

ANNUAL REPORT 2009

Guyana Forestry Commission



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Acronyms

<i>AFPA</i>	-	Agriculture and Forest Producers Association
<i>CI</i>	-	Conservation International
<i>EPA</i>	-	Environmental Protection Agency
<i>FAO</i>	-	Food and Agriculture Organisation of the United Nations
<i>FCPF</i>	-	Forest Carbon Partnership Facility
<i>FLEGT</i>	-	Forest Law Enforcement Governance and Trade (of the EU)
<i>GFC</i>	-	Guyana Forestry Commission
<i>IDA</i>	-	International Development Assistance
<i>IDB</i>	-	Inter American Development Bank
<i>ITTO</i>	-	International Tropical Timber Organisation
<i>KfW</i>	-	German Development Bank
<i>LACFC</i>	-	Latin American and Caribbean Forestry Commission
<i>MRVS</i>	-	Monitoring, Reporting and Verification System for REDD+
<i>NFP</i>	-	National Forestry Programme, of the FAO
<i>PDD</i>	-	Planning and Development Division, GFC
<i>REDDES</i>	-	Reducing Emissions from Deforestation and Forest Degradation and Environmental Services
<i>SFM</i>	-	Sustainable Forest Management
<i>SLA</i>	-	Small Loggers Association
<i>WWF</i>	-	World Wildlife Fund

List of Directors for 2009

Chairman:	Mr. T. Balgobin
Chairman:	Mr. Raj Singh
Commissioner of Forests:	Mr. James Singh
Director:	Mr. K. Alladin
Director:	Mr. Andrew Bishop
Director:	Ms. Prema Ramanah
Director:	Ms. Geeta Singh
Director:	Dr. Patrick Chesney
Director:	Ms. Vanessa Benn
Director:	Mr. Ovid Williams
Director:	Mr. Evan Persaud

Commissioner's Message

The Guyana Forestry Commission (GFC) is responsible for the sustainable management of Guyana's and implementation of the National Forest Policy. This includes resource allocation and assessments; monitoring and regulation; conducting economic studies and other relevant studies on the forest sector; providing a quality service to local and international stakeholders; reporting on forest sector information and coordinating GFC's social development programme.

GFC also formulates project proposals and seeks funding for projects developed.

It is also the focal point for the Reduced Emissions from deforestation and forest degradation (REDD+) and Monitoring, Reporting and Verification System (MRVS) work in support of the Low Carbon Development Strategy (LCDS).

GFC is semi-autonomous and reports to a Board of Directors. The Minister of Agriculture has Parliamentary responsibility for this Commission.

The activities of the GFC are undertaken by five (5) divisions, namely: Human Resources; Finance and Administration; Planning and Development; Forest Resources Management, and Forest Monitoring.

In 2009, work plan achievement was again in excess of 90%. This was as a direct result of staff commitment and excellent support of the GFC Board of Directors, The Minister of Agriculture and our valued stakeholders.

The strategic restructuring of the Forest Monitoring Division also paid dividends. There was real time monitoring of allocated concessions and this had a positive impact in further reducing illegality and promoting even greater compliance with the GFC guidelines for Sustainable Forest Management.

The Annual Report 2009 also contains important sector statistics: production by location, volume and products; exports by product, volume, price, destination; employment; resource allocation and licences issued.

The major projects undertaken in 2009 (in addition to the routine activities of the GFC) are also briefly highlighted.

James Singh
Commissioner of Forests

Executive Summary

In 2009, total combined production of Logs, Sawnwood, Roundwood, Splitwood, Plywood and Fuelwood recorded an overall increase by 1.21% when compared to the volumes recorded in 2008. A total of 408,284m³ of the various forest products was produced in 2009 as compared to the 403,421m³ produced in 2008. This overall increased production of timber products for 2009 was attributed to the small increases in volume for a number of products which in some way, offset other product categories that declined.

Of the total volume of Logs produced, 156, 973m³ or 59% came from the Essequibo district with the highest production coming from the Buckhall Station, accounting for approximately 28% of total logs harvested. For Essequibo, this was followed by production coming from Port Kaituma and Anarika with 6% each of national log production. In the region of Berbice the majority of Logs produced was declared at Springlands and Unamco with 10% and 8 % respectively of national log production. For production coming from the Demerara district, the majority of Logs produced was from the Mabura district and accounted for 9% of total Logs produced in 2009.

Total Timber and Plywood exported over the review period have recorded declines in both volume and value by 27.67% and 19.49 % respectively. Other Value Added Products and Other Products have also recorded declines by 26.48% and 3.22% respectively. These altogether contributed to the overall drop in the value of exports by 19.85% when compared to that of 2008 figures. While the major timber products recorded declines in export for 2009, there were a few exceptions in terms of specific products recording increases. Some of these products are: Wallaba Poles, Windows, Spindles and Fuelwood.

For 2009, total logs exported fell by 32.86% in volume and 35.21% in value, in part owing to the effectiveness of the National Log Export Policy implemented in 2009. Sawnwood also recorded declines over the period both in volume and to a lesser extent value owing to the higher average prices recorded. Sawnwood recorded a drop in volume exported by 11.89% and in value by 5.9%.

In 2009, total volume of Logs exported to the Asia/Pacific region amounted to 58,604m³ and accounted for USD9.6M of total value. In this region the single largest market for Guyana's logs is India consuming 31,019m³ of all logs. However, this was followed by consumption in China with 24,569m³. Other smaller but equally significant markets exist in Suriname and Trinidad & Tobago where consumption levels were around 1,708m³ and 1,145m³ respectively. In Europe, total consumption of logs amounted to 571m³, of which 550m³ were consumed in the United Kingdom.

The main market for Guyana's Sawnwood continues to be in the Latin America/ Caribbean region for 2009, consuming mostly Dressed Lumber. However, the Asia/Pacific markets consumed just as much Sawn Lumber, but more of the undressed variety. This was followed by moderate quantities being consumed in Europe while smaller amounts were sold to the North American markets.

In the Latin America/Caribbean region 16,073 m³ of Sawnwood were consumed and accounted for USD10.55M.

