

Independent Forest Monitoring

Guyana

Public Summary Report of Second Independent Forest Monitoring



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Y o u r c o n t a c t p e r s o n
within GFA Consulting Group GmbH is

Cornelius von Fürstenberg
Phone +49 (40) 6 03 06 – 388

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P u b l i c S u m m a r y R e p o r t o f S e c o n d I n d e p e n d e n t F o r e s t M o n i t o r i n g

A d d r e s s

GFA Consulting Group GmbH
Eulenkrogstraße 82
22359 Hamburg
Germany

Phone +49 (40) 6 03 06 – 180

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Abbreviations

AAA	Annual Allowable Area
AAC	Annual Allowable Cut
AL	Agricultural Lease
AOP	Annual Operational Plan
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
FTCI	Forestry Training Centre Inc.
GFC	Guyana Forestry Commission
GGMC	Guyana Geology and Mines Commission
GIS	Geographic Information System
GLSC	Guyana Lands & Surveys Commission
GoG	Government of Guyana
IFM	Independent Forest Monitoring
IPC	Indigenous Peoples Commission
JCN	Joint Concept Note
LCDS	Low Carbon Development Strategy
LMEU	Legality, Monitoring & Extension Unit
MIS	Management Information System
ML	Mining Lease
MoAA	Ministry of Amerindian Affairs
MoL&HS	Ministry of Labour and Human Services
MoU	Memorandum of Understanding
NTC	National Toshao Council
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, FTCI, GGMC, GLSC, IPC, NTC)
SFP	State Forest Permission
ToR	Terms of Reference
TSA	Timber Sales Agreement
WCL	Wood Cutting Lease

1 Introduction

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

According to the JCN, independent forest monitoring is required to verify Interim Indicators for REDD-plus performance in Guyana related to emissions resulting from 1) forest management (i.e. selective logging) activities in natural or semi-natural forests and 2) illegal logging activities. Relevant interim performance indicators are respectively: ad.1) All areas under forest management should be rigorously monitored and activities documented (i.e. concession activities, harvest estimates, timber imports/exports); and ad.2) Areas and processes of illegal logging should be monitored and documented as far as practicable.

GFA Consulting Group has been contracted by the Guyana Forestry Commission (GFC) to perform independent assessments of Guyana's laws and regulations relevant to forests, their enforcement systems, and legal compliance, against pre-specified, non-accredited criteria, under the Guyana-Norway REDD-plus partnership.

2 Objective and Terms of Reference

2.1 Audit objective

Independent Forest Monitoring is a tool for assessing and strengthening legal compliance in the forest sector. By complementing GFC's forest law enforcement activities with the objectivity and public credibility of an independent third party, IFM can improve transparency while contributing to the development of a sound legislative and regulatory framework for responsible forest management.

The specific objective of the 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. 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 the stakeholders to forest laws and regulations against applicable verification criteria;
- Verification that the comments from stakeholders have been taken into account.

2.2 Terms of Reference for IFM audit

The Terms of Reference for IFM delineates exactly what is monitored, what information is required, how quality is assured, and what protocols govern validation and publication of

findings. According to the ToR, the IFM-process in Guyana must comply with the following set of standards:

- 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 is 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 be published by the GFC.
- The Reporting Panel has the right to publish reports as soon as they are finalized; final reports are 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.

3 Audit scope, criteria, dates and reference period

3.1 Audit Scope

The Guyana Forestry Commission (GFC) is responsible for the management and regulation of Guyana's State Forest. The GFC has oversight on the enforcement of forest laws and regulations, monitoring and control of social and environmental impacts of operations within the State Forest estate and collection of revenues.

Independent Forest Monitoring (IFM) concerns the GFC's forest monitoring system. The key objective is to assess the validity, reliability and effectiveness of the GFC's monitoring system in assuring that stated purposes are fulfilled against a framework of accepted/agreed and recognized quality standards. These standards include certain principles, criteria and indicators. Note that this is an assessment and evaluation of GFC monitoring system and not a certification audit or part of any accredited certification system.

GFC's monitoring system is spearheaded by the Forest Monitoring Division (FMD) and supported by the Forest Resource Management Division (FRMD) and Finance Division. The Guyana Lands and Surveys Commission (GLSC), Guyana Geology and Mines Commission (GGMC), Environmental Protection Agency (EPA), Ministry of Amerindian Affairs (MoAA) and Ministry of Labour and Human Services (MoL&HS), in particular, also play a crucial role in support of GFC's monitoring system.

The scope of the audit covers GFC's forest monitoring system, which has **four main components**:

1. Forest **Concession** Monitoring and Regulation:
 - Submission of Forest Management (FMP) and Annual Operational Plans (AOP);

- Control of harvesting through the implementation on of Annual Allowable Cuts and Annual Allowable Area and compliance to the Code of Practice for Timber Harvesting;
 - Post-harvest assessment;
 - Collection of royalties and fees;
2. Monitoring of **forest produce** being removed and in transit by tagging of stump and logs and by the use of GFC's removal control documentation and information system (Log Tracking System) to verify the origin of raw material and to control the level of harvesting within State Forests;
 3. **Sawmills and Lumberyards** monitoring; this component consists of the verification of the legality of sawmills and lumberyards and their operation;
 4. **Exports**; this component of the monitoring system seeks to control all exportations and to check the legality of the produce to be exported.

Legal compliance is assessed according to different criteria for the following **stakeholder groups**:

- **Timber Sales Agreement and Wood Cutting Leases**; i.e., large forest concessions issued for up to 25 years and in excess of 24,281 hectares (60,000 acres), and issued for up to 10 years for areas 8,094 to 10,117 hectares (20,000 to 25,000 acres), respectively;
- **State Forest Permissions**; small logging concessions issued for up to 2 years of size less than 8,094 ha (20,000 acres);
- **Agricultural and Mining Property Owners** once located on State Forest Lands, or once commercial produce is transported outside the regular boundaries of the lease or property if located on State Lands. From that point forward, the monitoring system is similar to that of the State Forest lands;
- **Sawmills and Timber Dealers**;
- **Exporters**

Furthermore the **specific scope for the audit** is:

- Geographical boundary: Guyana - State Forest Lands, but also includes State Lands where monitoring of forest produce in transit is concerned. Private Lands are not covered.
- Organisational boundary: Guyana Forestry Commission (GFC)
- Timing site visit (Guyana): 31st October – 8th November 2013
- Reference Period for audit sampling: 1st August 2012 – 31st July 2013

3.2 Audit Criteria

The validation of the monitoring system and the verification of the correct implementation of the system as well as legal compliance are done against the updated Principles, Criteria and Indicators for Independent Forest Monitoring Year 2 Audit dating the 25th of October 2013. Indicators that had showed satisfactory compliance without any further observations or only minor observations at the first assessment in July 2012 were not re-checked this time (TSA indicators: 1.1.2, 1.2.1, 1.2.2, 2.1.4, 2.1.8, 3.1.3; SFP Indicators: 1.1.2, 1.2.1, 1.2.2, 2.1.2, 2.1.6, 3.1.3; and AL/ML indicators 1.1.1, 2.1.1, 2.1.3, 3.1.1). This approach was also applied to the indicators TSA 2.1.7, AL/ML 2.1.2 and Processing and Export 1.1.1, because these indicators concern just a few occurrences.

