issuing one for a new development, the agency should first review and approve an environment management plan, and then undertake a site visit. For renewals, the site visits aim to verify compliance with the conditions associated with the Authorisation.

The audit team had several interactions with the EPA during the course of the audit. The Team is convinced that, given the extent of resourcing that will be required to process, monitor and renew existing Authorisations, let alone process applications for new forestry developments, it is unlikely EPA will be able to achieve this.

## **Implications for the GFC and other government agencies**

Document review and field verifications revealed that there is a significant number of FSOs (large concession holders, small concession holders, sawmillers and lumberyards) who are currently non-compliant, and have not been compliant in the past.

Section 14 of the Environmental Protection Act, 1996 suggests that unless the EPA has issued Environmental Authorisations, the GFC should not have approved concessions and licences for those activities that require such Authorisations.

The issues uncovered in relation to the requirements of the EPA's Act, also have implications for other government agencies whose compliance regimes require EPA Environmental Authorisations for their clients.

## **Implications for the sector**

The Environmental Protection Act, 1996 requires both existing and new "developments" to have a valid environmental permit. In the case of FSOs, a valid environmental permit is required prior to the GFC awarding a concession and issuing an SFA agreement. For sawmills and lumberyards, operators are required to have a valid Environmental Authorisation before GFC can issue them with an operating licence.

The audit team found many FSOs (concession holders, sawmillers and lumberyards) had expired environment permits. In some cases, the FSO had applied for renewal of these permits and were able to provide a proof via an EPA payment receipt as evidence of having commenced the process of renewal.

However, the requirements of the Environmental Protection Act make these FSOs non-compliant.

Another implication relates to third-party certification. Currently, Guyanese FSOs are only able to gain certification under the FSC certification system, as Guyana does not have a national forestry standard accredited by PEFC that would allow PEFC certification.

The absence of a valid environmental permit during an FSC assessment audit could result in a non-conformance finding, which could delay the issuing of an FSC certificate.

### **Meeting with the EPA's Executive Director and a possible way forward**

The audit team met with the EPA's Executive Director, to discuss options for addressing the backlog and then dealing with the large number of new Authorisations the EPA will be required to assess, approve and monitor. Options discussed included the following:

#### ***Large concessions***

Given the small number of large concession holders, it was acknowledged that the EPA should be able to manage the process of assessing, approving and monitoring existing and new Authorisations.

#### ***Small concessions***

For the audit reference year of 2018, there were 488 small concessions operating in state forests. Very few of these currently have Environmental Authorisations. The resources required to assess, approve and monitor these operations seem to be beyond the current capacity of the EPA.

#### ***Environmental Authorisations for new forest concessions***

New concessions (both large and small) and standalone sawmills and lumberyards require Environmental Authorisations. In particular, forestry concessions require Environmental Authorisation before a concession agreement can be issued by the GFC. The audit team noted that the cycle of two-year operation period for small concessions will significantly increase pressure for approval of Environmental Authorisations every two years.

#### ***Environmental authorisations for existing forest concessions***

The GFC routinely undertake stump inspections after timber harvesting for all concessions. They also undertake legality monitoring periodically, which includes forestry environmental audits.

It was proposed that for FSOs involved only in forestry operations without sawmills, the EPA could acknowledge and use the GFC monitoring reports, as part of its assessment for renewing existing Authorisations. Site visits to assess compliance with permit conditions could be undertaken based on a "risk management" approach. This option does not involve or imply the EPA delegating its statutory mandate to the GFC.

Given the EPA's regulatory mandate includes impacts on water, noise and the atmosphere, the Agency would continue to monitor directly forestry operators with sawmills, as well as standalone sawmills and lumberyards.

In relation to sawmills and lumberyards, the GFC now has a gazetted Code of Practice for Timber Processing. The Code encompasses some of the regulatory areas under the EPA's mandate (water quality, waste management, air emissions, noise etc.) The EPA should work with the GFC to explore further opportunities for the GFC's reports for sawmills and lumberyards to be similarly acknowledged and used by the EPA for the purposes of renewing existing Authorisations.

#### ***Lodging and collection of environmental authorisations***

In light of the limited resources of the EPA, and given the geographical spread of FSOs nationwide, it is suggested that the EPA and the GFC should discuss options for FSOs in the regional areas and the "Backdam" to submit their Environmental Authorisation applications and also collect the completed Authorisations from GFC regional offices. The GFC would collect the application and the "uplifting" fees and transmit to the EPA.

## Other agencies

The audit team believes that the resource constraints challenges facing the EPA, which has made it difficult for the agency to ensure FSOs compliance in relation to environmental permits, also applies to the other government agencies whose statutory mandates impact on the integrity of the legality systems. These include:

- MoIPA;
- GGMC;
- GLSC;
- Lands Registry;
- NIS;
- GRA;
- National Capital Development Commission; and
- agencies that provide locational approval for sawmills and lumberyards in cities and towns.

## *Legal compliance by FSOs*

The detailed audit findings are described for each of the Criteria and Indicators in Appendix 6.

Three non-compliances were identified. These related specifically to the requirements for forest sector operators to hold valid Environmental Authorisations (Indicators A.2.1.1, B.2.1.1 and E.2.1.1).

For 40 of the 45 indicators, the audit team found that the systems and procedures were operating effectively, and that satisfactory compliance with the specific indicators could be demonstrated. For the remaining 2 Indicators, the absence of relevant activity in the sample period meant that the audit team was unable to record a finding. For example, there were no hydro projects during the reference period for audit sampling.

The audit team raised seven specific Observations in relation to:

- the systems and procedures of the GFC; or
- the Indicators themselves.

## A. Indicators for Monitoring of Large Concessions

Indicator A.2.1.1	The FSO has an Environmental Authorisation or has commenced the process to attain the authorization
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### Non-conformance 2019.01

It is a requirement that all FSOs (both large and small) must have a valid Environmental Authorisation prior to commencing forestry operations. At the Third Audit, GFC informed the audit team that it was removing as evidence of compliance, commencement by an FSO to attain the Authorisation. This year, the GFC informed the audit team that it was still in discussions with the EPA regarding the status on this indicator. With the exception of one FSO, none of the large concession FSOs sampled for both document review and field inspection were able to demonstrate valid Environmental Authorisations. It was noted that GFC requirements for SFEPs (two of which were included in the audit sample), are the preparation of an ESIA as a precursor to obtaining an Environmental Authorisation (which would then make them eligible for a TSA. This non-conformance does not apply to SFEPs.

Indicator A.2.1.3      The FSO complies with the Wood Tracking System (WTS)

### Observation 2019.01

As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.

The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.

Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.

The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.

This has been documented below in Observation 2019.01.

Indicator A.2.1.5      The FSO does not harvest any restricted species without the approval of the GFC.

### Observation 2019.02

The harvesting of bullet wood has historically been restricted because it was tapped by the indigenous communities for balata. Tapping of bullet wood for balata is now of less economic importance. The audit team questioned the need to continue with the restriction on the species.

Indicator A.3.1.1      The FSO complies with the requirements for the payments of royalties and acreage fees or payment plan.

### Observation 2019.03

No non-compliances were identified. The Team questions whether this criterion should be broadened to include other statutory payments relevant to compliance with forest legality. However, discussions with GFC revealed that other statutory payments relevant to compliance with forest legality such as GRA, NIS payment of workers above the minimum wage is captured in the Legality Definition for the FLEGT VPA.



## B. Indicators for Monitoring of Small Concessions

Indicator B.2.1.1	The FSO has an Environment Authorization or has commenced the process to attain the authorization
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### Non-conformance 2019.02

Document review and field inspections indicated that there are many SFA SFP concession holders who do not have valid EPA environmental permits. This included FSOs conducting only harvesting operations, as well as those with sawmills as part of their operations. Although in most cases the FSOs had applied to the EPA for either renewal of existing permits, or permits for new forestry operations, the EPA's lack of resources has created a huge backlog, which is unlikely to be addressed satisfactorily in the next 12 months.

Indicator B.2.1.3	The FSO complies with the WTS
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### Observation 2019.01

As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.

The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.

Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.

The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.

Indicator B.2.1.4	The FSO does not harvest any restricted species without the approval of the GFC.
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### Observation 2019.02

The harvesting of bullet wood has historically been restricted because it was tapped by the indigenous communities for balata. Tapping of bullet wood for balata is now of less economic importance. The Audit team questioned the need to continue with the restriction on the species.

## C. Indicators for Monitoring of Forestry Activities by Amerindian Villages and Private Lands

There were no non-compliances or observations raised for this section.

## D. Indicators for Salvage Timber Products from State Forest and State Land in Conversion

Indicator D.2.1.1      The FSO complies with the WTS

### Observation 2019.01

As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.

The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.

Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.

The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.

## E. Indicators for Processing and Sale of Timber Products

Indicator E.1.1.2      The FSO has a valid Timber products dealer's licence.

### Observation 2019.04

The GFC should consider adapting the terminology used for licences issues for sawmills, sawpits, lumberyards and traders to ensure consistency with the terminology of the Forests Act 2009.

Indicator E.2.1.1      The FSO has an Environment Authorization or has commenced the process for the authorization

### Non-conformance 2019.03

Document review and field inspections indicated that there are sawmill and lumberyard operators who do not have valid EPA environmental permits. Although in most cases the FSOs had applied to the EPA for renewal of existing permits, the EPA's lack of resources has created a backlog, which is unlikely to be addressed satisfactorily in the next 12 months.

Indicator E.2.1.2      The FSO complies with the WTS requirements.

### **Observation 2019.05**

In the case of all sawmills and lumberyards visited during the field inspections, the FSOs were able to produce the required WTS documentation.

However, in one case, the audit team identified a situation where an FSO had recorded a sale of timber for which there was no corresponding entry in the Sawmill Record. It was explained by the FSO that this was because the company had not yet been billed by their supplier, and they couldn't record the receipt of the produce until they had the necessary documentation from their supplier, despite already having sold the material. This introduces an element of risk into the WTS documentation, suggesting the possibility that undocumented receipts and/or sales have the potential to occur.

### **Observation 2019.06:**

The GFC does not check each board of sawn lumber in stock at a sawmill or a lumberyard, and neither is physical stock taking conducted by the GFC. During stock inspection at sawmills and lumberyards, only lumber above a certain thickness is branded with a GFC hammer. Although the ends of most sawn lumber at sawmills and lumberyards are spray-painted after inspection, because not all boards are branded with a GFC hammer mark, it is potentially possible for an unscrupulous sawmiller or lumberyard owner to bring in illegal timber and mix it with legal lumber without GFC detecting such illegal activity. While the audit team acknowledges the impracticality of physical counts of all stocks during GFC inspections, this is an area of potential weakness in the WTS.

### **Observation 2019.07:**

For all the companies sampled in the document review, GFC had satisfactorily completed the Environmental Monitoring and Audits, and follow up letters had been sent to the companies informing them of the corrective actions required, and the timeframe for completion. However, there was no evidence that the GFC had followed up to ensure the non-compliances recorded during the audits had been addressed satisfactorily with the suggested timeframes.

## **F. Indicators for Export of Forest Products**

There were no non-compliances or observations raised for this section.

## **Audit conclusions**

Based on document reviews and field inspections, the audit team concluded that:

- overall, the compliance/monitoring system is working as it was intended;
- both GFC staff and FSOs are fully conversant with the compliance/monitoring system, and the associated requirements;
- FSOs understood and accepted the need for the compliance/monitoring system for demonstrating to their buyers the legal sources of their wood produce;
- stakeholders again confirmed that the compliance/monitoring regime was working well, and any illegal activities that may be occurring are low, and limited largely to the domestic market; and
- there are opportunities to improve further the compliance/monitoring regime, which have been included in the report as Observations and Recommendations.

## ***Lessons Learnt from the Fourth Audit***

The pre-planning undertaken prior to arriving in Guyana enabled the audit team to “hit the ground running”, and therefore make good progress quickly. This involved requesting the GFC to provide key data and information relevant to the audit in advance.

This information facilitated sampling and selection of FSOs for both document review and field visits. It also helped the audit team to determine priorities such as focussing more on the WTS and review of compliance at GFC regional and field stations.

Discussions with GFC on the structure of stakeholder focus group meetings in advance also enabled more time to be devoted to document review, stakeholder engagement and field activities.

The flexible approach adopted in relation to the scheduling of daily activities assisted the audit team and the GFC to allocate the time required to deal with priority issues which emerged during the audit, such as engagement with the EPA.

