



LEG/SGO/CCB/IDBDOC#38244822

The Honorable Dr. Ashni Singh
Minister of Finance
Ministry of Finance
49 Main & Urquhart Street
Georgetown, Guyana

Ref: Guyana. Nonreimbursable Technical Cooperation
No. ATN/FP-14161-GY. Forest Carbon Partnership
Facility Project in Guyana.

Dear Minister,

The purpose of this letter of agreement, hereinafter referred to as the "Agreement", between the Cooperative Republic of Guyana, hereinafter referred to as the "Beneficiary", and the Inter-American Development Bank, acting in its capacity of Delivery Partner of the Readiness Fund of the Forest Carbon Partnership Facility (FCPF), hereinafter referred to as the "Bank", which we are submitting for your consideration, is to formalize the terms and conditions of a grant for a nonreimbursable technical cooperation to the Beneficiary, up to the amount of three million eight hundred thousand dollars of the United States of America (US\$3,800,000), hereinafter referred to as the "Contribution", to finance the procurement of goods and non-consulting services and the selection and contracting of consultants necessary for the execution of a technical cooperation forest carbon partnership project in Guyana, hereinafter referred to as the "Project", which is described in the Annex to this Agreement. Unless otherwise stated in this Agreement, the term "dollars" shall hereinafter refer to the currency of legal tender in the United States of America.

The Forest Carbon Partnership Facility (FCPF) is a global alliance centered in the reduction of emissions due to deforestation and forest degradation (REDD+). The FCPF was created with the support of the United Nations in 2008, selecting the World Bank to act as the Trustee and Secretariat. On October 4, 2012, the Bank and the World Bank, acting as a Trustee of the FCPF entered into a Transfer Agreement by means of which the Bank was incorporated as a Delivery Partner of the Readiness Fund of the Forest Carbon Partnership Facility (FCPF). The Readiness Fund of the Forest Carbon Partnership Facility was approved by the Board of Executive Directors of the Bank on September 13, 2012.

NOW, THEREFORE, the Beneficiary and Bank agree as follows:

First. Components of the Agreement. This Agreement consists of this part one, referred to as the "Special Conditions", part two, referred to as the "General Conditions", and the Annex attached hereto. The prevalence between the aforesaid parts and the Annex is established in Article 1 of the General Conditions.

Second. Executing Agency. The execution of the Project and the utilization of the resources of the Bank's Contribution shall be carried out by Guyana Forestry Commission, hereinafter referred to as the "Executing Agency" or "GFC".

ATN/FP-14161-GY

Third. Conditions Precedent to First Disbursement. (a) The first disbursement of the resources of the Contribution shall be subject to the fulfillment by the Beneficiary, directly or through the Executing Agency, and to the satisfaction of the Bank, of the conditions set forth in Article 2 of the General Conditions, as well as the following conditions:

- (a) evidence has been presented that there is an effective financial reporting system and internal control structure as referred to in Article 13 of the General Conditions;
- (b) evidence has been presented of the approval of the Project's Operational Manual; and
- (c) evidence that the Executing Agency has designated a Project Coordinator.

Fourth. Special Condition for the Execution of the Project. (a) The Beneficiary will execute the Project in accordance with the Bank's Environmental and Social Safeguard Policies,¹ the Common Approach to Social and Environmental Safeguards², and the applicable local legislation (the Environmental and Social Safeguards). To this end, the Beneficiary's commits to:

- (i) implement the *Common Approach*, including the development of the social and environmental studies and the consultation processes needed to support the achievement of the enabling conditions for REDD+ as an integral part of the development and execution of the Readiness Preparation Proposal (R-PP) entirely in accordance with the Common Approach, which the Beneficiary acknowledges to know and understand and commits to comply with fully, and will implement the actions necessary to comply with ex-ante review and verification of implementation conditions;
- (ii) annually program the project budget allocation to environmental and social activities in a manner satisfactory to the Bank and consistent with the project budget; and
- (iii) submit for the prior approval of the Bank, the terms of reference of all environmental and social activities, including the pertinent elements of the executing unit and any other components

(b) Should the Bank or the Beneficiary identify any instance in which the activities or results of the project execution are not in accordance with the Environmental and Social Safeguards, the Beneficiary and the Bank will agree on a corrective action plan to be implemented by the Beneficiary to resolve the issues identified to the satisfaction of the Bank.

¹ OP-703, OP-710, OP-765, OP-704, and OP-761.

