# ART
## Architecture for REDD+ Transactions

# Using Carbon Markets to Protect Forests at Risk: A Case Study of Jurisdictional REDD+ in Guyana

The Architecture for REDD+ Transactions' (ART) standard, The REDD+ Environmental Excellence Standard (TREES), offers a carbon crediting pathway to support the country of Guyana to protect its forests while generating revenue for the priorities of Indigenous villages and for low-carbon development, creating a new financial model for countries with tropical forests around the world.

## HIGHLIGHTS: JURISDICTIONAL REDD+ IN GUYANA

18 million ha - **87% of Guyana - is covered by tropical forest**, storing 21.8 billion tonnes of $CO_2e$.

In February 2024, **ART issued 7.14 million 2021 TREES Credits to Guyana**, and Guyana became the first government to report a corresponding adjustment to the UNFCCC for the associated emission reductions.

This accomplishment builds on Guyana being the **1st country in the world to be issued TREES Credits by ART** in December 2022 – 33.47 million verified credits for its work to actively protect its forests 2016-2020.

**TREES Credits are eligible for use in the VCM**, towards Nationally Determined Contributions (NDCs) under Article 6.2 of the Paris Agreement and in the first global compliance carbon market, ICAO's CORSIA.

The **"High Forest, Low Deforestation"** crediting approach allows Guyana to demonstrate the effectiveness of its jurisdictional REDD+ program and enables it to conserve its forests as development pressures increase.

**15%** of revenue from credit sales goes directly to Indigenous people and local communities for activities of their choice; **85%** of revenue will be used for land titling for Indigenous villages, renewable energy, repairing canals, and protecting against climate change.

# Setting a remarkable precedent

Located in the Amazon Basin on the northern coast of South America, Guyana is one of the most heavily forested countries in the world. Many of Guyana's intact forests are managed by Indigenous people and local communities. High in biodiversity – with more than 1,200 species of wildlife including jaguar, giant river otters and harpy eagles, and 6,000 species of plants – tropical forest covers 18 million hectares (44.5 million acres) or 87 percent of the country. It is estimated that this forest stores 21.8 billion tonnes of carbon dioxide equivalent. As with forests everywhere, Guyana's are at risk as deforestation pressures continue to increase.

Recognizing the importance of its forest and due to measures in place, Guyana became the first country in the world to be issued verified carbon credits in December 2022 under The REDD+ Environmental

GUYANA'S FORESTS STORE **21.8 BILLION TONNES** OF $CO_2E$

Excellence Standard (TREES), managed by the Architecture for REDD+ Transactions (ART). **In what represents the single largest issuance of carbon credits in the history of carbon markets, Guyana was issued 33.47 million TREES Credits for nationwide climate benefits from its forest from 2016-2020.** These credits are eligible for use towards Paris Agreement Nationally Determined Contributions (NDCs) under Article 6.2, in the voluntary carbon market, as well as the first global compliance carbon market, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which has set a strong global benchmark for carbon credit quality.

Continuing this leadership, in February 2024, Guyana became the first government to be issued emission reduction credits for which a corresponding adjustment has been reported to the United Nations Framework Convention on Climate Change (UNFCCC), fulfilling the Letter of Authorization for use of the credits under the Paris Agreement. Guyana has submitted an update report to the UNFCCC documenting the corresponding adjustment to its NDC for 2021 for all 7.14 million emission reduction credits verified for 2021.

Guyana is also the first jurisdiction to be issued what's known as "High Forest, Low Deforestation" (HFLD) carbon credits. The TREES HFLD crediting approach enables a country like Guyana, whose efforts have resulted in consistently low rates of deforestation, to continue to actively conserve its forests as development pressures increase. Guyana is showing that forests can be valuable when left standing, and that it can be a better financial decision to take actions that continue to protect them.

