

GUYANA FORESTRY COMMISSION



ANNUAL REPORT 2006

TABLE OF CONTENTS

Acronyms	3
List of Directors	4
Introduction	5
Commissioner's Message	7
Executive Summary	8
GFC Organizational Chart	9
Human Resources Division	10
Planning and Development Division	13
Review of the Forest Sector	14
Activities in 2006	19
Finance Division	25
Forest Monitoring Division	32
Forest Resource Management Division	34

ACRONYMS

ACTO	Amazon Cooperation Treaty Organisation
DFID	United Kingdom, Department for International Development
EPA	The Environmental Protection Agency
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FLR	Forest Landscape Restoration
FTCI	Forestry Training Centre Incorporated
GDP	Gross Domestic Product
GFC	Guyana Forestry Commission
GGMC	Guyana Geology and Mines Commission
GIS	Geographic Information System
GMPP	Guyana Micro Projects Programme (European Union)
GoG	Government of Guyana
INPE	National Institute of Spatial Research (Brazil)
ISLA	Ituni Small Loggers Association
ITTO	International Tropical Timber Organization
IUCN	World Conservation Union
LUS	Lesser Used Species (Wood)
PDD	Planning and Development Division (GFC)
RIL	Reduced Impact Logging
UNDP	United Nations Development Programme

List of Directors for 2006

Chairman:	Mr. T. Balgobin
Commissioner of Forests:	Mr. James Singh
Director:	Mr. David Persaud
Director:	Mr. H. Bulkan
Director:	Mr. K. Lall
Director:	Mr. H. Case
Director:	Mr. E. Daniels
Director:	Mr. P. Ramotar
Director:	Dr. D. Permaul
Director:	Mr. K. Alladin
Director:	Mr. Y. Ally

INTRODUCTION

The Guyana Forestry Commission (GFC) is the semi-autonomous Government of Guyana Agency which was established in 1979 to ensure the sustainable management and utilization of the state forest resources.

The GFC is given guidance at the policy level by the Minister of Agriculture with responsibility for Forestry, a Board of Directors, and key policy documents including: GFC Act, Forests Act, National Forest Policy, Guyana's Low Carbon Development Strategy, and the National Competitiveness Strategy.

At the operational level, the GFC is guided by an annual work plan and budget which is implemented by the staff of the Commission, with Board oversight.

To ensure efficient and effective work plan implementation, the GFC has five (5) well staffed and resourced Divisions, with a Commissioner of Forests as the Chief Executive Officer.

A brief overview of the Commission and its organizational chart is given below:

Commissioner of Forests – The Commissioner is responsible for the overall management of the Guyana Forestry Commission.

Internal Audit - The GFC Internal Audit Unit performs Systems/Operational and Financial Audits in the form of Independent investigative activities designed to assist the GFC accomplish its objectives through a systematic approach to evaluate and improve the effectiveness of control, risk management and the governance process.

Finance Division - Responsible for managing the financial resources of the commission, provide service to other departments as well as act as a liaison forum for stakeholders.

Management Information Systems - Is responsible for Improved Data Communication between both Internal and External Stakeholders, Maintaining reliability, security and availability of information that are accessed throughout GFC. Increased data accuracy, productivity and processing speed/capabilities. Develop end-user reporting capabilities and train staff in new technological advancements/developments.

Planning & Development Division - Is responsible for the implementation of the National Forest Plan, conducting economic studies and other relevant studies on the forest sector, reporting on forest sector information and coordinating GFC's social development programme. It also formulates project proposals and seeks funding for projects developed. Project activities that are approved and financed are implemented by this Division..

Forest Monitoring Division - Is responsible for the enforcement of the forest laws and regulations, monitoring and control of environmental and social impact of operations within the state forest and collection of revenue. Is also responsible for processing export documents (with forest produce), quality control and promote forest products, review and assist in enquires in relation to lumber and logs.

Forest Resource Management Division - Responsible for data collection on national forest resource, conducting surveys and inventories, researching and making recommendations on forest dynamics and silviculture, planning and recommending the allocation of concession areas, preparing operational guidelines for forest management planning, evaluating management and operational plans, prescribing standards for forest management and providing support for forestry extensions.

Responsible for building a GIS capacity, developing a database of digital geographical data and provide a service to both external & internal stakeholders.

A **herbarium** is available for public use and has a collection of wood samples and plant specimens (these are sold at a cost recovery basis).

Human Resources & Administration- Responsible for staff management, development and implementation of human resource policies and procedures, education, training, including in service training and liaison with relevant teaching and training institutions. Also responsible for maintenance of GFC assets, implementation of health and safety policies and security issues.

A **library** has been opened for public use and is stocked with research findings, and journals on issues on the local and international arenas.

COMMISSIONER'S MESSAGE

GFC's Annual Report for the calendar year 2006 highlights the major achievements by Division.


An overview of general forest sector data inclusive of Production and export information is also presented.

Again, the GFC was able to achieve in excess of its approved work-plan and this can be attributed to the continued commitment, dedication and improving efficiency of staff members.

The GFC Board of Directors and the Minister of Agriculture must also be commended for their high quality of guidance and excellent support provided to both Management and staff.

We must also thank all direct and indirect stakeholders including other Government Ministries and Agencies, Civil Society and the General Public for contributing immensely to the successful execution of our Work Plan.

We look forward to your continued partnership and valued collaboration.



James Singh
Commissioner of Forests

EXECUTIVE SUMMARY

GFC's Annual Report for the calendar year 2006 highlights the major achievements by Division.