² Approved by resolution PC/9/2011/1 of the FCPF Participants Committee that establishes a common approach to social and environmental safeguards for the REDD+ countries (Common Approach), agreed upon between the World Bank and the delivery partners. The Common Approach was incorporated as an Annex to the FCPF-IDB Transfer Agreement.

Fifth. Reimbursement of Expenditures Chargeable to the Contribution.

With the consent of the Bank, resources of the Contribution may be used to reimburse expenditures incurred or to finance those that may be incurred in the Project on or after December 4, 2013, and up to the effective date of this Agreement, provided that requirements substantially similar to those set forth in this Agreement have been fulfilled.

Sixth. Deadlines. (a) The period for execution of the Project shall be forty two (42) months, from the effective date of this Agreement.

(b) The period for disbursement of the resources of the Contribution shall be forty eight (48) months from said date. Any part of the Contribution which has not been utilized within this period shall be canceled.

(c) The aforementioned deadlines and any others that may be stipulated in this Agreement may be extended only when duly justified, and with the written consent of the Bank.

Seventh. Total Cost of the Program and Additional Resources. (a) The total cost of the Program is estimated to be the equivalent of three million eight hundred thousand dollars (US\$3,800,000).

(b) The Beneficiary undertakes to make timely provision, through the Executing Agency, of the resources required, in addition to the Contribution, including technical, logistical and secretarial support necessary for the execution of the Project, as well as any other resources required for the complete and uninterrupted execution of the Project.

Eighth. Currencies for Disbursements. The Bank shall disburse the Contribution in dollars. The Bank may convert these convertible currencies into other currencies, including the local currency, by applying the exchange rate indicated in Article 9 of the General Conditions.

Ninth. Exchange Rate. For the purposes of Article 9 of the General Conditions of this Agreement, the parties agree that the applicable exchange rate shall be as stated in paragraph (b)(i) of said Article. In this case, the applicable rate shall be the rate in effect on the date on which the Beneficiary, the Executing Agency, or any other person or entity with delegated authority to incur expenditures, makes the respective payments to the contractor or supplier.

Tenth. Use of the Contribution. The resources of the Contribution may be used only for the contracting of consultants and for the procurement of goods and non-consulting services of the member countries of the Bank. Consequently, the procedures and specific bidding documents for bidding processes or other forms of contracting for goods and non-consulting services financed with the resources of the Contribution shall allow free competition of providers of goods, non-consulting services and of consultants of said countries.

Eleventh. Procurement of goods and non-consulting services. (a) For purposes of Article 11(f) of the General Conditions, the Parties agree that the Procurement Policies are those dated March 2011, which are contained in document GN-2349-9, approved by the Bank on April 19, 2011. If the Procurement Policies are amended by the Bank, the procurement of goods and works and non-consulting services shall be carried out in accordance with the provisions of the modified Procurement Policies, once they are made known to the Beneficiary and the Beneficiary agrees in writing to apply them.

(b) For the procurement of goods and non-consulting services, any of the methods described in the Procurement Policies may be used, provided that such method has been identified for the respective procurement in the Procurement Plan approved by Bank.

(c) The threshold for determining the use of international competitive bidding will be made available to the Beneficiary or the Executing Agency, as the case may be, at www.iadb.org/procurement. Below that threshold, the selection method shall be determined according to the complexity and characteristics of the procurement, which should be reflected in the Procurement Plan approved by the Bank.

Twelfth. Selection and Contracting of Consultant Services. (a) For purposes of the provisions of Article 11(f) of the General Conditions, the Parties agree that the Consultant Policies are those dated March 2011, which are contained in document GN-2350-9, approved by the Bank on April 19, 2011. If the Consultant Policies are amended by the Bank, the selection and contracting of consulting services will be carried out in accordance with the provisions of the amended Consultant Policies, once they are made known to the Beneficiary and the Beneficiary agrees in writing to apply them.

(b) For the selection and contracting of consulting services, any of the methods described in the Consultant Policies may be used, provided that such method for the respective procurement has been identified in the Procurement Plan approved by Bank.

(c) The threshold for determining the short list of international consultants will be made available to the Beneficiary or the Executing Agency, as the case may be, at www.iadb.org/procurement. Below that threshold, the short list may be composed entirely of national consultants of the Beneficiary's country.