An overview is given of:

- a) State Forest Estate/ Allocation
- b) Special Projects completed in 2009
- c) Routine GFC activities

FINANCIAL STATEMENTS



Audit Office of Guyana

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AG: 75/2013

3 May 2013

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE GUYANA FORESTRY COMMISSION
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

I have audited the accompanying financial statements of Guyana Forestry Commission which comprise the balance sheet as at 31 December 2009, the income and expenditure statement, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Guyana Forestry Commission as at 31 December 2009, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

GUYANA FORESTRY COMMISSION

Balance Sheet as at 31st December 2009

	Note	2009 G\$	2009 G\$	2008 G\$	2008 G\$
Assets	5				
Fixed Assets			494,885,149		389,812,431
Current Assets					
Stocks		3,763,967		3,452,164	
Accounts Receivable		122,400,132		270,528,258	
Other Debtors & Prepayments		25,320,961		11,662,423	
Loose Tools		-		118,770	
Cash on Hand & Bank		<u>840,445,064</u>		<u>882,453,158</u>	
Current Assets			<u>991,930,124</u>		<u>1,168,214,773</u>
Less					
Current Liabilities					
Creditors & Accruals		35,118,445		27,926,880	
Taxation		1,065,041,362		1,042,672,062	
Suspense A/C		717,257		216,027	
Total Current Liabilities			<u>1,100,877,064</u>		<u>1,070,814,969</u>
Net Current Asset			<u>(108,946,940)</u>		<u>97,399,804</u>
Assets less Liabilities			<u><u>385,938,209</u></u>		<u><u>487,212,235</u></u>
Represented By:					
Capital and Reserves					
Government of Guyana			7,653,712		7,653,712
Revaluation Reserve			321,145,906		321,145,906
Capital Donation Reserve			-		-
Accumulated Earnings			57,138,591		158,412,617
			<u><u>385,938,209</u></u>		<u><u>487,212,235</u></u>

Prepared By: Edward Goberdhan - Head of Finance *Ed. Goberdhan*

Approved By: James Singh - Commissioner of Forests *James Singh*

GUYANA FORESTRY COMMISSION

**Statement of Cash Flows
For the Year Ended 31st December 2009**

	Year 2009	Year 2009
	GS	GS
Net Operating Profit/(Loss)from normal operating Activities		(47,904,726)
<i>Adjustment to Reconcile Operating Profit to Cash</i>		
Add:		
Depreciation	80,792,450	
Profit on Disposal	-	
	-	
Sub Total	80,792,450	
ADD/LESS:		
Transfer of Funds to EPA	(31,000,000)	
Adjustment to Revenue Reserve	-	
Increase/(Decrease) in Creditors	7,191,565	
(Increase)/Decrease in Stocks	(311,803)	
(Increase)/Decrease in Other Debtors	(13,658,538)	
(Increase)/Decrease in Accounts Receivable	148,128,126	
(Increase)in Loose Tools	118,770	
(Decrease)/Increase in Suspense	501,206	
Sub Total	110,969,326	
Total Adjustments		191,761,776
<i>Net Cash Inflow from Operating Activities</i>		143,857,050
Investing Activities		
Acquisition of Fixed Assets	(185,865,163)	
Capital Donation	-	
Proceeds/Cost from Disposal	-	
<i>Net Cash Flows Used For Investing Activities</i>		(185,865,163)
Financing Activities		
Write off from Capital Donation Reserve		-
Net Increase/(Decrease)in Cash/Bank		(42,008,094)
Cash on Hand 01.01.2009		882,453,158
Cash/Bank Increase for Year 2009		(42,008,094)
Cash on Hand & Bank 31.12.2009		840,445,064

GUYANA FORESTRY COMMISSION
Income & Expenditure Statement
For the Year Ended 31st December 2009

Income	Note	2009	2009	2008	2008
	6	\$	\$	\$	\$
Royalty		237,615,385		222,329,897	
Acreage Fees		148,244,131		184,839,494	
Licence Fees & Fines		103,264,941		336,696,919	
Commission		224,152,222		156,873,364	
Miscellaneous		9,859,075		9,614,683	
Interest Income		14,702,210		30,716,248	
Gain on Disposal of Fixed Assets		-		(514,532)	
Other Income - Donation		-		1,125,000	
Other Income - Grant		34,378,783		4,193,536	
Total Income			772,216,747		945,874,609
Expenditure	7				
Employment		292,483,390		267,583,945	
Operational		187,583,800		131,562,267	
Administrative		81,857,094		103,247,669	
Repairs & Maintenance		78,925,726		66,101,732	
Financing		3,724,924		3,847,169	
Professional Fees		85,387,509		106,558,262	
Depreciation	5	80,792,449		52,669,322	
Provision for Bad Debts		9,366,581		-	
Miscellaneous		-		-	
Total Expenditure			820,121,473		731,570,366
Net Operating Income			(47,904,726)		214,304,243
Taxation			(22,369,300)		(111,325,533)
Net Income for the Year			(70,274,026)		102,978,710
Statement of Accumulated Earnings/(Losses)					
At 1st January 2008			158,412,617		75,433,907
Net Income for Year			(70,274,026)		102,978,710
- Payment to EPA			(31,000,000)		(20,000,000)
			-		-
At 31st December 2008			57,138,591		158,412,617

Report on the Performance of the Forest Sector

GFC, as an ongoing activity, reports on forest sector data: production volumes, export volumes and values, employment totals, domestic and export price trends, and concessions level performance on a monthly, quarterly, half yearly and annual basis for various areas. The GFC also produces forecasts on forest sector performance. Elements of these reports are sent to key bodies including the GFC's Board of Directors, the Bank of Guyana, the Ministry of Finance, the Bureau of Statistics and regional and international entities such as the Food and Agriculture Organization of the United National (FAO) and the International Tropical Timber Organization (ITTO), among other entities. Information is also supplied to other stakeholders upon request. Additionally, twice yearly detailed report on forest sector performance is produced and published on the GFC's website. For the year 2009, the summary of the sector's performance is outlined below:

Production, Exports, Prices, Employment, Land Allocation and Licenses

Production Volumes

In 2009, total combined production of Logs, Sawnwood, Roundwood, Splitwood, Plywood and Fuelwood recorded an overall increase by 1.21% when compared to the volumes recorded in 2008. A total of 408,284m³ of the various forest products was produced in 2009 as compared to the 403,421m³ produced in 2008. This overall increased production of timber products for 2009 was attributed to the small increases in volume for a number of products which in some way, offset other product categories that declined.

Log Production

Total Log production for 2009 fell by 3.31% when compared to 2008 production volume. For this product, Special Category Logs fell in production by 4.56%, moving from 99,364m³ to 94,831m³. While Class 1 Logs showed significant increases by 4%, there were declines for Class 2 and Class 3 Logs by 5.4% and 11% respectively. Over the review period, Production of Class 1 Logs increased from 73,304m³ produced in 2008 to 76,295m³ produced in 2009. This increased production level is owed to the high volumes of Kabukalli, Mora, Wamara and Itikiboroballi being harvested. In the case of Class 2 Logs, Baromalli, Wallaba and Muniridan were the main species harvested in this category which fell by 5.4% moving from 67,203m³ in 2008 to 63,571m³ in 2009,. While Class 3 recorded a drop in production by 11%, the top species harvested in this category were Iteballi Burada and Darina. Over the review period, the top species for log production volumes were Greenheart, Baromalli, Purpleheart, Kabukalli, Mora, Wallaba, Wamara, Muniridan and Itikiboroballi.

