**INTER- AMERICAN DEVELOPMENT BANK**

**GUYANA**

**ENVIRONMENT SECTOR STRENGTHENING – II**

**GY-L1043**

**Final Evaluation of PBP1 (GY-L 1039)**

**Georgetown, October 2014**

TABLE OF CONTENTS

Summary 4

1. Introduction 6

Program Framework and Progress. 6

Design Characteristics 6

2. Monitoring 7

Monitoring Responsibilities. 7

Indicators to Monitor/Means of Verification. 8

Progress made in monitoring. 8

3. Evaluation Plan 8

Responsibility and Methodology 8

Intervention logic 10

4. Compliance with the conditions in the Policies Matrix. 12

5. Evaluation of the Impact and Results indicators 12

6. Evaluation of the PBL 1 Components (GY 1039). 15

Component 1. Macroeconomic Stability 15

Component 2. Regulatory Framework 17

Component 3. Institutional Strengthening 20

Component 4. MRV System. 21

7. Considerations on the PBP 2 Commitments (GY 1043). 22

8. Future actions in terms of PBP Evaluation. 23

Final Evaluation of the PBP as a source for PCR creation. 23

Evaluación de Impacto del PBP. 23

9. Summary and Conclusions 24

Introductory considerations: 24

Quality of the design: 24

Compliance with conditions for disbursement 25

Results Framework - Matrix of indicators 25

Related items. 26

Operation of the PBP tool: 26

Annex I: Results Framework - Matrix of indicators 28

ANNEX II - GY-L1039 Table of Compliance with PBP1 Conditions 32

ANNEX III - GY-L1043 Table of Compliance with PBP2 Conditions 35

ANNEX IV – Final Evaluation Consultancy TOR 41

ANNEX V – Impact Evaluation Consultancy TOR 44

ABBREVIATIONS

ASM Artisanal and Small-scale gold Mining

EITI Extractive Industry Transparency Initiative

EPA Environmental Protection Agency

EU-FLEGT European Union Forest Law Enforcement, Governance and Trade

EVN Economic Value to the Nation

EVW Economic Value to the World

FAO Food Agriculture Organization

FCPF Forest Carbon Partnership Facility

FDI Foreign Direct Investment

GFC Guyana Forestry Commission

GGMC Guyana Geology and Mines Commission

GLSC Guyana Lands and Survey Commission

GoG Government of Guyana

GRIF Guyana REDD+ Investment Fund

HDI Human Development Index

IDB Inter-American Development Bank

JCN Joint Concept Note, Government of Norway & Government of Guyana

LAC Latin American and the Caribbean

LCDS Low Carbon Development Strategy

MNRE Ministry of Natural Resources and Environment

MOF Ministry of Finance

MOU Memorandum of Understanding, Government of Norway & Government of Guyana

MRVS Monitoring, Reporting, and Verification System

MSSC Multi-Stakeholder Steering Committee

NORAD Norwegian Agency for Development

OC Ordinary Capital

PBL Policy Based Loan

PBP Programmatic Policy Based Loan

REDD+ Reducing Emissions from Deforestation and Forest Degradation

UNDP United Nation for Development Program

UNFCCC United Nations Framework Convention on Climate Change

VPA Voluntary Partnership Agreement

WB World Bank

**GUYANA**

**ENVIRONMENT SECTOR STRENGTHENING II (GY-L1043)**

**Final Evaluation PBP 1**

# Summary

Within the structure of a Programmatic Series, the IDB is currently supporting the GoG in order to strengthen Environmental Management for the purpose of encouraging the implementation of the LCDS and modernizing the management of those sectors tied to forest resources (mining and forestry, mainly). In this way, the intervention aims to contribute to the consolidation of the sectorial regulatory framework and capacity of GoG institutions to face environmental challenges, including the development of monitoring, information and verification systems tools. The operation has two phases and the first PBP was disbursed in December 2013 and is the subject of this review. A second PBP is currently being created and has an estimated close out date of February 2015.

In terms of context, there are several factors that demonstrate the support and consolidation of the PBP-supported strategy: (i) the LCDS was reformulated in 2013, maintaining its strategic orientation, (ii) the agreement with Norway is still fully valid and (iii) the REDD+ mechanism is being used to channel financial resources to initiatives. It should be noted that the process overcame pronounced changes in the political context that began in 2013, when the GoG lost its parliamentary majority in the elections and faced greater challenges. Given this, the maintenance of the initiatives of this Programmatic Series shows the conviction and commitment of the country with regard to the established objectives.

Upon reviewing the *Design*, it can be seen that both phases show: (i) a general concept of the intervention that shows effective coordination between the various components and (2) a common thread with regard to environmental issues and the strengthening of the same, which contributes to improving sustainability and competitiveness in priority sectors (mining and forestry).

In terms of completion of the *Disbursement conditions*, as this is a PBP, it was verified that the policy commitments were covered prior to the close out of PBP1 (detailed information on the same can be found in Annex II).

The following can be mentioned in terms of *Achievements*:

*1. Impacts.* The main challenge with regard to preserving forest resources is controlling the impacts of the mining sector, especially with regard to the local significance[[1]](#footnote-1). In the last evaluation [[2]](#footnote-2) the annual rate of deforestation was 0.069%, which is slightly lower than the previous year (0.079%). While the indicator is above the level set by the PBP (0.056%, based on the objective set by the GoG in the MoU), the verification of this impact should be evaluated after a period of time in which the policies and strategies put in place by the Program can have an effect on the sectors. Measurements of more extensive periods are required in order to verify structural trends and the effectiveness of policies. Also, it should be noted that the PBP was signed in 2013, meaning that the data in question does not address causality for this operation.

*2. Results*. At the Program level, it is expected that the intervention will result in a regulatory and governance scheme that supports LCDS implementation and contributes to increase environmental sustainability. This concept is based on 3 items:

1. LCDS sustainability, verified through the update carried out in 2013, as well as the expansion of regulations aimed at modernizing environmental management in the mining and forestry sectors (more information analyzed in Component 2),
2. the MNRE has made progress in gradually consolidating its structure after the creation and approval of the Strategic Plan. The creation of an Evaluation and Monitoring Unit, the hiring of experts in the areas of Climate Change and Legal Counsel, and the creation of a GIS system policy as a tool to support inter-sector coordination functions are being considered.
3. The implementation of the MRVS by GFC was successful and there are 4 annual reports to date, which show sustained progress with regard to the application of tools. The reliability of the system has been endorsed by auditors hired by NORAD.

The most relevant sectorial advances are the following:

1. *Mining*: The acceptance and ratification of the Minamata Convention represents a milestone in terms of reducing mercury pollution. Also, the GoG has undertaken a series of commitments in this area, creating conditions in the ASM segment to incorporate related management projects and new technologies that not only support the project, but also improve productivity per surface unit. Together with the entry into the EITI, they will substantially contribute to supporting actions in the area of sectorial transparency. Additionally, actions in terms of sectorial training programs that cover operators, official agents and Amerindian communities in mining project influence zones are fundamental for the promotion of management best practices.
2. *Forestry:* The most significant progress is related to the creation of the Code of Practices for Sustainable Forest Management, the implementation of a National Log Tracking System and the carrying out of forest inventories that contribute to sector monitoring, all of which are used to set the orientation of activities. Additionally, the progress in working towards an agreement with the EU on the FLEGT mechanism (the definition of legality established by both parties was approved) corroborates the orientation towards an opening of markets.

The progresses observed show that the commitments and progresses achieved are consistently oriented around the results expected for this Program. The completion of these objectives can be evaluated with better perspective during the Final Evaluation of the programmatic series.

In response to the challenges identified in the previous diagnostic,[[3]](#footnote-3) the Policy Commitments agreed upon and the progress achieved allow for the conclusion that the Design and Execution of the operation have been Very Satisfactory to date.

# Introduction

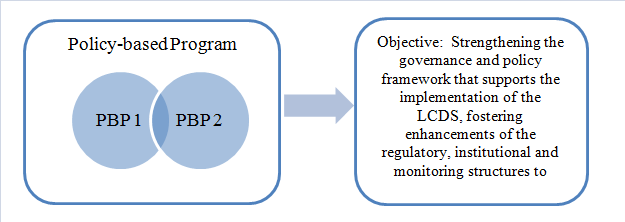
### Program Framework and Progress.

* 1. The GoG emphasizes the protection of the environment in order to achieve long-term sustainable development under the LCDS, approved in 2009 and amended in 2013. This initiative is based on three components: (i) creating a low-carbon emissions economy, for which reforms are planned in the mining and forestry sectors; (ii) strengthening resistance to the effects of climate change through investment in priority infrastructure; and (iii) funding management, where the bulk of resources come from a Memorandum of Understanding signed by the governments of Norway and Guyana (MoU) within the framework of the Guyana REDD+ Investment Fund.
  2. In this area, the IDB has progressed with regard to a loan for Policy Reform to Strengthen the Environmental Sector. The PBP objectives are to promote: (i) greater macroeconomic stability; (ii) an appropriate regulatory framework that supports the implementation of the LCDS and modernizes the management of sectors that rely on forest resources (principally mining and forestry); (iii) the institutional strengthening of the Government of Guyana's capacity to address environmental concerns; and (iv) efficient monitoring through the development of information and verification systems.

### Design Characteristics

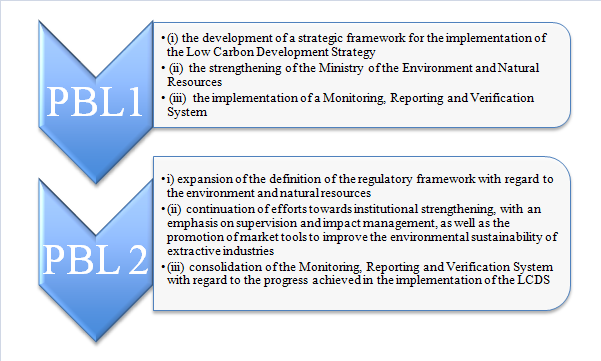
* 1. The monitoring and evaluation system is a core tool for the Program, as it provides information that allows for the monitoring of instrumentation and measurement of progress and results achieved. For analysis purposes, it is crucial to outline the general approach of the intervention, as well as its components and progress timeline.
  2. The following figure shows the basic structure of the PBP.

Figure 1. Basic Structure and Objective of the PBP.



* 1. Both phases have the same structure with four identical components: 1 Macro-economic stability, 2 Regulatory framework, 3 Institutional strengthening and 4 MRVS.
  2. The first operation (PBP1, GY-L1039) was disbursed in December 2013 after verifying compliance with the conditions (triggers) established in the Commitments and Policies Matrix. The formulation process for the second operation (PBP2, GY 1043) requires the completion of a review and validation process on the progress of the first (PBP1). The original conditions for PBP2 are subject to review with the GoG in order to verify progress within the framework of the agreed-upon policies. Both loans focus on lines of intervention that have a logical sequence, as can be seen in the figure below.

Figure 2. PBP1 and PBP2 Lines of Intervention



* 1. As part of the PBP1, the Evaluation and Monitoring Plan was created, which is used as a reference and guide for the following project to establish the instruments and mechanisms to monitor and evaluate progress and achievements. The following chapters will detail the aspects found in the same, which are based on two main ideas: (a) Monitoring progress and (b) Assessment of objective completion.

