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GUYANA

SUPPORTING GUYANA'S LOW CARBON DEVELOPMENT STRATEGY

GY-T1068

PLAN OF OPERATIONS

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BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

INFORMATION AVAILABLE IN THE FILES OF INE/RND

Original proposal

Draft Terms of Reference

ABBREVIATIONS

IDB	Inter-American Development Bank
REDD	Reduced Emissions from Deforestation and Degradation
CC	Climate Change
ECC	Energy Efficiency
FCPF	Forest Carbon Partnership Fund
LCDS	Low Carbon Development Strategy
R-PLAN	Readiness Plan
GHG	Green House Gas
GLCFA	Guyana Low Carbon Finance Authority
GOG	The Government of Guyana
OP	Office of the President
OCC	Office of Climate Change
PMO	Project Management Office
UNFCCC	United Nations Framework Convention for Climate Change
TC	Technical Cooperation

**PLAN OF OPERATIONS
GY-T1068
EXECUTIVE SUMMARY**

Beneficiary Country	Cooperative Republic of Guyana		
Team Leader/Members:	Sybille Nuenninghoff (RND/CGY) and Gerard Alleng (INE/ECC), Co-Team Leaders; Ricardo Quiroga (INE/RND); Alfred Grunwaldt (INE/ECC); Eirivelthon Lima (INE/RND); José Manuel Ruiz (CCB/CGY); Juan Carlos Lazo (CCB/CGY); Javier Jimenez Mosquera (LEG/SGO); and Lisa Sofia Restrepo (INE/RND).		
Executing agency:	Office of the President, through the Office of Climate Change		
Beneficiary:	The target beneficiaries are national government agencies such as the Office of Climate Change under the Office of the President, and all stakeholders participation in the consultation process, such as the members of village councils, the forestry and mining business community, private sector organisations, and national and international NGOs.		
Financing:	IDB (FSO net income)	US\$	450,000
	Local Counterpart:	<u>US\$</u>	<u>59,000</u>
	Total:	US\$	509,000
Objectives:	The general objective of this TC is to provide support to the Cooperative Republic of Guyana in the process of establishing its Strategy on Low Carbon Development (LCDS). The specific objectives of the TC are: (i) to strengthen national institutional capacities for effectively dealing with climate change; and (ii) to implement a nation-wide consultation process on the LCDS, targeting stakeholders and economic actors across sector, in particular indigenous and forest communities that depend mainly from the country’s forest and natural resources.		
Execution Timetable:	Execution:	12 months	
	Disbursement	15 months	
Special Contractual Conditions for Execution:	Steering Committee on environment, climate change and disaster risk management calls within 1 month after the eligibility of the operation for first Coordination meeting on climate change topics. (6.5)		
Exceptions to Bank Policies and Procedures:	None		
Environmental and social review:	The Bank’s network on Environment and Social Review (ESR) reviewed the profile on July 28, 2009 and did not request any assessment. The operation was classified as category “C” (7.1)		
Coordination with Other Donors:	Coordination with the on-going and planed initiatives financed by World Bank, Government of Norway, European Union and DFID.		

I. BACKGROUND AND JUSTIFICATION

- 1.1 Located on the north coast of South America, the Republic of Guyana, a country of barely 750,000 people, displays striking contrasts. The majority of its 245,000 square kilometers is mostly sparsely populated, but its narrow coastal strip is home to more than 90% of its population. There are mountains that reach 3,000 meters, while its coast is below sea level; Guyana possesses vast forest, mineral and hydropower resources in its hinterland and fertile soils on its coast. With most of its population living on the low lying coast, the threat of rising sea level presents a formidable challenge. In 2005, intense flooding on the coast resulted in losses equivalent to 60% of GDP that year. The rate of sea level rise in the Caribbean is predicted to be five times greater than the world's average. Guyana is therefore highly vulnerable to the impacts of climate change.
- 1.2 For decades Guyana has battled to reinforce its sea defenses and internal water controls systems. Guyana has also conserved its forests through sustainable forest management practices to such an extent that it now boasts one of the highest forest cover to land mass ratio and one of the lowest deforestation rates in the world. In spite of these actions, Guyana faces catastrophic consequences if climate change is not stabilized at levels that limit global temperature rise to well below 1.5 degrees Celsius. Guyana's 18 million hectares of pristine rainforest has the potential to serve as a mitigation tool in the fight against climate change. Moreover, recent studies commissioned by the Government of Guyana (GOG) suggest that these forests can provide a cost effective carbon abatement solution, with the potential to generate revenue flows from its standing forest far greater than from lumber and other extractive industries.
- 1.3 Within recent years Climate Change (CC) has received priority attention by GOG. In June 2008 Guyana formally entered into partnership with the World Bank's Forest Carbon Partnership Facility (FCPF). In February 2009, Guyana and Norway issued a joint statement on cooperation on climate and forest issues, which commits the two countries to work to ensure the establishment of a REDD mechanism under UNFCCC post-2012 climate change agreement. The Reduced Emissions from Deforestation and Degradation (REDD) Framework and the inclusion of high forest cover with low deforestation (HFLD) countries, like Guyana, is subject of intense negotiations under the UN Framework Convention on Climate Change (UNFCCC). These negotiations have been ongoing for several years, with a number of issues expected to be discussed at the Copenhagen round in December 2009.
- 1.4 It is also acknowledged that in aiming towards permanent emission reduction, adequate involvement of all those affected by the national REDD strategy, especially the people living in and from the forests, is crucial to the effectiveness of a REDD regime. The long term success of Guyana's recently initiative to

