

The LCDS seeks to further explore Blue Carbon potential in Guyana, focusing on Guyana's mangroves in the initial stages. At a global level, despite covering 0.7% of total land area, mangrove deforestation accounts for an estimated 10% of emissions globally. It is estimated that mangroves are worth at least US\$1.6 billion annually in ecosystem services. Blue carbon ecosystems are therefore an important resource to be protected, expanded and or restored.

The LCDS also seeks to strengthen the protection of mangrove ecosystems through the establishment of a protection system for areas identified as having significant ecological value.

The adoption of the LCDS is expected before the end of 2022. In addition, a draft National Mangrove Action Plan (covering a 10 year period 2022-2032) has recently been developed. It covers key issues related to the protection, sustainable development and management of the national mangrove forest with the aim to guide NAREI and other key institutions in mangrove related activities.

Guyana has made significant strides in the protection of mangroves through its 2010-2013 Guyana Mangrove Restoration Project funded by the EU. This project allowed for the establishment of national administrative capacity to manage mangroves in Guyana and focused efforts on mangrove restoration, community-based mangrove management as well as public awareness.

Financing for the Mangrove Restoration and Management Programme is facilitated through the Government of Guyana's Annual Capital Estimates under the Ministry of Agriculture Budget Line Item 'Mangrove Management'. This budgetary allocation under the Mangrove Management Capital for the past three years presents the following figures: 2021 50 M GYD; 2020 51.885 M GYD; 2019 100 M GYD. For 2022, the figure is 70 M GYD, and for 2023, 2024 and 2025 this allocation is estimated to 90 M GYD, 100 M GYD and 120 M GYD respectively.

Monitoring

On a yearly basis NAREI prepares a work programme based on the overarching development strategies and reports on the achievements and outputs as part of its annual reporting system. Additionally monitoring and evaluation of the programme is reinforced through NAREI's Monitoring and Evaluation Unit whose monthly and annual reports form part of the Ministry of Agriculture's reporting on achievements. Furthermore, during past programming, annual progress reports were produced by NAREI and formal as well as informal meetings took place during the implementation phase, on top of several field visits to closely monitor the implementation of the programme and its credibility with the policy sector. This methodology will continue during the upcoming action.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support contract.

2.3.2 Macroeconomic Policy

According to the International Monetary Fund (IMF), Guyana's medium-term prospects are very favourable with the discovery of recoverable oil resources. In 2020, Guyana officially transitioned into becoming an oil producing country. The revenue derived therefrom would help meet not only critical social and infrastructure needs. It will also result in a decline in public debt and the external current account deficit.

The IMF, however, cautioned that the economy would need to be managed in a manner that will minimise macroeconomic distortions relating to Dutch disease and governance weaknesses. In particular, increased