# Monitoring

### Monitoring Responsibilities.

* 1. The Project Loan Contract[[4]](#footnote-4) established the functions of monitoring under the responsibility of the GoG, through the Ministry of Finance (MOF), with the support of the IDB project team. It also establishes regular meetings between the MOF and the project team in order to review progresses made in the implementation of the established commitments and compliance with the conditions established as *triggers* for the subsequent phases, following the standards established in the Matrix of Policies.
  2. Therefore, the aforementioned meetings are focused on the following aspects:

1. Verify the level of compliance with the indicators established for the Program in general and for the various PBP1 components, following the commitments and means of verification established in the Matrix of Results and Matrix of Policies;
2. Carry out an assessment of the successes and weaknesses found in the Program management, both with regard to design and execution aspects and in terms of contribution to the objectives pursued, and
3. Recommend adjustments or corrections for the second operation in the programmatic series (PBP 2).

### Indicators to Monitor/Means of Verification.

* 1. The Matrix of Results establish a detailed list of the indicators to be monitored, both at the Program level and the level of the Components making up the same. Indicators were established at the impact, results and products levels in order to evaluate the effectiveness of the intervention.
* The main indicator of impact is the *Annual Deforestation Rate*, which is a core tool for validating the transfer of funds through the REDD+ mechanism pursuant to the MoU. It should be noted that the resources of this agreement fund the implementation of actions to support the LCDS.
* The Results (outcomes) are set at the level of various components and are focused on the the following achievements: (i) preserve the macroeconomic balance, (ii) strengthen the policies and regulatory framework with regard to the environment, especially for industries based on forest resources, (iii) strengthen the MNRE and other environmental institutions, (iv) contribute to the implementation of the MRVS with regard to LCDS function and REDD+ operation.
* The Products (outputs) match the Policies Matrix.
  1. The indicators, as well as the source of information used as Means of Verification, are described in the Matrix of Results (see Annex I for more information).

### Progress made in monitoring.

* 1. Meetings were held between the IDB work teams present in Guyana and GoG officials, as well as regular Conference Calls between supervisory teams and specialists in Washington.
  2. The first monitoring activity with regard to Program progress was coordinated between the GoG and the Project Team during the months of May and June 2014. It was held in July 2014, with the participation of Consultants María Eugenia Di Paola (expert in Natural Resources) and Felix Hruschka (expert in Extractive Industries).
  3. A following round of consultations and interviews was carried out in October 2014 with the participation of Consultants in the following topics: María Eugenia Di Paola - Natural Resources, Felix Hruschka - Extractive Industries y Jorge Mendoza – Economic Evaluation. The meetings between GoG agencies and civil society representatives were held in Georgetown, Guyana (from October 20-24, 2014) under the active supervision of the IDB Project Team.

# Evaluation Plan

### Responsibility and Methodology

* 1. *Evaluation Plan Responsibility.* It was agreed that the Evaluation Reports would be carried out by independent consultants, having established the completion of this intermediate evaluation and two others:

1. Final Evaluation for PBP-1 and PBP-2, which will serve as a resource for the preparation of the Project Completion Report (PCR) by the IDB at the end of the programmatic series.
2. Impact Evaluation for PBP has the objective of identifying the contribution of the Program to changes in productivity and competitiveness made by LCDS, with an emphasis on those areas linked to monitoring of the Deforestation Rate, as well as on progress in the regulatory framework and strengthening governance in the mining and forestry sectors.
   1. While the hiring of the individual contractors who will carry out these projects will be done by the IDB (see draft Term of Reference in Annex IV and V), the MOF is the part of the GoG responsible for coordinating the request for information required for the project with the other participating Ministries and Entities.
   2. *Evaluation Plan Methodology.* With regard to each of planned tools, the main methodological criteria for their preparation are the following:
3. Final Evaluation for PBP-1 and PBP-2. This will serve as a resource for the preparation of the Project Completion Report () [[5]](#footnote-5)by the IDB at the end of the programmatic series. Its content should cover the requirements, including the joint report on both phases of the PBP, focusing on: (i) Design of the Programmatic Series, (ii) Efficiency and Effectiveness, (iii) Achievements and (iv) Lessons Learned.
4. Impact Evaluation for PBP. It has been established that for this programmatic series, which contains two successive PBP phases, the most appropriate choice is the application of the Reflexive Evaluation Method. This type of analysis is recommended for Programs that involve complex reforms and whose greatest impacts can be seen in the long term. Additionally, it involves both quantitative and qualitative elements. This is the most useful strategy given the impossibility of identifying a valid counterfactual example for the purposes of another kind of comparison[[6]](#footnote-6). While the core idea is the review of the selected indicators, this should be supplemented by an analysis of information from secondary sources for the purposes of a constructive discussion in terms of causality relationships for the observable behavior of relevant variables related to the economy and the sectors of interest (mining and forestry).
   1. This evaluation methodology will try to establish how successful the PBP was by thinking about the answers to the questions the program’s stakeholders ask themselves. The additionally of this type of evaluation methodology is that the ex-post impact evaluation of the project will produce evidence to close knowledge gaps that were identified in the project document and/or in the evaluation plan.
   2. In both cases, the consultant will assess compliance with the policy goals and their sustainability over time, as well as the output targets included in the PBP’s Results Matrix. The Means of verification (MOVs) matrix will be the source of information that determines compliance with the policy goals. For the purpose of addressing the evaluation, the consultant will conduct interview with relevant stakeholders and use previous assessments as reference material.
   3. *Evaluation Plan Schedule.* The Final Evaluation for PBP-1 and PBP-2 is expected to be conducted in the third quarter of 2015 (six month after last disbursement of PBP 2); while the Impact Evaluation is expected to be conducted in 2017, that is two years after last disbursement of PBP-2.
   4. *Evaluation Plan Budget.* The total cost of the consultancy should not exceed USD $ 49.940, including all travel and other expenses incurred by the consultants.

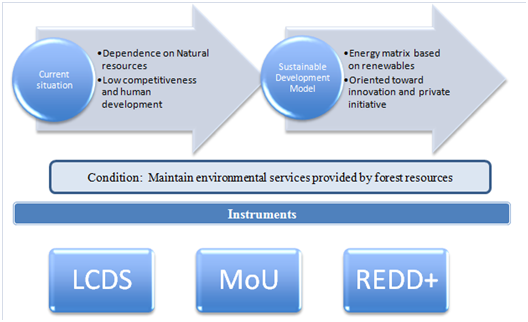
Table 1: Evaluation Plan Budget

|  |  |  |  |
| --- | --- | --- | --- |
| **Item** | **Unit Cost** | **#** | **Total Cost** |
| **Final Evaluation Cost** |  |  | **U$S 24.970** |
| Consultant fee | 600 | 30 days |  |
| Travel costs | 2.500 | 1 |  |
| Per diem (days in Georgetown -GY) | 210 | 7 days |  |
| Unexpected costs | 3.000 |  |  |
|  |  |  |  |
| **Impact Evaluation Cost** |  |  | **U$S 24.970** |
| Consultant fee | 600 | 30 days |  |
| Travel cost | 2.500 | 1 |  |
| Per diem (days in Georgetown- GY) | 210 | 7 days |  |
| Unexpected costs | 3.000 |  |  |
| **Total** |  |  | **U$S 49.940** |

### Intervention logic

* 1. Following the methodological recommendations established by the IDB[[7]](#footnote-7), the economic logic for the intervention is summarized for the purposes of placing this Final Evaluation of PBP1 within the framework of the programmatic series.
  2. The economy of Guyana has a production profile that is based on the exploitation of natural resources, has low human development[[8]](#footnote-8) and competitiveness, but at the same time has great environmental strength. Guyana is one of the best-conserved high-biodiversity countries in the world, with substantial remaining natural habitat cover. Together with biodiversity and water regulation, carbon is one of the critical environmental services that Guyana’s forests provide to the world. Conservative valuations of the Economic Value to the World (EVW) provided by Guyana’s forests suggest that, left standing, they could contribute US$40 billion to the global economy each year. This is a significant potential for Guyana, taking into consideration that the Economic Value to the Nation (EVN) of Guyana’s forests is estimated on US$580 million and the country’s GDP in 2013 was US$2.9 billion. [[9]](#footnote-9)
  3. In that context, the GoG perceived in the middle of the last decade that conditions created by discussions in global forums on the effects of climate change (CC) created an opportunity to procure financing for economic restructuring. Objectives were outlined within this framework based on two ideas: (i) making gradual progress in investments that stimulate development, redirecting land use toward activities with greater productivity (thereby increasing economic value to the nation - EVN) and (ii) maintaining forest resources in a way that does not harm the environmental services that Guyana currently provides to the world (maintain stable economic value to the world - EVW). Coordinating both aspects of the strategies is the main challenge in question.

Figure 3. *Development model – Direction, conditions, and tools*



* 1. Given this situation, progress was made in designing policies and strategies linked to global financing tools, which operate in both an associated and integrated fashion and share fundamental premises, including: (i) the implementation of the LCDS,[[10]](#footnote-10) supporting strategic investments that create economic growth, while simultaneously contributing to keeping forest areas under control (limiting deforestation and degradation) and promoting the reduction of greenhouse gases, (2) the signing of the MoU with Norway, which sets commitments for Guyana in terms of forest management and emissions levels, while receiving funds in exchange to finance investment and reconversion programs[[11]](#footnote-11), and (3) the use of the REDD+ mechanism[[12]](#footnote-12), which coordinates the allocation of MoU resources to investments to implement the LCDS, including the institutional strengthening of the GoG.
  2. Disbursement of the PBP. The following is the disbursement scheme for the series:

|  |  |  |
| --- | --- | --- |
| **Tranches** | **Amount (US$)** | **Disbursement** |
| *PBP First Tranche (GY-L1039)* | 16.920.000 | December 2013 |
| *PBP Second Tranche (GY-L1043)* | 17.160.000 | February 2015 (estimated) |

# Compliance with the conditions in the Policies Matrix.

*Note: This section supplements the analysis and evaluation work carried out by Consultants María Eugenia Di Paola (expert in Natural Resources) and Félix Hruschka (expert in extractive industries). The technical foundation is based on the efforts made by those same individuals. The review of each of the commitments established in the Policies Matrix at the Program and Components levels, as well as a study of the Means of Verification, is the result of the considerations and analyses issued by the aforementioned experts.*

* 1. Regarding the PBP, the policy commitments, which represent the products of the project, must have been fulfilled before disbursement for each tranche of the operation. Compliance with each commitment is reviewed through the established means for verification.
  2. In the Annexes, a list of the policy conditions for each of the PBP 1 and 2 Components can be found, as well as the Means of Verification in place to confirm compliance in each case. The PBP1 Policy Commitments are presented in detail in Annex II GY-L1039 Table of Compliance with PBP1 Conditions. Their verification was carried out prior to disbursement, with evidence of the same recorded in the document *Compliance Report of Special Conditions precedent to the Disbursement for the first Tranche Financing (December 2013).*
  3. The monitoring of compliance with the policy commitments for PBP 2 through the Means of Verification was carried out by the consultants María Eugenia Di Paola (natural resources) and Félix Hruschka (extractive industries). The PBP2 Policy Commitments are presented in detail in GY-L1043 *Table of Compliance with PBP2 Conditions*. A detailed analysis can be found in the report: *Status of fulfillment of Conditions of the second loan* - [*http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=0000000*](http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=0000000))*.*
  4. The aforementioned documents verify compliance with all conditions mentioned for the disbursement of PBP 1 and 2, as well as serving as analysis items for the Results of the programmatic series, as will be explained below.