## **Appendix 1 – Audit agenda**

## Audit agenda

Day #	Date	Location	Type of Stakeholder	Name of Stakeholder	GFC representative	Activity/ Criteria for Selection
1	Monday, February 18th, 2019	GFC Head office	Agency	GFC	Gavin Agard	Opening Meeting
1	Monday, February 18th, 2019	GFC Head office	Agency	GFC	Shuba Soamandaugh	Document Review- FRM
2 & 3	Tuesday - Wednesday, February 19th to 20th, 2019	GFC Head office	Agency	GFC	Gavin Agard Edward Goberdhan	Document Review - Berbice/Demerara/Essequibo/North West Document Review - Licence Unit Document Review - Compounding Unit Document Review - Tags Unit Document Review - LMEU Document Review – Export Document Review – Finance Discussions/ Clarifications
4	Thursday, February, 21st, 2019	GFC Head office	Agency	GFC	Gavin Agard	Focus meeting with Government Agencies Focus meeting with NGOs
5	Friday, February, 22nd, 2019	GFC Head office	Agency	GFC	Gavin Agard	Focus meeting with FSOs
5	Friday, February, 22nd, 2019	GFC Head office	Agency	GFC	Ambeca Paramsingh	Document Review - MIS
6	Saturday, February, 23rd, 2019	Hotel				Data analysis/document review
6	Sunday, February, 24th, 2019	Georgetown	Travel	GFC	Gavin Agard	Commute from Georgetown to Bartica
7	Monday, February 25th, 2019	Bartica	Agency	GFC	Gavin Agard/Rawle Healis/Kevin	Commute from Bartica to Iteballi

Day #	Date	Location	Type of Stakeholder	Name of Stakeholder	GFC representative	Activity/ Criteria for Selection
7	Monday, February 25th, 2019	Iteballi	Forest Station	GFC	Gavin Agard/Kevin/Christopher James	Iteballi Forest Station Audit
7	Monday, February 25th, 2019	Iteballi	Large concession-TSA	Willems Timber	Gavin Agard	Meeting at Willems Timber
7	Monday, February 25th, 2019	Iteballi	Large concession-TSA	Willems Timber	Gavin Agard	Willems Timber block inspection/Observation of TSA Operations
7	Monday, February 25th, 2019	Bartica	Small Concession-SFP	E. A Seeram (Ess23/12)	Gavin Agard	E. A Seeram (Ess23/12)
8	Tuesday, February 26th, 2019	Bartica	Small Concession-SFP	Jerome Vanlange	Gavin Agard/Rawle Healis/Kevin	Jerome Vanlange (Ess (24/18)
8	Tuesday, February 26th, 2019	Winiperu	Winiperu Forest Station	GFC	Gavin Agard/Marvin	Winiperu Forest Station
8	Tuesday, February 26th, 2019	Winiperu	Large concession-TSA	GFC	Gavin Agard/Marvin	Vaitarna - Concession, Sawmill and Office Records
8	Tuesday, February 26th, 2022	Bartica		GFC		Commute from Bartica to Parika
9	Wednesday, February 27th, 2021	Hubo-Parika (Essequibo)	Sawmill	R Ruben Sawmill (substituted for C & S Mohabir & Sons Sawmill)	Gavin Agard	Observation of sawmill operations
9	Wednesday, February 27th, 2022	Hubo-Parika (Essequibo)	Sawmill	LS Harridat (Laekram) Sawmill (substituted for Sandra Chaitranjan & Sons Sawmill)	Gavin Agard	Observation of sawmill operations
9	Wednesday, February 27th, 2020	Tushen-Parika (Essequibo)	Lumberyards	L. S. Harridat Lumberyard	Gavin Agard	Observation of Lumberyard operation
9	Wednesday, February 27th, 2019	Tushen-Parika (Essequibo)	Lumberyard	Azad Khan Lumberyard	Gavin Agard/Lance	Observation of Lumberyard operation
9	Wednesday, February 27th, 2023	Parika (Essequibo)	Sawmill	Guy America	Gavin Agard	Observation of sawmill operations
9	Wednesday, February 27th, 2024	Parika (Essequibo)	Sawmill	Parika Sawmill	Gavin Agard	Observation of sawmill operations

Day #	Date	Location	Type of Stakeholder	Name of Stakeholder	GFC representative	Activity/ Criteria for Selection
9	Wednesday, February 27th, 2025	Parika (Essequibo)	Agency	GFC	Gavin Agard/Lance	Parika Forest Station Audit
9	Wednesday, February 27th, 2026	Parika (Essequibo)	Forest Station	GFC	Gavin Agard	Commute from Parika to Supenaam
10	Thursday, February 28th, 2019	Anna Regina	Focus Group meeting with FSOs in the area	FSOs	Gavin Agard/Marvin	Meeting with FSOs at RDC A. Regina
10	Thursday, February 28th, 2019	Anna Regina	Lumberyard	Harmwant Lumberyard	Gavin Agard/Marvin	Observation of Lumberyard operation
10	Thursday, February 28th, 2019	Anna Regina	Lumberyard	Bibi Khan Lumberyard	Gavin Agard/Marvin	Observation of Lumberyard operation
10	Thursday, February 28th, 2019	Anna Regina	Sawmill	Haimlall Sawmill	Gavin Agard	Observation of sawmill operations
10	Thursday, February 28th, 2019	Anna Regina	Timber in Transit	Timber in Transit	Gavin Agard/Marvin	Impromptu observation of GFC inspection of timber (firewood) in transit
10	Thursday, February 28th, 2019	Anna Regina	Sawmill	Nandkishore Sawmill	Gavin Agard	Observation of sawmill operations
10	Thursday, February 28th, 2019	Anna Regina		GFC	Gavin Agard/Marvin	Commute from Anna Regina to Charity
10	Thursday, February 28th, 2019	Charity	Sawmill	Barakat Timbers Sawmill	Gavin Agard	Observation of sawmill operations
10	Thursday, February 28th, 2019	Charity	Agency	GFC	Gavin Agard/Lance	Charity Forest Station Audit
11	Friday 1st March, 2019	Anna Regina		GFC	Gavin Agard/Marvin	Commute from Anna Regina to Bethany
11	Friday 1st March, 2019	Bethany	Amerindian Village	Bethany	Gavin Agard/Marvin	Village meeting and inspection of harvested areas
11	Friday 1st March, 2019	Bethany		GFC	Gavin Agard/Marvin	Commute from Bethany to Supenaam



Day #	Date	Location	Type of Stakeholder	Name of Stakeholder	GFC representative	Activity/ Criteria for Selection
11	Friday 1st March, 2019	Supenaam	Forest Station	GFC	Gavin Agard/Marvin	Commute from Supenaam to Parika
11	Friday 1st March, 2019	Parika (Essequibo)		GFC	Gavin Agard	Commute from Parika to Georgetown
13	Saturday, March 2nd, 2019	Georgetown	Hotel			Review audit results and audit preparation
14	Sunday, March 3rd, 2019	Georgetown	Hotel			Review audit results and audit preparation
15	Monday, March 4th, 2019	Georgetown	EPA	EPA	Gavin Agard	Meeting with EPA
15	Monday, March 4th, 2019	Georgetown	Agency	GFC	Gavin Agard	Presentation on Digital Surveys
15	Monday, March 4th, 2019	Georgetown	Hotel/GFC		Gavin Agard	Compilation of draft
15	Tuesday, March 5th, 2019	Georgetown	EPA	EPA	Gavin Agard	Meeting with EPA
15	Tuesday, March 5th, 2019	Georgetown	Hotel/GFC		Gavin Agard	Compilation of draft
15	Wednesday, March 6th, 2019	Georgetown	Hotel/GFC		Gavin Agard	Compilation of draft
15	Wednesday, March 6th, 2019	Georgetown	Agency		Pradeepa Bholanath'	Meeting with Executive Director of EPA
16	Thursday, March 7th, 2019	GFC Head office	Agency	GFC	Gavin Agard	Presentation of Draft Report
16	Thursday, March 7th, 2019	GFC Head office	Agency	GFC	Gavin Agard	Review and Discussions
17	Friday, March 8th, 2019	GFC Head office	Agency	GFC	Gavin Agard	Incorporation of comments and presentation of final report

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Day #	Date	Location	Type of Stakeholder	Name of Stakeholder	GFC representative	Activity/ Criteria for Selection
17	Friday, March 8th, 2019	GFC Head office	Agency	GFC	Gavin Agard	Closing meeting

## **Appendix 2 – Breaches**

## Breaches

Table 4, Table 5 and Table 6 show a summary of breaches for the period 2015 to 2018.

**Table 4 - Summary of infringements**

CONCESSION TYPE	Number in 2015	Number in 2016	Number in 2017	Number in 2018
<b>LARGE CONCESSIONS</b>	<b>49</b>	<b>13</b>	<b>25</b>	<b>16</b>
State Forest Exploratory Permits (SFEPs)	10	1	1	0
Timber Sales Agreements (TSAs)	37	11	23	15
Wood Cutting Leases (WCLs)	2	1	1	1
<b>SMALL CONCESSIONS</b>	<b>610</b>	<b>603</b>	<b>612</b>	<b>775</b>
State Forest Permissions (SFPs)	589	593	609	765
SFPs/Agricultural Leases	21	10	3	10
SFPs/Mining Leases	0	0	0	0

**Table 5 – Type of infringements**

INFRINGEMENT TYPE	Number in 2015	Number in 2016	Number in 2017	Number in 2018
Breach of export procedures	2	0	0	0
Failure to prove origin	1	0	4	1
False declaration	65	43	16	20
Felling in buffer zone	0	1	0	2
Felling out of concession	11	22	38	33
Harvesting in unapproved block	1	0	0	3
Harvesting of 1-inch board without permission	0	0	1	1
Harvesting of protected species	1	4	0	4
Improper record keeping	26	16	12	52
Improper tagging	3	8	7	14
Incomplete removal document	1	7	1	10
Late submission of removal permit	491	439	489	558
Lost permit	0	0	0	7
No tagging	3	11	13	25
Operating without license	3	0	3	0
Proximity felling	0	0	1	0
Reuse of tags	1	0	0	0
Sale of seizure	9	16	21	20
Subletting	1	0	0	0
Travelling without document	17	19	16	16
Unauthorized use of equipment	0	1	0	0
Undeclared produce	1	0	0	0
Undersize harvesting	11	18	7	12
Use of expired permit	11	11	8	13
<b>TOTAL</b>	<b>659</b>	<b>616</b>	<b>637</b>	<b>791</b>

**Table 6 - Types of infringements by Divisions**

Infringement Type	Number in 2015	Number in 2016	Number in 2017	Number in 2018
<b>Large Concessions</b>	<b>49</b>	<b>14</b>	<b>25</b>	<b>16</b>
<b>State Forest Exploratory Permits (SFEPs)</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>0</b>
Demerara	0	0	0	0
Essequibo	10	0	0	0
Berbice	0	1	1	0
North west	0	0	0	0
<b>Timber Sales Agreements (TSA)</b>	<b>37</b>	<b>11</b>	<b>23</b>	<b>15</b>
Demerara	5	2	4	0
Essequibo	4	1	1	9
Berbice	23	8	17	6
North west	5	0	1	0
<b>Wood Cutting Leases (WCL)</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
Demerara	0	0	0	0
Essequibo	0	0	0	0
Berbice	2	2	1	1
North west	0	0	0	0
<b>Small Concessions</b>	<b>610</b>	<b>603</b>	<b>612</b>	<b>775</b>
<b>State Forest Permissions (SFPs)</b>	<b>589</b>	<b>593</b>	<b>609</b>	<b>765</b>
Demerara	276	198	217	235
Essequibo	110	116	126	227
Berbice	193	272	263	299
North west	10	7	3	4
<b>SFPs/Agricultural Leases</b>	<b>21</b>	<b>10</b>	<b>3</b>	<b>10</b>
Demerara	20	9	2	8
Essequibo	0	1	0	0
Berbice	1	0	1	2
North west	0	0	0	0
<b>SFPs/Mining Leases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Demerara	0	0	0	0
Essequibo	0	0	0	0
Berbice	0	0	0	0
North west	0	0	0	0

## **Appendix 3 – Sampling calculations**

## Sampling calculations

The sampling methodology used for the 2019 audit was based on the same approach taken in 2018 which in turn was derived from the Forest Stewardship Council® (FSC®) formula used for calculating the number of sites to be included in a multi-site certification.

This provided a structured and systematic basis for sampling within a large population of permissions (e.g. concession agreements, licences) that facilitated a meaningful extrapolation of results from the sample inspected to the total as a whole.

The minimum number of concession agreements (large and small concessions, Amerindian Villages, Mining and Agricultural Leases and Private Lands) and licences (sawmill, lumberyard, export) examined was calculated as the square root of the total number for each tenure type operating during the base year of 2018. That is:

Formula:

$Y = \sqrt{X}$  rounded to the upper whole number, where

Y is the sample size to be examined in detail, and

X is the total number of each tenure type.

## Total number of concessions by type

The number of concession holders and the various types of concession are listed in Table 7 and a regional breakdown of these concessions is provided in Table 8.

**Table 7 - Summary of concession types and numbers of FSOs**

CONCESSION TYPE	SIZE (HECTARES)	Number in 2015	Number in 2016	Number in 2017	Number in 2018
LARGE CONCESSIONS					
State Forest Exploratory Permits (SFEPs)		6	3	4	4
Timber Sales Agreements (TSAs)	24,000 hectares	26	19	15	15*
Wood Cutting Leases (WCLs)	Between 8,000 and 24,000 hectares	1	1	1	1
SMALL CONCESSIONS					
State Forest Permissions (SFPs)	Less than 800 hectares	535	469	509	488
SFPs/Agricultural leases		29	15	15	11
SFPs/Mining Leases		4	3	3	11
AMERINDIAN VILLAGES					
PRIVATE FORESTRY LANDS		1 IIC	1 IIC	1 IIC	3

Timber Sales Agreements (TSA): issued for concessions of more than 24,000 hectares and allocated for 20 years

Wood Cutting Lease (WCL): issued for concessions between 8,000 and 24,000 hectares and allocated for 3 to 10 years.

State Forest Permissions (SFP): issued for concessions of less than 8,097 ha and allocated for two years. These are usually issued to community-based associations or small-scale operators.