prepare a Low Carbon Development Strategy (LCDS)¹ is ultimately depend not only on an international partnership, but also on the broad-based, inclusive domestic support within Guyana on the current LCDS draft document. Implementing the LCDS will represent a transformation of Guyana's economy. The Strategy will provide the broad framework of Guyana's response to climate change and will hinge, in particular on Guyana deploying its forests to mitigate global climate change. It builds on work done in the last year which culminated in the launch in December 2008 of Guyana's position on Avoided Deforestation which essentially serves as the model for the Strategy's development.

- 1.5 The key focus areas of the strategy will be on investments in low carbon economic infrastructure, high-potential low-carbon sectors and climate change adaptation. In particular, the LCDS seeks to expand access to services and new economic opportunities for indigenous and forest communities, to transform the village economy and to improve social services and create economic opportunities for the wider Guyanese population. To effect such a significant change will necessarily demand support from the Guyanese people as a whole and their representatives. The consultations process required to engender this change nationally and to engage international partners to funding these REDD mechanisms has to be undertaken therefore in a manner that is mutually transparent and which demonstrates the collective agreement of the Guyanese community on the principle to this development strategy.
- 1.6 In addition, the GOG has jurisdiction over state forests and other state lands and can therefore only commit such forests and lands to the LCDS of its own accord. Guyana's Indigenous Peoples have jurisdiction over the forests in all their own titled lands which are legally held by them under the Amerindian Act. Provision is made in the LCDS for Amerindians to opt in to the LCDS. Therefore inclusion of lands under Amerindian jurisdiction in the LCDS will be determined by the Indigenous communities themselves only after they have been engaged in appropriate consultation to decide whether they wish lands to be included and on what terms.
- 1.7 Guyana's Amerindian population comprises approximately 9% of total population, and occupies approximately 14% of the land area. There are nine Amerindian groups, Caribs, Arawaks, Arecunas, Akawaios, Warraus, Wai Wais, Patamonas, Makushis and Wapishanas. There are approximately 150 Amerindian villages and satellite communities across Guyana with over 130 elected Toshuas (captains). There exist four Amerindian NGOs (i) the Amerindian Action Movement of Guyana (TAAMOG); (ii) the Guyana Organisation of Indigenous Peoples (GOIP); (iii) the Amerindian Peoples Association (APA); and (iv) the National Amerindian Development Foundation (NADF). All four organizations are invited by President Bharrat Jagdeo to be part of the consultation process and

¹ A Low-Carbon Development Strategy, Transforming Guyana's Economy while Combating Climate Change, Office of the President, June 2009.

of the Multi-Stakeholder Steering Committee on the Low Carbon Development Strategy (LCDS).

- 1.8 To address these needs, GOG has requested assistance from the Bank for building national capabilities to help address the issue of the impacts of climate change as well as support for the national consultations in order to finalize and to implement its proposed Low Carbon Development Strategy.
- 1.9 The proposed technical cooperation (TC) is consistent with the objectives of the Climate Change Adaptation Pillars under ECC². In addition the Bank's Strategy for Climate Change³ recognizes that its member countries in the LAC Region offer significant opportunities for avoided and reduced GHG emissions and therefore can contribute significantly in the world's effort against global climate change. Based on this, the Bank seeks to assist LAC countries in moving towards low carbon growth paths, supporting policy innovations towards climate change and sustainable energy institutional frameworks as well as policy reforms in strategic sectors through key instruments such as Technical Cooperation.
- 1.10 The Bank already supports Guyana's Climate Change policy. The technical cooperation "Climate Change and Biodiversity Mainstreaming through Avoided Deforestation" (GY-T1058) focuses on a conceptual and analytical framework for assessing Guyana's needs, challenges and opportunities in the context of REDD and its impacts on national development and biodiversity conservation. The case study on the Georgetown-Lethem Transport Corridor (GLTC) includes: (i) site description and analysis of biodiversity, socio-economic factors, and carbon stocks; (ii) modeling reference scenarios of future emissions; methodology development recommendations; (iii) analyses of the institutional and policy framework; and analysis of financial flows. In addition, the Bank is financing "Measurement of Climate Change Impacts and Eco-Systems Services in Iwokrama" (GY-T1069), "Sustainable Forestry in Protected Areas" (GY-M1007) and Design and Implementation of an Integrated Disaster Risk Management Plan (GY-T1050).