The original Criteria for Independent Forest Monitoring were included in the Terms of Reference for Independent Forest Monitoring dating the 10th August 2010. Wording of some indicators was revised by the Reporting Panel following the Scoping Mission, before the Year 1 Audit on the 8th May 2012.

The most recent update of the IFM Criteria and Indicators of the 25th of October 2013 concerned improvements in the wording of a number of indicators to render the indicators more explicit and to focus rather on the monitoring mechanism than the desired target, because the latter normally is beyond the control of the GFC. For instance, the use of the term “there is a mechanism to ensure” that a certain condition is in place has wisely been replaced by “there is a mechanism to monitor” if a certain condition is in place. Another major improvement is the separation of logs and lumber by forming individual indicators for logs and for consignments of lumber. A number of indicators were removed that are not directly linked to forest legality but rather to the broader objective of SFM, such as the ones related to the mechanism to monitor directional felling, the harvesting of restricted and protected species, logging on slopes, and adherence to CITES requirements. Reasons for (momentarily) removing these indicators include: planned further development of monitoring mechanisms, bringing the IFM Criteria and Indicators in line with the EU FLEGT legality definition and practical constraints in implementing the current monitoring mechanisms.

3.3 Audit dates

The second Independent Forest Monitoring (IFM) Audit took place from 31st October 2013 up to and including 8th November 2013. Sunday 3rd November was a national holiday (Deepavali), ensuing that offices were closed on 4th November. Document review and data analysis were continued at the hotel/home.

3.4 Reference Period for audit sampling

The reference period for audit sampling is restricted to: 1st August 2012 - 31st July 2013. Newer developments after 31st July 2013 are taken in consideration in cases of demonstrating systems that are in phased development but not for full systemic audit of records.

4 Evaluation of compliance

The consensus between the GFC and the Monitor is that IFM audits are “systems based”, where there are detailed checks to see: whether a system, mechanism or protocol is in place; that a procedure is being generally followed; there is a mechanism to detect any breaches; and there is a system to satisfactorily address any breaches.

Non-compliances that are identified by the Monitor during the assessment are recorded in the associated checklist with the new Principles, Criteria and Indicators for IFM. The indicators as worded in the revised list will be applied strictly. The systems are developed to reflect a certain reality and capacity. As such, the C&I have been developed to reflect what ideally the system should monitor, and not what additionally can be monitored through a different system set up.

Non-compliances are evaluated to determine whether it constitutes a minor or major non-compliance at the level of the associated criterion. Non-compliances may lead to corrective

action requests (CAR). Observations may be made for future improvement of the methodology used, and/or the implementation of the methodology and/or compliance by stakeholders.

Decision-making is based on the recording of factual observations by the auditors and on the professional judgement as to whether the IFM Indicators have been met. A level of materiality has not been used for the conducting of the audit since a systems approach is being executed. This means that sample checks may have been conducted but these are not used as such to draw conclusions on compliance levels.

The Monitor identifies non-compliance as either major or minor following the definitions below:

A non-compliance shall be considered major if, either alone or in combination with further non-compliances, it results in, or is likely to:

- a) to result in a fundamental failure to achieve the objectives of the relevant IFM Criterion and/or Indicator.
- b) continue over a long period of time, or
- c) is repeated or systematic, or
- d) affects a wide area and/or causes significant damage, or
- e) is indicated by the absence or a total breakdown of a system, or
- f) is not corrected or adequately responded to by the GFC once identified.

A non-compliance shall be considered minor if:

- g) it is a temporary lapse (less than one year), or
- h) it is unusual/ non-systematic, or
- i) the impacts of the non-compliance are limited in their temporal and spatial scale, and
- j) it does not result in a fundamental failure to achieve the objective of the relevant IFM Criterion and/or Indicator.

Observations:

Observations may be issued where no non-compliance is noted but where recommendations for system strengthening can be made. Observations noted in year 2 are identified only as recommendations for system strengthening, and do not require any immediate Corrective Action.

Fuller details on each indicator, including on observations, are placed in a separate “Management Report” for internal consumption by the GFC. The Commission has indicated that observations should be interpreted in this manner and not necessarily used as the basis to determine future Corrective Actions since in doing so they are interpreted to be requirements rather than recommendations for strengthening existing functioning systems.

Compliance index/measure:

The Reporting Panel has recommended that the rating system that is used for Year 2 should institute three compliance levels:

Satisfactory Compliance: where the verification process detects satisfactory compliance; also if there are observations, the compliance level will be “Satisfactory Compliance”. This is related to the second column of the presentation of the results and findings. In the third column of the presentations of results, observations may be placed. Observations will be

succinctly presented in the Summary Report for the public and treated in more detail in an internal management review report.

Minor Non-compliance: where the verification process detects partial compliance with non-compliance regarding the criterion and/or indicator in some critical areas and will result in a Corrective Action Request.

Major Non-Compliance: where the verification process detects little compliance with significant non-compliance regarding the criterion and/or indicator in all critical areas and will result in a Corrective Action Request .

5 Audit activities, agenda and team composition

5.1 Audit activities

- Various data sources were assessed at the GFC. Data sources included:
 - Summary sheets with data on Timber Sales Agreements; such as dates of submission and approval of Forest Management Plans and Annual Operating Plans, Annual Allowable Cut, verified and approved harvesting blocks (new, re-entry, roll-over, advance blocks), monthly production sheets for 2012 and Jan-Jul 2013;
 - Samples of block approval letters (15%), Forest Management Plans (20%);
 - Registers of licenses (e.g. sawmill operation, timber dealers, sawpit), royalty and acreage fee payments, environmental authorisations, concession approvals;
 - State Forest Permit database 2012-2013, including area, basic quota, number of tags approved, minimum royalty, acreage fees;
 - Recovery rate database;
 - Samples of TSA monthly monitoring reports (19 each – ca. 10%), SFP range monitoring reports (27 each – ca. 10%), LMEU monitoring reports (9 each – ca. 10%), export documentation, sawmill registers, monthly sales, sawmill/lumber yard returns (input and output) (4 each), removal permits (27 each), detention reports (10 each), transshipment permits (5 each), log tags (60 each) and royalty payment receipts (13 each).
- Structured and unstructured interviews with key GFC personnel, staff of GFC forest station, staff at two sawmills and two lumber yards (export). Observations of critical elements of the monitoring system were also made during the field visit, including inspection of a truck load of timber.
- Field trip with visits to two sawmills (TSA-linked, export), two timber dealers/lumber yards (export) and the GFC Forest Station near Soestdyke.
- Breaches reported on in monitoring reports and detention reports were verified in the compounding database. The database was also checked to determine occurrences of repeated offenses and to verify payment of compensation and royalty if applicable.
- All tag numbers and removal permit numbers that were recorded during the site visits (sawmills, lumber yards and forest station) were verified for appropriate entry in the MIS database.

