



# Global Environment Facility

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May 5, 2005

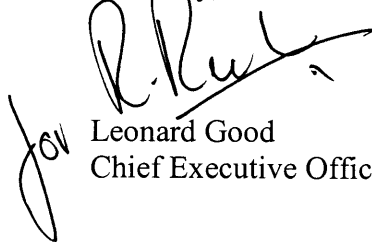
Dear Council Member,

The World Bank, as the Implementing Agency for the project, ***Guyana: Protected Areas System Phase 1***, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with the World Bank procedures.

The Secretariat has reviewed the project document. It is consistent with the proposal approved by the Council in March 1997, and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by the World Bank satisfactorily details how Council's comments and those of the STAP have been addressed. I am, therefore, endorsing the project document.

We have today posted the proposed project document on the GEF website at [www.theGEF.org](http://www.theGEF.org). If you do not have access to the Web, you may request the local field office of the World Bank or UNDP to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,



Leonard Good  
Chief Executive Officer and Chairman

cc: Alternates, Implementing Agencies, STAP

# OFFICE MEMORANDUM

DATE: April 22, 2005

TO: Mr. Leonard Good, CEO/Chairman, GEF

FROM: Steve Gorman, GEF Executive Coordinator, The World Bank



EXTENSION: 35865

SUBJECT: **GUYANA: Protected Areas System Project  
Submission for Final CEO Endorsement**

Please find attached the electronic file of the GEF Project Document for the above-mentioned project for your Secretariat staff's review, prior to circulation to Council and your final endorsement. We would appreciate receiving your response by June 3, 2005.

The GEF Project Document is consistent with the objectives and overall cost of the proposal, approved as part of the March 1997 Intercessional Work Program. However, the project has been restructured and narrowed in scope to reflect a more feasible and phased approach, emphasizing the institutional strengthening of Guyana's Environmental Protection Agency, and establishment of two pilot protected areas. This was discussed and agreed upon between the Government of Guyana, the GEF Secretariat and the Bank in 2001. Project preparation has progressed on the basis of that agreement. At that time, the project, originally named the National Protected Areas System Project, was renamed the Guyana Protected Areas System Project. *(Detailed descriptions and explanations of the adjustments made to this project are in Sections A and D, and Annexes 1 and 2 of the GEF Project Document.)*

The total project cost is US\$15.5 million with GEF funding of US\$6.0 million. Co-financing has been confirmed at US\$3.1 million from the German KfW (EU 2.6 million) and US\$6.0 million from Conservation International, as well as Government counterpart of US\$415,000. Please note that the attached confirmation of co-financing from Conservation International refers only to their US\$5.0 million cash contribution, and they will forward confirmation of their US\$1.0 million in kind contribution on April 25, 2005.

Revisions to the project agreed in 2001 addressed GEFSEC, STAP, and Council comments made at the 1997 Intercessional Work Program. The following four issues will summarize for Council members the changes in project scope, reasons for delay, extensive stakeholder participation, and risks and sustainability.

**Change in Scope** Prior experience and lessons learned from similar protected areas projects supported by the Bank in Latin America, as well as other regions, indicated that the Government of Guyana would require a gradual and sustained application of technical and financial support in order to build the institutional capacity necessary to accomplish the Guyana

Protected Areas System Project's overall goal of establishing an integrated national system of protected areas. Therefore, to assist Guyana in addressing these issues and efficiently meeting project objectives, the project was restructured to adopt a longer-term, programmatic approach.

The proposed project would represent phase one toward meeting the overall goals of the Guyana Protected Areas System Project. Based on the successful achievement of the objectives under phase one (2005-2010), subsequent phases could be undertaken to expand the national protected areas system and consolidate its management. Additional funding for these phases would be sought over a period of 10-15 years.

The project aims to (i) build the capacity of the Government of Guyana to develop the knowledge base, and financial, legal and institutional framework necessary for the implementation and long-term management of the Guyana Protected Areas System; (ii) establish two priority protected areas, on a pilot basis, including 350,000 hectares in the Kanuku Mountains, and 350 hectares surrounding Shell Beach; and (iii) develop a strategy to ensure effective protection and sustainable management of representative ecosystems through a national protected areas system that is self-sustained, transparent, decentralized and managed through partnerships with stakeholders.

**Delays in Preparation** The proposed project experienced almost ten years of delays due to the Government of Guyana's difficulties in developing a viable, comprehensive national protected areas system strategy and action plan, with clearly defined legal, institutional, financial and protected areas management mechanisms that would meet the Bank's safeguards requirements.

In particular, additional time was needed to address the controversial issues of indigenous land and resource use rights with respect to the project's pilot protected areas. To address these issues, the Government of Guyana, with Bank assistance, put considerable effort into an extensive series of consultations with indigenous communities and NGOs, and is in the process of drafting a new Amerindian Act. Consequently, project preparation has been delayed partly due to this thorough, yet lengthy process. *(See paragraph on Risks for further information on how the project will address indigenous issues.)*

**Stakeholder Participation** The Guyana Protected Areas System Project significantly involved stakeholders during all stages of project preparation, and the project will include considerable stakeholder participation during implementation. The design emphasizes the participation of indigenous communities and NGOs, both at the national and local levels. Extensive consultations, meetings and dialogue have already taken place among stakeholders regarding the establishment of the Guyana Protected Areas System Project, the pilot protected areas, and proposed revisions to the Amerindian Act and other relevant legislation. *(Detailed descriptions of stakeholder involvement are in Sections E 6.1 and Annexes 11-13 of the GEF Project Document.)*

**Risks and Sustainability**     Risks     The project faces the risk of the lack of an adequate legal framework to resolve conflicting land and resource use issues in Guyana. To address these concerns, the project has incorporated conditionality linked to effectiveness and disbursements, as well as benchmarks to ensure that a framework is in place for resolving issues that may arise in relation to pilot protected areas establishment. Project activities may not commence until a satisfactory revised Amerindian Act has been tabled in Parliament and this was made an effectiveness condition to provide the maximum amount of time for the complex political processes to be completed. Substantial progress has been made in that a new draft Amerindian Act (i) is currently being consulted in Guyana; and (ii) has been reviewed by the Bank which is in dialogue with Government on the draft. The Bank is expecting to receive from the Government a satisfactory draft before submission to Board. Furthermore, the passage of the Act is a disbursement condition for the investment stage of the pilots of which GEF only finances US\$370,000. The project is also expected to contribute to strengthening core processes for the resolution of land issues through the development of agreed conflict resolution mechanisms.

Sustainability     The Government of Guyana has made considerable efforts toward establishing the Guyana Protected Areas System Project, including working to revise the Amerindian Act and legislation on forests, mining and natural resource management, and is currently receiving technical direction from the Bank toward meeting project effectiveness requirements. Successful implementation of the project would strengthen Guyana's institutional and legislative framework for developing and implementing sound environmental policies. (*Measures to address project risks and sustainability are addressed in detail in Section F of the GEF Project Document.*)

Please let me know if you require any additional information to complete your review of the project document. We look forward to receiving your endorsement of the project for Bank Board approval.

Many thanks.

Attachments

cc: Messrs./Mmes. Anstey, Bassani (LCC3C); Werbrouck, Lisansky, Keen, Anria (LCSES); Bliss-Guest, Castro, Sobrevila, Albert, GEF PROGRAM COORDINATION (GEFSEC); Khanna, Wedderburn, Aryal (ENV); ENVGC ISC; Di Leva, Altimari (LEGLA); Regional Files

**Document of  
The World Bank**

**April 18, 2005**

**GEF PROJECT DOCUMENT**

**FOR A**

**PROPOSED GRANT**

**IN THE AMOUNT OF US\$6.0 MILLION**

**TO THE**

**COOPERATIVE REPUBLIC OF GUYANA**

**FOR THE**

**GUYANA PROTECTED AREAS SYSTEM PROJECT, PHASE I**

**April 2005**

## CURRENCY EQUIVALENTS

Currency Unit = Guyanese Dollars (G\$)

### FISCAL YEAR

January 1 - December 31

### GLOSSARY

CBD	Convention on Biological Diversity
CI	Conservation International
CIG	Conservation International Guyana
COP	Conference of the Parties
DFID	British Department for International Development
EPA	Environmental Protection Agency
EU	European Union
FFEM	French Global Environment Fund
GEF	Global Environment Facility
GIS	Geographic Information System
GMTCS	Guyana Marine Turtle Conservation Society
GNRA	Guyana Natural Resources Agency
GoG	Government of Guyana
GPAS	Guyana Protected Areas System
GTZ	German Agency for Technical Cooperation
IDB	Inter-American Development Bank
IUCN	International Union for the Conservation of Nature and Natural Resources (World Conservation Union)
KfW	German Bank for Reconstruction
KNP	Kaieteur National Park
M&E	Monitoring and Evaluation
NEAP	National Environmental Action Plan
NEMP	National Environmental Management Project
NFAP	National Forestry Action Plan
NGO	Non-Governmental Organization
NREAC	Natural Resources & Environment Advisory Committee
NRMP	Natural Resources Management Project
PA	Protected Area
PIU	Project Implementation Unit
PRSC	Poverty Reduction Support Credit
QBS	Quality Based Selection
SOE	Statement of Expenditure
TOR	Terms of Reference

Vice President:	Pamela Cox
Country Director:	Caroline Anstey
Sector Director	John Redwood
Task Manager:	Judith Lisansky

**GUYANA  
PROTECTED AREAS SYSTEM PROJECT, PHASE I**

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## Guyana

### Protected Areas System Project, Phase I

#### GEF Project Document

Latin America and the Caribbean Regional Office  
Caribbean Country Management Unit

**Date:** April 2005  
**Country Director:** Caroline Anstey  
**Project ID:** P037003  
**Lending Instrument:** Grant  
**Focal Area:** B - Biodiversity

**Task Manager:** Judith Lisansky  
**Sector Director:** John Redwood  
**Sector(s):** VY – Other Environment  
**Theme(s):** Environment  
**Program of Targeted Intervention:** No

#### Project Financing Data

Grant

#### For Grants:

Amount (US\$m): US\$ 6.0 million

#### Financing plan (US\$m):

Source	Local	Foreign	Total
Global Environment Facility	4.2	1.8	6.0
Conservation International	0.9	5.1	6.0
Government of Germany (KfW)	1.1	2.0	3.1
Government of Guyana	0.4		0.4
<b>Total</b>	<b>6.6</b>	<b>8.9</b>	<b>15.5</b>

**Recipient:** Government of Guyana (GoG)

**Responsible agency:** Environmental Protection Agency (EPA)

#### Other Agencies/Entities:

- Ministry of Amerindian Affairs (MoAA)
- Conservation International Guyana (CIG)
- Guyana Marine Turtle Conservation Society (GMTCS)

Estimated disbursements (Bank FY/US\$m):	2005	2006	2007	2008	2009	2010
Annual	1.4	1.5	1.2	1.1	0.7	0.1
Cumulative	1.4	2.9	4.1	5.2	5.8	6.0

**Implementation period: 5 years; Expected effectiveness date: August 2005; Expected completion date: August 2010**

**GUYANA**  
**PROTECTED AREAS SYSTEM PROJECT, PHASE I**  
**GEF PROJECT DOCUMENT**

**A: Project Development and Global Objective**

**1. GPAS Project, Phase I development objectives:**

The long-term goal of the proposed Guyana Protected Areas System (GPAS) Project is to ensure effective protection and sustainable management of representative ecosystems of Guyana through a national system of protected areas which is self-sustained, transparent, decentralized and managed through partnerships. This will be achieved through the pursuit of a phased approach.<sup>1</sup> The first phase GPAS project will be a process project -- pilot-based, and focused on assisting the GoG with development and initial implementation of the policy, financial, legal and institutional frameworks and knowledge base for long-term management and sustainability. This will be done on the basis of lessons learned from establishing and managing two pilot protected areas co-managed with local, primarily indigenous populations.

Establishing an effective GPAS requires the long-term and gradual development of the commitment and capacity of various constituencies. Achieving these long-term objectives will require sustained technical and financial support over a period of 10-15 years. Based on the successful achievement of the objectives under this project, subsequent phases of GPAS could be undertaken to expand the national protected areas system and consolidate its management, and additional funding for these phases would be sought.

**2. Key performance indicators: (see Annex 1)**

**2.1 GPAS Project, Phase I**

- An efficient GPAS management system is established.
- Agreed participatory processes for PA establishment are adopted and applied.
- Two pilot PAs are created and efficiently managed.
- GPAS institutional structure is consolidated based on field-tested national and local implementation arrangements.
- Appropriate GPAS framework legislation is developed, presented to Parliament and adopted.

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<sup>1</sup> Approval of this Phase I project does not imply commitment on the part of the GEF or the World Bank to provide funding for later phases of the GPAS.

## **B: Strategic Context**

### **1. Sector-related Country Assistance Strategy (CAS) goal supported by the project**

**Document number: 24073-GUA**

**Date of latest CAS discussion: 09/19/2002**

The main objective of the Bank's Country Assistance Strategy (CAS) for Guyana is to help create the conditions for a sustained reduction of poverty levels in the country by providing support for some key priorities defined in Guyana's Poverty Reduction Support Paper (2001). To this end, the CAS focuses on providing assistance to support efficient macroeconomic management and public investment; attract environmentally sustainable private investment; build public consensus around governance and development issues; strengthen institutional capacity in the public sector; and improve access to basic services and safety nets. The CAS also includes three explicitly targeted interventions in health (HIV/AIDS), capacity building of the Ministry of Amerindian Affairs, and biodiversity conservation through establishment of the GPAS. In addition, the Bank will further support the development of environmentally sustainable investment frameworks for mining and forestry through policy reforms under a series of Poverty Reduction Support Credits (PRSCs).

The proposed project is fully consistent with the Bank's CAS, insofar as it will (i) contribute to policy reforms through development of a strategy and a legal/institutional framework for protected areas; (ii) help develop participatory processes for sustainable use and conservation of PAs through formation of partnerships among GoG, local communities, the private sector, NGOs and the donor community; (iii) assist in building capacity of government, NGOs and local communities for governance and accountability; and (iv) contribute to the development of environmentally sustainable investment frameworks.

#### **1a. Global Operational strategy/Program objective addressed by the project:**

The Guiana Shield is recognized as an area of global biodiversity importance with high species richness and endemism. The first phase GPAS project is consistent with the two primary objectives of conservation and sustainable use of the Convention on Biological Diversity: it particularly addresses *in situ* conservation of biological resources (Article 8), and lays the foundation for the protection and management of areas of high biodiversity representative of major natural habitats, communities and ecosystems in Guyana. The project is consistent with the GEF Operational Strategy for Biodiversity and especially the Operational Programs for Forest and Mountain Ecosystems. The project is also consistent with COP guidance, insofar as it promotes conservation and sustainable use of vulnerable ecosystems and conservation of endemic species; builds capacity at national and local levels; strengthens the involvement of local, primarily indigenous communities; promotes sustainability; and assists with identification and monitoring of ecosystems and species under threat. Without the project, it is likely that areas of high global priority would be opened for incompatible extractive mining and forestry activities, with consequent loss of biodiversity and ecological integrity.

#### **2. Main sector issues and Government strategy:**

The Republic of Guyana is one of eight countries forming the vast Amazon River Basin. Guyana lies over part of the Guiana shield, a very rich biogeographic region. With its tropical climate, unique geology, and relatively pristine ecosystems, Guyana has extensive areas of species-rich rain forests and natural habitats with high levels of endemism. Over eighty percent of the country (181,000 sq. km) is still covered by forests, ranging from dry evergreen and seasonal forests to montane and lowland evergreen rain forests in the Pakaraima Mountain Region bordering Venezuela. Tropical wet and semi-wet

savannahs are found in the northeast of the country while tropical dry savannahs in the south-west extend across the Brazilian border. (See Annex 17)

Guyana's rich natural and biological resource base is coming under increasing pressure in response to the country's need for economic development. While most of the country's population of 800,000 is concentrated in the northern coastal strip, approximately one-fifth of the population lives in the hinterlands. Many of the largely indigenous inland populations are dependent on forest resources, at least partially, for their livelihood and subsistence. Approximately 60,000 Amerindian people from nine distinct tribes live in or close to the forests. While Guyana has practiced relatively sustainable selective logging for decades, the burden of foreign debt and poverty of the country has resulted in pressure on the Government of Guyana (GoG) to consider conceding much larger areas of the forest for timber and mineral exploitation. Fluvial gold and diamond mining activities are already causing widespread environmental damage to inland rivers, forests, and their dependent species, and damage is likely to increase rapidly if no effective protection is put in place.

Existing pressures on hinterland ecosystems and communities could be further compounded through infrastructure development, in particular, the planned upgrading of the partially unpaved 280 mile Linden-Lethem road, completion of a bridge over the Takatu River bordering Brazil, and proposed construction of a deep-water port west of Georgetown. The completion of the Linden-Lethem road project and the deep-water port would facilitate the exploitation of forest and mining resources in remote areas, and intensify environmental and social pressures.

To ensure that potential growth sectors (timber, gold and diamond mining, infrastructure and agriculture) are developed in an environmentally sustainable way, GoG has initiated several interventions, including:

- **Environmental Management.** GoG established an Environmental Protection Agency (EPA) in 1997 under the Environmental Protection Act of 1996, and is strengthening the environmental management capacity of other natural resource management agencies. The IDB provided financial support to EPA and the EU has supported training in environmental management.
- **Biodiversity and Conservation.** Since adoption of its National Biodiversity Action Plan in November 1999, GoG implemented several programs. A draft National Strategy for the establishment of GPAS was prepared in February 2002 which among other things identifies five priority areas for PA establishment.<sup>2</sup> In addition, EPA established a PA Unit and a Secretariat to coordinate the PA system, and work has been proceeding on the identification and establishment of priority PAs in addition to the two existing ones (Kaieteur National Park and Iwokrama Wilderness Preserve). GoG also established collaborative agreements with research institutions including the Smithsonian Institution, Conservation International, Iwokrama International Rainforest Programme, Tropenbos Programme, the World Wildlife Fund, and Flora and Fauna International.
- **Sustainable Forestry.** In the forestry sector, GoG recognizes the importance of establishing sustainable harvesting guidelines and developing a sound concessions policy. GoG received assistance from the Department for International Development (DFID) for institutional strengthening of the Guyana Forestry Commission (GFC). Under this project, a moratorium was instituted on the issuing of Woodcutting Leases and Timber Sales Agreements until GFC is adequately strengthened to manage the sector.<sup>3</sup> GFC has produced a National Forest Policy Statement (1997) and a Code of Practice that outline sustainable use of all types of forest products.

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<sup>2</sup> The five priority areas include Shell Beach, Kanuku Mountains, Orinduik, Mount Roraima and the southern Guyana region.

<sup>3</sup> Negotiations are currently in progress on Phase II of the project and the issue of the moratorium is being addressed.

In addition, a draft revision of the 1953 Forests Act provides for improved environmental and forestry controls, increased transparency and public involvement, new forest conservation concessions and special protected areas, and respect for Amerindian rights and opportunities for community-based forestry on Amerindian lands. Since 1996, a consortium of donors (which has included GEF, Commonwealth Secretariat, UNDP, CIDA, DFID) has provided financial support for the sustainable utilization of forest resources (timber and non-timber) within the Iwokrama Forest.

- **Mining.** This sector has the most potential for large-scale environmental impacts, especially in the hinterland. To address these impacts, GoG updated mining regulations in 2001 under the 1989 Mining Act that are more comprehensive regarding the use of poisonous substances, the management of the environment and PAs. GoG is also considering drafting a new mining law promoting improved environmental management.
- **Land Issues.** Effective land use planning will be critical to sound management of Guyana's vast natural resources. To assist GoG in developing policy in this area, the Federal Republic of Germany/GTZ has provided technical assistance in developing a Geographical Information System, land use planning methodologies, policy formulation and legislative reform. In relation to Amerindian land and resource use issues, the Government has undertaken a number of initiatives through the Ministry of Amerindian Affairs. With support from the World Bank's IDF and GTZ, the GoG is currently engaged in a national participatory process to revise the outdated Amerindian Act, which is the main law regulating Amerindian affairs. A new Amerindian Act is currently being drafted for further consultation and presentation to Parliament. The Government has also been implementing a phased land regularization approach for demarcating titled Amerindian communities, with subsequent review of new requests for title, revision and extension on a sub-regional basis. To date, over half of titled lands (39 of 76 areas) have been demarcated, and land extensions/revisions are currently being pursued in 15 areas. (See Annexes 11 and 12.)

The GoG ratified the Convention on Biological Diversity (CBD) in August 1994. It has since developed a National Forestry Action Plan (1996), a National Biodiversity Strategy and Action Plan (1999), and a National Environmental Action Plan (NEAP, 2001-2005). In 1997, the GoG enacted the Iwokrama International Centre for Rain Forest Conservation and Development Act. Under this legislation, approximately half of the Centre's 360,000 ha. constitutes a Wilderness Preserve, and the remainder is used for sustainable utilization of natural resources. In addition, GoG expanded Kaieteur National Park in 1999 to a total area of 62,680 ha. The GoG's national PA strategy defines five priority areas for PA establishment and describes the mechanisms for issuing, managing, and withdrawing concession rights in areas proposed for protection. A phased consultative process for PA establishment involving all local communities has been ongoing in the Kanuku Mountains area since 2002, and is also underway in the Shell Beach area.

The GPAS process has evolved slowly since the mid 1990s. While Government support for GPAS has been firm throughout this process, it has been hampered by significant deficiencies in terms of the expertise needed for developing a cohesive, integrated national approach. Another factor in the slow evolution has been the lack, until recently, of an environmental constituency to champion the PA system, as well as a lack of public awareness of the significance of Guyana's rich biological heritage and the benefits of its protection and sustainable management. Finally, starting in the late 1990s, significant concerns raised by Amerindian organizations and some hinterland communities about the potential impacts on their land and resource use rights caused further delays in the GPAS process (see Annexes 11-13).

### **3. Sector issues to be addressed by the project and strategic choices:**

Weak institutional capacity. Despite progress towards establishing an institutional framework for environmental management, the GoG still faces considerable challenges. Chief among these challenges is the incipient, highly fragmented nature of the institutional structure for land use and natural resource management. Another, more immediate challenge is the lack of sufficient technical and managerial capacity within EPA and other relevant agencies to plan and manage a national protected areas system.

In an effort to address these issues, a phased approach is being pursued. The first phase GPAS project will strengthen incipient institutions and support appropriate institutional arrangements for GPAS management. It will also build GoG's capacity to plan and manage GPAS in an inclusive and participatory manner; mitigate the potential impacts of PA establishment on Amerindian populations; and manage potential land and resource use conflicts with activities such as mining or logging.

To this end, EPA staff will be trained in biodiversity conservation and PA management issues, as well as participatory co-management methodologies. Relevant teams of the Ministry of Amerindian Affairs (MoAA) will also be trained to coordinate the consultation and participation of Amerindian communities in PA establishment, as well as in conflict management to assist in addressing any indigenous land or resource use issues that may arise. This training also extends to environmental and Amerindian NGOs, which have made an effort to build administrative and technical capacity.

Inadequate legal/regulatory framework. GoG has made important strides towards defining sector strategies for the environment, biodiversity protection, forestry and mining and, in some cases, has drafted and/or passed related legislation. This has been done in a piecemeal approach, with little linkage between the related sectors to define user rights and to manage land conflicts and issues related to logging/mining concessions. To address this issue, the project will assist with preparation of legislation for PA establishment and management and the establishment of effective linkages among relevant legislation regulating natural resource management and land use in Guyana.

Financial sustainability. The long-term financial autonomy of GPAS will be crucial to PA sustainability. The GoG is clearly willing to invest in GPAS, but it is highly unlikely that it will be able to provide all the needed support. The project will therefore support the development of the Guyana National Protected Areas System Trust Fund, and a long-term financial strategy to cover recurrent costs of managing the GPAS. This will involve identifying mechanisms to provide a reliable income stream from domestic resources to complement those coming from donors, tourism, sale of carbon offsets, charges for environmental services, and the like.

Land use issues. Currently, there is no fully effective mechanism among agencies to resolve land use issues, in particular conflicts among Amerindian land and resource use rights, mining permits, forestry concessions, agriculture and future protected areas. Outstanding Amerindian land issues further complicate the picture. The project will therefore implement participatory processes and conflict resolution mechanisms to resolve stakeholder issues related to establishing pilot protected areas (see Annexes 2 and 12). Furthermore, to ensure that an adequate legal framework is in place to protect Amerindian rights, the project will not become effective until a draft of the new Amerindian Act is tabled in Parliament. The implementation of investment activities related to PA establishment and management in project study areas (such as implementation/enforcement of PA management plans, permanent PA boundary demarcations and the like) will not take place until the new Act is adopted.

To prevent increased deforestation or other negative impacts on critical habitats prior to PA establishment, the GoG has established a moratorium on granting any new concessions for mining, forestry, or

commercial natural resource based activities incompatible with conservation purposes in the two defined project study areas as referenced in the GPAS Grant Agreement. Moreover, the implementation of on the ground investment activities in project study areas would be conditioned on fulfillment of the following requirements, in addition to adoption of the new Amerindian Act: (i) satisfactory establishment of the Shell Beach and Kanuku Mountains Steering Committees; and (ii) preparation of satisfactory agreed PA management plans, including site-specific indigenous peoples action plans, for each agreed pilot area; (see Annexes 2 and 12, and Components C and D, below). In addition, the project will build on the results of the Natural Resources Management Project (NRMP) supported by GTZ to consolidate land use policy and legislation.

### **C: Project Description Summary**

**1. Project Components** (see Annex 2 for a detailed project description, and Annexes 3 and 5 for a detailed cost breakdown):

*A) Development of Institutional and Technical Capacity for Project Management (approx. US\$2.2 million total / US\$1.4 million GEF)*

This component will support project implementation and lay the foundation for long-term GPAS management, through the following activities: (1) establishment of a Project Implementation Unit (PIU) within Guyana's Environmental Protection Agency (EPA); (2) development of the institutional and participatory mechanisms for project implementation, including establishment of a National Protected Areas Advisory Committee and support for a grievance mechanism to address any GPAS related issues, as well as preparation of a communications strategy and further development of the monitoring and evaluation plan; and (3) capacity building of technical and administrative staff and key stakeholders.

*B) Development of GPAS Management, Financial and Legal Frameworks (approx. US\$8.0 million total/ US\$0.8 million GEF)*

This component will fund the following activities: (1) development of a long-term GPAS management framework, including agreed institutional arrangements, procedures, approaches and participatory mechanisms; (2) development of a financing mechanism and revenue generation strategy for GPAS long-term sustainability; (3) preparation of the draft Protected Areas System Act and related regulations; and (4) technical assistance to support conflict resolution related to indigenous land and resource use issues, including assistance with resolution and (under KfW funding) demarcation of Amerindian land in project study areas.

*C) Planning and Co-management of the Shell Beach Pilot Protected Area (US\$1.4 million total/US\$1.3 million GEF)*

This component will be executed in two stages to support preparatory activities in the Shell Beach study area, and the effective establishment and co-management of the Shell Beach Pilot Protected Area.

*Subcomponent C.1 (Planning stage)* will lay the foundation for establishment of the Shell Beach Pilot PA through the following activities: (a) strengthening the institutional and administrative capacity of the lead agency (Guyana Marine Turtle Conservation Society – GMTCS); (b) establishment and operation of the Shell Beach Steering Committee; (c) extensive education and community awareness activities; (d) preparation of the PA Management Plan, including an indigenous peoples action plan;

(e) preparation of the draft PA declaration proposal; and (f) identification and preparation of conservation-based income generation activities.

*Subcomponent C.2 (Implementation/ investment stage)* will support on the ground investments and actions necessary for co-management of the agreed pilot protected area, including: (a) sustainable alternative income generation activities involving local communities living in or near the pilot PA (Types 1-2, depending on the status of land issues – see Annex 2);<sup>4</sup> (b) implementation of sustainable alternative income generation activities involving local communities living in or near the pilot PA (Type 3); and (c) provision of technical assistance to help orient and supervise the implementation of income generation activities for (i) Types 1 and 2 subprojects and (ii) Type 3 subprojects.

a) D) *Planning and Co-management of the Kanuku Mountains Pilot Protected Area (US\$3.9 million total / US\$2.5 million GEF)*

This component will be executed in two stages to support preparatory activities in the Kanuku Mountains study area, and the effective establishment and co-management of the Kanuku Mountains Pilot Protected Area.

*Subcomponent D.1 (Planning stage)* will lay the foundation for establishment of the Kanuku Mountains Pilot PA through the following activities: (a) strengthening the institutional and administrative capacity of the lead agency (Conservation International Guyana -- CIG); (b) establishment and operation of the Kanuku Mountains Steering Committee; (c) extensive education and community awareness activities; (d) preparation of the PA Management Plan, including an indigenous peoples action plan; (e) preparation of the draft PA declaration proposal; and (f) identification and preparation of conservation-based income generation activities.

*Subcomponent D.2 (Implementation/ investment stage)* will support on the ground investments and actions necessary for co-management of the agreed pilot protected area, including: (a) active co-management of the Kanuku Mountains Pilot Protected Area through implementation and enforcement of the PA management plan; (b) implementation of sustainable alternative income generation activities involving local communities living in or near the pilot PA (Types 1-2, depending on the status of land issues – see Annex 2);<sup>6</sup> (c) implementation of sustainable alternative income generation activities involving local communities living in or near the pilot PA (Type 3); and (d) provision of technical assistance to help orient and supervise the implementation of income generation activities for (i) Types 1 and 2 subprojects and (ii) Type 3 subprojects.

## **2. Key policy and institutional reforms supported by the project:**

- Establishment of GPAS through definition of legal, regulatory, financial and institutional frameworks.
- Institutional strengthening, capacity building and improved coordination of key GPAS entities at national and local levels.
- Consolidation of agreed participatory processes and conflict resolution mechanisms to address land and resource use issues related to PA establishment and management.
- Establishment of strategic partnerships with civil society and the private sector for PA establishment and management.
- Identification and development of sustainable financing and cost recovery mechanisms.
- Decentralization of management and decision-making for protected areas.

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<sup>4</sup> Funding for implementation of subprojects will be provided from KfW and CI contributions.

### **3. Benefits and target population:**

In the context of impending external threats, the project will bring significant global benefits in terms of biodiversity conservation. A major benefit would be the constraint of damaging exploitation of biodiversity and natural resources in the two project study areas. It will also bring significant benefits to the Amerindian communities of Guyana, in particular the approximately 40 communities located in or near the Kanuku Mountains and Shell Beach areas, by giving them a voice in the design and a stake in the co-management of a national PA system, and by protecting their rights and opportunities for enhancing their livelihoods. The project is also expected to contribute to the resolution of land issues related to PA establishment, build the foundation for GPAS establishment and management, and contribute to the development of innovative models for sustainable use. In addition, the creation and management of PAs would likely serve as buffer zones against encroachment onto indigenous lands and illegal mining or logging operations.

The long-term, fully implemented GPAS would ensure the protection of Guyana's unique natural heritage for future generations, and would also facilitate the development of a variety of goods and services in addition to the non-extractive types mentioned above. The global and national community would further benefit by the protection of unique biodiversity at many levels and the protection of major representative areas of each ecosystem/natural community/ habitat in the country.

### **4. Institutional and implementation arrangements:**

#### *i) Institutional Arrangements*

The Environmental Protection Agency (EPA) will assume responsibility for overall project coordination, with specific implementation responsibility for Components A, B.1, B.3 and C (the latter in close coordination with the Guyana Marine Turtle Conservation Society -GMTCS for carrying out activities at Shell Beach). A *Project Implementation Unit (PIU)* will be established within EPA. The key focus of the PIU will be to coordinate the establishment and management of the pilot PAs and foster the development of legislative, regulatory, financial, and technical frameworks, as well as the development of an institutional basis for GPAS management. The PIU would be headed by a Project Coordinator supported by administrative and technical staff. The Project Coordinator would report to the Executive Director of the EPA. A consultant funded through KfW would also be attached to this unit to support the PIU in planning and supervising the German-funded activities. The PIU will ultimately provide the core GPAS team for the future governing body, which will be defined during Phase I project implementation.

