



4TH GUYANA/EU NEGOTIATION (8TH-12TH MARCH 2016)

Briefing Notes and Position Paper



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Guyana Forestry Commission
1 Water Street, Kingston

BRIEFING NOTES FOR THE 4TH NEGOTIATION BETWEEN GUYANA AND THE EUROPEAN UNION

8th- 10th March, 2016

Introduction

The 4th Negotiation between Guyana and the EU will comprise two technical days and one day of negotiations via video conference. The work which Guyana has completed over the last few months and what are some of the next steps will be presented at the commencement of day one. It is expected that the presentation will also cover strategic discussions and thinking of the NTWG moving forward. Inputs and suggestions coming out of the EFI visit will form part of the discussion.

1. General Update on the Annexes

- a. General changes which have been made to the various Annexes will be presented; the list of Annexes will be used as the basis for this component. Where there is need for more specific information/ questions on any given Annex, this will be highlighted.

- b. Update on Participation and next steps

Guyana will present data on the consultations which were conducted from July to September, 2015. These were conducted on the completed Annexes in 18 clusters at the national level as is reflected on the map of Guyana (map to be included in presentation to reflect this). Stakeholders within and outside of the forest sector were invited to give their opinions and suggest what should be inserted or removed from the Annexes. The audiences who attended were varied in relation to gender and participation in the sector and included members from the private sector, government, and civil society groups. Comments were received and recorded in a matrix which provides information on the comments made by the stakeholders and whether they were accepted or declined with reasons for doing so.

Next Steps

Following the updating of the Annexes, the NTWG will arrange both national and focused group meetings with relevant stakeholders. The aim of these meetings will be to update on what has been achieved at the 4th negotiation and present the changes which were made to the Annexes.

It will be important to present Annex 5 in a holistic way to stakeholders and gather feedback on same since all the components will be in place.

Additionally, the comments matrix will continue to be updated as comments are received and updates are provided.

Note: There will be a map highlighting the consultation sessions which have taken place as well as the posters which have been designed for reproduction in the upcoming weeks.

Communication strategy - One key tool which was developed was an educational video on FLEGT and currently a FLEGT handbook is being finalised which seeks to answer key questions stakeholders may have on the FLEGT VPA. Additionally, a television and radio program is being developed which will be a monthly feature and will focus on various aspects of the VPA process. This will be aired in various regions of Guyana. There has already been developed a FLEGT poster which will be displayed at various strategic locations across the country.

The NTWG recognizes the need to engage members of parliament to present updates on the VPA process.

Grant Proposals (DFID) - having completed the Call for Proposals, the NTWG has completed the evaluation process. This has resulted in a number of Proposals being approved for projects which will assist in developing/strengthening systems to improve traceability among a number of FSOs (Forest Sector Operators) as well as enforce the knowledge of a number of stakeholders on the FLEGT VPA.

2. **Annex 1: Product Scope** - One of the comments received from the consultations was that there should be an introductory paragraph to the Annex and this was accepted by the NTWG. This has been included in the submitted draft.

The NTWG's thinking has now evolved to the point where consideration is being given to the inclusion of furniture in the VPA after the first review period.

However, for this to happen, the sector will require considerable support. The NTWG is consulting the sector to determine the level of support needed for inclusion in the VPA support measures.

3. Annex IV: Technical specifications for FLEGT Licences

This Annex has been drafted and developed pursuant to comments received from the consultations as well as the EFI. There was one minor change made to the Annex in relation to the justification for the theft or destruction of the licence. A point for discussion may be the coverage of the official copy from the FLEGT licensing office in Guyana to the EU competent authority.

Questions:

- a. Additionally, how are the costs for licenses determined
- b. Also if a license is replaced, will there be a cost for the replacement to the Licensee

4. Annex VI: Independent Auditor

Consultations on this Annex have garnered much support. Auditing of the system periodically is seen as very important as this would ensure areas where improvements may be needed are identified and the relevant solution(s) found.

5. Annex VIII: Support measures

Support measures which are required for the VPA to become operational vary from one stakeholder group to another; there are clearly commonalities as well. Though a first draft, Guyana recognizes the need for support and wishes to emphasize this need. We recognize the need for interaction with other Ministries, agencies to make the VPA fully operational.