Building on its remarkable precedent, Guyana is also implementing a broadly supported benefits-sharing agreement, with all 242 Indigenous villages and communities voting to participate and developing Village Sustainability Plans. This has resulted in substantial funds from the transaction of the 2016-2020 carbon credits being sent directly to every Indigenous village around the country. **ART offers an innovative, high-integrity way to protect forests at a jurisdictional scale while also supporting low-carbon development for forest stewards and their communities.**

> GUYANA IS SHOWING THAT FORESTS CAN BE VALUABLE WHEN LEFT STANDING, AND THAT IT CAN BE A BETTER FINANCIAL DECISION TO TAKE ACTION THAT CONTINUES TO PROTECT THEM.
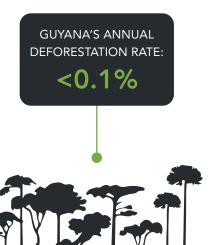
# Protecting forests at risk

Guyana's historically low deforestation rate does not make it immune to threats today or in the future. For example, there are presently 7,200 contracts for gold mining exploration that, if exercised, threaten 2.9 million hectares (7.2 million acres) of Guyana's valuable forests. Guyana must continue to actively mitigate these threats through strong governance, forest conservation and ongoing investment in sustainable livelihoods.

With an annual deforestation rate of less than 0.1%, Guyana has done an impressive job of protecting its forest. Guyana's sustained conservation efforts have allowed the country to retain its extensive forest cover, which means it is categorized as an HFLD jurisdiction under TREES.

However, a jurisdiction's HFLD status cannot be taken for granted. From 2010 to 2019, six countries lost HFLD status – Cambodia, Colombia, Laos, Samoa, Sao Tome and Principe, and Zambia[1]. This loss of HFLD status serves as a grim reminder: **Forests cannot be protected indefinitely without ongoing support and incentives.**

Building on the UNFCCC's international REDD+ program, this approach offers a conservative market-based method that captures the significant risks that tropical forests in countries like Guyana face, while also addressing issues such as "leakage," where decreased deforestation in one place leads to increased rates elsewhere.

GUYANA'S ANNUAL DEFORESTATION RATE:
**<0.1%**

1 Presented in: World Bank Group. (2021). Options for conserving stable forests. http://documents1.worldbank.org/curated/ en/541251635971110855/pdf/Options-for-Conserving-Stable-Forests.pdf

# Establishing a global benchmark

The Government of Guyana operates a Jurisdictional Forest Carbon Credits Program, which generates carbon credits at a nationwide scale, following ART's requirements for measurement, monitoring, reporting and verification, as well as environmental and social safeguards as defined in TREES. The Program builds on the country's efforts to maintain consistently low rates of deforestation, while also funding low-carbon development priorities.

After identifying the potential for carbon markets to support its climate and economic development goals, Guyana determined ART's approach was the best fit for the country. This decision was built on top of a strong policy foundation: the Low Carbon Development Strategy 2030 (LCDS), which was created through extensive national consultations in 2021 and years of work across the country. The strategy sets out a vision for how to save Guyana's forests in service to the world's battle against climate change.

As with the original LCDS developed in 2009, Indigenous peoples from all of Guyana's regions were consulted during the development of the LCDS 2030, which became the framework for the country's REDD+ initiative with ART. As a result, on July 15, 2022, the National Toshaos' Council, consisting of elected representatives of all Indigenous villages and communities in Guyana, passed a resolution endorsing the LCDS. In addition, in 2023, all 242 Indigenous villages and communities held community meetings and voted to participate in the REDD+ program and receive funds from the initial transactions of the first verified TREES Credits.

**15 percent of the revenue from the sale of carbon credits is earmarked for investment in community-led activities as decided directly by Indigenous people and local communities.** The remaining 85 percent of the revenue from the sale of carbon credits will be invested in land titling for Indigenous villages, renewable energy, repairing canals, and protecting against climate change. In 2023, all 242 Indigenous villages and communities in the country submitted their community-designed Village Sustainability Plans and already received funds from the sale of TREES Credits. In what is quickly becoming a new global benefit sharing model, villages around Guyana are showing that REDD+ finance can help improve forest management and climate resilience, and that jurisdictional benefit sharing can result in funds directly reaching Indigenous communities to be used as they desire.