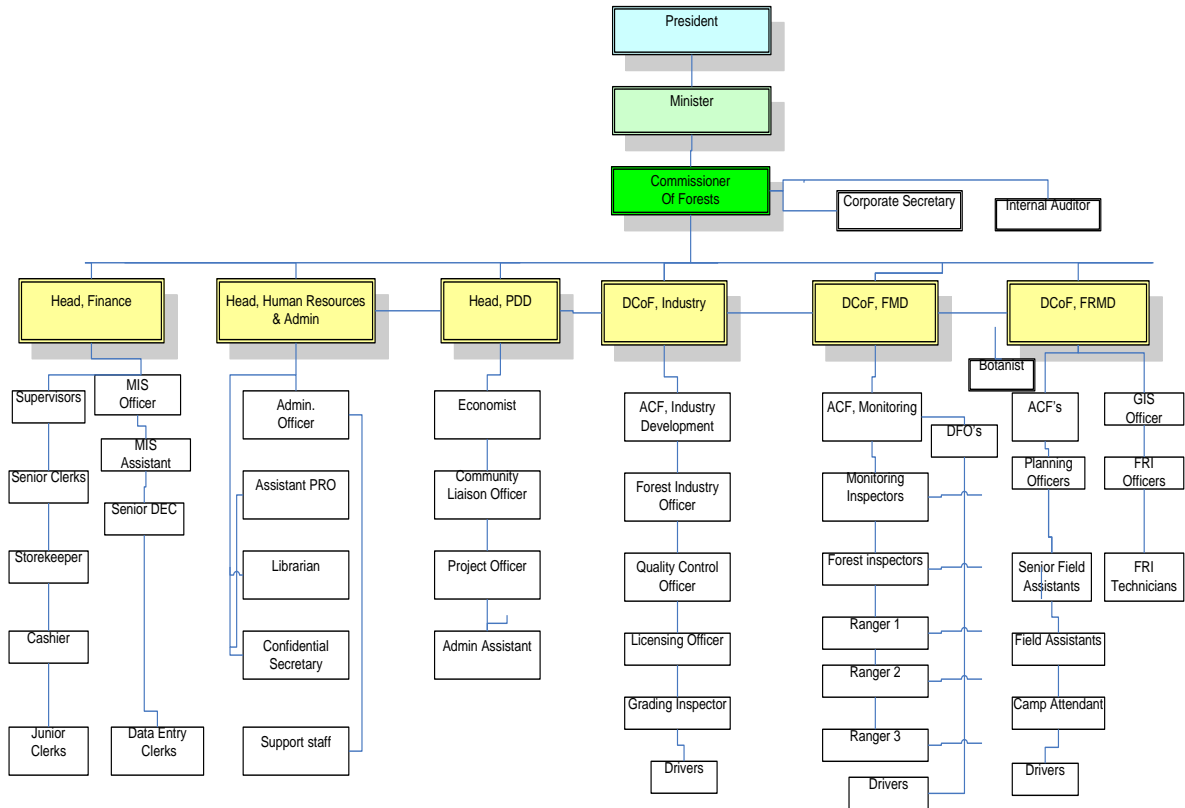
An overview of general forest sector data inclusive of Production and export information is also presented. Again, the GFC was able to achieve in excess of its approved work-plan and this can be attributed to the continued commitment, dedication and improving efficiency of staff members.

The GFC Board of Directors and the Minister of Agriculture must also be commended for their high quality of guidance and excellent support provided to both Management and staff.

We must also thank all direct and indirect stakeholders including other Government Ministries and Agencies, Civil Society and the General Public for contributing immensely to the successful execution of our Work Plan.

We look forward to your continued partnership and valued collaboration.

GFC ORGANIZATIONAL CHART



HUMAN RESOURCES AND ADMINISTRATION

Recruitment

59 persons were recruited in 2006. These included Forest Rangers, Audit clerks, middle managers, management trainees and junior line staff.

Attrition.

With a total of 24 resignations, 6 voluntary terminations, 9 dismissals and 1 death we lost 40 staff altogether and with 59 recruitments we had a lower turnover in 2006 compared to the turnover in 2005. It was 21.97% compared to 46.8% in 2005.

Staffing

In 2006 our staffs were distributed among the five departments as follows:

Department	2005	2006
	Number of staff	Number of staff
Forest Monitoring Division	97	93
Forest Resources Management Division	40	45
Planning Development Division	4	4
Human Resources & Administration	20	20
Finance & MIS	13	15
Forest Products Marketing Council	3	5
Total	177	182

Discipline

With the distribution of 7 field manuals to the staff in FRM and FMD, we have added greater accountability to their jobs. All officers are required to read/study the manuals and ensure they avoid compromising their jobs. Since then, we have had fewer disciplinary problems especially those associated with breach of procedures. 10 officers have been surcharged for negligence in collecting fines or damage to vehicles 5 were suspended from 3 days to 2 weeks for negligence in performing their duties in accordance with the regulations.

Staff Development

Scholarships

One staff completed his degree in Forestry at UG and was later appointed to the position of DFO on probation.

One Ranger was also given full scholarship to study the degree programme in Forestry at UG with effect from September 2006.

Eleven (11) staff have benefited from sponsored intensive local and overseas training courses in the areas of Sustainable management of Tropical Plantations, Monitoring the Amazon Land Cover, Reduced Impact Logging.

Two Amerindian students were awarded scholarships at the Guyana School of Agriculture.

Two staff members continued work on their MSc in Forest Biology at the University of Guyana; they are expected to complete same in 2007.

Several staff including the Commissioner and nearly all the Heads of Divisions went on overseas workshops on behalf of the Commission in 2005

In-house training continued as shown in the following table:

Name of Course	Number in attendance
Tree and wood identification	70
Reduced Impact Logging	15
Middle management training	32
Forest laws	19
GPS and using the Compass	21
Induction programme	34
HIV Peer education workshop	15
Arcview Training	5

The only programme that was exclusive to the Middle Management and senior staff was the training in Econometrics-advanced statistical techniques. The staffs that benefited mainly from the above training were the forest officers and particularly the outstation staff.

Policy Changes

We continued to issue guidelines to staff in 2006 including 7 manuals of procedures covering areas such as Forest laws, codes of practice, human resource and finance. All officers at the stations were given individual copies of the 6 manuals. The reduced disciplinary problems associated with violating procedures were noted and is possible due to the increased sensitivity of the staffs. Most of these manuals were also revised/updated by the Heads of Departments.

Outreach Activities

GFC staff continued to give career guidance at several fora, including exhibitions, and schools. Examples of such activities are shown below.



GFC staff at work at the National Exhibition at Sophia in 2006.



GFC Librarian promoting Forestry as a career in Abram Zuil's Secondary school

PLANNING AND DEVELOPMENT DIVISION

The Planning and Development Division (PDD) is responsible for the coordination and preparation of forest sector plans and reports; conducting special economic and technical studies; providing a forest sector information service; drafting project proposal for external funding and implementing funded projects; and coordinating the GFC's social development programme.

The current staff structure consists of a Division Head, Economist, Community Development Officer and Administrative Assistant.

The work plan of PDD is guided by the National Forest Plan and the National Forest Policy Statement which emphasizes the importance of the multiple uses of Guyana's forest and directs focus on diversifying the forest products and value adding processing.