The Ministry of Amerindian Affairs (MoAA) would work closely with the EPA and its project team in the design and implementation of participatory management, assisting in the resolution of indigenous land issues, and participating in conflict resolution mechanisms involving Amerindian concerns under the project. MoAA would be responsible for implementation of Component B.4, participate in the National PA Advisory Committee, and collaborate with the EPA and other stakeholders in the establishment and implementation of the GPAS grievance mechanism. In addition, MoAA technical staff would be involved in the design and implementation of activities related to Amerindian communities under Components C and D, as well as in the design of GPAS guidelines and appropriate legislative linkages for effective protection of Amerindian rights. MoAA will also facilitate the resolution of land issues that may arise in connection with the establishment of the two pilot PAs. Preparation of a satisfactory draft Memorandum of Understanding between the EPA and MoAA is a condition of negotiations. Signature of a satisfactory MOU by the two entities is a condition of effectiveness.

Area-specific planning teams headed by a designated Lead Agency would help establish and manage the pilot PAs in partnership with local communities and NGOs. In this regard, EPA would negotiate joint operating agreements and other contractual agreements with NGOs, local communities, national government agencies, regional and local government, and private partners to maximize efficiency in PA management. GoG has opted for a decentralized approach to management of the individual PAs in an effort to optimize existing local capacity. Preparation of satisfactory draft Operating Agreements between the EPA and the lead agencies is a condition of negotiations. Signature of satisfactory Operating Agreements is a condition of effectiveness.

*Conservation International Guyana (CIG)* will be the Lead Agency for establishing the Kanuku Mountains pilot PA. CIG will also be responsible for activities related to the establishment of the trust fund under Component B.2. To this end, EPA and CIG will sign an Operating Agreement establishing the conditions under which CIG would execute these activities and manage the corresponding funds on behalf of the Government through pre-financing the activities with its own resources and reimbursement of eligible expenditures under the project. As such, CIG will respond directly to the Bank in terms of procurement, financial management and reporting requirements. (See Section E 4.4 and Annex 6(b))

The *Guyana Marine Turtle Conservation Society (GMTCS)* will carry out the Shell Beach activities in close coordination with the PIU. GMTCS will also sign an Operating Agreement with EPA establishing the roles and responsibilities it will assume in Shell Beach. The PIU will manage Shell Beach financial resources and procurement under the project.

*Conservation International*, through the *Global Conservation Fund*, will also assist with the development of the Guyana National Protected Areas Trust (see Annex 16). CI will also be a party to the Operating Agreement between the EPA and CIG, signing as a guarantor.

A *National Protected Areas Advisory Committee* would be established under the project as a multi-stakeholder steering/monitoring committee to provide guidance to the EPA on the establishment and management of the GPAS and support the inter-institutional coordination at the national level. This committee would be chaired by the Executive Director of the EPA and its members would likely include the Office of the President, the Ministry of Amerindian Affairs, the Ministry of Local Government, the Ministry of Tourism, Industry and Commerce, representatives of the communities living within project study areas, environmental and social NGOs, and others identified during the process. Once the long-term institutional framework is defined and established, this national committee would be substituted by the correspondent body under the new structure.

In addition to the national advisory committee, a *local PA steering committee* would also be established for each area, and would likely be comprised of representatives of local communities, regional government, NGOs, and other relevant local stakeholders. Establishment of satisfactory PA steering committees for each project study area is a condition of disbursement for activities under Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c) and D.2(d).

A *grievance mechanism* will be established to address potential land or resource use issues within the project study areas, as well as other issues that may arise in relation to pilot PA establishment and management during the Phase I project. This mechanism would be easy to use, inexpensive and accessible to local communities. It will be defined on the basis of stakeholder feedback during the public disclosure process as well as the procedures and mechanisms defined in the new Amerindian Act. Once the new Act is passed, it is expected that the scope of the grievance mechanism will be revised to deal only with specific GPAS related issues not addressed by the new legislation. Preparation of a satisfactory

proposal for the grievance mechanism is a condition of negotiations; establishment of a satisfactory grievance mechanism is a condition of project effectiveness.

To facilitate the coordination of project activities among the various implementing and donor agencies, joint *Annual Operating Plans* will be prepared each year with specific milestones and deliverables. At the local level, the PA steering committees will assist in the formulation of the annual work plans.

PIU and advisory committee composition and their roles and responsibilities, as well as that of the Lead Agencies, local steering committees and the grievance mechanism, will be detailed in an Operational Manual. The manual will also include detailed project management procedures, including financial management and procurement procedures. Preparation of a satisfactory Operational Manual is a condition of project effectiveness. (See Annex 18 for a project organogram.)

#### *(ii) Financial Management*

The PIU to be created within the EPA will be responsible for the overall financial management of the GPAS project. The proceeds of the Grant would be disbursed into a US Dollar denominated Special Account managed by the EPA. The Special Account would be opened at a commercial bank satisfactory to the Bank, based on the forecasted needs for the components to be managed by the EPA and the GMTCS. The EPA would open project accounts at a local commercial bank to which the Government and other counterpart funds would be deposited. As noted above, CI would set up a revolving fund with its own resources through which all project related expenditures (Components B.2 and D) would be financed, following which reimbursement would be sought directly from the World Bank based on an agreed annual work plan, with a copy of each reimbursement request and supporting documentation sent to the Government. The Government would also be sent copies of all documentation relating to the reimbursements. (See Section E 4.4 and Annex 6(b)) The project would be subject to annual audits. Appointment of a satisfactory external auditor is a condition of project effectiveness.

#### *(iii) Monitoring and Evaluation*

The matrix provided in Annex 1 defines the main indicators and elements of the GPAS Monitoring and Evaluation (M&E) Plan. During appraisal, it was agreed that the PIU to be established within the EPA will oversee the further development and implementation of the M&E plan in close coordination with each of the lead agencies in the two project study areas (CIG and GMTCS) who will be responsible for implementing M&E activities in their respective areas.

Due to lack of sufficient baseline information, it was also agreed that a comprehensive and detailed biodiversity monitoring plan will be designed for both project study areas (Kanuku Mountains and Shell Beach) during the first year of project implementation. The biodiversity monitoring plan will be part of the PA Management Plans to be developed for each area during implementation, and will include a vision and a long term goal for biodiversity conservation in Guyana.

It was agreed that the EPA/PIU and the lead agencies will lead this process and also integrate their activities with regional and transborder conservation efforts, such as the Guiana Shield conservation priorities (led by Conservation International), the Ecoregion Conservation Strategy (WWF), and the Inter-American Biodiversity Conservation Network Project (Bank/GEF).

In terms of reporting requirements, it was agreed that M&E results would be monitored through: (a) semiannual technical progress reports; (b) quarterly financial management reports; and (c) progress review during joint GoG/Bank/KfW/CI supervision missions. A joint Implementation Completion Report

(ICR) will be prepared at project closing and will include an overall performance evaluation to be contracted to an independent organization familiar with protected areas management. The ICR will include an assessment of results and outcomes on the basis of performance and impact indicators, as well as recommendations for sustainability of the longer term GPAS program.

## D: Project Rationale

### 1. Project alternatives considered and reasons for rejection:

***A self-standing project, rather than a phased approach.*** This option was rejected because the establishment of an integrated national system of protected areas is an ambitious goal that will require sustained, long-term support to build the necessary capacity and institutions in Guyana. The need for gradual and sustained application of such support is clearly evident in the experience and lessons learned from other PA projects supported by the Bank, which have demonstrated that the long-term goals of establishing an integrated national system are best served through pursuit of a phased approach.<sup>5</sup>

***A series of GEF mid-size grant applications.*** Such funding would be relatively small, slow in coming on stream, have gaps in timing and not be capable of meeting the needs of an integrated program which would cover national issues.

***Increased individual grants to specific areas by bilateral donors.*** Bilateral projects to individual areas are invaluable and a logical supplement to an integrated national program. They tend, however, to be of short duration, focus on select specific areas, and operate under differing standards. Establishment of a unified national system requires a more general program of support to provide the framework for additional funding.

### 2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned)

Sector issue	Project	Latest Supervision (PSR) Ratings	
		(Bank-financed projects only)	
Bank-financed		Implementation Progress (IP)	Development Objective (DO)
Poverty reduction	Poverty Reduction Support Credit	S	S
Technical assistance/ capacity building	Public Sector Tech. Assist. Credit	S	S
Technical assistance/ capacity building	Capacity Bldg in Amerindian Affairs	S	N/A
Other development Agencies			

<sup>5</sup> Approval of the first phase GPAS project does not imply commitment by the GEF or the World Bank to fund later phases of the proposed GPAS program.

Environmental Management (Mining)	Guyana Environment Capacity Development Project (CIDA)	
Natural Resources Management	Improved Mgmt. of Natural Resources (GTZ)	
Forest Conservation	Iwokrama (EU, GEF)	
Forest Management	Programme on Forests (PROFOR) (EU)	
Forest Conservation	Tropenbos (EU)	
Forest Training School	ITTO	
Forest Certification Project	WWF	
Environmental Management	EPA Institutional Support I & II (IDB)	
Environmental Education	Environmental Education & Awareness (UNDP)	
Biodiversity Conservation	Enabling Activities under the CBD (UNDP/GEF) – including Nat'l Capacity Needs Self Assessment	
Environmental Capacity Building	EPA/NGOs (Flora and Fauna Internacional)	
Coastal Zone Management System Project	EPA (Caribbean Development Bank)	

### 3. Lessons learned and reflected in proposed project design:

The project design reflects the current trends in protected areas management projects, which demonstrate the effectiveness of adopting a longer-term, phased approach to enhance the sustainability of GPAS establishment and management.

The proposed GPAS project is building on the valuable lessons learned from the GEF Pilot Phase Iwokrama Programme, Kanuku Mountain and southern Guyana initiatives, as well as conservation activities in the Shell Beach area. In particular, the proposed project is addressing the need for: (i) well-defined, decentralized institutional arrangements consistent with Guyana's limited human resource base and institutional capacity; (ii) direct participation of local stakeholders in design and implementation of the national PA system; and (iii) effective fund-raising (including early mobilization of co-financing).

The project also builds on lessons learned from other biodiversity conservation projects in nearby countries (such as Bolivia, Brazil, Belize, Jamaica, Nicaragua, and Panama). Some key constraints and lessons learned from those projects include the following: (a) significant implementation delays caused by excessively complex project design, inadequate institutional structure, weak project management, and insufficient supervision; (b) major failures in reaching project objectives caused by insufficient

participation of affected communities in all stages of project design, research, implementation, and monitoring and evaluation of related community projects; (c) major failures due to insufficient conflict resolution and consensus building among key stakeholders; (d) a lack of coherent, regular, planned, and co-coordinated public expenditures and investments in protected areas; and (e) the lack of sufficiently trained and experienced personnel resulting in major delays and inadequate project execution and supervision.

The following features of the proposed GPAS project would minimize the above-mentioned problems: (a) support for the development of clearly defined, well-structured institutional arrangements; (b) clear objectives and project design; (c) the entire process of design, planning, implementation and evaluation of the national PA system will be participatory at both the national and local project study area levels; (d) agreed conflict resolution and consensus building methods will be developed and used throughout the process with all stakeholders, so that pilot PA declaration and delimiting of boundaries and zones under the project will take place only after satisfactory agreement with local communities on the declaration proposal and management plan is reached; (e) the delayed delimitation of pilot PA boundaries will also allow time to address any Amerindian land issues related to PA establishment; (f) the establishment of a recurrent cost endowment fund and the execution of a financing strategy to cover the recurrent costs of the GPAS; and (f) implementation of a training program from the earliest stages of project execution. The project will also be based on clearly defined project study areas, in which the Government will honor a time-bound moratorium on the granting of new concessions for mining, logging or other commercial resource based activities incompatible with conservation purposes.

#### **4. Indications of recipient commitment and ownership:**

The establishment of a national protected areas system has been identified as a top priority in several national strategic documents, including the National Environmental Action Plan (2001-2005), National Forestry Action Plan and the National Biodiversity Strategy and Action Plan. The GoG sees the establishment of a viable and representative system of protected areas as the next critical step in its efforts to implement a sustainable management strategy for natural resources. The GoG has also moved forward on creating incipient institutional arrangements, including the formation of a Protected Areas Unit and Protected Areas Secretariat within the Environmental Protection Agency (EPA) in 1999, and definition of a generic institutional framework for the establishment and management of priority PAs. GoG has also worked on related legislation as an input into the development of the GPAS legal and regulatory framework, including the revision of the Forests Act and Amerindian Act, and proposed revision of the Mining Act. The GoG endorses the proposed project as the first phase in a long-term approach, and has committed to provide US\$415,000 in counterpart funds.

#### **5. Value added of Bank and GEF support in this project:**

The World Bank brings to this project its experience of similar programs both regionally and worldwide, as well as the ability to provide a comprehensive framework for coordinating the efforts of the national and international partners working to conserve Guyana's biodiversity. The value-added of Bank support includes the ability to mobilize international experts, supervision capacity, technical support for preparation of subsequent phases, experience in the creation and management of PA endowment funds, coordination with similar efforts in other countries, networking with other sources of expertise and financing, and a continuous policy dialogue on sustainable development. The Bank procurement, disbursement and disclosure procedures provide a framework for transparency and accountability in project activities.

The GEF support would focus on interventions directly targeted at developing the institutional, legal, and financial capacity to consolidate an effective biodiversity conservation strategy. The GEF Alternative would make possible activities and programs that would not be undertaken under the Baseline Scenario, such as the capacity-building of EPA as well as of relevant teams within MoAA, the development of a legal and regulatory framework for the protected areas system, preparation of a communications strategy, establishment of pilot PAs, and development of a long-term financing mechanism for conservation activities. GEF funds would also be critical for leveraging additional donor co-financing for long-term funding of the protected areas system, both from bilateral and multilateral sources, as well as private sector funds (e.g., endowments).

## **E: Issues requiring special attention**

### **1. Economic (supported by Annex 4):**

The proposed project has been evaluated using the GEF incremental cost methodology (for details, see Annex 4.)

### **2. Financial (see Annex 5):**

The estimated total project cost is about US\$15.5 million, with GEF funding about US\$6.0 million. Co-financing is available through Conservation International for the Kanuku Mountains area (US\$1.0 million) and the Global Conservation Fund at CI for the endowment fund establishment (US\$5.0 million). Additional funding is also available from the German KfW (EU 2.6 million/US\$3.1 million) to support basic infrastructure (upgrading of trails and tracks, small buildings, water boreholes, and the like) and implementation of income-generating activities in the Kanuku Mountains and Shell Beach areas. Government counterpart funding will be in the amount of US\$415,000.

The Government's contribution amounts to about 2% of total project cost which is consistent with the overall limit established under the Country Financing Parameters (CFP) for cost sharing for Guyana which allow the Bank to finance up to 100% of project costs. Furthermore, estimated recurrent costs of about US\$274,700 during the first year of the project falling to about US\$190,000 in year five would be financed under the project. GEF financing of the recurrent costs is estimated at 100%. The CFP for Guyana do not impose any recurrent cost limit as long as careful consideration is given to: (i) the sustainability of project achievements; (ii) implied future budgetary outlays; and (iii) Guyana's aggregate fiscal position. These amounts are consistent with the CFP given that the small amounts involved are less than 1% of Guyana's projected budgets.

### **3. Technical**

The project has adopted a process approach, focusing on building the foundation for the Guyana Protected Areas System. Strengthening the legal and regulatory framework, developing participatory mechanisms through the implementation of management plans, designing innovative financial mechanism, income generating activities and the development of good monitoring tools will ensure the efficient and sustainable management of the GPAS.

The project has integrated best practices from similar projects aimed at the conservation of biodiversity through the management of PAs. It uses the principles of participation and empowerment to help communities participate and benefit from the establishment of PAs. The methodologies to be followed have been largely validated in other countries which have implemented projects with similar objectives and components. The definition of project study areas and pilot PAs will allow development and testing

of specific approaches for local community co-management and alternative income generation options adapted to the particular socio-economic and cultural characteristics of the local people.

Given the ongoing titling of Amerindian land and concerns from local populations about their user rights to natural resources, it was agreed to adopt a new approach to the delimitation of the PA boundaries, by postponing it to the end of the planning process. The GoG has committed to identify and declare upfront two project study areas that will cover the potential PA and its surroundings, in which no new concessions for mining, logging or other forms of exploitation of natural resources will be issued for the project's duration, while recognizing the rights of communities to their traditional lands and the rights of those living within and around pilot protected areas to have access to their natural resources. The delimitation and demarcation of the pilot PAs will take place at the end of the preparation of the PA management plan and zoning, once the management of protected areas and any resulting impacts on access to or use of these areas and resources are mutually agreed with the affected people through a transparent and participatory planning process.

Moreover, protected areas will not be established in Amerindian lands without the agreement of the communities involved. To ensure that an adequate legal framework is in place to protect Amerindian rights, it was agreed that GPAS project activities would commence only after a satisfactory draft new Amerindian Act is tabled in Parliament. Furthermore, on-the-ground investment activities will take place in the pilot PAs only after the following requirements are met: (i) adoption of a new Amerindian Act that satisfactorily addresses land and resource use issues; (ii) satisfactory establishment of local steering committees for each area; and (iii) preparation of a satisfactory agreed PA management plan, including site-specific indigenous peoples action plans, for each agreed PA. (See Annexes 2 and 12.)

#### **4. Institutional**

Basic information on institutional arrangements is provided in section C.4 above.

The project will explore fundamental issues related to designing an optimum institutional framework for long-term GPAS management. International experience has indicated that protected areas are best managed in an institutional environment that clearly separates planning, regulation, and direct land management functions. The separations are necessary to avoid conflicts of interest between the planning and regulatory functions of an agency, and their interests as line management agencies for land and other natural resources. The project therefore will support comprehensive analysis of existing GoG institutions involved in land and resource use issues in order to arrive at a set of recommendations for the long-term GPAS institutional framework, including organizational structure, operational functions and procedures, and staffing requirements

##### **4.1 Executing agencies**

The Phase I project executing agency will be the Environmental Protection Agency (EPA), in coordination with the Ministry of Amerindian Affairs, and in partnership with Conservation International Guyana (CIG) and the Guyana Marine Turtle Conservation Society (GMTCS) as the Lead Agencies for implementing activities in the two project study areas. This type of formal partnership with NGOs is new to Guyana, and is expected to become stronger and continue after the project is over, thus contributing to GPAS sustainability.

##### **4.2 Project management**

The first phase project will focus on consolidating core competencies for effective development and management of the PA system. To this end, the GPAS Project Implementation Unit (PIU) within the EPA will be carefully constituted to address the fundamental mix of skills and experience needed for establishing the GPAS. Specifically, the project management team will include specialists in biodiversity, protected areas planning and management, and social sciences. The PIU would also be assisted by short-term technical experts and other institutions to achieve the level of expertise needed to implement the project. On the ground work associated with pilot PA establishment and management will be managed, in coordination with the PIU, by the GoG designated Lead Agencies such as CIG in the Kanuku Mountains area and GMTCS in Shell Beach.

The availability of well-trained personnel is clearly an issue with Guyana having only a limited number of people with training or expertise in protected area management. Thus, the project will focus on developing a critical mass of GPAS managers, administrators, and technicians through training at various levels (local, regional and national) and on the ground capacity building in the pilot PAs. Priority would be given to indigenous peoples for training to work at all levels of PA management, especially when a protected area is located near Amerindian lands. Furthermore, in order to build upon existing efforts, training will be conducted in co-operation with Iwokrama and other local and regional institutions.

#### **4.3 Procurement issues**

See Annex 6(a).

#### **4.4 Financial management issues (see Annex 6(b))**

The specific financial management risks associated with the GPAS program relate to: (i) the flow of funds; (ii) the current low capacity of the EPA to undertake financial management; (iii) concern by the lead agencies about timely access to grant funds; and (iv) the large number of institutions that would be involved in the implementation of the GPAS program and their limited experience with the implementation of Bank financed projects.

The Project Implementation Unit (PIU) to be created within the EPA will be responsible for the overall financial management of the GPAS project. The EPA is in the process of strengthening its institutional capabilities in terms of staffing, systems and procedures to manage the financial resources to be made available under the proposed grant. A financial officer with ACCA Level III and at least five years of experience would be hired to oversee financial management of the project, including preparation of withdrawal applications under the project. An internal auditor would also be hired to assist in the financial monitoring of the project. The EPA has recently installed the ACCPACK accounting software package (Receivables and General Ledger Modules) under the IDB-financed Environmental Management Program - Phase II and the charts of accounts is being prepared. Staff are being trained in its use and it is expected to be fully operational by the end of October 2004.

The financial management systems at CIG are satisfactory, but the local staff lack adequate experience to manage CIG's components of the project. Capabilities of existing staff would be strengthened through training. Furthermore, CIG has real time support from CI's regional center in Ecuador and from its headquarters in Washington, D.C. The Guyana Marine Turtle Conservation Society (GMTCS) will not directly manage any of the GEF grant so only limited improvements would be made in its financial management capabilities to meet the World Bank's minimum fiduciary requirements.

The proceeds of the Grant would be disbursed into a US Dollar denominated Special Account managed by the EPA. The Special Account would be opened at a commercial bank satisfactory to the Bank, based

on the forecasted needs for the components to be managed by the EPA and the GMTCS. The EPA would open project accounts at a local commercial bank to which the Government and other counterpart funds would be deposited. CI would set up a revolving fund with its own resources through which all project related expenditures under Components B.2 and D would be financed, following which reimbursement would be sought directly from the Bank based on an agreed annual work plan, with a copy of each reimbursement request and supporting documentation sent to the Government. The Government would also be sent copies of all documentation relating to the reimbursements.

## **5. Environmental**

### **5.1 Environmental Assessment (See Annex 14)**

This project is classified as a "B" for environmental assessment purposes. The project is expected to have a positive environmental impact, as its implementation would result in improved resource management and the conservation of biodiversity. The project components consist mostly of technical assistance, institutional strengthening and capacity building activities to strengthen the GPAS legal, financial and institutional foundations. The field activities under the GEF project focus on participatory planning and management activities, complemented by small infrastructure works and income generation activities to be funded under the parallel KfW project and co-financing from CI. Natural resources management activities (such as agro-ecological production, sustainable harvesting of non-timber resources) and induced activities (like eco-tourism lodges, ranger camps, access roads and interpretation trails) may have minor impacts.

### **5.2 Main features of the Environmental Management Plan**

To address potential negative impacts, an Environmental Assessment Framework was developed and is presented in Annex 14, indicating the procedures to be followed to ensure that the potential adverse impacts of these activities are fully prevented or mitigated. The Environmental Management Division of the EPA will review EA in protected areas in accordance to the Guyana Environmental Protection Act of 1996.

### **5.3 Stakeholder involvement**

The project will seek the active participation of different stakeholders directly and indirectly involved in GPAS. Stakeholders will be involved in the environmental analysis of the infrastructure and income-generating activities.

### **5.4 Environmental monitoring and evaluation**

The PIU and Environmental Impact Unit of the EPA, in coordination with the two Lead Agencies (CIG and GMTCS), will monitor the impact of field construction and income generation activities under the project. They will approve the studies done within the environmental assessment framework (see Annex 14) and supervise the execution of agreed mitigation measures.

## **6. Social**

### **6.1 Key social issues and social development outcomes (See Annexes 11-13)**

The main social issues concern the potential impact of PA establishment on Amerindian land and resource use rights (see Annexes 11-13). Although national resolution of indigenous land issues is

proceeding on a parallel track (through the ongoing subregional Amerindian land demarcation and recognition process, and revision of the Amerindian Act), the Phase I project nevertheless aims to address those indigenous concerns that are directly related to establishment and management of pilot PAs and the national PA system as a whole under the project.

To this end, the first phase GPAS project has adopted as a basic principle the active involvement of local and national stakeholders in the establishment and management of pilot PAs. The project will support the development of agreed participatory mechanisms at national and local levels during project implementation that would seek to effectively engage Amerindian representatives and communities located in project study areas in PA management planning and other GPAS activities.

Through the participatory PA management planning process, the project will also support the resolution of Amerindian land issues in project study areas prior to formal declaration of the PAs or implementation of on-the-ground investment activities. This would be done in accordance with procedures defined in the new Amerindian Act, which is currently being drafted based on an extensive national consultation process. Presentation of a draft new Act to Parliament is a condition of project effectiveness, and adoption of the new Act is a condition of disbursement for activities under Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c) and D.2(d). Preparation of a satisfactory agreed draft management PA plan is also required prior to formal PA declaration and investment activities under the above components. (See Annexes 2 and 12)

Specific mechanisms and benchmarks to ensure the achievement of social development outcomes have also been built into the project design. Under Component A, a multi-stakeholder National Protected Areas Advisory Committee will be established to review and advise the work of the PIU/EPA. Component A will also support the implementation of a grievance mechanism designed to address land and resource use issues in the project study areas; and the development of a communications strategy to enhance public understanding of the GPAS and facilitate local involvement in the project. Preparation of a satisfactory proposal for establishment of the grievance mechanism is a condition of project negotiations. Establishment of the mechanism is a condition of effectiveness. Detailed procedures will be set out in the project Operational Manual, which is a condition of effectiveness.

Component B will include the definition of agreed co-management models based on management practices in Guyana and experiences in other countries; the development of pilot PA guidelines for participatory planning and the process by which agreement will be reached with local communities on pilot PA establishment and management; and the development of draft PA framework legislation to include *inter alia* participatory management planning processes and conflict resolution procedures.

Components C and D will support the establishment of a multi-stakeholder local PA Management Committee for each project study area; preparation of additional detailed site-specific social assessments in the study areas; preparation of agreed PA management plans, including indigenous peoples action plans for each site; preparation of agreed draft PA declaration proposals; and identification and selection of agreed alternative income generating activities. (See Annex 12)

The project will also support capacity building of EPA personnel, as well as staff from the Ministry of Amerindian Affairs, in the development and implementation of participatory processes and conflict resolution guidelines. Ongoing work under the IDF-funded Guyana -- Capacity Building in Amerindian Affairs Project will contribute indirectly to the GPAS through provision of technical assistance to the Ministry of Amerindian Affairs for strategy and policy formulation and training in participatory techniques. (See Annex 12)

## **6.2 Participatory approach**

### Project preparation

The process for developing broad-based participation in the GPAS began in November 1994 with an Objectives Oriented Project Planning (OOPP) workshop, which included 34 representatives from a range of government and international agencies, NGOs, the University of Guyana and Amerindian groups. A number of preliminary stakeholder assessments were also conducted during preparation; introductory information on PAs and the proposed project was distributed to representatives of all stakeholders, including Amerindian leaders; position papers on the establishment of the PA system were solicited from four Amerindian interest groups for discussion during the Paramakatoi workshop (see below); and informal visits were made to a number of Amerindian villages adjacent to potential PAs.

A four-day workshop for Amerindian leaders was organized in 1996 in the village of Paramakatoi to share information on the role of indigenous peoples in the management of protected areas around the world, and elicit participants' ideas about how Amerindians could participate in the establishment and management of PAs in Guyana.

The GoG carried out a participatory Community Resource Evaluation approach during 2001-03 in collaboration with Conservation International Guyana as an input into the eventual establishment of a PA in the Kanuku Mountains area. Preliminary work was also initiated in May 2003 in the Shell Beach area, including identification of project stakeholders and preparations for individual community consultations. The Government also prepared in June 2002 as an addendum to the National Strategy for the Establishment of a System of Protected Areas, a document outlining the Principles and Practices of the Participatory Process Involving Interior Residents and Indigenous Peoples with Regards to the Development of Protected Areas in Guyana.

The Government carried out a broad public disclosure and consultation process on proposed project design in November 2003, including the preparation and dissemination of brochures and leaflets; the dissemination of the "GPAS Social Framework Strategy" including the results of the social assessment, a draft Indigenous peoples development plan, and a draft process framework for mitigating potential livelihood impacts (see Annexes 11-13); and the organization of public hearings to elicit comments from key stakeholders on the project.

Final results of the consultations show that the meetings were well attended and considerable interest and support for the project were expressed. The main concern voiced by some communities and indigenous leaders during public hearings and in written comments was the need to address land and resource use issues in the project study areas, as well as the need for timely dissemination of adequate, clearly formulated and accessible information to facilitate the effective participation of local communities and other stakeholders in project implementation. Questions were also raised about the PA declaration process, the potential impact of PAs on local livelihoods, and how local communities will be involved in PA co-management. These issues were discussed during the consultations and have been taken into consideration in the current project design. They will continue to be addressed throughout the planning phase of pilot PA establishment through ongoing stakeholder consultations and participatory processes.

### Project implementation

As noted in the above summary of social development mechanisms, the active participation of local communities, NGOs and other interest groups will be sought at all stages of project implementation, including establishment and management of pilot protected areas, design and implementation of

monitoring and evaluation plans, and related programs or projects with local communities. To facilitate this process, the project will support the development of a communications strategy to foster informed dialogue with project stakeholders; establishment of national and local level multi-stakeholder committees to assist in GPAS establishment and management; definition of agreed participatory processes and conflict resolution mechanisms for the GPAS; and development of a participatory management planning process for each pilot PA in collaboration with local stakeholders.

### **6.3 Collaboration with NGOs and other civil society organizations**

NGOs and civil society organizations have been involved in the project preparation process through meetings, workshops and a broad based public disclosure process to discuss proposed project design. As noted above, continued collaboration will be facilitated through the creation of a multi-stakeholder advisory committee at the national level, and PA steering committees at the local level. In addition to government line agencies, these committees will likely include representatives of local Amerindian communities, rural organizations, private sector organizations, and the like. They will assist the EPA in the GPAS planning and monitoring process at the national level, and facilitate local stakeholder participation in pilot PA planning, establishment and management at the local level.

### **6.4 Institutional arrangements to ensure that the project achieves its social development outcomes**

As mentioned above, the project will support the establishment of multi-stakeholder committees at national and local levels. A satisfactory grievance mechanism will be established to address land and resource use issues arising in relation to pilot PA establishment under the project. The project will also support capacity building and training activities of EPA and MoAA staff in the design and implementation of participatory and conflict resolution guidelines and processes.

### **6.5 Monitoring of social development outcomes**

Social safeguard issues will be monitored by technical specialists contracted by the EPA during project implementation and by specialists participating in Bank/KfW supervision missions, on the basis of social indicators included in the GPAS M&E plan, to be further refined throughout project implementation. At the local level, they will be monitored by the lead agencies in coordination with the local steering committees and other stakeholder representatives in a participatory manner to be agreed during project implementation.

## **F: Sustainability and Risks**

### **1. Sustainability**

The project would foster long-term sustainability by addressing three complementary variables: the policy framework, public participation, and financial sustainability. First, the project would develop the legal, policy, and institutional framework necessary for effective management of the GPAS; strong emphasis would be placed on training and human resource development aimed at strengthening institutional capacity. Second, project activities would link biodiversity conservation with direct community and other stakeholder participation, conflict resolution, and consensus building in the participatory development of two pilot protected areas, thereby helping to establish the basis for national support for the GPAS over the long term. Third, the project would address financial sustainability issues by establishing the framework for an independently managed national endowment fund to finance recurrent costs of the GPAS, and developing a long-term financing strategy for the GPAS as a whole, based on the lessons learned from the pilot PAs and other national and international experiences.

The ultimate sustainability of the GPAS will depend on follow-up implementation of the strategies developed under the first phase project through support for a long-term, phased approach, so that core institutional, regulatory, financial and procedural mechanisms developed during the first phase can be consolidated to ensure long-term GPAS management within an appropriate legal and participatory framework.