GUYANA FORESTRY COMMISSION

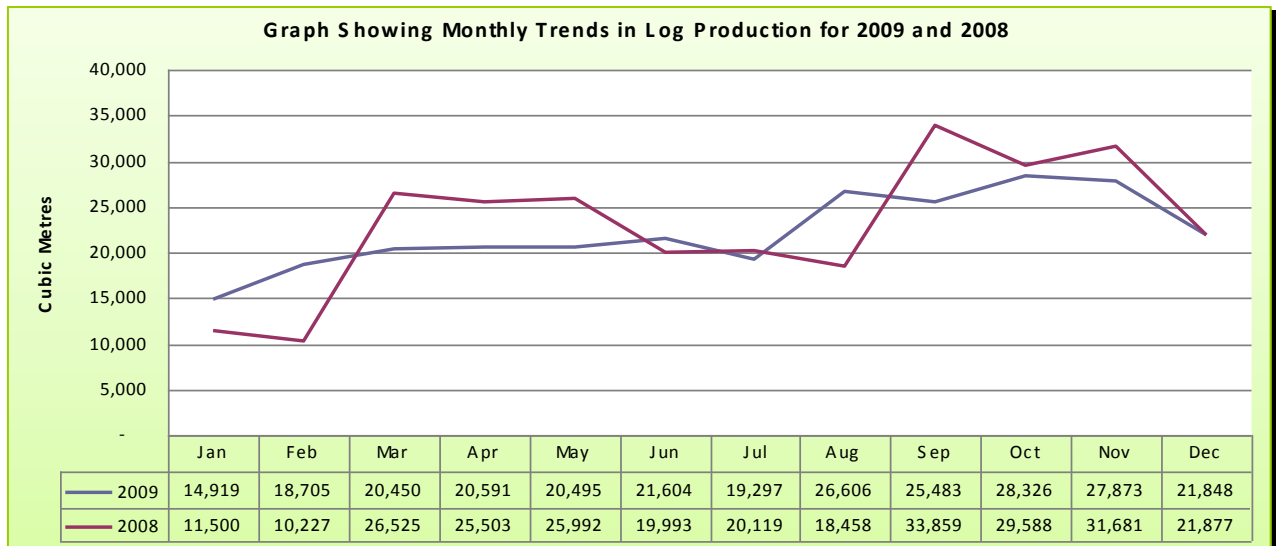
Total Production for 2008 & 2009

		2008	2009	% Change over	
PRODUCTS	Unit	Volume	Volume	2008	
TIMBER PRODUCTS					
Logs		m ³			
	Special Category	99,364.45	94,830.50	(4.56)	
	Class 1	73,304.12	76,294.78	4.08	
	Class 2	67,203.25	63,571.83	(5.40)	
	Class 3	35,448.11	31,501.05	(11.13)	
Total Logs		275,319.94	266,198.15	(3.31)	
Roundwood		m ³			
	Greenheart Piles	13,726.53	13,551.07	(1.28)	
	Kakaralli Piles	878.03	911.41	3.80	
	Mora Piles	-	-	-	
	Wallaba Poles	2,031.35	3,098.08	52.51	
	Posts	2,032.82	1,790.60	(11.92)	
	Spars	53.72	62.94	17.16	
Total Roundwood		18,722.44	19,414.09	3.69	
Primary (Chainsaw) Lumber		m ³			
	Special Category	11,170.56	16,496.35	47.68	
	Class 1	36,914.30	38,698.51	4.83	
	Class 2	11,012.45	10,362.28	(5.90)	
	Class 3	7,860.91	7,561.82	(3.80)	
Total Primary Lumber		66,958.21	73,118.96	9.20	
Splitwood		m ³			
	Paling Staves	626.23	868.86	38.74	
	Vat Staves	-	-	-	
	Shingles	104.43	91.12	(12.74)	
Total Splitwood		730.66	959.98	31.39	
Fuelwood		m ³			
	Charcoal*	4,174.02	12,868.64	208.30	
	Firewood	16,884.95	16,846.45	(0.23)	
Total Fuelwood		21,058.97	29,715.10	41.10	
Plywood		m ³			
NON - TIMBER FOREST PRODUCTS					
	Wattles	pcs	200,680.00	243,607.00	21.39
	Manicole Palm	pcs	2,699,109.00	2,831,538.00	4.91
	Other NTFP's (Mangrove Bark)	kg	12,619.00	22,697.35	79.87

Notes:

Charcoal previously reported in Kilograms. Conversion of Kilograms (kg) to cubic metres (m³) ; 1 m³ = 133.447 kg

Monthly Log Production



Log production over the review period reveals a much more stable and consistent production trend when compared to production of 2008. As can be seen in the graph above, the 2009 trend line is indicative of the stability in the production volumes over the various months of 2009, when compared to 2008 where more sporadic patterns can be detected.

Log Production by County and Forest Stations

Of the total volume of Logs produced, 156, 973m³ or 59% came from the Essequibo district with the highest production coming from the Buckhall Station, accounting for approximately 28% of total logs harvested. For Essequibo, this was followed by production coming from Port Kaituma and Anarika with 6% each of national log production. In the region of Berbice the majority of Logs produced was declared at Springlands and Unamco with 10% and 8 % respectively of national log production. For production coming from the Demerara district, the majority of Logs produced was from the Mabura district and accounted for 9% of total Logs produced in 2009.

Production of Roundwood, Primary Lumber, and Plywood

For the first half of 2009, Roundwood production recorded a decline by 10.04% when compared to 2008. This was mostly influenced by the lower volume of Piles being harvested in the year. However, the second half of the year showed improved levels of production of 15.63% compared to the corresponding period in 2008 resulting in an overall positive growth in extracted volume of 9.2%. Other products harvested in this category were, Poles Posts and Spars; for these products, an increase by as high as 52.51%, was recorded in the case of Poles.

Production of Primary Lumber registered substantial increases when compared to the corresponding period of 2008. In the first half of 2009, total primary lumber produced was 35,729m³, as compared to

28,380m³ for the first half of 2008, showing a progressive increase by 20.56%. This increase was noted for Special Category Lumber recording 47.68% over 2008's figures. Class 1 Lumber which recorded the highest volume for this product category, recorded increases by 4.83%. Classes 2 and 3 recorded a decrease of 5.90% and 3.80% respectively.