# Evaluation of the Impact and Results indicators

* 1. This evaluation will be carried out on a date near the finalization of the main commitments agreed upon. The regulatory and institutional structure changes can be seen in the political decisions and strategies taken on by the GoG. The effects on the sectors were relevant in terms of the orientation of policies and strategic and organizational guidelines. However, time is needed for them to mature and for adaptation processes in order for the same to become relevant for sector activity. The following is the analysis of the indicators to verify the correlation between findings and the strategic objectives of the intervention.
  2. The Matrix of Results shows the following indicators:

Table 2: Results framework – Matrix of indicators - Impact and results



* 1. *Impact*. One of the central objectives of the development plan is to reconcile growth patterns of various sectors without undermining the environmental strength of their environment. Given this perspective, the Deforestation Rate was chosen as the PBP impact indicator, using the parameters set in the MoU to maximize the financial revenues of the GoG as the expected value[[13]](#footnote-13).
  2. Also, it should be noted that the PBP was signed in 2013, meaning that the data in question and the trends resulting from the same do not address causality for this operation. However, its relevance is tied to the understanding of the drivers of deforestation, and is a fundamental basis for areas of intervention. The data is summarized below:

*Trend and Drivers of deforestation 2001-2013*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Driver | Historical 2001/2005 | Historical 2006/2009 | Year 1 2009/2010 | Year 2 2010/2011 | Year 3 2011/2012 | Year 4 2012/2013 |
|
| Mining | 21.438 | 12.624 | 9.384 | 9.175 | 13.516 | 11.250 |
| Forestry | 8.420 | 4.784 | 294 | 233 | 240 | 330 |
| Agriculture | 2.852 | 1.797 | 513 | 52 | 440 | 424 |
| Infrastructure | 1.304 | 195 | 64 | 148 | 127 | 278 |
| Fire | 235 | - | 32 | 58 | 184 | 96 |
| Other |  |  |  | 225 | 148 | 324 |
| Area Change | 34.249 | 19.400 | 10.287 | 9.891 | 14.655 | 12.702 |
| Total Forest Area | 18.452.127 | 18.417.878 | 18.398.478 | 18.388.191 | 18.502.531 | 18.487.876 |
| *Period deforestation* | *0.037%* | *0.021%* | *0.056%* | *0.054%* | *0.079%* | *0.069%* |

Source: GFC and Indufor reports.

* 1. The data shown allow for some comments: (a) the national system shows variations in the year-to-year Deforestation Rate due to regular changes in land use. The analysis of the process requires the consideration of extensive periods of time, since this PBP is in its first year of life. Additionally, it should be noted that the range of variations in recent periods has been small as compared to indicators in other countries[[14]](#footnote-14), (b) while there is significant relative variation at first glance from year to year in percentage terms, the final values have regularly fallen within the terms set in the MoU with Norway[[15]](#footnote-15). The MoU sets a maximum deforestation level of 0.100%, which is the limit above which Guyana is not entitled to receive funds.
  2. In the last evaluation, [[16]](#footnote-16)deforestation was estimated at 12,702 h in the period of January 1 to December 31, 2013, representing an annual deforestation rate of 0.069%, which is slightly less than the previous year (0.079%). The principal justification for this reduction is the reduced impact of mining activities between both periods, the area affected by which shrank by 2,177 hectares. While the sector numbers did decrease in the last year, the operation conditions show direct effects on deforestation and ecosystem degradation, representing 91% of total forest loss in the last 3 years. The loss attributable to logging fell substantially, making agriculture the second-leading cause of deforestation, with 2% of the total.
  3. Given the challenge represented by the preservation of forest resources, controlling the actions of the mining sector, which has a strong influence on the economy, [[17]](#footnote-17)the GoG has intensified monitoring activities in the sector. The importance of managing this issue within the framework of the LCDS objectives is recognized, for which reason work is being carried out to strengthen areas that contribute to control of mining activities: (a) application of regulations on extractive industries, (b) incentives for citizen participation[[18]](#footnote-18), (d) use of the Opt-In Mechanism as applicable to Amerindian groups.
  4. While the 2013 deforestation rate indicator is slightly above the set target (0.069% vs. 0.056%), the verification of this impact should be evaluated after a period of time in which the policies and strategies put in place by the Program can have an effect on the sectors. The observed figures show variations that are not very relevant, as measurements of more extensive periods are required in order to verify structural trends and the effectiveness of policies in this regard.
  5. Results. At the Program level, it is expected that the intervention will result in a regulatory and governance scheme that supports LCDS implementation and contributes to increase environmental sustainability. This concept is supported by its definition of 3 cornerstones:
  6. the sustainability of the LCDS, which was verified in practice through the update in 2013 and the expansion of the scope of the regulatory framework, which has translated into relevant progress in the mining and forestry sectors (more information in the analysis of Component 2),
  7. a strengthened MNRE that is carrying out its Strategic Plan, which can be seen through the approval of the same and the gradual consolidation of its structure. The creation of an Evaluation and Monitoring Unit, the hiring of experts in the areas of Climate Change and Legal Counsel, and the creation of a GIS system policy as a tool to support inter-sector coordination functions are being considered.
  8. The implementation of the MRVS by GFC was successful and there are 4 annual reports to date, which show sustained progress with regard to the application of tools. The reliability of the system has been endorsed by auditors hired by NORAD.
  9. The progresses observed show that the commitments and progresses achieved are consistently oriented around the results expected for this Program. The completion of these objectives can be further evaluated during the Final Evaluation of the programmatic series.

# Evaluation of the PBL 1 Components (GY 1039).

### Component 1. Macroeconomic Stability

* 1. The objective of this component is to maintain an environment that promotes the generation of investments and the inflow of capitals/financial agents that maintain the important commitments required for LCDS implementation. Based on the progress observed from 2005 to the present, relative stability has been achieved, so the required commitment is to maintain this stability.

**Component 1 - Expected Result 1**

- Create conditions for the stimulation of investments facilitating LCDS objectives.

* 1. The current context shows satisfactory trends in the relevant variables, and the following table shows a profile with the main indicators of the economy of Guyana.

*Table 1 - Principal Economic Indicators in Guyana*



*Source: Bureau of Statistics of Guyana Historical Information (*www.statisticsguyana.gov.gy) *and Bank of Guyana (*[*www.bankofguyana.org.gy*](http://www.bankofguyana.org.gy/)*). Projections based on IMF Reports[[19]](#footnote-19). Monetary baseline according to ECLAC Economic Survey 2014.*

* 1. The table can be explained according to the description of the indicators, grouped thematically:

1. Real Sector. The first group of indicators refers to the real economy, where the 2006-2013 period shows an average annual growth rate of 4.6%, which, within a framework of stability, has allowed for significant improvement of the indicator per capita (between 2006 and 2013 the GDP per capita increased 132%, measured in US$). In 2013, growth was 5.2%[[20]](#footnote-20) and the economy is expected to continue growing vigorously in 2014 (4.3% prediction IMF – 4.5% prediction GoG).
2. Monetary Indicators. Inflation has been in the 3% to 7% range during the last 5 years, with a value of 0.9% in 2013. The forecasts for the expected 2014 rate vary within a small range, delimited by the estimates from the Bank of Guyana (3.0%, due to expected increases in food and fuel) and the IMF (5.0%). Other sources agree that inflation will continue to be moderate in 2014, although it will exceed 2013 rates as a result of anticipated upward pressures on fuel and food prices[[21]](#footnote-21). In this context, the exchange rate (Guyana Dollar/US Dollar parity) has been stable with minimal variations.
3. External Sector. The balance of payment current account deficit remains within the 11-16% range, and was 14.2% of GDP in 2013. Similarly, reserves are at a level in keeping with the evolution of the economy, reaching 23.6% of GDP at the end of 2013[[22]](#footnote-22).
4. Fiscal situation. Management consolidation in this area can be seen in the decrease of the fiscal deficit, which dropped from 11.6% of GDP in 2006 to 4.3% of GDP in 2013. Pressures on spending come principally from state-owned enterprises (sugar and electricity), the external petroleum supply, and salaries of state sector employees[[23]](#footnote-23). National debt, both at the total level and in its external component, has remained within the parameters defined after its renegotiation (in 2013 the total debt represents 57.7% and the external debt represents 41.6% of the GDP).
   1. *Review of macroeconomic risks.* The analysis of the following elements allows for a general reflection:
5. Public Debt/GDP Ratio: Given that the indicator has improved considerably (57.7% of the GDP), future management of debt shows a moderate risk. According to GoG data, it is estimated that the projected capital investment plan of the public sector, financed with external resources, will increase to US$ 115-125 million per year until 2016. The GoG faces the challenge of maintaining a suitable level of public capital investment to promote growth while simultaneously limiting the risk of debt distress. Production matrix: This is a country with intensive energy use, supplied mainly by external sources.
6. Current account/external sector: Following the collateral effects of the 2008-9 international financial crisis, the factor creating undesired effects in the results is the aforementioned importation of fuels. A greater than expected increase in the price of oil could have a destabilizing effect on the current account, its fiscal position and, therefore, on debt sustainability.
7. Fiscal balance: Two factors that require resources have limited the consolidation of the fiscal balance: (i) persistent GPL losses [[24]](#footnote-24)attributable to a rise in oil prices above the predicted amount and/or continued levels of technical and commercial losses, and (ii) infrastructure investment projects that are currently in progress.
8. Exposure to natural disasters: The territory is exposed to meteorological and natural threats (floods) that have a significant impact on public accounts. While Guyana has a relatively low incidence probability (40% compared to the almost 90% for many countries in Central America and the Caribbean), there have been significant effects on the economy (damages/GDP ratio of 37.4% as opposed to approximately 1% for other countries)[[25]](#footnote-25).
9. Political Risk: After the 2011 elections, the new government assumed power in December of that year without a majority of seats in the National Assembly. This could delay the public investment program and the timely execution of the main projects promoted by the authorities.

### Component 2. Regulatory Framework

* 1. The objective of this component is to modernize and adapt management practices to superior environmental standards, through the update of the regulatory framework. The diagnosis identified the main weaknesses found in relation to the mining and forestry sectors. Because of this, the specific problems associated with the operation of the main institutions in those sectors have been identified, so as to implement the expected reforms in accordance with the defined policies.

* 1. Mining is the main sector to be strengthened, in which the main weaknesses can be seen in two aspects: (a) the aforementioned impact on deforestation levels and (b) pollution due to the application of inappropriate techniques (mercury use in gold mining being the most significant).

**Component 2 - Expected Results 2 and 3 - Focus**

* Improve the capacity for sustainable management of forest resources.
* Promotion of clean production practices.
* Promotion of transparency and integration mechanisms in public-private initiatives (EITI).
* Create conditions for intersectorial coordination in land use.
  1. With regard to the results related to the regulatory Framework Component, there were two main results. The first is tied to more global issues and the second focuses on sectorial issues.

Result 2: Indicators considered.