5.2 Agenda

Date	Subject	Location
31-Oct	Opening meeting (am) Document review (pm)	GFC
1-Nov	Document review	GFC
2-Nov	Document review	Hotel/home
3-Nov	Data analysis and preliminary report writing	Hotel/home
4-Nov	Data analysis and preliminary report writing	Hotel/home
5-Nov	Document review	GFC
6-Nov	Presentation preliminary results (am) Auditor 1: Field visit (2 sawmills, 2 lumber yards, 1 forest station) Auditor 2: Document review	GFC
7-Nov	Document review Check compounding database	GFC
8-Nov	Check tag issuance/MIS database Document review Closing meeting (pm)	GFC

5.3 Audit Team composition

The audit was conducted by Dr Peter van der Hout and Mr Teni Housty.

Name	Role	Country	Criteria / Indicators
Peter van der Hout	Team leader	Netherlands	TSA/WCL: 2.1.3, 2.1.5, 2.1.6, 2.1.7, 2.1.9, 2.1.10, 2.2.3, SFP: 2.1.1, 2.1.3, 2.1.4, 2.1.5; Processing/Export: 1.1.2.
Teni Housty	Legal expert	Guyana	TSA/WCL: 1.1.1, 2.1.1, 2.1.2, 2.2.1, 3.1.1, 3.1.2; SFP: 1.1.1, 3.1.1, 3.1.2; Processing/Export: 1.1.3, 1.2.1, 1.2.2, 2.1.1, 2.1.2.

Peter van der Hout is a tropical forester by education and offers 25 years of professional experience in forestry projects. From 1989 to 2004, he worked in Guyana with respectively the Guyana Forestry Commission, the Tropenbos-Guyana programme and the Forestry Training Centre Incorporated. In 2002, he formulated the 2nd edition of the Code of Practice for Timber Harvesting. From 2002 to 2004, he was project director of an ITTO-project to provide capacity building in reduced impact logging in Guyana (FTCI).

He currently works as an independent forestry consultant and is a free-lance FSC forest management lead auditor with Soil Association Woodmark.

Teni Housty is Attorney-at-Law, Mediator and Legal Consultant, with over 18 years' experience in the practice of law in Guyana. Several areas of expertise including environmental law and related areas.

Member of the Project Advisory Committee - The Chainsaw Milling Project, Guyana. Project title "Developing Alternatives for illegal chainsaw lumbering through multi-stakeholder dialogue in Ghana and Guyana".

6 Audit findings

A) Monitoring of Timber Sales Agreement and Wood Cutting Leases

Indicator	Description	Compliance measure	Corrective Action Request / Observation
PRINCIPLE 1	THE FMO¹ HAS LEGAL RIGHTS TO HARVEST AND OTHER PARTIES' LEGAL TENURE RIGHTS ARE RESPECTED		
Criterion 1.1	The FMO holds legal logging rights to the forest		
<i>Indicator 1.1.1</i>	<i>The FMO is in possession of a legally valid concession approval for the area from which all timber is sourced</i>	<i>Satisfactory Compliance</i>	<i>Valid Concession Approvals are in effect. A few concessions (5 out of 28) have been operating under an interim concession agreement approved by the GFC (1 identified as expired per January 2013, 1 converted to SFP, 1 inactive and 2 annually extended).</i>
<i>Indicator 1.1.2</i>	<i>If the FMO has contracted a third party (includes concession activities relating to harvesting, extracting of forest produce and transporting to another point out of the concession, processing and export, of forest produce), such arrangement must be formally approved by the GFC using the defined approach and in compliance with the Forest Act</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings.</i>
Criterion 1.2	There is compliance by both the FMO and any contractors with national laws relevant to other parties' tenure and use rights		
<i>Indicator 1.2.1</i>	<i>There are no legal titles by indigenous or other persons on GFC approved concessions unknown to GFC and FMO</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings.</i>
<i>Indicator 1.2.2</i>	<i>Legal uses of the forest are not prevented by the FMO and the principles of sustainability as required by the GFC are maintained</i>	<i>Satisfactory Compliance</i>	<i>The wording of the indicator has been adjusted rendering the requirement more explicit and unambiguous. Previous observations made during the Year 1 audit are now redundant.</i>

¹ Forest Management Organization which can be at the level of a company, individual, village/community, or other similar entity.

PRINCIPLE 2	THE FMO COMPLIES WITH THE FOREST LEGISLATION AS IT PERTAINS TO FOREST MANAGEMENT AND THE ENVIRONMENT AND ANY SPECIAL CONDITION AS THE COMMISSION INSTITUTES IN KEEPING WITH THE GFC'S MANDATE		
Criterion 2.1	There is compliance by the FMO with applicable national laws, regulations and guidelines relevant to forest management		
Indicator 2.1.1	Approved management plan exists or special condition prevailing as instituted by the Commission, in keeping with the GFC's mandate.	Satisfactory Compliance	<p>Summary record indicated that: Total FMPs Approved: 18 Total FMPs Not submitted: 5 Total FMPs Not Approved: 5 Total FMPs Under review: 0</p> <p>Observation:</p> <ul style="list-style-type: none"> - The main record is a Management Report; the records capture the information for each operator. Minor variations were observed regarding manual information and electronic information. There is a need for strengthened coordination of summaries and databases.
Indicator 2.1.2	Approved 1-yr operational plan, covering the source areas for logs, is implemented based on approved forest management plan, or special condition prevailing as instituted by the Commission in keeping with the GFC's mandate.	Satisfactory Compliance	<p>Total AOPs Approved: 27 Total AOPs Not Submitted: 1 Total AOPs under Review: 0 Total AOPs Not Approved: 0</p>
Indicator 2.1.3	The Annual Allowable Cut is appropriately calculated, approved and not surpassed on the basis of 100% inventory of commercial species, to a maximum of 20 m ³ per hectare over a 60 year cycle, or a prorated AAC based on the 20 m ³ /ha over 60 year calculation, or AAC may be higher or lower in cases where such level is adequately supported by management level inventory applying growth and yield model, and complies with the requirements of the Code of Practice for Timber	Minor Non-Compliance	<p>For the audit two summary sheets were presented including among others new blocks proposed in AOPs, inventoried, verified and approved (individual block numbers per TSA holder); re-entry, roll-over and advanced blocks proposed in AOP and approved.</p> <p>Annual Allowable Cut is appropriately calculated</p> <p>Audit findings indicated some potential issues with the calculation of the AAC:</p> <ol style="list-style-type: none"> 1. Concession sizes had changed with nearly all TSA/WCLs; <ol style="list-style-type: none"> a. In most cases these changes resulted from adjustments in the GIS, and were minute and insignificant where the calculation of the AAA or the AAC is

