

GUYANA
Project Profile (PP)

I. BASIC DATA

Project name: Institutional Strengthening in support of Guyana's Low Carbon Development Strategy (LCDS)

Project number: GY-G1002

Project team: Co-Team Leaders: Axelle Boulay (INE/RND); Sybille Nuenninghoff (RND/CGY); Members: Eirivelthon S. Lima (INE/RND), Helena de L. Piaggese (INE/RND), Graham G. Watkins (VPS/ESG), Janelle Leitch (CCB/CGY), Marco Nicola (CCB/CGY), Rosina De Souza (LEG/OPR), Roy Parahoo (PDP/CSU), David A. Ochoa (PDP/CGY) and Lisa Sofia Restrepo (INE/RND).

Beneficiary: Republic of Guyana

Executing agency: Office of the President / Guyana Forestry Commission.

**Financing plan
(2011-2012)**

Program:

GRIF: US\$7 million

Total: US\$7 million

**Exceptions to Bank
policies and
procedures:**

None

Policies triggered: OP-504

Safeguards:

Classification:

II. GENERAL JUSTIFICATION AND OBJECTIVES

A. Background on the Low Carbon Development Strategy

2.1 Guyana's rainforest covers over 85% of the country - approximately 18 million hectares – and contains over 5GtCO₂ in above ground biomass. Guyana has a relatively low current and historical deforestation rate, estimated at 0.06 per annum in October 2009 to September 2010 as reported in the recent Guyana MRVS Report. With more than 90% of its population and the majority of its infrastructure and industry located along the low-lying coastal strip, Guyana is particularly vulnerable to the impacts of sea level rise due to climate change.

2.2 Guyana's 18 million hectares of rainforest have 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.

- 2.3 Within recent years climate change has received priority attention by GOG. In June 2008 Guyana formally entered into partnership with the World Bank's Forest Carbon Partnership Facility (FCPF), and initiated activities in readiness preparation for entering into a carbon financing mechanism under REDD+ (reducing emissions from deforestation and forest degradation, and conservation of standing forests).¹
- 2.4 In June 2009 the GOG launched its Low Carbon Development Strategy (LCDS)² which aims to transform Guyana's economy on to a low carbon, sustainable development trajectory, while simultaneously combating climate change. The LCDS aims to protect and maintain the forests in an effort to reduce global carbon emissions and at the same time attract payments from developed countries for the climate services that the forests provide to the world, which will be invested to foster growth and development along a low carbon emissions path.
- 2.5 The key focus areas of the LCDS are in investments in low carbon economic infrastructure, high potential low carbon sectors, climate change adaptation, and creating economic opportunities for Guyanese. In particular, the LCDS seeks to expand access to services and new economic opportunities for indigenous and forest communities and vulnerable groups, to transform the village economy and to improve social services and create economic opportunities for the wider Guyanese population.
- 2.6 In November 2009, Guyana and Norway signed a Memorandum of Understanding (MOU) and a Joint Concept Note in which Norway committed to providing financial support of up to US\$250 million by 2015 for results achieved by Guyana in limiting emissions from deforestation and forest degradation, which will support the implementation of Guyana's LCDS. Under the MOU, contributions from Norway are channeled through the multi-contributor Guyana REDD+ Investment Fund (GRIF), established in October 2010, for which the World Bank is Trustee, towards priority projects identified in the LCDS.
- 2.7 In order to implement the ambitious and progressive LCDS, strong and effective institutions are needed at the national level to coordinate and execute key components of the LCDS. The GOG has identified the need to strengthen the capacity of three key institutions involved in the implementation of the LCDS: the Office of Climate Change (OCC), which was established, within the Office of the President (OP) through the LCDS to coordinate all climate change activities and organizations in Guyana; the Project Management Office (PMO), which was established, also within the OP, to coordinate the implementation of projects identified in the LCDS and to attract and drive key low carbon investments; and the Guyana Forestry Commission (GFC), which has the mandate to oversee the national implementation of all REDD+ activities as outlined in the LCDS, including the development and implementation of a national level Monitoring

¹ Readiness Preparation Proposal (R-PP), FCPF, Jan 2011.