Production volume of Plywood, recorded 18,877.m³ for 2009, declining by 8.5% as compared with the volume produced in 2008 for the same period.

Exports Summary

Total Timber and Plywood exported over the review period have recorded declines in both volume and value by 27.67% and 19.49 % respectively. Other Value Added Products and Other Products have also recorded declines by 26.48% and 3.22% respectively. These altogether contributed to the overall drop in the value of exports by 19.85% when compared to that of 2008 figures. While the major timber products recorded declines in export for 2009, there were a few exceptions in terms of specific products recording increases. Some of these products are: Wallaba Poles, Windows, Spindles and Fuelwood.

For 2009, total logs exported fell by 32.86% in volume and 35.21% in value, in part owing to the effectiveness of the National Log Export Policy implemented in 2009. Sawnwood also recorded declines over the period both in volume and to a lesser extent value owing to the higher average prices recorded. Sawnwood recorded a drop in volume exported by 11.89% and in value by 5.9%. This drop in Sawnwood exported was both from the Dressed and the undressed variety. Dressed lumber fell by 15.34% while the undressed variety fell by 10% in volume when compared the 2008 figures. Declines were also seen in terms of value coming from these products, with value decreasing by 6.39% and 5.57% for the Dressed and the undressed variety respectively.

The export markets for Roundwood have shown a considerable drop in the volume exported in 2009 when compared to that of 2008 volume. Total Roundwood exported for 2009 fell by 50% in volume and to a lesser extent, in value, by 32%. This reduction was primarily influenced by the fallout in demand for Greenheart Piles by the 63%, reducing from 7,796m³ in 2008 to a much lower 2,915m³ in 2009. Total value recorded from Greenheart Piles fell by 51% when compared to what was recorded for 2008.

Plywood export over the review period recorded overall drop in volume by 33% and in value by 37%. This decline in volume exported is due primarily to the reduced demand coming from the export markets. The higher percentage of lower value recorded was in part due to the reduced volume and the lower average prices per cubic metre of this product. Other value Added Products and Windows gained an increase in both volume and value exported, by 27% and 21% respectively. In this category, volume (pieces) of Spindles exported saw a significant increase by 75% and an even greater percentage increase, in value.

Export Products Volumes, Values and Percentage Changes and Relative Ch:

PRODUCT	2009			
	Volume (m3)	Value (US\$)	% Val ¹	% Val ²
Logs				
Special Category Total	29,172	5,647,367	56.0%	12.4%
Class 1	23,570	3,265,341	32.4%	7.2%
Class 2	1,961	204,393	2.0%	0.4%
Class 3	7,336	974,676	9.7%	2.1%
Total Logs	62,039	10,091,777	100.0%	22.2%
Sawnwood				
<i>Total Special Dressed</i>	11,413	8,150,956	82.4%	17.9%
<i>Category Undressed</i>	9,020	5,657,163	38.7%	12.4%
Total	20,433	13,808,119	56.3%	30.3%
Class 1 Dressed	2,570	1,607,619	16.3%	3.5%
Sawnwood Undressed	11,108	5,444,549	37.2%	12.0%
Total	13,678	7,052,169	28.8%	15.5%
Class 2 Dressed	38	21,690	0.2%	0.0%
Sawnwood Undressed	360	176,187	1.2%	0.4%
Total	398	197,877	0.8%	0.4%
Class 3 Dressed	168	110,211	1.1%	0.2%
Sawnwood Undressed	7,263	3,340,756	22.9%	7.3%
Total	7,431	3,450,967	14.1%	7.6%
Total Dressed	14,189	9,890,476	100.0%	21.7%
Total Undressed	27,752	14,618,656	100.0%	32.1%
Total Sawnwood	41,941	24,509,132	100.0%	53.9%
Roundwood	5,171	1,692,595	100.0%	3.7%
Splitwood	2,872	2,520,433	100.0%	5.5%
Plywood	10,581	4,114,866	100.0%	9.0%
Total Timber and Plywood	122,604	42,928,803		94.3%
Other Value Added Products ³		2,333,211		5.1%
Other Products ⁴		248,107		0.5%
Total Export Value		45,510,121		100.0%

¹ percent of Product/Group Total Value

³ Other Value-Added Products include Furniture, Building Componentry, etc

Export analysis by main Products and Markets

In 2009, total volume of Logs exported to the Asia/Pacific region amounted to 58,604m³ and accounted for USD9.6M of total value. In this region the single largest market for Guyana's logs is India consuming 31,019m³ of all logs. However, this was followed by consumption in China with 24,569m³. Other smaller but equally significant markets exist in Suriname and Trinidad & Tobago where consumption levels were around 1,708m³ and 1,145m³ respectively. In Europe, total consumption of logs amounted to 571m³, of which 550m³ were consumed in the United Kingdom.

The main market for Guyana's Sawnwood continues to be in the Latin America/ Caribbean region for 2009, consuming mostly Dressed Lumber. However, the Asia/Pacific markets consumed just as much

Sawn Lumber, but more of the undressed variety. This was followed by moderate quantities being consumed in Europe while smaller amounts were sold to the North American markets.

In the Latin America/Caribbean region 16,073 m³ of Sawnwood were consumed and accounted for USD10.55M. Of the total Sawnwood consumed in this region, 12,321m³ were of the Dressed variety while the remaining 3,752m³ were of the Undressed variety. Total Dressed lumber exported to this market fell by 12% when compared to 2008 export volume and by 2% in value. For the Undressed variety going to this market, exports dropped by 53% in volume and 46% in value. Total Undressed lumber exported to this market decreased from 8,044m³ in 2008 to a 3.572m³ in 2009. The overall drop in Sawnwood exported to this market was 27% when compared to 2008 figures. The main market for Guyana's Sawnwood exists in Barbados, whose consumption of Sawnwood totalled 8,457m³ and accounted for 20% of total Sawnwood exported. This was followed by consumption in Trinidad and Tobago with 1,911m³ or 4.56%. Other markets were scattered throughout the region.

The majority of Roundwood exported went mostly to the United States where the largest market was for round timber piles. The United States consumed 2,274m³ of Roundwood and accounted for approximately 44% of all Roundwood exported. Other Lucrative markets were found in the Latin American/ Caribbean markets where the main product exported was Wallaba Poles. Over the reviewing period, Wallaba Poles accounted for 27% of all Roundwood exported, most of which went to Dominica and Trinidad & Tobago and amounted to 760m³ and 624m³ respectively. Markets in Europe consumed a total of 687m³ of Piles, of which the majority (411m³) going to the Netherlands and the remaining was split between the United Kingdom and Italy consuming approximately 140m³ and 137m³ respectively.