6. Support required:

- a. What kinds of support can be made available to Guyana under the VPA?
- b. In addition to what has been mentioned, Guyana requires support in the areas of downstream processing and the improvement of quality of timber produced. The market is requiring more and more timber which is dried for example; how does a country like Guyana tap into this market. Downstream processing requires in some case retooling of the industry; what are the areas assistance can be gathered in this regard.
- c. There will be a need to educate and train personnel within each of the agencies identified in the GTLAS. This training will be designed based on the level and kinds of information required from the agency
- d. Training and capacity building among the various stakeholder groups on the requirements of the GTLAS; will be designed based on the FSO type.
- e. The design and development of a central data base will also be needed. It is expected that this data base will be housed within the GFC and will be the reservoir for all GTLAS information. There will be the need to have a consultant design this data base in addition to it being equipped and staffed to adequately address the needs of the GTLAS. The unit overseeing this data base will be responsible for the reconciliation of data along the supply chain
- f. Industrialization of the forest sector
 - Inventory of the timber sector in Guyana and of the consumption of timber-based products on the Guyanese market. In particular, analysis of the timber and construction sectors: status of knowledge and markets, status of use of timber in the home, in particular in urban areas, training needs, promotion,
 - Consultation with professionals (information or otherwise)
 - Preparation of plan for the evaluation, industrial development and more advanced processing of timber, in accordance with the National Forest Policy
 - Preparation of processing rules
 - Preparation of incentives for the use of timber (quality standards, promotion of new products), in accordance with the National Forest Policy

- Promotion of lesser known species,
- g. Monitoring the impact of the Agreement
 - Assessment of the impact of the Agreement on the social environment
 - Assessment of the economic impact of the Agreement
- h. The system for issuing FLEGT licences
 - Establishing the system for the issue of FLEGT licences.

Planned action

 - Development of detailed procedures for the issue of FLEGT licences
 - Raising awareness of the procedures for issuing FLEGT licences within the private sector

Type of support

 - Establishing contacts with the competent European authorities
 - Feasibility study on the issue of electronic FLEGT licences
 - Testing the system for the issue of FLEGT licences.

Type of support

 - Technical assistance and capacity building
 - Financial support for equipment acquisition.
- i. Regularization of the furniture industry.

With consideration for the product scope to be expanded to include furniture there will need to be a review of the laws and regulations to ensure it adequately addresses this need and there are systems in place to adequately track this product type. Its inclusion is agreed will be considered during the next review period.

 - Consultation and awareness sessions on the requirements of the GTLAS
 - Expansion of the monitoring capabilities of the FMD and capacity building of staffs in relation to the tracking of furniture along the supply chain
 - Consultancy work in relation to the types of furniture produced and market studies on what the markets require; changing trends also
 - Market promotion (all products)
 - Kiln drying facilities and requisite training based on the needs of the industry in relation to market requirements
 - Training in the areas of the new Grading Rules; design with the international markets in mind based on international standards
- j. National value adding strategy-

Guyana sees the need to have a National Strategy for Value Adding be prepared which will pave the way for the future in this regard. This strategy will essentially involve a consultant who will essentially examine the value added sector with a view to identifying what are the strengths, weaknesses, opportunities, threats etc. within the

sector. Once identified, he/she will propose what are the areas, possible costs etc. which the sector needs to be able to compete with international standards.

7. **Annex IX: Criteria for assessing the GTLAS**

Though a first draft of this Annex, the idea is clearly to have this Annex work in conjunction with the GTLAS and therefore it will be adjusted based on the changes which are made to the GTLAS.

8. **Annex X: Information to be made available to the public**

The main aim of this Annex is transparency and Guyana, like all other VPA countries is very supportive of this Annex. In fact our local laws make it quite easy for any person to be able to request and obtain information on the forest sector within a given timeframe via the Commissioner of Forests or the Commissioner of Information. Guyana has already made key pieces of information available to the public and this can be viewed on the GFCs website in the form of quarterly reports, sector reports, etc.

Like any country, there will be information which is considered sensitive. This may vary from country to country. We are awaiting information from the EU in relation to the relevant legislation governing the release of information in the Union.

9. **Annex XI: Joint Monitoring and Review Committee**

The Committee which essentially oversees the activities and functioning of the VPA and comprises representatives from both Guyana and the EU. Standard in all VPAs or some version of this Committee, it is envisioned that in Guyana the Joint Monitoring and Review Committee (JMRC) will also be further divided to be able to address complaints for example. This sub division may take the form of a sub Committee.

Note: based on what we have seen and what has been communicated by the EFI, the JMRC may not be able to address complaints; they are more about the performance of the system

10. Annex II: Legality definition and Compliance Framework

The Legality Definition (LD) has been updated based on the comments received from the consultations and advice received from the EFI. A Legal references column has been included and the relevant references inserted. Three new columns were also inserted on the advice of the EFI explaining the process of verification in the matrices.

a. Introduction new format (matrices, verification sections, FMOs, how the various themes are covered-environmental, social, fiscal, etc.)- legal deforestation, conversion timber

The term Forest Management Operator was changed to Forest Sector Operator (FSO) to ensure that all types of Operators are covered under the LD. Amerindian Villages (AV) have been removed as an FSO and instead the Matrix reflects that the AV enters into agreements with the residents and non-residents. Conventions and Treaties were moved to

the VPA since the LD is intended to reflect the obligations on the FSO and not the State. The State is the only party who has Constitutional and international obligations (treaties etc).