² A Low-Carbon Development Strategy, Transforming Guyana's Economy While Combating Climate Change, Office of the President, Republic of Guyana, May 2010.

Reporting & Verification System (MRVS) to measure forest carbon stocks and changes within Guyana's forest.

B. Project Justification

- 2.8 One of the challenging factors to successful development and investment promotion in Guyana is the need to enhance the institutional capacity required to implement transformative change. However, while the country is embarking on a long-term capacity development plan to implement projects required to grow its economy, it also needs to inject experienced managers into positions where they can move assertively to help realize Guyana's potential.
- 2.9 The PMO has been established to play an essential role in addressing two core challenges:
- Investment promotion and facilitation: Guyana aims to increase foreign direct investment in sectors that create new economic opportunities without increasing pressure on the forests. Guyana cannot protect its natural assets from exploitation unless its people have real and tangible prospects in a "low-carbon" economic sector. Building these sectors requires new investment in priority areas, as well as rapid and material improvements in Guyana's investment promotion and facilitation capabilities. These priority areas include infrastructure, ICT, eco-tourism & large-scale agriculture with an environmentally sustainable agriculture concept in non-forested areas.
 - Key enablers for investment and growth: to enable investment and growth to continue over the longer term, Guyana needs to tackle major inhibitors that make it difficult for the country to pursue "low-carbon" investment options. These inhibitors can be tackled through management reform programs and improved inter-government coordination.
- 2.10 In order to promote sustainability and local management capacity the PMO will recruit highly qualified international and local project managers and technical experts and over time will transfer programs and personnel to other government agencies.
- 2.11 REDD+ readiness activities form a part of the implementing of the LCDS. The LCDS requires a performance based mechanism to measure and monitor deforestation and forest degradation, which requires that a Monitoring Reporting & Verification System (MRVS) to be developed and implemented. The MRVS will in essence be the performance measurement system of the LCDS. The MOU between the Government of Guyana and the Kingdom of Norway outlines that activities to be covered in the 2009-2010 period include the establishment of a system for Independent Forest Monitoring (IFM). IFM will allow for a mechanism for assessment of illegality in the forest sector. It will cover all significant drivers of deforestation and forest degradation in Guyana and thus, has direct links to a REDD+ monitoring program.

- 2.12 The REDD Secretariat (RS) has been established as a part of the Guyana Forestry Commission (GFC) to be responsible for the coordination and implementation of all national REDD+ activities, including the development and implementation of a MRVS, under the direction of the GFC. In order to ensure successful development and implementation these activities, technical institutional strengthening of the RS is imperative. Some of these technical areas include forest area change detection, forest carbon measuring and monitoring, establishment of demonstration sites as well as implementing the requirements of IFM.
- 2.13 The approach that has been adopted to ensure institutional strengthening is that of capacity building. In this, the personnel of the RS will receive training as the various aspects of work are being executed. In doing so, this would allow for the personnel to continue these activities as routine. To achieve this, there is need for support, not only in terms of financing and provision of necessary tools (field equipment, software etc) but also the provision of technical experts to train personnel and the recruitment of additional consultants. This project will support such activities.

C. Objective and components

- 2.14 The overall objective of the project is to enhance national institutional capacity in Guyana to address the impacts of climate change, ensure the effective implementation of the LCDS, and meet its commitments under interim REDD+ partnerships. The specific objectives are to strengthen the institutional capacity of (i) the OCC; (ii) the PMO; and (iii) the GFC through supporting the recruitment of specialized personnel with expertise in strategic fields, training and capacity building of permanent personnel, and ensuring sufficient equipment and technical resources to ensure smooth running of the project. For each component, the objectives are as follows:
- Component 1: Office of Climate Change: To support climate change mitigation and adaptation activities through the recruitment and training of specialized technical personnel, administrative personnel and the engagement of national stakeholders.
 - Component 2: Project Management Office: To support the recruitment and training of qualified project managers, sector specialists and additional personnel in order to assist Government agencies in accelerating the implementation of investments under the LCDS and other investments in low-carbon economic sectors.
 - Component 3: Guyana Forestry Commission: To strengthen national institutional capacities for implementing REDD+ activities, and in particular for implementing a MRVS, through (i) a comprehensive forest area change assessment, carbon stock measurement capacities, the MRV of a set of REDD demonstration activities, a communication mechanism including workshops, and research; (ii) an Independent Forest Monitoring and (iii) the recruitment of personnel in the RS.