State Forest Exploratory Permit (SFEPs): issued for undertaking exploratory operations such as inventories, environmental and social impact assessments and the preparation of management plans. SFEPs are a pre-requirement for any large concession and may include commercial cutting rights to assist the prospective investor to defray part of the cost of undertaking the exploratory operations.

\* Includes Iwokrama

**Table 8 - Summary of concession types by regions**

CONCESSION TYPE	Number in 2015	Number in 2016	Number in 2017	Number in 2018
LARGE CONCESSIONS				
State Forest Exploratory Permits (SFEPS)				
Demerara	0	0	0	0
Essequibo	2	1	3	4
Berbice	4	2	0	0
North west	0	0	1	0
Timber Sales Agreements (TSA)				
Demerara	2	2	2	2
Essequibo	14	11	9	10
Berbice	5	3	3	3
North west	5	3	1	0
Wood Cutting Leases (WCL)				
Demerara	0	0	0	0
Essequibo	0	0	0	0
Berbice	1	1	1	1
North west	0	0	0	
SMALL CONCESSIONS				
State Forest Permissions (SFPs)				
Demerara	175	150	163	142
Essequibo	195	171	193	196
Berbice	149	135	140	131
North west	16	13	13	19
SFPs/AGRICULTURAL LEASES				
Demerara	20	9	9	5
Essequibo	5	4	4	4
Berbice	4	2	2	2
North west	0	0	0	0
SFPs/MINING LEASES				
Demerara	0	0	0	0
Essequibo	4	3	3	11
Berbice	0	0	0	0
North west	0	0	0	0
PRIVATE FORESTRY LANDS				
Demerara	1	1	1	0
Essequibo				1
Berbice				1
North west				1

## Large concessions

For large concessions, the audit sample was calculated as shown in Table 9. The organisations selected for this sample were chosen randomly and are shown in Table 10.



**Table 9 – Calculation of sample for large concessions**

Number of agreements	Category	Sample to be audited
4	State Forest Exploratory Permits (SFEPs);	2
15	Timber Sales Agreements (TSAs) and Iwokrama International Centre (IIC) <sup>1</sup> ;	4
1	Wood Cutting Leases (WCLs)	1
Total to be sampled		7

**Table 10 – List of large concession organisations included in audit sample**

Type of agreement	Organisation
TSA	Demerara Timbers Ltd - TSA 02/91 (DEM)
TSA	Willems Timbers & Trading Co. Ltd - TSA 10/85 (ESS)
TSA	Vaitarna Holding Private Inc. - TSA 01/10 (ESS)
TSA	Kurunduni Logging and Development Co. Inc. - TSA 02/97 (BCE)
WCL	Variety Woods & Greenheart Ltd - WCL 01/2007 (BCE)
SFEP	R.L Sukhram and Sons - SFEP 02/17 (ESS)
SFEP	Lumber Master Guyana Inc. - SFEP 01/18 (ESS)

## Small concessions

For small concessions, the total audit sample was calculated as being the square root (23, rounded) of the total number of concession agreements (488) operating in the year 2018. From this total, allocation of the sample across concession types (SFAs and CFMAs) and Divisions was undertaken as shown in Table 11.

**Table 11 - Apportion of sample across Divisions and between SFAs and CFMAs**

Division	Total SFAs	√ Total	Rounded	Risk adjusted	Total CFMAs	√ Total	Rounded	Risk adjusted
Demerara	107	5.0	5	5	35	1.7	1	1
Essequibo	156	7.3	7	7	40	1.9	2	2
Berbice	87	4.1	4	4	44	2.1	2	2
North West	11	0.5	1	1	8	0.4	1	1
	361	17	17	17	127	6	6	6
<b>Total Sample</b>	SFA Sample (base)				CFMA Sample			
<b>23</b>	17	17	17	<b>17</b>	6	6	6	<b>6</b>

The organisations selected for this sample were chosen randomly and shown in Table 12.

<sup>1</sup> Although not strictly a large concession – Iwokrama International Centre (IIC) is identified under private lands in the summary tables above – it was included within the category of large concessions due to its decision to “opt-in” to the Code of Practice and GFCs associated system for approval of 5-year Forest Management Plans and Annual Operating Plans.

**Table 12 – Small concession agreements selected for audit sample**

Division	SFA			CFMA		
		Name	Folio #		Name	Folio #
<b>Demerara</b>	1	Balram Jainarain & Sons Logging Company Inc.	Dem 09/13	1	Ituni Small Loggers Association	Dem 36/08
	2	Forlene & Son Investment	Dem 15/17			
	3	Lindon Couchman	Dem 05/15			
	4	Oscar Famey	Dem 14/15			
	5	Seeranie Ramdhanny and Son	Dem 03/18			
<b>Essequibo</b>	1	Jerome Vanlange	Ess 24/18	1	Dogg Point Loggers Association	Ess 03/14
	2	Elvis A. Seeram	Ess 23/12	2	Saxacalli Small Loggers Association	Ess 23/09
	3	Dayanand Prakash	Ess 01/00			
	4	Kheimchand Singh	Ess 30/12			
	5	Nazir Latiff	Ess 05/08			
	6	R.L Sukhram and Sons Sawmill	Ess 51/13			
	7	Quality Lumber Products	Ess 47/13			
<b>Berbice</b>	1	Avinash Harripersaud	Bce 22/12	1	Canje River Loggers Association	Bce 12/14
	2	Ganshyam Mahase & Mahase Lumber Supply	Bce 37/12	2	Speightland Logging & Agriculture Cooperative Society	Bce 09/18
	3	Nuri Shalaan Bacchus	Bce 03/09			
	4	SAS Tropical Development Inc.	Bce 05/08			
<b>North West</b>	1	SEPT Mining Inc.	Nwd 06/18 (Area B)	1	Santa Cruz Small Loggers Association	Nwd 09/12

## Sawmills and lumberyards

For sawmills and lumberyards, the total audit sample was calculated as being the square root of the total number of respective licences operating in the year 2018. From this total, allocation of the sample across Divisions was undertaken as shown in Table 13.

**Table 13 - Apportionment of sample across divisions and between sawmills and lumberyards**

Division	Total Sawmills	$\sqrt{\text{Total}}$	Rounded and risk adjusted	Total Lumberyards	$\sqrt{\text{Total}}$	Rounded and risk adjusted
Demerara	98	7.4	5	92	7.8	6
Essequibo	61	4.6	7	20	1.7	4
Berbice	41	3.1	3	40	3.4	3
North West	0	0.0	1	2	0.2	0
	200	17	17	154	13	13
<b>Total Sample</b>	Sawmills			Lumberyards		
	<b>15</b>	15	15	<b>13</b>	13	13

The organisations selected for this sample were chosen randomly and shown in Table 14.

**Table 14 – Sawmills and lumberyards selected for audit sample**

Division	Sawmills				Lumberyards		
		Name	Location			Name	Location
<b>Demerara</b>	1	Beverley Waaldijk	South Linden Branch Road.		1	Beresford Harry	Christianburg Linden
	2	E - Timbers	Within SFA DEM 48/12		2	Demerara Timbers Limited	Kingston, Georgetown
	3	Kobra Investment	Within SFA DEM 03/16		3	Javed Bacchus	Chateau Margot
	4	Patrewta sawmill Ltd	Within SFA DEM 28/02		4	Naresh Pooran	Front E.C.D.
	5	Guy - America Sawmill	Parika East Bank Essequibo		5	Rohan & Rohan Timber Products	East Bank Demerara
					6	Shodhan Gopi	Bel Air, Sophia
<b>Essequibo</b>	1	Vaitarna Holding Private Incorporated	Within TSA 01/10		1	Azaad Khan	East Bank Essequibo
	2	Nandkishore Singh & Marcelene. M. Fredericks	Essequibo Coast		2	L S Harridat Lumber Yard	East Bank Essequibo
	3	Haimlall Persaud Lumberyard and sawmill	Queenstown, Essequibo Coast		3	Hamwant	Essequibo Coast
	4	C & S Mohabir Sons	Parika East Bank Essequibo		4	Bibi Aszeema Khan	Essequibo Coast.
	5	Sandra Chaitrajan & Sons Sawmill	East Bank Essequibo.				
	6	Parika Sawmill	East Bank Essequibo.				
	7	Barakat Timbers & Trading Co. Ltd	Charity Pomeroun River Essequibo				
<b>Berbice</b>	1	Ameerally Sawmill	New Amsterdam Berbice		1	Chanmonie Sodoo	Corentyne, Berbice
	2	Kurunduni Logging & Development Co. Ltd	Within TSA 02/97		2	Padmine Koomar	Williamburg, Corentyne, Berbice
	3	Shaffeeullah Sawmills	Within SFA BCE 46/85			Zameer Khan	Corentyne Berbice

## Exporters

For exporters, the total audit sample (10) was calculated as being the square root of the total number of export licences (99) operating in the year 2018. From this total, allocation of the sample across Divisions was undertaken as shown in Table 15.

**Table 15 - Apportionment of export licences sample across divisions**

Division	Total Export licences	√ Total	Rounded and risk adjusted
Demerara	64	6.5	6
Essequibo	10	1.0	1
Berbice	25	2.5	3
North West	0	0.0	0
	99	10	10
<b>Total Sample</b>	Sawmills		
	<b>10</b>	10	10

The organisations selected for this sample were chosen randomly and shown in Table 16.

**Table 16 – Sawmills and lumberyards selected for audit sample**

Division	Sawmills		
		Name	Place of inspection
<b>Demerara</b>	1	Coomacka Forest Products & Agricultural Association	Inspection will be done at Ramesh Singh at Old Dorabece Mine Hill Linden
	2	Gobin Narine	Inspection will be done at Guangda Guyana Woods Trading Company at Amelia's Ward Industrial Site Linden.
	3	Mohan Dookram	Inspection will be done at 47 miles along Mabura road
	4	Pinnacle Creations	Inspection will be done at Guangda Guyana Woods Trading Company at Amelia's Ward Industrial Site Linden
	5	Shelly De Ridder	Inspection will be done at Lin Shibao at Track Letter H of Lot 2N3 Track G Portion 1&2 Caledonia East Bank Demerara
	6	Tropical Traders Investment	Inspection will be done at Quality Wood Enterprise's Timber Depot 171 Yarrowkabara Agriculture Area, Soesdyke, Linden Highway
<b>Essequibo</b>	1	Toolsie Persaud Limited	within Willems Timber & Trading Company Limited TSA 10/85
<b>Berbice</b>	1	Bartica Indigenous Green Enterprise	Inspection will be done within SFA BCE 01/17
	2	Leon Chattoor	Inspection will be done within SFA BCE 12/12
	3	Wikki Calcuni Amerindian Village Council	Inspection will be done within Wikki Calcuni Amerindian Reservation PP# 022122

## **Appendix 4 – GFC staff consulted**

## GFC staff consulted

**Table 17 - List of GFC staff consulted**

Department/location	Name
Commissioner	James Singh
PDD	Pradeepa Bholanath
Finance	Edward Goberdhan
	Loknauth Jaggessar
Forest Monitoring Division	Gavin Agard
	Amanda Edwards
	Marie Simon
	Chandrashekar (Kevin) Jainarain
	Keith Austin
	Kenny David
	Chetram Ramgobind
	Shanti Fiedtkou
Forest Resource Management Division	Rawle Lewis
	Shuba Soamandaugh
	Jonelle Nedd
	Lashana Perkins
LMEU	Ganram Manoo
MIS	Ambeca Jaggessar
Iteballi GFC Field Station	Christopher James
	Pradeep Ramlakhan
Bartica GFC Station	Rawle Healis
Wineperu GFC Station	Nevio Daniels
	Fedal Garraway
	Deolall Persaud
Parika GFC Station	Lance Britton
	Cleon Joseph
Supenaam GFC Station	Marvin McLennon
	Dexter McAndrew
	Ramcharran Das
Charity GFC Station	Clive Smith

## **Appendix 5 – Persons who interacted with the IFM Team during the Field Visit**



## List of persons who interacted with the IFM Team during the Field Visit

The Audit team interacted with a wide range of stakeholders during the audit. Focus group meetings were held in Georgetown with representatives from government agencies with responsibilities linked to forest sector legality; non-government agencies; and forest sector operators.

In addition to newspaper advertisements, a number of stakeholders were directly contacted by GFC on the audit team's behalf inviting them to the relevant focus group meeting. The list of direct invitees is shown below in Table 18.