	<p>Harvesting.</p>	<p>concerned;</p> <p>b. In one case the concession size was reduced due to excision for Amerindian Titled Land – AAC was adjusted.</p> <p>2. In three cases the cutting cycle (hence AAC) was changed before the initial cutting cycle has ended; it is not clear from the summary sheet whether the AAC has been recalculated appropriately.</p> <p>3. Calculation of AAC in the FMP was checked for 5 companies; in one case the FMP lacked a clear calculation of the AAC and figures were not in agreement with the GFC summary sheet; GFC indicated that the particular FMP was under review.</p> <p>Annual Allowable Cut is appropriately approved</p> <p>The summary sheets do not present clear information to verify how re-entry and roll-over blocks link back to the previous year or forth to the following year; nor how advanced blocks are reconciled. GFC reassured that all individual blocks are traced in the GIS ensuring appropriate approval of the AAC.</p> <p>Annual Allowable Cut is not surpassed</p> <p>The annual roundwood production per concession according to the 2012 TSA & WCL Production Sheet was compared with the approved AAC for 2012 (100 x no. of approved blocks x AAC/ha).</p> <p>No TSA/WCL surpassed the approved AAC with the exception of the company that was granted additional advance blocks.</p> <p><u>Corrective Action Request:</u></p> <ul style="list-style-type: none"> - The granting of supplementary advanced blocks before outstanding advance blocks have been reconciled, shall be based on a clear plan by the TSA/WCL holder explaining how the advanced blocks will be reconciled and how the AAC will be maintained. <p><u>Observations:</u></p>
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			<ul style="list-style-type: none"> - A change in the concession size or the cutting cycle before the end of the initial cutting cycle requires that the AAC and AAA are reassessed appropriately. - There is scope to improve the data management system, particularly to reflect re-entry, roll-over and advanced blocks for each company year by year to assure consistency, accountability and easy access to block information
Indicator 2.1.4	There is a mechanism to monitor the acquisition and usage of GFC Log Tracking tags.	Satisfactory Compliance	The GFC has addressed the situation where the average volume per harvested tree lies below the 3 m ³ per tree that was used to determine the number of tags to be issued per block by considering the average volume per tree realised according to recent production records.
Indicator 2.1.5	There is a mechanism to monitor the tagging of logs and stumps in accordance with the National Log-tracking System	Minor Non-Compliance	<p>The GFC has a mechanism in place to monitor logs and stumps' tagging so as to ensure it is done in accordance with a national system. This system establishes the chain of custody of logs through the production chain from harvesting to the point of sawmills operation or export, thereby making it possible to verify the legal origin of the logs upon request.</p> <p>20 randomly sampled monthly monitoring reports and 4 LMEU reports were reviewed. 5504 stumps were inspected in these reports. A small number of stumps appeared to be untagged according to these reports (0.6% average weighted per 100-ha block, 0.3% average for all inspected stumps combined).</p> <p>The log tagging system to track logs thus appears to be largely in place with GFC staff and operators understanding the system well and a generally good implementation of the system. Data are being collected to detect any breaches and to track repeat offenders.</p> <p>Nevertheless, inspection of the compounding database revealed occurrences of repeated breaches (untagged stumps or improper tagging) and revealed also that in some cases repeat offenders (TSA holders) had not</p>

			<p><i>paid the proposed compensation.</i></p> <p><i>The GFC has indicated that an improved procedure for implementing penalties for repeated breaches is being developed that will undertake a graduated scheme of penalties.</i></p> <p><u>Corrective Action Request:</u></p> <ul style="list-style-type: none"> - <i>The GFC shall follow up on non-payment of compensation by repeat offenders among TSA holders or undertake other steps to deter recidivism.</i>
<i>Indicator 2.1.6</i>	<i>Transportation of logs is accompanied by relevant GFC approved documents</i>	<i>Satisfactory Compliance</i>	<p><i>Transportation of logs is indeed accompanied by relevant GFC approved documents. During the audit two sawmills that are linked to TSAs were visited. Checks during the audit revealed that all inspected logs in the log yard and on the wharf carried tag numbers. Tag numbers on logs and squares, on transshipment permits and on invoices could be traced back to the block where the logs had been harvested using the MIS database.</i></p> <p><i>All inspected transshipment permits and invoices linked to removal permits.</i></p>
<i>Indicator 2.1.7</i>	<i>Transportation of consignments of lumber is accompanied by relevant GFC approved documents</i>	<i>One Aspect of Indicator Assessed</i>	<i>Only transportation of logs by TSA-holders was verified during the field exercise. Satisfactory compliance based on Year 1 findings</i>
<i>Indicator 2.1.8</i>	<i>Sawmill and Timber Dealers licences are held and up-to-date</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>
<i>Indicator 2.1.9</i>	<i>There is a mechanism to monitor the felling of trees in accordance with the regulatory or other GFC approved minimum diameter and parameters.</i>	<i>Minor Non-Compliance</i>	<p><i>The GFC has a mechanism in place to monitor that felling of trees is in accordance with the regulatory or other GFC approved minimum diameter and parameters through monthly monitoring by the GFC officers at the location and at least annually by the Legality, Monitoring & Extension Unit.</i></p> <p><i>20 randomly sampled monthly monitoring reports and 4 LMEU reports were reviewed. 5504 stumps were inspected in these reports. According to these reports, a few stumps appeared to have a diameter below the GFC approved</i></p>