- Component 4: Diagnostic for future Institutional Strengthening: To assess the institutional capacity of other Government agencies like EPA and GEA. This diagnostic will inform the need for a phase 2 of Institutional Strengthening for agencies whose responsibilities are related to the LCDS and REDD+ activities.

2.15 **Consistency with Country Strategy and GCI-9.** The proposed project is fully aligned with the Country Strategy (CS 2008-2012), in which mitigation of the effects of climate change is part of the ongoing efforts in the pillar "enhanced competitiveness" and risk mitigation. Therefore, the expected outputs are part of the Country Program Results Matrix (2011) targets (CPD 2011) in draft. This project will complement Bank's support in strengthening government institutions responsible for forest preservation, protecting biodiversity and climate change adaptation and mitigation.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 The project will build on the Bank's wide experience in institutional strengthening for Forestry and Environmental Management in Chile (2284/OC-CH), in Haiti (2391/GR-HA), in Uruguay (1866/OC-UR) and other countries. With respect to experience in Guyana, the Bank financed:
- the Environmental Management Program in 1996 and 2001 (ATN/SF-5432-GY and ATN/SF-7679-GY)
 - the Institutional support to EPA in 2001 (ATN/SC-7317-GY),
 - Climate Change and Biodiversity Mainstreaming through Avoided Deforestation in 2007 (ATN/SF-10749-GY).
 - Supporting Guyana's LCDS in 2009 (ATN/SF-11788-GY),
 - Developing capacities in Implementing REDD+ in 2010 (ATN/SF-12553-GY). The specific objectives of ATN/SF-12553-GY are: (i) enforce forest-related policies to improve institutional governance in the forest sector; (ii) improve knowledge and understanding of sustainable forest management at community level ; and (iii) to build national capacities in key areas to effectively implement REDD+ preparedness initiatives.
- 3.2 Several technical issues need to be examined in designing an investment response such as: (i) The limited national institutional capacity for climate change activities and REDD+ activities may pose a risk to the timely implementation of this project. This risk will be mitigated through the strengthening of institutional capacity at the OCC, REDD Secretariat and the GFC.
- 3.3 (ii) Limited institutional capacities for project management could also pose a risk to the effective implementation of this project. Projects run the risk of facing delays due to inadequate advance planning, unclear accountability and inconsistent project control. To address these risks, the PMO will be strengthened through recruitment of experienced project managers. The PMO will implement a project management control system that institutionalizes advance planning, clarifies accountability, and creates tight control processes, and ensures that project managers are able to achieve target results on time. Project managers will be required to develop work plans that: i) explicitly identify tasks required for successful delivery; ii) place tasks against a timeline for completion that identifies

milestones and deadlines; iii) assign clear responsibility for each action to a specific manager or other individual; and iv) identify resource requirements in a budget that is aligned with the timeline.

IV. SAFEGUARD AND FIDUCIARY SCREENING

- 4.1. This operation has been categorized as C as it does not have direct environmental and social impacts. However, the operation will facilitate activities which may have environmental and social impacts.
- 4.2. Therefore, IDB Policies, Government of Guyana requirements as described in the LCDS and international best practices on the application of environmental and social safeguards call for an evaluation of the environmental and social risks of activities facilitated by projects under the GRIF.
- 4.3. The due diligence process should include environmental and social assessment of the activities under the LCDS. The assessment should: i) describe the environmental and social risks inherent in the implementation of the LCDS, and ii) propose an implementable framework for the management of these risks.