II. PROGRAM DESCRIPTION

A. Program Objective

- 2.1 The general objective of this TC is to provide support to the Cooperative Republic of Guyana in the process of establishing its Strategy on Low Carbon Development (LCDS). The specific objectives of the TC are: (i) to strengthen national institutional capacities for effectively dealing with climate change; and (ii) to implement a nation-wide consultation process on the LCDS, targeting

² The four pillars of SECCI were designed as: (i) Renewable Energy (RE) and Energy Efficiency (EE); Bioenergy (Bio-E) Development; (iii) Increasing access to Carbon Finance; and (iv) Climate Change Adaption (CCA).

³ Under preparation

stakeholders and economic actors across sector, in particular indigenous and forest communities that depend mainly from the country's forest and natural resources. This TC will support for a period of one year technical expertise in charge of implementing and delivering priority activities under the LCDS. These priorities include: (i) the completion of LCDS itself as a validated national strategy; (ii) the successful completion of the consultation process for the LCDS; (iii) the official policy and technical responses to REDD negotiations including REDD/REDD plus negotiations and debates at the international level; (iv) the preparations of selected technical notes; and (v) climate change training activities across sectors.

B. Components

2.2 To fulfil these objectives the TC will have two components:

2.3 **Component 1 - Institutional Strengthening of National Capabilities (US\$165,000):** In order to ensure successful implementation of the LCDS and enhance its capacity on the issue of climate change, GoG has defined the need to establish three entities with the mandate to lead the Country's climate change agenda. This includes the establishment and strengthening of the operational capacities of: (i) an Office of Climate Change (OCC); (ii) a Low Carbon Strategy Project Management Office (PMO); and (iii) a Guyana Low-Carbon Finance Authority. Based on the proposed draft of the Low Carbon Strategy document, the PMO will seek to drive the most critical elements of the LCDS, focused on executing a limited number of critical projects and to attract sector-leading investments in low-carbon economic sectors. The GLCFA will serve to collect, manage and monitor forest payments.

2.4 The OCC will work across Government to support work on climate adaptation, mitigation and forest conservation. This entity will also have the overall coordinating responsibility for the national consultation on the LCDS, developing policies, programs and plans in relation to climate change response, coordinate and monitor implementation and provide support to negotiations at appropriate global and regional forums.

2.5 Nevertheless, at this moment, the OCC operates under a minimal level of technical capacities and cannot meet the growing demands and high targets that Guyana has set itself on issues of climate change. Therefore it is proposed that under this component the Bank will finance individual consultants specialized in Climate Change topics, Forestry and Land Use and public Education and Communication in order to prepare priority studies and undertake capacity building activities, according to agreed terms of reference between GOG and the Bank.

2.6 **Component 2 – Development and Implementation of the Low Carbon Development Strategy (LCDS) (US\$312,000):** An important objective for the Government is to ensure that the LCDS is validated nationwide and that all of the

stakeholders, public and private, have participated in the formulation of the LCDS. This will give Guyana's climate change strategy credibility at the national and international level.

- 2.7 The Ministry of Amerindian Affairs is directly involved in facilitating and being a part of sub-national consultations and awareness sessions, fostering open discussions on the LCDS and how it relates to Amerindian traditional activities, possible risks, benefit sharing mechanisms, including queries on mining, agriculture and forestry and eco-tourism sectors, large scale agriculture investments, and the issue of demarcation of the titled lands and the titling of remaining untitled Amerindian communities and other hinterland communities, represented through Toshaos, village councilors and other delegates.
- 2.8 This component will support the following activities: (i) a broad-based national consultation to be held in the capital Georgetown; and (ii) 14 sub-national/regional consultations across the country⁴. The purpose of these consultations is to present the draft of the Low Carbon Development Strategy and seek inputs from a wide range of national stakeholders, including members of the National Assembly, forestry and mining business community, private sector, organized labor, NGOs, and in particular indigenous and forest communities and their elected representatives. The TC will finance all supporting materials, the facilitators, logistical arrangements (transportation for participants; meals, accommodations, venue), and follow up activities to respond to consultation comments, producing the final version of the LCDS and final dissemination and publication.

