

## Norway and Guyana – a partnership for reduced forest carbon emission

If global warming is to be contained below two degrees Celsius, a goal which all countries now seem to share, deforestation and forest degradation in developing countries must be significantly and rapidly reduced. For this to happen, developing countries must be given adequate and predictable economic incentives to protect their tropical forests.

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

Payment for performance is the main pillar of our partnership. Guyana will be paid for its performance in keeping deforestation below an agreed reference level, as well as avoiding any measurable increase in forest degradation. Performance on a set of other indicators will have to be demonstrated as well, as spelt out in the Memorandum of Understanding (MoU) and Joint Concept Note constituting the basis for our partnership.

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

There is general agreement in the UNFCCC negotiations that this has to be avoided by giving genuine incentives for forest conservation in low deforestation countries. Therefore, Norway and Guyana have – pending the determination of a UNFCCC reference level methodology – decided to set a provisional reference level based on an equal weighting of Guyana's low deforestation rate and the mean deforestation rate in tropical forested developing countries. The combined reference level methodology is internationally accepted because it in addition to providing incentives for all categories of forest countries, is also designed to ensure that emissions from deforestation and forest degradation are reduced cumulatively at a global level. Based on best available data – which will be systematically improved over the next years – the Guyana rate is set to 0.3% with the mean rate for tropical forested developing countries estimated at 0.6%. The reference level for Guyana is the average of these two measures, that is, 0.45%. The level of payments will be determined by the gap between this reference level and actual deforestation in any given year, to be paid out post facto. These numbers will be revised as knowledge is improved over the next year.

This approach alone would imply that Guyana would be eligible for payments even if it were to increase its deforestation towards 0.45%, though of course at decreasing levels as rates approached 0.45%. However, as neither Norway nor Guyana wishes to see such an increase in deforestation, our agreement clearly spells out that,

*“(...) the Participants agree that Norwegian financial support from 2011 onwards is also dependent on no national-level increase in deforestation over an agreed level that should be as close to historical levels as is reasonable in light of expanded knowledge of these historical rates and the quality of that knowledge. Such a level can only be set when more robust data is available concerning current and historic deforestation. This level will be set through a mutually agreed process by no later than October 2010.”*

In other words, Norway will only provide financial support to Guyana's REDD-plus efforts if the country does not exceed historical deforestation levels. The only exception, and a minor one, to this would be if research and analysis over the next year strongly indicate that deforestation rates in Guyana are extremely low – in the order of magnitude of 0.05% or the like. In that case, minor upward

variations would probably have to be accepted to allow for uncertainties in measurements and enforcement opportunities.

The Governments of Guyana and Norway are the very first to embark on country-wide, systematic, transparent efforts to limit emissions from deforestation and forest degradation. We firmly believe the partnership between our two countries can become a model for how a global incentive structure for reduced emissions from deforestation and forest degradation can be set up. We do not believe the model is flawless. On the contrary, we believe we can only succeed if we learn from mistakes, and have included provisions for gradual improvements. Being open to criticism is key to this learning. The more informed the criticism we receive, the more it can help us drive our efforts in the right direction. To facilitate this, we encourage all stakeholders to review the documents describing our collaboration, which are all available at: <http://www.lcds.gov.gy/documents.html> and [http://www.regjeringen.no/upload/MD/Vedlegg/Internasjonalt/miljosamarbeid\\_utviklingsland/mou\\_norway\\_guyana.pdf](http://www.regjeringen.no/upload/MD/Vedlegg/Internasjonalt/miljosamarbeid_utviklingsland/mou_norway_guyana.pdf)

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