## 2. Critical risks

<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
<p><b>Development Objective:</b></p> <p>Lack of adequate legal framework to resolve conflicting land and resource use issues will undermine GPAS establishment.</p>	S	<ul style="list-style-type: none"> <li>The project includes well-defined conditionality prior to effectiveness and investments in project study areas (including tabling and adoption of new Amerindian Act that satisfactorily addresses land and resource use issues; and preparation of agreed pilot PA management plans and PA declaration proposals).</li> <li>The project also provides for the development of agreed conflict resolution procedures and establishment of a GPAS grievance mechanism.</li> <li>In addition, the project includes well-defined mechanisms and benchmarks to establish agreed procedures for participatory planning and co-management of project study areas.</li> </ul>
<p>External pressures on PA resources increase significantly.</p>	S	<ul style="list-style-type: none"> <li>As a fundamental GPAS principle, the GoG established a moratorium on the granting of new land/resource use concessions in delineated project study areas (referenced in the GPAS Grant Agreement) to ensure that increased deforestation or other negative impacts on critical habitats do not result in anticipation of PA declaration.</li> </ul>
<p>GoG development policies are incompatible with conservation of protected areas and sustainable development.</p>	M	<ul style="list-style-type: none"> <li>In its Letter of Sector Policy dated October 20, 2003 (see Annex 16), the GoG pledges to harmonize its sectoral standards and policies for economic development with its conservation policies.</li> <li>The project will also support the establishment of effective legislative linkages among all laws regulating natural resource management and land use in Guyana.</li> </ul>
<p><b>Specific Objectives:</b></p> <p>Decentralized nature of project implementation arrangements undermines smooth functioning of the project.</p>	M	<ul style="list-style-type: none"> <li>Preparation of a satisfactory detailed financial management plan included in the Operational Manual as a condition of project effectiveness will help ensure efficient flow of funds.</li> <li>Adequate staffing at the PIU and the lead agencies, including a financial management officer, procurement officer, dedicated accountants, junior procurement specialist, and internal and external auditors, will be hired to ensure the smooth functioning of the project.</li> </ul>
<p>Sufficient additional endowment capital cannot be raised to ensure coverage of GPAS recurrent costs.</p>	M	<ul style="list-style-type: none"> <li>CI and KfW have committed a total of US\$7 million to the trust fund.</li> <li>The project will support preparation of a fund-raising strategy.</li> </ul>
<p>Land issues in the project study areas cannot be satisfactorily resolved.</p>	S	<ul style="list-style-type: none"> <li>Project includes explicit conditionality that prohibits disbursement of funds for investment activities under Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c) and D.2(d) without prior agreement on PA management plan (including site specific indigenous peoples action</li> </ul>

		plans) for each agreed pilot PA.
Participatory approaches fail to effectively engage local populations in PA management planning and establishment.	S	<ul style="list-style-type: none"> <li>Local populations in project study areas will be directly involved in design and implementation of participatory processes for PA management planning and declaration.</li> <li>The project also includes design and implementation of a communications strategy to enhance public understanding of GPAS and generate well-informed dialogue among stakeholders at national and local levels.</li> </ul>
<b>Overall Risk Rating</b>	<b>S</b>	

Risk Rating – H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

### 3. Possible controversial aspects

The main controversial aspect of this project relates to indigenous land and resource use rights in the project study areas. Direct opposition on the part of Amerindian groups to the notion of protected areas and the establishment of a GPAS per se is not expected -- in fact, they are interested in co-managing the areas under the project. Nevertheless, some Amerindian communities have emphasized the need to get their land issues resolved before the pilot PAs are established and demarcated. There are also serious concerns about how indigenous resource use issues in the project study areas will be addressed given that the current legislative framework to safeguard those rights is incomplete.

To address these issues, the project has incorporated well-defined conditionality and benchmarks to ensure that an adequate framework is in place for resolving any issues that may arise in relation to pilot PA establishment. Project activities may not commence until a draft new Amerindian Act has been tabled in Parliament. It is expected that the draft Act will include specific, transparent procedures and mechanisms for the resolution of indigenous land and resource use issues. No on-the-ground investments in pilot PAs can take place (including all those activities related to application and enforcement of PA management plans and potentially affecting use rights within the pilot areas, such as boundary demarcation, deployment of park rangers, infrastructure construction, those income generation activities that are site-specific and depend on confirmed boundaries, etc.) until defined disbursement conditions have been satisfactorily met (including adoption of a new Amerindian Act that satisfactorily addresses land and resource use rights). The project is also expected to contribute to strengthening core processes for the resolution of land issues through the development of agreed conflict resolution mechanisms.

## **G: Main Grant Conditions**

### **1. Negotiations conditions**

- Moratorium established based on findings of legal opinion from Attorney General's Office and including delineation of project study areas. **PARTIALLY COMPLETED/PENDING**
- Preparation of proposal for GPAS grievance mechanism. **COMPLETED**
- Preparation of draft Operating Agreement between GoG (Office of the President) and CI/CIG **COMPLETED**
- Preparation of draft Operating Agreement between GoG (Office of the President) and GMTCS **COMPLETED**
- Preparation of draft Memorandum of Understanding (MOU) between EPA and MoAA **COMPLETED**
- Preparation of satisfactory Procurement Plan for first 18 months of project. **COMPLETED**

### **2. Effectiveness conditions**

- Tabling in Parliament of draft new Amerindian Act
- Establishment of satisfactory GPAS grievance mechanism
- Signature of satisfactory Operating Agreement between GoG and CI/CIG
- Signature of satisfactory Operating Agreement between GoG and GMTCS
- Signature of satisfactory MOU between EPA and MoAA
- Preparation of Operational Manual satisfactory to the Bank, including procurement and financial management policies and procedures.
- Establishment of PIU and appointment of key staff (including Project Coordinator and financial management/procurement staff) under Terms of Reference satisfactory to the Bank.
- Appointment of a satisfactory external auditor.
- Financial management system and procurement capabilities strengthened in a manner satisfactory to the Bank.

### **5. Disbursement conditions**

#### ***Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c), D.2(d)***

- Adoption of new Amerindian Act that satisfactorily addresses land and resource use issues.
- Satisfactory establishment of local steering committees for each project study area.
- Preparation of satisfactory agreed management plans for each agreed PA, including satisfactory site-specific indigenous peoples action plans.

#### ***Components C.2(b-d) and D.2(b-d)***

- Preparation of Subprojects Manual.

## **H: Readiness for Implementation**

- 1(a) The engineering design documents for the first year's activities are completed and ready for the start of project implementation.

- 1(b) Not applicable.
- 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
- 3. The Project Implementation Plan has been prepared and found to be realistic and of satisfactory quality.
- 4. The following items are lacking and are discussed under grant conditions (section G).

**I: Compliance with Bank Policies**

- 1. This project complies with all applicable Bank policies.
- 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

**Annex 1. Project Design Summary  
Guyana Protected Area System Project, Phase 1**

<i>Hierarchy of Objectives</i>	<i>Key Performance Indicators</i>	<i>Monitoring and Evaluation</i>	<i>Critical Assumptions</i>
<p><b>Sector Related CAS Goal:</b></p> <p>Promote poverty reduction through the conservation and management of Guyana’s biodiversity for socially sustainable development.</p>	<p><b>Sector Indicators:</b></p> <p>Poverty reduced through local participation in conservation-based income generating activities.</p>	<p><b>Sector/Country Reports:</b></p> <p>Baseline and socioeconomic studies</p> <p>Beneficiary assessments</p>	
<p><b>GEF Operational Goal:</b></p> <p>Promoting goals and objectives of Operational Programs 2 and 3: conservation (in-situ protection of biodiversity) and sustainable use of freshwater and forest ecosystems of global significance.</p>	<p><b>Outcome/Impact Indicators:</b></p> <p>Conservation efforts in Guiana Shield region advanced through protection and sustainable management of about 350,000 ha in the Kanuku Mountains and 350 ha in the Shell Beach region in partnership with local communities.</p> <p>Protection of endangered and threatened species, including harpy eagle and four species of marine turtles.</p> <p>Increased involvement of civil society and the private sector in managing and conserving natural resources and biodiversity.</p>	<p>Baseline study</p> <p>Project monitoring system</p>	

<p><b>Program Development Objective</b></p> <p>Ensure effective protection and sustainable management of representative ecosystems through a national system of protected areas which is self-sustained, transparent, decentralized and managed through partnerships</p>	<p><b>Outcome/Impact Indicators:</b></p> <p>All major ecosystems are represented in GPAS with sufficiently sized and effectively managed areas to ensure long-term sustainability.</p> <p>Sufficient financing is secured to continually sustain the full operation and maintenance costs of PAs under the GPAS.</p> <p>All PAs are under participatory management, with local communities actively involved and committed to PA conservation.</p> <p>All areas are established and managed according to national strategic priorities.</p>	<p>Progress reports</p> <p>Trust Fund annual reports</p> <p>Independent project/program evaluation</p> <p>Beneficiary assessment</p>	<p>Environmental issues continue to be a priority to GoG</p> <p>Other donors engage in the long-term financing arrangements for the GPAS</p> <p>Donors finance alternative rural development projects in PAs and buffer zones</p>
<p><b>Phase I Project Global Objective:</b></p> <p>Policy, financial, legal and institutional frameworks and knowledge base developed and partially implemented for the long-term management and sustainability of the Guyana Protected Areas System.</p>	<p><b>Phase I Outcome/ Impact Indicators:</b></p> <p>An efficient management system is established for GPAS.</p> <p>Agreed participatory processes for PA management are adopted and applied.</p> <p>Two pilot PAs are created and fully operational.</p> <p>GPAS institutional structure is consolidated based on field tested national and local implementation arrangements.</p> <p>Appropriate GPAS framework legislation is developed and adopted.</p>	<p>Progress reports</p> <p>Minutes of national advisory and local steering committee meetings</p> <p>Legal documentation</p>	<p>Adequate legal framework is in place, including adoption of new Amerindian Act, to resolve conflicting land and resource use issues.</p> <p>External pressures on the PA resources do not significantly increase</p> <p>GoG development policies are compatible with conservation of protected areas and sustainable development</p>

<p><b>Output from each Component</b></p> <p><b>Component A</b></p> <p>Development of Institutional and Technical Capacity for Project Management</p>	<p><b>Output Indicators:</b></p> <p>PIU unit established and fully operational with skilled professional staff.</p> <p>National PA Advisory Committee established and fully operational.</p> <p>Agreed Grievance Mechanism is fully operational.</p> <p>Increased public understanding of GPAS.</p> <p>Staff of EPA, Ministry of Amerindian affairs and other institutions trained in project management, financial management and technical areas related to PA establishment and management.</p> <p>Monitoring and evaluation system operational.</p>	<p>Project reports</p> <p>Financial and project audits</p> <p>Financial management reports</p> <p>National Committee By laws and minutes</p> <p>Records of grievance mechanism</p> <p>Baseline and follow-up public surveys</p> <p>Baseline studies</p> <p>Monitoring reports</p>	<p>Decentralized nature of project implementation arrangements does not undermine smooth functioning of the project.</p> <p>GPAS staff at PIU and in the field is stable, i.e. not removed for political reasons</p> <p>Participatory approaches are supported by national and local authorities</p>
<p><b>Component B</b></p> <p>Development of GPAS Management, Financial and Legal Frameworks</p>	<p>Agreed long-term institutional arrangements, procedures, approaches and participatory mechanisms for the GPAS developed and implemented.</p> <p>Agreed co-management and financial mechanisms tested and adopted.</p> <p>Guyana National Protected Areas Trust established with US\$7 million capitalized and other revenue generation tools applied.</p> <p>Guyana Protected Areas System Act prepared and adopted.</p> <p>Technical assistance and training in conflict resolution provided.</p> <p>Conflicts (in particular land conflicts) addressed in a satisfactory manner.</p> <p>Sector regulations reviewed, adapted to protected areas and issued.</p>	<p>Project reports</p> <p>Trust fund reports and audits</p> <p>Reports from workshops/consultations</p> <p>Legal records</p>	<p>Sufficient additional endowment capital is raised to ensure coverage of GPAS recurrent costs</p> <p>GoG supports the approval of Protected Areas Act</p>

<p><b>Component C</b></p> <p>Planning and Co-management of Shell Beach Protected Area</p>	<p>GMCTS institutional capacity strengthened through technical assistance and support.</p> <p>Business plan for long-term GMTCS operation prepared.</p> <p>Shell Beach Steering Committee established and operational.</p> <p>Shell Beach Management plan and indigenous peoples action plan designed and agreed.</p> <p>Draft PA declaration prepared.</p> <p>Conservation-based income generation activities prepared</p> <p>Management plan and income generating activities implemented on a co-management basis</p> <p>30-40% of operating costs for Shell Beach covered through the Trust Fund.</p>	<p>Project reports</p> <p>Steering committee by laws and minutes</p> <p>Reports from management planning workshops/consultations</p> <p>Income generation subproject reports</p>	<p>Agreed participatory approaches are designed and implemented to effectively engage local populations in PA management planning and establishment.</p> <p>No unforeseen major local social conflicts erupt</p> <p>Controls by local communities and rangers are effective and sustained</p> <p>Land issues can be satisfactorily addressed.</p>
<p><b>Component D</b></p> <p>Planning and Co-management of Kanuku Mountains Protected Area</p>	<p>CIG institutional capacity strengthened through technical assistance and support.</p> <p>Kanuku Mountains Steering Committee established and operational.</p> <p>Kanuku Mountains Management plan and indigenous peoples action plan designed and agreed.</p> <p>Draft PA declaration prepared</p> <p>Conservation-based income generation activities prepared</p> <p>Management plan and income generating activities implemented on a co-management basis</p> <p>50% of operating costs for Kanuku Mountains covered through the Trust Fund.</p>	<p>Project reports</p> <p>Steering committee by laws and minutes</p> <p>Reports from management planning workshops/consultations</p> <p>Income generation subproject reports</p>	<p>Agreed participatory approaches are designed and implemented to effectively engage local populations in PA management planning and establishment.</p> <p>No unforeseen major local social conflicts erupt</p> <p>Land issues can be satisfactorily addressed.</p>

<p><b>Project Components/ Subcomponents</b></p> <p><b>Component A: Development of institutional and technical capacity for project management</b></p> <p>1. Establishment of the PIU 2. Development of institutional and participatory frameworks for project implementation 3. Capacity building</p>	<p><b>Inputs</b></p> <p><b>US\$1,396,100</b></p>	<p>Technical reports</p> <p>Project reports</p> <p>Local participation agreements</p> <p>Copies of contracts, agreements</p> <p>Financial reports</p> <p>Evaluation reports</p> <p>Project supervision reports</p> <p>KFW reports</p>	<p>Political commitment to GPAS maintained</p> <p>Counterpart funding disbursed in a timely manner</p>
<p><b>Component B: Development of GPAS management, financial and legal frameworks</b></p> <p>1. Development of GPAS management framework 2. Development of sustainable financing mechanisms 3. Preparation of GPAS Act 4. Conflict resolution</p>	<p><b>US\$790,500</b></p>		
<p><b>Component C: Planning and Co- management of Shell Beach PA</b></p> <p>1. Planning (a) Strengthening institutional capacity of GMTCS (b) Establishment of Shell Beach Steering Committee (c) Community awareness/education (d) Preparation of PA Management Plan (e) Preparation of draft PA declaration (f) Preparation of conservation-based income generation</p>	<p><b>US\$1,300,417</b></p>		

<p>activities</p> <p>2. Implementation/ investments</p> <p>(a) Active co- management of Shell Beach PA</p> <p>(b) Implementation of selected income generation activities (Types 1-2).</p> <p>(c) Implementation of selected income generation activities (Type3)</p> <p>(d) Technical assistance.</p>			
<p><b>Component D – Planning and co- management of Kanuku Mountains PA</b></p> <p>1. Planning</p> <p>(a) Strengthening Institutional Capacity of CIG</p> <p>(b) Establishment of Kanuku Mountains Steering Committee</p> <p>(c) Community awareness/education</p> <p>(d) Preparation of PA Management Plan</p> <p>(e) Preparation of draft PA declaration</p> <p>(f) Preparation of conservation-based income generation activities</p> <p>2. Implementation/ investments</p> <p>(a) Active co- management of Kanuku Mountains PA</p> <p>(b) Implementation of selected income generation activities (Types 1-2)</p> <p>(c) Implementation of selected income generation activities (Type 3)</p> <p>(d) Technical assistance</p>	<p><b>US\$2,499,860</b></p>		

## Annex 2: Detailed Project Description

### Objectives

The long-term goal of the proposed Guyana Protected Areas System (GPAS) Project is to ensure effective protection and sustainable management of representative ecosystems of Guyana through a national system of protected areas which is self-sustained, transparent, decentralized and managed through partnerships. This will be achieved through the pursuit of a phased approach.<sup>6</sup> The first phase GPAS project will be a process project -- pilot-based, and focused on assisting the GoG in development and initial implementation of the policy, financial, legal and institutional frameworks and knowledge base for long-term management and sustainability. This will be done on the basis of lessons learned from establishing and managing two pilot protected areas co-managed with local, primarily indigenous populations.

The first phase GPAS project consists of four components, which are described in detail below: (A) establishment of the institutional and technical capacity for GPAS project management; (B) definition of the long-term management, financial, legal and regulatory frameworks for the GPAS; (C) planning and co-management of Shell Beach Pilot Protected Area; and (D) planning and co-management of Kanuku Mountains Pilot Protected Area. (See also Attachment 1.)

### Project Description

#### ***Component A. Development of Institutional and Technical Capacity for Project Management (approx. US\$ 2.2million total / US\$1.4 million GEF)***

This component will provide necessary support for project implementation and lay the foundation for long-term GPAS management through: (i) establishment of a Project Implementation Unit within Guyana's Environmental Protection Agency (EPA) to coordinate implementation of the Phase I project; (ii) development of the institutional and participatory mechanisms for project implementation; and (iii) capacity building of technical and administrative staff and key stakeholders. This component will build upon the significant progress made in recent years towards establishing institutional capacity within the EPA to plan and execute the national protected areas system.

#### *A.1 Establishment of a Project Implementation Unit*

This subcomponent will support the establishment and functioning of a dedicated *Project Implementation Unit (PIU)* within the EPA to carry out Phase I project activities. The PIU will be responsible for overall project coordination and implementation. To this end, it will develop appropriate financial management, planning, and monitoring and evaluation instruments for Phase I implementation.

As the project implementing agency, the PIU will coordinate the development of appropriate legislative, regulatory, financial and technical frameworks for long-term management of the GPAS. It will host the core team for the future GPAS Coordination Unit, and work within the EPA to reinforce their technical, managerial and administrative capacity for long-term GPAS management. Moreover, it will provide direct administrative support to the Guyana Marine Turtle Conservation Society (GMTCS) for implementation of Component C. PIU staffing, responsibilities and operating procedures will be detailed in a GPAS Project Operational Manual; preparation of this manual is a condition of effectiveness, as is the establishment of the PIU and appointment of key PIU staff, including an experienced Program Coordinator to head the PIU, and financial management/procurement staff.

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<sup>6</sup> Approval of this Phase I project does not imply commitment on the part of the GEF or the World Bank to provide funding for later phases of the proposed GPAS program.

Finally, the PIU will be responsible for overseeing and monitoring the planning and investment activities to be carried out by designated lead agencies in the two project study areas (Conservation International Guyana-CIG in the Kanuku Mountains and GMTCS in Shell Beach). The permanent GPAS Coordination Unit will be established at the end of the project to manage the protected areas system under the GPAS management strategy to be developed under subcomponent B.1. Preparation of draft operating agreements by the GoG with each lead agency is a condition of negotiations. Signature of operating agreements satisfactory to the Bank is a condition of effectiveness.

#### *A.2 Development of institutional and participatory frameworks for project implementation*

This subcomponent will focus on piloting participation channels and processes for Phase I GPAS management. Successful practices will be incorporated as legal mechanisms into the draft PA Act to be developed under the project (see subcomponent B.3). To this end, the subcomponent will support the development and operation of the following:

- A *National Protected Areas Advisory Committee* will review and provide technical input into the work of the PIU. It will be chaired by the Executive Director of the EPA, and will provide a forum for broad-based stakeholder participation at the national level in the Phase I project. Members of the committee will meet regularly and will likely include representatives from key GoG agencies, Amerindian communities, NGOs, scientists, PA specialists, private sector representatives, and environmental NGOs/interest groups. The specific roles, responsibilities and composition of the national GPAS committee will be defined and agreed during the first three months of project implementation.
- A *Grievance Mechanism* will be established to address potential land or resource use issues within the project study areas, as well as other issues that may arise in relation to pilot PA establishment and management during the Phase I project. This mechanism would be easy to use, inexpensive and accessible to local communities. It will be developed on the basis of procedures and mechanisms defined in the new Amerindian Act. Once the new Act is passed, it is expected that the scope of the grievance mechanism will be revised to deal only with specific GPAS related issues not addressed by the new legislation. Preparation of a satisfactory proposal for the grievance mechanism is a condition of negotiations; establishment of a satisfactory grievance mechanism is a condition of project effectiveness.
- Guidelines and procedures for reaching and documenting stakeholder agreements during the participatory planning for each of the pilot PAs (management plan and PA declaration) will be outlined in the project Operational Manual and reviewed/updated as needed in consultation with stakeholders during project implementation.
- A *communications strategy* will be designed and implemented to facilitate participatory processes by fostering increased public understanding of the GPAS and generating well-informed dialogue among stakeholders, especially at the local level in project study areas.
- The *monitoring and evaluation (M&E) plan* will be further developed in close coordination with each of the lead agencies in the two project study areas (CIG and GMTCS) who will be responsible for implementing M&E activities in their respective areas. Due to lack of sufficient baseline information, a comprehensive and detailed biodiversity monitoring plan will be designed for both project study areas (Kanuku Mountains and Shell Beach) during the first year of project implementation.

### *A.3 Capacity building*

This subcomponent will support the preparation and implementation of a needs assessment and strategy for technical training and capacity building of a critical mass of GPAS managers, administrators and technicians at national, regional and local levels. The needs assessment and strategy will focus on the training needs of the EPA, Ministry of Amerindian Affairs, the two NGO/lead agencies responsible for implementation of activities in the two project study areas, and other selected government and civil society entities. It will fund targeted training activities, including workshops, short-term technical courses, on-the-job training, study tours, and the like in such topics as protected areas management, conservation practices, managerial and administrative skills, and computer and internet skills. In particular, it will provide training in conflict management and negotiations skills to EPA, Ministry of Amerindian Affairs and the lead agencies for the implementation of the project study areas. In order to benefit from similar programs and initiatives, this subcomponent will also support twinning arrangements with other local and regional institutions to allow for an exchange of experiences and staff, study tours, technical assistance, and the like.

### ***Component B. Development of GPAS Management, Financial and Legal Frameworks (approx. US\$8.0 million total / US\$0.8 million GEF)***

Component B will fund the following activities: (i) development of a GPAS management framework; (ii) development of a financing mechanism and revenue generation strategy for the long-term sustainability of the GPAS; (iii) preparation of the draft Protected Areas System Act and related regulations; and (4) technical assistance to support conflict resolution in the project study areas.

#### *B.1 Development of GPAS management framework*

This subcomponent will develop the long-term GPAS management framework. Activities will include technical studies, workshops and consultations aimed at developing agreed institutional arrangements, procedures, approaches and participatory mechanisms for the GPAS. The results and recommendations from this process will serve as inputs into the Protected Areas System Act being developed under Component B.3.

Following the principle of decentralized and participatory management of PAs adopted by the Government of Guyana, this subcomponent will seek in particular to define co-management models for participatory PA management. These will be based on the ongoing experience of pilot PAs in Guyana as well as the lessons learned from experiences in other countries that involve indigenous communities and organizations, NGOs, academic institutions, and other stakeholders. The model to be proposed should include appropriate approaches for: (i) co-management of conservation concessions and other forms of delegating the implementation and administration of protected areas; (ii) participatory processes and capacity building at the community level for developing site-specific co-management approaches; and (iii) instruments and guidelines for monitoring and evaluating co-managing institutions.

#### *B.2 Development of sustainable financing mechanisms*

Activities under this subcomponent will support the establishment of an autonomous long-term financing vehicle for the GPAS with an independent governance and management structure. The Guyana National Protected Areas Trust will: (i) support the recurrent costs of managing the GPAS, and (ii) serve as a mechanism through which international, national and local financial support to GPAS can be coordinated. The Trust will also have the power to operate a grants program to support community activities related to GPAS. The Phase I project will help fund the administrative costs associated with establishing and managing the Trust, as well as its operation for the project's duration. The initial endowment will be

provided by CI through its Global Conservation Fund, matching grants and the deposit of part of the KfW contribution (US\$2 million) as a sinking fund to support community subprojects. It is expected that once the trust fund's secretariat is established, it will manage its operational budget directly.

This subcomponent will also support studies to select and adapt revenue generation instruments to the Guyanese context. These would focus on, *inter alia*: (i) user fees and charges from concessions granted for tourism services, bio-prospecting, research, licenses, etc., (ii) conservation concessions; (iii) identification of natural assets that may be subject to conservation easements such as watersheds; and (iv) potential resources from carbon sequestration projects.

### *B.3 Preparation of the Guyana Protected Areas System Act*

In order to ensure that an adequate legal framework is in place to protect Amerindian rights, it was agreed that prior to project effectiveness, a draft new Amerindian Act will be tabled in Parliament. Adoption of a new Amerindian Act that satisfactorily addresses indigenous land and resource use issues is a condition of disbursement for activities under Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c) and D.2(d) (see below).

**During project implementation, this** subcomponent will fund the *preparation of the draft Protected Areas System Act* for parliamentary consideration. Preparation of the Act will be done on the basis of a legal diagnosis of Guyana's relevant laws and regulations, as well as an analysis of PA framework legislation in other countries. Recommendations and lessons learned in the course of designing and carrying out pilot activities under the Phase I project, and the recommendations issued from Components B.1 and B.2 will also serve as inputs into this legislation. Particular attention will be paid to establishing the necessary linkages with related legislation, including the new Amerindian Act, to ensure effective protection of indigenous land and resource use rights. The PIU will work closely with the Ministry of Amerindian Affairs and other line agencies to carry out a coordinated dissemination and consultation process on the proposed legislation.

The Guyana Protected Areas System Act is expected to define and provide for, *inter alia*: i) the principles guiding GPAS establishment and management; (ii) institutional arrangements; (iii) PA categories to be included in the national system, including sustainable use categories and associated user rights; (iv) the process for PA proposal and declaration; (v) agreed mechanisms for local community participation in PA establishment and management; (vi) participatory management planning process for the PAs (including definition of what the management plan will include and specification of possible co-management arrangements); (vii) procedures for identifying and selecting alternative income generating activities in and around PAs; (viii) definition of the process to address any issues related to land or resource use that may arise in the course of establishing and managing PAs; (ix) monitoring and evaluation strategy; and (x) description of violations/contraventions and remedies.

### *B.4 Conflict resolution*

This subcomponent will fund technical assistance to the Ministry of Amerindian Affairs to help address indigenous land and resource use issues that may arise in project study areas under the Phase I project. Activities will include on-the-job support to the Ministry in conflict management, mediation and arbitration for key stakeholders. It would also include field activities for land demarcation (under KfW funding). These activities would be done in coordination with the grievance mechanism to be supported under Component A.2. Preparation of a draft Memorandum of Understanding (MOU) between EPA and MoAA defining MoAA participation in the project is a condition of negotiations; signature of a satisfactory MOU is a condition of effectiveness.

***Component C. Planning and Co-management of Shell Beach Pilot Protected Area (approx. US\$1.4 million total/US\$1.3 million GEF)***

***Component D. Planning and Co-management of the Kanuku Mountains Pilot Protected Area (approx. US\$3.9 million total/US\$2.5 million GEF)***

The following two components will support activities for the establishment of two pilot protected areas. ***Component C*** will focus on Shell Beach, an area of global importance for the conservation of marine turtles. ***Component D*** will focus on the Kanuku Mountains, an area of mega-biodiversity characterized by a high variety of ecosystems (tropical mountains, rainforest and Amazonian savannas) occurring within a limited territory. While the general approach for both components is similar, the pace, scale and scope of the activities will be adapted to the specific needs and characteristics of each area.

### ***Component C. Planning and Co-management of Shell Beach Pilot Protected Area***

This component will be executed in two stages: a first stage of participatory planning and preparatory activities for establishing the PA, developing conservation-based income generation activities, and implementing selected subprojects; and a second stage of effectively implementing pilot PA declaration and co-management, as well as the implementation of income-generation activities.

#### *C.1 Planning stage*

Activities during the planning stage will seek to lay the foundation for establishment and co-management of the pilot protected area and will consist of the following: (i) strengthening the institutional capacity of the lead agency (Guyana Marine Turtle Conservation Society -- GMTCS); (ii) establishment and operation of the Shell Beach Steering Committee; (iii) community awareness and education; (iv) preparation of the PA Management Plan; (v) preparation of the draft PA declaration; and (vi) identification and preparation of conservation-based income generation activities.

##### *(a) Strengthening the institutional capacity of GMTCS*

This subcomponent will provide support to improve the operational capacity of GMTCS as the lead agency to execute this component. It will cover technical assistance, basic equipment and incremental operational expenses for the component's execution. It will also include preparation of a business plan for GMTCS long-term operation.

##### *(b) Establishment of the Shell Beach Steering Committee*

This subcomponent will cover the establishment and operation of a protected area steering committee that will likely include representatives from local communities, NGOs, regional government and other relevant stakeholder groups. Initially, the Shell Beach Steering Committee will work closely with GMTCS in the participatory planning of the PA management plan and the PA declaration. Once agreement is reached for the establishment of the PA, this committee will become the steering body for PA administration. Establishment of the Shell Beach Steering Committee is a condition of disbursement for Components C.2(a), C.2(c) and C.2(d).

*(c) Community Awareness and Education*

This subcomponent will cover communication, information and awareness activities targeting the 22 indigenous communities living near the Shell Beach area, as well as the Region 1 population at large.

*(d) Preparation of the PA Management Plan*

This subcomponent will support the preparation of the Shell Beach Management Plan through participatory planning involving the key stakeholders. The participatory approach is expected to define a shared vision for the pilot PA, management goals and strategies.

Main activities include: (i) the consolidation and analysis of existing biophysical, social, land and resource use information; (ii) the preparation of additional feasibility studies to cover any existing information gaps, including the preparation of a detailed social assessment of Shell Beach and surrounding communities; (iii) identification of the main threats, problems and potential for establishing and co-managing the PA, with the participation of local communities and other key stakeholders; and (iv) design of the management plan for the PA.

The management plan will cover, *inter alia*: the main threats and conflicts; main conservation values such as landscapes, cultural and religious sites, biological representativeness, and the like; the definition of PA classification, purposes and zoning; local implementation arrangements; co-management framework and arrangements (including draft co-management agreements); a monitoring and evaluation plan; basic infrastructure planning and design; and local training needs. The management plan will also include a *site-specific indigenous peoples action plan* that would define proposed user rights; agreed participatory processes, local conflict resolution mechanisms, mitigation strategies to address potential limits to resource use, proposed priority alternative income generation activities, and other agreed actions.

Preparation of a satisfactory agreed management plan for the agreed Shell Beach Pilot PA, including a satisfactory site-specific indigenous peoples action plan, is a condition of disbursement for subcomponents C.2(a), C.2(c) and C.2(d).

*(e) Preparation of the draft PA declaration*

The PA declaration proposal will be based on the findings and recommendations of the management plan, and the area mapping. It will contain a proposed PA category, and define detailed boundaries. It will also include a broad zoning proposal for the area, showing main restricted zones and those recommended for resource use. The declaration proposal would be discussed and agreed with stakeholders at both the national and local levels prior to seeking parliamentary approval according to an agreed consultative process.