The main focus of the Division in 2006 was centered on streamlining forest sector reporting. This effort was strongly supported by an integrated database management system, automated data processing and verification.

The main achievements for 2006 were the restructuring of the GFC's sector report and the implementing of key funded project activities which covered areas of forest law enforcement, forest landscape restoration, community forestry training, chainsaw logging, and technical capacity building in communities. A project on the utilization of lesser used wood species, which was previously approved by the International Tropical Timber Organization, was funded in 2006. This project is set to be implemented in 2007. Several other project areas were identified in 2006 and project proposal drafted for external funding. These include kiln drying, remote sensing and bar coding, national forest inventory, and conservation of forest biodiversity in forest concessions.

REVIEW OF THE FOREST SECTOR

Annual Production and Export Volumes of Timber and Plywood for Years 2000 - 2006

(x 1000 cu. metres)

Product	Year	2000	2001	2002	2003	2004	2005	2006
Logs	Production	288.5	311.9	297.5	236.2	366.0	323.9	380.0
	Export	44.3	35.1	47.9	48.0	60.3	115.8	185.0
Chainsawn Lumber Sawnwood*	Production	28.8	29.5	31.0	38.2	36.1	57.8	60.0
	Export	18.8	18.8	32.7	27.4	37.5	42.0	46.0
Roundwood (Piles, Poles, Posts, Spars)	Production	26.9	19.3	14.6	14.7	18.0	19.6	16.5
	Export	3.4	1.9	6.4	9.2	14.5	9.0	12.5
Splitwood (Staves, Shingles)	Production	1.4	2.0	1.4	3.1	3.0	3.2	3.4
	Export	0.4	0.9	0.7	2.0	2.0	2.2	2.4
Fuelwood (Charcoal, Firewood)	Production	24.9	15.2	20.3	16.6	17.0	17.8	22.0
	Export	0.3	...	1.4	0.9	1.9	1.7	4.0
Total Timber	Production	370.5	377.9	364.8	308.8	440.1	422.3	481.9
	Export	67.2	56.7	89.1	87.5	116.2	170.7	249.9
Plywood	Production	91.9	70.6	51.3	74.7	54.2	37.1	35.0
	Export	87.0	69.9	46.8	52.6	49.5	36.6	24.5
Total Timber & Plywood	Production	462.4	448.5	416.1	383.5	494.3	459.4	516.9
	Export	154.2	126.6	135.9	140.1	165.7	207.3	274.4

N.B. * Sawnwood exports derive from both Chainsawn (Primary) production quoted and Millsawn lumber

... Data unavailable

Annual Export Values of Forest Products for Years 2000 - 2006

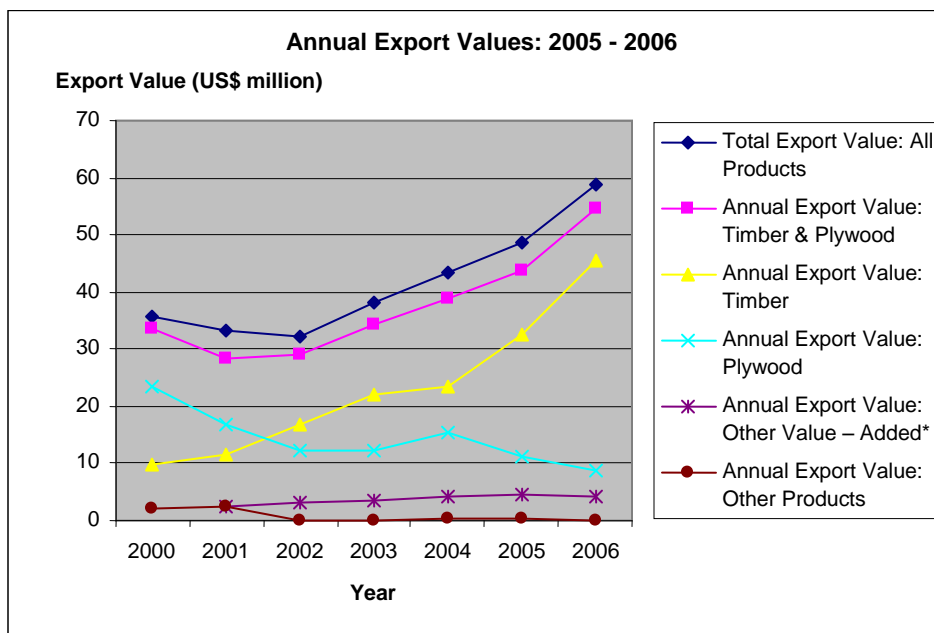
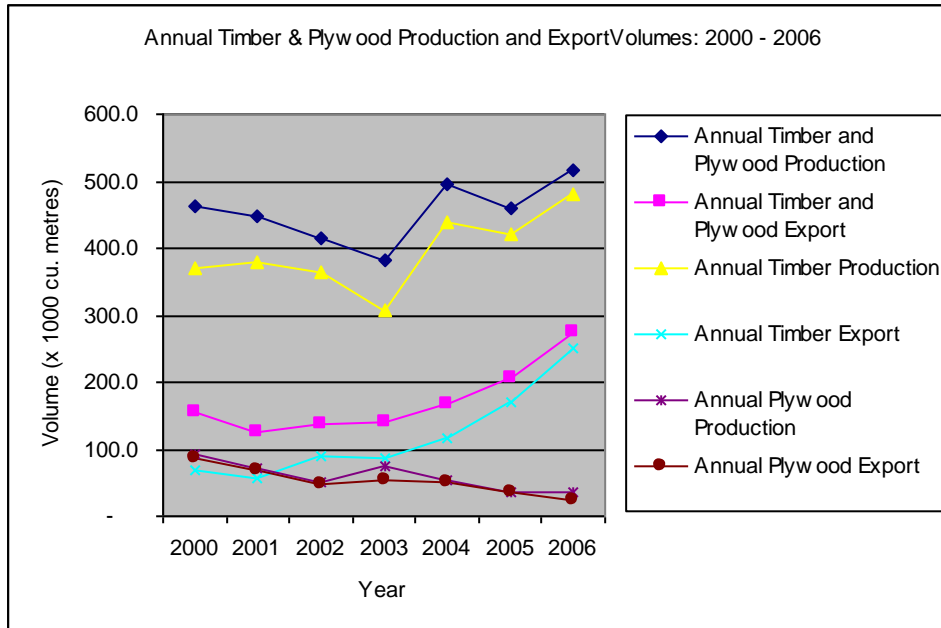
(US\$M)