* 1. The first result is linked to the implementation of the LCDS. This issue was successfully covered, as can be seen in the following items: (i) the LCDS was updated in 2013, (ii) progress has been made in completing 2 projects as part of GRIF, (iii) the MSSC[[26]](#footnote-26) has operated normally during 2013 and 2014. ,
  2. Result 3: Indicators considered. Result 3 has two main areas of focus. One is focused on environmental management regulations, while the second is tied to market orientation in order to translate environmental strength into practice aspects for the country's environmental competitiveness.

Result 3a: Indicators considered.



* 1. The first indicator refers to basic environmental management tools for extractive industries, such as the review of EPA-related regulations and safeguard policies for mining and forestation that are in the process of being implemented.

Result 3b: Indicators considered.



* 1. The second indicator is focused on market tools. Specifically, this includes recent documents that confirm the status of Guyana as an EITI pre-candidate, [[27]](#footnote-27)which indicates improvements in the formalization of the mining sector. Along this line, a feasibility study was conducted to identify challenges and opportunities for implementing this initiative, including legal and regulatory aspects. With regard to mining management, keeping in mind the need to improve recovery indexes per unit of exploited land, progress was made in carrying out studies to adapt Clean Technologies to the local context. Add to this, the signing and ratification of the Minamata Convention on the reduction of pollution due to mercury use.
  2. Additionally, the preparation and application of Codes of Practice for forest extraction, as approved and disseminated by the GFC, has been extended. In addition, negotiations with the EU continue regarding the FLEGT mechanism (Approval of revised version of the Definition of Legality by the E.U. Forest Law Enforcement, Governance and Trade -EU FLEGT).

### Component 3. Institutional Strengthening

* 1. The objective of this Component was to improve the capacity of the public sector to contribute to the objectives defined in the LCDS. G.

**Component 3 Result 4 - Focus**

Strengthen the capacity of the MNRE to carry out its responsibilities within the framework of the LCDS.

* 1. Result 4 uses two groups of indicators: (a) pertinent to planning, monitoring and coordination mechanisms and (b) adoption of monitoring mechanisms and knowledge transfer actions .



* 1. Result 4a highlights the approval of the 2013-2018 Strategic Plan and the gradual consolidation of its structure. The creation of an Evaluation and Monitoring Unit, the hiring of experts in the areas of Climate Change and Legal Counsel, and the creation of a GIS system policy as a tool to support inter-sector coordination functions are being considered.



* 1. Result 4b shows the implementation of the National Log Tracking System in the forestry segment (including a system based on a electronic barcode reader). In April 2014, the 3rd Edition of the Forestry Code was approved for small and large operators.
  2. Additionally, progress was made in the structuring of training programs in best practices in mining (training of mining producers and official employees is promoted), as well as courses in EIA preparedness in association with extractive industries. With regard to actions to combat mercury pollution, the contents of the aforementioned Minamata Convention includes a National Action Plan.

### Component 4. MRV System.

## 

* 1. The objective of this component was to provide system support to the management of forest resources. The strategy is focused on creating and consolidating permanent technical capacities to facilitate appropriate evaluation and planning, as well as permanent monitoring of degradation and deforestation levels.

**Component 4 Result 5**

Strengthen the capacity of GFC to conduct the appropriate monitoring in order to control the fulfillment of the commitments established in the MoU with Norway, within the framework of the LCDS.

Result 5 Expected Indicators.



* 1. Indicator: Tools for Carbon Impact Assessment for main drivers developed, and Forest Cover database prepared. Progress in the development of this monitoring system has been gradual and consistent. To date, the MRVS has completed 3 annual rounds of independent study, reporting and verification of results (2010-2012), with the figures for Report 4 (2013) currently under review by auditors. Per the opinion of NORAD,[[28]](#footnote-28) the successful implementation of this mechanism is due to the quality of GFC staff and successful planning of its execution.

# Considerations on the PBP 2 Commitments (GY 1043).

* 1. The progress detected with regard to PBP2 in terms of livestock can be summarized as follows:
* *Result 1: Continued macro-economic stability*. The macroeconomic situation described previously shows the maintenance of stability conditions.
* *Result 2: LCDS implemented.* Within the framework of GRIF, 2 other projects were approved in order to consolidate LCDS objectives[[29]](#footnote-29) that are currently underway.
* *Result 3: Forestry & Mining sector have improved environmental management and law enforcement*. Guyana started to create enabling framework conditions for structural changes in the mining sector, such as (i) the ratification of the Minamata Convention on Mercury in September 2014, (ii) capacity building through a mining school, targeting middle management and professionalization of workers, (iii) stimulating investment in clean technologies through a Mercury Free Development Fund, (iv) amendments to the regulations of the Mining Act, and (v) steps towards becoming a member country of the EITI.
* In addition, logging companies have to complete comprehensive forest management and annual planning which includes pre-harvest forest inventory, and are required to comply with detailed control procedures and legality assurance measures and log tracking.
* *Result 4: MNRE has a Strategic Plan that provides for adequate inter-agency coordination and oversight to accomplish LCDS objectives*. Technological and environmental improvements of ASGM, triggered by the adoption of Minamata Convention, will extend new and clean technologies and therefore directly contribute to reduce forest degradation (mercury contamination of biomass) and deforestation (less area required per unit of gold).
* *Result 5: MRVS capable of generating country-wide, verified reports on forest cover and deforestation drivers.* Se estima continuar con los advances alcanzados.

# Future actions in terms of PBP Evaluation.

### Final Evaluation of the PBP as a source for PCR creation.

* 1. The Final Evaluation for PBP-1 and PBP-2 is expected to be conducted in the first quarter of 2015 (see draft Terms of Reference in Annex IV). This report will be an input to the Project Completion Report (PCR) program.

### Impact Evaluation of the PBP.

* 1. The Impact Evaluation is expected to be conducted in 2017, that is two years after last disbursement of PBL-2 (see draft Terms of Reference in Annex V). In this particular case, similar questions to Final Evaluation will be used by the consultant to guide the evaluation process.

# Summary and Conclusions

### Introductory considerations:

* 1. In terms of general reflections, the following should be noted:

1. The effective execution of the Program was carried out in accordance with the set intervention schedules in terms of the dates set for the disbursement of PBP1 and the creation of PBP2.
2. This intermediate evaluation is near the commitment completion date. By its very nature, the most important part of the same is the political and strategic decisions that take time to create effective changes in priority economic sectors. Therefore, the impacts have not had enough time to mature, making rigorous measurement at this time more difficult. Therefore, the interpretation of results is based primarily on the analysis of the orientation of policies.
3. While the goal is to isolate the evaluations from the external factors that affect them, the connection with the surrounding area is close and binding.

### Quality of the design:

* 1. There are several aspects to point out as policy elements in Guyana that show the support and consolidation of the environmental strategy supported by this operation: (i) the LCDS was reformulated in 2013, maintaining its strategic orientation, (ii) the agreement with Norway, which was a highly innovative experience when it was signed, is still fully valid and (iii) the REDD+ mechanism was effectively used to channel financial resources to initiatives.
  2. The reforms process in Guyana overcame pronounced changes in the political context that began in 2013[[30]](#footnote-30), as the National Government lost its majority in Parliament and faced increased challenges. However, the maintenance of the initiatives of this Programmatic Series shows the conviction and commitment of the country with regard to the established objectives that go beyond instrumental or one-time decisions[[31]](#footnote-31). It should be noted that the review of the design for both phases solidly demonstrates: (i) a general concept of the intervention that shows effective coordination between the various components and (2) a common thread with regard to environmental issues and the strengthening of the same, addressing the relevant changes arising from the initial diagnosis and contributing in this way to improving the sustainability and competitiveness of both sectors. The process to create and implement the policy, which began with the implementation of the LCDS, has been replaced by a phase of adjustment by institutions and consolidation of relevant regulations.
  3. Additionally, based on the progress achieved, the MNRE is observed to be stronger today, based on the 2013-2018 Strategic Plan and other related measures (EPA management, EIA implementation, incorporation of Climate Change, Legal Counsel and Monitoring and Evaluation specialists). In particular, the area shows superior tools and technical elements to exercise the role of coordinator between the sectors that compete in terms of development of land use and renewable resources (given the importance of mining in terms of effect on the economy, preserving its development while not harming environmental resources is one of the central challenges of the MNRE).

### Compliance with conditions for disbursement

* 1. As it is a PBP, the policy commitments, which represent the products of the project, must have been fulfilled before the payment of the operation. This means that the monitoring process takes place before the execution, which implies that the collection of data for that verification, the budget for the monitoring, the work plan and any other necessary elements must be agreed upon and executed before the payment of the loan.

### Results Framework - Matrix of indicators

* 1. The following can be mentioned in terms of achievements:

Impacts. The main challenge with regard to preserving forest resources is controlling the impacts of the mining sector, especially with regard to the local significance[[32]](#footnote-32). In the last evaluation, [[33]](#footnote-33)the annual rate of deforestation was 0.069%, which is slightly lower than the previous year (0.079%). While the indicator is slightly above the level set by the PBP (0.056%, based on the objective set by the GoG in the MoU), the verification of this impact should be evaluated after a period of time in which the policies and strategies put in place by the Program can have an effect on the sectors. The observed figures show variations that are not very relevant, as measurements of more extensive periods are required in order to verify structural trends and the effectiveness of policies in this regard. Also, it should be noted that the PBP was signed in 2013, meaning that the data in question does not address causality for this operation.

Results. At the Program level, it is expected that the intervention will result in a regulatory and governance scheme that supports LCDS implementation and contributes to increase environmental sustainability. This concept is supported by its definition of 3 cornerstones:

1. the sustainability of the LCDS, which was verified in practice through the update in 2013 and the expansion of the scope of the regulatory framework, which has translated into relevant progress in the mining and forestry sectors (more information in the analysis of Component 2),
2. a strengthened MNRE that is carrying out its Strategic Plan, which can be seen through the approval of the same and the gradual consolidation of its structure. The creation of an Evaluation and Monitoring Unit, the hiring of experts in the areas of Climate Change and Legal Counsel, and the creation of a GIS system policy as a tool to support inter-sector coordination functions are being considered.
3. The implementation of the MRVS by GFC was successful and there are 4 annual reports to date, which show sustained progress with regard to the application of tools. The reliability of the system has been endorsed by auditors hired by NORAD.
   1. The most relevant sectorial advances are the following:

*Mining*: The acceptance and ratification of the Minamata Convention represents a milestone in terms of reducing mercury pollution. Also, the GoG has undertaken a series of commitments in this area, creating conditions in the ASM segment to incorporate related management projects and new technologies that not only support the project, but also improve productivity per surface unit. Together with the entry into the EITI, they will substantially contribute to supporting actions in the area of sectorial transparency. Additionally, actions in terms of sector training programs (operators, regulators and communities in the areas of influence of mining projects) are shown to be fundamental for the promotion of management best practices.

*Forestry:* The most significant progress is related to the creation of the Code of Practices for Sustainable Forest Management, the implementation of a National Log Tracking System and the carrying out of forest inventories that contribute to sector monitoring, and therefore, the orientation of activities. Additionally, the progress in working towards an agreement with the EU on the FLEGT mechanism corroborates the orientation towards an opening of markets. .

* 1. The progresses observed show that the commitments and progresses achieved are consistently oriented around the results expected for this Program.