*(f) Preparation of conservation-based income generation activities*

This subcomponent will support the identification and selection of income generation activities that could foster conservation or substitute unsustainable current practices. It will support activities to enhance community awareness; identify business opportunities; build entrepreneurial skills and organizations; support feasibility and marketing studies, and other related activities. General procedures and criteria for identifying and selecting income generating activities will be included in the Operational Manual, and further developed and agreed during project implementation in the Subprojects Manual. They will include the environmental screening and/or assessment of the proposed activities. Preparation of a satisfactory Subprojects Manual is a condition of disbursement for subcomponents C.2(b-d).

Income generation activities would be classified into three types depending on the status of Amerindian lands in the project study areas:

- Type 1 Subprojects would be for titled but not demarcated as well as untitled communities, which would be eligible for nonphysical works, such as educational and outreach activities, needs assessments, identification of potential future subprojects, technical assistance and training. Some examples could include training for soil management or technical assistance for marketing.
- Type 2 Subprojects would be for titled and demarcated communities, which would be eligible for all of the above Type 1 activities as well as implementation of a specific set of income generation subprojects involving the sustainable use of natural resources, that could be located on titled/demarcated land. Some examples could include small enterprises for heart of palm production, small-scale cocoa processing facility and small livestock raising.
- Type 3 Subprojects would be implemented once subregional Amerindian land issues are satisfactorily resolved in accordance with the new Amerindian Act and PA boundaries are determined. These subprojects would have the broadest eligibility criteria and could include multi-village and/or subregional activities such as the development of ecotourism (feasibility study, business plan, guest house construction, etc.) or a multi-village crabwood oil processing plant.

### *C.2 Implementation/investment stage*

The implementation/investment stage will support on-the-ground investments and actions necessary for active co-management of the pilot area, including: (i) active co-management of the Shell Beach Pilot Protected Area through implementation and enforcement of the management plan and (ii) implementation of selected sustainable income-generation activities involving local communities living in or near the PA.

In addition to the disbursement conditions indicated above, the implementation of subcomponents C.2(a), C.2(c) and C.2(d) is also conditioned on adoption of a new Amerindian Act that satisfactorily addresses indigenous land and resource use issues.

If these conditions cannot be met in a timely manner, the funds for the above subcomponents will be reallocated to other project components or cancelled, accordingly.

#### *(a) Active co-management of Shell Beach Pilot PA*

This subcomponent will support the implementation and enforcement of the management plan, including the establishment of the PA management unit and creating conditions for its operation; the execution of small infrastructure works; technical assistance for the demarcation of PA boundaries, public awareness and education, training in PA management, and the like.

#### *(b) Implementation of selected income generation activities (Types 1-2)*

#### *(c) Implementation of selected income generation activities (Type 3)*

#### *(d) Technical Assistance for implementation of selected income generation activities for (i) Types 1 and 2 subprojects and (ii) Type 3 subprojects.*

These subcomponents will support the implementation of selected income generation subprojects (Types 1-3, see subcomponent C.1.(f) above), as well as technical assistance to orient and supervise the implementation of the subprojects. Funding for subproject implementation will be provided through KfW and CI co-financing. Because they would support strictly preparatory activities (Type 1 subprojects) or site-specific income generation activities restricted to already titled and demarcated lands (Type 2

subprojects), the implementation of Types 1 and 2 subprojects would not be subject to the disbursement conditions for Component C.2. As a further measure to ensure the protection of Amerindian land and resource use rights under the project, a default clause has been added to the draft Grant Agreement which provides for remedies if the Government were to revoke or abridge any land or resource use rights granted under existing legislation.

#### **Component D. *Planning and Co-management of the Kanuku Mountains Pilot Protected Area***

This components will be executed in two stages: a first stage of participatory planning and preparatory activities for establishing the PA and developing conservation-based income generation activities; and a second stage of effectively implementing the PA declaration, the co-management of the pilot PA, and the income-generation activities.

##### *D.1 Planning stage:*

Activities during the preparatory stage will seek to lay the foundation for establishment and co-management of the pilot protected area and will consist of the following: (i) strengthening the institutional capacity of the lead agency (Conservation International Guyana -- CIG); (ii) establishment and operation of the Kanuku Mountains Steering Committee; (iii) community awareness and education; (iv) preparation of the PA Management Plan; (v) preparation of the draft PA declaration; and (vi) identification and preparation of conservation-based income generation activities.

##### *(a) Strengthening the institutional capacity of CIG*

This subcomponent will provide support to improve the operational capacity of Conservation International Guyana (CIG) as the lead agency to execute this component. Activities under this subcomponent will include technical assistance, basic equipment and incremental operational expenses for the component's execution.

##### *(b) Establishment of the Kanuku Mountains Steering Committee*

This subcomponent will cover the establishment and operation of a steering committee that will likely include representatives from local communities, NGOs, regional government and other relevant stakeholder groups. Initially, the committee will work closely with CIG in the participatory planning of the PA management plan and the PA declaration. Once agreement is reached for the establishment of the PA, this committee will become the steering body for PA administration. Satisfactory establishment of the Kanuku Mountains Steering Committee is a condition of disbursement for subcomponents D.2(a), D.2(c) and D.2(d).

##### *(c) Community awareness and education*

This subcomponent will cover communication, information and awareness activities targeting the 18 indigenous communities living near the Kanuku Mountains, as well as the Region 9 population at large.

##### *(d) Preparation of the PA Management Plan*

This subcomponent will support the preparation of the Kanuku Mountains Management Plan through participatory planning involving the key stakeholders. The participatory approach is expected to define a shared vision for the pilot PA, management goals and strategies.

Main activities include: (i) the consolidation and analysis of existing biophysical, social, land and resource use information; (ii) the preparation of additional feasibility studies to cover any existing information gaps, including the preparation of a detailed social assessment of the Kanuku Mountains area and surrounding communities; (iii) identification of the main threats, problems and potential for establishing and co-managing the PA, with the participation of local communities and other key stakeholders; and (iv) design of the management plan for the PA.

The management plan will cover, *inter alia*: the main threats and conflicts, main conservation values such as landscapes, cultural and religious sites, biological representativeness, and the like; the definition of PA classification, purposes and zoning; local implementation arrangements; co-management framework and arrangements (including draft co-management agreements); a monitoring and evaluation plan; basic infrastructure planning and design; and local training needs. The management plan will also include a site-specific indigenous peoples action plan that would define proposed user rights; agreed participatory processes, local conflict resolution mechanisms, mitigation strategies to address potential limits to resource use, proposed priority alternative income generation activities, and other agreed actions.

Preparation of a satisfactory agreed management plan for the agreed Kanuku Mountains Pilot PA, including a satisfactory site-specific indigenous peoples action plan, is a condition of disbursement for subcomponents D.2(a), D.2(c) and D.2(d).

*(e) Preparation of draft PA declaration*

The PA declaration proposal will be based on the findings and recommendations of the management plan, and the area mapping. It will contain a proposed PA category, and define detailed boundaries. It will also include a broad zoning proposal for the area, showing main restricted zones and those recommended for resource use. The declaration proposal would be discussed and agreed with stakeholders at both the national and local levels prior to seeking parliamentary approval according to an agreed consultative process.

*(f) Preparation of conservation-based income generation activities.*

This subcomponent will support the identification and selection of income generation activities that could foster conservation, or substitute unsustainable current practices. The subcomponent will support activities to enhance community awareness; identify business opportunities; build entrepreneurial skills and organizations; support feasibility and marketing studies; and other related activities. General procedures and criteria for identifying and selecting income generating activities will be included in the Operational Manual, and further developed and agreed during project implementation. They will include the environmental screening and/or assessment of the proposed activities. Preparation of a satisfactory Subprojects Manual is a condition of disbursement for subcomponents D.2(b-d). (See subcomponent C.1(f) above for a description of Types 1-3 subprojects.)

*D.2 Implementation/investment stage*

The implementation/investment stage will support on-the-ground investments and actions necessary for active co-management of the pilot area, including: (i) active co-management of the Kanuku Mountains Pilot Protected Area through implementation and enforcement of the management plan and (ii) implementation of selected sustainable income-generation activities involving local communities living in or near the PA.

In addition to the disbursement conditions indicated above, the implementation of subcomponents D.2(a), D.2(c) and D.2(d) is also conditioned on adoption of a new Amerindian Act that satisfactorily addresses indigenous land and resource use issues.

If these conditions cannot be met in a timely manner, the funds for the above subcomponents will be reallocated to other project components or cancelled, accordingly.

*(a) Active co-management of Kanuku Mountains Pilot PA*

This subcomponent will support the implementation and enforcement of the management plan, including the establishment of the PA management unit and creating conditions for its operation; the execution of small infrastructure works; technical assistance for the demarcation of PA boundaries, public awareness and education, training in PA management, and the like;

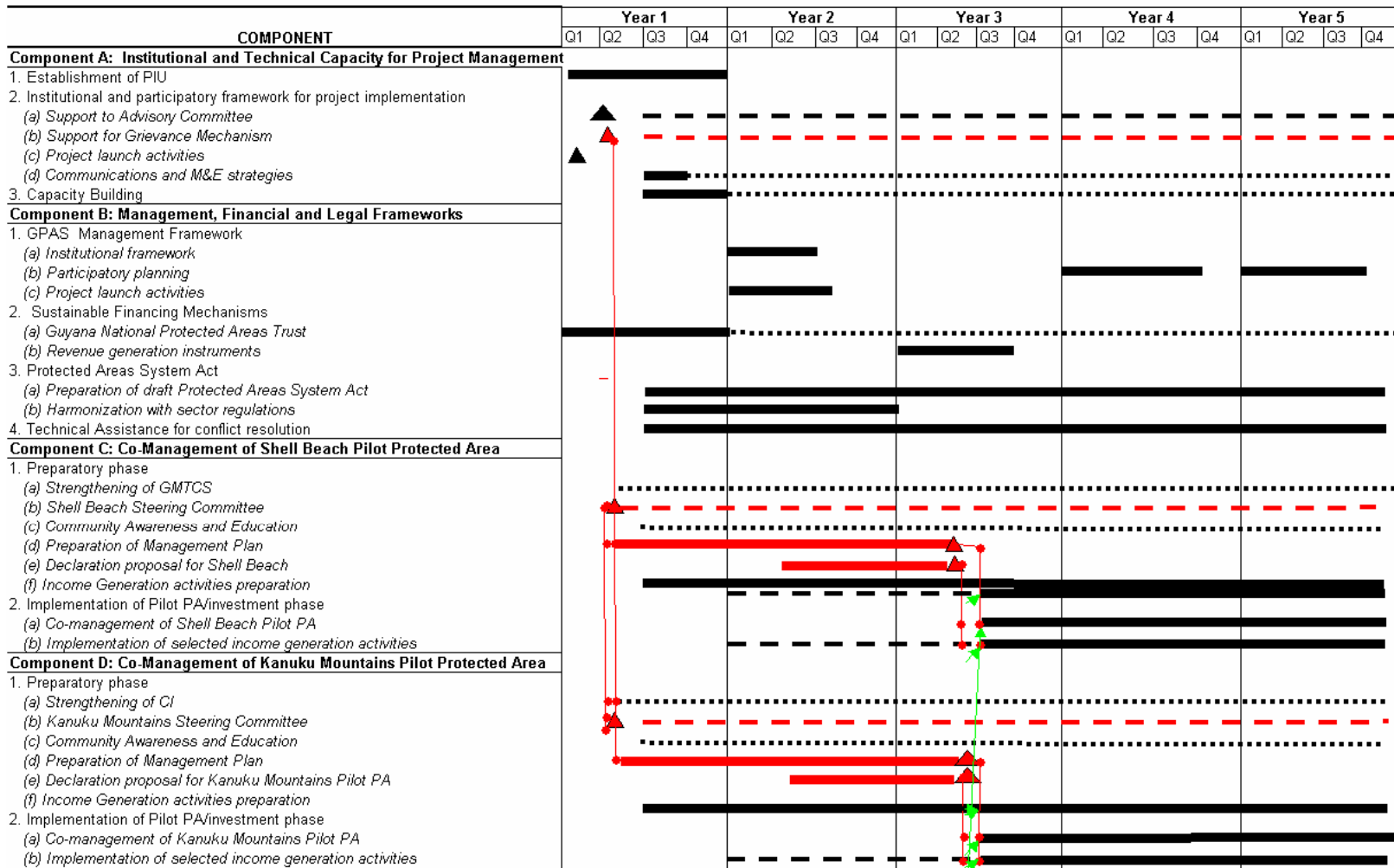
*(b) Implementation of selected income generation activities (Types 1-2)*

*(c) Implementation of selected income generation activities (Type 3)*

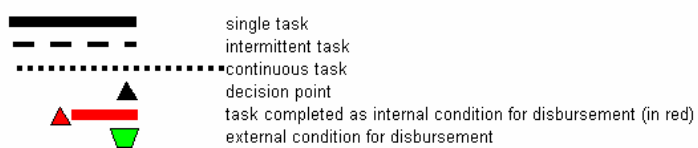
*(d) Technical Assistance for implementation of selected income generation activities*

This subcomponent will provide technical assistance to orient and supervise the implementation of selected income generation subprojects (Types 1-3, see subcomponent C.1(f)). Funding for subproject implementation will be provided through KfW and CI co-financing. Because they would support strictly preparatory activities (Type 1 subprojects) or site-specific income generation activities restricted to already titled and demarcated lands (Type 2 subprojects), the implementation of Types 1 and 2 subprojects would not be subject to the disbursement conditions for Component D.2. As a further measure to ensure the protection of Amerindian land and resource use rights under the project, a default clause has been added to the draft Grant Agreement which provides for remedies if the Government were to revoke or abridge any land or resource use rights granted under existing legislation.

**GEF - Guyana Protected Areas System  
Sequencing of Project's Main Activities and Conditionality**



Other (external) conditions  
Approval of Amerindian Act



### Annex 3: GEF Project Costs by Component

<i>Components</i>	<i>Local (US\$)</i>	<i>Foreign (US\$)</i>	<i>Total (US\$)</i>
<b>Component A: Institutional and Technical Capacity for Project Management</b>	<b>771,940</b>	<b>624,160</b>	<b>1,396,100</b>
1 Establishment of PIU	409,940	536,160	946,100
2 Institutional and participatory framework for project implementation	178,000	32,000	210,000
3 Capacity building	184,000	56,000	240,000
<b>Component B: Management, Financial and Legal Frameworks</b>	<b>592,500</b>	<b>198,000</b>	<b>790,500</b>
1 Long-term management framework	52,000	48,000	100,000
2 Sustainable financing mechanisms	258,500	44,000	302,500
3 Guyana Protected Areas System Act	152,000	76,000	228,000
4 Conflict resolution	130,000	30,000	160,000
<b>Component C: Co-management of Shell Beach Pilot PA</b>	<b>1,067,137</b>	<b>249,280</b>	<b>1,316,417</b>
<b>1 Preparatory stage</b>	<b>985,220</b>	<b>249,280</b>	<b>1,234,500</b>
(a) Strengthening GMTCS	606,720	69,280	676,000
(b) Shell Beach Steering Committee	32,500	0	32,500
(c) Community awareness and education	94,000	0	94,000
(d) Preparation of PA management plan	89,000	112,000	201,000
(e) Preparation of PA declaration	17,000	28,000	45,000
(f) Preparation of income generation activities	130,000	40,000	186,000
<b>2. Implementation/investment stage</b>	<b>81,917</b>	<b>0</b>	<b>81,917</b>
(a) Active co-management Shell Beach PA	46,917	0	46,917
(d) TA for implementation of income generation activities <sup>7</sup>	35,000	0	35,000
<b>Component D: Co-management of Kanuku Mountains Pilot PA</b>	<b>1,765,983</b>	<b>769,000</b>	<b>2,534,983</b>
<b>1. Preparatory stage</b>	<b>1,483,983</b>	<b>753,000</b>	<b>2,236,983</b>
(a) Strengthening CIG	937,860	350,000	1,287,860
(b) Kanuku Mountains Steering Committee	173,000	0	173,000
(c) Community awareness and education	104,000	0	104,000
(d) Preparation of PA management plan	62,000	220,000	282,000
(e) Preparation of PA declaration	37,000	43,000	80,000
(f) Preparation of income generation activities	170,000	140,000	310,000
<b>2. Implementation/investment stage</b>	<b>282,000</b>	<b>16,000</b>	<b>298,000</b>
(a) Active co-management Kanuku Mountains PA	192,000	16,000	208,000
(d) TA for implementation of income generation activities	90,000	0	90,000
<b>TOTAL</b>	<b>4,197,560</b>	<b>1,840,440</b>	<b>6,038,000</b>

<sup>7</sup> Subcomponents C.2(c-d) and D.2 (c-d) will be funded through KfW and CI contributions.

## Annex 4: Incremental Costs and Global Environmental Benefits

### Context and Broad Development Goals

1. Guyana's rich natural and biological resource base is coming under increasing pressure in response to the country's need for economic development. While Guyana has practiced relatively sustainable selective logging for decades, recently the burden of foreign debt and poverty of the country (per capita income was US\$882 in 2000) has resulted in enormous pressure on the Government to consider conceding much larger areas of the forest for timber and mineral exploitation. Fluvial gold and diamond mining activities are already causing widespread environmental damage to inland rivers, forests and their dependent species, and damage is likely to increase rapidly if no effective land use planning and protection is put in place.

2. The Government of Guyana (GoG) has recognized the seriousness of the situation, establishing in 1997 the Environmental Protection Agency (EPA) and working to strengthen the environmental management capacity of other natural resource management agencies. The necessity for an EPA and subsequent natural resource conservation has been laid out in the National Environmental Action Plan (NEAP) ratified by Parliament in June 1994, the National Forest Action Plan (NFAP) in 1997, the National Biodiversity Strategy and Action Plan in 1999, and the draft National Strategy for the Establishment of a System of Protected Areas in 2002. In addition to the establishment of environmental regulation and monitoring, these planning documents specifically identify the establishment of a national protected areas system as a top priority.

### Baseline Scenario

3. **Scope.** Over the next decade, GoG's economic development priorities will be to stimulate growth in those sectors of the economy that have the potential to increase incomes and enhance the well-being of the Guyanese population, including timber and mining (gold, diamonds). The GoG will endeavor to accomplish this objective in an environmentally sustainable manner, by putting in place an effective environmental regulatory framework, and implementing a balanced concessions policy that draws on reliable land use planning data. Under the Baseline Scenario, it is expected that the GoG would concentrate its scarce resources on: (i) establishing the Environmental Protection Agency (EPA) to regulate natural resource exploitation, and strengthening the capacity of other natural resource management agencies; (ii) developing the information base and analytical tools necessary for environmentally sound land-use planning decisions; and (iii) developing and implementing an environmentally sustainable concessions policy for the extractive industries, with particular attention to the institutional and policy needs of the forest sector.

4. As a first step in protecting its biological resources, the GoG enacted the Iwokrama International Centre for Rain Forest Conservation and Development Act in March of 1997. Under this legislation, approximately half of the Centre's 360,000 ha. site will constitute a Wilderness Preserve, and the remainder will be used for sustainable utilization of natural resources. At present, nevertheless, Guyana has no protected areas system, and there is only one other gazetted protected area, Kaieteur National Park, with effectively no staff or budget. The National Park Commission (NPC) has the mandate for managing Kaieteur National Park, but is primarily an urban-based institution, focusing on urban parks, the national zoo, and recreation facilities. Out of NPC's annual budget of US\$ 140,000, approximately US\$20,000 is allocated per year for staff and existing infrastructure at Kaieteur National Park; the Park earns some income from visitor fees (approximately US\$ 12,000 in 1995), which is returned to NPC. It is expected that under the Baseline Scenario, expenditures related to protected area management would continue at this modest level.

5. **Costs.** The GoG has mobilized substantial financial support from the national and international community to implement this strategy. Total expenditures under the Baseline Scenario are estimated at about US\$24.0 million, detailed as follows: (i) **environmental management:** establishing the EPA and strengthening natural resource management agencies - US\$ 2.6 million; this is being financed by the GoG (\$0.1 million), CIDA (\$1.0 million), IDB (\$ 1.5 million), the EU is also financing an environmental training program; (ii) **land use planning:** developing a sound land-use planning framework/institutional capacity - US\$ 5.0 million (GTZ); (iii) **sustainable forestry:** strengthening the Forest Commission and developing sustainable timber harvesting guidelines, concessions policy, etc. - US\$ 4.0 million (DFID); testing new approaches to sustainable utilization of the tropical rain forest and biodiversity conservation at the Iwokrama Forest: US\$ 12.0 million, including financial support from DFID (US\$5.1 million), EU (\$1.3 million), Commonwealth Secretariat (US\$ 0.95 million), IDRC, and ITTO; and (iv) **protected areas management:** US\$ 0.14 million (GoG/visitor's fees).

6. **Benefits.** Implementation of the Baseline Scenario would result in increased public sector capacity to manage Guyana's natural resource base. The GoG would implement policy and legislative reforms aimed at regulating land use and environmental impact across all sectors, so that development of timber and mineral resources would minimize environmental damage. Application of sustainable harvesting techniques and of the new concessions policy would result in more stable revenues over the long term and a more equitable distribution of benefits between Guyana and its international investors. In summary, implementation of the Baseline Scenario would permit the extractive sectors of the economy to generate the maximum national sustainable yield (MNSY). While implementation of the Baseline Scenario would result in greater sustainability of extractive activities and a reduction in negative environmental impacts, it would not ensure protection of globally significant biodiversity due to the lack of an explicit focus on biodiversity values as well as financial, legal, and institutional constraints. Consequently, under the Baseline Scenario, high global priority areas would be likely to lose their ecological integrity due to the expansion of extractive mining and forestry activities.

### **Global Environmental Objective**

7. The global environmental objective is to establish a long-term, viable system of protected areas which will conserve representative areas of all major ecosystems and habitats within the Guyana section of the Guiana Shield. The Guiana Shield is recognized as a globally important area for biodiversity with high species richness and high levels of endemism. The tropical rain forests of Guyana represent some of the most intact forests of South America, covering an altitudinal gradient from lowland to montane and supporting viable populations of endangered species, such as harpy eagles, macaws and jaguars.

8. The GPAS project will adopt a phased approach. The first phase GPAS project will be a process project -- pilot-based, and focused on assisting the GoG in refining and formalizing the institutional, financial, legal and regulatory framework for the GPAS, on the basis of lessons learned from establishing and managing one or two pilot areas, including as a fundamental principle co-management of the areas with other project stakeholders, especially local, primarily indigenous populations.

### **GEF Alternative**

8. **Scope.** The GEF Alternative would build on the Baseline Scenario by adding interventions directly targeted at creating the institutional, legal, and financial capacity to implement an effective biodiversity conservation strategy based on the establishment of a national protected areas system. The GEF Alternative would make possible activities that would not be undertaken under the Baseline Scenario, such as the capacity-building of technical and administrative staff for PA management; the development of the institutional, legal and regulatory framework for protected areas, development and implementation of a communications strategy; establishment of pilot protected areas, and a long-term

financing mechanism for conservation activities. GEF funds would also be critical for leveraging additional donor co-financing for long-term funding of the protected areas system, both from bilateral and multilateral sources.

9. **Costs.** The total cost of the GEF Alternative is estimated at US\$ 39.5 million, detailed as follows: (i) environmental management and capacity building - US\$ 5.5 million; (ii) land use planning process - US\$ 4.8 million; (iii) sustainable forestry initiatives - US\$ 10.6 million; (iv) consolidation of management, financial and legal framework for managing the GPAS - US\$ 7.9 million; (v) establishment and management of pilot protected areas - US\$ 5.3 million; (vi) establishment of an endowment fund - US\$5 million; and (viii) monitoring and evaluation activities - US\$ 0.4 million.

10. **Benefits.** Implementation of the GEF Alternative would give the GoG the ability to take a comprehensive approach to natural resource management issues, including biodiversity conservation, protection, and sustainable use. Benefits generated from this comprehensive approach would include those classified as “national” -- increased sustainability of natural resource exploitation, reduced negative impacts from the extractive industries, greater stability in long term revenues from the natural resource base, and greater equity in the distribution of these revenues between Guyana and its international investors -- as well as those considered “global” in nature. Global benefits would include the conservation of Guyana’s endemic flora and fauna and the protection of the ecological integrity of critical ecosystems and habitats. In summary, implementation of the GEF Alternative would generate the maximum national sustainable yield compatible with biodiversity conservation objectives (MNSYb). This MNSYb could entail some national opportunity costs if mineral or timber resources capable of sustainable extraction were not developed, due to the over-riding need to keep critical habitats intact in the interest of biodiversity conservation. These probable foregone revenues strengthen the case for GEF financial support.

### **Incremental Costs**

11. The difference between the cost of the Baseline Scenario (US\$24.0 million) and the cost of the GEF Alternative (US\$ 39.5 million) is estimated at US\$ 15.5 million. This represents the incremental cost for achieving global environmental benefits through the establishment of a national protected areas system which would conserve globally significant biodiversity. The GoG has been able to mobilize US\$9.1 million to complement GoG and GEF funding (US\$6.0 million from Conservation International and US\$3.1 million from KfW). A GEF grant of US\$6.0 million is proposed at this time.

## Annex 5: Financial Summary

**Table 5.1. – GEF Project Investment and Recurrent Costs by Year (US\$)**

Description	Base Cost - Negotiation					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
<b>I. Investment Costs</b>						
Component A	335,000	258,100	215,200	195,200	182,600	1,186,100
Component B	148,000	185,000	120,000	80,000	10,000	543,000
Component C	250,900	274,450	222,550	173,550	191,467	1,112,917
Component D	446,540	490,328	405,664	361,064	252,264	1,955,860
<b>Total Investment Costs</b>	<b>1,180,440</b>	<b>1,207,878</b>	<b>963,414</b>	<b>809,814</b>	<b>636,331</b>	<b>4,797,887</b>
<b>II. Recurrent Costs</b>						
Component A	42,000	42,000	42,000	42,000	42,000	210,000
Component B	27,500	55,000	55,000	55,000	55,000	247,500
Component C	39,500	37,000	37,000	40,000	50,000	203,500
Component D	165,700	112,700	134,700	89,700	76,323	579,123
<b>Total Recurrent Costs</b>	<b>274,700</b>	<b>246,700</b>	<b>268,700</b>	<b>226,700</b>	<b>223,323</b>	<b>1,240,123</b>
<b>Total Investments + Recurrent Costs</b>	<b>1,455,140</b>	<b>1,454,578</b>	<b>1,232,114</b>	<b>1,036,514</b>	<b>859,654</b>	<b>6,038,000</b>

**Table 5.2 – Total Project Financing Sources (US\$)**

Financing sources	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL	% of cost
GEF	1,455,140	1,454,578	1,232,114	1,036,514	859,654	<b>6,000,000</b>	<b>39</b>
CI <sup>8</sup>	5,100,000	300,000	200,000	200,000	200,000	<b>6,000,000</b>	<b>39</b>
KfW <sup>9</sup>	2,170,000	115,000	140,000	330,000	305,000	<b>3,060,000</b>	<b>20</b>
Government of Guyana	100,000	100,000	90,000	65,000	60,000	<b>415,000</b>	<b>2</b>
<b>TOTAL</b>	<b>8,825,140</b>	<b>1,969,578</b>	<b>1,662,114</b>	<b>1,631,514</b>	<b>1,424,654</b>	<b>15,475,000</b>	<b>100</b>

<sup>8</sup> US\$5 million of this amount corresponds to GCT matching funds contribution for the Guyana PA Trust Fund (see subcomponent 2.2)

<sup>9</sup> Of the total KfW contribution, US\$2,050,000 will be channeled through the Guyana National Protected Areas Trust to fund implementation of selected alternative income generation activities and demarcation activities in the Kanuku Mountains and Shell Beach Pilot Protected Areas and possibly other areas. Other allocated KfW amounts will fund technical assistance, and infrastructure in pilot PAs. CI will assist with establishment and management activities in the Kanuku Mountains area, as well as establishing the PA endowment fund. See Table 5.3.

**Table 5.3 Total Project Financing Required (US\$)**

COMPONENTS	TOTAL				
	GEF	KfW	CI**	GoG**	Total
<b>Component A: Institutional and Technical Capacity for Project Management</b>	<b>1,396,100</b>	<b>350,000</b>	<b>0</b>	<b>415,000</b>	<b>2,161,100</b>
1 Establishment of Project Implementation Unit	946,100	350,000		415,000	
2 Institutional/participatory frameworks for project implementation	210,000				
3 Capacity building	1,396,100				
<b>Component B: GPAS Management, Financial and Legal Frameworks</b>	<b>790,500</b>	<b>2,190,000</b>	<b>5,000,000</b>	<b>0</b>	<b>7,980,500</b>
1 GPAS management framework	100,000				
2 Sustainable financing mechanism*	302,500	2,050,000	5,000,000		
3 Protected Areas System Act	228,000				
4 Conflict resolution	790,500	140,000			
<b>Component C: Planning and Co-management of Shell Beach Pilot PA</b>	<b>1,300,417</b>	<b>120,000</b>	<b>0</b>	<b>0</b>	<b>1,420,417</b>
<b>1 Planning stage</b>	<b>1,218,500</b>	<b>20,000</b>			<b>1,238,500</b>
(a) Strengthening of GMTCS	676,000				
(b) Shell Beach Steering Committee	32,500				
(c) Community awareness and education	94,000	20,000			
(d) Preparation of Management Plan	201,000				
(e) Preparation of Shell Beach declaration proposal	45,000				
(f) Income Generation activities preparation	1,234,500				
<b>2. Implementation/investment stage</b>	<b>81,917</b>	<b>100,000</b>			<b>181,917</b>
(a) Co-management of Shell Beach Pilot PA	46,917	50,000			
(b) Implementation of income generation subprojects (Types 1-2)		25,000			
(c) Implementation of income generation subprojects (Type 3)		25,000			
(d) TA for implementation of subprojects	81,917				
<b>Component D: Planning and Co-Management of Kanuku Mountains Pilot PA</b>	<b>2,499,860</b>	<b>400,000</b>	<b>1,000,000</b>	<b>0</b>	<b>3,899,860</b>
<b>1. Planning stage</b>	<b>2,211,860</b>	<b>30,000</b>	<b>1,000,000</b>		<b>3,241,860</b>
(a) Strengthening of CIG	1,287,860		1,000,000		
(b) Kanuku Mountains Steering Committee	173,000				
(c) Community awareness and education	94,000				
(d) Preparation of Management Plan	282,000				
(e) Preparation of Kanuku Mountains declaration proposal	65,000				
(f) Income generation activities preparation	2,236,983	30,000			
<b>2. Implementation/investment stage</b>	<b>288,000</b>	<b>370,000</b>			<b>658,000</b>
(a) Co-management of Kanuku Mountains Pilot PA	208,000	250,000			
(b) Implementation of income generation subprojects (Types 1-2)		60,000			
(c) Implementation of income generation subprojects (Types 3)		60,000			
(d) TA for implementation of subprojects	298,000				
<b>TOTAL</b>	<b>6,038,000</b>	<b>3,060,000</b>	<b>6,000,000</b>	<b>415,000</b>	<b>15,461,877</b>

\* KfW contribution to trust fund to be used for small-scale grants and demarcation activities in Kanukus, Shell Beach & possibly other conservation areas.

\*\*Allocation of CI and GoG counterpart to be confirmed during negotiations

## **Annex 6(a). Procurement Arrangements**

### **A) Procurement Arrangements**

Procurement for the proposed project would be carried out in accordance with World Bank *Guidelines: Procurement Under IBRD Loans and IDA Credits* published in May 2004; and *Guidelines: Selection and Employment of Consultants by World Bank Borrowers* published in May 2004.