In 2009, total volume of Splitwood exported amounted to 2,872m³, all of which were Shingles. Of the total Shingles exported, 2,073m³ went to the Latin American/Caribbean region and accounted for 72% of total shingle exports. The remaining few were split across the various regions with Africa consuming 13% or 384m³ while Asia/Pacific region consumed 338m³ and the balance going to the United States in North America. The Single largest consuming nation of Wallaba Shingles for 2009 was St. Lucia with 437m³; this was closely followed by French West Indies with 396m³ and Bahamas with 374m³. Other lucrative markets were found in Mauritius and the United Arab Emirates with consumption of 344m³ and 308m³ respectively.

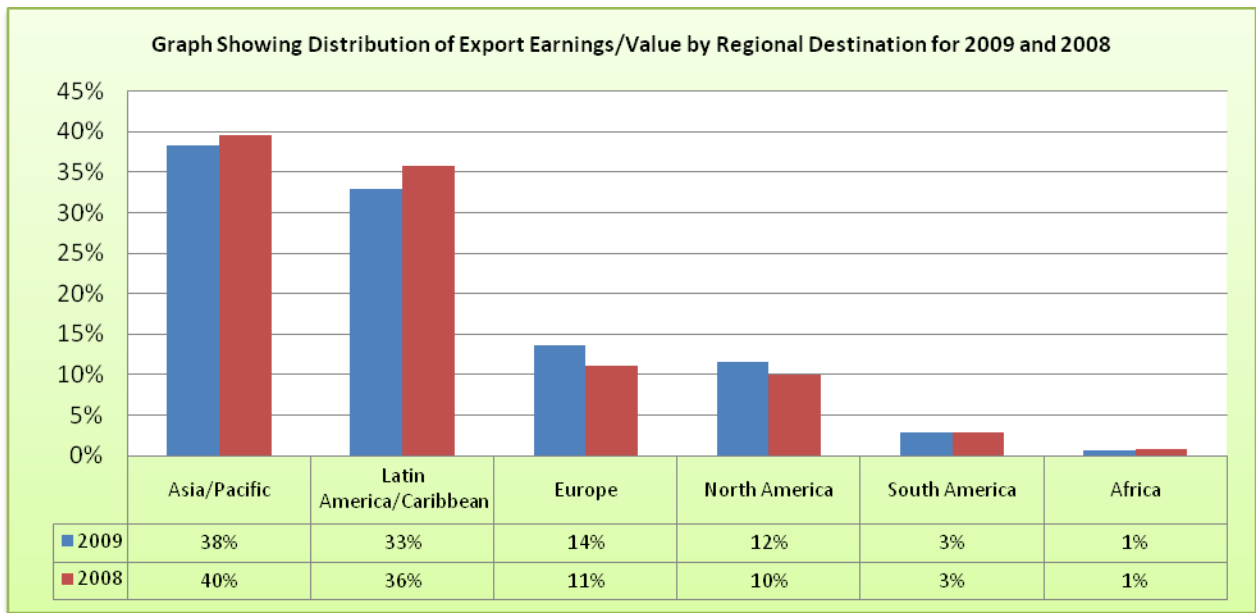
As traditional, the North American market (United States) continues to consume the largest volume of Guyana's Plywood. In this market not much has changed in terms of percentage share. For 2009, The United States consumed 52% of all Plywood exported and contributed 53% of total value

recorded from this product. This was followed by consumption in the Latin America/Caribbean region with 24% and the South American markets with 23% while other smaller volumes were scattered.

Forestry Sector Export Earnings by Destination

In 2009, the two main regions for exports of Guyana's timber and timber products were Asia/Pacific and Latin America/Caribbean region. For the reviewing year, 40% of total export earnings came from the Asia/Pacific while 36% was from the markets found in the Latin America/Caribbean region. Other meaningful contributors were found in the European (11%) and North American (10%) region while smaller but significant amounts came from the markets in South America and Africa with 3% and 1% respectively.

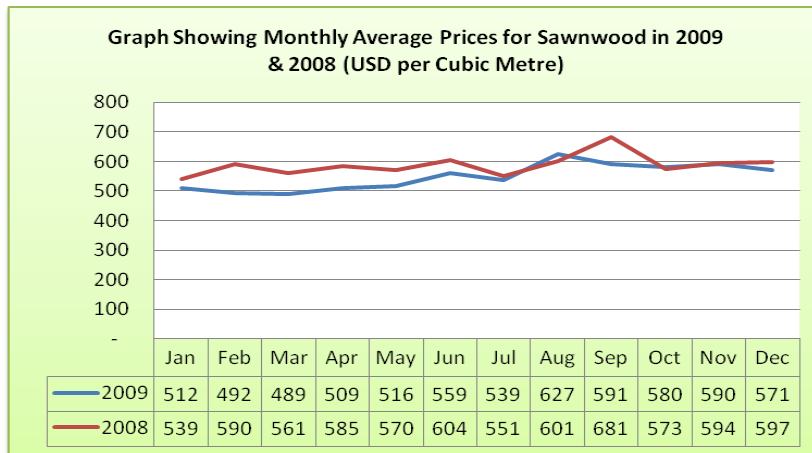
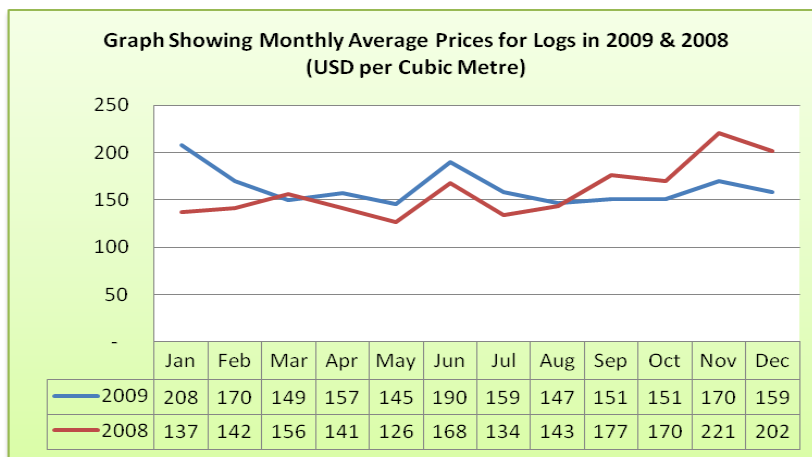
Total Export earnings fell in 2009 when compared to that of 2008 by 19.81%; this represents a decline from USD56.7M earned in 2008 to USD45.5M recorded in 2009. Total earnings coming from the main contributors in the Asia/Pacific region amounted to USD18.04M while USD16.25M came from the markets in the Latin/American region.