**Table 18 - Organisations invited to attend focus meetings**

Name of agency/organisation	Type of agency	Date of relevant meeting	Attended?
Ministry of Natural Resource	Government	21st February, 2019	Y
Ministry of Indigenous Peoples' Affairs	Government	21st February, 2019	Y
Ministry of Public Infrastructure	Government	21st February, 2019	
Guyana Lands and Survey Commission	Government	21st February, 2019	
Lands Registry	Government	21st February, 2019	
Geology and Mines Commission	Government	21st February, 2019	
Environmental Protection Agency	Government	21st February, 2019	Y
National Toshao Council	Government	21st February, 2019	
Conservation International	Non-Governmental	21st February, 2019	Y
Iwokrama	Non-Governmental	21st February, 2019	Y
World Wildlife Fund	Non-Governmental	21st February, 2019	
Forest Producers Association	Non-Governmental	21st February, 2019	Y
Guyana Manufacturing & Services Association LTD.	Non-Governmental	21st February, 2019	Y
Indigenous Peoples' Commission	Non-Governmental	21st February, 2019	
Amerindian Peoples' Association	Non-Governmental	21st February, 2019	Y
Guyana Organisation of Indigenous Peoples'	Non-Governmental	21st February, 2019	
The Amerindian Action Movement	Non-Governmental	21st February, 2019	Y
National Amerindian Development Foundation	Non-Governmental	21st February, 2019	Y
Variety Woods and Greenheart Ltd	Forest Sector Operator	22nd February, 2019	Y
A. Mazaharally and Sons Ltd	Forest Sector Operator	22nd February, 2019	
Rong An Inc.	Forest Sector Operator	22nd February, 2019	Y
Cummings Wood Products	Forest Sector Operator	22nd February, 2019	Y
Jettoo's Lumberyard & Sawmill	Forest Sector Operator	22nd February, 2019	
Barama Company Limited	Forest Sector Operator	22nd February, 2019	Y
Mc Vantage of Guyana Incorporation	Forest Sector Operator	22nd February, 2019	
Vaitarna Holding Private Incorporated	Forest Sector Operator	22nd February, 2019	Y
Demerara Timbers Limited	Forest Sector Operator	22nd February, 2019	Y
Builder's Lumber Yard	Forest Sector Operator	22nd February, 2019	
A. Forrester Lumberyard	Forest Sector Operator	22nd February, 2019	Y
Willems Timber	Forest Sector Operator	22nd February, 2019	Y

Interactions also occurred during field visits to FSO organisations in Essequibo division and to the Bethany Amerindian community. The stakeholders that either attended the focus group meetings or met with the team during the audit are listed below in Tables 19, 20, 21 and 22.

**Table 19 - Individuals from government agencies that met with the audit team**

Name	Organisation
Veetal Rajkumar	Ministry of Natural Resources
Omali Dare	Ministry of Natural Resources
Vincent Adams	Environmental Protection Agency (EPA)
Colis Primo	Environmental Protection Agency (EPA)
Karen Small	Environmental Protection Agency (EPA)
Laleta Murphy	Ministry of Indigenous Peoples' Affairs

**Table 20 - Individuals from non-government organisations that met with the audit team**

Name	Organisation
Anne-Marie Ford	Iwokrama
Shereeda Yusuf	Conservation International
Beverly Roberts	National Amerindian Development Foundation (NADF)
Peter Persaud	The Amerindian Action Movement of Guyana (TAAMOG)
Laura George	Amerindian Peoples Association (APA)
Rafeek Khan	Guyana Manufacturing & Services Association Ltd. (GMSA)
Rommel Naimatali	Guyana Manufacturing & Services Association Ltd. (GMSA)
Averstone Gittens	Forest Products Association (FPA)
Mona Bynoe	Forest Products Association (FPA)

**Table 21 - Individuals from Amerindian Villages that met with the audit team**

Name	Organisation
Philbert Gudge (TOSHAO)	Bethany Amerindian community
Banes Thomas (Deputy Toshao)	Bethany Amerindian community
Cyril Martin	Bethany Amerindian community
Oswald Dyer	Bethany Amerindian community
Mitchell Couchman	Bethany Amerindian community
Kurt Marslow	Bethany Amerindian community
Verlon Henry	Bethany Amerindian community
Orvin Williams	Bethany Amerindian community
Ralphon Henry	Bethany Amerindian community
George	Bethany Amerindian community
George Russel	Bethany Amerindian community
Maxwell Abrams	Bethany Amerindian community
Lisette Gudge-Wilson	Bethany Amerindian community
Andrae Fredericks	Bethany Amerindian community
Aubrey Fredericks	St. Deny's Village
James Azeeze	Capoey Columbia Youth Dropout Learning Center (CCYDLC)

**Table 22 - Individuals representing FSOs that met with the audit team**

Name	Organisation
Rommel Niamatali	Variety Woods & Greenheart Ltd
Kevindra Tularam	Rong An Inc
Charles Chong	Vaitarna Holding Pvt
Hillary Seeajan	Willems Timber & Trading
Jan Federicks	Willems Timber & Trading
Keisha Prashad	Vaitarna Holding Pvt
Robert Perry	Demerara Timbers Ltd.
Tiong Sieu Kung	Demerara Timbers Ltd.
Daniel Jaisingh	Barama Company Ltd.
Lindon Couchman	Lindon Couchman
Joy Mc Donald	A. Forrester Lumberyard
Jaswart Tiwaz	Kurunduni Logging
Walter Reece	Walter Reece Establishment
Leon Canter	Golden Hight LB
Seuchand Swammy	S. Swammy
Sybil Edmundson	Coomaka Forest Products & Agricultural Association (CFPAA)
Mathews Famey	Shelly De Ridder
Adrian Clifford	Willems Timbers & Trading Co. Ltd
Navanith Hedge	Vaitarna Holding Private Inc.
Yogesh Warzarbad	Vaitarna Holding Private Inc.
Elvis E Seeram	Elvis E Seeram
Jerome Vanlange	Jerome Vanlange
Ramnarrine Jagbeer	Jerome Vanlange
Shawn Rughumaugh	Rajendra Ruben Sawmill
Lakeram Singh Harridat	L S Harridat Sawmill
Neetu Saliek	L S Harridat Lumberyard
Natashia Singh	L S Harridat Lumberyard
Kemchand Bhagwandin	L S Harridat Lumberyard
Mohandat Narine	L S Harridat Lumberyard
Shalanie Khan	Azaad Khan Lumberyard
Mohamed Alli	Guy-America Sawmill
Vijoy Chand	Parika Sawmill
Vinash Chand	Parika Sawmill
Vinai Chand	Parika Sawmill
Felicia Baboolal	Parika Sawmill
Latehmi Dayal Lo. R. Samaroo	Quality Lumberyard Products
Joy Patrick for Tamala Williams	Mainstay Loggers Association Co. Society (MLACO. Society)
Hemraj Doobay	H. Doobay
Roopan Ramotar	Leo Ramotar
A. Bacchus	A. Bacchus Sawmill
Ivor Stoll	Riverstown Pomona Loggers Association (RPLA)

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Mono Federicks	Good Hope Supenaam Small Loggers and Agricultural (GHSSLAA)
Hamwant	Hamwant Lumberyard
Bibi Khan	Bibi Khan Lumberyard
Haimlall Persaud	Haimlall Persaud Sawmill
Nandkishore Singh	Nandkishore Singh Sawmill
Sarojanie Griffith	Nandkishore Singh Sawmill
Devendra Narine	Nandkishore Singh Sawmill
Edward Barakat	Barakat Timbers and Trading Co.

## **Appendix 6 – Detailed audit findings**

## A. Indicators for Monitoring of Large Concessions

Indicator Number	Indicator	Compliance measure Summary	CAR/Observation Summary of findings	System findings
Principle 1	The Forest Sector Operator (FSO) has the legal right to harvest and respects other parties' legal user rights			
Criterion 1.1	The FSO has the legal right to harvest			
A.1.1.1	The FSO is the holder of one of the following: i) a valid Exploratory Permit ii) The FSO has a Large Forest Concession Agreement (FCA)	Satisfactory compliance.	No non-compliances were identified.	Document review confirmed that all FSOs sampled had the required permits and permissions (concession agreements). This was further confirmed for those FSOs sampled for assessment in the field.
Criterion 1.2	The FSO respects other parties' legal user rights			
A.1.2.1	The FSO harvests the timber products within the boundaries of the concession.	Satisfactory compliance.	No non-compliances were identified.	Both document review and field inspections confirmed that GFC field monitoring (stump inspections and environmental monitoring reports) continue to provide an effective mechanism to identify incidents of harvesting outside boundaries. The audit team independently verified a number of stump locations using GPS in the field, which confirmed the accuracy of the data captured originally by the FSO and that of the GFC monitoring inspections.
A.1.2.2	The FSO does not prevent the traditional rights of Amerindian peoples.	Satisfactory compliance.	No non-compliances were identified.	There was no evidence that the traditional rights of Amerindian peoples are being violated by the large concession holders sampled during the audit. The audit team acknowledges GFC's advice that traditional rights have not been fully defined, and that the MolPA are leading the process to codify these rights. The team also noted that the Guidelines for Annual Operating Plans have been amended to ensure the legal, social and ecological integrity of all Amerindian lands are respected, and that there is a process for disputes to be brought to the attention of MolPA and GLSC.

A.1.2.3	The FSO does not prevent the legal user rights of other individual groups	Satisfactory compliance.	No non-compliances were identified.	Field interviews and stakeholder focus group meetings informed the audit team that FSOs do respect the user rights of individuals, in particular miners. However, miners (especially the small-scale miners) do not always respect the user rights of FSOs. This is an area of land use conflict that needs addressing at the highest levels within the government. It is important that small scale miners are made aware of their obligations in relation to managing and minimising the environmental impacts of their operations on forestry in support of GFC's vision of achieving the sustainable management and use of the nation's forest resources. It is also important that miners are required to make commensurate contributions to the maintenance of common use infrastructure such as roads in state forests where forestry and mining occur side by side.
Principle 2	The FSO complies with the forest operation obligations			
Criterion 2.1	The FSO complies with forest management, environment and WTS requirements			
A.2.1.1	The FSO has an Environmental Authorisation or has commenced the process to attain the authorization	Non-compliance	<b>Non-compliance 2019.01:</b> It is a requirement that all FSOs (both large and small) must have a valid Environmental Authorisation prior to commencing forestry operations. At the Third Audit, GFC informed the audit team that it was removing as evidence of compliance, commencement by an FSO to attain the Authorisation. This year, the GFC informed the audit team that it was still in discussions with the EPA regarding the status on this indicator. With the exception of one FSO, none of the large concession FSOs sampled for both document review and field inspection were able to demonstrate valid Environmental Authorisations. This issue is addressed in relation to implementation of the legality system in the main report.	Of all the large concessions sampled, only one FSO was able to demonstrate the correct environmental documentation. There was no evidence at the office of the EPA about the status of the Environmental Authorisations for the four remaining FSOs sampled.
A.2.1.2	The FSO complies with the approved Annual Allowable Cut and/or Maximum Allowable Cut	Satisfactory compliance	No non-compliances were identified.	No example of an FSO exceeding the approved annual or maximum allowable cut was observed in any of the sampled documentation. It should be noted that the

				volumes harvested are often significantly short of the annual or maximum allowable cut.
A.2.1.3	The FSO complies with the Wood Tracking System (WTS)	Satisfactory compliance	<p><b>Observation 2019.01:</b></p> <p>As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.</p> <p>The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.</p> <p>Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.</p> <p>The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.</p>	<p>Based on the field inspections of the large concession holders sampled, and the local GFC field stations linked to the concession, the audit team confirmed that FSOs adhered to the requirements of the wood tracking system (including removal permits, tags used on logs and lumber and transport documents - trip sheets and trans-shipment sheets).</p> <p>As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.</p> <p>The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.</p> <p>Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.</p> <p>The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.</p>



A.2.1.4	The FSO has an approved forest management plan (FMP) of 3- 5 years in addition to an annual operations plan for the concession area (AOP).	Satisfactory compliance	No non-compliances were identified.	Document review confirmed that all large concession holders sampled had approved long term management plans and annual operating plans.
A.2.1.5	The FSO does not harvest any restricted species without the approval of the GFC.	Satisfactory compliance	<b>Observation 2019.02:</b> The harvesting of bullet wood has historically been restricted because it was tapped by the indigenous communities for balata. Tapping of bullet wood for balata is now of less economic importance. The audit team questioned the need to continue with the restriction on the species.	The audit team confirmed that the GFC continues to maintain a file of applications and approvals for FSOs to harvest bullet wood. This is the only restricted species that is harvested for commercial application, and therefore has information about applications and approvals on file. It is noted that no application in the 2018 period was denied, and that this species' status as protected due to its utilisation by indigenous communities is now largely theoretical given the reduction of tapping for balata.
Principle 3	The FSO complies with its fiscal and social obligations			
Criterion 3.1	The FSO complies with required fees and royalties			
A.3.1.1	The FSO complies with the requirements for the payments of royalties and acreage fees or payment plan.	Satisfactory compliance	<b>Observation 2019.03:</b> No non-compliances were identified. However, the Team questions whether this criterion should be broadened to include other statutory payments relevant to compliance with forest legality.	Review of Permits submitted and Finance Department receipts confirmed that the large concession holders sampled had paid the required royalties and acreage fees.