#### 1) Procurement methods

The methods to be used for the procurement described below, and the estimated amounts for each method, are summarized in Table A. The threshold contract values for the use of each method are fixed in Table B.

#### 2) Procurement of Small Works

Works would be fully financed by KfW and would include small interventions for establishing and managing pilot PAs under the project, potentially including construction of nature trails, small service buildings, water bore holes, as well as potentially including demarcation activities for local Amerindian lands.

#### 3) Procurement of Goods

Goods procured under this project would include computer equipment, software, communications equipment, GPS, vehicles and office furniture totaling approximately US\$380,000 equivalent. To the extent possible, contracts for these goods will be grouped into bidding packages of more than \$150,000 equivalent and procured following International Competitive Bidding (ICB) procedures, using Bank-issued Standard Bidding Documents (SBDs). Contracts with estimated values below this threshold per contract and above US\$25,000 may be procured using National Competitive Bidding (NCB) procedures and standard bidding documents acceptable to the Bank the Bank. Contracts for goods which cannot be grouped into larger bidding packages and estimated to cost less than US\$25,000 per contract may be procured using shopping (National /International) procedures based on a model request for quotations satisfactory to the Bank..

#### 4) Selection of Consultants

Consulting services will be contracted under this project for technical assistance, studies, training and communications strategies. These services are estimated to cost US\$4.3 million equivalent and would be procured using Bank Standard Request for Proposals.

##### *(a) Firms*

All contracts for firms would be procured using QCBS except for small and simple assignments that can be precisely defined and are of a standard or routine nature (such as auditing) and contracts are estimated to cost US\$100,000 equivalent or less which would be procured using Least Cost Selection [LCS] or Consultants' Qualifications [CQ] as appropriate.

##### *(b) Individuals*

Specialized advisory services, that meet the requirements of paragraph 5.1 of the Bank's Guidelines, would be provided by individual consultants selected by comparison of qualifications of at least three

candidates and hired in accordance with the provisions of paragraphs 5.1 through 5.4 of the Consultant Guidelines.

#### 5) Operational Costs

Operational costs such as office rental, utilities/communications, sundries, operation/maintenance of vehicles and equipment, insurance of vehicles and travel and per diem costs will be financed by the Grant proceeds up to an amount of about US\$274,700 during the first year of the project falling to about US\$190,000 in year five would be financed under the project.

#### 6) Training

The project will finance the following training activities: workshops, short-term technical courses, on-the-job training, study tours, and the like in such topics as protected areas management, conservation practices, managerial and administrative skills, and computer and internet skills, conflict management and negotiations skills. The project will also finance twinning arrangements with other local and regional institutions to allow for an exchange of experiences and lessons learned. These activities are estimated to cost approximately US\$700,000 equivalent.

#### ***Prior review thresholds***

The proposed thresholds for prior review are based on the procurement capacity assessment of the project implementing unit and are summarized in Table B. In addition to this prior review of individual procurement actions, the plan and budget for the PIU Operating Costs will be reviewed and approved by the Bank annually.

#### **B) Assessment of the agency's capacity to implement procurement**

A capacity assessment of the Borrower has been carried out following a mission to Guyana that took place in February 2004. The relevant considerations are summarized below.

The Phase I project executing agency will be the Environmental Protection Agency, in partnership with Conservation International – Guyana and the Guyana Marine Turtle Conservation Society as the lead agencies for implementing the pilot areas. This type of formal partnership with NGOs is new to Guyana, and is expected to become stronger and continue after the project is over, thus contributing to the GPAS sustainability.

The Project Implementation Unit (PIU) to be created within the EPA will coordinate the establishment and management of the pilot protected areas and ultimately foster the development of an appropriate legislative, regulatory, financial, and technical framework, as well as the development of an effective institutional basis for GPAS management. Conservation International Guyana (CIG) has been designated the Lead Agency for establishing the Kanuku Mountains Pilot Protected Area. Shell Beach Pilot Protected Area activities would be carried out by the Guyana Marine Turtle Conservation Society (GMTCS) in close coordination with the PIU. Neither EPA, CIG nor GMTCS have the institutional capabilities to carry out the Bank-financed procurement for the project. Therefore, experienced procurement staff will have to be hired and trained. A procurement officer with international experience will be hired to implement procurement activities in the PIU. A junior procurement expert will be hired for CIG, while procurement activities of GMTCS will be coordinated by the PIU. The junior procurement expert in CIG would be trained by the PIU's procurement expert and be progressively involved in carrying out procurement activities and managing contracts for the project. A detailed

procurement management action plan would be put in place to ensure that the required procurement management capability is in place at EPA, CI and GMTCS by effectiveness of the proposed Grant.

The Operational Manual for the project will clearly specify all duties and responsibilities of all institutions involved in the implementation of the project and will include, in addition to the procurement procedures, the Standard Bidding Documents for Request for Proposals, model contracts, model document for the procurement of works and goods on the basis of three quotations or shopping. Preparation of a satisfactory Operational Manual is a condition of effectiveness.

## **B.1 Risk Assessment**

The conclusions of the capacity assessment have shown the country's continued weak procurement environment, lack of legislation in force for procurement; lack of skilled personnel in procurement with knowledge of international rules and bidding documents; limited planning and follow-up; weakness in the national bidding processes and award of contracts and in general lack of internationally recognized standard rules. In addition, the lack of procurement experience of the Recipient and the future PIU, would reasonably justify the hiring of a procurement agent. It is felt, however, that the project would have a lot of procurement processes, that would require extensive experience mainly for consultants selection and goods. Consequently, it is recommended only the hiring of a procurement officer for the PIU for the duration of the project. CIG should also appoint a junior expert to be trained by the PIU's procurement expert to assist in and progressively carry out procurement activities and manage contracts for the project. The procurement activities required by GMTCS will be carried out by the PIU.

Under the above considerations the risk of implementation of this project is considered **high**.

## **B 2. Action Plan**

In order to mitigate the high risk of implementation, the following action plan is proposed:

- Preparation of a satisfactory Procurement Plan for the first 18 months of the project by negotiations.
- Establishment of the PIU, including procurement officer with international experience under TORs satisfactory to the Bank, by effectiveness.
- Selection and appointment of a junior procurement expert for CIG by project effectiveness.
- Preparation of satisfactory Operational Manual with specific chapter on procurement, including draft bidding documents for all processes, by effectiveness.
- Establishment of a procurement filing system, to be subsequently submitted for the Bank's no objection, by effectiveness.
- Preliminary training in procurement provided by the Bank to the PIU and Agencies during project launch and first 12 months of project implementation.
- Other conditions to be met:

### Negotiations conditions:

- Establishment of moratorium on new concessions in delineated project study areas.
- Preparation of proposal for establishment of grievance mechanism.
- Preparation of draft Operating Agreement between GoG (Office of the President) and CIG.
- Preparation of draft Operating Agreement between GoG and GMTCS.
- Preparation of draft MOU between EPA and MoAA.

Effectiveness conditions:

- Tabling in Parliament of draft new Amerindian Act.
- Establishment of satisfactory grievance mechanism.
- Signature of satisfactory operating agreement between GoG and CIG
- Signature of satisfactory operating agreement between GoG and GMTCS
- Signature of satisfactory MOU by EPA with MoAA

**C) Procurement Plan**

The Recipient has developed a satisfactory procurement plan for project implementation during the first 18 months of the project that provides the basis for the aggregate amounts for the procurement methods (per Table A). This procurement plan will be annexed to the Grant Agreement. At the beginning of each calendar year (or whenever required under Appendix 1 to the Bank’s Guidelines), the Recipient will update the Procurement Plan with a detailed procurement schedule for the coming year. Prior to the issuance of any invitations to bid for contracts, the procurement plan for the project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraphs 1 of Appendix 1 to the Guidelines. Procurement of all goods, works and consultant services shall be undertaken in accordance with the approved procurement plan.

**Annex 6(a), Table A: Project Costs by Procurement Arrangements**  
(in US\$ million equivalent)

Expenditure Category	Procurement Method				Total Cost
	ICB	NCB	Other	N.B.F	
<b>1. Works</b>			<b>0.0</b> (0.0)	<b>0.4</b>	<b>0.4</b> (0.0)
<b>2. Goods</b>			<b>0.6 a/</b> (0.6)	-	<b>0.6</b> (0.6)
<b>3. Consultant Services</b>	-	-	<b>4.4 b/</b> (4.1)	0.3	<b>4.4</b> (4.1)
<b>4. GPAS Trust Fund</b>				<b>7.0</b>	<b>7.0</b> (0.0)
<b>5. Training</b>	-	-	<b>0.9 c/</b> (0.7)	0.2	<b>0.9</b> (0.7)
<b>6. Operating Costs</b>	-	-	<b>2.0</b> (0.6)	1.4	<b>2.0</b> (0.6)
<b>7. Subprojects</b>				<b>0.2</b>	<b>0.2</b> (0.0)
<b>Total</b>	<b>0.0</b> (0.0)	<b>0.0</b> (0.0)	<b>6.0</b> (6.0)	<b>9.5</b>	<b>15.5</b> (6.0)

Note: N.B.F. = Not Bank-financed.

Figures in parenthesis are the amounts to be financed by the GEF grant

a/ Shopping (National and International)

b/ Individual consultants and firms

c/ Logistics, travel expenses, per-diems, registration fees, materials

**Annex 6(a), Table A1: Consultant Selection Arrangements  
(in US\$ million equivalent)**

Consultant Services Expenditure Category	Selection Method					Total Cost (including contingencies)
	QCBS	LCS	CQ	Other	N.B.F.	
<b>A. Firms</b>	0.3	0.1	0.3		0.3	1.0
	(0.3)	(0.1)	(0.3)	( )	(0)	(0.7)
<b>B. Individuals</b>	( )	( )		3.4 (3.4)		3.4 (3.4)
<b>Total</b>	0.3 (0.3)	0.1 (0.1)	0.3 (0.3)	3.4 (3.4)	0.3 (0)	<b>4.4</b> (4.1)

Note: QCBS = Quality- and Cost-Based Selection  
LCS = Least-Cost Selection  
CQ = Selection Based on Consultants' Qualifications  
Other = Selection of individual consultants (per Section V of Consultants Guidelines)  
N.B.F. = Not Bank-financed.  
Figures in parenthesis are the amounts to be financed by the GEF grant.

**Annex 6(a), Table B:**

**Prior Review Thresholds  
Thresholds for Procurement Methods and Prior Review**

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review
	US \$ thousands		
<b>1. Goods</b>	>150	ICB	All
	25-150	NCB	None
	<25	Int'l & Nat.. Shopping	None
<b>2. Services</b>			
<b>-2.A Firms</b>	>100	QCBS	All
	<100	Irrespective of method	TOR only
<b>-2.B Individuals</b>	Irrespective of amount	Comparison of 3 CV in accordance with Chapter V of the Guidelines	TOR only as specified in the Procurement Plan

**D) Frequency of Procurement Supervision**

The project will need support during the first six months particularly to create a procurement capacity in the PIU and knowledge of Bank Guidelines. After this initial phase, the project would receive a minimum of one full supervision mission to carry out post review of procurement actions, every six months during the first two years and every 12 months afterwards. Based on the overall risk assessment (HIGH) the post-review field analysis should cover a sample of not less than one in five contracts signed.

**Overall Procurement Risk Assessment:**

<b>High</b>	<b>X</b>
<b>Average</b>	
<b>Low</b>	

## **Annex 6(b). Financial Management and Disbursement Arrangements**

Two missions were conducted to assess the financial management capacity of the entities proposed to implement the Guyana Protected Areas System Program, Phase I. These entities are the Environmental Protection Agency (EPA), Conservation International Guyana (CIG) and the Guyana Marine Turtle Conservation Society (GMTCS)

**Summary and Conclusion of Financial Management Assessment.** On the basis of the assessments performed, the following conclusions were reached:

- (a) The EPA is in the process of strengthening its institutional capabilities in terms of staffing, systems and procedures to manage the financial resources to be made available under the proposed Grant. A new accounting software package (ACCPACK) has been installed and staff are being trained in its use. The accounting package is expected to be operational by the end of October 2004. An additional staff has been hired for the Finance Unit.
- (b) The financial management systems at CIG are satisfactory. While current staff lack the appropriate experience to prepare the financial documentation necessary for our financial monitoring reports, this concern can be addressed adequately with additional training. Besides, Conservation International (CI) would pre-finance all project expenditures from its own resources and seek reimbursement for the GEF portion. Such pre-financing would significantly reduce the financial risks to the portion of the GEF Grant allocated to the CIG component.
- (c) The financial capabilities of the GMTCS are basic and rudimentary. As a lead implementing agency that would not handle directly advances from the Grant, expenditures aimed at upgrading its financial management systems should be kept manageable. GMTCS would be required to hire a full time accountant, install a simple off-the-shelf accounting software, and prepare FMRs for its component. Its accounts and financial records would also be subject to an annual audit.
- (d) There is general agreement about the flow of funds via a revolving account to be established by CI for activities implemented by CIG under Components B.2 and D of the project. A Special Account would be opened by the EPA, through which funds for the components to be implemented by EPA and GMTCS (Components A, B.1, B.3, B.4 and Component C, respectively) would be channeled. GMTCS has raised concerns about the timely access to Grant funds, if it is made to rely on a Special Account that is managed by the EPA.

### **Implementation Arrangements**

The PIU of the Environmental Protection Agency would be responsible for the overall financial management arrangement of the project. EPA presently has neither the capacity nor the accounting systems and procedures in place to properly manage the funds to be made available for GPAS under the proposed GEF. The EPA's accounting policies and procedures would have to be developed and a suitable accounting software installed prior to the effectiveness of the Grant. A chart of accounts, consistent with the Government of Guyana chart of accounts, would need to be developed, and an accounting system put in place that is capable of recording all transactions and balances and of producing regular and reliable financial reports on a timely basis.

The EPA is in the process of strengthening its institutional capabilities in terms of staffing, systems or procedures to manage the financial resources to be made available under the proposed Grant. A financial officer (FO) with ACCA Level III and at least 5 years of experience should be hired. The FO would be responsible for the financial management of the GEF Grant and other donor funded programs. The FO

would also supervise the preparation of withdrawal applications under the Grant. An internal auditor would also be hired (see below). The EPA has recently installed the ACCPACK accounting software package (Receivables and General Ledger Modules) under the IDB-financed Environmental Management Program - Phase II and the chart of accounts is being prepared. Staff would be trained in its use and it is expected to be fully operational by the end of October 2004. For six months after the introduction of ACCPACK, the EPA would be on a dual manual-automated accounting system, before full conversion to ACCPACK is effected. ACCPACK is popular in Guyana and technical support is readily available.

The Accounts Department of Conservation International Guyana (CIG) consists of an accountant and an assistant accountant. The Accountant has been at CIG since 1999 and has a CIMA Level I. The assistant accountant has been with CIG since 2001 and has recently completed her Bachelor's degree. CIG accounts are kept on the basis of Not-For-Profit Accounting Principles. The accountants are young and with limited experience. The Department has significant real time technical support from CI's regional center in Ecuador and CI's Headquarters in Washington D.C. Despite this strong level of support, CIG would be required to strengthen its accounting staff through additional training. Up until the beginning of 2003, CIG, like most CI field offices, used Quikbooks accounting software to record accounting data and prepare financial statements and other reports to management. CI worldwide, including CIG has recently converted its accounting system to Oracle Financials, with satellite transmission capabilities. With the additional training of its accountants and assuming the continued availability of continued external support, CIG financial management systems could be considered adequate to meet the Bank's minimum financial management requirements.

The Guyana Marine Turtle Conservation Society (GMTCS) will not directly manage any of the GEF Grant. Presently, it employs the services of a part time accountant who keeps the books. Since GMTCS would be required to prepare quarterly FMRs for the expenditures it would incur under the project, it is proposed that GMTCS recruit a full time accountant by Grant effectiveness. The accountant would prepare the financial monitoring reports which would be required under the project. He would also prepare information to be requested by the internal auditor and would work with the internal auditor during his/her periodic visits. GMTCS would also be required to install an off-the-shelf accounting software by appraisal.

**Flow of Funds.** The proceeds of the Grant would be disbursed into a US Dollar denominated Special Account managed by the EPA. The Special Account would be opened at Commercial Bank satisfactory to IDA, based on the forecasted needs for the components to be managed by the EPA and the GMTCS. The opening of the Special Account would need to be done prior to effectiveness. The EPA would open project accounts at a local commercial bank to which the Government and other counterpart funds would be deposited. Bank policy allows the transfer of funds from Special Accounts to other project bank accounts to meet eligible expenditures with a time limit of no more than 30 days. Similarly GMTCS would also open a project account at a commercial bank satisfactory to the Bank, which would be used to finance activities in the Shell Beach Study Area (Component C of the project). The GMTCS would submit its withdrawal requests for the use of Grant funds to the financial officer of the EPA PIU which would vet them before making the payments out of the Special Account.

CI would set up a revolving fund with its own resources, through which all project related expenditures would be financed, following which reimbursement would be sought directly from the World Bank, with a copy of each reimbursement request and supporting documentation sent to the Government. The Government would also be sent copies of all documentation relating to the reimbursements. The setting up of the revolving fund is predicated on the Government delegating to CI, the authority to sign withdrawal applications on the portion of the Grant that would be earmarked for the establishment of the Kanuku Mountains Pilot Protected Area. Reimbursement by the World Bank would be into two accounts

designated by CIG into which local and foreign currency expenditures would be deposited. Because CI would be pre-financing all the eligible project-related expenditures and seeking reimbursements under the GEF Grant, the financial risk to the Grant funds earmarked for CIG would be substantially reduced.

**External Audit Arrangements.** Presently EPA's accounts are audited by the Office of the Auditor General of Guyana. It is proposed that under the proposed Grant, private external auditors be contracted for a multi-year engagement to audit the project financial statements. The auditors will audit the EPA, CIG, and GMTCS accounts relating to the program, based on the documentation at the EPA, as all the financial documentation regarding the program expenditures would be consolidated at the EPA. One of the advantages of a private external auditor with a multi-year contract is that interim audits could be undertaken each year to identify potential auditing issues that could be resolved before the end-of-year audit is undertaken. During negotiations, the mission would discuss and confirm the Terms of Reference of the external auditors as well as a timetable for hiring them. The appointment of a satisfactory external auditor is a condition of project effectiveness. The audit reports would be prepared in accordance with International Standards on Auditing. The audit report would include supporting schedules providing sufficient information on the Sources and Uses of Funds, Statement of Expenditures (SOE), and the Special Account pertaining to the project. The EPA's annual audit report will be required to be submitted to the Bank no later than four months following the end of the fiscal year (January – December). Given the detailed audit of the project accounts at the EPA, external audits of the overall operations of CIG and GMTCS would be acceptable as long as the audits are undertaken by qualified auditors and they contain a separate schedule providing sufficient data on the project.

**Internal Audit.** Because of the multiple implementing agencies and institutions involved in the GPAS program it is proposed that a full time internal auditor, based at the EPA PIU, be hired to assist in the financial monitoring of the program. The functions of the internal auditor would be elaborated in the Operational Manual. The internal auditor would conduct independent financial compliance and operational audits in conformity with generally accepted auditing standards. The internal auditor would also review, evaluate and report on the soundness, adequacy and application of systems, procedures, policies, regulations and related internal controls in EPA. During negotiations, the mission will review the Terms of Reference of the internal auditor. The appointment of the internal auditor would be a condition of effectiveness.

**Disbursement Arrangements.** Following the effectiveness of the Grant, the initial deposit, to be determined by the Loan Department or on the basis of the work program of the EPA and the GMTCS for the first six months, would be deposited in the Special Account. The disbursements under the project would be transactions-based. Disbursements for EPA and GMTCS expenditures will be made on the basis of full documentation, provided in advance, for all expenditures above the prior review threshold. For all other eligible expenditures -- goods costing less than US\$25,000, contracts for consulting firms costing less than US\$50,000 and contracts for individual consultants costing less than US\$25,000 -- disbursement would be on the basis of SOEs. The authorized allocation to the Special Account for the EPA and GMTCS components would be set at US\$400,000 until the World Bank determines, based on the amounts and frequency of withdrawal applications, that a higher amount is necessary. The maximum amount of the special account has been set at US\$750,000. All expenditures for training, dissemination and operating costs would be made on the basis of SOEs. For payments for eligible expenditures subject to the Bank's prior review, the financial officer of the EPA would submit the withdrawal requests for the use of the Grant funds to the World Bank, which will make direct payments to the concerned contractors, suppliers or consultants.

**Retroactive Financing** Retroactive financing may be made on account of payments made for eligible expenditures as of the date of appraisal held on March 8, 2004 in an aggregate amount not exceeding US\$600,000 up to the signing of the GEF Grant Agreement.

**Table C: Allocation of Grant Proceeds**

<i>Expenditure Category</i>	<i>Amount in US\$ ,000</i>	<i>Financing Percentage</i>
(1) Components A, B.1, B.3, B.4, C.1		
(a) Goods	104.4	100%
(b) Consultants' Services	2,133	100%
(c) Training	370	100%
(d) Operating Costs	190	80%
(2) Components C.2(a), C.2(d)		
(a) Goods	1.8	100%
(b) Consultants' Services	40.5	100%
(c) Training	13.5	100%
(d) Operating Costs	21.6	100%
(3) Components B.2 and D.1		
(a) Goods	111.6	100%
(b) Consultants' Services	1,515	100%
(c) Training	240	100%
(d) Operating Costs	400	100%
(4) Components D.2(a), D.2(d)		
(a) Goods	18	100%
(b) Consultants' Services	142	100%
(c) Training	72	100%
(d) Operating Costs	30	100%
(5) Unallocated	596.4	100%
<b>Total</b>	<b>6,000</b>	

**Financial Management Action Plan**

The following is the preliminary financial management action plan which would help assure that the EPA PIU, CIG, and GMTCS would have adequate financial management in place by the time of the effectiveness of the proposed GEF Grant. The action plan will be updated following project appraisal.

<b>Action</b>	<b>Responsibility</b>	<b>Timing</b>
TOR for financial officer	EPA	Negotiations
TOR for external auditor	EPA	Negotiations
TOR for internal auditor	EPA	Negotiations
TOR for accountant	GMTCS	Negotiations

Submission of content of FMR	EPA/CI/GMTCS	Negotiations
Appointment of Financial Officer	EPA	Effectiveness
<b>Action</b>	<b>Responsibility</b>	<b>Timing</b>
Appointment of external auditor	EPA	Effectiveness
Appointment of internal auditor	EPA	Effectiveness
Appointment of project accountant	GMTCS	Effectiveness
Install satisfactory accounting software	EPA	Effectiveness
Install off-the-shelf accounting software	GMTCS	Effectiveness
Preparation of satisfactory Operational Manual including Financial Management Policies and Procedures	EPA	Effectiveness
Opening of the project Special Account	EPA	Effectiveness
Opening of Project Accounts	EPA/CI	Effectiveness

## Annex 7: Project Processing Schedule

A. <u>Project Budget</u> (in US\$)	<u>Actual</u>
FY 95	54,600
FY 96	87,000
FY 97	81,800
FY 98	93,600
FY 99	77,500
FY 00	9,390
FY 01	16,600
FY 02	41,400
FY 03	115,200
FY 04	200,250
 TOTAL	 777,340

### B. Project Schedule

Time taken to prepare the project	Ten years
First World Bank mission (identification)	November 1994
Appraisal mission departure	July 1997
Re-appraisal mission departure	March 2004
Negotiations	November 2004
Board	January 2005
Planned date of effectiveness	March 2005

Prepared by the Environmental Protection Agency

Preparation assistance: Global Environment Facility; World Bank, KfW, GTZ

### C. Staff who worked on the project

Loretta Sprissler	Social Development Specialist, Task Team Leader
Elizabeth Monosowski	Senior Environmental Officer
Judith Lisansky	Senior Anthropologist
Lucia Hanmer	Senior Country Officer
Emmanuel Njomo	Financial Management Specialist
Guido Paolucci	Senior Procurement Specialist
Mariangeles Sabella	Country Lawyer
Pilar Gonzalez	Country Lawyer
Charles Di Leva	Lead Counsel
Marta Molares-Halberg	Lead Counsel
David Cassells	Senior Environmental Officer
Claudia Alderman	Biodiversity Specialist
Phil Hazelton	Sr. Environmental Specialist (ret.)
Luis Pabon Zamora	Protected Areas Management Specialist (Consultant)
Luis Paulo Ferraz	Protected Areas Management Specialist (Consultant)
M. Gary Costello	Environmental Management Specialist (Consultant)
Melinda Janki	Legal Advisor (Consultant)
Arif Bulkan	Legal Advisor (Consultant)
Karen Richardson	Biodiversity Specialist (Consultant)

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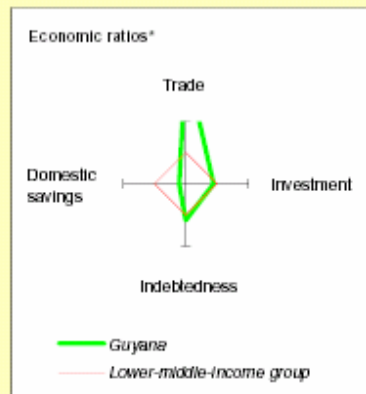
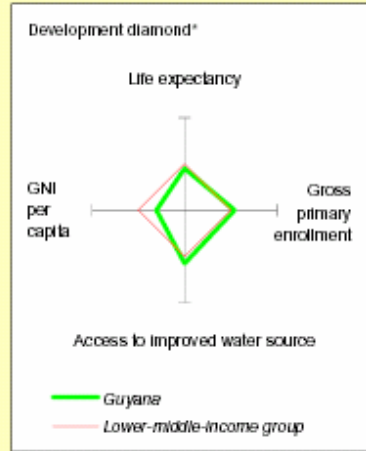
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**Annex 9: Statement of Loans and Credits**

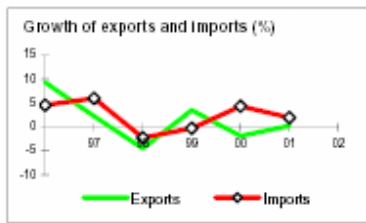
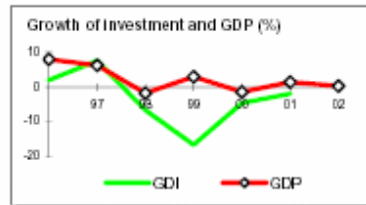
# Guyana at a glance

8/20/03

POVERTY and SOCIAL	Guyana	Latin America & Carib.	Lower-middle-Income		
<b>2002</b>					
Population, mid-year (millions)	0.77	527	2,411		
GNI per capita (Atlas method, US\$)	840	3,280	1,390		
GNI (Atlas method, US\$ billions)	0.65	1,727	3,352		
<b>Average annual growth, 1996-02</b>					
Population (%)	0.6	1.5	1.0		
Labor force (%)	1.5	2.2	1.2		
<b>Most recent estimate (latest year available, 1996-02)</b>					
Poverty (% of population below national poverty line)	..	..	..		
Urban population (% of total population)	37	76	49		
Life expectancy at birth (years)	62	71	69		
Infant mortality (per 1,000 live births)	52	27	30		
Child malnutrition (% of children under 5)	12	9	11		
Access to an improved water source (% of population)	94	86	81		
Illiteracy (% of population age 15+)	1	11	13		
Gross primary enrollment (% of school-age population)	120	130	111		
Male	122	131	111		
Female	118	128	110		
<b>KEY ECONOMIC RATIOS and LONG-TERM TRENDS</b>					
	1982	1992	2001	2002	
GDP (US\$ billions)	0.48	0.37	0.70	0.71	
Gross domestic investment/GDP	25.0	42.3	21.9	..	
Exports of goods and services/GDP	52.8	128.5	94.9	..	
Gross domestic savings/GDP	7.7	16.9	5.6	..	
Gross national savings/GDP	..	-0.6	3.6	..	
Current account balance/GDP	-29.3	-37.6	..	..	
Interest payments/GDP	4.5	11.8	2.5	15.2	
Total debt/GDP	207.2	521.1	200.4	205.6	
Total debt service/exports	20.7	21.3	6.6	23.0	
Present value of debt/GDP	..	..	126.3	..	
Present value of debt/exports	..	..	131.2	..	
	1982-92	1992-02	2001	2002	2002-06
<i>(average annual growth)</i>					
GDP	-2.2	3.5	1.5	0.3	..
GDP per capita	-1.7	3.0	0.8	-0.4	..
Exports of goods and services	3.4	1.1	0.2	..	..



STRUCTURE of the ECONOMY	1982	1992	2001	2002
<i>(% of GDP)</i>				
Agriculture	23.4	40.8	31.3	..
Industry	29.0	29.0	28.3	..
Manufacturing	14.3	14.3	8.2	..
Services	47.7	30.2	40.4	..
Private consumption	66.5	60.2	69.0	..
General government consumption	25.8	22.9	25.4	..
Imports of goods and services	70.1	153.9	111.3	..
	1982-92	1992-02	2001	2002
<i>(average annual growth)</i>				
Agriculture	0.8	3.1	3.4	..
Industry	-3.8	5.7	0.2	..
Manufacturing	-8.1	5.2	2.5	..
Services	-0.4	3.7	1.0	..
Private consumption	-5.4	4.9	4.1	..
General government consumption	7.1	7.9	4.4	..
Gross domestic investment	3.1	-2.8	-1.9	..
Imports of goods and services	2.9	0.8	2.0	..



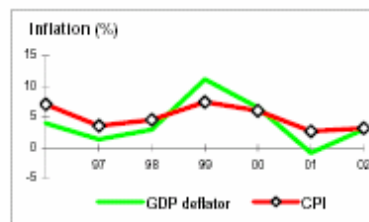
Note: 2002 data are preliminary estimates.

This table was produced from the Development Economics central database.

\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

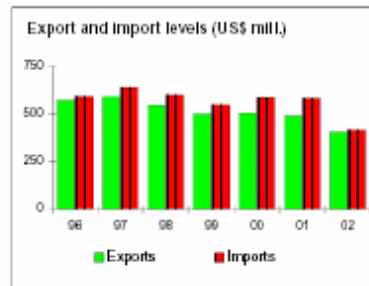
## PRICES and GOVERNMENT FINANCE

	1982	1992	2001	2002
<i>Domestic prices</i>				
(% change)				
Consumer prices	..	28.2	2.7	3.2
Implicit GDP deflator	4.3	13.5	-0.8	3.1
<i>Government finance</i>				
(% of GDP, includes current grants)				
Current revenue	..	45.5	39.8	32.7
Current budget balance	..	11.1	3.8	14.5
Overall surplus/deficit	..	-2.8	-8.8	0.4



## TRADE

	1982	1992	2001	2002
<i>(US\$ millions)</i>				
Total exports (fob)	241	364	490	406
Rice	..	35	50	57
Sugar	..	134	109	115
Manufactures	..	56	77	78
Total imports (cif)	281	443	584	418
Food	..	33	69	71
Fuel and energy	..	79	132	128
Capital goods	..	201	115	119
Export price index (1995=100)	..	92	84	85
Import price index (1995=100)	..	86	95	97
Terms of trade (1995=100)	..	106	88	88

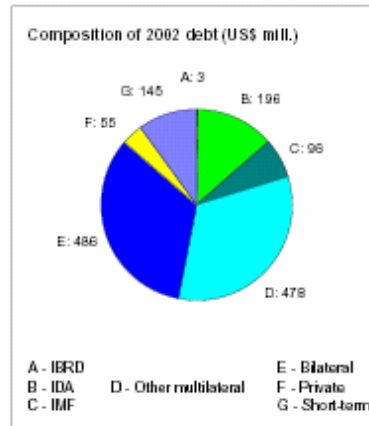


## BALANCE of PAYMENTS

	1982	1992	2001	2002
<i>(US\$ millions)</i>				
Exports of goods and services	264	470	662	661
Imports of goods and services	349	563	776	793
Resource balance	-85	-93	-114	46
Net income	-49	-102	-58	-53
Net current transfers	..	..	..	46
Current account balance	-141	-139	..	..
Financing items (net)	..	102	..	..
Changes in net reserves	..	37	-16	0
<i>Memo:</i>				
Reserves including gold (US\$ millions)	..	191	285	269
Conversion rate (DEC, local/US\$)	3.0	125.0	187.3	190.7

## EXTERNAL DEBT and RESOURCE FLOWS

	1982	1992	2001	2002
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	999	1,921	1,400	1,459
IBRD	55	46	5	3
IDA	26	134	178	196
Total debt service	55	102	44	154
IBRD	4	11	3	3
IDA	0	1	2	1
<i>Composition of net resource flows</i>				
Official grants	6	42	37	..
Official creditors	57	25	45	7
Private creditors	-4	-19	-1	-1
Foreign direct investment	4	147	56	..
Portfolio equity	0	0	0	..
<i>World Bank program</i>				
Commitments	2	13	0	0
Disbursements	14	4	7	6
Principal repayments	1	8	4	3
Net flows	13	-3	4	3
Interest payments	3	5	2	1
Net transfers	10	-8	2	1



## Annex 11. Social Assessment Summary

This annex summarizes the results of social assessments and related activities carried out during preparation of the GPAS project, including a general social assessment, a socio-economic survey of the Kanuku Mountains, and a preliminary “situation analysis” of the Shell Beach area, as well as numerous meetings and consultations with project stakeholders. (See Annex 11, Attachment 1 for a list of reports.)