			<p><i>minimum diameter (On average, 0.4% weighted average per 100-ha block, or 0.1% average for all inspected stumps combined). Data are being collected to detect any breaches and to track repeated offences.</i></p> <p><i>Nevertheless, inspection of the compounding database revealed occurrences of repeated breaches and that some repeat offenders (TSA holders) had not paid the proposed compensation.</i></p> <p><i>The GFC has indicated that an improved procedure for implementing penalties for repeated breaches is being developed that will undertake a graduated scheme of penalties.</i></p> <p><u>Corrective Action Request:</u></p> <ul style="list-style-type: none"> - <i>The GFC shall follow up on non-payment of compensation by repeat offenders among TSA holders or undertake other steps to deter recidivism.</i>
<p><i>Indicator 2.1.10</i></p>	<p><i>There is a mechanism to monitor the spacing of felled trees in accordance with the CoP for Timber Harvesting or special conditions prevailing as instituted by the Commission, in keeping with its mandate</i></p>	<p><i>Satisfactory Compliance</i></p>	<p><i>The GFC has a mechanism in place to monitor that the spacing of felled trees is in accordance with the CoP for Timber Harvesting (or with special conditions as instituted by the Commission) through monthly monitoring by the GFC officers at the location and at least annually by the Legality, Monitoring & Extension Unit.</i></p> <p><i>20 randomly sampled monthly monitoring reports and 4 LMEU reports were reviewed. 5504 stumps were inspected in these reports. According to these reports, a negligible number of stumps appeared to be at closer proximity than permitted (0.1% weighted average per 100-ha block, 0.1% average for all inspected stumps combined).</i></p> <p><i>Data are being collected to detect any breaches and to track repeated offences.</i></p> <p><u>Observation</u></p> <ul style="list-style-type: none"> - <i>The Reporting Panel could consider removing this indicator since the interim arrangement is such that the minimum spacing applies only to trees with a DBH < 40 cm, which results in an insignificant occurrence of</i>

			breaches.
Criterion 2.2	There is compliance by the FMO with applicable national laws, regulations and guidelines relevant to the environment		
<i>Indicator 2.2.1</i>	<i>The FMO has a valid environmental authorization, where applicable (as part of the State Forest Exploratory Permission Stage for such permissions post to 2006) or is in process to obtain such permit</i>	<i>Satisfactory Compliance</i>	Observation - Environmental records are not part of the general summary of information compiled by the GFC, but had to be verified based on individual records in TSA-holders' folios. The EPA website also provides data on environmental authorisations including ESIA's . Consideration may be given to developing a separate system of record keeping for this information.
PRINCIPLE 3	THE FMO HAS PAID REQUIRED FEES AND ROYALTIES		
Criterion 3.1	The payment of fees and royalties applicable to the FMO is done to the satisfaction of the relevant authorities		
<i>Indicator 3.1.1</i>	<i>There is a mechanism to monitor the payments of royalties and any outstanding royalties are accounted for in accordance with the GFC's accounting system</i>	<i>Satisfactory Compliance</i>	<i>Royalty Payment Schedule</i> <i>Monthly records indicating the particulars of all payments received. The records reflect the species, the quantity and the concession from which the produce would have been harvested.</i> <i>Receipts are attached to allow for verification of the entries. Collector's Cash Book. Records further indicate where the holder is on a payment plan.</i>
<i>Indicator 3.1.2</i>	<i>There is a mechanism to monitor the payment of acreage fees and any outstanding fees are accounted for in accordance with the GFC's accounting system</i>	<i>Satisfactory Compliance</i>	<i>Acreage Fee Schedule</i> <i>Records indicating the particulars of all payments received. Receipts are attached to allow for verification of the entries. Records further indicate where the holder is on a payment plan.</i>
<i>Indicator 3.1.3</i>	<i>Sawmills and Timber Dealers licence fees are paid</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>

B) Monitoring of State Forest Permits

Indicator	Description	Compliance measure	Corrective Action Request / Observation
PRINCIPLE 1	THE FMO HAS LEGAL RIGHTS TO HARVEST AND OTHER PARTIES' LEGAL TENURE RIGHTS ARE RESPECTED		
Criterion 1.1	The FMO holds legal logging rights to the forest		
<i>Indicator 1.1.1</i>	<i>The FMO is in possession of a legally valid concession approval for the area from which all timber is sourced.</i>	<i>Satisfactory Compliance</i>	<i>Valid Concession Approvals in effect. Some concessions are operating under an interim concession agreement approved by the GFC. The system tracks following elements as at the 31st July 2013: Status, Date issued, Expiry Dates, Date Agreement returned to GFC.</i>
<i>Indicator 1.1.2</i>	<i>If the FMO contracts a third party (includes concession activities relating to harvesting, extracting of forest produce and transporting to another point out of the concession, processing and export, of forest produce), such arrangement must be formally approved by the GFC using the defined approach and in compliance with the Forest Act.</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>
Criterion 1.2	There is compliance by both the FMO and any contractors with national laws relevant to other parties' tenure and use rights		
<i>Indicator 1.2.1</i>	<i>There are no legal titles by indigenous or other persons on GFC approved concessions unknown to GFC and FMO</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>
<i>Indicator 1.2.2</i>	<i>Legal uses of the forest are not prevented by the FMO and the principles of sustainability as required by the GFC are maintained.</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Wording of the indicator has been adjusted rendering the requirement more explicit and unambiguous. Previous observations made during the Year 1 audit are now redundant</i>

<p>PRINCIPLE 2</p>	<p>THE FMO COMPLIES WITH THE FOREST LEGISLATION AS IT PERTAINS TO FOREST MANAGEMENT AND THE ENVIRONMENT AND ANY SPECIAL CONDITION AS THE COMMISSION INSTITUTES IN KEEPING WITH THE GFC'S MANDATE.</p>		
<p>Criterion 2.1</p>	<p>There is compliance by the FMO with requirements instituted by the Commission, in keeping with its mandate</p>		
<p>Indicator 2.1.1</p>	<p><i>The Annual Allowable Cut is appropriately calculated, approved and based on quota allocation informed by 20 m³/ha over 60 years, or otherwise approved quota allocation informed by inventory assessment and land use categorization</i></p>	<p>Minor Non-Compliance</p>	<p><i>SFPs are normally issued for a 2-yr period, which commences in an even year (e.g. 2012-2013). The Forest Resource Management Division (FRMD) calculates the Annual Allowable Cut (quota) for SFPs based on the area of the SFP and previous harvesting history. The quota is calculated for either a 12-month or a 24-month period depending on the SFP-holder's previous performance and date of issue of the SFP.</i></p> <p><i>FRMD and FMD monitor production per SFP against the allocated quota. In case the quota is exceeded, the excess volume is deducted from the quota for the next 2-year period.</i></p> <p><i>The evaluation was based on the 2012-2013 SFP database ending December 2012 as well as an update ending July 2013, and SFP Production Data over 2010-2011. SFP quotas were evaluated for 173 permits in the Demerara division and 156 permits in the Berbice division.</i></p> <p><i>The system generally works well for SFPs that are renewed for a consecutive 2-yr period at the beginning of the year or to new SFP-holders with permits issued in the January month of even years for a 24-month period or the January month of uneven years for a 12-month period. Nevertheless, the SFP database aims to summarise overall production for Small Concessions and is not built to reflect the details of quota calculation. As a result, a few issues were observed that are specified in the CAR and observations below</i></p> <p><u>Corrective Action Request:</u></p> <ul style="list-style-type: none"> - Three SFPs of the evaluated population (Berbice and Demerara division, period Jan 2012 - July 2013; i.e. about 1%) had exceeded their quota in 2010/11 without having (all of)