V. DISCLOSURE

- 5.1 The present Project Profile/Project Concept Note is submitted for the consideration of the GRIF Steering Committee, pending IDB Board consideration for the establishment of the GRIF Trust Fund within the Inter American Development Bank and the subsequent signing of the Transfer Agreement between IDA and IDB.
- 5.2 Also this submission for the consideration of the GRIF Steering Committee it is previous to initiating any formal approval process of this specific project by the Inter-American Development Bank.

VI. RESOURCES AND TIMETABLE

- 6.1 The proposed timetable for preparing this investment grant, includes the milestones to distribute the POD to QRR on June 10, 2011, the approval of the Draft Investment Grant Proposal by OPC on July 6, 2011, and the approval of the Investment Grant Proposal by the Board on August 10, 2011. 6.2 The cost of this Project to be financed with GRIF is estimated to be US\$7 million.
- 6.3 The Implementing Entities of this project will be the Office of the President for Components 1, 2 and 4 and the Guyana Forestry Commission (GFC) for component 3.
- 6.4 The selection and contracting of goods and services financed with GRIF resources will be a responsibility of the PMO, the OCC and the GFC and will be carried out in accordance with the Bank's Policies for the Procurement of Works and Goods (GN-2349-7) and for the Selection and Contracting of Consultants (GN-2350-7).
- 6.5 It is expected that the Office of the President and the Guyana Forestry Commission will incur project related expenses prior to the approval date of this operation. In this regard, and as per OP-504, the Bank will finance retroactively expenses incurred by the Implementing Entities prior to the date of approval of the operation. This will apply only to expenses that could be recognized according to the mentioned policies. The estimated expenses to be recognized retroactively will include costs for qualified project managers, sector specialists and additional personnel, amongst others.

APPENDIX 1: ADDITIONAL INFORMATION PROVIDED BY GOVERNMENT OF GUYANA³

Table 1: Mandate of institutions to receive support in 2011-2012

OFFICE OF CLIMATE CHANGE (OCC)
<p>The OCC was established in June 2009 within the Office of the President (OP) to work across Government to support work on climate adaptation, mitigation and forest conservation. It serves to bring together and align efforts of various government agencies that are already underway and to co-ordinate efforts by multilateral and non-governmental organizations assisting Guyana's climate change agenda. The OCC also has the overall coordinating responsibility for the national consultation on the LCDS, developing policies, programs and plans in relation to climate change response, and for coordinating and monitoring implementation and providing support to negotiations at appropriate global and regional forums.</p>
PROJECT MANAGEMENT OFFICE (PMO)
<p>The PMO was established within the OP in the second quarter of 2009. It serves to attract high-calibre, experienced managers into project management positions to drive the most critical elements of the LCDS. Its focus is to coordinate public and private agencies to accelerate the implementation of a limited number of critical, high-value projects, including hydropower, and telecommunications technology. It also works with a number of government agencies and international organizations to coordinate and drive the implementation of several smaller priority LCDS projects. In addition, the PMO works to attract sector-leading investments in low carbon economic sectors such as non-traditional agriculture and processing of forest products, working alongside Guyana Office for Investment (GO-Invest), with the aim of doubling Foreign Direct Investment (FDI) in Guyana.</p>
GUYANA FORESTRY COMMISSION (GFC)
<p>The GFC is responsible for overseeing the national implementation of all REDD+ activities as outlined in the LCDS as well as readiness activities under the Forest Carbon Partnership Facility process. A REDD Secretariat (RS) was established as the operational unit of the GFC to manage these activities, and is responsible for the development and implementation of a monitoring, reporting and verification system (MRVS). An MRVS Steering Committee has been convened to oversee the implementation of all aspects of the MRVS and to provide technical guidance to the RS. A Technical Sub Committee was also convened to address mainly the technical issues relating to the development of the MRVS.</p> <p>In addition, one of the main focal areas of GFC's work is on forest law enforcement and legality. The GFC is responsible for establishing a system for Independent Forest Monitoring (IFM), as required by the agreement between Guyana and Norway, which will allow for assessment of illegality in the forest sector, covering all significant drivers of deforestation and forest degradation in Guyana and thus having direct links to MRVS.</p>

³ **Disclaimer:** The attached Appendix 1 represents independent information provided by the Cooperative Republic of the Government of Guyana. The information herewith contained may vary from the final information to be provided in future project documents relating to Institutional Strengthening in support of Guyana's Low Carbon Development Strategy that is to be jointly developed by the Inter-American Development Bank and the Implementing Entities of the Government of Guyana.