Product	Year	2000	2001	2002	2003	2004	2005	2006
Logs		2.8	3.2	4.6	8.5	5.8	12.0	21.6
Sawnwood*		6.2	7.6	10.7	9.2	13.8	17.7	20.7
Roundwood		0.7	0.4	1.1	3.8	2.5	1.8	2.1
Splitwood		0.2	0.3	0.4	0.5	1.2	1.1	1.2
Total Timber		9.9	11.5	16.8	22.0	23.3	32.6	45.6
Plywood		23.6	16.7	12.3	12.4	15.5	11.3	8.9
Total Timber & Plywood		33.5	28.2	29.1	34.4	38.8	43.9	54.5
Other Value - Added Products (Furniture, Building Components)		...	2.5	3.0	3.5	4.3	4.5	4.1
Other Products **		2.2	2.4	0.1	0.1	0.3	0.2	0.1
Total Export Value		35.7	33.1	32.2	38.0	43.4	48.6	58.7

N.B. * Sawnwood exports derive from both Chainsawn (Primary) production quoted and Millsawn lumber

** Includes Fuelwood exports for which total export values are minimal

... Data unavailable



* Other Value-Added: Data not available for 2000

The tables and graphs above outline the performance of the sector in terms of production, export volumes and values.

Output of the Forest Sector as measured by Timber and Plywood production volumes expanded 12.5% in 2006 attaining 516,900 cubic metres (m³) compared to 459,400 m³ in 2005. Export volumes also grew, by 20.8%, from 207,300 m³ metres to 274,400 m³. Such expansion was driven primarily by increased log exports (higher prices prevailing) which jumped 59.8% or 69,200 m³ from 115,800 m³ to 185,000 m³. This demand was filled primarily by increased log output (rather than a shift from domestic supply) of 56,100 m³ (17.3%), from 323,900 to 380,000, reversing the previous year decline of 11.5% and representing 73.5% of production compared to 70.5% in 2005. While total timber production improved 14.1% or 59,600 m³ (from 422,300 m³ to 481,900 m³), Plywood output fell 5.7% from 37,100 m³ in 2005 to 35,000 m³ in 2006. The latter, however, marks a significant improvement from the 27.4% decline in 2005 compared to 2004 as 2006 prices have increased. Output and export volumes for all other timber also increased compared to the previous year except for Roundwood for which, while production declined export volume still increased.

Total export earnings for the year was US\$58.7M, increasing 20.8% from the 2005 level of US\$48.6M, the trend of improvement persisting over the last five (5) years. Compared to the 2001 export value of US\$33.1M, the 2006 earnings are greater by 77.3% (nominal growth).

As noted above, Logs led exports, accounting for 67.4% of Timber and Plywood volume (compared to 55.9% in 2005) and 36.8% or US\$21.6M of total export value (an 80% increase compared to US\$12.0M in 2005 - 24.7% of total value). The primary log market continues to be China and India.

Total timber export earnings were US\$45.6M or 39.9% higher than the 2005 value of US\$32.6M. Prices and export earnings for all timber improved except for Roundwood for which, while prices fell, the export volume improvement resulted in greater total value. For Sawnwood, prices for the undressed variety increased by a greater dollar value than for the dressed variety and exports of the former have outpaced the latter compared to a more even distribution in 2005. Earnings from Plywood exports declined 21.2% despite higher prices as volume lagged, failing to be picked up sufficiently after 2005 reductions and fluctuations in previous years. Exports of other value-added items have improved steadily in the period 2001- -2006 except for a slight drop in 2006, and have accounted for an annual share of total export revenue in the range 7% - 10%.

Domestic prices have also increased, primarily in response to fuel price hikes and possibly based on the expanding demand from the Engineering & Construction sector. Levels remain below export prices, however. (*Table below*)

Average Prices for Timber & Plywood - Domestic and Export Markets: 2005 – 2006 (per m³)

YEAR / MARKET	2005 Domestic	2006 Domestic	2005 ** Domestic	2005 Export	2006 Export	2006 ** Domestic
PRODUCT	G\$	G\$	<i>US\$ equiv</i>	<i>US\$ (FOB)</i>	<i>US\$ (FOB)</i>	<i>US\$ equiv</i>
Logs	19,278	20,700	96.39	125.88	132.71	103.5
Sawnwood *	58,606	60,996	293.03	420.0	450.30	304.98
<i>Dressed</i>	66,224	68,925	331.12	450.36	485.29	344.63
<i>Undressed</i>	55,090	57,336	275.45	393.02	440.34	286.68
Roundwood	40,589	36,607	202.95	216.65	197.37	183.04
Fuelwood	3,676	4,376	18.38	24.01	29.61	21.88
Plywood	53,011	60,221	265.01	309.77	364.01	301.11

N.B. * Row indicates combined average for Dressed and Undressed Sawnwood

** Exchange Rate: G\$200 = US\$1

Considering the greater output, export earnings and higher domestic prices, the Forest Sector's contribution to national output for 2006 or Gross Domestic Product (GDP) can be expected to be higher in absolute value, compared to 2005. Using the traditional GDP components of Logs, Roundwood and Sawnwood, volume has increased 5.5% from (401,300 m³ to 423,500 m³) compared to a decline of 9.6% the previous year (420,100 m³ in 2004). The sector's primary contribution to GDP for the previous six (6) years, 2000 – 2005 is shown in the table below, along with the sector's computed total contribution inclusive of secondary processing.

Forestry's Contribution to Gross Domestic Product for the period 2000 - 2005 (G\$M at 1988 Prices)

YEAR	GDP AT FACTOR COST*	FORESTRY	FORESTRY as % of GDP	GDP Inclusive of Forest Sector Secondary Processing**
2000	5352	189	3.5	8.02
2001	5474	195	3.6	7.18
2002	5536	180	3.2	6.24
2003	5500	183	3.3	6.43
2004	5587	184	3.3	7.18
2005	5419	195	3.6	6.85
2006***				7.69

* Measures domestic output exclusive of indirect taxes on goods and services.