III. COST AND FINANCING

A. Summary Cost Table

Table 1: Summary cost table (US\$)			
Component	IDB (FSO)	Local	TOTAL
Component 1: Institutional Strengthening of Climate Change Management	150,000	15,000	165,000
Component 2: Development and Implementation of the Low Carbon Development Strategy	292,000	20,000	312,000
Project Coordination		24,000	24,000
Auditing and evaluation	8,000		8,000
TOTAL	450,000	59,000	509,000

⁴ At the sub-national level consultations will be held in the Regions 1,7,8 and 9 and in coastal communities in Berbice and communities in Essequibo.

B. Description, Composition and Sources of Funding

- 3.1 The estimated total cost of the TC is US\$509,000, with US\$450,000 to be drawn from the non-reimbursable resources from the net income of the Fund of Special Operations (FSO) and local counterpart contribution of US\$59,000, in kind. The table in annex I details the cost.
- 3.2 IDB resources will finance: (a) consultancy services; (b) the cost of workshops and meetings as described in component 2. Local counterpart resources will be provided in-kind by the executing agency, including (a) project coordination (b) office space for consultants; and (c) office support for coordination meetings.
- 3.3 It is expected that GOG will incur in project related expenses prior to the approval date of this operation. In this regard, and as per OP-504, the Bank can finance retroactively expenses done by the borrower for up to 18 months prior to the date of approval of the operation. This will apply only to expenses that could be recognized according to the mentioned policy. The expenses to be recognized retroactively are estimated up to an amount of US\$ 200,000 and will include costs for workshops and meetings, as well as related translation and production costs for support material (hand-outs) for consultation sessions with Amerindian communities.

C. Sustainability

- 3.4 This TC will provide support to the Cooperative Republic of Guyana for building national capabilities to help address the issue of the impacts of climate change as well as support for the national consultations in order to finalize and to implement its proposed Low Carbon Development Strategy (LCDS). Although this Bank support will be limited up to 12 months, GOG already reached agreements with other donors. Therefore, after this initial year the World Bank's support will built on the Bank's strengthening efforts to the OCC and DFID agreed on strengthening support to the PMO. In addition, the Government of Norway engaged the International Institute for Environment and Development (IIED) to provide independent advice to assist the consultation process and to carry out the consultations with forest based indigenous communities in particular in a culturally appropriate manner and in settings that allows the indigenous population to promote their interests and voice their concerns in their own terms, and based on the principles of free, prior and informed consent.

IV. EXECUTING AGENCY AND MECHANISM

A. Executing Agency

- 4.1 It is proposed that the executing agency of this TC cooperation is the Office of the President. The technical responsibility and supervision of the TC will be assumed by the Office of Climate Change (OCC), placed under the Office of the

President. The Head of the OCC will assume coordination and management of this operation.

- 4.2 The OCC will work across Government to support work on climate adaptation, mitigation and forest conservation. It will serve to bring together and align efforts that are already underway and to co-ordinate efforts by multilateral and non-governmental organizations assisting Guyana's climate change agenda.

B. Executing Mechanism

- 4.3 The OCC will be the entity with overall coordinating responsibility for ongoing national consultations on Guyana's Low-Carbon Development Strategy and related stakeholder engagement processes. The OCC, currently located within the Office of the President reports directly to the President. At present the OCC is currently staffed by two Natural Resources Management Specialists and three Technical Specialists. The OCC will also support Guyana's National Climate Committee and sector Agencies, as the Guyana Forestry Commission, leading agency for the Readiness Planning process, and will ensure coordination of Government engagements with international donors, organizations and initiatives such as the World Bank's Forest Carbon Partnership Fund (FCPF) and the Forestry Investment Program (FIP), Government of Norway (Norway's International Climate and Forest Initiative, European Union (Global Climate Change Alliance) and DFID.

C. Execution Period and Disbursement Schedule

- 4.5 The estimated execution period of the operation is 12 months. The disbursement period is 15 months. Disbursements will be based on the achievement of specific milestones as presented in the milestone schedule in Annex II, in addition to the presentation of documentation of eligible expenditures, in accordance with the Bank's disbursement procedures. The disbursement of the contribution is subject to submission, to the satisfaction of the Bank, of evidence of (i) compliance with the milestones agreed upon with the Bank, and (ii) the necessary amount required to accomplish the next target, considering the Project's expenses and the estimated costs for the next tranche. The documentation supporting disbursements will be subject to an ex post review by the Bank.