- b. Verification Frequency- there is a need to decide/re-visit each indicator and be clear about the frequency with which we need to verify. For example, though the NIS compliance is monthly, we may wish to check it every quarter.
- c. Legal Framework- there were a few areas which were addressed based on the new Forest Regulations. There was a concern that maybe the new regulations may require us to relook at the LD. It was pointed out that the new regulations, have been consulted in the current draft of the LD. It was also pointed out that there are a few areas such as the payment of compensation which may need to be adjusted in the Regulations.
- d. How will the final consultation(s) on the various Annexes be addressed moving forward; will it be national consultations, will it be focused groups etc.
- e. The specific units within the various organizations who will be doing the verification, need to be mentioned in the LD. The more specificity, the easier and more focused the implementation will be.
- f. There should be some consideration given to renaming the “FMO” (Forest Management Organization) since there are some cases for example an exporter, who the term FMO does not adequately capture. It was suggested by the members of the NTWG present that “FSO” Forest Sector Operator would be more appropriate.

11. Annex V: Guyana Timber Legality Assurance System (GTLAS)

Developed with inputs from the EFI and the NTWG, the GTLAS forms the basis for much of the work which will be happening under the VPA agreement. Like every LAS system developed, there are five components which it entails. The verification and component of the GTLAS and the inputs from other agencies are critical to the LAS being able to do that which it was designed to do. These two aspects therefore require the greatest amount of effort from Guyana’s perspective.

The GTLAS will require a central database which will collect all data on timber and as well as the Forest Sector Operators (FSO) and this data will be analysed based on the request for export. Once the data is verified, the FMO will be able to ship the European Union (EU). The need therefore, to have the other support agencies systems in place to adequately feed into the system is therefore of paramount importance.

Though Guyana has an internationally credible system of tracking timber, there is still much needed to able to have the system at a level which is able to meet the demands of the VPA. For this there is much support and input which is needed.

In addition to the infrastructural needs of the GTLAS, there is also the requirement for the building of capacity among various stakeholders groups to ensure the relevant data needs are being met.

- a. Licensing-** how will this be carried out. In most countries the Customs is the last step in the process and this can essentially remain the same. However, Guyana can propose to have the Customs issue a document upon the completion of their process which will then be given to the GFC and will trigger the release of the FLEGT license.

One of the areas that this method will address is the issue of short shipments. The later the FLEGT license is issued, the more confidence that it truly represents the volumes/species/etc. of that shipment.

b. Static vs Dynamic verifiers

- i. Static verifiers:* speaks to those indicators which do not generally change over a period of time; the same for any given shipment (for example the FSO having a valid sawmill license)
- used to verify the legality of the establishment and operations of FMOs;
 - developed and approved either on a one-time basis or renewed on a periodic basis;
 - verified and approved by GFC and other government agencies based on the frequency defined in the **GTLAS** for each verifier
 - assessed systematically as part of the annual and quarterly audits performed by GFC and other government agencies
- ii. Dynamic verifiers:* those indicators which are likely to be different over the course of any given shipment
- Include but are not limited to verifiers such as WTS requirements at each critical control point in the supply chain;
 - Include consignment-based tax requirements on timber volume and/or timber value;
 - Are used to verify the legality of individual consignments of timber in the TLAS supply chain
- c. Legality Certificates (name to be agreed on)** - because of the fact that a number of verifiers would be checked periodically, it was suggested that we could have a document prepared which will indicate that level of compliance for each FMO with the static verifiers. This “certificate” will be prepared periodically as the verification period is exhausted.

This certificate will also allow us to be able to address the Certification Schemes such as FSC. The static verifiers under the scheme would be checked against the LD and once the static verifiers in the scheme are the same or more than those under the LD, a Certificate will be issued for the FSO. Please note that the certificate will be updated periodically depending on the frequency of verification of the indicators.

d. Verification Methodology

Verification applies to all operators in the forest sector of Guyana registered with TLAS

There are 3 steps in verification:

- i. **‘Routine’ verification** corresponding to the establishment of the static and dynamic verifiers included in the LD. This task is carried out by FRMD, FMD and the other government agencies, in compliance with the corresponding indicators. It also includes compliance with the WTS.
- ii. **‘Consolidated’ verification** carried out by MISU to ensure that all verifiers for all FMOs are compliant, issue quarterly and annual “**certificate**” and ensure follow up of non-compliance (verifiers under GFC and other government agencies)
- iii. **‘FLEGT License’** verification carried out upon submission of a FLEGT license request by exporters

e. Independent audit and interaction with IFM-

The independent audit under the VPA will supersede the IFM audit requirements it becomes operational. IFM, having completed two sets of audits utilized and series of criteria and indicators. These criteria and indicators were used as the base for the commencement of work on the Legality Definition. However, the LD now has a far more robust set of criteria and indicators when compared to the IFM requirements. Under the IFM agreement, it is expected that there will be a specific reference to this arrangement. What this therefore means is that the audits under the VPA will clearly be able to address the needs of the IFM; there will then be need for a single audit, this being done under the VPA.

f. Complaint Mechanism-

Principles for complaints mechanisms

- Complaint processes must be clear and simple to negotiate.
- Both individuals and organisations representing companies and interest groups should be able to lodge complaints.
- The institutions receiving the complaints should be easily accessible and widely spaced - be it offices, on websites or in some other form.
- Complaints forms should be easy to complete and take into account the fact that not all complainants may be literate.

- Time-limits for submissions of complaints. The time frame should not be stringent but the complainant should be encouraged to make their complaints without delay.
- There should be enough turn-around time and follow up to ensure that the complaint has been suitably addressed.
- Internal audits should be conducted to ensure that complaints are being suitably addressed and not ignored.

g. Imports

Guyana will consider imported timber to be legal if the consignment is:

- covered by a valid FLEGT license;
- accompanied by a Chain of Custody certificate from any of the internationally recognized forest management and wood products certification systems such as the FSC or PEFC, supplemented by due diligence supporting the legality of origin, which conforms with the requirements of the EUTR; or
- covered by a due diligence report supporting the legality of origin, based on a due diligence system that conforms with the requirements of the EUTR.

h. Imported Timber exempt from verification

Guyana will exempt imported timber products with the following HS codes:

- HS4401-Fuel wood in logs etc, wood in chips etc.
- HS4402-Wood charcoal, whether or not agglomerated
- HS4414-wooden frames paintings, photographs, mirrors etc.
- HS4415-packing cases etc. of wood, pallets etc. of wood
- HS4416-casks, barrels, vats etc. and parts, of wood
- HS4419-tableware and kitchenware, of wood.

These products go to end users through retail outlets and do not necessarily enter the supply chain of the wood products sector.

12. Annex X

Comments made from the Amerindian Association (APA) were accepted from the NTWG resulting in a paragraph being inserted explaining the process for requesting information from the Commissioner of Information or the GFC. We continue to await a response from the EU on the relevant legislation in the Union which regulates the accessibility of information to the public.

13. Additional points/ questions

- a. Conversion timber- timber which is made available from projects such as hydro power establishments of any other large scale clearing.

These forest produce from these projects will be allowed to enter the supply chain by following a similar system as currently proposed within the VPA for timber from mining areas for example. What essentially happens is that, prior to commencement of the operation, there will be an inventory carried out for all commercial timber within the project area. This will allow for the GFC to be able to quantify the timber and allocate tags accordingly. Once the removal has commenced, the GFC will monitor the removal and this will allow for reconciliation to be carried done. Once all the commercial trees are removed, this will be flagged within the GTLAS.

Need to consider salvage timber. For example, if timber was used in the construction of a bridge and after the construction there is a desire to use this timber for cutting into lumber. How can this be accommodated under the GTLAS?

- b. Plantations- though these do not exist at a commercial level, has there been any consideration for timber which may come from these establishments?

Guyana is in the trial phases of these plantations and efforts are underway to determine what the most suitable species for planting are based on the existing climatic conditions. There is still support needed on this regard ...

- c. Legal reform/ policy changes- there has been some indication that laws may be changed shortly. How will this affect the work that has been completed under the VPA moving forward?

In addition, the Forest Regulations have not been completed as yet. How long will this take and will this have an impact on the VPA also?

- d. Paper based vs. electronic system- will Guyana be moving toward an electronic system or will there be a paper- based system. There needs to be a clear position.

Guyana will still be utilizing the paper-based system. However, there is need for support to continue to make improvements to the system. Within the next review period of the VPA, Guyana will make clear whether it intends to maintain a paper-based system or whether there has been sufficient progress to move towards an electronic system.

- e. Non Timber Forest Products- the inclusion of NTFPs under the VPA was discussed and clarification was sought. It was explained that there are furniture pieces which are part wooden and part NTFP. In this regard, it was advised that this be a point raised the level of the Negotiation with the EU to seek clarity.