			<p>the excess volume deducted from their quota for 2012/13. The quota system needs to be applied consistently and be up to date at the time of the audit.</p> <p>Observations:</p> <ul style="list-style-type: none"> - There is scope to strengthen the database design to facilitate verification of appropriate calculation of quotas when SFPs have been issued during the year instead of the beginning of the year, when SFP areas have been merged or amended, or when folio numbers have been changed. (The GFC indicated that the database will be redesigned to capture all information when merging and amending areas for 2014/2015 operational period so as to ensure that the quota calculated accurately. The GFC also indicated that the methodology is currently being reviewed for merging and amending areas.) - The 2012/13 SFP database still uses 3 m³ per tree to calculate number of tags to be issued instead of 2 m³ as prescribed in the FMD Manual of Procedures (section 4.3.2 calculation of allowable cut for SFPs, page 21).
Indicator 2.1.2	There is a mechanism to monitor the acquisition and usage of GFC Log Tracking tags	Satisfactory Compliance at Year 1 Audit	Satisfactory compliance based on Year 1 findings
Indicator 2.1.3	There is a mechanism to monitor the tagging of logs and stumps in accordance with the National Log-tracking System	Satisfactory Compliance	<p>The GFC has a mechanism in place to monitor logs and stumps' tagging so as to ensure it is done in accordance with a national system. This system establishes the chain of custody of logs through the production chain from harvesting to the point of sawmills operation or export, thereby making it possible to verify the legal origin of the logs upon request.</p> <p>27 randomly sampled range monitoring reports and 7 LMEU reports were reviewed. 2706 stumps were inspected in these reports. The level of non-compliance with tagging requirements was lower than at the first IFM audit but still relatively high at 4.3% (weighted average per report, combined average 2.7%); in addition,</p>

			<p>1.4% of stumps had improper tags (weighted average per report, combined average 1.3%), and 1.0% expired tags (weighted average per report, combined average 0.7%). In these reports, 34 operators were checked and no-tagging occurrences were observed for 21 of them. This indicates that no-tagging breaches not only occurred relatively frequently but non-compliance was also widespread.</p> <p>Data are being collected to detect breaches and to track repeated offences. Six of the 21 offenders were traced in the compounding database to verify whether they were repeated offenders. It appeared that 3 out of 6 offenders were recidivists. In contrast with TSA reoffenders, all proposed compensations had been (partially) paid.</p> <p>Observation:</p> <ul style="list-style-type: none"> - There is a mechanism to monitor the tagging of logs and stumps in SFPs. There is also a mechanism to detect breaches; and a compounding database to trace breaches and compounding. However, the GFC should pursue ways to further reduce the proportion of untagged and improperly tagged stumps and to undertake steps to deter recidivism.
Indicator 2.1.4	Transportation of logs is accompanied by relevant GFC approved documents	Satisfactory Compliance	<p>Transportation of logs originating from SFPs is normally accompanied by an approved transportation document, such as a Removal Permit, Private Property Removal Declaration Permit, Custody Form, Clearance Pass or other approved document. Logs being transported without approved document are detained by the GFC once detected.</p> <p>During the audit, a GFC inspection of one truckload of logs was witnessed. Ten detention reports (logs and lumber) were perused; follow up by GFC was checked in compounding database.</p> <p>Some challenges were observed when attempting to instantly trace the origin of logs transported with custody forms or clearance passes, because of the manual</p>

			<p>storage of such documents.</p> <p>Observations:</p> <ul style="list-style-type: none"> - There is scope to develop an improved methodology as well as a more robust system to effectively manage and synthesize all documents utilised in the chain of movement; - The Reporting Panel could consider rewording this indicator in order to better reflect the monitoring mechanism instead of requiring that all logs are accompanied by approved documents (which is not the case as demonstrated by detention reports).
<p>Indicator 2.1.5</p>	<p>Transportation of consignments of lumber is accompanied by relevant GFC approved documents</p>	<p>Satisfactory Compliance</p>	<p>Transportation of consignments of lumber originating from SFPs is normally accompanied by an approved transportation document, such as a Removal Permit, Private Property Removal Declaration Permit, Custody Form, Clearance Pass or other approved document. Consignments of lumber being transported without approved document are detained by the GFC once detected.</p> <p>During the audit, lumber purchases, conversion and sales were perused at two timber dealers (export). Origin of lumber consignments and payment of royalties were checked in MIS. Ten detention reports (logs and lumber) were perused; follow up was checked in compounding database.</p> <p>There were challenges to instantly trace the origin of lumber that arrived there with either Clearance Pass or Bills.</p> <p>Observations:</p> <ul style="list-style-type: none"> - There is scope to develop an improved methodology as well as a more robust system to effectively manage and synthesize all documents utilised in the chain of movement; - The Reporting Panel could consider rewording this indicator in order to better reflect the monitoring mechanism instead of requiring that all consignments of lumber are accompanied by approved documents (which is not the case as demonstrated by detention reports).

<i>Indicator 2.1.6</i>	<i>Sawmill and Timber Dealers licences are held and up-to-date</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>
PRINCIPLE 3	THE FMO HAS PAID REQUIRED FEES AND ROYALTIES		
Criterion 3.1	The payment of fees and royalties applicable to the FMO is done to the satisfaction of the relevant authorities		
<i>Indicator 3.1.1</i>	<i>There is a mechanism to monitor the payments of royalties</i>	<i>Satisfactory Compliance</i>	<i>The removal permit is the basis for charging royalty. Permits are paid off to facilitate the issue of new permits. Like acreage fee this information is updated on a monthly basis.</i>
<i>Indicator 3.1.2</i>	<i>There is a mechanism to monitor the payment of acreage fees and any outstanding are accounted for in accordance with the GFC's accounting system</i>	<i>Satisfactory Compliance</i>	<i>Acreage fees are computed based on the area size and for the period. Acreage fees are usually computed for the entire concession lease period which is two years or 24 months. The amount is reflected as charged to the concession holder. Quarterly billing is done for each concession holder. At the end of the lease period reconciliation of any outstanding and or adjustments that are required to be made is done.</i> <i>Any outstanding acreage fees are recorded as accounts receivable in the GFC accounting system.</i>
<i>Indicator 3.1.3</i>	<i>Sawmills and Timber Dealers licence fees are paid</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>