### *A. Background*

Initial social assessments and other studies conducted between 1995 and 2003 during GPAS project preparation focused on the general demography and socioeconomic characteristics of hinterland communities and their environments, with special focus on the largely indigenous populations living in or near proposed PA study areas under the Phase I project (the Kanuku Mountains and Shell Beach areas). During project implementation, additional site-specific participatory social assessments of local communities would be carried out prior to PA establishment.<sup>10</sup>

Distribution. The Guyanese hinterland is inhabited primarily by Amerindians,<sup>11</sup> with most of the indigenous population living in Regions 1, 7, 8 and 9. Amerindians make up about 8% (approximately 60,000) of Guyana’s total population of 800,000 people. Other ethnic groups include Indo-Guyanese (49%), Afro-Guyanese (36%), and other Guyanese groups (Portuguese, Chinese, Anglo-Saxon and Mixed, 7%). The vast majority (over 90%) of the population, predominantly non-Amerindian, is concentrated on 7% of the land – the narrow coastal plain where agricultural soils are most fertile and the economy and communications most developed.

There are currently nine distinct Amerindian peoples in three linguistic groups. The Arawak language group is the largest, including members of the Arawak tribe, who are predominantly coastal, and the Wapishana, who live in the southern Rupununi savannas. The Carib speakers are the most diverse, including Caribs in the coastal lowland forests, the Akawaio in the lowland and upland forests of the Mazaruni River, the Patamona and Arekuna of the upland savannas and forests, the Makushi of the northern Rupununi savannas, and the Wai Wai in the Amazonian forests bordering Brazil in the south. The Warao are the sole tribe of the third language family and occupy coastal swamp areas. (See Attachment 1 for a table listing indigenous groups, locations and estimated population figures.)

Recent community based survey data gathered by the Ministry of Amerindian Affairs indicate that Amerindians live in some 119 communities throughout the hinterland region in areas comprising dense forest, mountains and extensive savanna, which are generally difficult to access from the coastal plain. Health care, education, communications, transportation and other government services are relatively scarce in the interior. Using income measures, approximately 80% of the Guyana Amerindian population falls under the poverty line, although many continue robust subsistence regimes. Amerindian women are especially vulnerable. The high poverty rates are attributable to a complex mix of issues including difficult terrain; the high transportation costs in accessing communities; dispersed settlement patterns; changing livelihood patterns and increasing cash needs; the high cost of administering projects in the interior; and the dearth of certain skills among Amerindians and in the wider population.

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<sup>10</sup> The in-depth site-specific studies would consist of: identifying existing ethnic groups in the pilot areas; generating demographic data and maps of areas occupied; direct consultation with the groups in a culturally appropriate manner; analysis of the indigenous economy and its relationship to the natural resource base; analysis of the relations with regional society; analysis of any land issues in the area; analysis of the existing institutional capacity for dealing with indigenous group requirements; and a cultural impact assessment, including belief systems and values, species of particular sacred, ritual and ceremonial significance, sacred sites and other significant sites (e.g., burial grounds). Normally this assessment is conducted by experts (anthropologists or other social scientists) with recognized knowledge of the region’s indigenous groups.

<sup>11</sup> Indigenous people in Guyana are currently referred to locally and collectively as Amerindians.

Amerindian Land Situation. In 1976, the Government of Guyana amended the Amerindian Act to transfer title to 64 Amerindian communities. In 1991, title was transferred to another ten Amerindian communities under the Act. Grants of title under the State Lands Act were also made at the same time so that all 74 communities hold titles which are communal, absolute and forever. Since then, the current Amerindian Act has been largely irrelevant in relation to land rights. In 2004, the GoG granted large tracts of land to the Baramita Caribs (1,470 sq km) and the Wai Wai (6,160 sq km). These titles were also issued under the State Lands Act, and are communal, absolute and forever. The Government also recently approved grants of title to another four Amerindian communities in Region 10.

Amerindian owned lands currently comprise 11.2% of the country's total area. The State Lands Act requires a survey for all grants made under the act. However, prior to 1995, only one titled community had been physically demarcated. In order to address this issue, the Government adopted a phased approach to regularizing Amerindian lands, whereby existing titled lands would be demarcated first, before addressing requests for extensions to titled lands or recognition of new, previously untitled communities.

The Government adopted this policy due to the fact that some of the descriptions of the boundaries of communities contained in the Amerindian Act are different from what exists on the ground. Furthermore, Amerindian communities cannot prove the extent of their boundaries unless they have accurate maps prepared by professional surveyors. Thus, the policy focuses first on surveying and demarcating the communities that are already titled to aid in ground-truthing the described boundaries, provide a map to the communities with clearly marked boundaries, and thereby assist in dealing with illegal encroachment by outsiders, mainly miners and loggers. Following the first phase demarcation of the lands held by these communities, and on the basis of boundaries confirmed through the demarcation process, the second phase would then deal with the issues of extensions and titling of untitled communities.

As initially designed, the first phase of this process was to have been done on a national basis before any extensions or new Amerindian land claims would be considered. The policy was revised in 2002 to speed up land regularizations by adopting a regional approach, whereby each administrative region could advance to second phase activities once it completed first phase demarcations in the region, regardless of the status of first phase activities in other parts of the country.<sup>12</sup> The policy was further revised in 2004 to allow for subregional adoption of phase two activities.

To date, about 39 out of 76 previously titled communities have been demarcated, with all first phase demarcations completed in Regions 2, 3, 4, 5, 6 and 10. Requests for land extensions and recognition of new claims are currently being reviewed in 16 areas in Regions 2 and 10. So far, four new titles have already been approved in Region 10, and to facilitate the process of titling the new areas, about 15 logging and 10 mining concessions have been cancelled in the region. (See Annex 11, Attachment 3)

While the approach and methods currently used to demarcate and provide secure certificates of title for already titled indigenous lands are procedurally clear (albeit not yet fully codified), the process for reviewing and granting extensions and titling new areas are still not fully developed or codified, with a number of pilots in process. The new Amerindian Act, which is currently in the final stages of being developed based on an extensive consultation process carried out with Amerindian communities, is expected to include provisions clearly addressing all procedural issues related to indigenous land issues. The Government is also considering recommendations for the establishment of a Commission on Indigenous Land Claims. The new Amerindian Act is expected to be presented to Parliament and passed by the end of 2004. (See also Annex 12 – Indigenous Peoples Development Plan.)

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<sup>12</sup> Guyana's local government system is organized into ten administrative regions.

Local Economies and Natural Resource Use. Although all Amerindian communities are integrated to some degree into the cash economy, the majority of Amerindians still engages primarily in subsistence activities and thus depend on the natural resources of their immediate environment. The nature of the subsistence economy varies according to the ecological zone occupied, but is largely based on the shifting cultivation of cassava, sweet potatoes, yams and other such “ground provisions,” supplemented by fishing, hunting and the gathering of various other products.

A wide range of non-timber forest products are important both to the subsistence economies of indigenous communities and historically, in some cases, to the cash economy. Until the 1980s, many communities in Region 9 depended on income from tapping the latex (*balata*) of bulletwood trees (*Manilkara bidentata*), used in the manufacture of machine belting, underwater cables and golf balls.<sup>13</sup> Other non-timber forest products exploited by the Amerindians include the manicole palm (*Euterpe spp*) for its edible palm heart; *kufa* (*Clusia spp*), a hemi-epiphyte used in cane furniture; and *nibbi* and *mukro* for baskets. Conservation of these species represents one of the main potential incentives for local communities to collaborate in PA management.

In addition to using non-timber forest products, Amerindians have also long engaged in small scale artisanal mining of gold and diamonds. But contemporary use of resources by Amerindians is being complicated by the increase over the past 20 years in larger scale commercial interests in the interior. Conflicts sometimes emerge as companies move onto untitled lands which in some cases are claimed by the Amerindians, competing directly with their use of some resources (forests) and disrupting their use of others (wildlife, rivers).

Organization/Governance. Amerindian communities make decisions collectively through village meetings. The formal authority for the village is the elected *Village Council* which acts on the basis of the community’s decisions. The Village Council also has power to make rules for a limited number of issues, provided that they have the permission of the Minister. The community also elects a Captain or *Touchau*. The *Captain/Touchau* has the powers of a rural constable and is an ex officio justice of the peace, but may not act judicially. Apart from his/her powers and duties as a rural constable and justice of the peace, the Captain/Touchau does not have greater authority than any other member of the Village Council.

At the national level, the *Ministry of Amerindian Affairs* (MoAA) was created in 1992 as a junior Ministry under the Ministry of Local Government and Regional Development, and relocated in 1996 directly under the Office of the President. It has since been upgraded to a fully autonomous ministry, and has received support from the Bank’s Institutional Development Fund since 2001 to help build the necessary institutional, analytical, outreach and administrative capacities. This grant (together with funding provided by the German Society for Technical Cooperation – GTZ) has also provided support to the extensive national consultation process to revise the Amerindian Act (see Annex 12). MoAA’s main role is to coordinate policies and programs targeting Amerindian communities and to play an internal advocacy role for Amerindian issues within the public sector. It is responsible for Amerindian land regularization. The Ministry, in essence, is responsible for coordinating a multisectoral program with line agencies (Health, Education, Local Government, and the like) who in most cases retain control over the funding and available technical expertise.

With the development of civil society in Guyana, a number of NGOs have been established. The Amerindian Peoples Organisation (APA), the Guyanese Organisation of Indigenous Peoples (GOIP) and the Amerindian Action Movement of Guyana (TAAMOG) are each based in Georgetown.

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<sup>13</sup> The discovery of a synthetic substitute in 1980 brought about an abrupt decline of the *balata* industry.

Other organizations involved in development and natural resource management issues include the North Rupununi District Development Board, a regional NGO based in Region 9 that has worked closely with the Iwokrama Rain Forest Centre on Amerindian issues; regional Tochaus Councils in Regions 2 and 9; the Upper Mazaruni Amerindian District Council; and the North Pakaraimas Development Board.

A National Tochaus Council was established in 2003 as a statutory body to represent Amerindian interests at the national level. In addition, the Government is in the process of forming an Indigenous Peoples Commission to address issues related to indigenous peoples. This commission was established by Constitutional amendment in 2001 with the authority to investigate complaints into the violation of Amerindian rights and resolve disputes.

### ***B. Amerindians in Project Study Areas***

In the ***Kanuku Mountains*** area in Region 9, the local population is predominantly Amerindian, with a few non-Amerindians comprised of Afro- and Indo-Guyanese settlers, Caucasians and a mixed blood group, residing mainly in the town of Lethem. There are two principal Amerindian groups living in and around the project implementation area - about 1,760 Wapishana inhabiting the Rupununi savannas south of the mountains, and about 2,090 Makushi living to the north, for a total of approximately 3,850.

Principal economic activities in the Kanuku Mountains region include agriculture, fishing, small scale livestock raising, as well as intermittent out-migration for wage employment. Subsistence agriculture is the basis of the region's economy, and peanut is the major cash crop. Minimal cash is also earned from cassava, maize, yam and various green vegetables are also grown for cash but only to a small extent. In Amerindian subsistence farming, more than 90 percent of production is usually directly consumed by the family.

While some persons may own a few head of cattle, which sometimes provides cash income for Amerindians in the region, fishing and hunting are the main sources of animal protein. Most trading is done within the villages. Cattle production in the region reached its peak in 1970 with about 80,000 head, but has since been in decline -- presently about 10,000 head -- due to high freight costs, marketing problems, poor pastures, inbreeding, lack of veterinary services and cattle rustling. Although few Amerindians manage or own commercial ranching operations, there are many linkages to the cattle industry. Thus, Amerindians have inevitably suffered the effects of the decline, through loss of employment as *vaqueiros* (cowboys), and the like. With the significant improvements of the Georgetown-Lethem road, traffic already has increased to the Rupununi. The existing situation for cattle export is therefore likely to change in the near future.

Gold mining is another income-generating activity pursued by Amerindians, mostly outside the region. Although the popular perception has been that mineral deposits in the region of the Kanukus are generally poor or inaccessible, the Vanessa Mining Company is in the process of carrying out physical prospecting at the Marudi Mountains for commercially exploitable mineral deposits of gold and diamonds. In addition to mining, there is also considerable out-migration of young Amerindians seeking wage employment in other sectors, mainly to the Brazilian state of Roraima just across the border. The Amerindians are employed chiefly as farm laborers, construction workers, domestics and service workers in bars and restaurants. Amerindians also hire out locally as day labor to enterprises outside their villages.

Most of the Amerindians in the Kanuku Mountains region live in 18 villages located in the project study area. According to the Ministry of Amerindian Affairs, out of these 18 villages, ten have been titled and demarcated, two are titled but not yet demarcated, and six are untitled communities. The six untitled

communities are being administered locally either by their own Village Councils, or by the Village Councils of titled communities.

In the *Shell Beach* area in Region 1, the local population is comprised mainly of a mixed Amerindian group from the Warao, Carib and Arawak tribes. The Amerindians living near the Shell Beach area practice subsistence activities such as rotational farming, fishing, seasonal crabbing, hunting and gathering wild foods. There have been some developments into cash-based economies: coconut fibre (*coir*) is used to make hanging basket liners by the Almond Beach Community Women's Group; *copra* is gathered from the beach coconuts and sold at Morawhana; and the local fishermen exploit the *hassar* and *gailbaca* fishes which are sold to the visiting fishermen outside of Region 1. Due to lack of or gradual integration into income earning activities, some of the men have lately become migrant labor in gold and diamond mining and on logging concessions. Until recently, during the turtle nesting season on Shell Beach, which is one of the most important nesting areas in the world for four species of sea turtles, it was traditional practice to collect turtle eggs and trap turtle for its meat. This activity was carried out from March to August to supplement local diets and also for selling to nearby Amerindian villages. The harvesting of turtle meat and eggs has since been prohibited under Fisheries (Aquatic Wildlife) Control Regulations made under Section 33 of the Fisheries Act (1962).

Most of the primarily Amerindian population in the Shell Beach area live in 22 communities located in or near the project study area. There are also a few individually leased areas.<sup>14</sup> The degree to which Shell Beach is directly used for resources (mainly fishing and crabbing and, until recently, harvesting of turtle meat and eggs) varies considerably among the 22 communities in the region. There is a recently established, untitled community of about 190 people located directly in the Shell Beach study area. The residents of this community (Almond Beach) come from several different villages in the region. Many who have settled there were previously turtle hunters and are now encouraged to practice turtle conservation. Seven community members are currently employed as wardens on a seasonal basis on Shell Beach.

The other 21 communities in the region range in size from an estimated 7,300 in the Moruca subregion (which includes six associated villages) to 270 in the village of Bumbury. According to the Ministry of Amerindian Affairs, of the 22 communities located in and around the Shell Beach study area five are titled and demarcated, seven are titled but have not yet demarcated, and ten are untitled.

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<sup>14</sup> All Guyanese, including Amerindians, can apply for long-term concessions on state lands.

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**Annex 11, Attachment 2. Indigenous Groups of Guyana<sup>15</sup>**

<b>Language Group</b>	<b>Tribe</b>	<b>Location</b>	<b>Population</b>
<i>Arawak</i>	Arawak	Coastal	15,000
	Wapishana	Southern Rupununi savannas	7,000
<i>Carib</i>	Carib	Coastal lowland forests	3,000
	Akawaio	Upland/lowland forests, Mazaruni	5,000
	Arekuna	Upland savannas and forests	500
	Patamona	Upland savannas and forests	5,000
	Makushi	Northern Rupununi savannas	7,750
	Wai Wai	Far south, Amazonian forests	200
<i>Warao</i>	Warao	Coastal swamp	5,000

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<sup>15</sup> Forte, J. 1995. Amerindian/Hinterland Issues. Unpublished background paper prepared for Guyana National Development Strategy.

**Annex 11, Attachment 3. Status of Amerindian Land Regularization by Region<sup>16</sup>**

<b>Regions</b>	<b>Amerindian Population</b>	<b>Villages</b>	<b>Titled<sup>17</sup></b>	<b>Untitled</b>	<b>Titled Communities Demarcated</b>	<b>Remaining Titled Communities to be Demarcated</b>
1	17,089	25	19	6	11	8
2	7,108	9	9	0	9	0
3	471	1	1	0	1	0
4	1,263	1	1	0	1	0
5	1,200	1	1	0	1	0
6	1,235	1	1	0	1	0
7	6,347	15	10	5	0	10
8	6,354	17	12	5	0	12
9	16,151	40	20 <sup>18</sup>	14	13	7
10	3,256	9	2	7 <sup>19</sup>	2	0
<b>Total</b>	<b>60,474</b>	<b>119</b>	<b>76</b>	<b>37</b>	<b>39</b>	<b>37</b>

<sup>16</sup> Source – Ministry of Amerindian Affairs, June 2004

<sup>17</sup> Under 1976 Amerindian Act and 1991 Presidential Grants under State Lands Act.

<sup>18</sup> Six communities share title.

<sup>19</sup> Includes four previously untitled communities. Title was approved (but not yet formally transferred) in 2003-04.

## **Annex 12. Indigenous Peoples Development Plan**

The GPAS Indigenous Peoples Development Plan was defined and consulted during project preparation as a strategy for the project as a whole. It includes agreed principles, guidelines, mechanisms and benchmarks to be followed under the project to address potential impacts of GPAS establishment on Amerindian populations under the project. Site-specific Indigenous Peoples Action Plans will also be developed as part of the participatory PA management planning process. The action plans will focus on defining, among other things, agreed participatory processes, and priority alternative income generation activities in the project study areas. (See Section D below)

### ***A. Summary of Land and Natural Resource Issues***

Indigenous peoples have long been recognized as playing an important role in the maintenance and sustainable use of much of the world's biodiversity. This is particularly evident in the case of Guyana, where Amerindians have conserved and protected areas since time immemorial, including sacred sites, in the hinterland areas containing the richest stores of biological diversity. There are, nevertheless, significant issues of concern to Amerindians about the potential impact of the protected area establishment under GPAS. Amerindian communities are concerned about their future and the need to ensure sustainable use of resources. They also want to ensure that their traditional rights are respected in any system that creates protected areas.

Land Rights. The Guyanese hinterland is inhabited primarily by Amerindians, with most of the population living in Regions 1, 7, 8 and 9. Amerindians make up about 8% (approximately 60,000) of Guyana's total population. There are currently nine distinct Amerindian peoples in Guyana, including the Arawak, Wapishana, Caribs, Akawaio, Patamona, Arekuna, Makushi, Wai Wai and Warao groups.

Over half of identified Amerindian communities in Guyana have been granted title to their lands (76 out of 119), representing approximately 11.2% of the national territory. The land grants transfer title to the Village or District Council absolutely and forever on behalf of the Amerindian communities. As part of the procedure, a survey of the land must be carried out by a qualified surveyor and the results must be lodged with the Commissioner responsible for lands and surveys. Prior to 1995, only one land had been physically demarcated.

The responsibility for Amerindian land regularization rests with the Ministry of Amerindian Affairs together with the Guyana Lands and Surveys Commission, which oversees the physical demarcation and processing of certificates of title. The land is owned collectively by the Amerindian community with the legal title being held formally by the Village or District Council. The titles are freehold in nature and carry with them all the usual rights of ownership, including the right to fish, farm and hunt on the land, as well as exclusive rights to all timber. The State Lands Act prohibits the grant of subsurface rights, but traditional Amerindian rights to mine are recognized under the laws of Guyana. While Amerindians hold land collectively, individual/family parcels have also been identified and generally accepted at the community level.

Although significant progress has been made under current Government policy towards regularizing the Amerindian land situation, the legal framework is incomplete, especially with respect to untitled communities and requests for extensions.<sup>20</sup> Currently, thirty-seven out of 119 Amerindian communities are not yet titled.

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<sup>20</sup> One of the provisions for Guyana's independence was the stipulation that Amerindians "be granted legal ownership or rights of occupancy over areas and reservations or parts thereof where any tribe or community of Amerindians is now ordinarily

Amerindian Land Policy. In 1995, following a broad consultation with Amerindian community leaders, the Government formulated a phased policy to address Amerindian land issues. The first phase focuses on demarcating all currently titled Amerindian lands (76) on a national basis before addressing extension requests, as well as requests for new titles by untitled communities.

The Government adopted this phased approach because some of the descriptions of the boundaries of communities contained in the Amerindian Act differ from what exists on the ground. The policy was designed to focus first on surveying and demarcating the already described boundaries of titled communities to aid in ground-truthing the boundaries, provide a map to the communities with clearly marked boundaries and thereby assist in dealing with illegal encroachment by outsiders, mainly miners and loggers. Following the first phase demarcation of these communities, and on the basis of boundaries confirmed through the demarcation process, the second phase would then deal with extensions and titling new areas.

This policy was subsequently revised in 2002 to speed up the land regularization process by adopting a regional approach, whereby those administrative regions<sup>21</sup> completing the first phase of the policy could then advance to the second phase -- regardless of the status of first phase activities in other administrative regions of the country. The policy was further revised in 2004 to allow for a subregional approach.

So far under this policy, 39 titled communities have already been demarcated and provided with secure certificates of title, with Regions 2, 3, 4, 5, 6 and 10 being completed. Two Amerindian districts (Konashen and Baramita) totaling some 3 million acres, also received titles in 2004.<sup>22</sup> The remaining 35 titled communities have not yet been demarcated. In addition, there are another 37 communities without title. Phase 2 work has already started in Regions 2 and 10. Eight of the nine titled and demarcated villages in Region 2 have submitted extension requests to date, which are under review. In Region 10, work is currently underway in coordination with the Guyana Lands and Surveys Commission to review the status of seven untitled communities on the basis of a land use study conducted by the Commission together with the communities. Titles for four of the seven communities have already been approved by the Government (but not yet formally transferred), and numerous logging and mining concessions in the region have been cancelled to facilitate the implementation of the new titles. (See Annex 11, Attachment 3).

Once an area is authorized for demarcation by the Ministry of Amerindian Affairs, the demarcation activities are overseen by the Guyana Lands and Surveys Commission, which bids the work out to private certified topographical firms/individuals. Demarcation work cannot be initiated without the permission of the Amerindian community acting through its elected Council. Local community members are usually involved in carrying out the demarcation work, although this is not mandated by law. Once completed, the demarcation must be checked by Lands and Surveys and a letter of satisfaction signed by the Village Captain (acting within the authority conferred by the community) must be issued before final payment to the firm.

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resident or settled...” To fulfill this commitment, an Amerindian Lands Commission was formed, held hearings throughout the country and reported in 1969. In its final report, the Commission recommended that 128 Amerindian communities then in existence receive title to about 24,000 sq. miles (as opposed to 43,000 sq. miles requested by Amerindians at the time). These recommendations were partially implemented through the Amerindian and State Lands Acts.

<sup>21</sup> Guyana’s local government system is organized into ten administrative regions.

<sup>22</sup> These districts were added to Schedule 1 of the Amerindian Act in 1977, but titles were issued (under the State Lands Act) in 2004. The districts have not yet been demarcated.

While the approach and methods currently used to demarcate Amerindian-owned lands are procedurally clear (albeit not yet fully codified), the process for reviewing and granting extensions and titling new areas are still not fully developed or codified, with a number of pilots in process (e.g. in Regions 2 and 10). The new Amerindian Act, which is currently being developed based on an extensive consultation process carried out with Amerindian communities, is expected to include specific, transparent and concrete procedures for resolving indigenous land issues. The Government is also considering recommendations for the establishment of a Commission on Indigenous Land Claims. The new Amerindian Act is expected to be presented to Parliament and passed by the end of 2004. (See Section B below.)

Resource Use Rights. Amerindian communities have always enjoyed traditional usufruct rights for hunting and gathering activities on unallocated State lands, and are concerned about preserving these rights. This concern has come increasingly to the fore over the past 20 years with the increased presence of mining and logging operations near areas occupied by Amerindian communities. Government policy is to exclude from mining concessions those lands which are lawfully occupied by Amerindian communities. Nevertheless, Amerindians complain about the impact such activities have on their use of forest resources.

Some Amerindian communities are also adversely affected by the serious environmental (in particular, river) pollution brought about by mining. The use of highly destructive dredging operations and informal placer mining (for gold and diamonds) are particularly serious in the extent to which they degrade rivers and ultimately impact the livelihoods of local communities.

## ***B. Legal Framework***

Constitution of Guyana (1980, revised 2001-03). The Constitution of Guyana protects all rights to property and any interest in or right over property. Thus, Amerindians are constitutionally protected from being deprived of their rights whether these are in respect of lands held formally under legal title or rights and other privileges over land which are not held under formal legal title but are exercised traditionally. When new legislation is passed in Guyana which may affect Amerindian rights, it has been the practice to save Amerindian rights.<sup>23</sup>

Amerindian Act. The *Amerindian Act* is the main law regulating Amerindian affairs, and provides for identification and registration of Amerindians, protection in employment, and the like. It is based on an Amerindian Ordinance from approximately a century ago, and many of its provisions are not enforced. There is broad agreement in Guyana that the Act is outdated, incomplete and in need of replacement. Thus, the Government of Guyana, with support from a World Bank IDF grant as well as funds from the German Society for Technical Cooperation (GTZ), undertook a national consultative process starting in 2002 to review and revise the Amerindian Act. This process, which includes an initial three-month period for review of the Act, nation-wide community consultations led by a technical team,<sup>24</sup> the compilation of a comprehensive report on suggested revisions, and follow-up regional consultations on the draft revised legislation, is nearing completion. Consultations with local communities were completed in May 2003, and a summary of community recommendations for revising the Act was completed in November 2003 for Cabinet consideration. Once the new law is drafted, further consulted on a regional basis, presented to Parliament and approved (expected in 2005), it would necessarily inform the process of drafting the new Guyana Protected Areas System Act under the Phase I project (see Component B below).

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<sup>23</sup> A recent example is the Water and Sewerage Act in which all Amerindian rights are saved.

<sup>24</sup> The Government held a total of 33 hearings, in which representatives of 111 communities and four Amerindian NGOs participated, with all but two of the meetings taking place in hinterland regions.

State Lands Act. The rights of Amerindians in state or public lands are specified in the *State Lands Act*. As mentioned above, irrevocable grants of title are currently being issued under Section 3 of the Act in relation to lands recognized as traditionally owned by Amerindians. Given the absolute nature of Amerindian titles issued under the State Lands Act, no protected area can be established over Amerindian lands held by such titles unless and to the extent that the relevant community gives its consent.

Although the State Lands Act makes it an offense for any person to trespass or unlawfully occupy any State lands, Amerindian rights are specifically protected. These rights and privileges over State lands are defined by the State Lands (Amerindian) Regulations which, among other things, provide Amerindians a right of occupation over State lands which are ungranted and unlicensed. The regulations also allow Amerindians to extract materials for personal use, such as for construction of residences or canoes, with permission.

Since Amerindian user rights over State lands are constitutionally protected, any protected area that is established over such lands must recognize and protect Amerindian rights unless the relevant Amerindian community gives its consent.

Forests Act. Rights with respect to state forests are governed by the Forests Act. The current Act contains the provision that, “Nothing in this Act shall be construed to prejudice, alter or affect any right or privilege heretofore legally possessed, exercised, or enjoyed by any Amerindian in Guyana, provided that the Minister from time to time by publication in the Gazette may make any regulations (...) defining the privileges and rights to be enjoyed by Amerindians in state forests.” To date, no regulations have been issued pertaining to Amerindian rights and privileges. The rights and privileges that existed over state land before it became state forest would be saved by this provision and would be constitutionally protected.

Mining Act. All mining in Guyana is governed by the Mining Act 1989, which vests the ownership of all minerals in the State. The Act saves traditional Amerindian rights in relation to mining. Under current government policy, mining on lands which Amerindian communities hold in title is not authorized unless the community consents. In relation to State lands, current policy is to exclude from mining concessions all lands lawfully occupied by Amerindian communities (i.e., all lands which they occupy and use). In practice some communities engage in mining activities that are considered to be more than medium-scale without government’s involvement.

Protected Areas Legislation. While Guyana does not yet have framework legislation for PA establishment and management, it currently has two separate laws to cover the two existing legislated protected areas – the Iwokrama Wilderness Preserve and Kaieteur National Park.

The 1996 *Iwokrama International Centre for Rainforest Conservation and Development Act* creates the Iwokrama Centre in Region 9, and divides the area into a wilderness preserve and a sustainable use area. The Act prohibits mining, forestry and other resources utilization of the Iwokrama area, unless the Iwokrama Centre gives consent. Section 6 of the Act specifically recognizes and protects legal and traditional Amerindian rights, stating that, “Nothing in this Act shall be construed to prejudice, alter or affect any right or privilege heretofore legally or traditionally possessed, exercised or enjoyed by an Amerindian who has a particular connection with any area of land within or neighbouring the Programme Site.”

Kaieteur National Park in Region 8 was created in 1929 by the *Kaieteur National Park Act*. There were no saving provisions in the Act for Amerindian rights or privileges. The Act was amended in 1999 to extend the size of the park (which, until then, was considered too small to provide for effective protection

of the area), and a second amendment to the Act was made in 2000 to save and protect Amerindian rights and privileges in the KNP area.<sup>25</sup>

As discussed and agreed in principle in recent broad consultations (see section C below), in order to adequately address Amerindian land and resource use rights, any comprehensive framework legislation for protected areas establishment and management under the GPAS project would need to, among other things:

- Prescribe a clear and transparent process for the designation of protected areas;
- Institute a process of public consultation and participation for the establishment of protected areas and for the development of management plans for such areas;
- Provide for non-interference with the continuation of any Amerindian community's access to and use of land and resources when such uses are compatible with the sustainable utilization of natural resources, in accordance with the procedures and mechanisms established by law to address such land and resource use issues; and
- Create a mechanism for the joint management of protected areas with Amerindian people.

Conclusions. Based on the legal framework analysis, the following was concluded:

- Amerindian rights, privileges, customs and usages are protected by law in various statutes and in the Constitution.
- The GPAS, by definition, deals with protected areas, and is therefore an inappropriate route to address the national Amerindian issue as a whole. This should be addressed through a nationally agreed and debated mechanism established by law, such as the new Amerindian Act.
- The GPAS project should, however, include appropriate mechanisms and procedures in its design to ensure the protection of Amerindian rights as they pertain to the establishment and management of protected areas.
- The activities to be carried out in project study areas during the preparation phase of the project (i.e., activities under Components C.1 and D.1) will not in any way diminish Amerindian traditions, rights, privileges, and usages provided there is no interference with traditional Amerindian activity in practice. In addition, there would be no legal violation of Amerindian rights, traditions, privileges and usages once these are saved by law in the pilot protected areas.