** Computations done routinely by the Guyana Forestry Commission.

Source: Bank of Guyana Statistical Bulletin, March 2006

*** Information for 2006 not yet released from the Official Source – Bank of Guyana

Employment in the Forest Sector: Years 2005 – 2006

YEAR	2005	2006
ACTIVITY	No. Employed	No. Employed
Logging	12,229	14,097
Sawmilling	2,848	3,019
Timber Dealership	1,647	1,825
Sawpit	1,203	1,222
Plywood	712	699
Manicole Palm	658	658
Fuelwood	119	145
Splitwood	121	124
Furniture, Building Components, Other Wood Products, Craft	4,000	4,000
Other (Exploratory Permits, Conservation, etc)	100	100
TOTAL	23,637	25,889

ACTIVITIES IN 2006

Workshop on Forest Landscape Restoration (FLR)

The ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests was published in 2002. With support from the World Conservation Union (IUCN), nine (9) national workshops were prepared to further support the dissemination of the Guidelines, the Manual and the concept and implementation activities of FLR. The Guyana workshop was carried out during 13th to 17th March, 2006 at the Le Meridian, Pegasus. Representatives from ITTO and IUCN were present at this workshop. The participants included representative from the forest sector and relevant government agencies.

Some of the key conclusions of the project included the recognition of the need for a pilot project on FLR in Guyana, the need for reformatting of the Guidelines to be more user-friendly and field ready, regional sensitization of FLR activities, and recognition of the existing scope for the practice of FLR in Guyana.



Seated in the front row from left are the international facilitator from IUCN, Ms. Consuelo Espinosa, the National Facilitator from the GFC, Mr. Tasreef Khan, the ITTO Regional Representative, Mr. Jorge Malleux, the Head of Finance (GFC), Mr. Edward Goberdhan and the local assistant from the GFC, Ms. Pradeepa Bholanath. Behind, are the participants of the Workshop with their certificates on display.

Audit of the Log Tracking System

In 2001, Guyana instituted a log tracking system as a means of controlling illegal logging activity. The system is comprehensive and applies to all state forest operations as well as Amerindian lands and private property. In June 2006, PROFOREST, a reputable forestry consultancy firm in the United Kingdom, was contracted by the Guyana Forest Commission (GFC) to audit the log tracking system that Guyana has in place for timber produce.

The main lessons learned from the project include the following: an audit of the log tracking needs to be done periodically, to ensure that the system is working effectively; adequate reconciliation of tags issued and used need to be performed, in order to track the updated status of tag usage; training needs to be carried out on a periodic basis on the use of the log tracking system; and the documentation of logs tag usage needs to be more consistent and systematic to track defaulters.



Chainsaw logging study:

In 2006, the GFC participated in a project entitled: “Development Potential of Chainsaw Logging and Milling: Opportunities and Constraints” funded by DFID and coordinated by LTS International, a consultancy firm in the United Kingdom. This project was further supported by the Food and Agriculture Organization of the United Nations (FAO) and examined socio economic, marketing, technical, and environmental aspects of chain saw logging. A workshop was organized to present the findings of these studies to national and regional stakeholders during the 17th and 18th of May 2006.

Participants from Belize, Ecuador, Suriname and Guyana discussed the challenges faced by the forest sector in their respective countries, over the past decade. The Guyana Forestry Commission’s

innovative policy and regulatory approach to Chainsaw Logging was the core reference for a comparative regional debate. A crucial finding from the preliminary studies conducted in Guyana is that, contrary to what is widely believed, recovery rates from Chainsaw logging are competitive with those achieved by other forms of processing such as static mills. In addition, the project concludes that chainsaw logging is an increasingly important source of income in many rural communities but if it is to flourish and to be a sustainable technology, it needs to be continually supported by a favourable policy and resource allocation framework.

Capacity Building through the Amazon Cooperation Treaty Organisation (ACTO)

Three capacity building sessions were financed and coordinated by ACTO in 2006. The first was a regional forum on forest law enforcement held in Sao Paulo, Brazil during 29th – 31st August, 2006. This workshop was financed by the FAO with joint support from ACTO. Invited at this session were: Bolivia, Brazil, Columbia, Ecuador, Guyana, Peru, Suriname, and Venezuela. Representatives of the Guyana Forestry Commission and the Forestry Training Centre, Inc. participated in this forum.

The second session was on Capacity Building on Monitoring of the South American Amazon Vegetation Cover held in Sao Paulo during 16th to 27th October, 2006. This course was conducted by National Institute of Spatial Researches – INPE through the Earth Observation General Coordination and its Remote Sensing Division and was attended by three persons from the GFC. This course was successful in passing on useful information in forest monitoring through using Geographic Information System (GIS) software.

The third session was on Reduced Impact Logging (RIL) held on 3rd to 8th December in Belém, Brazil. This course was conducted by the Tropical Forest Institute/Tropical Forest Foundation – TFI/TFF in Belém, Brazil. The programme was successful in clarifying main concepts regarding the practice of RIL regionally, which will allow for participants to make accurate decisions on those issues in their future work.

Project Proposals

Several projects proposals were drafted in 2006 and subsequently submitted to interested donor agencies. These included a project aimed at conducting a national forest inventory for Guyana, submitted to FAO. Three projects proposals were submitted to the International Tropical Timber Organization in the following areas: encouraging value adding in the timber sector through kiln drying, increasing capacity of the forest sector in Guyana to utilize bar coding in timber tracking and remote sensing in forest monitoring, and enhancing forest fire management in Guyana. The projects on Kiln drying and fire management have been approved by ITTO.

In addition to these, a project proposal was submitted to the United Nations Development Programme, environment Sub-Project. This proposal is based on developing criteria and indicators for allocating forest biodiversity conservation areas within forest concessions.

Successful proposals are expected to be funded by first quarter 2007.

In November 2006, project proposal which was previously approved by ITTO on Utilization of Lesser Used Species (LUS), was financed by ITTO. This project is set for implementation in 2007 and is scheduled to be implemented over a 12 month period. The main outcome of this project is expected to be a broadening of the species utilization base of Guyana woods and to develop the potential of the identified LUS to be used in valued added timber processing activities.

Reports and Analyses

Three main reports were completed in 2006. These were based on analyzing the impact that the Value Added Tax would have on the forest sector, various financing mechanisms which are available to the forest sector in Guyana (both locally and internationally), and analysis of the performance of large concessions in 2006. These reports were used to aid decision making in GFC's strategic activities during 2006.