## B. Indicator for Monitoring of Small Concessions

Indicator Number	Indicator	Compliance measure Summary	CAR/Observation Summary of findings	System findings
<b>Principle 1</b>	<b>The FSO has the legal right to harvest and respects other parties' legal user rights</b>			
<b>Criterion 1.1</b>	<b>The FSO has the legal right to harvest</b>			
B.1.1.1	The FSO has a Small FCA.	Satisfactory compliance	No non-compliances were identified.	Document review confirmed that all FSOs sampled had the required permits and permissions (concession agreements). This was further confirmed for those FSOs sampled for assessment in the field.
<b>Criterion 1.2</b>	<b>The FSO respects other parties' legal user rights</b>			
B.1.2.1	The FSO harvests the timber products within the boundaries of the concession.	Satisfactory compliance	No non-compliances were identified.	Both document review and field inspections confirmed that GFC field monitoring (stump inspections and environmental monitoring reports) continue to provide an effective mechanism to identify incident of harvesting outside boundaries. The audit team verified a number of stump locations in the field, confirming the accuracy of the data captured originally by the FSO and that of the GFC monitoring inspections. FMD inspection reports for 20 out of 23 FSOs sampled were inspected. A single incidence of logging outside the concession boundary was recorded.
B.1.2.2	The FSO does not prevent traditional rights of Amerindian peoples.	Satisfactory compliance	No non-compliances were identified.	There was no evidence that the traditional rights of Amerindian peoples are being violated by the small concession holders sampled during the audit. The audit team acknowledges GFC's advice that traditional rights have not been fully defined, and that the MoIPA are leading the process to codify these rights. The team also noted that there is now a process for disputes to be brought to the attention of MoIPA and GLSC.
B.1.2.3	The FSO does not prevent the legal user rights of other individual groups	Satisfactory compliance	No non-compliances were identified.	Field interviews and stakeholder focus group meetings informed the audit team that FSOs do respect the user

				rights of individuals, in particular miners. However, miners (especially the small-scale miners) do not always respect the user rights of FSOs. This is an area of land use conflict that needs addressing at the highest levels within the government. It is important that small scale miners are made aware of their obligations in relation to managing and minimising the environmental impacts of their operations on forestry in support of GFC's vision of achieving the sustainable management and use of the nation's forest resources. It is also important that miners are required to make commensurate contributions to the maintenance of common use infrastructure such as roads in state forests where forestry and mining occur side by side.
<b>Principle 2</b>	<b>The FSO complies with the forest operation obligations</b>			
<b>Criterion 2.1</b>	<b>The FSO complies with forest management, environment and WTS requirements.</b>			
<b>B.2.1.1</b>	The FSO has an Environment Authorization or has commence the process to attain the authorization	Non-compliance	<b>Non-compliance 2019.02:</b> Document review and field inspections indicated that there are many SFA SFP concession holders who do not have valid EPA environmental permits. This included SFOs conducting only harvesting operations, as well as those with sawmills as part of their operations. Although in most cases the FSOs had applied to the EPA for either renewal of existing permits, or permits for new forestry operations, the EPA's lack of resources has created a huge backlog, which is unlikely to be addressed satisfactorily in the next 12 months.	Document review and field inspections indicated that there are many SFA SFP concession holders who do not have valid EPA environmental permits. This included SFOs conducting only harvesting operations, as well as those with sawmills as part of their operations. Although in most cases the FSOs had applied to the EPA for either renewal of existing permits, or permits for new forestry operations, the EPA's lack of resources has created a huge backlog, which is unlikely to be addressed satisfactorily in the next 12 months. There are several other major shortcomings in the EPA's regulation of Environmental Permits, particularly for sawmills and lumberyards. These have been addressed fully in the main report.
<b>B.2.1.2</b>	The FSO complies with the approved quota.	Satisfactory compliance	No non-compliances were identified.	Although document review of Legality and Environmental Audit reports indicated some instances of no tagging and also lack of identification of harvested produce, these instances were small. Overall, no overwhelming evidence was found either in the field or document review indicating that FSOs systemically exceeded the

				approved annual or maximum allowable cut. It should be noted that the volumes harvested are often significantly short of the approved quota.
<b>B.2.1.3</b>	The FSO complies with the WTS.	Satisfactory compliance	<p><b>Observation 2019.01:</b></p> <p>As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.</p> <p>The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.</p> <p>Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.</p> <p>The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.</p> <p>This has been documented below in Observation 2019.01.</p>	<p>Based on the field inspections and document review of the SFA SFP concession holders sampled and the local GFC field stations linked to the concession), the Audit team confirmed that FSOs adhered to the requirements of the wood tracking system (including removal permits, tags used on logs and lumber, and transport documents - trip sheets and trans-shipment sheets). Document review identified instances where Field Inspectors had recommended that concessionaires train their workers to follow the GFC SFA Code of Practice including appropriate use of PPEs, these were small.</p> <p>As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.</p> <p>The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.</p> <p>Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.</p> <p>The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its</p>

				implementation, and its effectiveness is therefore made a principal area of focus at any future audit.
<b>B.2.1.4</b>	The FSO does not harvest any restricted species without the approval of the GFC.	Satisfactory compliance	<b>Observation 2019.02:</b> The harvesting of bullet wood has historically been restricted because it was tapped by the indigenous communities for balata. Tapping of bullet wood for balata is now of less economic importance. The Audit team questioned the need to continue with the restriction on the species.	There was no evidence from document review that any of the SFA SPF concessionaires sampled had applied to the GFC to harvest any restricted species such as Bullet Wood.
<b>Principle 3</b>	The FSO complies with required fees and royalties			
<b>Criterion 3.1</b>	<b>The FSO complies with required fees and royalties</b>			
<b>B.3.1.1</b>	The FSO complies with the requirements for the payments of royalties and acreage fees or has a payment plan.	Satisfactory compliance	No non-compliances were identified.	Review of Permits submitted and Finance Department receipts confirmed that the small concession holders sampled had paid the required royalties and acreage fees.

### C. Indicators for Monitoring of Amerindian Villages and Private Lands that engage in Forestry Activities

Indicator Number	Indicator	Compliance measure Summary	CAR/Observation Summary of findings	System findings
Principle 1	The FSO has the legal right to harvest and respects other parties' legal user rights			
Criterion 1.1	The FSO has the legal right to harvest			
C.1.1.1	The VC has an absolute grant for the forest land where commercial activities are being conducted.	Satisfactory compliance	No non-compliances were identified.	Shape Files shared between GFC and GL&SC allow GFC to verify absolute grants for Amerindian lands used for commercial timber harvesting. The existence of the shapefile for Bethany village was confirmed with GFC's GIS department.
	The FSO has legal title for the forest land where the commercial activities are taking place.	Satisfactory compliance	No non-compliances were identified.	Based on document review, there was no evidence of FSOs operating without legal title or the consent of the Village Council.
Criterion 1.2	The FSO respects other parties' legal user rights			
C.1.2.1	The FSO harvests the timber products within the boundaries of the area allocated by the VC or Private Land.	Satisfactory compliance	No non-compliances were observed.	GFC permits for private properties and transshipment documents were examined in the field in Bethany, and indicated these documents were legitimate and had been completed correctly. Field verification of GPS coordinates taken by the audit team confirmed that the harvested trees sighted were within the recognised boundaries.
C.1.2.2	The FSO does not prevent Traditional rights of Amerindian peoples.	Satisfactory compliance	No non-compliances were observed.	Based on interviews with Amerindian stakeholders, there was no evidence of prevention of traditional rights of Amerindian peoples.
Principle 2	The FSO complies with the forest operation obligations			
Criterion 2.1	The FSO complies with forest management, environment and WTS requirements			

C.2.1.1	The FSO complies with the WTS requirements.	Satisfactory compliance	No non-compliances were observed.	Field investigations confirmed compliance with WTS requirements by the Amerindian community included in the sample. GFC permits for private properties and transshipment documents were examined in the field in Bethany and indicated these documents were legitimate and had been completed correctly. Field visits to forests recently harvested by Amerindian forestry operators in Bethany confirmed that all harvested stumps had been tagged correctly.
C.2.1.2	The FSO complies with the written agreement that he/she has with the VC.	Satisfactory compliance	No non-compliances were observed.	Not applicable as the FSOs in the Village community sampled were themselves conducting the timber harvesting in the Village's forests.
Principle 3	The FSO complies with its fiscal and social obligations			
Criterion 3.1	The FSO complies with required fees			
C.3.1.1	The FSO complies with the requirements of the payment for Removal Permits to GFC.	Satisfactory compliance	No non-compliances were observed.	Evidence was sighted of compliance with payment requirements for Removal Permits.

## D. Indicators for Salvage Timber Products from State Forest and State Land in Conversion

Indicator Number	Indicator	Compliance measure Summary	CAR/Observation Summary of findings	System findings
Principle 1	The FSO has the legal rights to harvest and respects other parties' legal use rights			
Criterion 1.1	The FSO has the legal right to harvest			
D.1.1.1	The FSO is the holder of: i) Lease ii) Mining permit or licence. iii) Authorisation under the Roads Act Cap 51:01 to enter upon any land and carry out works for the purposes of construction and maintenance of any roads; including the cutting and removal of timber products. iv) or authorisation under the Public Lands Act Cap 62:03 to maintain and construct on public land any roads necessary or useful for mining, woodcutting, or other purposes.	Satisfactory compliance	No non-compliances were observed.	Relevant documents were sighted except for Nappi Village, Mahendra Persaud and the Guyana United Apostolic Mystical Council. The next audit should verify the status of Part B of Mahendra Persaud's lease and that of the Guyana United Apostolic Mystical Council.
D.1.1.2	The FSO has licence to construct and maintain a hydro	No finding	No finding	None of the FSOs sampled had applied for, or been given a licence to construct and maintain a hydro facility.
Criterion 1.2	The FSO respects other parties' legal user rights			
D.1.2.1	The FSO harvests within the boundaries of one of the following: a. Lease b. Mining Permit and or Licence c. within an area where MPI and or Guyana Energy Agency have been duly authorised to carry out projects.	Satisfactory compliance	No non-compliances were observed.	The FMD Inspection Reports reviewed by the audit team indicated that harvesting had been done within the property boundary based on stump inspection.
D.1.2.2	The FSO does not prevent traditional use rights of Amerindian peoples.	Satisfactory compliance	No non-compliances were observed.	The FMD Inspection Report reviewed by the audit team did not include information on the traditional use rights of Amerindian peoples.
D.1.2.3	The FSO does not prevent the legal user rights of other individual groups	Satisfactory compliance	No non-compliances were observed.	The FMD Inspection Report reviewed by the audit team did not include information on the legal user rights of individual groups.



Principle 2	The FSO complies with the forest operation obligations			
Criterion 2.1	The FSO complies with forest management, environment and WTS requirements			
D.2.1.1	The FSO complies with the WTS requirements.	Satisfactory compliance	<p><b>Observation 2019.01:</b></p> <p>As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.</p> <p>The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.</p> <p>Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.</p> <p>The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.</p>	<p>As a result of findings from IFM3, GFC have modified the way tag monitoring, allocation and issuance is managed. A new Production Log Tag Management Unit SOP has been developed and released (dated February 2019). A key point in this SOP is that a restriction has now been introduced where on the third collection of tags, previous tags must be accounted for by the concession holder to the Tag Management Section.</p> <p>The intent of this change is to reduce the time it takes for the Tag Management Section to report on the status of tags issued to concession holders, thereby reducing the potential for inappropriate tag use.</p> <p>Tag Management Section reports currently return values of 'outstanding tags' which are the difference between tags issued and tags registered as used. It is the responsibility of the concession holder to inform GFC, in writing, of the status of outstanding tags. This has been demonstrated by GFC in one instance, but it is apparent that the new SOP needs more time to become widely effective across all forestry concessions.</p> <p>The audit team notes that the effectiveness of the revised tag management system in addressing the limitations identified during both IFM3 and IFM4 can only be assessed at future audits. It is recommended that investigation of the Tag Management system, its implementation, and its effectiveness is therefore made a principal area of focus at any future audit.</p>

D.2.1.2 (applicable to an FSO who complies with F.1.1.2)	The FSO has an Environmental Authorisation to construct and maintain a hydro	No finding	No finding	There were no hydro projects requiring Environmental Authorisations on the FSO documents reviewed.
Principle 3	The FSO complies with its fiscal and social obligations			
Criterion 3.1	The FSO complies with required fees, charges and levies			
D.3.1.1	The FSO complies with the requirements for the payments of fees, charges and levies	Satisfactory compliance	No non-compliances were observed.	There was no evidence based on the FSOs sampled of any non-compliance with payment requirements.

## E. Indicators for Processing and Sale of Timber Products

Indicator Number	Indicator	Compliance measure Summary	CAR/Observation Summary of findings	System findings
Principle 1	The FSO complies with timber processing and sales requirements			
Criterion 1.1	The FSO complies with the applicable licensing requirements			
E.1.1.1	The FSO has an Annual Operating Licence (Sawmill which includes, Saw-pit and Chain-saw)	Satisfactory compliance	No non-compliances were observed.	All sawmillers selected for the sample in 2018 had valid sawmill licences.
E.1.1.2	The FSO has a valid Timber products dealer's licence.	Satisfactory compliance	Observation 2019.04: The GFC should consider changing the terminology used for licences issued for sawmills, sawpits, lumberyards and traders to ensure consistency with the terminology of the Forests Act 2009.	The current operating licences GFC issues for sawmills, sawpits and lumberyards are based on the terminology of the old Forests Act. The legality indicators for the IFM audit adopt the terminology of the new Act (although the audit team notes that the reference at indicator E.1.1.2 is to timber products dealer's licence, whereas s.41 of the Forests Act 2009 refers to Forest Produce Dealers Licences.
E.1.1.3	The FSO has a valid Lumber yard licence.	Satisfactory compliance	No non-compliances were observed.	All lumberyards selected for the sample in 2018 had valid lumberyard licences.
Principle 2	The FSO complies with the forest operation obligations			
Criterion 2.1	The FSO complies with forest management, environmental and WTS requirements			
E.2.1.1	The FSO has an Environment Authorization or has commenced the process for the authorization	Satisfactory compliance	Non-compliance 2019.03: Document review and field inspections indicated that there are sawmill and lumberyard operators who do not have valid EPA environmental permits. Although in most cases the FSOs had applied to the EPA for renewal of existing permits, the EPA's lack of resources has created a backlog, which is unlikely to be addressed satisfactorily in the next 12 months.	Document review and field inspections indicated that there are sawmill and lumberyard operators who do not have valid EPA environmental permits. Although in most cases the FSOs had applied to the EPA for renewal of existing permits, the EPA's lack of resources has created a backlog, which is unlikely to be addressed satisfactorily in the next 12 months. There are several other major shortcomings in the EPA's regulation of Environmental Permits, particularly for sawmills and lumberyards. These have been addressed fully in the main report.