Total value recorded from the other regions summed up to USD11.2M, of which most came from the European and North American markets. Appendix VIII gives a detailed breakdown of earnings by region and product.

Export Prices

For 2009 most of the various Forest Products recorded higher average prices in the export market when compared to prices received in 2008 with the exception of Plywood and Logs. The drop in average prices by 3% for Logs was mainly attributed to the decline in volumes of Special Category Logs being exported, while the increase in exports of lower quality plywood, (as compared to previous years exports), contributing to the reduced average price by 7%. Over the period, Sawnwood recorded an overall increase by 7% which was mostly due to the higher prices recorded for Dressed lumber while smaller, but significant, increases were also recorded for the Undressed variety. While higher average prices were recorded for Splitwood by 15% and Fuelwood by 12%, a robust increase was recorded for the case of Roundwood by 35%.



Market Outlook for Guyana's Timber Exports

Guyana's main markets in terms of export value and volume, have been the Asia/Pacific region for Logs and Undressed Lumber, Latin American/Caribbean region for Dressed Lumber and Splitwood, North America for Roundwood specifically Piles, and Plywood.

The Asia/Pacific markets, specifically China and India, showed signs of recovery in the latter part of 2009, after being somewhat affected by the global financial crisis, although to a lesser extent than the developed countries. It is expected that this recovery coupled with the overall 9% growth in GDP in China and a similar percentage projected for India, will lead to a growth in demand for Guyana's **logs and undressed lumber exports** in 2010. Log prices are expected to recover from the -3% drop in 2009 whilst Undressed Lumber prices are projected to be fairly stable in 2010.

In the Latin American/Caribbean region, **Dressed Lumber** exports are expected to remain stable in 2010. The general export price level for this product category in 2009, which reflected an 11% increase as compared to 2009 level, is expected to be maintained in 2010. The European market for Undressed Lumber is expected to remain fairly stable with no significant increases expected since the market rebound is projected to be slow across the continent and unlikely to reach the levels which obtained in 2008. The US has market reflected the most premium prices in 2009 for this product category although relatively lower volumes than other export destinations. This market offers promising prospects for Guyana's export in this product category as the US economy slowly rebound from the financial difficulties. Based on reports, since demand has been hard to predict, many hardwood lumber customers now wait for orders before sourcing lumber. As a result, distribution centers and concentration yards have had to adjust to demand for just-in-time delivery. Properly managing inventories and cash flow will reportedly remain a priority in 2010.

The **Roundwood market** is expected to also recover from the decline in 2009 when the exports for the main product in this category, Piles, decreased by almost 47%. In 2010, this market is expected to recover with the main market destination for this product being the US, showing signs of recovery.

The Latin America/Caribbean region is projected to continue to show strong demand for Guyana's **Splitwood** for construction purposes and should remain relatively stable in 2010 as has been the case for 2009. Overall, of all product categories, Splitwood proved to be the most stable in the export market in 2009, in volume and value.

Plywood faced challenging times in the export market in 2009. In 2010, there is expected to be some improvements in the European market as well as the US market, the former to a greater extent given the significant drop in 2009. However, in the US, many hardwood companies expect business in 2010 to be similar to that in 2009 in terms of market demand. According to ITTO TTRM report, most companies surveyed for the Import/Export Purchasing News (December/January issue) agreed

that the housing and commercial markets may improve in late 2010 or even later. The report also noted that higher ocean freight rates will be a challenge for US importers and trading in general. While some expect a slight improvement in business in 2010, the consensus is that if the market recovers faster than expected, hardwood suppliers would not be able to keep up with demand. Inventories are currently very low, which has helped to keep prices up. The US hardwood industry went through severe cost cutting measures in 2009, and many mills and businesses folded. The ITTO report also noted that once the US and European economies recover, companies will have to compete with Chinese manufacturers for raw material that is in some instances less available than before the recession. For tropical species in particular, the Lacey Act may reinforce a supply shortage and higher prices in the US market. ITTO TTRM reported that analysis of the most recent Eurostat trade data indicates that European imports of hardwood-faced plywood from developing countries rebounded in the third quarter of 2009 after suffering four consecutive quarters of decline. UK housing market statistics have improved somewhat at the beginning of 2010, for example there was a 45% rise in new house registrations in the 3 months to November 2009.

Employment

Employment data for the Forestry Sector over the years 2008 and 2009 is shown in the Table below.

Activity	2008	2009	% Change 2008-2009
Logs	15,033	13,454	-11
Sawmilling	3,819	4,341	14
Timber Dealership (Lumber Yards)	1,907	1,602	-16
Plywood	500	415	-17
Manicole Palm	698	939	35
Other*	4,500	3,375	-25
Total	26,457	24,126	-9

Employment within the forest sector for 2009 showed a decline of 9%. This could be attributed to the migration of persons from the forest sector to the other sectors, including the mining sector. The major areas of employment that saw an increase was Manicole production, with 35%. The largest area of decline was the area involving activities in Furniture, building components firewood, charcoal and conservation, followed by employment in the plywood mills and timber dealers (lumber yards). On the upside, there was a marked increase in employment in sawmills, indicating increased capacity at the down stream processing level of production.

Land Allocation Breakdown

The Table below shows a breakdown of Land Allocation within the Forestry Sector. It does not include Private Property and Amerindian Lands.

Summary of State Forest Allocations

as at December 31, 2009

Classification	Count	Area (Hectares)	% Area Type	% Total Allocation	% State Forest
Production Area Allocations					
State Forest Permissions (SFP)	458	1,671,369	25.0%	21.6%	12.5%
Wood Cutting Lease (WCL)	2	30,535	0.5%	0.4%	0.2%
Timber Sales Agreement (TSA)	29	4,347,939	65.1%	56.2%	32.6%
State Forest Exploratory Permit (SFEP)	4	632,492	9.5%	8.2%	4.7%
Total Production Area Allocations	493	6,682,335	100.0%	86.4%	50.1%
Permanent Research & Reserve Areas					
GFC Forest Reserves	11	17,796	1.7%	0.2%	0.1%
Other Research & Reserve Sites	2	1,032,903	98.3%	13.4%	7.7%
Total Research and Reserve Areas	13	1,050,699	100.0%	13.6%	7.9%
Total Forests Allocated	506	7,733,034		100.0%	58.0%
Unallocated Forests		5,606,980	42.0%		42.0%
Total State Forests		13,340,014			100.0%

Iw okrama Research Site		371,592			
Kaieteur National Park		63,000			

Other Forest Sector Licences

Sector activity licences are valid for one (1) calendar year only; continued production requires annual renewals. The **Table** indicates the number of licenses issued for comparative periods.

