

## CASE STUDY

## ART-TREES, GUYANA CREDITS



**Accounting period:** 2016 – 2020



**Forest area:** 18 million hectares



**Claimed carbon savings:** 33.5 million tonnes



**Key issues:** lack of Indigenous consultation, artificially manipulated baseline, greenwashing links



Guyana is so far the only jurisdiction to have a claim verified and to have credits issued under the system. The process has been led by the Guyana Forestry Commission<sup>228</sup>. As explained in Box 5, the issuing of credits to Guyana completes a process started by the Norwegian government in 2009, to support Guyana's so-called 'Low Carbon Development Strategy (LCDS).

The ART programme concept was submitted in December 2020<sup>229</sup>. A more detailed 'TREES registration document' and the first monitoring report/credits claim covering the five years from 2016 to 2020 were then submitted by the Guyana Forestry Commission to ART on the same day in September 2022. The claim for credits applies to the country's entire forest area of 18 million hectares. The proposal was validated by Aster Global Environmental Services in November 2022, confirming the 'validity' of the 33 million credits claimed by Guyana. ART's briefing on the outcome notes how '*Aster Global's team spent 9 months with a team of 12 employees reviewing the Program... The process included over 30 meetings between the auditors and Guyana team, significant numbers of emails, and field visits and interviews by two audit teams*'<sup>230</sup>. The issuing of these credits was heralded as a '*historic breakthrough for the forest carbon market*'<sup>231</sup>.

But analysis of the methodology used shows that, as with previous 'payments for results' to Guyana, the 'emissions reductions' being paid for may be largely fictitious. As noted above, the ART 'high forest, low deforestation' (HFLD) provisions allow for entirely artificial 'adjustments' to be made in countries which qualify as having a lot of forest and not much deforestation – and this is what occurred in the case of Guyana. Exactly how the 'adjustments' have been calculated into the final Guyana crediting level for supposed 'emissions reductions' is not clear. The publicly available monitoring report from Guyana only shows the total claimed credits. The detailed calculations are in an 'annexed Guyana ART Workbook'<sup>232</sup> - but this is not actually annexed to the monitoring report as available on the ART portal.

ART claims that '*TREES has been designed to ensure that all credits issued are real, measured, permanent, additional*'<sup>233</sup>. However, according to one analyst, '*Some 84 percent of the 33.5 [million] jurisdictional ART/TREES credits issued for Guyana resulted from this HFLD adjustment*'<sup>234</sup> – in other words were created purely through accounting manipulations allowed under TREES, rather than any real emissions reductions.

Analysis of the deforestation data for Guyana suggests other forms of manipulation may have taken place. As Figure 6 below shows, the data provided by the Guyana Forest Commission (GFC) shows relatively high deforestation during the reference period of 2011-2015, declining during the crediting period (apart from one

228 ART, undated e

229 ART, 2022b

230 ART, 2022a

231 NICFI, 2022

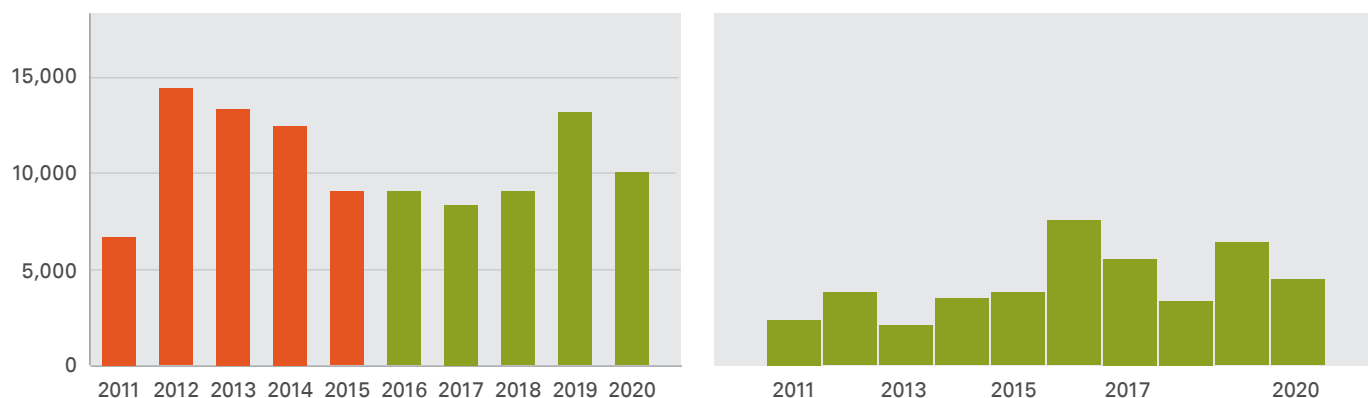
232 ART, 2022c

233 ART, 2021b

234 Streck, C. et al., 2022

year). Data for the same period from the independent Global Forest Watch portal shows almost exactly the opposite, with deforestation in the crediting period being higher in four of the five years than in all the years in the reference period. According to the GFC, total deforestation in the 10 years was around 107,000 hectares, however Global Forest Watch recorded a much higher rate of 150,000 hectares of tree cover loss over the same period, roughly 50 percent more.