Boosting Processing Capability in Forest Based Communities

The Guyana Micro-Projects Programme (GMPP) is a European Union/GOG funded programme which targets the economic and social development of vulnerable groups/communities in Guyana, by contributing to the financing of micro projects at the community level. In 2006, the GFC assisted three (3) communities to access funding through this Programme for technical capacity building in forestry activities. These communities were:

- ❖ Region 10, Agriculture and Forest Producers Association (Linden) – Region 10
- ❖ Ituni Small Loggers Association (ISLA) – Region 10
- ❖ Upper Berbice Forest Producers Association (Kwakwani) – Region 10

The communities of Linden, Ituni and Kwakwani were awarded grant funds in the amount of G\$8,962,500.00 each: Linden for the purchase of a portable mill, Ituni for the purchase of a portable mill and Kwakwani for the purchase of a tractor and trailer.

Training in Forest Communities

GOG/UNDP Project on capacity building for Natural Resources and the Environment through the Ministry of Foreign Affairs in collaboration with GFC and FTCI, funded a training programme within 14 targeted communities to train selected persons in sustainable Forest Management Practices, namely Forest Law, Forest Management and Forest Inventory. The overall objective of the Project was the empowerment of these Communities with the necessary knowledge to utilize their Forest to their benefit in a sustainable manner.

The Communities which benefited from this training were:

- 1) Riversview – Region 10 – Training completed – June 24,2006
- 2) Batavia – Region 7 – Training completed – June 25,2006
- 3) Kabakaburi – Region 2 – Training completed – July 11, 2006
- 4) Whyaka, Capoey and Tapakuma – Region 2 – Training completed – July 12, 2006
- 5) Kwabanna – Region 1 – Training completed – July 15, 2006
- 6) St. Francis Mission, Moraikobai – Region 5 – Training completed – July 28,2006
- 7) Orealla/Siparuta – Region 6 – Training completed – August 7 & 8, 2006
- 8) St Ignatius, Central Rupununi – Region 9 – Training completed – September 17, 2006
- 9) Nappi Village, Central Rupununi – Region 9 – Training completed – September 18, 2006
- 10) Annai, North Rupununi – Region 9 – Training completed – September 19, 2006
- 11) Campbelltown/Micobie, Madhia – Region 8- Training completed- October 31, 2006



Training Session Conducted in Riversview Amerindian Community

GFC's Social Development Programme

The main objective of this Programme is to identify and address specific social issues and problems within communities whose economies are dependent upon forest related activities in a collaborative, multi disciplinary approach with Ministries and Agencies such as Health, Education, Amerindian Affairs , Local Government, Labour and Social Services, Office of the President, EPA, GGMC and Land and Surveys. In 2006 various outreach visits were conducted and relevant identified issues addressed. The main achievement with regards to this Programme for 2006 was an enhanced system of communication being established, thus enabling the representative Agencies and Ministries to share information and data as it related to activities and plans designed for these forested communities so as to eliminate if possible overlapping responsibilities

FINANCE DIVISION

Production for 2006 increased by approximately 60,000 cubic meters, and this accounted for a higher collection of royalty. The increase in production was mainly from the Timber Sales Agreements. Despite this increase in production and royalty collection a number of concessions remain inactive or being under utilized for the period. Improvements have however been indicated for 2007 and we envisage higher royalty and acreage fee collection.

Export commission also increased; this was attributed to increase in export volume of primary forest produce – logs and lumber. Prices on the export market were also favorable. The formation of the Forests Products Marketing Council in the latter part of 2005 greatly assisted in marketing of Guyana's timber on the export market. Again the future looks bright on the export market for Guyana's timber and we should continue to see an increase in export volume, value and commission.

Revenue from licensing fees also increased. The monitoring division was more proactive in 2006 in curbing illicit operations and hence additional penalties and fines were instituted. There were also an increase in portable mills and more small concessions (SFP) were made available to operators. Timber dealer's licenses also increased in the year.

General income and investment income were basically the same for 2006 as in 2005.

Overall the GFC did excellently in revenue collection surpassing its budget and \$ 500M for the first time. The future looks good as there seems to be an increase in the demand for Guyana's timber on the export market coupled with higher prices being paid. The GFC has budgeted to collect approximately \$ 600M in 2007 and is confident it can meet this target.

Operational Activities

Audit

The division is awaiting the audit of fiscal year 2006 by the Office of the Auditor General.

MIS Activities

The MIS Division was faced with many challenges in the year. The MIS Manager resigned in 2005 and his replacement also left in early 2006; a new MIS Officer and an assistant were recruited and they underwent extensive training during the year. Unfortunately the assistant resigned in December 2006. Despite these setbacks, the department was able to deliver acceptable IT services to the GFC and FPMC. Some of the major activities undertaken were as follows:

- Acquisition of new computers as replacement, and servicing of old computers as the need arise.
- Acquisition of a new Central Server
- Installation of GTT Broadband Service
- Co-ordination of the upgrading of FPMC Website
- Co-ordination of the modification of the Production and Export Database

Both the production and export database are fully functional and reports are being received on a timely basis.

Projects

During the year the division assisted in the preparation of accounts for several projects:

- ITTO on Reduced Impact Logging in Guyana
- ITTO Short Project on Forest Landscape Restoration
- ITTO Short Project on Log Tagging
- UNDP Short Project on Capacity Building
- WWF- Sustainable Forestry Management
- FMPC Projects with GTIS, WWF, EU

Audited financial statements are attached



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 73/2010

8 November 2010

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE GUYANA FORESTRY COMMISSION
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

I have audited the accompanying financial statements of Guyana Forestry Commission which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 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. This responsibility includes: designing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount 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 controls 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 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 on pages 4 to 14 present fairly, in all material respects, the financial position of the Guyana Forestry Commission as at 31 December 2006, and the results of operations for the year then ended in conformity with International Financial Reporting Standards.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

GUYANA FORESTRY COMMISSION

Balance Sheet as at 31st December 2006

	2006	2006	2005	2005
	G\$	G\$	G\$	G\$
Assets	Note			
	5			
Fixed Assets		354,752,690		340,010,325
Current Assets				
Stocks		2,268,028	1,334,056	
Accounts Receivable		859,241,151	710,935,185	
Other Debtors & Prepayments		14,565,376	21,550,107	
Loose Tools		118,770	118,770	
Cash on Hand & Bank		<u>580,546,604</u>	<u>727,489,158</u>	
Current Assets		<u>1,456,739,929</u>		<u>1,461,427,276</u>
Less				
Current Liabilities				
Creditors & Accruals		367,321,007	196,737,368	
Taxation		841,187,514	768,971,678	
Suspense A/C		253,143	286,088	
Total Current Liabilities		<u>1,208,761,664</u>		<u>965,995,134</u>
Net Current Asset		<u>247,978,265</u>		<u>495,432,142</u>
Assets less Liabilities		<u><u>602,730,955</u></u>		<u><u>835,442,467</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		2,250,000	4,500,000	
Accumulated Earnings		271,681,337	502,142,849	
		<u><u>602,730,955</u></u>		<u><u>835,442,467</u></u>