### Related items.

* 1. The REDD+ Mechanism. Although it is not a direct objective of this PBP, the development of the REDD+ mechanism should be mentioned as a reproducible experience. Five projects were channeled through this mechanism, including: (a) Institutional Strengthening project (GY-G1002, prepared by the IDB in 2011), (b) 2 were created as a condition for PBP1, known as the Micro and Small Enterprise Development Fund project and the Amerindian Land Titling Project and (c) 2 others will be implemented as a disbursement condition for PBP 2: the Guyana LCDS Outreach Program, to expand public awareness of the strategy and encourage citizen participation and the Second Phase of the Amerindian Development Fund, which is focused on providing funding for the development of sustainable activities in those geographical areas under the control of Amerindian groups. In accordance with the consultations carried out by the responsible organizations (OCC and Projects Office), project execution is regular and sustained.

### Operation of the PBP tool:

* 1. The Program was a gradual process that required the following elements, among others:
* Orientation of the agreed-upon commitments. Technical dialogue and flexibility between parties allowed for the response to contextual circumstances and the priorities of the sectors where the PBP intervention was focused (mining and forestry). The possibility of reviewing and perfecting commitments strengthened the achievement of the objectives of the tool. Its successive annual formulation scheme provides the opportunity to provide the flexibility necessary to facilitate the adjustments arising from the processes for defining sector policies[[34]](#footnote-34).
* Feasibility of implemented reforms. The successful implementation of these kind of Programs is related to the accuracy of sector diagnostics, their critical areas and way in which actions are prioritized. In this case, the formulation showed an adequate balance between the sector environment and the political viability of the tools.
* Coordination and administration of sectorial demands. As these are policy reform processes that involve multiple actors, efficient inter-institutional coordination among all participants that was executed in an effective fashion by the MEF in general, and by the MNRN with regard to specific technical aspects, is crucial.
* Focus. The thematic concentration of the content of the PBP (in this case, issues focused on the mining and forestry sectors) has facilitated the prioritization of actions and efforts.
* Existence of supplementary resources with specific effects. The preparation, approval and implementation of other operations that help support and consolidate the reforms is an important tool for these purposes and a solid indicator of the sustainability of the process related to the planned policies.

## 

*Conclusion.* The initial situation in the environmental area showed deficits in the regulatory framework, little capacity of national agencies to control and enforce compliance with current regulations (enforcement) and inadequate extractive practices that affect resources, especially in the mining sector. In response to this, the Policy Commitments agreed upon and the progress achieved allow for the conclusion that the Design and Execution of the operation have been Very Satisfactory to date.

# Annex I: Results Framework - Matrix of indicators

Matrix of Indicators

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Impact & Results | Indicator | Baseline | Target (2016) | Verification Means |
| Impact: Annual deforestation rate: 0.056% sustained sustained GFC Technical Reports  Annual exports forestry sector (USD Millions) 39.1 44.5 Bank of Guyana | | | | |
| Results:  Governance and policy framework that support the implementation of the LCDS strengthened | * Policy and regulatory framework enhanced | * LCDS version 2010 * Limited environment regulations for extractive industries | * LCDS 2013 update * Environment regulations for extractive industries reviewed/approved | * Press release * Reports |
| * MNRE strengthened by implementing its strategic plan | * MNRE does not have a strategic plan | * MNRE strategic plan approved and implemented | * Document of Strategic Plan * Reports on progress |
| * MRVS operative | * MRVS in start-up phase | * MRVS issues carbon impact, carbon stratification & carbon expansion assessments | * Reports of MRVS |

**COMPONENT RESULTS & INDICATORS**

| Component | Indicators | Baseline  2013 | Targets | | | | Verification Means |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 2013 | 2014 | 2015 | 2016 |
| 1. Macro-economic stability | Result 1: Continued macro-economic stability | | | | | | |
|  | Technical opinion IMA | Stable macro-economic framework | Continued | Continued | Continued | Continued | IMA annual report |
| 1. Regulatory framework | Result 2: LCDS implemented | | | | | | |
|  | LCDS update process completion | Draft | 1 update  2 GRIF projects implement-ed |  | 2 GRIF projects implement-ed |  |  |
|  | Consultations on LCDS and reviews by MSSC (*Multi-Stakeholder Steering Committee)* | 0 | # MSSC meetings | # MSSC meetings | # MSSC meetings | # MSSC meetings | Press release  Minutes of MSSC meeting |
|  | Result 3: Forestry & Mining sector have improved environmental management and law enforcement | | | | | | |
|  | Review and application of environmental regulatory framework for extractive industries | Forestry Act is current; most forest regulations up to date | 1 Review  1 Scoping study | 1 Review EPA regulations for SEA  2 reviews of safeguards (forestry & mining) | 1 Act (forestry or mining) revised regulations  1 Opt In proposal complete  1 National Land Use Plan complete  1 review country safeguards system  1 Protected Areas Act amended | 1 Opt In system in place  1 country safeguards system in place | Reports |
|  | Operational market-based mechanisms | Initial approach to Extractive Industries Initiative (EITI) | 1 country pre-candidacy for EITI  Code of Practice into force | Code of Practice applied in 50% of concessions |  | Code of Practice applied to 100% of concessions | Press release setting up EITI Multi-Stakeholder group |
|  |  | 0 | 1 report on technological improvements for extractive sector |  |  |  | Letter by the Minister of NRE attesting to the receipt of the study. |
| 1. Institutional strengthening | Result 4: MNRE has a Strategic Plan that provides for adequate inter-agency coordination and oversight to accomplish LCDS objectives | | | | | | |
|  | Strategic Plan detailing adjustments to: (i) create Planning & Policy Unit; (ii) create Coordination Unit to cover existing agencies under MNRE; (iii) create mechanisms for effective coordination between extractive sector-related agencies | Draft | 1 Strategic Plan submitted | 1 Strategic Plan approved | Strategic Plan implemented: (a) communi-cation protocols GGMC-GFC; (b) organiza-tional chart with coordination systems; (c) SLUC with coordination procedures; (d) communication protocol with indigenous groups | 1 report on workings of integrated access system for forestry & mining concessions  1 report on integration of forest cover data among agencies | Record of formal submission of Strategic Plan to Minister  Report on Strategic Plan approval  Technical reports |
|  | Adoption of knowledge-based mechanisms to improve environmental management of forest-based sector | 0 | 1 training program on best-practices for mining  1 design of courses on EIA  1 draft National Log Tracking System | 1 Log Tracking System approved | 1 report on adoption of new tech-nologies & best-practices adopted | 1 report on progress in adoption of new technologies and best- practices | Technical reports  Records from MNRE, GGMC, GFC |
| 1. MRVS | Result 5: MRVS capable of generating country-wide, verified reports on forest cover and deforestation drivers | | | | | | |
|  | Tools for Carbon Impact Assessment for main drivers developed, and Forest Cover database prepared | 0 | 1 Carbon Impact Assessment tool for main drivers approved  Report on forest area changes 2011-2012; Assessment report on forest carbon stratification; Report on carbon conversion and extraction | 1 report following up progress towards reduced deforestation and forest degradation | 1 report on forest carbon emissions and removals with IPCC guidance  1 report on forest degradation | 1 report following up progress towards reduced deforestation and forest degradation  1 report on integration of forest cover data from all MNRE agencies | Record of decision of approvals by GFC  Technical reports |

# ANNEX II - GY-L1039 Table of Compliance with PBP1 Conditions

| **#** | **Conditions for first Operation of the Programmatic series** | **Means of Verification** | **Date of Completion** | **Status** |
| --- | --- | --- | --- | --- |
| 1 | 1. Approval, launch and publication of a LCDS Update. | President’s speech, press release and the document of the LCDS Update. | March 2013 | **Completed** |
|  | 1. Implementation of 2 of GRIF financed projects in the areas of institutional strengthening and low carbon development for Amerindian villages. | 1. In the Institutional Strengthening Project (GY-G1002), Minutes of the meeting where the MSSC has reviewed the 2013 Stakeholder Awareness and Engagement Plan; and | January 2013 | **Completed** |
|  |  | 1. In the Amerindian Development Fund project, a memorandum signed by the Head of the Project Cycle Management Unit at the Ministry of Finance certifying the first disbursement for the project, attaching the corresponding disbursement request. |  | **Completed** |
|  | 1. Completion of the 2013 Annual Stakeholders Awareness and Engagement Plan and its implementation through a continuous multi-stakeholder consultation process, under guidance of the Multi-Stakeholder Steering Committee (MSSC), with special emphasis on the participation of Amerindian villages. | Minutes of the MSSC considering the Plan, attaching a copy of the document; and the half-year update on the implementation of the Plan. | February 2013 | **Completed** |
| 2-A | 1. Review of the legal and regulatory frameworks of the extractive sector. | Reports from legal review process as part of Strategic Development Plan. | 2009 & June 2013 | **Completed** |
|  | 1. Initiation of feasibility/scoping study to identify challenges and opportunities to the implementation of the Extractive Industry Transparency Initiative including legal and regulatory challenges in the extractive industries. | Approved TORs, commencement and status update of the study issued by the MNRE. | June 2013 | **Completed** |
|  | 1. Pre-candidacy preparation of program adherence to the Extractive Industries Initiative. | Press Release from MNRE indicating the setting up of the EITI Multi-Stakeholder Group | March 2013 | **Completed** |
|  | 1. Review and consideration of the recommendations that Incentivizing Clean Technology in the Mining Industry in Guyana. | Letter by the Minister of NRE attesting to the receipt of the study. |  | **Completed** |
| 2-B | 1. That the Code of Practice for Timber Harvesting (3rd Edition) and comes into force | Copy of the adoption by the Board of Directors of Forestry Commission. | October 2013 | **Completed** |
|  | 1. Presentation to the Minister of NRE of a draft definition of legality under the European Union Forest Law Enforcement, Governance and Trade (EU FLEGT) | Copy of the formal submission to the Minister of NRE of the draft definition of legality. | October 2013 | **Completed** |
|  | 1. Continuity of negotiations of the Voluntary Partnership Agreement under EU FLEGT | Copy of the Aide Memoire for the 2nd meeting scheduled for July 2013. | 2nd Negotiation due July 15-19, 2013 | **Completed** |
| 2-C | That the Guyana Lands and Surveys Commission submits the National Land Use Plan for its approval by the Minister of NRE. | Record of formal submission of National Land Use Plan to the Minister for approval. | 31st August, 2013 | **Completed** |
| 3 | That the Plan for the Strategic Framework of the Ministry of Natural Resources and the Environment 2013-2018 (“Strategic Plan”) is approved. | Record of formal submission of the Strategic Plan to the Minister of NRE for approval. | 31st August, 2013 | **Completed** |
| 4 | In support of the preparation of the Climate Resilience Strategy, the completion of a high-level meeting (to include the Ministry of Finance) on disaster risk indicators and flood risk management. | Minutes of the high-level meeting |  | **Completed** |
| 5-A | Design of training programs targeting relevant stakeholders aimed at the promotion of recognized best practices in the mining sector, including courses on environmental impact assessment and management for extractive industries. | Finalized MOU establishing course design and delivery. Letter from the Government (MoF) stating official support for technical training and other capacity-building activities. | October 2013 | **Completed** |
| 5-B | Training of communities in code of practice for harvesting and sustainable forest management practices in accordance with the National Forest Plan and National Forest Policy Statement. | Records from GFC of training done with 40 communities. | August 2013 | **Completed** |
| 5-D | Integrated Land Use Planning is strengthened and coordination mechanisms exist among natural resources agencies. | Minutes of the Special Land Use Committee | March 2012 | **Completed** |
| 5-E | Preparation of a draft National Log Tracking System. | Draft submitted by the GFC. | October 2013 | **Completed** |
| 5-F | Completion of the forest inventory surveys for Community Logging Associations and inputted in GFC’s database. | Records of survey completion and inclusion in GFC database of 27 concessions allocated to Community Logging Association | Completed | **Completed** |
| 6 | That the Carbon Impact Assessment tools for main drivers of forest change are approved. | Record of decision of approval of the tools by GFC | Completed | **Completed** |
| 7 | Implementation of the Forest Cover Database. | Record of decision of approval by GFC | Database exists | **Completed** |
| 8 | Approval of a Draft for the 3rd MRVS Interim Measures Report to the Government of Norway. | Record of decision of approval from the GFC | November 2013 | **Completed** |
| 9 | Approval of a model carbon impact assessment for main drivers of forest change. | Record of decision of approval by GFC | Completed | **Completed** |
| 10 | That the Report of the MRVS, detailing findings on forest area changes between 2011, and a Draft Report for 2012 are approved. | Record of decision of approval from the GFC |  | **Completed** |
| 11 | That an Assessment Report on Forest Carbon stratification, identifying historical and current drivers and processes affecting forest carbon levels is developed. | Hard copy of report available from GFC | Completed | **Completed** |
| 12 | That a Report containing carbon conversion and expansion factor calculations for Guyana is developed | Hard copy of report available from GFC. | Completed | **Completed** |