**Figure 6: Guyana deforestation according to (left) GFC, 2011–2015 (reference period) and 2016–2020 (crediting period) and (right) Global Forest Watch/Hansen data on tree cover loss from 2011 –2020 (hectares)<sup>235</sup>.**



Further problems have arisen. The Guyana ART programme will, it claims, allocate 15 percent of the money earned from its credit to Indigenous communities. But shortly after the credits had been announced and the first quantity sold, the Guyanese Indigenous peoples organisation the Amerindian Peoples Association (APA) said there had not been proper consultation about the programme, and that Akawio and Arecuna peoples could stake a claim to some of the credits, following a High Court ruling recognising their rights to their ancestral lands in the Upper Mazaruni region<sup>236</sup>. This was rebutted by ART, which said that the National Toshias Council had passed a resolution endorsing the LCDS 2030 and the TREES REDD+ benefit sharing plan<sup>237</sup>. The National Toshias Council is a quasi-governmental body; and some have questioned its legitimacy to endorse the consultations<sup>238</sup>.

In what is an almost universal response to criticism of REDD+ offset projects, the Guyanese government dismissed these concerns by pointing out that the scheme had been verified and validated by an independent, approved auditor, and that some APA people had made 'positive contributions' to 'multi stakeholder' processes<sup>239</sup>.

But the credit issuance was not altered. On December 2<sup>nd</sup>, the day after it had been announced, the Hess Corporation – which has a 30 percent stake in an Exxon-led consortium exploiting oil from Guyana's recently-opened Starbroek offshore oil block - announced its intention to buy some 37.5 million credits through ART from 2022-2032, at a cost of \$750 million<sup>240</sup>. Exxon has reportedly indicated that it might follow suit in buying ART credits<sup>241</sup>.

235 Sources: ART, 2022d; ART, 2022e; GFW, undated

236 Carbon Pulse, 2022f.

237 ART, 2022a

238 Carbon Pulse, 2022f.

239 Carbon Pulse, 2022f.

240 Hess Corporation, 2022

241 iNews Guyana, 2022

Through ART, Guyana's 2022 Low Carbon Development Strategy will thus be funded by the oil industry. The LCDS's brief chapter on the fossil fuels sector describes some measures to reduce, for example, methane emissions, but does not of course propose to leave any fossil fuels in the ground<sup>242</sup>. Vice-President Jagdeo reportedly contended that there is no conflict between Guyana continuing to extract its fossil fuel resources and the country's climate action objectives: '*We support net zero. We support early decarbonisation...but in countries like Guyana, we have to secure our funding to continue to make our contribution to global climate change objectives... developing the oil and gas sector can allow us to get the revenues to fund the billions of dollars of adaption needs*'<sup>243</sup>.

### Comparison of forest carbon credits so far produced by ART and the estimated Co2 emissions from oil development in Guyana



**Claimed Co2 savings so far produced through ART-TREES = 33 million tonnes**



**Estimated Co2 emissions from 11 billion barrels of oil = between 3.3 and 5.5 billion tonnes**

In comparison to the 33 million of forest carbon credits so far produced by ART, the 11 billion barrels of oil believed to be in the field being exploited by Hess/Exxon<sup>244</sup> could, by our estimates, release somewhere between 3.3 billion and 5.5 billion tonnes of CO<sub>2</sub> over its lifetime, and not accounting for emissions from gas flaring, leaks of methane etc. Guyana, with its population of less than a million people, will rapidly be propelled into the global top league of per capita carbon polluters. To illustrate the net impact of this on global carbon emissions, note that the Guyanese government has authorised that its ART credits can be used for the CORSIA offsetting scheme for airlines (see Box 6)<sup>245</sup>.

A second claim for credits – for just 2021 – was already submitted to ART by the Guyana Forestry Commission in October 2022, and is still being verified<sup>246</sup>. In April 2023, APA submitted a formal complaint to ART-TREES because of the government's failure to receive consent from communities to the scheme<sup>247</sup>.

242 Government of Guyana, 2022

243 Carbon Pulse, 2022g

244 Carbon Pulse, 2022g

245 GFC, 2022

246 ART, 2022d

247 Amerindian Peoples Association, 2023; ART Secretariat, 2023