**ALL 242**
INDIGENOUS VILLAGES AND COMMUNITIES HAVE RECEIVED FUNDS FROM THE SALE OF TREES CREDITS.

# Support for ART in Guyana

"We said long ago that national or jurisdiction-scale action on forests, coupled with access to global private finance, could create solutions that benefit the peoples of forest-rich countries while also achieving global climate goals."

**HIS EXCELLENCY, PRESIDENT OF GUYANA, IRFAAN ALI**

"We are pleased that ART-TREES was created to help accelerate global climate action - by recognizing what forest countries like Guyana have long called for: that the time for small-scale pilots and projects is long past, the world needs jurisdiction-scale action to make the required impact, and the world also needs to value the ecosystem services that tropical forests provide."

**DR. BHARRAT JAGDEO, VICE PRESIDENT OF GUYANA**

"In Guyana, we have always advocated for tropical forests to be worth more alive than dead. This means avoiding a centuries-old development trajectory where trees were destroyed as countries developed. We wanted to ensure payments for forest-climate services that are national in scope, market-based, beneficial to the citizens of forest countries, and accessible

for all forest countries, not only those who have deforestation as part of their development. ART-TREES provides a platform for this kind of ambition across the world – joining national efforts with a global pathway to halt and reverse tropical forest loss by 2030."

**PRADEEPA BHOLANATH, SENIOR DIRECTOR FOR CLIMATE AND REDD+, GUYANA'S MINISTRY OF NATURAL RESOURCES**

"For centuries our ancestors have protected the forest knowing the importance of it because it is where we got our food, medicines and materials to build our homes. Our good stewardship of the forest is being recognized now by the government of Guyana and the world; the financial benefits this brings directly to our villages and local communities are being used to develop our people's standard of living."

**DERRICK JOHN, CHAIR, NATIONAL TOSHAOS COUNCIL**

"Addressing climate change requires responses at scale: wholesale transformation of economies and sectors are needed. Guyana's bold step to transform its economic development with national jurisdiction REDD+ is one such

transformation and central to its approach. It is a testament to incentivizing the value of standing forests in realizing the kinds of changes needed, an inspiration to the world. Conservation International recognizes Guyana's unique opportunity to demonstrate development aligned with nature and its continued global leadership to pursue sustainable low-carbon development. It takes immense courage to pioneer new economic pathways and there is much for all to learn as Guyana sets the tone with these bold climate mitigation actions that strengthen the connection between people and nature."

**CURTIS BERNARD, EXECUTIVE DIRECTOR, CONSERVATION INTERNATIONAL – GUYANA**

"Without the proper financial incentives to value forests and the actions that protect them, there is no guarantee that forests in HFLD areas will remain standing in the long run. Providing a pathway that incentivizes jurisdictions to keep their forests standing will create a more effective and equitable global system for forest protection and restoration."

**MARY GRADY, EXECUTIVE DIRECTOR OF THE ART SECRETARIAT**

# ABOUT THE ARCHITECTURE FOR REDD+ TRANSACTIONS (ART)

The Architecture for REDD+ Transactions is a global carbon crediting program that certifies high-integrity emission reductions and removals from protecting and restoring forests at scale. ART's mission is to serve as a global quality benchmark for jurisdictional REDD+, providing the confidence needed in the integrity of emission reductions and removals from forest protection and restoration to unlock finance at scale for ambitious climate action and to incentivize governments to achieve those results.

Despite universal agreement on the essential role of forests in achieving the goals of the Paris Agreement and reversing the worst effects of global warming, forests are being lost at alarming rates. ART helps to urgently mobilize capital at scale for protecting and restoring tropical forests. Collectively, these actions can contribute up to one third of the climate results the world needs over the next two decades.

**For more information about ART visit www.artredd.org.**