(d) The single source selection of certain key staff members of the Executing Agency is contemplated for Component I, Institutional arrangements and consultations for REDD+. The single source selection of staff members will be reviewed on a case by case basis by the Bank's fiduciary experts.

Thirteenth. Use of Country Systems. In accordance with the provisions of Article 11(b) of the General Conditions, the parties agree that as of the signature date of this Agreement, the use of country systems is not foreseen for the procurement of goods, consulting services or non-consulting services for the Project.

Fourteenth. Procurement Plan update. In order to update the Procurement Plan in accordance with the provisions of Article 11(c) of the General Conditions, the Beneficiary must use or, where appropriate, cause the Executing Agency to use, the implementation and monitoring system of procurement plans as determined by the Bank.

Fifteenth. Monitoring and Evaluation. The Beneficiary shall present the following reports to the Bank: (a) semi-annual progress reports, within thirty (30) days after the end of each calendar semester, which will include, in addition to a summary of progress made in the Project, specific mention to: (i) progress and challenges with respect to the consultation process, the Strategic Environmental Social Assessment, the design and initial implementation of the Environmental and Social Management Framework for the implementation of REDD+, and conflict resolution mechanisms; (ii) information regarding any complaints or observations received and measures taken to address them with respect to any potential non-compliance with the Environmental and Social Safeguards; and (iii) the integration of environmental and social aspects in the REDD+ strategy and reference scenarios, and environmental and social analysis of the pilot projects; and (b) a final report, within six (6) months after completion of the last activity of the Project.

Sixteenth. Financial statements and other reports. (a) The Beneficiary agrees to present to the satisfaction of the Bank, directly or through the Executing Agency, within one hundred twenty (120) days after the close of each fiscal year of the Beneficiary/Executing Agency and during the disbursement period of the Contribution, the audited financial statements for the Project. The last such report shall be delivered within one hundred twenty (120) days after the date stipulated for the last disbursement of the Contribution.

(b) For purposes of the provisions of Article 14(e) of the General Conditions of this Agreement, the Bank shall select and contract the services of independent public accountants, chargeable to the resources of the Contribution, to carry out the audit of the financial statements described above in subparagraph (a) of this paragraph. The Executing Agency agrees to facilitate, allow access to, and provide the information requested by the external auditors contracted by the Bank for such purposes.

Seventeenth. Access to Information. (a) The Beneficiary undertakes to notify the Bank, in writing, within a maximum period of ten (10) working days from the date of signature of this Agreement, whether it considers this Agreement to contain information that may qualify as an exception to the principle of disclosure of information under the Access to Information Policy of the Bank, in which case the Beneficiary undertakes to identify such information in the relevant provisions of the Agreement. In accordance with the aforementioned policy, the Bank will make available on its "Web" page the text of this Agreement once it has entered into effect and the aforementioned period has expired, excluding only that information

which the Beneficiary has identified as an exception to the principle of disclosure of information under this policy.

(b) In accordance with the Access to Information Policy referred to above, and subject to the provisions thereof, the Bank will disclose to the public the Audited Financial Statements ("AFSs") it receives from the Executing Agency in accordance with Paragraph Sixteenth.

(c) In cases where the Beneficiary identifies information contained in the AFSs that it considers confidential under the exceptions provided in the Access to Information Policy, it shall prepare an abridged version of the AFSs, acceptable to the Bank, for public disclosure.

Eighteenth. Notice. Any notice, request, or communication from one party to another by virtue of this Agreement shall be made in writing and shall be considered to have been made when the corresponding document is delivered to the addressee at the address indicated below, unless otherwise agreed by the parties in writing.

To the Beneficiary:

Ministry of Finance
Main & Urquhart Streets
Georgetown
Guyana

Facsimile: (592) 226-1284

To the Bank:

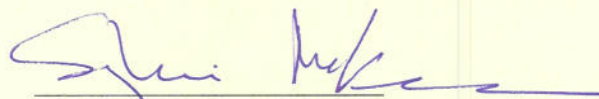
Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
U.S.A.

Facsimile: (202) 623-3096

Please confirm your acceptance of the terms and conditions of this Agreement, in representation of the Beneficiary, by signing and returning one of the originals to the Bank's Country Office in Guyana.

This Agreement shall be signed in two (2) equally authentic originals by the Beneficiary and the Bank, each acting through its duly authorized representative, and will enter into force on the date of its signature by the Beneficiary.