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

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

GUYANA FORESTRY COMMISSION

Statement of Cash Flows
For the Year Ended 31st December 2006

	2006 G\$	2006 G\$	2005 G\$	2005 G\$
Operating Activities				
Operating Profit		141,754,325		108,681,776
<i>Adjustment to Reconcile Operating Profit to Cash</i>				
Add:				
Depreciation	33,739,741		33,089,348	
Gain on Disposal of Fixed Assets	(7,300,000)		(7,900,000)	
Sub Total	26,439,741		25,189,348	
Add/(Less):				
Transfer to NICIL	(300,000,000)			
Increase/(Decrease) in Creditors	170,583,639		22,237,370	
(Increase)/Decrease in Stocks	(933,972)		310,853	
(Increase)/Decrease in Other Debtors	6,984,731		(2,640,107)	
(Increase)/Decrease in Accounts Receivable	(148,305,966)		(4,191,477)	
(Decrease)/Increase in Suspense	(32,945)		4,683,616	
Sub Total	(271,704,513)		20,400,255	
Total Adjustments		(245,264,772)		45,589,603
<i>Net Cash Inflow from Operating Activities</i>		(103,510,447)		154,271,379
Investing Activities				
Proceeds from Sale of Fixed Assets	7,300,000		7,900,000	
Capital Donation	-		6,000,000	
Acquisition of Fixed Assets	(49,607,110)		(21,744,775)	
<i>Net Cash Flows Used For Investing Activities</i>		(42,307,110)		(7,844,775)
Financing Activities				
Write off from Capital Donation Reserve		(1,125,000)		(1,500,000)
Net Increase/(Decrease) in Cash/Bank		(146,942,557)		144,926,604
Cash on Hand 01.01.2006		727,489,158		582,562,554
Cash/Bank Increase 2006		(146,942,554)		144,926,604
Increase/(Decrease) in Bank Overdraft		-		-
Cash on Hand & Bank 31.12.2006		580,546,604		727,489,158

GUYANA FORESTRY COMMISSION
Income & Expenditure Statement
For the Year Ended 31st December 2006

Income	Note	2006	2006	2005	2005
	6	\$	\$	\$	\$
Royalty		212,904,929		203,457,054	
Acreage Fees		112,627,156		143,048,521	
Licence Fees & Fines		63,991,425		60,775,844	
Commission		142,755,773		113,410,927	
Miscellaneous		34,897,493		3,311,673	
Interest Income		25,938,465		22,564,255	
Gain on Disposal of Fixed Assets		7,300,000		7,900,000	
Other Income - Donation		1,125,000		1,500,000	
Other Income - Grant		28,541,260			
Total Income			630,081,501		555,968,274
Expenditure	7				
Employment		188,950,094		189,124,417	
Operational		94,839,024		83,128,937	
Administrative		33,163,529		27,231,224	
Repairs & Maintenance		23,680,333		26,558,898	
Financing		2,007,171		4,784,841	
Professional Fees		91,024,501		60,330,400	
Depreciation	5	33,771,242		27,673,915	
Provision for Bad Debts		20,891,282		27,992,032	
Miscellaneous		-		461,834	
Total Expenditure			488,327,176		447,286,498
Net Operating Income			141,754,325		108,681,776
Taxation			(72,215,838)		(59,710,099)
Net Income for the Year			69,538,486		48,971,677
Statement of Accumulated Earnings/(Losses)					
At 1st January 2006			502,142,848		453,171,171
Net Income for Year			69,538,486		48,971,677
Payment to NICIL			(300,000,000)		
At 31st December 2006			271,681,334		502,142,848

FOREST MONITORING DIVISION (FMD)

The Forest Monitoring Division is largely responsible for enforcing the forest laws and regulations, monitoring and control of environmental and social impacts of forestry operations and collection of revenue.

Management of the Division

During the year the COF and DCoF-FRMD managed the Division due to the absence of a DCoF. However, the ACF and DFOs were responsible for the day to day management of their unit and division. Monthly and quarterly progress reviews were done by the division.

At the end of 2006, the Division had a total of 93 staffs as compared to the 97 staffs present in 2005. During the year, the FMD was responsible for eleven (11) vehicles, four (4) of which had radios, eleven (11) motor cycles, eight (8) speed boats and thirteen (13) radio sets. These greatly enabled the FMD to effectively achieve its objectives especially in the area of fieldwork.

Forest monitoring activities carried out in 2006

Stump Inspection

In 2006, numerous inspections were carried out by forest Officers to verify whether various stakeholders were logging within their specified areas. In addition, the inspection served to inform officers as to the level of compliance with the GFC guidelines, as well as adherence to the proper utilization of log tags. Inspections were done upon request and as part of FMD's regular monitoring plan.

Environmental Monitoring of TSAs

During 2006, monitoring inspections were carried out for ISLA, CRL, NSL and WAICO. The inspection allowed the GFC to ascertain whether these companies were operating in accordance with the annual operational plans that were approved by the Commission. The finding of the inspection and relevant recommendations were sent to the companies. In general, the GFC was satisfied with the level of compliance.

Monitoring of SFPs

These inspections were done for a number of SFPs throughout the year. The compliance of stakeholder was measured against the GFC guidelines, and was generally of an acceptable level.

Table showing total number of SFPs that were monitored at the end of 2006

No	Division	Total No. of SFPs	Acres	Hectares
1	Berbice	84	1,538,396	619,800
2	Demerara	109	807,305	326,690
3	Essequibo	101	963,835	498,653
4	North West	11	85,875	34,747
	Total	305	3,395,411	1,479,890

2006 Licence issuance

Type of Licence	Amount issued in 2005	Amount issued in 2006	Percentage Increase/Decrease %
Sawpit	135	122	-11
Permit to Erect Sawmill	31	24	-29
Sawmill	97	100	3
Timber Dealers	201	221	9
Timber Depot	6	5	-20
Timber Path	4	9	55
Charcoal	9	10	10

From the table above it is seen that licenses for sawmills, timber dealers, timber path and charcoal experienced a positive increase. These statistics correlate well with the increase observed in overall production of forest produce.