# ANNEX III - GY-L1043 Table of Compliance with PBP2 Conditions

| **Result** | **Indicators** | **Policy Conditions 2nd Operation (2015)** | **Means of Verification** | Status |
| --- | --- | --- | --- | --- |
| 1. Continued macro-economic stability | Technical opinion IMA | The borrower maintains a macroeconomic framework consistent with the program objectives. |  |  |
| 2. LCDS implementation | LCDS update process completion | 1. That the LCDS Update is implemented, | OCC is proposing 2 projects regarding LCDS in order to consider "through" instead of "and" | **Condition complied** |
| … through two new projects, which have been defined and have started preparation or been approved, in the areas of institutional strengthening and support for community development plans by Amerindian Communities | Signed agreement between OCC and Conservation International on the Project: Implementing the Guyana LCDS Outreach Programme | completed |
|  | Signed Agreement between the Minister of Finance, the Minister of Amerindian Affairs, and UNDP Representative on the Low Carbon Development Strategy (LCDS) Amerindian Development Fund: Village Economy Development (Phase II) under GRIF. | completed |
|  | Consultations on LCDS and reviews by MSSC | 2. That the consultations with affected indigenous groups concerning the following processes continues and that their participation is facilitated: |  | **Condition complied** |
| (a) LCDS | Minutes of meetings of the MSSC | completed |
| (b) REDD+ Stakeholders Awareness Plan | Copy of Overview of Guyana’s LCDS, REDD+ Activities and the Monitoring Reporting & Verification System (MRVS), Final Workshop Report | completed |
|  | Copy of the Framework for Communication and Participation Mechanism for REDD+ in Guyana. Version 2. | completed |
| 3. Forestry & mining sectors have improved environmental management and law enforcement | Review and application of environmental regulatory framework for extractive industries | 3. That a review of the Environmental Protection Agency’s regulations and guidelines is completed. This review must include at least recommendations in the following areas: |  | **Condition complied** |
|  |  | 3 (a) Strengthen the EPA to have overarching responsibilities for environmental compliance in Guyana | Copy of the Letter of the MNRE to the Chairperson of the Board of Directors of EPA on Refocusing the role and mission of the EPA in the context of achieving sustainability in the natural resources sector. | completed |
| Copy of the Letter from the MNRE to EPA notifying that the Government of Guyana has approved funding for the Consultancy work on restructuring EPA | completed |
| Copy of MNRE document containing Call for the proposals and Terms of Reference for building a technical proposal to re-orient EPA and institute an improved cost recovery mechanism, approved by Minister of MNRE | completed |
| Copy of approved wildlife regulations published in the Official Gazette | completed |
| Copy of approved Litter Regulations published in the Official Gazette | completed |
|  | Draft Access and Benefit Sharing (ABS) Regulations issued by EPA | completed |
|  | Draft Air Quality Guidelines issued by EPA | completed |
|  |  | 3 (b) Enhance EPA’s capacity to manage environmental and social impacts of development activities in all sectors of the country through institutional and policy strengthening | Copy of TORs for the staff to be employed by the Compliance and Enforcement Unit, its organizational chart, a list of the staff currently employed and a summary of reports detailing the establishment of Compliance and Enforcement Unit within the EPA. | completed |
| Copy of the ToRs in the terms agreed with the Bank for the 2 new Directors that will integrate the Compliance and Enforcement Unit at EPA, approved by Director of EPA. | completed |
| Copy of drafted Compliance and Enforcement Regulations issued by EPA | completed |
|  |  | 4. That amendments and/or regulations are drafted in order to ensure consistency with MNRE’s mandate, in the context of the following Acts: |  | **Condition complied** |
| 4 (a) Mining Act; | Copy of meeting minutes of the MNRE, Guyana Geology and Mines Commission (GGMC) and Guyana Gold and Diamond Mining Association (GGDMA) workgroup where amendments to the mining regulations and the proposed schedule are considered; and a summary of the envisaged amendments for the mining regulations | completed |
| 4 (b) Guyana Lands & Surveys Commission Act; and | Copy of the Act on Land Surveyors Profession assented by the President | completed |
| Copy of Bill submitted by Minister of Natural Resources and the Environment to the National Assembly on Land Surveyors Act. | completed |
| Copy of drafted and revised Land Surveyors Regulations | completed |
| (c) Protected Areas Act | Copy of the Protected Areas Trust Fund Regulations issued by the Minister of Natural Resources and the Environment published in the Official Gazette. | completed |
|  |  | 7. That a Draft Opt In Mechanism Strategy is prepared for review by the relevant stakeholders | Copy of the Draft Opt In Mechanism Strategy prepared by OCC | **Condition complied**  completed |
| Copy of the Letter of Submission of the Draft Opt-In Mechanism Strategy prepared by OCC to the MSSC | completed |
| Copy of the Letter of Submission of the Draft Opt-In Mechanism Strategy prepared by OCC to the TNC (Toshaos National Council) | completed |
|  |  | 5. That draft amendments to guidelines in the forestry sector are prepared, in particular a code of practice for small and large operators. | Copy of Forest Manual/Code of Practice for State Forest Permission (guidelines for small operators) approved by the GFC Board of Directors and made available on GFC website | **Condition complied**  completed |
| Copy of Forest Manual/Code of Practice for Timber Sale Agreement (TSA) and Wood Cutting Lease (WCL) Holders (guidelines for large operators), approved by the GFC Board of Directors and made available on GFC website | completed |
| Implementation Plan for Codes of Practice approved by the GFC Board of Directors and made available on GFC website. | completed |
|  |  | 6. That the second definition of the legality of the agreement within the context of the Voluntary Partnership Agreement is approved | Approval of revised version of the Definition of Legality by the E.U. Forest Law Enforcement, Governance and Trade (EU FLEGT) | **Condition complied** completed |
|  |  | 8. That the National Land Use Plan is approved and a public awareness mechanism is adopted and regional plans are developed stemming from the recommendations of the Plan | Copy of letter of approval from the Lands and Surveys Commission Board of Directors | **Condition complied**  completed |
|  | Copy of the printed version of the Summary Land Use Plan Booklet issued by Guyana Lands and Surveys Commission to be distributed to the regional consultations | completed |
|  | Copy of 3 Regional Plans approved by the Lands and Surveys Commission Board of Directors, containing the key guidelines for land use in the respective region | completed |
| 4. MNRE has a Strategic Plan that provides for adequate inter-agency coordination and oversight to accomplish LCDS objtectives | Strategic Plan detailing adjustments to: (i) create Planning & Policy Unit; (ii) create Coordination Unit to cover existing agencies under MNRE; (iii) create mechanisms for effective coordination between extractive sector-related agencies | 9. That the MNRE's institutional structure is strengthened and enhanced according to the MNRE Strategic Plan; particularly, that the MNRE: |  | **Condition complied** |
| 9 (a) Has developed a M&E Framework to complement the MNRE's Strategic Plan while appropriately staffed to carry out its mandate; | Copy of Inception Report on the M&E Framework issued by the Ministry of Natural Resources and the Environment | completed |
| Copy of ToRs for Technical Officers: Climate Change, Monitoring and Evaluation and Legal Advisor approved by Ministry of Natural Resources and Environment | completed |
|  |  | 9 (b) Has strengthened the Land Use Planning and Coordination to ensure effective planning, management and monitoring of natural resources; and | Copy of drafted Geographic Information System (GIS) Policy, issued by Ministry of Natural Resources and the Environment to improve coordination among the Natural Resources agencies | completed |
| Copy of the ToR for the Geospatial Information Management Unit (GIMU) Manager approved by Ministry of Natural Resources and the Environment | completed |
|  |  | (c) Has strengthened the Land Reclamation Committee through institutional and procedural mechanism. | Copy of ToR for Land Reclamation Coordinator that will integrate the Land Reclamation Committee | completed |
| Copy of drafted Action Plan and M&E framework for the Land Reclamation Committee, issued by the Land Reclamation Committee | completed |
|  |  | 10. That MNRE has sufficient capacity to adequately apply environmental regulations, in particular in the mining sector for improved gold recovery and mercury abatement | Copy of the Mercury Distribution Project Document, establishing assessment on the amount of mercury in the country /regions where it has been distributed issued by Guyana Geology and Mines Commission | **Condition complied**  completed |
|  |  |  | Copy of the Ratification document of the Minamata Convention by the Government of Guyana | completed |
|  |  | 13. Completion of an Inception Report of the scoping study on implementation of recommendations to face challenges and opportunities for the implementation of the Extractive Industry Transparency Initiative (EITI) | Copy of ToR for external consultant that will produce the scoping study, approved by the MNRE | **Condition complied**  completed |
| Copy of the contract signed between the external consultant and MNRE for the scoping study | completed |
| Copy of Pre Inception Report issued by the consultant MSI, containing a work plan for the preparation of the scoping study | completed |
|  |  | 14. That new technologies and recognized best practices are adopted to improve the technical and enforcement capacity of the agencies in charge of environmental governance for mining | Copy of contract signed for the National Action Plan for Mercury Abatement, a copy of the Work Plan for the National Action Plan for Mercury Abatement, and copy of the National Action Plan for Biodiversity issued by MNRE | **Condition complied** completed |
| Approval of the Mercury Free Development Fund by means of letter from the MNRE | completed |
| Copy of tendering request and invitation letters to private banks requesting proposals to manage the Mercury Free Development Fund | completed |
|  |  | 11. That the MNRE creates an instrument to harmonize the relations between the ministry and Indigenous groups and agencies | Copy of ToR for Indigenous Relations Specialist that will integrate the MNRE and be in charge of working with indigenous communities and MNRE to harmonize the relations among them | **Condition complied**  completed |
| Copy of report issued by MNRE containing a list of indigenous issues & outcomes by regions | completed |
|  | Adoption of knowledge-based mechanisms to improve environmental management of forest-based sector | 12. That the training programs promoting best practices in the mining sector are identified and delivered, while sustainable forest management practices continue to be implemented within the forestry sector through community training programs. | Copy of drafted Mining School and Training Center curriculum to be approved by the Board of the Mining School | **Condition complied**  completed |
|  | Copy of report issued by the Board of the Mining School on mining school training program and a list of participants | completed |
| Copy of report issued by the GFC on Forestry Training Program and a list of participants. | completed |
|
|  |  | 15. That a National Log Tracking Sytem is implemented. | Minutes of GFC Board meeting approving the Manual for implementation of Log Tracking System | **Condition complied**  completed |
| Copy of Report on the implementation of the National Log Tracking System issued by Guyana Forest Commission. | completed |
| 5. MRVS capable of generating country-wide verified reports on forest cover and deforestation drivers | Tools for Carbon Impact Assessment for main drivers developed, and Forest Cover database prepared | 16. That an integrated access system for planning, mapping, management and monitoring of forest cover data is formalized between all agencies and coordinated by the MNRE. | Link and copy of report detailing that Geonode Server is operational and available online | **Condition complied**  completed |
|
|  |  | 17. That the following report from the MRVS are completed: |  | **Condition complied** |
| (a) Report on Forest Carbon Emissions and Removals following IPCC Guidance. | Hard copy of report on Forest Carbon Emissions and Removals following IPCC Guidance issued by GFC | completed |
| (b) Report on Forest Degradation integrated within MRVS Interim Measures Reporting. | Hard copy of Report issued by GFC on Forest Degradation as integrated within the MRVS Interim Measures Report Year 3 | completed |