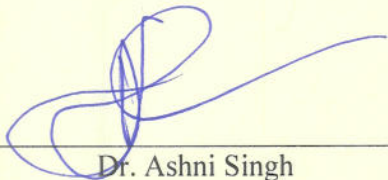
Yours Faithfully,



Sophie Makonnen
Representative in Guyana

AGREED:

Ministry of Finance



Dr. Ashni Singh
Minister of Finance

Date: 7th February, 2014

Place: _____

**GENERAL CONDITIONS APPLICABLE TO NONREIMBURSABLE
TECHNICAL COOPERATIONS**

Article 1. Application and scope of General Conditions. (a) These General Conditions set forth terms and conditions generally applicable to all nonreimbursable technical cooperations granted by the Bank, and their provisions form an integral part of this Agreement. Any exception to these General Conditions shall be expressly stated in the text of the Special Conditions.

(b) If any provision of the Special Conditions or of the Annex or Annexes should present any inconsistency or contradiction with these General Conditions, the provisions of the Special Conditions or the corresponding Annex shall prevail. In case of inconsistencies or contradictions between the Special Conditions and the corresponding Annex or Annexes, specific provisions shall prevail over general provisions.

Article 2. Conditions prior to first disbursement. (a) The first disbursement of the Contribution shall be subject to the fulfillment of the following requirements by the Beneficiary, directly or through the Executing Agency:

- (i) Designation of the person or persons authorized to represent it in all acts relating to the execution of this Agreement, and submission to the Bank of authenticated specimen signatures of such persons. If two or more officials are designated, the designation shall indicate whether they may act severally or jointly; and
- (ii) Presentation to the Bank of a timetable for the use of the Counterpart Resources.

(b) If within one hundred eighty (180) days from the date of entry into effect of this Agreement, or within such longer period as the parties may agree in writing, the conditions precedent to the first disbursement established in this Article and in the Special Conditions have not been fulfilled, the Bank may terminate this Agreement by giving notice to the Beneficiary or to the Executing Agency, as the case may be.

Article 3. Requisites for all disbursements. In order for the Bank to make any disbursement, it shall be necessary that: (a) the Beneficiary or the Executing Agency, as the case may be, shall have submitted in writing, or by electronic means in such form and conditions as may be specified by the Bank, a disbursement request and, in support thereof, shall have supplied to the Bank such pertinent documents and other background materials as the Bank may have required; (b) the Beneficiary or the Executing Agency, as the case may be, shall have opened and maintains one or more bank accounts in a financial institution in which the Bank shall make the disbursements of the Contribution; (c) unless the Bank otherwise agrees, disbursement requests must be presented no later than thirty (30) calendar days prior to the expiration date of the period for disbursement or of any extension thereof

which the Beneficiary or the Executing Agency, as the case may be, and the Bank may have agreed to in writing; and (d) none of the circumstances described in Article 7 of these General Conditions shall have occurred.

Article 4. Disbursement procedures of the Contribution. (a) The Bank shall make disbursements of the Contribution as follows: (i) by transferring to the Beneficiary or the Executing Agency, as the case may be, the sums to which it is entitled under this Agreement, by means of reimbursement of expenditures or advance of funds¹; (ii) by making payments on behalf of and in agreement with the Beneficiary or the Executing Agency, as the case may be, to third parties or other banking institutions; and (iii) by utilizing such other modality as the parties may agree upon in writing. Any banking expenses that may be charged by any third party in connection with disbursements shall be borne by the Beneficiary or the Executing Agency, as the case may be.

(b) With resources of the Contribution and upon fulfillment of the requirements set forth in Articles 2 and 3 of these General Conditions and the pertinent requirements established in the Special Conditions, the Bank may disburse resources of the Contribution in order to:

- (i) Reimburse the Beneficiary or the Executing Agency, as the case may be, for expenditures related to the execution of the Project that have been financed with its own resources or with other sources of financing and that are eligible to be financed with resources of the Contribution, pursuant to the provisions of this Agreement. Except by express agreement between the parties, the disbursement requests for reimbursing expenditures financed by the Beneficiary or Executing Agency, as the case may be, shall be made promptly following the incurrence of such expenses, or no later than sixty (60) days following the conclusion of each calendar semester or within such other term as the parties may agree; and
- (ii) Advance resources to the Beneficiary or the Executing Agency, as the case may be, based on the liquidity needs of the Project, to cover expenditures related to the execution of the Project that are eligible to be financed with resources of the Contribution, pursuant to the provisions of this Agreement. The maximum amount of each advance of funds shall be set by the Bank and will consist of a defined amount based on the liquidity needs of the Project to cover periodic projected expenditures that are eligible to be financed by the Contribution. At no time may the maximum amount of an advance of funds exceed the amount required to finance such expenditures during a period of six (6) months, in accordance with the investment schedule and the cash flow required to meet such purpose and the capacity demonstrated by the Beneficiary or the Executing Agency, as the case may be, to efficiently manage the resources of the Contribution.