C) Indicators for Monitoring of Agricultural and Mining Property Owners

Indicator	Description	Compliance measure	Corrective Action Request / Observation
PRINCIPLE 1	THE FMO HAS LEGAL RIGHTS TO HARVEST AND OTHER PARTIES' LEGAL TENURE RIGHTS ARE RESPECTED		
Criterion 1.1	The FMO holds legal logging rights to the forest		
<i>Indicator 1.1.1</i>	<i>The FMO is in possession of a legally valid concession approval for the area from which all timber is sourced</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>
PRINCIPLE 2	THE FMO COMPLIES WITH THE FOREST LEGISLATION AS IT PERTAINS TO FOREST MANAGEMENT AND THE ENVIRONMENT AND ANY SPECIAL CONDITION AS THE COMMISSION INSTITUTES IN KEEPING WITH THE GFC'S MANDATE.		
Criterion 2.1	There is compliance by the FMO with requirements instituted by the Commission, in keeping with its mandate		
<i>Indicator 2.1.1</i>	<i>Transportation of logs is accompanied by relevant GFC approved documents</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>
<i>Indicator 2.1.2</i>	<i>Transportation of consignments of lumber is accompanied by relevant GFC approved documents</i>	<i>Occurrence is limited to few cases only.</i>	<i>Few cases of transportation of lumber from Agricultural and Mining Property or Leases occur.</i>
<i>Indicator 2.1.3</i>	<i>Sawmill and Timber Dealers Licences are held and up-to-date</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>
PRINCIPLE 3	THE FMO HAS PAID REQUIRED FEES		
Criterion 3.1	The payment of fees and royalties, applicable to the FMO, is done to the satisfaction of the relevant authorities		
<i>Indicator 3.1.1</i>	<i>Sawmills and Timber Dealers License fees are paid.</i>	<i>Satisfactory Compliance at Year 1 Audit</i>	<i>Satisfactory compliance based on Year 1 findings</i>

D) Indicators for Processing and Export Stages

Indicator	Description	Compliance measure	Corrective Action Request / Observation
PRINCIPLE 1	THE OPERATOR HAS IN PLACE AN EFFECTIVE SYSTEM FOR MATERIALS RECEIPTS AND STORAGE THAT ALLOWS FOR ASSESSMENT OF LEGALITY		
Criterion 1.1	There is a mechanism in place to ensure that the Sawmill or Timber Dealer Licence Holder can verify the legality of origin of logs, and consignments of primary lumber (if it is the first point of declaration), entering facility based on approved GFC delivery document		
<i>Indicator 1.1.1</i>	<i>Logs at the point of export that originate from the State Forest Estate can be traced back to the source area</i>	<i>Satisfactory compliance</i>	<i>GFC field staff visits and monitors sawmills and dealers checking material on site, accompanying documents, and registers. Field staff submits regular (monthly) reports of inspections</i>
<i>Indicator 1.1.2</i>	<i>Logs, at sawmill facilities can be reconciled to supplier inputs and allow for the identification of legal source</i>	<i>Satisfactory Compliance</i>	<p><i>Sawmillers and Timber Dealers must record each purchase of logs produced in Guyana, the species, measurements and quantity of such timber together with the name and address of the seller, the name and address of the persons from whom such timber was received, and the number of any permit under which such timber was transported.</i></p> <p><i>Such records were inspected at two sawmills. Records were traced in the MIS and royalty payment register.</i></p> <p><i>GFC field staff visits and monitors sawmills and dealers checking material on site, accompanying documents, and registers. Field staff submits regular (monthly) reports of inspections</i></p>
<i>Indicator 1.1.3</i>	<i>Consignments of lumber at sawmill and lumber yard facilities can be reconciled to supplier inputs and outputs and allow for identification of legal source.</i>	<i>Satisfactory Compliance</i>	<p><i>Sawmillers and Timber Dealers must record each purchase of lumber produced in Guyana, the species, measurements and quantity of such timber together with the name and address of the seller, the name and address of the persons from whom such timber was received, and the number of any permit under which such timber was transported.</i></p> <p><i>Such records were inspected at two lumber dealers. Records were traced in the MIS and royalty payment register.</i></p> <p><i>There were challenges to instantly trace the origin of lumber that arrived at lumber</i></p>

			<p>yards with either Clearance Pass or Bills.</p> <p>Observations:</p> <ul style="list-style-type: none"> - There is scope to develop an improved methodology as well as a more robust system to effectively manage and synthesize all documents utilised in the chain of movement.
<p>Criterion 1.2 There exist records on monthly basis on inputs of logs and consignments of lumber and the output of consignments of lumber.</p>			
Indicator 1.2.1	<p>There is a monthly record of total quantity (volume) of logs inputted and outputted, at sawmills and lumberyards to allow for reconciliation of these amounts, to determine whether recovery percentages/rates are within expected norms (for various species wherever applicable)</p>	Satisfactory Compliance	<p>Sawmills and Dealers are required to keep a record of inputs in a standard format (GFC issued booklet) and to submit monthly returns of logs and sawn lumber received/produced/supplied. Inputs are required to be accompanied by appropriate documentation.</p> <p>GFC has a comprehensive database and accompanying forms to record and capture data on conversion rates. This information produced by the database, is analysed and reviewed on a monthly basis. GFC has been evaluating log production and lumber production at the strategic level using this database. The database has in built a mechanism for tracing lumber and evaluating conversion rates.</p> <p>Observation:</p> <ul style="list-style-type: none"> - There is scope to improve the design of the database to make data management more user-friendly.
Indicator 1.2.2	<p>There is a monthly record of total quantity (volume) of lumber inputted and outputted at sawmills and lumberyards to allow for reconciliation of these amounts, to determine whether recovery percentages/rates are within expected norms (for various species wherever applicable)</p>	Satisfactory Compliance	<p>Sawmills and Dealers are required to keep a record of inputs in a standard format (GFC issued booklet) and to submit monthly returns of logs and sawn lumber received/produced/supplied. Inputs are required to be accompanied by appropriate documentation.</p> <p>GFC has a comprehensive database and accompanying forms to record and capture data on conversion rates. This information produced by the database, is analysed and reviewed on a monthly basis. GFC has been evaluating log production and lumber production at the strategic level using this database. The database has in built a mechanism for tracing lumber and evaluating conversion rates.</p>

			<p>Observation:</p> <ul style="list-style-type: none"> - There is scope to improve the design of the database to make data management more user-friendly.
PRINCIPLE 2	THE OPERATOR HAS IN PLACE SALES AND SHIPPING DOCUMENTATION THAT ALLOWS FOR TRACEABILITY OF LEGAL ORIGIN OF LOGS AND LUMBER FOR EXPORTS		
Criterion 2.1	There is compliance with declaration of export sales and shipping information as required by the GFC		
<i>Indicator 2.1.1</i>	<i>Information is declared for logs to be exported on: name and address of supplier and buyer, date of export, description of produce, quantity, sales invoice and proof of origin.</i>	<i>Satisfactory Compliance</i>	<i>Procedures are in place and are being implemented to control export documentation. The records capture and include the following documents: Export Invoice, Timber Marketing Certificate, Application for Export, Export Certificate.</i>
<i>Indicator 2.1.2</i>	<i>Information is declared for consignments of lumber to be exported on: name and address of supplier and buyer, date of export, description of produce, quantity, sales invoice and proof of origin</i>	<i>Satisfactory Compliance</i>	<i>Procedures are in place and are being implemented to control export documentation. The records capture and include the following documents: Export Invoice, Timber Marketing Certificate, Application for Export, Export Certificate.</i>