Activity Licences						
Comparison - Years: 2008 & 2009						
Activity/Licence Type	Period	Division				Total
		Berbice	Demerara	Essequibo	North West	
Sawmill	2009	39	51	54	2	146
	2008	29	42	48	3	122
Sawpit	2009	43	127	60	18	248
	2008	27	61	53	16	157
Permit to Erect Sawmill	2009	11	9	9	0	29
	2008	8	16	3	2	29
Timber Dealers	2009	51	163	38	6	258
	2008	40	164	29	6	239
Timber Depot	2009	5	5	3	0	13
	2008	2	4	4	1	11
Timber Path	2009	1	1	3	0	5
	2008	0	1	3	0	4
Charcoal	2009	1	23	1	0	25
	2008	0	17	1	0	18
Firewood	2009	1	3	8	0	12
	2008	1	1	0	0	2

SPECIAL PROJECTS

Enhancing Legality in the Forest Sector

ITTO: Project: Improving the detection and prevention of illegal logging and illegality in shipment and trade of wood products in Guyana, PD 440/07 (M,I)

While the extent of illegal logging in Guyana is thought to be generally low, the impacts of illegal activities can have significant impacts on Guyana's relatively small and developing economy as well as having environmental and socio-cultural consequences, if prevention and detection is not appropriately done. GFC initiated a project to address this, with support from the ITTO: *Project: Improving the detection and prevention of illegal logging and illegality in shipment and trade of wood products in Guyana, PD 440/07 (M,I)*.

One aspect of the Project, involved improving detection of illegal logging, through satellite imagery analysis. The result of the satellite interpretation was a national base layer comprising harvested areas, road network, areas subject to clearance by mining, agriculture and other activities.

The second aspect of the system involved the improvement of Guyana's log tracking system. In 2001, the national log tracking system was implemented and was monitored through manual means of verification. The manual implementation of this system however, did not allow for the full benefits of traceability and verification of origin, to be realized. This aspect of the project aimed at helping prevent illegal logging and trade in illegally harvested timber by utilizing a timber tracking system based on barcode utilization in the harvesting of tropical forests, shipment and exporting stages.

The Project built on existing systems, capacities and infrastructure in place at the GFC and in so doing, allowed for smooth implementation and overall effective transition from the systems currently in place, to those designed through the support of the project. This approach also allowed for the sustainability of the initiative to be maintained as cost and human resources at the GFC are appropriate and adequate to allow for continuity of the initiatives.

At the completion of the project, the 5 outputs of the project have been fulfilled and the system is now operational to improve the detection and prevention of illegal logging and illegal in shipment and trade of wood products. Additionally, the GFC now possesses enhanced resource capacity to conduct national level legality assessment of illegality using remote sensing imagery analyses.

Facilitating expansion of Kiln drying in the Forest sector

The purpose of this project was to pilot commercial kiln drying of wood in three small scale community sawmilling regions as demonstration of the value adding and quality standards expected by international markets. It is expected that through these demonstration projects, the small scale community saw millers will understand and learn the quality requirements for exports to international markets.

The remaining activities of installation of kilns and training in operation and use of kilns are scheduled for 2010..

Capacity to Implement SFM

In the effort to improve sustainable forestry management and hinterland community development in Guyana, this project was fully executed in two Amerindian communities in Guyana: Kwebanna and Batavia of region seven and one respectively, and was completed in 2009.

The main objective of this project was to build capacity in the two selected communities as models for sustainable forestry management and hinterland community development.

Hence, the expected outputs of the project ranged from improvement of regulations to resource evaluation and capacity building.

As part of the sharing of experiences across the two geographic focal points of this Project: Suriname and Guyana, 3 representatives from Kwebana and Batavia and 2 from GFC visited Suriname over the period 23rd February, 2009 to 27th February, 2009.

This project was supported by WWF with financing from the British High Commission.

Forestry Bill passed in Parliament

Guyana's Forest Bill 2007 (Bill No. 21 of 2007) which seeks to consolidate and amend the law relating to forest, was unanimously passed by the Parliament on 22nd January 2009. The Forest Bill 2007 provides an important and timely piece of legislation which is necessary to ensure that Guyana's forest sector continues to contribute to the sustainable development of Guyana and its people.

The Bill was the product of a lengthy period of public consultation with all stakeholder groups including Amerindian NGO's, the Forest Products Association, Guyana Manufacturing Association, Civil Society Groups, and even International Bodies. The Bill was introduced in the National Assembly and read for the first time on 2nd August 2007. Following its first reading, the Bill was committed by the National Assembly for consideration by a Special Select Committee, where the first meeting of the

Committee was held on 15th January 2008, the Committee met on fifteen (15) occasions during the period 15th January 2008 to 13th January 2009. On 22nd January, 2009, Members of Parliament voiced full support for the passage of the Bill and expressed satisfaction with the process of consultation which had ensued, in bringing the Bill to a point of unanimous acceptance support for passage.

The Bill takes into account the important contribution and the role that Guyana's forest resources can play in climate change mitigation and the provision of environmental services. It also seeks to update the existing legislation in the framework under which forests are managed with keen regard to international best practices for sustainable forest management and legality. The Forest Bill also recognized the vital role that Guyana's forests play in poverty alleviation especially in relation to forest dependent communities.

The Bill sets out the permitting regime for the sustainable management of the state forest. Part Two of the Bill provides for the issuance of five types of state forest authorizations: concessions, exploratory permits, use permits, community forest management agreements and afforestation agreements. This section also outlines addresses compliance with occupational health. The Bill prohibits acts that could cause forest fires in State Forest areas and allows for the GFC to declare certain areas to be fire protection areas. The Bill places emphasis on enabling value added activities by addressing issues of quality control through legally binding codes of practice which can be subject to amendments from time to time. Issues of under-pricing, unlawful exportation of forest produce, trade of timber in contravention to the GFC's guideline, and procedures for ownership of concession areas and change there of, are also outlined in the Bill.

This Bill will serve to significantly enhance the quality of environmental management, the contribution of the forest sector to Guyana, and the benefits to be derived for forest based communities among other areas.

Project aimed at Increasing Efficiency through Saw Doctoring training

This project was executed with financial support from the Canadian Cooperation Fund of the Public Works and Government Services, Canada (PWGSC), and addressed various aspects of training in Saw Doctoring in Guyana.