¹ "Advance of Funds" means the amount of resources advanced by the Bank to the Beneficiary or the Executing Agency, as the case may be, chargeable to the resources of the Contribution, to cover eligible expenditures of the Project.

(c) The Bank may: (i) increase the maximum amount of an Advance of Funds when, in the opinion of the Bank, immediate cash flow needs that merit such increase arise, upon presentation to the Bank by the Beneficiary or the Executing Agency, as the case may be, of a request duly justified and accompanied by a statement of projected expenditures for the execution of the Project during the corresponding advance of funds period in effect; or (ii) make a new advance of funds based on the provisions of paragraph (b)(ii) above, provided that at least eighty percent (80%) of the total amount of resources disbursed as an advance of funds has been justified.

(d) The Bank may also reduce or cancel the total aggregate balance of any Advance or Advances of Funds should the Bank determine that the disbursed resources of the Contribution have not been used or justified to the Bank sufficiently and on a timely basis, to the Bank's satisfaction, in accordance with the provisions established in this Agreement.

Article 5. Closing Period². The Beneficiary or the Executing Agency, as the case may be, shall: (a) present to the Bank's satisfaction, within a period of ninety (90) days from the date stipulated for the final disbursement of the Contribution, the supporting documentation relating to expenditures made for the execution of the Project, and any other information that the Bank may have requested; and (b) return to the Bank, at the latest on the date of expiration of the Closing Period, the balance of the disbursed resources of the Contribution that have not been utilized or not been duly justified. If audit services are to be financed with resources of the Contribution, and such services will not be concluded and paid for prior to the expiration of the Closing Period referred to in section (a) above, the Beneficiary or the Executing Agency, as the case may be, shall inform and reach agreement with the Bank as to the way in which payment for such services will take place, and shall return to the Bank the resources of the Contribution allotted for such purpose, should the Bank not receive the audited financial statements and other audited reports within the periods stipulated in this Agreement.

Article 6. Expenditures chargeable to the Contribution. The Contribution shall exclusively finance those categories of expenditures which are set forth as chargeable to the Contribution in the budget contained in the Annex that describes the Project. Only direct and actual expenditures made for the execution of the Project may be charged to the Contribution. Indirect or general operating expenses, which are not included in the Project budget, cannot be charged to the Contribution.

Article 7. Suspension and cancellation of disbursements. (a) The Bank may suspend disbursements or cancel the undisbursed portion of the Contribution if any of the following circumstances occurs: (i) the failure of the Beneficiary or the Executing Agency, as the case may be, to fulfill any obligation stipulated in this Agreement; and (ii) any circumstance which, in the Bank's opinion, may render unlikely the attainment of the objectives of the Project. Under these circumstances, the Bank shall notify in writing the Beneficiary or the Executing Agency, as the case may be, so that it may present its points of view, and after thirty (30) days from the date of the Bank's notice, it may suspend the disbursement or cancel the undisbursed portion of the Contribution.

² "Closing Period" means a ninety (90)-day period from the date stipulated for the final disbursement of the Contribution, in order to finalize pending payments to third parties, to present the final justification of expenditures made, to reconcile the books and records, and to reimburse to the Bank the resources disbursed from the Contribution but not utilized and justified.

(b) Pursuant to paragraph (a) above, the parties agree that upon the occurrence of institutional or organizational changes within the Beneficiary or the Executing Agency, which, in the Bank's opinion, might affect the timely attainment of the Project's objectives, the Bank shall review and evaluate the likely attainment of the objectives and may at its discretion, suspend, condition or cancel the disbursements of the Contribution.