Table 2: Outcomes Matrix for project components

Expected Outcomes	Indicators	Activities	Timeframe	Responsible party
Component 1: Office of Climate Change				
<ul style="list-style-type: none"> • Increased capacity of the OCC to carry out its mandate, as set out in the LCDS. 	<ul style="list-style-type: none"> • Increased representation and involvement of Guyana at international climate change negotiations and other forums; • Increased coordination and communication between national climate change initiatives and institutions; • Greater public awareness of climate change and the LCDS within Guyana; • Greater awareness of Guyana’s low carbon development initiatives nationally and abroad; • Improved capacity to adapt to climate change; • Broader support and funding from the international community for the LCDS and GRIF. 	<ul style="list-style-type: none"> • Provide technical and policy support and guidance to Guyana’s climate initiatives; • Coordinate efforts to secure funding for implementation of the LCDS ; • Coordinate development and implementation of LCDS and execution of the Guyana-Norway agreement and provide support to the GRIF; • Serve as secretariat for the Multi-Stakeholder Steering Committee and the National Climate Committee; • Coordinate outreach and communications activities concerning climate change and the LCDS at the national and international level; • Continue to co-ordinate Guyana’s international engagements with the UNFCCC and other climate change processes; • Participate actively in international climate change negotiations and the REDD Plus partnership; • Coordinate the preparation of a priority national climate change adaptation plan. 	2011-2012	OCC

Expected Outcomes	Indicators	Activities	Timeframe	Responsible party
Component 2: Project Management Office				
<ul style="list-style-type: none"> • Strengthened capacity of PMO to effectively carry out its mandate, as set out in the LCDS. 	<ul style="list-style-type: none"> • Effective development and implementation of priority projects identified in the LCDS; • Increase in foreign investment in key low carbon sectors such as high value agriculture. 	<ul style="list-style-type: none"> • Coordinate the work of relevant government agencies to drive forward priority LCDS projects; • Liaise with international organizations acting as GRIF Partner Entities to ensure smooth development and implementation of GRIF-funded projects; • Work with the international investment community to attract foreign direct investment in key low carbon sectors. 	2011-2012	PMO
Component 3: Guyana Forestry Commission				
<ul style="list-style-type: none"> • Strengthened capacity of the GFC and the REDD Secretariat to carry out their mandate • Development of a monitoring, reporting and verification system (MRVS) for forest carbon • An independent forest monitoring (IFM) system established 	<ul style="list-style-type: none"> • An effective MRVS coordination mechanism developed • Historical forest area assessment completed • Carbon measurement system designed and implemented • MRVS Communication plan produced • Scoping mission and field assessments completed for IFM 	<ul style="list-style-type: none"> • Develop and implement a national MRV coordination mechanism • Conduct a comprehensive forest area change assessment for historical period • Build carbon stock measurement capacities • Develop MRV for a set of REDD demonstration activities • Engagement with international community • Developing a sustained communication mechanism • Conduct/support research on key issues • Conduct scoping mission and field assessments for IFM 	2011-2012	GFC

Expected Outcomes	Indicators	Activities	Timeframe	Responsible party
Component 4: Institutional Strengthening Phase 2				
<ul style="list-style-type: none"> • Identify capacity strengthening needs of other organizations that are essential to meeting objectives of the LCDS 	<ul style="list-style-type: none"> • Organizations to benefit from institutional strengthening identified; • Specific needs highlighted and means to address them identified 	<ul style="list-style-type: none"> • Identify additional organizations that are pivotal in effective execution of the LCDS; • Hold discussions with these organizations to identify their institutional strengthening needs. 	2012	OP