This project specifically sought to provide training to persons employed in the wood processing sector in Saw Doctoring with the skill and competency involved in maintaining saws and relevant tools in a sawmilling operation to ensure maximum production and efficiency. The initiative saw the training of 60 stakeholders in the sector in saw doctor techniques with a number of entities already indicating positive results in efficiency, productivity, and quality of end product. The project was executed in

three main phases with a practical focus to sessions: an initial assessment was conducted at 36 facilities, followed by grouped training sessions of theoretical and practical aspects of saw doctoring relevant to mills in Guyana, and the final session was individual training sessions at saw mills.

With the successful completion of this project it is expected that milling efficiency and competency would improve along with higher quality lumber. This initiative is viewed as one of a planned strategy for forest industry development in Guyana, and several follow up sessions are already being formulated.

Facilitating GFC's Monitoring Efforts in the Moraballi Reserve

In 2009, financing was secured from the German Development Bank, KfW to enhance GFC's monitoring activities in the Moraballi Reserve through the establishment of a Forest Station in that area.

The Project aims at: enhancing understanding of Greenheart vis-à-vis sustainable harvesting of the species; enhancing monitoring activities within the Reserve, preserving the stock of Greenheart trees for study and future use, by facilitating the presence of a permanent team of Forest Officers from the GFC that will be stationed within the Reserve; establishing facilities for studies and research on Greenheart and other trees within the Reserve; and improving the body of knowledge on these species.

In 2009, the contract to establish the Forest Station was awarded and construction of this facility will be completed in early 2010. This will, in a significant way, strengthen the GFC's monitoring activities in this area.

Enhancing Efficiency in the Forest Processing Sub Sector

In 2009, GFC submitted a Project Proposal to ITTO in the area of: Upgrading the capacity of wood processing industry through development of strategic guidance and human capacity building.

The project specifically addresses a key problem of the sector in encouraging and promoting more recovery efficiency, product quality and added value activities through improved skills and access to equipment.

Increasing recovery during processing implies a commensurate reduction in waste. The immediate environmental benefits of this are reduction in greenhouse gases emitted due to burning of waste wood and potential pollution of water courses through build up of sawdust and other residues. A

downstream benefit will also be felt in the forest environment as pressure on the raw material will be reduced by more efficient processing.

The major social aspect of the project involves the potential for increased employment in a rejuvenated and expanding sector. By its nature, the sector is not primarily urban-based so livelihood benefits will be noticed throughout the country and especially in the particularly vulnerable and economically depressed rural areas.

Case Model developed for Sustainable Forest Management for FAO

FAO extended an invitation to Guyana to submit for consideration, a case model of SFM being implemented in Guyana. This initiative is under a project aimed at: "Search of Sustainable Forest Management Exemplary Cases in Latin America and the Caribbean", upon recommendation of the Latin American and Caribbean Forestry Commission (LACFC). The objective of the Project is to provide an overview of forest management in the region with an assessment of experiences, so exemplary ideas, methods, approach and practice implemented in different places, might be regarded and adapted to other countries.

Guyana's submission of a case study based on its log tracking system was successful in being selected as a case with exemplary elements for forest producing countries.

Participation in FAO National Forest Programme

In 2009, GFC developed and submitted a project proposal to the FAO NFP facility. The project focuses on generating benefits for communities and small scale forest based enterprises in Guyana since forest activities provide the main means of economic support for the livelihood of the people involved. From an economic perspective, communities and small scale enterprises are proposed to be trained in sustainable forest management, enhance their capacity to efficiently utilize the resources available to them.

In 2010, this project was approved for implementation.

Community forestry Initiative

Over the period 2009, the GFC worked closely with community forest groups in an effort to support their growth and development along a sustainable path. Support included visits to communities, assisting communities to work out difficulties and challenges faced in forest management and utilization, forming community forestry organization, facilitating elections for these organizations, assisting communities in sourcing support financing for community forestry initiatives, and other areas.

REDD+

The GFC continued to be integrally involved in the REDD+ initiative under the Forest Carbon Partnership Facility of the World Bank (WB FCPF). Activities undertaken included revising the Readiness Preparation Proposal (RPP) and developing with the assistance of international experts, a framework for the MRVS which can be replicated and meets international criteria.

HUMAN RESOURCES AND ADMINISTRATION

Staffing

In 2009 our staffs were distributed among the five departments as follows:

	2008	2009
Department	Number of staff	Number of staff
Forest Monitoring Division	159	165
Forest Resources Management Division	46	40
Planning Development Division	4	6
Human Resources & Administration	24	31
Finance & MIS	18	21
Forest Products Marketing Council/REDD	3	3
Total	254	266

Recruitment

The table below shows the breakdown of the **recruits** for 2009 as against two previous years.

Category of Recruits	2007	2008	2009
Middle Management positions	2	3	1
Management Trainees	4	12	7
Forest Rangers	42	34	36
Field Assistants	5	9	8
Clerks	7	3	6
Drivers	9	8	5
Other staff	2	5	7
Total	71	74	70

Attrition.

2009 had a lower attrition rate than 2008.

Type of Separation	2008	2009
Resignations	23	18
Voluntary terminations	6	8
Dismissals	7	9
Termination of contracts	2	1
Deaths	2	0
Total	40	36

In-house training in 2009.

Name of Course	Number in attendance
Ranger 3 and field assistants	54
Middle management training	28
Timber grading	33
Induction programme	68
EIA Community training	39
HIV	40
Building Capacity FMD	130
Remote sensing	8
LCDS/REDD+	240
Developing MRVS	65
Building human capacity for low carbon economy	5
Setting up permanent sample plots	28

Monitoring Resource Management/Monitoring

GFC continued to provide support services to the sector in the form of extension services and training programs.

Stakeholders were able to access relevant information in a very timely manner; the presence of forest officers on all TSA/WCL 's proved to be very positive in terms of encouraging compliance with the GFC guidelines for SFM.

There were routine audits carried out by officers on location; this was further reinforced by random visits from an independent environmental monitoring team. The credibility of the process was enhanced by routine and random audits by the internal audit unit.

Heads of Division also participated in these audits.

The sum total of the above, in combination with the projects on bar-coding aimed at reducing illegality has made it more difficult for illegal activities to occur.

Resource allocation was done for SFP's (re-allocation of areas) in accordance with the GFC approved procedures.

Additionally, the GIS Unit within the GFC was instrumental in providing digitized concession maps to stakeholders.

There was also the provision of real time data, and accompanying analysis to both stakeholders and policy makers promoting the continued positive sector development.

A lot of extension training sessions and capacity building was provided to the sector; this assisted significantly to promote compliance with the collaboratively developed guidelines for Sustainable Forest management.