(c) In addition to the provisions of paragraph (a) above, the Bank may: (i) suspend disbursement if, in accordance with the Bank's sanctions procedures, it is determined at any stage that an employee, agent or representative of the Beneficiary or the Executing Agency has committed a prohibited practice, as defined in Article 8 of these General Conditions (hereinafter "Prohibited Practices") during the procurement process or during the execution of a contract; and (ii) cancel the undisbursed portion of the Contribution pertaining unequivocally to the procurement of certain goods, works or related services, or consulting services, if (A) it determines at any time that the procurement was carried out without following the procedures set forth in this Agreement; or (B) in accordance with the Bank's sanctions procedures, it is determined that any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, sub-consultants, providers of goods or services, concessionaires, the Beneficiary or the Executing Agency (including their respective officers, employees and representatives, irrespective of whether the agency is express or implied) has committed a Prohibited Practice during any stage of procurement or during the execution of a contract, when there is evidence that the representative of the Beneficiary or the Executing Agency has not taken the appropriate corrective action (including, among other things, adequate notice to the Bank upon learning of the Prohibited Practice) within a time period which the Bank considers reasonable.

Article 8. Prohibited Practices. (a) For the purposes of this Agreement, a Prohibited Practice shall be understood to include the following practices: (i) a "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; (ii) a "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation; (iii) a "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; (iv) a "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; and (v) an "obstructive practice" is: (A) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or making false statements to investigators in order to materially impede a Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (B) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided in Articles 13(c), 14(g) and 15(e) of these General Conditions.

(b) In addition to the provisions in Articles 7(c)(i) and 7(c)(ii)(B) of these General Conditions, if it is demonstrated that in accordance with the sanctions procedures of the Bank any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, suppliers, contractors, consulting firms and individual consultants, personnel,

sub-contractors, sub-consultants, goods and service providers, concessionaires, the Beneficiary or the Executing Agencies (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied) has engaged in a Prohibited Practice, during any stage of the procurement process or during the execution of a contract, the Bank may:

- (i) decline to finance any proposal to award a contract for the procurement of works, goods, related services and the contracting of consultant services;
- (ii) declare a procurement ineligible for Bank financing, when there is evidence that the representative of the Beneficiary or the Executing has not taken the adequate remedial measures (including, among other things, adequate notice to the Bank upon learning of the Prohibited Practice) within a time period which the Bank considers reasonable;
- (iii) issue a reprimand in the form of a formal letter of censure of the firm's, entity's or individual's behavior;
- (iv) declare that a firm, entity, or individual is ineligible, either permanently or for a stated period of time, to (A) be awarded or participate in Bank-financed activities, and (B) be designated sub-consultant, sub-contractor, or goods and services supplier of an otherwise eligible firm being awarded a contract to execute Bank-financed activities;
- (v) refer the matter to appropriate law enforcement authorities; and/or
- (vi) impose other sanctions that it deems to be appropriate under the circumstances, including the imposition of fines representing reimbursement of the Bank for costs associated with investigations and proceedings. Such other sanctions may be imposed in addition to or in lieu of the sanctions mentioned in Article 7(c)(i), in Article 7(c)(ii)(B) and in this Article 8(b), numerals (i) through (v).

(c) The provisions of Article 7(c)(i) and Article 8(b)(i) shall be applicable in cases where the parties have been declared temporarily ineligible for the award of new contracts pending a final decision of a sanction proceeding, or otherwise.

(d) The imposition of any measure to be taken by the Bank pursuant to the provisions referred to above may be public.

(e) Any firm, entity or individual bidding for or participating in a Bank-financed activity including, inter alia, applicants, bidders, contractors, consulting firms and individual consultants, personnel, sub-contractors, sub-consultants, providers of goods or services, concessionaires, the Beneficiary or the Executing Agency (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied) may be subject to sanctions pursuant to agreements that the Bank may have with other international financing institutions regarding the mutual enforcement of debarment decisions. For purposes of this sub-paragraph (e) the term

“sanction” shall mean any debarment, conditions on future contracting or any publicly-disclosed action taken in response to a violation of an international financing institution applicable framework for addressing allegations of Prohibited Practices.

(f) When a Beneficiary procures goods, works or services other than consulting services directly from a specialized agency or hires a specialized agency to provide technical assistance under an agreement between the Beneficiary and such specialized agency, all provisions contained in this Agreement regarding sanctions and Prohibited Practices shall apply in their entirety to applicants, bidders, contractors, consulting firms or individual consultants, personnel, sub-contractors, sub-consultants, suppliers of goods and services (including their respective officers, employees, and agents, irrespective of whether the agency is express or implied), or any other entity that has signed contracts with such specialized agency to supply such goods, works or services other than consulting services in connection with Bank-financed activities. The Bank retains the right to require the Beneficiary to invoke remedies such as suspension or termination. The Beneficiary agrees that contracts with specialized agencies shall include provisions requiring said agencies to consult the Bank’s list of firms and individuals declared ineligible temporarily or permanently by the Bank. In the event that a specialized agency signs a contract or purchase order with a firm or an individual declared ineligible either temporarily or permanently by the Bank, the Bank will not finance the related expenditures and will apply other remedies as appropriate.