E.2.1.2	The FSO complies with the WTS requirements.	Satisfactory compliance in that the completed audits were conducted satisfactorily and followed the GFC guidelines for such audits.	<p><b>Observation 2019.05:</b> In the case of all sawmills and lumberyards visited during the field inspections, the FSOs were able to produce the required WTS documentation. However, in one case, the audit team identified a situation where an FSO had recorded a sale of timber for which there was no corresponding entry in the Sawmill Record. It was explained by the FSO that this was because the company had not yet been billed by their supplier, and they couldn't record the receipt of the produce until they had the necessary documentation from their supplier, despite already having sold the material. This introduces an element of risk into the WTS documentation, suggesting the possibility that undocumented receipts and/or sales have the potential to occur.</p> <p><b>Observation 2019.06:</b> The GFC does not check each board of sawn lumber in stock at a sawmill or a lumberyard, and neither is physical stock taking conducted by the GFC. During stock inspection at sawmills and lumberyards, only lumber above a certain thickness is branded with a GFC hammer. Although the ends of most sawn lumber at sawmills and lumberyards are spray-painted after inspection, because not all boards are branded with a GFC hammer mark, it is potentially possible for an unscrupulous sawmill or lumberyard owner to bring in illegal timber and mix it with legal lumber without GFC detecting such illegal activity. While the audit team acknowledges the impracticality of physical counts of all stocks during GFC inspections, this is an area of potential weakness in the WTS.</p> <p><b>Observation 2019.07:</b> For all the companies sampled in the document review, GFC had satisfactorily completed the Environmental Monitoring and Audits, and follow</p>	<p>The key WTS requirements for sawmills and lumberyards are the keeping of the Sawmill/Lumberyard Record of Produce Received, the Monthly Returns of Logs Sawn and Lumber Produced and the monthly summary of Wood Products Sales. In the case of all sawmills and lumberyards visited during the field inspections, the FSOs were able to produce the required documentation. However, in one case, the audit team identified a situation where an FSO had recorded a sale of timber for which there was no corresponding entry in the Sawmill Record. It was explained by the FSO that this was because the company had not yet been billed by their supplier, and they couldn't record the receipt of the produce until they had the necessary documentation from their supplier, despite already having sold the material. This introduces an element of risk into the WTS documentation, suggesting the possibility that undocumented receipts and/or sales have the potential to occur.</p> <p>Also, the GFC does not check each board of sawn lumber in stock at a sawmill or a lumberyard, and neither is physical stock taking conducted by the GFC. During stock inspection at sawmills and lumberyards, only lumber above a certain thickness is branded with a GFC hammer. Although the ends of all sawn lumber at sawmills and lumberyards are spray-painted after inspection, because not all boards are branded with a GFC hammer mark, it is potentially possible for an unscrupulous sawmill or lumberyard owner to bring in illegal timber and mix it with legal lumber without GFC detecting such illegal activity. While the audit team acknowledges the impracticality of physical counts of all stocks during GFC inspections, this is an area of potential weakness in the WTS.</p> <p>For all the companies sampled in the document review, GFC had satisfactorily completed the Environmental Monitoring and Audits, and follow up letters had been sent to the companies informing them of the corrective actions required, and the timeframe for completion.</p>
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			up letters had been sent to the companies informing them of the corrective actions required, and the timeframe for completion. However, there was no evidence that the GFC had followed up to ensure the non-compliances recorded during the audits had been addressed satisfactorily with the suggested timeframes.	However, there was no evidence that the GFC had followed up to ensure the non-compliances recorded during the audits had been addressed satisfactorily with the suggested timeframes.
Principle 3	The FSO complies with its fiscal and social obligations			
Criterion 3. 1	The FSO complies with required fees			
E.3.1.1	The FSO complies with the requirements for the payments of licencing fees.	Satisfactory compliance	No non-compliances were observed.	All sawmill and lumberyard licence holders sampled had paid the required licence fee.

## F. Indicators for Export of Forest Products

Indicator number	Indicator	Compliance measure Summary	CAR/Observation Summary of findings	System findings
Principle 1	The FSO complies with timber products export and import requirements			
Criterion 1.1	The FSO complies with export requirements and with the WTS			
F.1.1.1	The FSO has a valid licence or an FCA to export timber products.	Satisfactory compliance	No non-compliances were identified.	All exporters selected for the sample in 2018 had valid export licences.
F.1.1.2	The FSO has an Export Certificate.	Satisfactory compliance	No non-compliances were identified.	Export certificates are issued for each export consignment. An approved export licence was sighted for the organisation included in the field inspection sampling.
F.1.1.3	The FSO complies with the WTS requirements	Satisfactory compliance	No non-compliances were identified.	Based on the field inspection, the FSO had satisfactorily complied with all required WTS documentation requirements. This included references to the associated Permits for Removal of produce. The audit team noted that Export Certificates were not issued unless all the requirements had been met.
F.1.1.4	The FSO complies with the requirements for the payments of: I) applicable fees (export levies); and II) export taxes	Satisfactory compliance	No non-compliances were identified.	All export licence holders paid the required licence fee.

## **Appendix 7 – Terms of reference**

# **Guyana Forestry Commission**

## **Invitation for Proposals**

Invitation is open to both commercial and non commercial entities/organizations/bodies

### **Independent Forest Monitoring in Guyana – Phase 2**

Terms of reference and background information

10<sup>th</sup> October, 2017



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## 1.0 Background /Context

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One of the main focal areas of Guyana Forestry Commission's (GFC) work has been on forest law enforcement and legality. This has been due not only to the legal requirements as set out in the Forest Act, but also to a recognition of the importance of legality in ensuring that the proceeds from forest resources utilization flow to the right beneficiaries, preventing unfair competition between illegal and legal produce, maintaining a low rate of deforestation and forest degradation, ensuring sustainable development of forest dependent communities, and mitigating against climate change in a REDD+ framework.

A Programme of work has been coordinated by the GFC, with support from its partners including, the Forest Products Development and Marketing Council, the Forestry Training Centre Inc. and private sector counterparts. Over the period 2010 to 2017, several advancements have been made on forest legality. The Programme of Independent Forest Monitoring (IFM) commenced in Guyana in 2011 with an initial scoping to evaluate the national forest monitoring system and its implementation in preparation for the MRVS Year 1 audit of forest monitoring in Guyana. Following this scoping exercise, two Independent Forest Monitoring Audits were conducted- the first in 2013 and the second in 2014. Corrective actions and follow up requests were monitored and implemented by the GFC where necessary. In each follow on audit, checks were made that the measures of improvement are institutionalized with the existing structures.

A Terms of Reference (TOR) for IFM was agreed between the Government of Guyana and the Kingdom of Norway in 2010, as part of the REDD+ Governance programme of work under the Bilateral Cooperation agreement on Climate and Forests. This TOR outlines the principles, criteria and indicators for monitoring and will be used as the base for the third and fourth assessments, with refinements. These refinements will reflect the result of lessons learnt from implementation of the Years 1 and 2 audits, as well as progress on the EU Forest Law Enforcement Governance and Trade (FLEGT) process in Guyana. It is envisaged that by end of 2017, the Voluntary Partnership Agreement under EU FLEGT will be agreed on and will pave the way for the implementation phase and eventual issuance of licenses. Once licensing commences, the EU FLEGT process will integrate its audit function referred to as Independent Audit. At this time, IFM audits would have concluded two phases (two audits under the first phase which have already been completed) and two audits planned for this second Phase. The approaches taken under IFM in terms of field audits and stakeholder engagement, the addressing of major corrective actions, minor corrective actions, and recommendations and remaining gaps, will inform the execution of Independent Audit from a process perspective as well as technical aspects. Based on the TOR, monitoring assessments will be conducted within a maximum of two year intervals<sup>1</sup>. As such, this proposal outlines the programme of work to be executed for the 2016 and 2018 audits under IFM.

IFM forms part of the Commission's ongoing efforts to continually improve forest law enforcement and legality as a whole, in the sector. Concurrently, efforts have been undertaken in other activity areas, to also contribute to ensuring that legality is maintained at a high level. These include: the implementation of a Code of Practice for Harvesting Operations, a national log tagging and tracking system, as well as concession level and environmental monitoring through the GFC's Head office along complemented with a number of field monitoring and mobile stations.

IFM will draw on the work which would have been done in Guyana, and will allow for a mechanism for assessment of illegality in the forest sector. It will cover all significant drivers of

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<sup>1</sup> It should be noted that because of the execution of the scoping exercise in 2011, given that this was the initiation of the process, this resulted in the first two audits being implemented in consecutive years (2012 and 2014). The intention of IFM however, is to be done in 2 year intervals.

deforestation and forest degradation in Guyana and thus, has direct links to a REDD+ monitoring programme. It will serve as a national system of legality assessment at the broader country level, that essentially address relevant drivers of forest change that are linked to forest legality/illegality, and will provide a system that can be recognized across all regions.

IFM will be implemented in the State Forest Estate, Amerindian Villages and private lands engaged in forestry activities.

## 2.0 Objective and Purpose of Independent Forest Monitoring (IFM)

### 2.1 Objective of IFM

Independent Forest Monitoring (IFM) is the use of an independent third party that, by agreement with state authorities, provides an assessment of legal compliance, and observation of and guidance on official forest law enforcement systems. IFM presents a unique approach to assessing and strengthening legal compliance in the forest sector.

The specific objective of the IFM audit is to provide stakeholders with a professional and independent evaluation of Guyana's official forest law enforcement systems, the implementation thereof and legal compliance by stakeholders as evaluated using the specified Criteria for Monitoring.

IFM is designed and implemented in such a way to be reflective of the national and local country situation and dynamics of the forest sector and natural resources management, whilst at the same time, keeping with general international standards for such monitoring systems. It also focuses on relevant drivers of deforestation and forest degradation that are related to forest legality.

This ToR is jointly agreed to between Guyana and Norway. It is an essential part of the process of preparing for IFM and is crucial in delineating exactly what will be monitored, what information is required, how quality will be assured, and what protocols will govern validation and publication of findings. The principal activity of IFM entails field investigations by which independent monitoring observe and document activity, legal and illegal, in the forest and through the trade.<sup>2</sup>

Global Witness, in their Guide to Independent Forest Monitoring, outlines the points where such monitoring might occur:

- The initial allocation of the full range of timber and other permits
- The management of forestry operations and harvesting activities
- The subsequent processing and trade in forest products
- The collection and distribution of taxes, fines and other payments

IFM is designed and implemented in such a way that it is reflective of the national and local country situation and dynamics of the forest sector and natural resources management, whilst at the same time, in keeping with general international standards for such monitoring systems. It will focus on relevant drivers of deforestation and forest degradation that are related to forest legality.

A set of minimum standards, for the inclusion in the agreement between the monitor and the host institution in the country include:

<sup>2</sup> Global Witness. A Guide to Independent Forest Monitoring

- The monitor has the right of access to relevant information held by the forest authority and other relevant ministries/authorities,
- The monitor has the right of movement and access to any part of the country to carry out Control Missions in accordance with GoG legislation.
- A multi stakeholder Reporting Panel (ref. para.4.3) should be established to peer review reports and act as intermediary between the monitor and stakeholders.
- The Monitor submits a draft report to the GFC for comments and validation by the multi stakeholder Reporting Panel. The Monitor is required to revise the draft report in accordance with comments received or reflect these comments in the final report in instances of disagreement.
- Once revised, the final reports must be published by the Monitor, and may also be published by the host organization.
- The Reporting Panel has the right to publish reports as soon as they are finalized. Final reports should be published within 45 days of submission of the report by the Monitor.
- The GFC will compile a report on IFM related corrective actions taken and make available such report to the Monitor. This report shall include an account of the discussions and associated timeline for corrective action implementation.

The IFM-process in Guyana will comply with these standards.

## 2.2 Purpose of IFM Phase 2

Phase 2 of IFM aims at assessing the validity, reliability and effectiveness of GFC's monitoring and enforcement systems in assuring that stated purposes are fulfilled against a framework of accepted/agreed and recognized quality standards. These standards included certain principles, criteria and indicators. The audits under this second phase of IFM should consider the findings of the first phase which consisted of a scoping audit and two assessment audits, and which concluded in various corrective actions and recommendations as well as system improvements. These should inform the audit plans for the second phase, as well as the field assessments, and the written reports.

It should be noted that IFM is an audit and evaluation of the identified GFC monitoring systems and not a certification audit or part of any accredited certification system.