# ANNEX IV – Final Evaluation Consultancy TOR

**ENVIRONMENT SECTOR STRENGTHENING – I and-II** **(GY-L1039 and GY-L1043)**

**FINAL EVALUATION CONSULTANCY - TERMS OF REFERENCE**

* + 1. **BACKGROUND**

Guyana took historical initiative when it assigned environmental sustainability a central place in its development program through the 2010 adoption of the Low Carbon Development Strategy (LCDS). Along those lines, this Environmental Capacity Building Program I supports the objective of the GoG to sustain economic growth while creating appropriate conditions to promote new favorable investments in sustainability for its natural resources.

The operation is organized based on 4 components that function in a coordinated and synergistic fashion: (i) macroeconomic stability, (ii) regulatory framework: (iii) institutional strengthening and (iv) monitoring, reporting and verification system. The above are focused on reinforcing institutional capacity to manage natural resources in a way that supports effective LCDS implementation and complies with international standards for ecological sustainability.

* + 1. Consultation Objectives

The objective of this consultation is to carry out a Final Evaluation of the Environmental Capacity Building Program I and II, per the requirements of the Bank.

The following are the general objectives of the consultation:

1. Carry out the Final Evaluation of the Impact of the Environmental Capacity Building Program I and II.

Therefore, the specific objectives of the consultation include the following:

1. Cover the requirements of the model IDB Project Completion Report (PCR)[[35]](#footnote-35), including the joint report on both phases of the PBP, focusing on: (i) Design of the Programmatic Series, (ii) Efficiency and Effectiveness, (iii) Achievements and (iv) Lessons Learned.

The following are the supplemental objectives:

1. Identify the preliminary impacts observed on the reformulation of the productive model in Guyana, with an emphasis on the mining and forestry sectors.
2. Estimate observed effects on the sustainability of forest resources.
3. Evaluate the degree of success enjoyed by the REDD+ mechanism that can be reproduced in other sites and/or with other beneficiaries.

While the core idea is the review of the selected indicators, this should be supplemented by an analysis of information from secondary sources for the purposes of a constructive discussion in terms of causality relationships for the observable behavior of relevant variables related to the economy and the sectors of interest (mining and forestry).

* + 1. **METHODOLOGICAL ASPECTS**

The carry out the Final Evaluation, the consultant should take the following methodological aspects into consideration:

1. List the objectives of the Program, as well as the objectives it aimed to address, in accordance with the guidelines for its creation.
2. Identify the principal findings resulting from the implementation of this Program. To that end, the following is a guide with the questions to be answered (the consultant should not only address these issues if, in his/her judgement, there are other relevant items):
3. Was the LCDS updated after 2013? If yes, identify the changes made and establish if they follow the prior conceptual lines used as a reference for the PBP. Should there be changes, explain how they affected or could affect the impacts of the PBP.
4. Has the community consultation process been effective in terms of generating changes in terms of strategy orientation or instrumentation processes? How were the opinions and requests of the groups consulted addressed? What evidence is there of this process?
5. Do the Amerindian Organizations feel like their opinions have been heard and that they have had a recognized role in the design and implementation of the LCDS?
6. What is the opinion of the personnel in charge of the MNRE with regard to MNRE strengthening? Were the activities to coordinate the forestry sectors carried out as efficiently as possible?
7. Have the GFC, GGMC and EPA institutions adopted clear and formal guidelines with regard to environmental management for the mining and forestry sectors that clearly focus on the objectives of reducing deforestation and degradation?
8. Were the GFC, GGMC and EPA institutions capable of controlling compliance with the new regulatory frameworks put in place? What were the greatest obstacles for this process? What were the most outstanding progresses?
9. Is the MRVS being used by the other GoG agencies as a tool to evaluate changes in forest coverage and to set sector strategies?
10. Has the government of Norway approved the transfer of resources in accordance with the conditions established in the MoU? Did they receive the expected sums or a lesser amount? What were the factors influencing the level of disbursements that were effectively completed?

1. Verify the progress of the Impact and Results Indicators. This includes all the impact and results indicators in the Results Matrix that were used when this intervention was approved. For each, the following will be completed:

* A detailed description.
* An explicit reference to the source or means of verification used.

**II. ACTIVITIES**

1. In direct coordination with sector specialists, review the documentation for the execution of the two operations of the program. In particular, assess the scope and impact achieved according to the targets and indicators in the Policy Matrix and the Results Matrix.
2. In direct coordination with sector specialists, meet with major stakeholders (IDB, GOG and NGOs) to obtain lessons learned (successes and shortcomings) from the design and execution of PBP.
3. Review documentation of the implementing agencies and other stakeholders to complete the required information for the preparation of PCR.

**III. EXPECTED OUTPUTS**

* + - 1. Draft Final Evaluation Report, including all areas specified in the format (text and graphics), with special emphasis on the project results and lessons learned from PBL-1 and 2. This will be reviewed and commented by the GOG and the Bank team.
      2. Final Evaluation Report, addressing previous comments.

IV. CHARACTERISTICS OF THE CONSULTANCY

1. Consultancy type: Individual.
2. Duration: from the signing of the contract for a period of 30 non-consecutive days.
3. Place of work: Place of residence (23 days) and Guyana (7 days).
4. Qualifications: The consultant must have an advanced degree in Economics, Public Policy or a related field and at least 8 years of experience working in the preparation and monitoring of projects in the public sector. Fluency in English required.
5. Payment: the consultant will be paid in the following manner: (i) A first payment of 20% of the contract amount 15 days after signing it; (ii) A second payment 40% upon delivery and acceptance by the Bank of the Draft Evaluation Report; (iii) A third payment 40% upon delivery and acceptance by the Bank of the Final Evaluation Report.
6. Budget: the total cost of the consultancy should not exceed US $ 25,000, including all travel and other expenses incurred by the consultant.

**V. SCHEDULE**

The consultant will be responsible for delivering the following products within the time framework described below.

1. Draft of Final Evaluation Report detailed in 3.a approved by the Team Leader by 60 after signature of Contract.
2. Final Evaluation report detailed in 3.b approved by the Team Leader by 90 days after signature of Contract.

**VI. SUPERVISION**

The consultancy will be coordinated by Helena Landazuri de Piaggesi, (INE/RND), Team Leader of the operation.

# ANNEX V – Impact Evaluation Consultancy TOR

**ENVIRONMENT SECTOR STRENGTHENING – I and-II (GY-L1039 and GY-L1043)**

**Consulting**  **to create the impact assessment**

1. Background

Guyana took historical initiative when it assigned environmental sustainability a central place in its development program through the 2010 adoption of the Low Carbon Development Strategy (LCDS). Along those lines, the Environmental Capacity Building Program I supports the objective of the GoG to sustain economic growth while creating appropriate conditions to promote new favorable investments in sustainability for its natural resources.

The operation is organized based on 4 components that function in a coordinated and synergistic fashion: (i) macroeconomic stability, (ii) regulatory framework: (iii) institutional strengthening and (iv) monitoring, reporting and verification system. The above are focused on reinforcing institutional capacity to manage natural resources in a way that supports effective LCDS implementation and complies with international standards for ecological sustainability.

1. Objectives of the consultation

The objective of this consultation is to carry out an Impact Evaluation for the Environmental Capacity Building Program I and II, per the requirements of the Bank.

The following are the general objectives of the consultation:

1. Carry out the Program Impact Evaluation following the established methodology. To this end, a decision was made to apply the reflexive study mechanism (Reflexive Evaluation), which consists of a comparison of the indicators established in the baseline with those arising ex post, without specifically allocating responsibility for the results found.

The specific objectives of the consultation include the following aspects to measure its effectiveness:

1. Identify the impacts and results on the reformulation of the productive model in Guyana, with an emphasis on the mining and forestry sectors.
2. Evaluate impacts on forest resource sustainability.
3. Evaluate the degree of success enjoyed by the REDD+ mechanism that can be reproduced in other sites and/or with other beneficiaries.

While the core idea is the review of the selected indicators, this should be supplemented by an analysis of information from secondary sources for the purposes of a constructive discussion in terms of causality relationships for the observable behavior of relevant variables related to the economy and the sectors of interest (mining and forestry).

1. Methodological Aspects

The carry out the impact evaluation, the consultant should take the following methodological aspects into consideration:

1. List the objectives set out by the Program, as well as the questions that need to be answered through the Impact Evaluation, in accordance with the guidelines for its Formulation.

The following is a guide with the questions to be answered (the consultant should not only address these issues if, in his/her judgement, there are other relevant items):

1. Was the LCDS updated after 2013? If yes, identify the changes made and establish if they follow the prior conceptual lines used as a reference for the PBP. Should there be changes, explain how they affected or could affect the impacts of the PBP.
2. Has the community consultation process been effective in terms of generating changes in terms of strategy orientation or instrumentation processes? How were the opinions and requests of the groups consulted addressed? What evidence is there of this process?
3. Do the Amerindian Organizations feel like their opinions have been heard and that they have had a recognized role in the design and implementation of the LCDS?
4. What is the opinion of the personnel in charge of the MNRE with regard to MNRE strengthening? . Were the activities to coordinate the forestry sectors carried out as efficiently as possible?
5. Have the GFC, GGMC and EPA institutions adopted clear and formal guidelines with regard to environmental management for the mining and forestry sectors that clearly focus on the objectives of reducing deforestation and degradation?
6. Were the GFC, GGMC and EPA institutions capable of controlling compliance with the new regulatory frameworks put in place? What were the greatest obstacles for this process? What were the most outstanding progresses?
7. Is the MRVS being used by the other GoG agencies as a tool to evaluate changes in forest coverage and to set sector strategies?
8. Has the government of Norway approved the transfer of resources in accordance with the conditions established in the MoU? Did they receive the expected sums or a lesser amount? What were the factors influencing the level of disbursements that were effectively completed?