FOREST RESOURCE MANAGEMENT DIVISION

The Forest Resources Management Division of the GFC is largely responsible for data collection on National Forest resources through surveys and inventories. In addition, the FRMD contributes to research and makes recommendations on forest dynamics, silvicultural trend the allocation of forest concession areas. The Division is also responsible for the preparation of operational guidelines, for evaluation of forestry management and annual operational plans, screening and review of proposed forestry operations, and ensuring concessionaires follow prescribed standards for forest management. It is also the responsibility of the division to disseminate information on Guyana's forest resources to stakeholders.

Activities

In addition to the training that was facilitated through the Human Resources Division, staff continued to benefit from in-house training such as: compass, clinometers, GPS usage, forest inventory, map reading and description, GIS software, basic function of Microsoft Excel and Word, tree and wood identification and GEMFORM.

Staff members also attended workshops and seminars both locally and overseas.

Vehicles

During the year, three vehicles were assigned to the Division so as to effectively achieve its objectives especially in the area of fieldworks.

Pre-harvest and Post-harvest Surveys

The Division provided assistance to large concessionaires in the carrying out of the 100% Pre – harvest inventory which is a requirement to inform the preparation of the Annual Operational Plan. No concessionaire is allowed to operate in the absence of the approved Annual Operational Plan.

State Forest Permission Assessment

During 2006, a number of concession boundaries were demarcated or inspected. Management level inventory was also conducted within 27 SFP concessions along the Mabura Road

Code of Practices

The GFC continued stakeholder discussions on the Code of Practice for mangroves, and the Code of Practice for Manicole Palm.

Forest Reserves

All GFC's Reserves were maintained, these include: Yarrowkabra, Bartica, Mabura, Ebini.

Forest Management Planning

Five (5) Forest Management Plans were submitted during the period under review. These were: Forest Enterprises Ltd, Jailing Forest Industries, Barama Company Ltd, Timber Traders and Mondeen Industries Ltd. All plans were approved after some minor modifications were addressed.

Seventeen (17) annual plans were submitted and approved during the period under review.

Forest Land Allocation

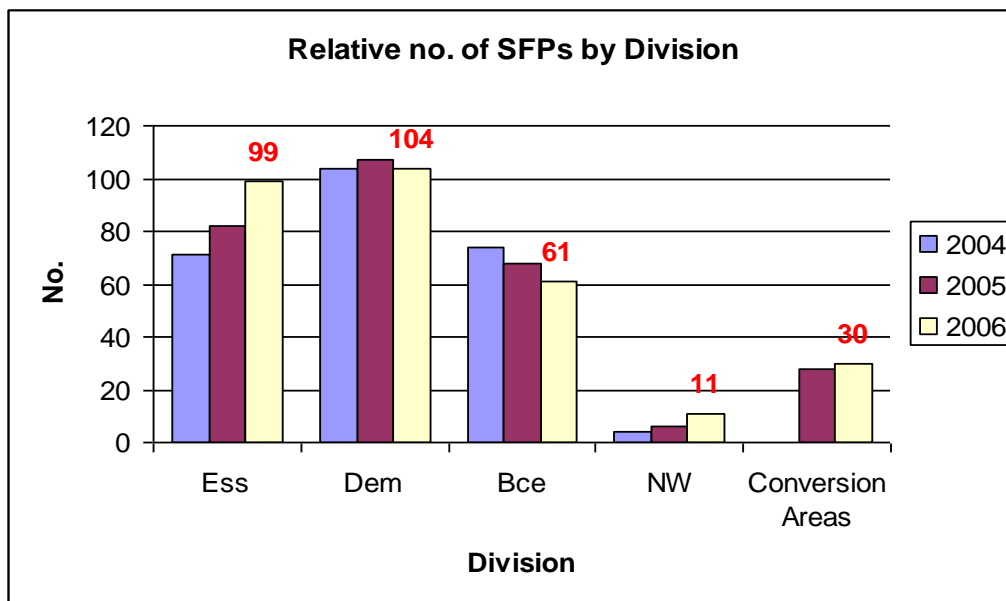
The table below shows area estimates for State Forests categories as at 2006. These estimates are based on state forest area of 13, 678, 616 hectares as calculated by GFC's GIS.

Since all Amerindian areas have not been verified, the figures provided for Amerindian areas are just for reference purposes.

TABLE SHOWING LAND ALLOCATION WITHIN THE STATE FOREST

CLASSIFICATION	NUMBER	SIZE (ha)	% OF STATE FOREST	% OF TOTAL PRODUCTION LAND ALLOCATED
<u>Production Areas</u>				
State Forest Permissions (SFP)	275	910,240	6	13
Wood Cutting Lease (WCL)	5	320,486	2	5
Timber Sales Agreement (TSA)	26	4,420,579	32	67
SFP Conversion Areas	30	537,903	4	8
State Forest Exploratory Permit (SFEP)	5	506,663	4	8
<i>Total Allocated for Production Use</i>	335	6,623,247	48	100
				% OF TOTAL RESEARCH/ RESERVE LAND ALLOCATED
<u>Permanent Research & Reserve Areas</u>				
Iwokrama Research Site	1	371,592	3	25
GFC Forest Reserves	11	18,147	0	1
Other Research & Reserve Sites	3	1,095,955	8	74
<i>Total Allocated to Research & Reserve</i>	15	1,485,694	11	100
TOTAL ALLOCATED LAND		8,108,941	59	200
<i>Total Unallocated Land</i>		5,569,675	41	
STATE FOREST LANDS		13,678,616	100	
AMERINDIAN LANDS	70	2,084,426		Not verified!

State Forest Permissions



During 2004 to 2006 the number of SFPs increased within the Essequibo and North West Divisions, however, there were slight reductions within the Berbice and Demerara Divisions. These reductions were due to a number of SFPs exceeding 20,000 acres undergoing the conversion process from 2005 as indicated by the graph above.

Forty Three (43) new SFPs were issued for 2006, large concessions remained unchanged since none of the SFEPs advertised have been approved as yet. Below is a table showing the distribution of SFPs issued by Division in 2006.

Division	Bce	Dem	Ess	Rup	NW
SFPs Allocated	8	18	16	1	0

Amerindian Reserves

Several areas have been identified by the Ministry of Amerindian Affairs for extension or titles (Annai Amerindian Village). Some areas identifies for titles were submitted to the Minister for approval.