IFM will be applied to logs (including Roundwood – Piles, Poles and Posts) and lumber. It covers all stages of the chain of custody as it relates to logs and lumber, namely: harvesting, transportation, processing, and export. The Scope of IFM will therefore include small and large forest concessions, as well as activity at the level of licence holders for sawmills and export. The Components of IFM shall include Principles, Criteria and Indicators (PCIs) that are reflective of the requirements of each stage of the process from harvest to export (called chain of custody) including annual and management plans, licenses for sawmills, transportation of forest produce, and export. This is intended to therefore include pre approval for harvesting, harvesting, transportation, local processing and export.

The Third and Fourth audits will be conducted for assessment year 2016 and 2018. Emphasis will be placed in circulating widely the relevant information, including audit reports from these assessments.



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## 3.0 Stakeholders

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### 3.1 Stakeholders Involvement

The Terms of Reference for IFM Phase 2 is based on the initial terms of reference developed for Phase 1 of the IFM process and updated following the advancements under Guyana's EU FLEGT process whereby a national consultative approach was undertaken to develop the Definition of Legality. This saw the involvement of a wide cross section of stakeholders and the execution of field assessments to inform the updated Principle, Criteria and Indicators.

### 3.2 The Guyana Forestry Commission

The GFC is a semi-autonomous organization formed in 1979 with a legal mandate to manage and control the utilization of the State Forest Estate. Its main role is to ensure the sustainable utilization of the State Forest Estate in keeping with sustainable forest management principles and guidelines. The GFC also has a development mandate to ensure that there is a balance among the pillars social, economic and environmental development. The Forest Act 2009, outlines these pillars and outlines key legislative requirements for the Commission work.

The GFC has, over the past decades, undergone rapid development in the implementation of sustainable forest management, legality, and environmental standards. It has also expanded its geographical scope to a number of field and mobile stations, and has a total staff complement of 420 employees. Of more recent, are the modern and dynamic forest legislation and suite of Forest Management policies, guidelines and practices that guide the operation of the Commission that have been developed, with many of these already successfully implemented. The GFC also has a strong community forest program through which it extends implementation of sustainable forest management practices and overall development support, at the community level.

The Guyana Forestry Commission has been identified as the lead agency for this initiative and will work in close collaboration with the Office of Climate Change on areas of REDD+.

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## 4.0 Scope and Focus/Methodology of Phase 2 of IFM

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The initial activity in the execution of IFM Phase 2 will be the conducting of an assessment for year 2016 based on the Principle Criteria and Indicators outlined below. The audits under this second phase of IFM should consider the findings of the first phase which consisted of a scoping audit and two assessment audits, and which concluded in various corrective actions and recommendations as well as system improvements. The follow up audit will be conducted in 2018. IFM visits will be planned by the Monitor and done in consultation with the GFC.

### 4.1 Criteria for Monitoring

The outline below defines the main areas that will be subject to Independent Forest Monitoring:

**A. Indicators for Monitoring of Large Concessions<sup>3</sup>**

<b>Principle 1</b>	<b>The Forest Sector Operator (FSO) has the legal right to harvest and respects other parties' legal user rights</b>	
<b>Criterion 1.1</b>	<b>The FSO has the legal right to harvest</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
<b>A.1.1.1</b>	The FSO is the holder of one of the following:  i) a valid Exploratory Permit  ii) The FSO has a Large Forest Concession Agreement (FCA)	The FSO has one of the following verifiers:  i) Exploratory Permit GFC (FRMD)  ii) FCA GFC (FRMD – Forest Resources Management Div.)
<b>Criterion 1.2</b>	<b>The FSO respects other parties' legal user rights</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
<b>A.1.2.1</b>	The FSO harvests the timber products within the boundaries of the concession.	FMD Inspection Report GFC (FMD – Forest Monitoring Div.)
<b>A.1.2.2</b>	The FSO does not prevent the traditional rights of Amerindian peoples.	FMD Inspection Report GFC (FMD)
<b>A.1.2.3</b>	The FSO does not prevent the legal user rights of other individual groups	FMD Inspection Report GFC (FMD)
<b>Principle 2</b>	<b>The FSO complies with the forest operation obligations</b>	
<b>Criterion 2.1</b>	<b>The FSO complies with forest management, environment and WTS requirements</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
<b>A.2.1.1</b>	The FSO has an Environmental Authorisation or has commenced the process to attain the authorization	One of the following verifiers:  i) Environmental Permit  ii) Operational Permit  III) EPA Receipt

<sup>3</sup> Large concessions (areas larger than 8097 hectares) must have a State Forest Authorization - Timber Sales Agreement (SFA-TSAs) or State Forest Authorization - Wood Cutting Lease (SFA-WCLs) or an Exploratory Permit (EP) granted by the GFC

A.2.1.2	The FSO complies with the approved Annual Allowable Cut and/or Maximum Allowable Cut	Tag Management Report GFC (FMD)
A.2.1.3	The FSO complies with the Wood Tracking System (WTS)	FMD Inspection Report GFC (FMD)
A.2.1.4	The FSO has an approved forest management plan (FMP) of 3- 5 years in addition to an annual operations plan for the concession area (AOP).	Both of the following verifiers: i) FMP GFC (FRMD) ii) AOP GFC (FRMD)
A.2.1.5	The FSO does not harvest any restricted species without the approval of the GFC.	GFC Approval Letter GFC (FMD)
<b>Principle 3</b>	<b>The FSO complies with its fiscal and social obligations</b>	
<b>Criterion 3.1</b>	<b>The FSO complies with required fees and royalties</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
A.3.1.1	The FSO complies with the requirements for the payments of royalties and acreage fees or payment plan.	One of the following verifiers: i) Receipts on the payment schedules GFC (Finance Dep.) ii) Receipts for full payments GFC (FD)

**B. Indicator for Monitoring of Small Concessions<sup>4</sup>**

<b>Principle 1</b>	<b>The FSO has the legal right to harvest and respects other parties' legal user rights</b>	
<b>Criterion 1.1</b>	<b>The FSO has the legal right to harvest</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
B.1.1.1	The FSO has a Small FCA.	FCA GFC (FRMD)
<b>Criterion 1.2</b>	<b>The FSO respects other parties' legal user rights</b>	
B.1.2.1	The FSO harvests the timber products within the boundaries of the concession.	FMD Inspection Report GFC (FMD)
B.1.2.2	The FSO does not prevent traditional rights of Amerindian peoples.	FMD Inspection Report GFC (FMD)
B.1.2.3	The FSO does not prevent the legal user rights of other individual groups	FMD Inspection Report GFC (FMD)
<b>Principle 2</b>	<b>The FSO complies with the forest operation obligations</b>	
<b>Criterion 2.1</b>	<b><i>The FSO complies with forest management, environment and WTS requirements.</i></b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
B.2.1.1	The FSO has an Environment Authorization or has commence the process to attain the authorization	Operational Permit (EPA), EPA Receipt
B.2.1.2	The FSO complies with the approved quota.	Tag Management Report GFC (FMD)
B.2.1.3	The FSO complies with the WTS.	FMD Inspection Report GFC (FMD)
B.2.1.4	The FSO does not harvest any restricted without the approval of the GFC.	GFC Approval Letter GFC (FMD)
<b>Principle 3</b>	<b>The FSO complies with its fiscal and social obligations</b>	
<b>Criterion 3.1</b>	<b><i>The FSO complies with required fees and royalties</i></b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
B.3.1.1	The FSO complies with the requirements for the payments of royalties and acreage fees or has a payment plan.	One of the following two verifiers; i) Receipts on the payment Schedules GFC(FD) ii) Receipts for full payments GFC (FD)

<sup>4</sup> Small concessions (areas which are 8097 hectares or less) must have a State Forest Authorization - State Forest Permit (SFA-SFP) granted by the GFC. This also includes Community Forest Management Agreements (CFMA).

### C. Indicators for Monitoring of Amerindian Villages and Private Lands that engage in Forestry Activities

<b>Principle 1</b>	<b>The FSO has the legal right to harvest and respects other parties' legal user rights</b>	
<b>Criterion 1.1</b>	<b>The FSO has the legal right to harvest</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
C.1.1.1	<p>The VC has an absolute grant for the forest land where commercial activities are being conducted.</p> <p>The FSO has legal title for the forest land where the commercial activities are taking place.</p>	<p>Absolute Grant (GL&amp;SC)</p> <p><i>One of the following verifiers for Private Lands::</i></p> <p><i>i)Registered title (Land Registry)</i>  <i>ii)Transport (Deeds and Commercial Registries Authorities Deeds Registry)</i>  <i>iii)Absolute grantor Provisional title (GL&amp;SC)</i></p>
<b>Criterion 1.2</b>	<b>The FSO respects other parties' legal user rights</b>	
C.1.2.1	The FSO harvests the timber products within the boundaries of the area allocated by the VC or Private Land.	Inspection Report(at the discretion of the VC) (VC)/GFC (FMD)
C.1.2.2	The FSO does not prevent Traditional rights of Amerindian peoples.	Inspection Report(at the discretion of the VC) (VC)/GFC (FMD)
<b>Principle 2</b>	<b>The FSO complies with the forest operation obligations</b>	
<b>Criterion 2.1</b>	<b>The FSO complies with forest management, environment and WTS requirements</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
C.2.1.1	The FSO complies with the WTS requirements.	FMD Inspection Report GFC (FMD)
C.2.1.2	The FSO complies with the written agreement that he/she has with the VC.	ii)Written report (VC)
<b>Principle 3</b>	<b>The FSO complies with its fiscal and social obligations</b>	
<b>Criterion 3.1</b>	<b>The FSO complies with required fees</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifiers</b>
C.3.1.1	The FSO complies with the requirements of the payment for Removal Permits to GFC.	Receipts for Removal Permit GFC (FMD)



#### D. Indicators for Salvage Timber Products from State Forest and State Land in Conversion<sup>5</sup>

<b>Principle 1</b>	<b>The FSO has the legal rights to harvest and respects other parties' legal use rights</b>	
<b>Criterion 1.1</b>	<b>The FSO has the legal right to harvest</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifier (Responsible Agency)</b>
D.1.1.1	<p>The FSO is the holder of:</p> <p>i) Lease</p> <p>ii) Mining permit or licence.</p> <p>iii) Authorisation under the <u>Roads Act Cap 51:01</u> to enter upon any land and carry out works for the purposes of construction and maintenance of any roads; including the cutting and removal of timber products.</p> <p>iv) or authorisation under the Public Lands Act Cap 62:03 to maintain and construct on public land any roads necessary or useful for mining, woodcutting, or other purposes.</p>	<p>One of the following verifiers;</p> <p>i) Lease GFC (FRMD) and GLSC</p> <p>ii) Mining permit/licence GFC (FRMD) and GGMC</p> <p>iii and iv) Approval letter from Ministry of Public Infrastructure (MPI)</p> <p>iv) Approval letter from Ministry of Public Infrastructure (MPI)</p>
D.1.1.2	The FSO has licence to construct and maintain a hydro	Hydro Licence ( Ministry of Energy)
<b>Criterion 1.2</b>	<b>The FSO respects other parties' legal user rights</b>	
D.1.2.1	<p>The FSO harvests within the boundaries of one of the following:</p> <p>a. Lease</p> <p>b. Mining Permit and or Licence</p> <p>c. within an area where MPI and or Guyana Energy Agency have been duly authorised to carry out projects.</p>	FMD Inspection Report GFC(FMD)
D.1.2.2	The FSO does not prevent traditional use rights of Amerindian peoples.	FMD Inspection Report GFC(FMD)
D.1.2.3	The FSO does not prevent the legal user rights of other individual groups	FMD Inspection Report GFC (FMD)
<b>Principle 2</b>	<b>The FSO complies with the forest operation obligations</b>	

<sup>5</sup> **Salvaged Timber products** – refers to timber products that have been legally harvested with the relevant authorizations such as a mining license or permit, lease and infrastructure approval.

<b>Criterion 2.1</b>	<b>The FSO complies with forest management, environment and WTS requirements</b>	
<b>Indicator Number</b>	<b>Indicator</b>	<b>Verifier (Responsible Agency)</b>
D.2.1.1	The FSO complies with the WTS requirements.	FMD Inspection Report GFC(FMD)
D.2.1.2 (applicable to an FSO who complies with F.1.1.2)	The FSO has an Environmental Authorisation to construct and maintain a hydro	Operational Permit (EPA)
<b>Principle 3</b>	<b>The FSO complies with its fiscal and social obligations</b>	
<b>Criterion 3.1</b>	<b>The FSO complies with required fees, charges and levies</b>	
<b>Indicator number</b>	<b>Indicator</b>	<b>Verifier</b>
D.3.1.1	The FSO complies with the requirements for the payments of fees, charges and levies	One of the following two verifiers; i) Receipts on the payment Schedules GFC(FD) ii) Receipts for full payments GFC(FD)

**E. Indicators for Processing and Sale of Timber Products**

<b>Principle 1</b>	<b>The FSO complies with timber processing and sales requirements</b>	
<b>Criterion 1.1</b>	<b>The FSO complies with the applicable licensing requirements</b>	
<b>Indicator number</b>	<b>Indicator</b>	<b>Verifiers</b>
E.1.1.1	The FSO has an Annual Operating Licence (Sawmill <sup>6</sup> which includes, Saw-pit <sup>7</sup> and Chain-saw <sup>8</sup> )	Annual Operating Licence GFC(FMD)
E.1.1.2	The FSO has a valid Timber products dealer's licence.	Forest Producer Dealer's licence GFC(FMD)
E.1.1.3	The FSO has a valid Lumber yard licence.	Lumberyard licence GFC(FMD)
<b>Principle 2</b>	<b>The FSO complies with the forest operation obligations</b>	
<b>Criterion 2.1</b>	<b>The FSO complies with forest management, environmental and WTS requirements</b>	
<b>Indicator number</b>	<b>Indicator</b>	<b>Verifiers</b>
E.2.1.1	The FSO has an Environment Authorization or has commenced the process for the authorization	Operational Permit (EPA), EPA Receipt
E.2.1.2	The FSO complies with the WTS requirements.	FMD Inspection Report GFC (FMD)
<b>Principle 3</b>	<b>The FSO complies with its fiscal and social obligations</b>	
<b>Criterion 3. 1</b>	<b>The FSO complies with required fees</b>	
<b>Indicator number</b>	<b>Indicator</b>	<b>Verifiers</b>
E.3.1.1	The FSO complies with the requirements for the payments of licencing fees.	One of the following two verifiers;  i) Receipts on the payment Schedules GFC(FD)  ii) Receipts for full payments GFC(FD)

<sup>6</sup> Sawmill: as defined by the Forest Act cap. 67:01 means a mill design and use to break down and convert logs or cants into boards, planks, scantlings or wood products suitable for further processing and includes a sawpit.