1. Verify the progress of the Impact and Results Indicators. This includes all the impact and results indicators in the Results Matrix that were used when this intervention was approved. For each, the following will be completed:

* A detailed description.
* A reference to the source of the information or means of verification.

1. Submit detailed information on the indicators from the Matrix of Results found in the Annex, describing them at: (a) the start date of the Program or the date set as the baseline, (b) the date set as the close out for the purposes of this Impact Evaluation, (c) the intermediate dates that were established based on the measurement frequency assigned to each indicator.
2. Present an analytical study of the impacts observed, explaining the reasons for the completion level given for each of the indicators. This study will focus on the mining and forestry sectors, given the objectives of the intervention.
3. Activities

In order to complete this objective, the Consultant will carry out the following activities, among others:

* Review existing documentation on the history of IDB interventions in Guyana and the Country Strategy objectives.
* Review pertinent documentation on the creation of the Program, especially those related to the Impact Evaluation, Monitoring and Follow-up Plan and Ex Ante Economic Evaluation.
* Apply the Bank's Methodological Guide for carrying out Impact Evaluations.

1. Implementation Date.

In order to obtain an appropriate perception of impacts, the Impact Evaluation should be carried out at least two years after close out of the Program. Therefore, it is estimated that the same should be carried out during the first quarter of 2017.

1. Reports and Products

As a result of his/her activities, the consultant should prepare and present, to the satisfaction of the Bank, the following reports:

* A Draft of the Final Report containing the Impact Evaluation, to be presented within 60 days of hiring.
* A Final Report containing the Impact Evaluation, to be presented within 90 days of hiring.

1. Compensation and Method of Payment

The total cost of the consultation will be 30 days of fees.

Payment: the consultant will be paid in the following manner:

1. A first payment of 20% of the contract amount 15 days after signing it;
2. A second payment 40% upon delivery and acceptance by the Bank of the Draft Impact Evaluation Report;
3. A third payment 40% upon delivery and acceptance by the Bank of the Final Impact Evaluation Report.
4. Characteristics of the Consultation

* Category: International Consulting
* Duration: The consultation will last 30 non-consecutive business days.
* Place of work: Georgetown, Guyana (5 days) and the consultant's office (25 days).
* Consultant Qualifications: The consultant should be an Economist, preferably with Master's level specialization studies and more than five years' experience in carrying out similar studies in the area of agricultural management and rural development, with proven international experience in similar programs.
* Languages: The consultant should be able to speak and write English fluidly.
* Budget: the total cost of the consultancy should not exceed US $ 25.000, including all travel and other expenses incurred by the consultant.

1. This is a critical segment with regard to the provision of funds to the country, fiscal revenues and weight in terms of employment. [↑](#footnote-ref-1)
2. Guyana REDD+ Monitoring Reporting & Verification System (MRVS). GFC. Year 4 Interim Measures Report. Press Release. October 2014. The Final report is currently being finalized and the expected public release date is mid Dec 2014. A second assessment will take the form of independent third party verification, conducted by a company contracted by the Government of Norway. The Final report of the MRVS 2013 results along with the verification report will be both made public in 2015. [↑](#footnote-ref-2)
3. The initial situation in the environmental area showed deficits in the regulatory framework, little capacity of national agencies to control and enforce compliance with current regulations (enforcement) and inadequate extractive practices that affect resources, especially in the mining sector. [↑](#footnote-ref-3)
4. This was signed on December 13, 2013 by the GoG and IDB. [↑](#footnote-ref-4)
5. In order to meet the analysis requirements of the IDB criteria, the document should follow the guidelines provided by the IDB, using the required forms to include the information and content required by the same. [↑](#footnote-ref-5)
6. Even though the literature recommends the construction of a counterfactual to conduct impact assessments, this is not possible in the specific Project given the national level of the intervention and its extremely unique characteristics worldwide. [↑](#footnote-ref-6)
7. Toolkit for the Application of the DEM Sovereign Operations. SPD. January 2013. [↑](#footnote-ref-7)
8. No. 121 out of 187 countries, according to the Human Development Index, United Nations. 2013 (occupied the same position in 2012). http://hdr.undp.org/es/content/table-1-human-development-index-and-its-components [↑](#footnote-ref-8)
9. No. 102 out of 148 countries, according to The Global Competitiveness Report 2013-2014. WEF (occupied position 109 in the 2012-2013 ranking). [↑](#footnote-ref-9)
10. The LCDS was initially formulated in 2009 and revised in 2013. [↑](#footnote-ref-10)
11. Norway has contributed US$ 70 million to the fund since December of 2013 and an additional US$ 20 million will be disbursed this year based on the verification conducted in the 2012 reports. The revision and validation of 2013 forestation levels (estimated for the first half of 2014) will allow access to an additional disbursement similar to the one mentioned previously. The total amount of the agreement is US$ 250 million until 2015, with current planning for it to be extended to 2018. [↑](#footnote-ref-11)
12. The institutional support through REDD+, which organizes the funds received per the scheme that was agreed upon, and also allows for additional sources of funding to be allocated (IDB, World Bank, UNDP, etc.). [↑](#footnote-ref-12)
13. Joint Concept Note. Section 3.1.3 Calculating Payment. “Economic activities will be permitted within the forest, within a ceiling on deforestation of 0.056 per annum, without any financial penalty apart from the reduction in compensation caused by a smaller margin between the reference level and the verified deforestation level. For any deforestation rate up to this level, Guyana will be eligible for payments equaling the full margin between the reference level and the verified deforestation level. For deforestation rates between 0,056 per cent and 0,1 per cent, eligibility for payments would be calculated as a gradually decreasing percentage of the payments that would be due if only the margin between the reference level and the verified deforestation level were taken into account, as set out below. At deforestation rates at or above 0,1 %, no payments would be due to Guyana for that given year.” [↑](#footnote-ref-13)
14. For the past 23 year the rate has been between 0.02% and 0.08% clearly below the international rate of deforestation for tropical countries. FAO reported 0.52% in 2009 and 0.44% in 2012. [↑](#footnote-ref-14)
15. Joint Concept Note. Section 3.1.3 Calculating Payment. “Economic activities will be permitted within the forest, within a ceiling on deforestation of 0.056 per annum, without any financial penalty apart from the reduction in compensation caused by a smaller margin between the reference level and the verified deforestation level. For any deforestation rate up to this level, Guyana will be eligible for payments equaling the full margin between the reference level and the verified deforestation level. For deforestation rates between 0,056 per cent and 0,1 per cent, eligibility for payments would be calculated as a gradually decreasing percentage of the payments that would be due if only the margin between the reference level and the verified deforestation level were taken into account, as set out below. At deforestation rates at or above 0,1 %, no payments would be due to Guyana for that given year.” [↑](#footnote-ref-15)
16. Guyana REDD+ Monitoring Reporting & Verification System (MRVS). GFC. Year 4 Interim Measures Report. Press Release. October 2014. The Final report is currently being finalized and the expected public release date is mid Dec 2014. A second assessment will take the form of an independent third party verification, conducted by a company contracted by the Government of Norway. The Final report of the MRVS 2013 results along with the verification report will be both made public in 2015. [↑](#footnote-ref-16)
17. This is due to its level of generation of currency, fiscal revenue and employment for the economy of Guyana. Also, the internal price of gold is an external incentive that puts pressure on the activity. [↑](#footnote-ref-17)
18. Regarding public participation, although there is progress on its formal consideration and practice, there is a necessity of emphasizing it on the ground regarding different stakeholders and specifically with the Amerindian Communities. [↑](#footnote-ref-18)
19. World Economic Outlook. April 2014. [↑](#footnote-ref-19)
20. Growth was stimulated by the solid performance of the rice and gold sectors, as well as good results from the construction sector oriented towards large infrastructure projects. Rice production increased markedly (26.9%) supported by the PETROCARIBE agreement using rice exports to balance the debt arising from fuel imports from Venezuela. ECLAC. Guyana economic study. 2014. [↑](#footnote-ref-20)
21. In the first half of 2014, the provisional figures indicate a 0.4% reduction in prices. Mid Year Report. MEF. GOG. 2014. [↑](#footnote-ref-21)
22. Foreign direct investment continues to be strong in the mining and telecommunications sectors. ECLAC. Guyana economic study. 2014. [↑](#footnote-ref-22)
23. The GoG has been under pressure in this regard since it lost its majority in Parliament in 2011. In 2013, the opposition was able to cut the budget presented by the executive before it was approved by Parliament. Some governmental policies have been affected by this situation, including the LCDS, as well as various investment projects. ECLAC. LAC Economic Survey. 2014. [↑](#footnote-ref-23)
24. GPL Guyana Power and Light. [↑](#footnote-ref-24)
25. In addition, in July 2014, the GoG received a loan of US$ 11 million from the World Bank to reduce floods in the East Coast of Demerara. More than 300,000 people in the area will benefit from greater control over climate risks. [↑](#footnote-ref-25)
26. the Multi-Stakeholder Steering Committee (MSSC) has operated with the regular participation of Amerindian groups. [↑](#footnote-ref-26)
27. <http://siteresources.worldbank.org/INTEXTINDTRAINI/Resources/Final_Summary_Notes_MC_Meeting_Oslo_19March2014.pdf>). [↑](#footnote-ref-27)
28. Real-Time Evaluation of Norway’s International Climate and Forest Initiative. Norwegian Agency for Development Cooperation. August. 2014 [↑](#footnote-ref-28)
29. One of the projects is related to public awareness and public participation, its aim is implementing the Guyana LCDS Outreach Program, and the second is the second phase of the Amerindian Development Fund, whose goal is strengthening institutional and regulatory capacities from the government, civil society organizations to enable access to sustainable financial and business development for the economic poor, women and indigenous populations. [↑](#footnote-ref-29)
30. The GoG has been under pressure in this regard since it lost its majority in Parliament in 2011. In 2013, the opposition was able to cut the budget presented by the executive before it was approved by Parliament. Some government policies have been affected by the situation, including the LCDS, in light of greater difficulties in financing infrastructure projects. [↑](#footnote-ref-30)
31. Given the need for energy reconversion, defining the benefit of installing a mega-dam or other smaller units, for example, is an important instrumental decision that does not alter the orientation of the policy (improving competitiveness through a change in its energy matrix). [↑](#footnote-ref-31)
32. This is due to its level of generation of currency, fiscal revenue and employment for the economy of Guyana. Also, the internal price of gold is an external incentive that puts pressure on the activity. [↑](#footnote-ref-32)
33. Guyana REDD+ Monitoring Reporting & Verification System (MRVS). GFC. Year 4 Interim Measures Report. Press Release. October 2014. The Final report is currently being finalized and the expected public release date is mid Dec 2014. A second assessment will take the form of an independent third party verification, conducted by a company contracted by the Government of Norway. The Final report of the MRVS 2013 results along with the verification report will be both made public in 2015. [↑](#footnote-ref-33)
34. In this regard, it is suggested that successive formulations evaluate a minimum term of two years between programmatic series, in order to provide more time for institutional change instrumentation processes to mature, as well as to achieve increased understanding among remaining actors (private sector and civil society in general) in order to promote more fluid participation. [↑](#footnote-ref-34)
35. In order to meet the analysis requirements of the IDB criteria, the document should follow the guidelines provided by the IDB, using the required forms to include the information and content required by the same. [↑](#footnote-ref-35)