Concerns over channeling of LCDS funds outside of Parliamentary Oversight

April 18, 2010 (KN)

“A rise in sea level, without the necessary protection, will inundate wetlands and lowlands, accelerate coastal erosion, exacerbate coastal flooding, threaten or destroy coastal structures, raise water tables and increase the salinity of rivers and aquifers.” Robert Persaud, Minister of Agriculture, who made this comment on Wednesday, said that a rise in sea level as a result of changes in global climatic conditions could bring about any or all of these situations.

He added that the necessary adaptation of the sea defences to combat the situation would require huge amounts of money; at least US$1B. “And this is a conservative estimate.” Fortification of 360km of sea defenses would call for some US$4.4M to US $6.4M per kilometer and another $500M would be required to prepare the drainage and irrigation system on the Coast as well.

The Minister said that the situation creates the need for viable alternatives that will allow for the continued well being of the country. He noted that the country’s rainforest presents an “unprecedented opportunity for national economic development and global climate security”. According to Persaud, preliminary evaluations indicate that the rainforests of Guyana would generate from G$430M to G$2B per year in providing services to offset Carbon emissions.

Member of Parliament, Winston Murray, another panelist at the lecture, voiced concerns at the utilisation of resource flows that will be generated from the revenues earned on our carbon sequestering resources. He noted that should these negotiations be successful, then there is need for both equity and probity in the disbursement of funds.

Murray said that he has looked at the Joint Concept Note for the MOU between Guyana and Norway and it was apparent that there were no measures in place to allow for the channeling of the monies through the Consolidated Fund so that it could subject to the approval of Parliament before disbursement.

The Joint Concept Note to which Murray was referring did however address the issue of accountability for the funding that Guyana is set to receive. On the matter, it states as follows: “The contributions to Guyana’s REDD-plus/LCDS from Norway and other contributors, including the FCPF, will be administered in a transparent manner. Information concerning all expenditures, both planned and implemented, will be publicly available.”

The Guyana REDD-plus Investment Fund (GRIF) will be a multi-donor financial mechanism managed by a reputable international organisation. The organisation will be jointly selected by the participants. The GRIF must be operational before any contributions can be disbursed from Norway.

The GRIF will channel REDD-plus financial support from Norway and other potential donors to the implementation of Guyana’s LCDS. Safeguards – including social, economic and
environmental safeguards – as well as the fiduciary and operational policies of the organisation selected, will apply, as appropriate, to all activities to be financed by the GRIF.

The Ministry of Finance of Guyana will be responsible for the execution of the GRIF operations, with the selected international organisation acting as manager.

The manager will be responsible for ensuring full oversight of the GRIF operations, including fiduciary obligation as trustee, and providing technical support as agreed with Guyana.

Guyana and Norway believe that the fund administrator will need to apply innovative and modern capabilities to ensuring that safeguard compliance is done in an efficient and expeditious manner – a mechanism for pre-screening of thematic areas should contribute to this.

The capability to enable this will be one of the criteria by which Guyana and Norway will determine who is to be the administrator of GRIF. GRIF could, if appropriate under a future UNFCCC climate change regime, over time evolve into a comprehensive climate change mitigation and adaptation fund.

Minister Persaud, in addressing the issue said, “All resources will be reported to the National Assembly and reflected in the National Budget, as was done this year. The GRIF will only be used for purposes defined during the extensive national consultations.

Further, the GRIF will be subjected to auditing by the intermediary international financial institution, and the local Auditor General’s Department for reporting to the National Assembly.”