D. Procurement

- 4.6 Procurement will be carried out by the executing agency, in accordance with the Policies for the Procurement of Works and Goods financed by the IDB (GN-2349-7) and the Policies for the Selection and Contracting of Consultants financed by the IDB (GN-2350-7). The executing agency will undergo training in procurement after which the Bank will review procurement decisions ex post.

V. MONITORING AND EVALUATION

A. Monitoring, technical and basic responsibility

- 5.1 The monitoring and supervision of this technical cooperation will be carried out by the Bank's country office in Guyana (CCB/CGY), under the overall guidance of the team leaders and with the technical support of the Environment, Rural Development and Disaster Risk Management Division (INE/RND), the Environment and Safeguards Unit and the sustainable energy and climate change unit (INE/ECC).

B. Progress and Final Reports

- 5.2 The OCC will prepare one (i) semester progress report and (ii) final report, detailing the activities and products completed challenges and how these were dealt with. The report will include specific information on the process and result of consultations with key groups of stakeholders, including Amerindian groups. The reports should also include financial information, with an overview of expenditures and commitments to date and projections for the remaining execution period.

C. Final Evaluation and Financial Audit

- 5.3 A final external evaluation, prior to the completion of the program's execution (at least 90% disbursed), and a final financial statement of the project will be undertaken.

VI. PROGRAM BENEFITS AND RISKS

A. Project Benefits and Development Impact

- 6.1 The project will support the implementation of Guyana's new low carbon development strategy. This development trajectory is expected to bring economic growth, higher employment and revenues, and social benefits to all Guyanese in all regions of Guyana while maintaining standing forests and low carbon emissions.
- 6.2 Within the context of ongoing consultations on the draft LCDS document the Ministry of Amerindian Affairs, executing agency of the titling and demarcation program, will provide additional information and clarity to the Amerindian communities on the current status for titling of communities without titles and demarcation of Amerindian lands.
- 6.3 To date an estimated 60 Amerindian village receiving approval for demarcation of boundaries and the grant of title over the period of 15 years records 22 additional Amerindian village received titles, taking the total villages titled to date to 96. As

the cost of demarcation has increased over the years (the current costs are now estimated as high as G\$ 35 million (US\$175,000) for demarcation of a single village), the progress of the demarcation program depends also on the level of financial resources available. It is also proposed to set up an indigenous development fund with forest payments that are for Amerindian lands. The Amerindian Development Fund (similar to the Brazilian Amazon Fund) where indigenous groups could apply for funds for development programs.

B. Target Beneficiaries

- 6.4 The target beneficiaries are national government agencies such as the Office of Climate Change under the Office of the President, and all stakeholders participation in the consultation process, such as the members of village councils, the forestry and mining business community, private sector organisations, and national and international NGOs.

C. Risks

- 6.5 The limited institutional capacity for climate change activities may present a risk to successful execution of the project. This risk will be mitigated through the strengthening of the Office of Climate Change, during project execution, including through the provision of the services of key staff for the project's execution period.
- 6.6 Several donor organizations are providing support to Government on the climate change, avoided deforestation and REDD topics. Therefore, duplication of efforts could pose a risk to effective implementation. In order to mitigate this risk the Bank will promote the efficient use of the Steering Committee on environment, climate change and disaster risk management, already proposed under the Integrated Disaster Risk Management Operation (GY-T1050).
- 6.7 An additional risk could be a resistance or rejection of the LCDS by the population. In order to mitigate this risk it is proposed that during preparation of the Readiness Plan (R-Plan) under FCPF, consultations and participation of stakeholders will continue based on environmental and social management frameworks consistent with safeguard standards.

VII. ENVIRONMENTAL AND SOCIAL REVIEW

A. Date of ESR Review

- 7.1 The Bank's network on Environment and Social Review (ESR) reviewed the profile on July 28, 2009. In accordance with the Implementing Guidelines for the Environment and Safeguard Policy (GN-2208-25), this operation is classified as category "C" and no environmental assessment process beyond this categorization is required.

- 7.2 However, given the relevance of the activities to environmental and social safeguard issues, the reporting and monitoring activities will include criteria and expertise to assure adequate follow-up.

VIII. RECOMMENDATION

- 8.1 Gerard Alleng (INE/ECC) and Sybille Nuenninghoff (RND/CGY), designated co-Team Leaders for the project of the reference, recommend the approval of this operation and the use of resources from the Fund of Special Operations (FSO) totaling up to US\$450,000, in order to finance the corresponding project.