Article 9. Exchange rate for Projects financed with funds expressed in dollars of the United States of America.

(a) Disbursements:

- (i) The equivalence in dollars of the United States of America of other convertible currencies in which the disbursements of the Contribution may be made, shall be calculated applying the exchange rate in effect in the market on the date of the disbursement; and
- (ii) The equivalence in dollars of the United States of America of the local currency, or other non-convertible currencies, in the case of regional Projects, in which the disbursements of the Contribution may be made, shall be calculated applying, on the date of the disbursement, the exchange rate established pursuant to the understanding in force between the Bank and the respective country for the purpose of maintaining the value of its currency, or other non-convertible currencies, in the case of regional Projects, held by the Bank.

(b) Expenditures:

The equivalence in the currency of the Contribution of an expenditure made in the currency of the country of the Beneficiary or the Executing Agency, as the case may be, shall be calculated using one of the following exchange rates in accordance with the provisions set forth in the Special Conditions of this Agreement: (i) the same exchange rate used in the conversion of the resources disbursed in the currency of the

Contribution to the currency of the country of the Beneficiary or the Executing Agency. In this case, for purposes of reimbursement of expenditures chargeable to the Contribution and the recognition of expenditures chargeable to the local counterpart, the applicable exchange rate shall be the prevailing exchange rate on the date on which the reimbursement request is presented to the Bank; or (ii) the prevailing exchange rate in the country of the Beneficiary or the Executing Agency, as the case may be, on the actual date of the payment of the expenditure in the currency of the country of the Beneficiary or the Executing Agency.

Article 10. Exchange rate for Projects financed with funds constituted in convertible currencies other than Dollars of the United States of America. (a) Disbursements. The Bank may convert the disbursed currency chargeable to the resources of the trust fund indicated in the Special Conditions in:

- (i) Other convertible currencies applying the exchange rate in effect in the market on the date of the disbursement; or
- (ii) The local currency or other non-convertible currencies, in the case of regional Projects, applying, on the date of the disbursement, the following procedure: (A) the equivalence of the currency of the trust fund indicated in the Special Conditions shall be calculated in dollars of the United States of America, applying the exchange rate in effect in the market; (B) next, the equivalence of these dollars of the United States of America shall be calculated in local currency or other non-convertible currencies, in the case of regional Projects, applying the exchange rate established pursuant to the understanding in force between the Bank and the respective country for the purpose of maintaining the value of its currency held by the Bank.

(b) Expenditures:

The equivalence in the currency of the Contribution of an expenditure incurred in the currency of the country of the Beneficiary or the Executing Agency, as the case may be, shall be calculated using one of the following exchange rates in accordance with the provisions set forth in the Special Conditions of this Agreement: (i) the same exchange rate used in the conversion of the resources disbursed in the currency of the Contribution to the currency of the country of the Beneficiary or the Executing Agency. In this case, for purposes of reimbursement of expenditures chargeable to the Contribution and recognition of expenditures chargeable to the local counterpart, the applicable exchange rate shall be the prevailing exchange rate on the date on which the reimbursement request is presented to the Bank; or (ii) the prevailing exchange rate in force in the country of the Beneficiary or Executing Agency, as the case may be, on the actual date of the payment of the expenditure in the currency of the country of the Beneficiary or the Executing Agency, as the case may be.

Article 11. Selection and contracting of non-consulting services, procurement of goods and contracting of consulting services. (a) Subject to the provisions of subparagraph (b) of this Article, the Beneficiary undertakes to carry out and, where appropriate, cause the Executing Agency or the Contracting Agency, if any, to carry out the procurement of non-consulting services as well as the procurement of goods, in accordance with the Procurement Policies and the Procurement Plan approved by the Bank, and the selection and contracting of consulting services, in accordance with the Consultant Policies and the Procurement Plan approved by the Bank. The Beneficiary acknowledges and undertakes to inform the Executing Agency, the Contracting Agency and the specialized agency, as the case may be, of the Procurement Policies and the Consultant Policies.