In light of the above, and to ensure that an adequate legal framework is in place to protect Amerindian rights, it was therefore agreed that the Phase I GPAS project would not commence until a draft of the new Amerindian Act is tabled in Parliament. The new Amerindian Act is expected to include specific, transparent procedures and mechanisms for the resolution of indigenous land and resource use issues.

It was also agreed that on-the-ground investment activities in the project study areas (such as those under Components C.2 and D.2, including the implementation or enforcement of management plans, construction of PA infrastructure, permanent demarcation of PA boundaries, and the like) would not take place until a new Amerindian Act that satisfactorily addresses land and resource use issues is passed by Parliament.

To deal with any issues or complaints arising in relation to the GPAS project, especially during the interim period between tabling and passage of the new Amerindian Act, it was further agreed that a

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<sup>25</sup> Notwithstanding the amendment, a legal action filed in 2000 against the government on behalf of the local village of Chenapau seeking protection of their constitutional and traditional rights vis-à-vis the extension of KNP. The case was recently dismissed due to the plaintiff's failure to appear in court.

satisfactory grievance mechanism would be established by project effectiveness. This mechanism would be easy to use, inexpensive and accessible to local communities without requiring the expense entailed with recourse to legal services/lawyers and without prejudice to individual or collective legal rights. (See Section D below for additional information on social safeguard benchmarks and mechanisms included in the project design.)

### ***C. Indigenous Involvement in the GPAS Project***

#### Participation during GPAS Preparation

The indigenous peoples development plan (IPDP) was developed and consulted among all key project stakeholders (including key Government agencies, Amerindian NGOs, Amerindian Captains, Councils and communities, and other stakeholders). It includes agreed principles, guidelines, mechanisms and benchmarks to be followed under the project to address requirements prescribed by the Bank's relevant social safeguard policies.

The process for developing broad-based participation in GPAS began in November 1994 with an Objectives Oriented Project Planning (OOPP) workshop, which included 34 representatives from a broad range of government and international agencies, NGOs, the University of Guyana and Amerindian groups. The workshop conducted a problem analysis, established the objectives of the project, and identified the activities and assumptions related to project implementation. A number of stakeholder assessments were also conducted during project preparation, including a 1995 review of Amerindian issues in Guyana by an international specialist on land tenure issues, a 1996 assessment of the potential impact of GPAS on indigenous peoples by a cultural anthropologist; and a 2000 preliminary socio-economic survey of Amerindian communities in the Kanuku Mountains area, among others (all available from project files; see Annex 8 for a complete list).

The project preparation missions in October 1995 and January/February 1996 also focused on the identification of specific options for Amerindian participation. Introductory information on PAs was distributed to all Amerindian leaders, position papers on the establishment of the NPAS were solicited from four Guyanese Amerindian interest groups, and informal visits were made to a number of Amerindian villages adjacent to potential PAs, culminating in a four-day workshop for Amerindian leaders in February 1996 in the Amerindian village of Paramakatoi (Region 8).

The Paramakatoi workshop was organised to (i) share information with Amerindian representatives on the role of indigenous peoples in the management of protected areas around the world, and (ii) to elicit the participants' ideas about how Amerindians could participate in the establishment and management of PAs in Guyana. Over 70 Amerindian community leaders and representatives from every region of the country participated in the event. At the end of the workshop, the participants passed a resolution acknowledging their involvement thus far, and recommending active future Amerindian participation on the GPAS project at the national level. The participants also stated that prior resolution of land rights issues should be a condition of the project.

More recently (November 2003), the Government of Guyana undertook an extensive ***public disclosure and consultation process*** targeting stakeholders at the national, regional and local levels (in or near the two project study areas). This process involved the disclosure of general information on the proposed project design through newspapers, websites, and direct distribution to stakeholder representatives, as well as copies of an earlier draft free-standing version of this annex entitled the "GPAS Social Framework Strategy" which included the social assessment, IPDP and process framework (see the Bank's InfoShop for a copy of the document disclosed). Written comments were solicited, and four public meetings were held to discuss the proposed project and social framework strategy. Three regional meetings (one in the

Kanuku Mountains area, and two in the Shell Beach area) brought together over 280 indigenous community members, local government officials and NGO representatives, while the final national meeting brought together another 50 participants from key Government agencies, stakeholder groups, private sector representatives, and environmental and indigenous NGOs.

Final results of the consultations show that the meetings were well attended and considerable interest and support for the project were expressed. The main concern voiced by some communities and indigenous leaders during public hearings and in written comments was the need to address land and resource use issues in the project study areas, as well as the need for timely dissemination of adequate, clearly formulated and accessible information to facilitate the effective participation of local communities and other stakeholders in project implementation. Questions were also raised about the PA declaration process; the potential impact of PAs on local livelihoods; and how local communities would be involved in PA co-management. These issues were discussed during the consultations and have been factored into the current project design. They will continue to be addressed throughout the planning phase of pilot PA establishment through ongoing stakeholder consultations and participatory processes (see below).

In the *Kanuku Mountains region*, the Government of Guyana and Conservation International-Guyana (CIG) carried out a phased approach to inform and consult local communities on the proposed establishment of a PA in the Kanukus area. The Consultation Phase formally initiated and introduced the process to stakeholder communities. Community coordinators and interpreters were recruited and trained by CIG. Local capacity-building began and involved all institutions identified as key to the process.

The second phase or the Community Resource Evaluation (CRE) phase was carried out in 2002 as communities expressed interest in participating. The CRE workshops focused on creating opportunities and tools that would enable the participants and the community at large to share their knowledge and to gather information to produce a profile of what resources are used, when and where that use occurs, and the threats that exist to the continued use of resources. Eventually, the CREs were completed in all 18 Amerindian communities in the Kanuku Mountains area. Results from this process were consolidated and analyzed, and taken back for verification by each community. This constituted the third phase of the process.

The final phase involved the compilation of the CRE report, which was completed in September 2003. It is expected that this report will be integrated with the Land Use Planning of the area being undertaken by the Government, which will then present various options for resource management to be developed with each community.

In relation to the *Shell Beach area*, the conservation efforts of a local NGO (the Guyana Marine Turtle Conservation Society) have helped change the dynamics of the area. The conservation movement has been able to convert active turtle hunters into turtle conservationists and the beach currently has eight rangers from the local communities who work full time for half of the year in the conservation of the marine turtles. Shell Beach has a long history of conservation and it was recognized that this activity could expand and be better achieved if the area becomes a PA.

The PA consultation process in Shell Beach formally started in May 2003, with the identification of local stakeholders and the completion of preliminary work, including an initial social assessment. The follow-up to this activity will focus on individual stakeholder community visits. These visits will provide an introduction in the form of educational workshops and PA information.

The most recent community consultations took place in July (Kanuku Mountains and Shell Beach) and September 2004 (Kanuku Mountains) to discuss and agree on the definition of the respective project

study areas, to identify which of the local communities would agree to inclusion in the project study area, and to discuss and agree on the formation and TORs of Community Representative Groups for each area.

Indigenous Participation in GPAS Project Implementation. GPAS adopts the full involvement of local and national stakeholders as a basic principle for the establishment and management of protected areas. Therefore, the project would support the development of agreed participatory mechanisms at national and local levels during project implementation that would seek to fully engage Amerindian communities located in project study areas in GPAS activities. (See Section D for details.)

#### ***D. Mechanisms and Benchmarks***

The World Bank policies related to social issues triggered by the phase I GPAS project are (i) the Indigenous Peoples Operational Directive (OD 4.20), because of the project's possible benefits and the potential adverse impacts on indigenous peoples; (ii) the Involuntary Resettlement Operational Directive (OD 4.12), because of the project's potential for non-physical displacement; (iii) and the operational policy note on the Management of Cultural Property (OPN 11.03).<sup>26</sup> The mechanisms and benchmarks described below have been built into the GPAS project to address the issues raised per O.D. 4.20 and O.P. 4.12. Issues raised by O.P. 4.12 are further addressed in Annex 13.

The following main principles for the GPAS were discussed broadly and approved by the GoG Cabinet in December 2002. The specific mechanisms included in project design to operationalize these principles are presented in the next sections.

- Amerindian land and resource uses for traditional and subsistence purposes will be upheld;
- The process of PA establishment will ensure that the rights and interests of local populations are respected;
- Local communities, and stakeholders in general, will play an active role through direct involvement in the planning and design, implementation and management of the system and its components;
- Protected areas will not be located in titled Amerindian lands without the informed consent of the communities involved;
- Protected areas will not result in involuntary resettlement;
- Where potential protected areas fall within lands claimed by Amerindians, efforts will be made to resolve those claims prior to the formal declaration of any PA; and
- The Government of Guyana will formally declare a time-bound moratorium on the granting of new (logging, mining, ranching or other) concessions in areas identified as project study areas under the first phase GPAS project to further enhance their viability and build further confidence with stakeholders in the proposed participatory process for establishing and managing pilot protected areas.

#### **Component A: Development of Institutional and Technical Capacity for Project Management**

This component would support the creation and operation of a multi-stakeholder *National Protected Areas Advisory Committee* to review and provide technical input into the work of the PIU within the Environmental Protection Agency (EPA). This committee would be chaired by the Executive Director of the EPA, and provide a forum for broad-based stakeholder participation at the national level in the Phase I project. Members of the Committee would meet on a regular basis and would likely include representatives from key GoG agencies, Amerindian communities, NGOs, scientists, PA specialists,

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<sup>26</sup> During the March 2003 pre-appraisal mission, it was agreed with Government that the cultural property safeguard issues would be addressed through the legal framework for protected areas to be developed under the first phase project.

private sector representatives, and environmental NGOs/interest groups. The specific roles, responsibilities and composition of the national committee will be defined in the project Operational Manual and agreed during the first three months of project implementation.

A ***grievance mechanism*** would also be established to address potential land and resource use issues within the project study areas, as well as other concerns that may arise in relation to the GPAS project. This mechanism would need to be easy to use, inexpensive and accessible to local communities. The specific characteristics and details will be further defined, taking into consideration stakeholder feedback during the public disclosure process, as well as the procedures and mechanisms as defined in the draft new Amerindian Act. Once the new Act is passed, it is expected that the scope of the grievance mechanism would be revised to deal only with specific GPAS related issues not addressed by the new legislation. It was agreed that, prior to negotiations, the Government would prepare a proposal for establishing an appropriate grievance mechanism to address Amerindian and other stakeholder concerns under the project, including *inter alia* the scope, placement, authority and mode of operation of this mechanism. Establishment of the grievance mechanism is a condition of effectiveness.

Furthermore, the development of a ***communications strategy*** under this component would be done to facilitate the participatory processes by fostering increased public understanding of the GPAS and generating well informed dialogue among stakeholders, especially at the local level in and around PAs.

Finally, lead agencies (such as Conservation International Guyana and the Guyana Marine Turtle Conservation Society) designated by the Government to carry out pilot PA establishment and management under the Phase I project must formally commit in their ***operating agreements*** with the Government to all the principles of the project, including all agreed participatory guidelines and mechanisms as described in this annex. Preparation of satisfactory draft operating agreements is a condition of negotiations; signature of satisfactory operating agreements with lead agencies is a condition of effectiveness.

## **Component B: Development of GPAS Management, Financial and Legal Frameworks**

As noted above, in order to ensure that an adequate legal framework is in place to protect Amerindian rights, it was agreed that prior to project effectiveness, a draft new Amerindian Act would be tabled in Parliament. Adoption of a new Amerindian Act that satisfactorily addresses indigenous land and resource use issues is a condition of disbursement for investment activities in project study areas under Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c) and D.2(d).

During project implementation, this component will seek to define ***co-management models*** for participatory PA management. These will be based on the ongoing experience of establishing pilot PAs in Guyana under the first phase project as well as the lessons learned from experiences in other countries that involve indigenous communities and organizations, NGOs, academic institutions, and other stakeholders. The model to be proposed should include appropriate approaches for: (i) co-management of conservation concessions and other forms of delegating the implementation and administration of protected areas; (ii) participatory processes and capacity building at the community level for developing site-specific co-management approaches; and (iii) instruments and guidelines for monitoring and evaluating co-managing institutions.

This component will also support development of a draft ***Guyana Protected Areas System Act*** for Parliamentary consideration. Preparation of the draft Act would be done on the basis of a legal diagnosis of Guyana's relevant laws and regulations, as well as an analysis of PA framework legislation in other countries. Recommendations and lessons learned in the course of designing and carrying out activities related to PA establishment under the Phase I project and the development of co-management models will

also serve as inputs into this legislation. Particular attention will be paid to establishing the necessary linkages with related legislation, including the new Amerindian Act, to ensure effective protection of Amerindian land and resource use rights. The PIU will work closely with the Ministry of Amerindian Affairs and other line agencies to carry out a coordinated dissemination and consultation process on the proposed legislation.

It is expected that the Guyana Protected Areas System Act would include the following (for social safeguard purposes): a definition of the categories of sustainable use PAs to be established and the user rights that would apply; the mechanisms for ensuring local stakeholder agreement with and participation in PA establishment and management; the participatory management planning process for the PAs (including definition of what the management plan would include, and specification of possible co-management arrangements); and procedures for identifying and selecting alternative income generating activities in and around the PAs.

In addition, this component will fund ***technical assistance in conflict resolution*** to the Ministry of Amerindian Affairs to help address Amerindian land and resource use issues that may arise in the pilot areas under the project. Activities would include on-the-job support to the Ministry in conflict management, mediation and arbitration for key stakeholders. It would also include field activities for land demarcation (under KfW funding). These activities would be done in coordination with the grievance mechanism to be established and supported under Component A. Preparation of a satisfactory draft Memorandum of Understanding (MOU) between EPA and MoAA defining MoAA participation in the project is a condition of negotiations; signature of the MOU is a condition of effectiveness.

**Component C: Planning and Co-Management of Shell Beach Pilot Protected Area**

**Component D: Planning and Co-management of Kanuku Mountains Pilot Protected Area**

The remaining two components would fund both preparatory and implementation activities related to the establishment and management of the Shell Beach and Kanuku Mountains Pilot PAs. Both components will be executed in two stages: a first stage of participatory planning and preparatory activities for establishing the PA and developing conservation-based alternative income generation subprojects; and a second stage of effectively implementing PA declaration, co-management of the pilot PA, and income generation activities (Types 1-3, see below).

Disbursement for investment activities under Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c) and D.2(d) are conditioned on the following: (i) adoption of new Amerindian Act that satisfactorily addresses indigenous land and resource use issues; (ii) satisfactory establishment of the Shell Beach and Kanuku Mountains Steering Committees; and (iii) preparation of agreed PA Management plans for each agreed PA, including site-specific indigenous peoples action plans.

***Mechanisms and benchmarks built into the project under Components C.1 and D.1 (Planning Stage)*** include the establishment of local Steering Committees in each of the two project study areas; preparation of detailed site-specific social assessments; preparation of agreed management plans for each agreed pilot PA through participatory planning involving the key stakeholders; the preparation of agreed draft PA declaration proposals for each area; and the identification and design of income generation activities.

***Mechanisms and benchmarks related to Components C.2 and D.2 (Implementation/investment stage)*** include activities related to the active co-management of the Shell Beach and Kanuku Mountains pilot PAs and implementation of sustainable income-generation activities involving local communities in the project study areas (Types 1-3, see below). The following paragraphs provide further detail.

***Local Steering Committees*** to be established for each project study area would likely include stakeholder representatives from local communities, NGOs, regional government, and other relevant stakeholder

groups. This committee would work closely with the Lead Agencies for each area in the participatory planning of the PA management plans and the PA declaration proposals. Once agreement is reached for the establishment of the pilot PAs within the study areas, the committees will become the steering bodies for PA administration.

A **participatory management planning process** would be agreed with local stakeholders through discussion and approval of the local steering committee. Information gathered and systematized through feasibility studies would be complemented through participatory planning techniques and methods, such as rapid appraisals, direct observation, consultations, workshops, interviews, focal groups, sketch mapping and other methods. Local communities and other local stakeholders would be directly involved in identifying the main threats, problems and potentials, as well as their interests for PA establishment and management.

**Detailed site-specific social assessments** would be one of the feasibility studies conducted during the planning process for the PA Management Plan. The social assessments would consist of: identifying existing ethnic groups in the project study areas; generating demographic data and maps of areas occupied; direct consultation with the groups in a culturally appropriate manner; analysis of the indigenous economy and its relationship to the natural resource base; analysis of the relations with regional society; analysis of any land issues in the area; analysis of the existing institutional capacity for dealing with indigenous group requirements; and a cultural impact assessment, including belief systems and values, species of particular sacred, ritual and ceremonial significance, sacred sites and other significant sites (e.g., burial grounds). These social assessments would be conducted by experts with recognized knowledge and expertise on the areas' indigenous people, and would be part of the feasibility studies to be conducted prior to PA declaration.

The participatory approach is expected to define a shared vision for the PA, management goals and strategies. The **PA management plan** would be formulated on the basis of the outcomes of this participatory process, and would include, among other things, a review of land/resource use issues; management classification; local implementation arrangements; co-management plans and the agreed participatory co-management framework (including draft co-management agreements); a monitoring and evaluation plan; basic infrastructure planning; and local training needs. The management plan would also include **site-specific indigenous peoples action plans** defining user rights; agreed participatory processes, local conflict resolution mechanisms, mitigation strategies to address potential limits to resource use, proposed priority alternative income generation activities, and other agreed actions for the project study areas under the first phase project.

The **PA declaration proposals** would be based on the findings and recommendations of the management plans for each area. The proposals will include broad zoning proposals for each area, showing main restricted zones and those recommended for resource use. The declaration proposals would be discussed and agreed with stakeholders at both the national and local levels prior to seeking parliamentary approval.

Conservation-based **alternative income generation activities** would be defined on the basis of information gathered through the feasibility studies, other related studies (CREs in the Kanuku Mountains and Shell Beach areas), and the participatory management planning process. The procedures and criteria for identifying, selecting, environmental impact screening, managing and monitoring the income generating activities would be developed in the Operational Manual and further refined during project implementation in the Subprojects Manual. Preparation of a satisfactory Subprojects Manual is a condition of disbursement for Components C.2(b-d) and D.2(b-d).

Livelihood activities would be classified into three types depending on the status of Amerindian lands in the project study areas:<sup>27</sup>

- Type 1 Subprojects would be for titled but not demarcated as well as untitled communities, which would be eligible for educational and outreach activities, needs assessments, identification of potential future subprojects, technical assistance and training. Some examples could include training for soil management or technical assistance for marketing.
- Type 2 Subprojects would be for titled and demarcated communities, which would be eligible for all of the above Type 1 activities as well as implementation of subprojects that could be located on titled/demarcated land. Some examples could include small enterprises for heart of palm production, small-scale cocoa processing facility and small livestock raising.
- Type 3 Subprojects would be implemented once subregional Amerindian land issues are satisfactorily resolved in accordance with the new Amerindian Act, and PA boundaries are determined. These subprojects would have the broadest eligibility criteria and could include multi-village and/or subregional activities such as the development of ecotourism (feasibility study, business plan, guest house construction, etc.) or a multi-village crabwood oil processing plant.

Because they are either for preparatory activities (Type 1 subprojects) or site-specific income-generation activities restricted to already titled and demarcated lands (Type 2 subprojects), the implementation of Types 1 and 2 subprojects would not be subject to the disbursement conditions for Components C.2 and D.2. **As a further measure to ensure the protection of Amerindian land and resource use rights under the project, a default clause has been added to the draft Grant Agreement which provides for remedies if the Government were to revoke or abridge any land or resource use rights granted under existing legislation.**

### ***E. Implementation Arrangements***

The EPA would be the implementing agency for the project, although the NGOs Conservation International Guyana (CIG) and the Guyana Marine Turtle Conservation Society (GMTCS) respectively would execute most activities in the pilot areas of Kanuku Mountains and Shell Beach. The EPA would establish a Project Implementation Unit (PIU), directly linked to the Executive Director of the EPA, to coordinate the overall project, and execute the majority of activities listed for Components A and B. The PIU would be composed of a Project Coordinator supported by administrative and technical staff as well as specialized consultancies as needed. A KfW-funded consultant would also be contracted to assist the PIU in planning and supervising the German-funded activities. Detailed roles and responsibilities, as well as detailed project implementation procedures will be included in the GPAS project Operational Manual. Preparation of a satisfactory Operational Manual is a condition of project effectiveness.

The EPA needs considerable institutional strengthening to effectively administer and manage the project and to provide the needed technical expertise for adequate implementation and supervision of all social and environmental safeguard issues outlined in this annex as well as Annexes 13-14. Such institutional strengthening is envisioned under the project, including technical assistance, capacity building and training. Additional staff and specialized consultancies under the project will include such disciplines as rural sociology, anthropology, strategic communications, natural resource economics, conflict resolution/mediation, PA management and others.

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<sup>27</sup> Implementation of Types 1 and 2 subprojects would not be subject to disbursement conditions for Components 3.B and 4.B.

Conservation International Guyana (CIG), as designated Lead Agency for executing the Kanuku Mountains pilot PA under Component D, has considerable experience in community-based natural resource management and participatory approaches to be followed under the project, and will also use specialized consultancies for specific tasks as needed, such as site specific social assessments. While the Guyana Marine Turtle Conservation Society has a long track record in activities for the protection of endangered turtle species in Shell Beach, they would require more direct technical and administrative assistance to carry out education and participatory activities as Lead Agency for Shell Beach. Operating agreements to be signed with CI, and the Guyana Marine Turtle Conservation Society, would require compliance with the project legal agreement and all key principles and safeguards outlined in project documentation.

The Ministry of Amerindian Affairs (MoAA) would work closely with the EPA and its project team in the design and implementation of participatory management, assisting in the resolution of Amerindian lands claims, and participating in conflict resolution mechanisms involving Amerindian concerns. MoAA will receive direct technical assistance under Component B.4 to help it address Amerindian land and resource use issues related to the project. The Ministry will also participate in the national PA advisory committee to be established under the project, and collaborate with the EPA in the design and implementation of the GPAS Grievance Mechanism to be established by project effectiveness. In addition, MoAA technical staff would be closely involved in activities related to Amerindian communities under Components C and D, in particular the design and implementation of participatory PA management activities, as well as in the design of GPAS guidelines and development of appropriate legislative linkages for effective protection of Amerindian rights under the PA framework legislation to be developed under Component B. MoAA will also be responsible for facilitating the resolution of any land issues that may arise in connection with the establishment of the two pilot PAs.

A National Protected Areas Advisory Committee would be established under the project; this multi-stakeholder steering/monitoring committee would provide guidance to the EPA on the establishment and management of the GPAS and support the inter-institutional coordination at the national level. In addition to the national advisory committee, each pilot PA under the project would have a local PA steering committee comprised of representatives of local communities, regional government, NGOs, and other relevant local stakeholders.

#### ***F. Monitoring and Evaluation***

Social safeguard issues will be monitored by technical specialists contracted by the EPA during project implementation and by technical specialists participating in Bank/KfW supervision missions, on the basis of social indicators included in the GPAS M&E plan, to be further refined throughout project implementation. At the local level, they will be monitored by the lead agencies in coordination with the local steering committees and other stakeholder representatives in a participatory manner to be agreed during project implementation.

#### ***G. Costs***

The estimated cost of implementing the above social safeguard mechanisms will be approximately US\$970,000.

### **Annex 13. Process Framework for Mitigating Potential Livelihood Impacts**

Project Summary The ultimate goal of the proposed Guyana Protected Areas System (GPAS) Project is to ensure effective protection and sustainable management of representative ecosystems of Guyana through a national system of protected areas which is self-sustained, transparent, decentralized and managed through partnerships. This will be achieved through the pursuit of a phased approach. The first phase GPAS project will be a process project -- pilot-based, and focused on assisting the GoG in developing and partially implementing the policy, financial, legal and institutional frameworks and knowledge base for the long-term management and sustainability of the GPAS. This will be done on the basis of lessons learned from establishing and managing two pilot areas, including as a fundamental principle co-management of the areas with local and indigenous populations. Project components include: Component A, Establishment of the Institutional and Technical Capacity for GPAS Management; Component B, Development of the Legal and Regulatory framework; Component C, Planning and Co-Management of Shell Beach Pilot Protected Area; and Component D, Planning and Co-management of Kanuku Mountains Pilot Protected Area.

No Physical Displacement No involuntary physical displacement or relocation of people would be required to successfully implement GPAS, and none would take place as part of project implementation.

Potential Impacts on Livelihoods. The local, largely Amerindian populations in the project study areas are expected to benefit directly from the proposed project through their involvement in the participatory management planning process, which would assist in clarifying and resolving any land issues under procedures to be included in the new Amerindian Act to be tabled in Parliament prior to effectiveness, and adopted prior to disbursement for investment activities under Components C.2(a), C.2(c), C.2(d) and D.2(a), D.2(c) and D.2(d). They are also expected to benefit from co-management opportunities, activities aimed at improving the sustainable use and management of natural resources, and support for alternative income-generating activities such as ecotourism or others under the project. In addition, the creation and management of PAs would likely serve as buffer zones against encroachment onto indigenous lands, and illegal mining or logging operations.

However, the possibility exists that in the course of establishing and managing the pilot PAs under the GPAS, some livelihood activities of people living within the PAs or in surrounding buffer zones might be impacted such as by potential limitations on natural resource extraction or other restrictions. This Process Framework outlines the criteria and procedures that the project will follow to ensure that eligible, affected persons are assisted in their efforts to restore or improve their livelihoods in a manner that maintains the environmental integrity and sustainability of the proposed PAs. These criteria and procedures would be detailed in the Management Plans to be developed for the pilot PAs. In all such cases, the project would address the livelihood issues of affected populations in a manner which is fair, just, and in accordance with local laws, as well as consistent with the World Bank's Safeguard Policies on Involuntary Resettlement (OP 4.12) and Natural Habitats (OP 4.04).

Targeting and Eligibility Criteria The project activities for mitigating potential nonphysical displacement would target local low-income communities, primarily indigenous people, that are located within the project study areas and who use natural resources in the protected area. It is expected that any local people whose living does not depend primarily on natural resource use, as well as illegal users of natural resources, would not be eligible. Merchants or artisans dealing in legally obtained natural commodities may be eligible.

Measures to Assist Affected Populations The mitigation of nonphysical displacement under the project would be addressed under the project by the participatory development and implementation of Management Plans (Components C and D) for the protected area and buffer zone that would include site-specific indigenous peoples action plans that would clarify use zones, potential restrictions and mitigation measures for proposed restrictions to be taken including, among others, alternative livelihood activities to be supported under the project that would seek to compensate for any new livelihood limitations to result from the proposed protected area..

The development of the draft management plan would be carried out in a highly participatory manner and include site-specific feasibility studies and a site-specific social assessment that would further clarify local communities user rights, potential impacts on the local population as well as assisting in designing adequate mitigation measures. The guidelines for the process and content of developing the management plans will be included in a project Operational Manual. In addition, the formal declaration of and investments in the pilot protected areas under the project would not be done until a broad consensus is reached about the boundaries and zoning of the PA to be declared and the PA management plan.

Implementation. Mitigation activities will be carried out by the Environmental Protection Agency (EPA), in close coordination with the two NGOs responsible for on the ground management of the two pilot PAs (Conservation International Guyana and the Guyana Marine Turtle Conservation Society), as well as with the Ministry of Amerindian Affairs (MoAA). In particular, MoAA would work closely with the EPA and its project team in the design and implementation of participatory PA management processes and in resolving indigenous land issues, and participate in conflict resolution mechanisms involving Amerindian concerns.

Potential conflicts or grievances. A satisfactory grievance mechanism would be established prior to project effectiveness to assist in the mediation of any land or resource use issues that may arise in relation to PA establishment and management.

Monitoring and Evaluation. It is expected that the national advisory committee and local pilot PA steering committees with broad stakeholder representation (see Components A, C and D) would assist in monitoring the project as well as monitoring the Process Framework. In addition, technical specialists would be contracted to help monitor social safeguard issues on the basis of social indicators included in the GPAS M&E plan, to be further refined during project implementation.

## Annex 14. Environmental Assessment Framework

The GPAS project aims at establishing and achieving the sustainable management of the national system of protected areas. The project is not expected to have significant negative impacts on the environment, as it consists mostly of capacity building, strengthening of the institutional foundations of GPAS, PA participatory planning and management and small-scale income generating activities.

The project has been classified as **Category B** for the purposes of Bank Operational Policy 4.01 (Environmental Assessment).

The project is in compliance with **Operational Policies 4.04 (Natural Habitats) and 4.36 (Forests)** by virtue of the fact that (i) its main objective is the conservation of natural habitats, including critical natural habitats; (ii) precautions would be included in subproject selection criteria under the project to screen out any potentially damaging subprojects; and (iii) there would be no induced acceleration of damaging activities due to the current absence of any mining/logging concessions in defined project study areas, and the establishment by the Government of a time-bound moratorium on the granting of any new mining/logging concession in project study areas.

### Project Study Areas

Preliminary studies indicate that the Kanuku Mountains and Shell Beach areas are of high biodiversity significance. They are currently suffering development pressures that could threaten their biodiversity in the short term. The areas are relatively unencumbered by previous PA management activities and relatively unburdened by unresolved land issues. There is an active presence of environmental NGOs working with the local Amerindian communities ready to take the responsibility as executing agencies.

**Kanuku Mts. (Western), Kanuku Mts. (Eastern) and the Rewa River:** Contains gallery, semi-deciduous, lowland, and mountain evergreen forests. There is a distinctive type of vegetation on granite domes and steep cliffs, and the area has been shown to be rich in birds including Harpy Eagles and a diverse mammal fauna. Some of the areas near the savannahs have been visited numerous times, but only a couple of botanists have visited farther up the Rewa river. This area has populations of large vertebrates that have disappeared elsewhere (giant otter, giant river turtle, black caiman, arapaima), and 8 species of primates. The area along the Rewa River is seasonally flooded and supports unique ecosystems. Plants along these flooded areas have not yet been systematically surveyed. In the western mountains there is currently little mining activity, and there are no timber concessions. The EU financed a detailed study of the area to assist GoG with a national park. In addition, the area has been proposed as a national park by several studies (GAHEF 1991, Conservation International 1993, Agriconsulting 1993), a Nature Conservation Reserve (Ramdass and Hanif 1990), and a Multiple Use Forest Reserve (Dalfelt 1978).

**Shell Beach:** Located at the mouth of the Waini River the beach is a vast bank of shells, approximately 10 km in length. The area helps protect against drastic changes in the coastline. It is one of most important nesting areas in the world for four species of sea turtles which are being actively studied. However, the rest of the flora and fauna have not been studied and it is the only place left in Guyana with large intact mangrove, brackish water, and coastal swamp communities. Poaching of sea turtles still occurs, despite ongoing monitoring and conservation initiatives that involve the local Amerindian communities. There are no forest or mining concessions. Arawak, Carib and Warao Amerindian lands are near the area. The area has been proposed as a wildlife sanctuary.

## **Potential Impacts**

Most of the project's environmental impacts will be positive. The initial screening identified potential negative impacts from investment activities under Component C.2 and D.2: implementing co-managed pilot protected areas. These are related to the small works and income generating activities. Field construction activities are small, involving the construction offices, campsites, visitor services, field posts, the repair of access roads and/or trails, and basic eco-tourism infrastructure (toilet facilities, trails). Conservation-based income generation activities in buffer zones (e.g. agro-ecological production, sustainable harvesting of non-timber products) may also have potential impacts. There may also be impacts from induced activities related to tourism in buffer zones, such as the construction of lodges, improvement of access roads and interpretation trails.