<sup>7</sup> Sawpit: as defined by the Forest Act cap. 67:01 means any area or pit made to facilitate the operation of a pit saw by manual labour.

<sup>8</sup> Chainsaw: the term is not defined in the Forest Act Cap. 67:01. It is a small motor consisting of a driven saw with teeth revolving chain, used mainly to fell trees and also for converting log to lumber, planks or squares.

**F. Indicators for Export of Forest Products**

<b>Principle 1</b>	<b>The FSO complies with timber products export and import requirements</b>	
<b>Criterion 1.1</b>	<b>The FSO complies with export requirements and with the WTS</b>	
<b>Indicator number</b>	<b>Indicator</b>	<b>Verifiers</b>
<b>F.1.1.1</b>	The FSO has a valid licence or an FCA to export timber products.	One of the following verifiers:  i) Annual Operating Licence GFC (FMD)  ii) Timber products Dealer's Licence GFC (FMD)  iii) Lumber yard Licence GFC (FMD)  iv) FCA GFC (FMD)
<b>F.1.1.2</b>	The FSO has an Export Certificate.	Export Certificate GFC (FMD)
<b>F.1.1.3</b>	The FSO complies with the WTS requirements	FMD Inspection Report GFC (FMD)
<b>F.1.1.4</b>	The FSO complies with the requirements for the payments of:  I) applicable fees (export levies);  II) export taxes; and/or	I) Receipts GFC(FD)  II) Receipts (RA)  III) Receipts GFC(FD)

## 4.2 The Monitor/Auditor

The Monitor's Report will include a summary of all field and other visits held during the mission.

The report shall not be released prior to its submission to, and feedback from the Reporting Panel. It is expected that feedback which is justified and appropriate will be integrated into a revised report prior to public release by the Monitor. The Monitor's report should document its findings and sources of information otherwise it can be excluded from the Report. The distribution and publication rights of the Monitoring Report and any Scoping Mission report is held by the GFC and its partners including CI and NICFI, which is mandated to release all such report, once validated.

The Monitor's report is expected to work strictly according to the criteria for monitoring outlined in Section 4.1 above. Any changes in the criteria must first be approved by the Reporting Panel. The report is required to be presented in a consistent layout. The structure of the report in the form of a Table of Contents is to be approved by the Reporting Panel. All background materials on the monitoring activities are to be retained.

## 4.3 The multi stakeholder Reporting Panel

A Reporting Panel will be established to review and validate the findings of the Monitor.

The following are the Reporting Panel procedures that will be followed:

1. The Panel will comprise of the GFC, Forest Products Association, the Forestry Training Centre Inc., the Forest Products Development and Marketing Council, the National Toshao's Council, one representative from the indigenous peoples, Guyana Lands and Surveys Commission, Guyana Geology and Mines Commission, the Guyana Manufacturing and Services Association, WWF, and the Environmental Protection Agency. The entities identified above will each hold one seat on the Panel. This Panel will be chaired by the GFC.
2. The Panel shall meet at least once quarterly, and more frequently as the need arises to conduct activities, as required.
3. Each Monitor's report is required to be submitted to the Panel first for review. The GFC will not be allowed to publish findings without the validation of the reporting panel.
4. In the deliberations within the Panel, each member will have an equal right to represent their stakeholder constituency. The Monitor will be given the opportunity to justify the contents of the report.
5. Minutes will be taken of each session, written up within one week of the meeting, and approved by the chairperson prior to circulation to members within two weeks following the Panel Meeting.
6. Within three weeks of the completion of a mission visit, a Mission report is required to be submitted to the Reporting Panel.
7. The Panel shall meet in a timely manner to review the report and provide recommendations, and comments to the Monitor.
8. The Monitor is required to revise the report taking into account the recommendations of the Panel or reflect these comments in the final report in instances of disagreement. The

Panel should not change any reported fact or recommendation directly supported by reported facts.

9. The GFC is required to make public all validated reports. Final reports should be published within 45 days of submission of Report by the Monitor.
10. The Monitor shall not, during or after the termination of the Contract, disclose to any third party any information arising from the Contract, except with the prior written permission of the Guyana Forestry Commission.
11. Only the Panel can make modifications to the criteria for monitoring outlined in 4.1.

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## 5. Nature of Independent Forest Monitoring Services Required

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The GFC requires the services of an Independent Forest Monitor to conduct monitoring activities on criteria outlined in Section 4.1. The contract that will be issued will be for two assessment audits – audit of 2016 and audit of 2018. The Guyana Forestry Commission will have the option to extend the contract period for another assessment year following the two assessment years provided for. The engagement of the Monitor thereafter, will again undergo another formal procurement process.

The objective of the initiative is to provide an assessment of legal compliance, and observation of and guidance on official forest law enforcement systems. The Monitor will therefore focus its efforts on forest activities conducted by different groups/types of stakeholders and concession holders, and various drivers of forest cover change as shown by historic and newly developing trends. An Audit Plan will be required to be produced by the Monitor and submitted to the GFC for consideration by the Reporting Panel prior to the start of each audit. Following approval of this Plan, the audit shall commence and shall be guided by the Plan.

Proponents are invited to provide indicative budget estimates for activities outlined in the Terms of Reference, categorized by cost and activity heads. The successful candidate will be required to communicate regularly with the Guyana Forestry Commission and may also need to make themselves available for further discussions and possible interview.

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## 6. Reporting

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The Consultant will be reporting to the Guyana Forestry Commission. All reports and communication are to be directed to the GFC. The GFC, as Chair of the Reporting Panel, will coordinate all communication within this Panel.

The structure of the main Report in the form of a Table of Contents is to be approved by the Reporting Panel. All background materials on the monitoring activities are to be retained.

Within three weeks of the completion of a mission visit, a Mission report is required to be submitted to the Reporting Panel.

The Monitor will revise the report in accordance with the recommendations of the Panel and submit the revised report for the Panel's approval.



## 6.1 Products/deliverables

The following are the main deliverables and products of the engagement:

### **ACTIVITY 6.1.1 Develop audit plan using the specified Criteria for Monitoring for the Third (2016) and Fourth (2018):**

- Audit plan drafted and circulated to GFC
- Feedback provided and integrated in Plan.

### **ACTIVITY 6.1.2 Execute field activities within the specific scope in the Third and Fourth Assessments:**

- Conduct Field Assessment on IFM Principles, Criteria and Indicators.
- Consolidate Findings based on Assessment

### **ACTIVITY 6.1.3 Develop draft audit findings report (2016 and 2018)**

### **ACTIVITY 6.1.4 Finalize audit report (2016, 2018)**

**Dates of Submission to be determined by Start dates.**

The reports should contain the following:<sup>9</sup>

- The unique reference number of the report
- Details on date and mission type
- Details of IFM team members
- Details on checks done
- Resources used in assessment
- Details of findings including the level and type of inspections carried out
- Analysis of any observed activities and discussion of legal implications leading to clear and objective conclusions
- Assessment of the level of representativeness of findings from a systemic level
- An outline of constraints that impacted on the mission
- Overview of measures taken by the GFC during the mission.
- Recommendations and follow up actions agreed with between the Monitor and the GFC.
- Annex containing copies of relevant documents.

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## 7. The Monitor's Profile

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The Monitor is expected to be a team of persons or a Firm and comprising of at least three persons (Legal Specialist, Social Specialist, and Forestry Specialist) with least an advanced degree in Forestry/Forest Management/ Forest Policy, Forest/Environmental Law, Natural Resources Management, or related field, with extensive experience in forest monitoring and assessment of legal compliance and in monitoring these across all drivers of deforestation and forest degradation. Familiarity with issues relating or relevant to forestry in Guyana would be an added advantage.

Candidate must possess excellent oral and written English communication skills. Candidate must possess a demonstrated ability to work with a range of stakeholders and in relating monitoring activities to the appropriateness of different country environments.

The procurement process is open for all institutions with relevant capacities, including not-for-profit and academic and research institutions

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<sup>9</sup> List developed was done with reference to the Mission Report Checklist of Global Witness: A Guide to Independent Forest Monitoring.

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## 8. Application Process

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### Interested organizations or institutions should:

- Submit a 5-10 page project proposal no later than 10<sup>th</sup> November, 2017.
- Proposals should be addressed to:

Mr. James Singh  
Commissioner of Forests  
Guyana Forestry Commission  
1 Water Street, Kingston, Georgetown, Guyana, South America.

Or can be emailed to: [project.coordinator@forestry.gov.gy](mailto:project.coordinator@forestry.gov.gy) and copied to [commissioner@forestry.gov.gy](mailto:commissioner@forestry.gov.gy)

Proposals will be evaluated by the GFC Procurement Committee, and the selected Monitor subject to no objection by Conservation International Guyana (Project Oversight) and NICFI (Financing Partner)<sup>10</sup>. Following completion of the contracting process, the Monitor will report to the GFC on technical, financial and administrative matters.

### The Proposal should specifically cover:

- Proposed methodology to undertake the services as specified in this TOR
- The fees and business conditions associated with the implementation of the services as specified in this TOR
- Timeline
- The team undertaking the work (if such is the case)
- In an appendix, the experience/resources you would bring to the project. Applicants are expected to provide named references with proven implementation and business experience in the terms of reference outlined. This appendix should cover your organization's previous work experience, as well as work relating to this area.
- Proposals must be submitted in English and costs must be quoted in US dollars. Cost should be separated by Fees and Field Cost, and any other Cost such as travel, and incidentals.

### Some of the Assessment Criteria for the proposals include:

- Technical strength and credibility of proposal in meeting required generally accepted international guidelines and standards.
- Experience of the Provider in independent forest monitoring and in initiatives with tropical forested countries.
- Cost Considerations and efficiency of approach
- Assessment of quality assurance proposal

**DEADLINE: Proposals should be received no later than the close of business on 10<sup>th</sup> November, 2017. Project commencement is expected to start by the last week of November, 2017.**

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<sup>10</sup> NICFI – Norway's International Climate and Forest Initiative.



## **Appendix 8 – Extracts from the Environmental Protection Act, 1996**

Key sections of the Environmental Protection Act, 1996 that have direct relevance to forest sector operations are shown in the diagrams below.

**PART IV  
ENVIRONMENTAL IMPACT ASSESSMENTS**

Preliminary

10. For the purpose of this Part:-

- (a) "developer" means the applicant for environmental authorisation for a project or the State initiating a project;
- (b) "environmental impact assessment" means an assessment as provided in this Part;

Fourth Schedule

- (c) "project" means the execution of construction works or other installations or schemes, and prescribed process or alteration thereof, any interference with any ecosystem or any other activity in the natural surroundings or landscape including those involving the extraction of natural resources, or any project listed in the Fourth Schedule and shall include public and private projects.

Requirement for environmental impact assessment. Fourth Schedule.

11. (1) A developer of any project listed in the Fourth Schedule, or any other project which may significantly affect the environment shall apply to the Agency for an environmental permit and shall submit with such application the fee prescribed and a summary of the project including information on:-
- (i) the site, design and size of the project;
  - (ii) possible effects on the environment
  - (iii) the duration of the project; and
  - (iv) a non-technical explanation of the project.

Environmental authorisation as a precondition to development consent

14. (1) A public authority shall not give development consent in any matter where an environmental authorisation is required unless such authorisation has been issued and any development consent given by any public authority shall be subject to the terms of the environmental authorisation issued by the Agency.
- (2) Where an environmental authorisation is cancelled or suspended, the development consent issued by the public authority shall be suspended until and unless a new environmental authorisation is issued or the suspension of the environmental authorisation is revoked.

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**FOURTH SCHEDULE ss.10,11  
PROJECTS**

1. The construction of any hotel, guest house or inn above ten rooms.
2. Installation for hydro-electric energy production.
3. Construction of roads, harbours and airfields.
4. Dams and other installations designed to hold liquid or store it on a long-term basis.
5. Installation for the treatment of waste water, industrial or domestic waste.
6. The importing of any waste matter whether hazardous or not.
7. The release, use or keeping of any genetically modified organisms.
8. The harvesting and utilisation of forest resources.
9. The extraction and conversion of mineral resources.