7 Audit conclusions

Independent Forest Monitoring is a tool for assessing and strengthening legal compliance in the forest sector. By complementing GFC's forest law enforcement activities with the objectivity and public credibility of an independent third party, IFM can improve transparency while contributing to the development of a sound legislative and regulatory framework for responsible forest management. The audit conclusions should be seen in this context. The role of the Monitor thus goes further than an assessment of legal compliance, by aiming in addition to provide guidance on the further development and strengthening of the legislative and regulatory framework for forest management. The IFM audit process is as such intended to assist with the development of GFC's law enforcement system and this was the spirit, in which the team implemented the audit, and is the intent of the report and its findings.

In response to the first IFM audit in July 2012, the wording of a number of indicators was improved to render the indicators more explicit and to focus rather on the monitoring mechanism than the desired target, because the latter normally is beyond the control of the GFC. For instance, the use of the term "there is a mechanism to ensure" that a certain condition is in place has wisely been replaced by "there is a mechanism to monitor" if a certain condition is in place. Another major improvement is the separation of logs and lumber by forming individual indicators for logs and for consignments of lumber. A number of indicators were removed that are not directly linked to forest legality but rather to the broader objective of SFM, such as the ones related to the mechanism to monitor directional felling, the harvesting of restricted and protected species, logging on slopes, and adherence to CITES requirements. Reasons for (momentarily) removing these indicators include: planned further development of monitoring mechanisms, bringing the IFM Criteria and Indicators in line with the EU FLEGT legality definition and practical constraints in implementing the current monitoring mechanisms.

The audit revealed that 39 of the 43 indicators were met during the second IFM audit in November 2013. These include 14 indicators which reflected satisfactory compliance at the end of the year 1 audit and rechecking those indicators in Year 2 was not considered necessary. Minor non-compliance (non-systematic, limited impact in temporal and spatial scale) was noted in case of four indicators. No major (systemic) non-compliances were noted. GFC's general performance against the IFM criteria and indicators at the second audit can thus be seen as satisfactory and indicative of improvements made in the forest monitoring system in Guyana. In case of a number of indicators, the audit team made observations indicating areas for possible improvement and strengthening of GFC's system.

Minor non-compliances were noted concerning the approval of the Annual Allowable Cut for TSAs and SFPs. It was decided not to raise the level of non-compliance to major because of the limited impact and isolated scale of these occurrences. Minor non-compliances were also noted where the follow-up on repeated offences needs further strengthening in case of the implementation of the log-tracking system and adherence to the minimum felling diameter related to TSAs. It is recommended that the GFC follows up on occurrences of non-payment of compensation by repeat offenders among TSA holders or undertake other steps to deter recidivism. Similar observations were noted during the

first audit. Although the follow up needs further strengthening within the system, it was decided not to raise the non-compliance level to major, because the GFC provided documentation that they intend to address these issues the coming year.

A number of observations were made. These observations mainly relate to GFC's data management systems. There is a general need for improved coordination of summaries and databases. This refers to:

- The data management system of TSAs, particularly to properly reflect re-entry, roll-over and advanced blocks for each company to assure consistency, accountability and easy access to block information.
- The strengthening of the design of the SFP database in order to facilitate verification of quotas, particularly where SFPs are being issued at some point during the year instead of the beginning of the year, SFP areas are being merged or amended, or where folio numbers are being updated.
- Environmental records are not part of the general summary of information on TSAs compiled by the GFC. Consideration may be given to developing a separate system of record keeping for his information.
- Currently, challenges may occur when attempting to instantly trace logs or lumber when these are accompanied by Transshipment Permits, Custody Forms, Clearance Passes, bills of sale, invoices, or dispatch documents. There is scope to develop an improved methodology as well as a more robust system to effectively manage and synthesize all documents utilised in the chain of movement; e.g. by storage by electronic means of transportation documentation and by requiring that Removal Permit numbers are strictly referenced to on all documents used for transportation of forest produce.
- The design of its database and accompanying forms to record and capturing data on conversion rates can be improved in order to make management of conversion rates more user-friendly and effective.

Appendix A: Consulted GFC staff

Name	Designation	
Austin, Keith	Assistant Commissioner of Forests	FMD - Legality, Monitoring & Extension Unit
Bholanath, Pradeepa	Head, Planning and Development Division	Planning & Development Division
Bisnauth, Ria	Special Projects Officer	FMD - Legality, Monitoring & Extension Unit
Budhram, Khemraj	Export Officer	FMD - Licensing, Quality Control & Export Unit
David, Kenny	Assistant Commissioner of Forests	FMD - Licencing, Quality Control & Export Unit
Goberdhan, Edward	Head Finance Division	Finance Division
Gordon, Marcia	Project Officer	FMD - Legality, Monitoring & Extension Unit
Khan, Tasreef	Deputy Commissioner of Forests	Forest Monitoring Division
Madray, Uma	Assistant Commissioner of Forests	FRMD - Large Concessions Office
Nedd, Jonelle	Assistant Commissioner of Forests	FMD - Small Concessions Office
Ragnauth, Padmini	Compounding Management Officer	FMD - Compounding Management Unit
Ramgobind, Chetram	Project Officer	FMD - Production & Log Tag Management Unit
Singh, Jagdesh	Deputy Commissioner of Forests	FRMD

Appendix B: List of persons who interacted with the IFM Team during the Field Visit

Name of Company / Organization	Address	Name of Representative	Designation
Toolsie Persaud Limited	Lot 10-12 Lombard Street, Georgetown	Richard Singh	Sawmill Manager
		Muneshwar Persaud	Forest Manager
Barama Company Limited	Land of Canaan, East Bank Demerara	Komal Jagobeer	Sawmill Supervisor
Superior Woods	Lot 1 & 2 Caledonia, East Bank Demerara	Karamchand Jaikaran	Owner
		Pinky Mohamed	Sawmill Supervisor/Data Entry Clerk
Cummings Wood Products	Lot 1 & 2 Caledonia, East Bank Demerara	André Cummings	Owner
Guyana Forestry Commission	Soestdyke Forest Station	Govinda Oditnarine	Grading Inspector / Forest Ranger 2
		Royan Federicks	Forest Ranger 1
		Donnette Mc Farlene	Grading Inspector / Forest Ranger 2
		Natasha Lord	Control Clerk