### **Environmental impacts due to infrastructure construction in PAs**

Buildings and Campsites. Civil works will be undertaken in the PAs to build offices, campsites, surveillance posts, housing for rangers, tourist lodging and markets for indigenous people's products. All are small constructions and will be usually located in areas classified as atrophic, or already altered.

Small works commonly affect natural vegetation in a very limited way. No archaeological sites are known to exist in the area, so there is minimal risk that the infrastructure to be built could affect cultural heritage. As the PAs and their surroundings are inhabited by local communities, even small infrastructure might attract an expansion of human settlements nearby the main campsites or the administrative centers. New settlements could lead to an increase of animal herding, which in turn could affect natural ecosystems. The specific nature and location of these works will be identified in the PA management plans and would preferably be built in areas already altered by human activity.

Road and Trail Maintenance. The project does not foresee any new road construction inside the pilot areas. The repair of existing access roads and trails could lead to some limited deforestation and might also affect wildlife. Increased accessibility to PAs could foster illegal logging, poaching and mining without the protections to be afforded by the project (see below).

Eco-tourism. The impacts of uncontrolled eco-tourism in PAs could be significant. Tourism affects areas of high natural and visual value due to footsteps, vehicle tracks, illegal removal of plants and wildlife, materials and artifacts, and crowding. The improvement of tourist facilities in PAs can attract investment in tourism and camping infrastructures, thus increasing economic activity and its impacts in buffer zones.

### **Conservation-based income generation activities**

These activities are designed to enhance conservation of biodiversity and natural resources, while increasing the productivity of traditional and new economic activities and developing access to markets for the Amerindian communities' products. Their footprints are likely to be small and focus on areas where economic activity already takes place, i.e. closer to the villages. Nevertheless, productive investments with potential adverse impact might include (apart from eco-tourism) the economic use of flora and fauna (e.g. extraction of certain species that exceed sustainable replacement levels, increase in illegal extractive activities, induced incremental extractive demand); micro-scale mining (e.g. increased erosion/sediment loading, human and environmental contamination associated with ore processing); aquaculture and livestock production (e.g. livestock-wildlife conflicts, overgrazing, exotic species).

## **MANAGING ENVIRONMENTAL IMPACTS**

### Construction of Buildings and Infrastructure

The PA management plans will prepare identify threatened places and the zoning of the PAs will indicate the various areas for restricted use and their management regimes. The main campsites, visitor welcome centers, and interpretation centers must be located in strategic places, where they do not damage the vegetation, fauna, water, and soil. Additionally, their location must be determined in relation to the visual resource. The size of the facilities must be proportional to the type of work and the Protected Area's carrying capacity.

The infrastructure to be built must follow adapted architectural guidelines and must bear relation to the local inhabitants' culture. Contractors must use, if possible, local supplies and labor. Environmental rules must be included in the relevant bidding documents. In case technology is used, this must use clean energy sources, such as solar, wind, or hydraulic energy. If necessary, sewage systems and peripheral drainage ditches must be built for proper water channeling in order to protect the park rangers' homes and the main campsite. If the works produce visual impacts, some visual-isolation screens, such as native trees or bushes, must be planted as live fences around the facilities, so as to blend with the surrounding landscape. Color contrast must be avoided for the infrastructure not to stand out in the scenery. The facilities must have restrooms, water disposal systems and controlled waste or residue deposits.

Vegetation protection plans and programs must be established to avoid the facilities becoming a source of wild fires. In case that already built structures cause negative environmental effects, these will be minimized through modifications of the structures to adapt them to their surroundings, or if this is not possible, their relocation.

In cases where the impacts from construction are irreversible, or where environmental elements are difficult to protect, the PA Management Unit can adopt compensatory measures, such as: spreading of the earth or fertile soil extracted from the infrastructure site in other places; landscaping with native trees, shrubs, or pasture planting; restoration of degraded habitats and ecosystems.

### Road And Trail Maintenance

The repair of roads and ecological trails must use light equipment (tractors, motor graders, truck shovels, etc.) to avoid damage to vegetation and soil. Where possible, the restoration works should be made with local labor. Earth movement and side slope cutting must be made without going out of the right of way, trying to affect natural vegetation, river courses, and organic soil the least possible. In case an existing road or trail is significantly affecting a specific ecosystem, a less impacting variant could be built.

- In areas where road repairs damaged natural vegetation, re-vegetation must be done. In cases where the road or trail interferes with wildlife movement, adequate signage should be provided; if the flow of vehicles could pose a significant danger to animal populations or represent a barrier to their movements, solutions such as fencing and bypasses should be sought.

### Eco-tourism activities within core areas

- There must be control and registration for visitors to the different PA ecosystems. Visitors should be informed of PA regulations, such as prohibition to collect plants and animals, waste disposal, areas of restricted access, etc. Critical places must be off limits to tourists. This must be enforced by permanent surveillance and control in particularly vulnerable areas or ecosystems.

### Conservation-Based Income Generation Activities

- Environmental screening procedures and mitigation requirements and procedures will be included in the approval process for the implementation of income generation activities. To simplify the screening, the Operational Manual and Subprojects Manual will include a categorization of subprojects and a standard list of mitigation measures. It will also exclude from financing the following activities: air strips; use of large boats and deep nets; introduction of exotic species, large-scale fishing or processing activities within the pilot areas; use of highly toxic substances (heavy metals); large scale forestry exploitation.
- As many of the targeted beneficiaries will require technical assistance to prepare subproject proposals, such technical assistance will also help with identifying and incorporating relevant mitigation measures, where necessary. The contracts with the executing agencies that will be responsible for PA management responsibilities will explicitly state that they will be required to monitor and ensure environmental compliance with any PA activities which could potentially result in adverse environmental impacts.

### **ENVIRONMENTAL ASSESSMENT PROCEDURES IN PROTECTED AREAS**

The Environmental Protection Act of 1996 requires that all activities with potentially significant environmental impacts be subjected to an environmental assessment to be reviewed by the EPA. Within these context, specific ecosystem protection regulations have been developed for protected areas and should be enforced through administrative and technical procedures described below:

- i. The Protected Area director and technical staff must establish and recognize the infrastructure needs for each protected area (housing, interpretation centers, roads, etc.), define the priorities for construction, and evaluate the budget available for the planned infrastructure works.
- ii. For every building or infrastructure construction within the PAs, a specific environmental impact study will be prepared by the proponent (PA management or private owner), that includes the site's environmental and socio-cultural resource assessment, determining the limits and area to be affected.
- iii. The community-based, conservation-based income generation activities will be environmentally screened by the PIU and the Environmental Impact Unit of the EPA as part of their review process for funding under the project.
- iv. The studies must include at least two alternative locations for the infrastructure construction, evaluated on their technical and financial merits. These options must be submitted to the consideration of the EPA for final approval. In case significant environmental impacts are identified in any of the alternatives, the consultant who elaborated the alternative must modify the design so that it is optimal from an environmental standpoint.
- v. The PIU jointly with the Environmental Impact Unit of the EPA will follow up and oversee implementation of the established EA procedures (terms of reference, invitation and elaboration of proposals). They will approve the studies done within the environmental assessment framework and supervise the execution of the mitigation measures agreed upon. EPA staff responsible for monitoring and enforcing compliance will be trained in such tasks; where needed, EPA may contract technical consultants to carry out environmental assessments and subsequent monitoring.

**Annex 15. Letter of Sector Policy  
Guyana Protected Areas System Project**

**October 20, 2003**

Ms. Caroline Anstey  
Country Director, Guyana  
The World Bank  
1818 H. Street NW  
Washington, DC 20433  
USA

Dear Ms. Anstey:

The Co-operative Republic of Guyana, as a Party to the United Nations Convention on Biological Diversity since 1994, acknowledges the fundamental right of the Guyanese people to use and benefit from Guyana's natural resources to satisfy their needs. Pursuant to this same Convention, we are aware that this right must be exerted in a rational way, thus ensuring sustainability and future use of these resources. Guyana has committed itself to use its biological resources wisely and to safeguard our important and representative ecosystems for present and future generations. The creation of Kaieteur National Park in 1929 and its subsequent extensions as well as the establishment of the Iwokrama International Centre for Rain Forest Conservation and Development in 1996 were significant steps on that path, that will require a long-term, continuous, and concerted effort by the Guyanese society and government in collaboration with similarly minded players in the international community.

The Co-operative Republic of Guyana considers the establishment of a National Protected Areas System (NPAS) for Guyana to be a top priority. This is a 10- to 15- year program whose ultimate purpose is to ensure that representative ecosystems and biodiversity of Guyana are conserved and sustainably managed through a national system of protected areas, which creates net benefits for the local communities associated with these areas and for the economic development of Guyana.

By the end of the program, NPAS is expected to be self-sustained, transparent, and managed through decentralized partnerships with local communities, government at various levels, NGOs and the private sector. This phased approach will allow Guyana to progressively build the capacity of all stakeholders in the management of protection of biodiversity and natural resources.

In its initial phase, the Government has requested GEF support for a start-up project – the Guyana Protected Areas System (GPAS) project - that intends to consolidate core functions to allow for the long-term sustainable management of the system, embracing appropriate policies, legislation, regulations, incentive structures and institutional development. It will also develop and pilot approaches for community-based, participatory establishment and management of protected areas, with a focus on conservation-related income generating activities for the people living within protected areas and in surrounding buffer zones.

The Kanuku Mountains and Shell Beach areas have been selected as pilot areas for GEF funding under the initial phase of that project.

The proposed five-year GPAS project will improve the capacity of the Environmental Protection Agency (EPA) to coordinate and monitor the development of the national system of protected areas. Ultimately,

the EPA will have a normative, regulatory and supervisory role in the system. The GPAS project will strengthen the management capacity and infrastructure of the pilot protected areas through partnerships with local communities, civil society, Guyanese NGOs and local government. To that end, two local NGOs, Conservation International Guyana and the Guyana Marine Turtle Conservation Society, have been designated the lead agencies to work in collaboration with the EPA in the establishment of Protected Areas in the previously identified pilot protected areas in the Kanuku Mountains and Shell Beach and in the monitoring of the implementation of the approved management plan.

The GPAS project will also pilot sustainable income generating activities that could contribute to the conservation of the protected areas and their buffer zones while alleviating poverty of the local communities associated with the process. In addition, the project will consolidate the legal and regulatory framework for protected areas, as well as increase the financial capacity of the NPAS through establishing a Trust Fund managed by an independent foundation. Finally, it will monitor the effectiveness of management activities and biodiversity conservation in the protected areas, thus learning lessons for the expansion of the system on a national basis.

Additional efforts in developing the NPAS will continue based on policies of relevant sectors and the lessons learned through the application of those principles to the pilot protected areas under the GPAS.

Furthermore, in the overall development of the protected areas system, the Government of Guyana will ensure that all current and future protected areas will be implemented in ways uniformly consistent with the national sector policy of community-based, participatory planning, establishment, management, monitoring, and evaluation principles and processes.

Guyana has adopted the principle of “Parks with People” and therefore acknowledges the rights of communities to their traditional lands and the rights of those living within and around protected areas to have access to their natural resources, within the scope of an agreed zoning plan. Thus, the management of protected areas and any resulting impacts on access to or use of these areas and resources will be mutually agreed with the affected people through a transparent and participatory management planning process. Moreover, the NPAS strategy documents support decentralization and the co-management of the protected areas by government, local communities and NGOs. In particular, the traditional land and resource use rights of indigenous people will be fully respected. Protected areas will not be located in titled or gazetted Amerindian lands without the informed consent of the communities involved.

Guyana intends to continue to harmonize its sectoral standards and policies for economic development with its conservation policies. The establishment of protected areas is a social contract that permits the generation and equitable distribution of social, economic and environmental benefits. In this sense, sustainability of the NPAS requires that those areas be perceived as valuable for Guyanese society and efficiently conserved.

The sustainable management of protected areas requires an adequate legal framework. One of the priority goals of the Government of Guyana over the next three years is to bring legislation before the Parliament of Guyana on both the establishment and management of protected areas.

By order of the Co-operative Republic of Guyana, the EPA has the duty to enforce the conservation of ecosystems in the country within the framework of the precepts established by sustainable development. The EPA's objective is to achieve financial, social, institutional and environmental sustainability of the NPAS.

The EPA, which will have a normative, regulatory and supervisory role in the NPAS, will be so statutorily recognized. The new laws will also institutionalize the participation of civil society, civil

organizations and indigenous peoples in the establishment and management of protected areas, strengthening participatory co-administration mechanisms as well as the management committees for protected areas established at national and local levels.

The Administration undertakes to have the protected areas laws submitted to Parliament by the end of the second year of the GPAS project implementation and approved by the end of the third year of the project.

One of the principal objectives for the next three to six years will be to ensure the sustainable financing of the NPAS. This will be achieved by establishing and maintaining financing mechanisms such as: the transparent administration of NPAS funds, the creation of a fiduciary trust fund, debt exchange, and adopting mechanisms of compensation for environmental services provided by the NPAS.

In the context of the GPAS project, the Government of Guyana has waived all tax obligations for consulting services as per our letter dated October 29, 2002, and commits itself to allotting counterpart resources to the program "Guyana Protected Areas System", with annual contributions of US\$115,000 (of which US\$15,000 in cash) for the year 2004, and US\$110,000 dollars (of which US\$10,000 in cash) for the following two years, up to a total contribution of US\$335,000 (of which US\$35,000 in cash) for the GPAS project.

In addition, the Government of Guyana is committed to avoiding the establishment of "new facts on the ground," through the declaration of a time-bound moratorium on new mining, logging or other such concessions in areas identified and declared as pilot PAs (i.e. Kanuku Mountains and Shell Beach) for the duration of the project, in order to create the conditions for establishing and managing the GPAS in a participatory manner.

We will strengthen the EPA and promote the evolution of the Secretariat for Protected Areas into the National Protected Areas Advisory Committee and have them operating with adequate capacity. We will ensure that the PA management committees are fully operational in the two pilot areas and PA management plans have been developed in consultation and agreed with local communities. We commit to achieving and sustaining the government's financing for EPA and the GPAS according to the targets to be established and detailed in the GEF grant agreement.

For all reasons mentioned above, the Co-operative Republic of Guyana reaffirms its commitment to the implementation of the GPAS project, and confirms that the agency responsible for execution of this project is the Environmental Protection Agency.

Yours sincerely,

Dr. Roger Luncheon  
Head of Presidential Secretariat

(Signed original in project files)

## Annex 16. Guyana National Protected Areas Trust

In connection with the creation of the national protected areas system, and in order to ensure its long-term sustainability, the GoG, with the support of the Global Environment Facility through the Bank, CI and KfW, intends to establish an autonomous long-term financing vehicle with an independent governance and management structure.

This vehicle will (i) financially support GPAS and (ii) serve as a mechanism through which international, national and local financial and technical support to the GPAS can be coordinated. The financing vehicle will also have the power to operate a grant program to support community activities related to GPAS.

The financing vehicle will be organized as a Statutory Trust under the Laws of Guyana. This form of entity provides for maximum flexibility and independence while allowing for preferable tax treatment. In order to establish a Statutory Trust, special legislation will be required. This legislation will establish the Trust under Guyanese law and lay-out key elements of the Trust (e.g., tax treatment, governance, level of regulation, limits on Trustee liability, etc.). Such legislation would function as the constitution of the Trust (and any amendments thereto would require an Act of Parliament). This special legislation will be drafted in a manner consistent with the anticipated protected areas framework legislation.

The name of the Trust will be the Guyana National Protected Areas Trust. The broad mission of the Trust will be to support the conservation of biodiversity in Guyana through providing funding for the core recurring management costs of the entire GPAS. More specifically, the Trust will: (i) promote and finance the creation, expansion, management and sustainable use of the GPAS; (ii) build the capacity of protected area management authorities to ensure effective PA management and (iii) provide support for community-based sustainable development projects for communities impacted by protected areas.

Trust funds will primarily support GPAS management and community-based sustainable development activities as they relate to the following: (i) data gathering, analysis, documentation and information sharing; (ii) a small grants program supporting community based income generation projects for communities impacted by protected areas; (iii) collaboration with local government, EPA, other natural resources institutions to build a national commitment to conservation; and (iv) environmental awareness and education programs that promote biodiversity conservation.

The GPAS project will provide GEF funding for technical assistance to support the establishment of the Trust during the first year of implementation and cover the operational costs of its Secretariat for the next four years. Conservation International will donate an initial contribution totaling US\$5.0 million to constitute the initial endowment, and KfW will channel an additional US\$2 million of its co-financing through the Trust. Activities to be covered by the GPAS project include, *inter alia*:

- Preparation of the statute establishing the Guyana National Protected Areas Trust;
- Preparation of the rules governing the administration and operation of the Trust;
- Constitution of the Founders' Assembly and Board of Directors;
- Establishment of the management office, including the hiring of key personnel and CEO and recurrent costs for two years;
- Preparation of investment policy and asset allocation strategy;
- Preparation of fund-raising strategy;
- Definition of the guidelines and process for transferring the resources generated by the Trust to the protected areas;
- Establishment of small grants program to support community based activities related to GPAS.

## **Annex 17: Ecological and Biodiversity Profile of Guyana**

Background. Guyana is located on the northeast shoulder of South America and has a land area of 215,000 square km. It can be divided into four topographic regions: (i) low coastal plains; (ii) sandy rolling lands; (iii) the highland/Pakaraima region; and (iv) the Pre-Cambrian lowlands. The low coastal plain is a narrow low-lying, flat, fertile strip ranging from 15 to 65 km wide comprising approximately 4% of the total land area where 90% of the Guyana population (840,000) is living. There are three main bio-geographical provinces: a) the coastal province; b) the savannah province; and c) the tropical forest province.

Flora. The flora of Guyana is determined by the underlying geology, soil, altitude, and annual amount of rainfall. Usually the country experiences at least one dry season a year and during most years, the average rainfall is ca.2500 mm. In general, there is sufficient rainfall for most of Guyana to be forested. The Smithsonian Program for the Guianas has recorded approximately 6500 plant species in Guyana. Of these, only about 3% are introduced and naturalized. The families with the largest number of species are the Leguminosae (530 species) and the Orchidaceae (500 species).

Fauna. A total of 1063 terrestrial vertebrates species have been recorded for the country: 728 species of birds, 198 species of mammals, 137 species of reptiles and 105 species of amphibians. The distribution of terrestrial vertebrates is widespread over the country and large populations of Harpy eagles, river otters, monkeys, jaguars, macaws, and tapirs still exist. Due to the limited accessibility of most of Guyana's hinterland, most animal species have enjoyed relatively low hunting pressures; however, this is rapidly changing with the gradual expansion of resource exploitation in the hinterlands. Several species known to be rare or threatened throughout most of their range are relative common in Guyana. These include the giant anteater, the giant armadillo, the giant otter, the bush dog, manatees, Orinoco river turtles, black caiman, and several species of herons. Commercially important birds, such as macaws, are under extreme pressure in the more accessible area in Guyana. The four marine turtles occurring in Guyana (the green turtle, leatherback turtle, hawksbill turtle, and Pacific Ridley, are also heavily hunted and their eggs are collected. Most fish, insects and other invertebrates are poorly known in Guyana.

Protected Areas. Discussions on the need to establish a protected area system in Guyana date as far back as the 1950s. At present, there is only one gazetted national park: Kaieteur Falls National Park, which was extended in 1999 to cover approximately 224 sq. miles. In addition, under the 1996 Iwokrama Act, half of the 360,000 ha. of the Iwokrama site has been set aside as a Wilderness Preserve.

A number of studies and consultancy reports exist on the need, rationale, criteria for selection, and steps needed to be taken to establish a protected area system. Some of these documents identify a set of recommended protected areas at the country level or at a regional (Amazon Basin) level, and some identify the need to protect specific areas, such as Kaieteur and the Kanuku Mountains. Most of these reports also provide suggestions on management categories and sites of international importance. However, none of these reports are based on a comprehensive knowledge of countrywide biodiversity distribution or centers of endemism.

Biodiversity and Land Use Study. To begin to address this situation, project preparation funds were used during the early stages of preparation (1996-98) to support a study entitled "Biodiversity and Land Use Information for the Guyana NPAS." This study was undertaken by the Smithsonian Institution and Conservation International to determine what is known about the biodiversity and land use in Guyana and, more importantly, what information is needed in order to develop a sound protected areas system. Resources were allocated to identify, collect, collate, and review existing land use, socio-economic, and biodiversity information. Information was collected both in-country and from overseas institutions and compiled into a Geographic Information System (GIS) database. Data on present day land uses

(Amerindian lands, forestry, agriculture, mining, infrastructure, etc.) was collected from various Government departments and agencies.

The results of this study indicate that in Guyana there is a need to compile existing data in order to determine the current degree of scientific understanding of biological diversity and land use. The maps of collecting sites for plants and animals, as well as the species richness map (based on a sample of 500 species) indicate that the availability of transportation has been an important factor in determining the location of collections. Data completeness evaluations also suggest that for many groups of organisms, additional field surveys are necessary in order to fill in the gaps in distribution patterns. Examining the ecoregion map in conjunction with the species richness map showed that there are many ecoregions that are still in need of study, including the Kanuku Mountains (eastern portion in particular) and Shell Beach with its associated swamp areas.

The land use maps also show that much of the northern portion of Guyana has already been designated for logging and mining concessions, and as Amerindian lands. Furthermore, when the land-use maps are overlaid, competing land uses are revealed. For example: several Amerindian communities occur within existing mining and timber concessions; many mining concessions overlap with timber concessions; and some of the possible areas of biological interest for conservation overlap with existing concessions and Amerindian lands. Clearly, much information remains to be collected and analyzed with regard to both biological diversity and land-use in Guyana.

### **Natural Resource Use**

The extraction of natural resources, especially timber and minerals plays a very important role in the economy of Guyana. The extensive forest regions of Guyana contain hardwoods, bauxite, diamonds, gold, and manganese, and the extraction of these products are important elements of Guyana's economy. Furthermore, the export of wildlife is estimated at approximately \$2.0 million a year. Recent trends in wildlife trade indicate that there are growing pressures on a variety of animals, including reptiles, mammals, birds, and fish. Inadequately planned development and inadequate environmental regulations and management are creating or exacerbating conflicts among various competing land uses and resources uses. The establishment of a protected area system is seen as a very important step in protecting the biological wealth of Guyana and helping with the development of the country.

### **Areas of conservation interest:**

Mt. Ayangana (2020 m) and Mt. Wokomong (2000 m): Part of the Pakaraima Mts., these mountains are the two highest peaks wholly in Guyana. Lowland rainforest surrounds these peaks, their slopes are either exposed rock or covered with montane forests and tepui vegetation crowns the exposed plateaus. Although they have been visited once or twice for a few days on plant collecting trips they remain largely unknown.

Berbice River (Upper): One of the three major rivers of Guyana, the basin contains some areas of untouched forest and wet sand savannahs. The area contains important populations of giant otters, giant armadillos, and manatees. Downriver, most areas are heavily disturbed by human settlements, bauxite mining, logging, hunting, and wildlife trade. There are no mining or timber concessions and no Amerindian lands.

Cuyuni River (Upper): This is a relatively unexplored area with many species from the Guiana Shield area. Recent expeditions give evidence of a unique flora that is very poorly studied and a completely unsampled fauna. This area contains the headwaters of the Cuyuni river a large river and an important water source. There is also considerable mining in this area.

Essequibo River (Upper) and the River Islands: The lower parts of this river have some areas that biologically, are some of the best studied areas in Guyana. However, some of the upper reaches of the river, especially above Kurupukari, are very poorly studied. The river runs through the vital greenheart forests and the lower portion has been selectively logged for many years. Farther upriver, some of the greenheart and riparian forests remain intact and have large populations of turtles and birds

Iwokrama Rain Forest Site: To date some 900 plant species have been identified and the Smithsonian estimates that between 1500 and 2000 plant species occur in the reserve. The Iwokrama Forest now has the best documented vertebrate fauna in Guyana and to date, surveys have recorded 450 species of birds, 206 species of fish, 120 species of snakes, lizards and frogs and 105 species of mammals. Importantly the forest has healthy populations of top predators such as Harpy Eagles, Pumas, Jaguars and Black Caiman and other lowland rainforest species that are becoming increasingly rare in other neotropical countries because of human impacts.

Kaieteur National Park: The waterfall is one of the most dramatic places in Guyana and it is the number one tourist attraction of the interior. The plants located near the actual waterfall are relatively well known and a checklist of these plants has been completed by the Smithsonian Institution which has been working in the area for years. However, the animal groups have only recently begun to be investigated in an organised fashion.

Kanuku Mts. (Western), Kanuku Mts. (Eastern) and the Rewa River: Contains gallery, semi-deciduous, lowland, and mountain evergreen forests. Conservation International conducted a “Rapid Assessment of Biological Diversity”(1993) and found the area to be biologically diverse. There is a distinctive type of vegetation on granite domes and steep cliffs, and the area has been shown to be rich in birds including Harpy eagles and a diverse mammal fauna. This area has populations of large vertebrates extirpated elsewhere (giant otter, giant river turtle, black caiman, arapaima), and 8 species of primates. The area along the Rewa River is seasonally flooded and supports unique ecosystems. Plants along these flooded areas have not been collected.

Mazaruni River Headwaters and Mt. Roraima: This area contains many elements of the Guiana Shield flora and fauna that are found nowhere else in world (tepui). Mt. Roraima (2800 m) is highest tepui in Guyana and mostly inaccessible from Guyana. These tepui mountains are poorly studied in Guyana but known to be rich in unusual plants and animals on Venezuelan side. This area is located across the border from large national park in Venezuela and the forests protect an important watershed that is vital to Guyana. Mt. Roraima contains several vegetation types from lowland rainforest to elfin woodlands.

Northwestern Forest: Most of this forest is heavily impacted by communities and both foreign and local logging concessions. However, some interesting and unexplored forest exists along the upper reaches of the Barama River.

Orinduik Falls: Located north of Lethem on the border with Brazil, Orinduik Falls is one of the oldest geological formations in the country and has scenic rapids which inter link plant communities. The falls are surrounded by dry savannahs.

Rupununi Savannah: The Rupununi Savannahs are an extension of the Rio Branco Savannah's of Brazil. The area contains both wet and dry Savannahs and some lowland forest. The area has a long history of human occupation and the existing flora and fauna have been strongly influenced by Amerindian hunting and burning practices. Nevertheless, areas of considerable conservation interest exist including isolated Inselberg, riparian forest, and forest islands with their associated flora and fauna assemblages. The area has

healthy populations of giant river otters and black caimans. There are no timber or mining concessions in the area.

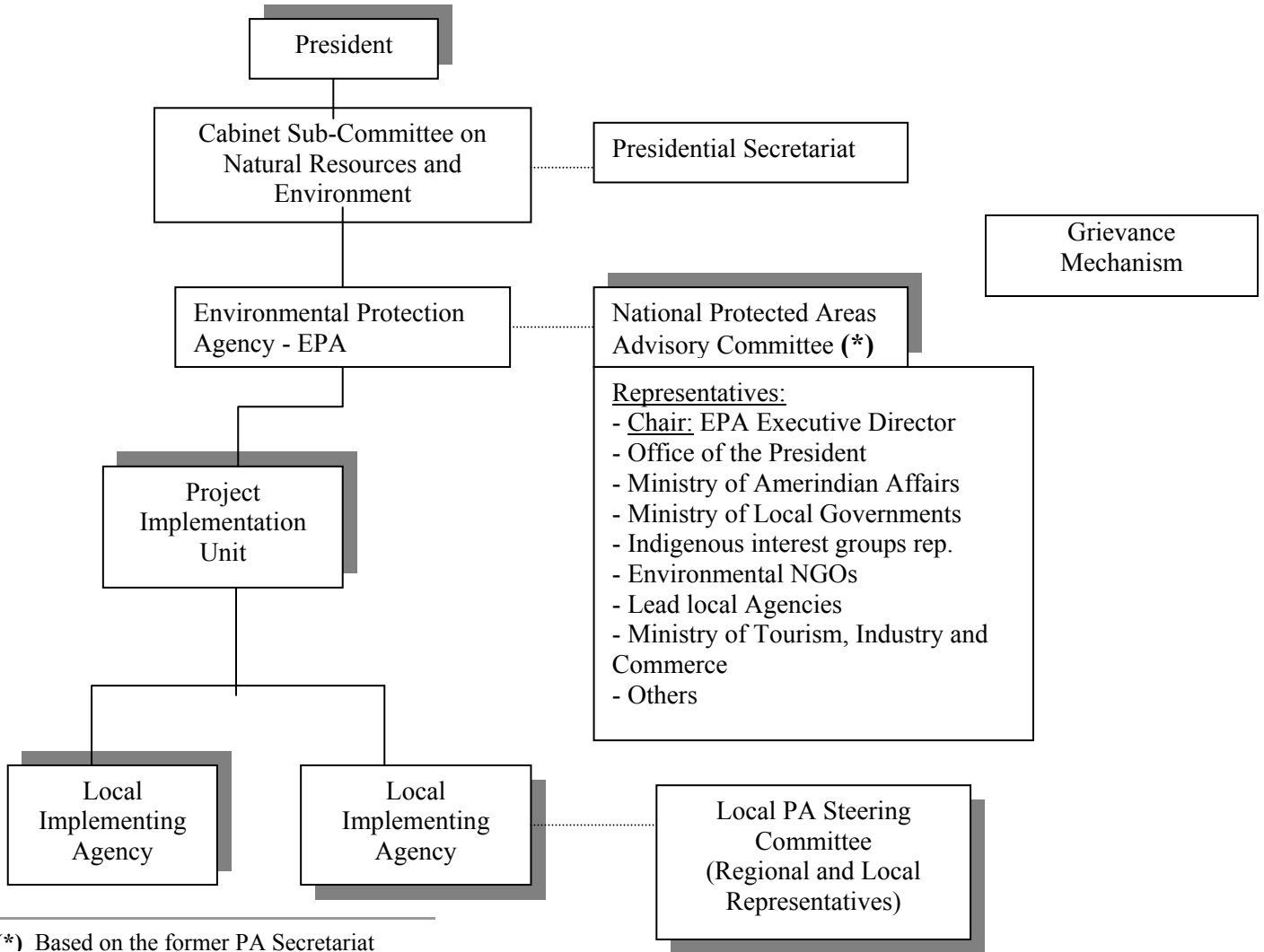
Shell Beach: Located at the mouth of the Waini River the beach is a vast bank of shells, approximately 10 km in length. The area helps protect against drastic changes in the coastline. The area is one of most important nesting areas in the world for four species of sea turtles which are being actively studied. However, the rest of the flora and fauna have not been studied and it is the only place left in Guyana with large intact mangrove, brackish water, and coastal swamp communities. Poaching of sea turtles still occurs, despite ongoing monitoring and conservation initiatives that involve the local Amerindian communities. There are no forest or mining concessions.

Southeastern Forest including (1) Gunn's and (2) the New River Triangle: A vast area in southeastern Guyana on the border with Surinam and Brazil. The portion near Gunn's Landing has been visited a few times by botanists and mammalogists and preliminary data indicate that this forest is very different from the others forests found in Guyana. The far eastern portion, the New River Triangle, has been briefly visited by two collectors, one for termites and ants, and the other for mammals. These preliminary data suggest a rich and unexplored flora and fauna with many possible new records for Guyana and undescribed species. Both of these areas are believed to contain low elevation, high canopy rainforest.

### **Priority Conservation Sites**

In its 2002 National Strategy for the Establishment of a System of Protected Areas, the GoG identified five priority sites for conservation and inclusion in the GPAS: Shell Beach, Orinduik, Mount Roraima, Kanuku Mountains and the Southern Guyana Region.

## Annex 18. Draft GPAS Project Management Structure



**MAP of Guyana indicating the location of the project study areas**

(to be prepared by the Cartography department)