(b) When the Bank has validated the systems of the member country of the Bank where the Project will be executed, the Beneficiary or the Executing Agency, as the case may be, may carry out the procurement and contracting financed wholly or partially with resources of the Contribution using such systems, in accordance with the terms of the validation of the Bank and applicable validated legislation, which are identified in the Special Conditions. The Beneficiary, directly or via the Executing Agency as the case may be, undertakes to notify the Bank of any change in legislation or change affecting such legislation, in which case the Bank may cancel, suspend or change the terms of its validation. The use of country systems does not constitute a waiver of the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the requirement that the respective procurements and contracting of services be set forth in the Procurement Plan, and said use of country systems is subject to the other provisions of this Contract.

(c) The Beneficiary, directly or via the Executing Agency as the case may be, undertakes to update the Procurement Plan at least annually or more frequently, depending on the Project needs. Each updated version of the Procurement Plan shall be submitted for review and approval of the Bank.

(d) The Bank will conduct a review of the selection process, contracting and procurement, *ex-ante* or *ex-post*, as set forth in the Procurement Plan. At any time during the execution of the Project, the Bank may change the method of review of these processes, with prior notice to the Beneficiary or the Executing Agency. The changes approved by the Bank shall be reflected in the Procurement Plan.

(e) The Beneficiary, directly or via the Executing Agency, as the case may be, agrees to obtain, prior to awarding the contract for each of the works of the Project, if any, legal possession of the property where the construction of the respective work is to take place, easements or other rights required for its construction and use, as well as water rights required for the work in question.

(f) For purposes of this Article: (i) "Contracting Agency" means the entity with legal capacity to enter into contracts and, as agreed with the Beneficiary or the Executing Agency, as the case may be, assumes all or part of the responsibility of carrying out the procurement of goods and works, consulting services or non-consulting services for the Project; (ii) "Procurement Plan" means a tool for programming and monitoring the procurement related to the Project, in the terms described in the Procurement Policies and Consultant Policies; (iii) "Procurement Policies" means the Policies for the Procurement of Works and Goods financed by the Inter-American Development Bank in force at the time of the approval of the Project by the Bank; (iv) "Consultant Policies" means the

Policies for the selection and contracting of consultants financed by the Inter-American Development Bank, which are in force at the time of the approval of the Project by the Bank.

(g) With resources of the Contribution and up to the amount allocated for that purpose in the budget set forth in the Annex that describes the Project, the Beneficiary or the Executing Agency, as the case may be, may procure the goods and contract the consulting services and non-consulting services required for the execution of the Program.

(h) When the goods and services procured for the Project are financed entirely with Counterpart Resources, the Beneficiary or the Executing Agency, as the case may be, shall, whenever possible, follow procedures that allow for the participation of several bidders or proponents, and shall take into account principles of economy, efficiency and reasonability of price.

(i) When sources of financing other than resources of the Contribution or of the Counterpart Resources are used, the Beneficiary or the Executing Agency, as the case may be, may agree with the financing entity the procedure to be followed for the procurement of goods and related services and the contracting of consultants. Notwithstanding, at the Bank's request, the Beneficiary or the Executing Agency, as the case may be, shall demonstrate the reasonability of both the price agreed upon or paid for the procurement of such goods and related services or the contracting of consultants, and of the financial conditions of the credits. The Beneficiary or the Executing Agency, as the case may be, shall likewise demonstrate that the quality of the goods and related services and of the consultants meets the technical requirements of the Program.

(j) During the execution of the Program, the goods referred to in subsection (a) above shall be used exclusively for the execution of the Program. Following the completion of the execution of the Project, such goods may be used for other purposes.

(k) The goods included in the Program shall be adequately maintained according to generally accepted technical standards, at a level compatible with the services that they should provide.

Article 12. Other contractual obligations of consultants. (a) In addition to the special requirements included in Article 13(c), Article 14(g) and Article 15(e) of these General Conditions, in the Special Conditions, in the Annex or Annexes and in the respective terms of reference, the Beneficiary or the Executing Agency, as the case may be, agrees that contracts signed with consultants shall also specify the consultants' obligations to:

- (i) provide any clarifications or additional information that the Beneficiary, Executing Agency or the Bank consider necessary with respect to the consultants' reports required under the terms of reference set forth in their respective contracts;
- (ii) provide the Beneficiary or the Executing Agency and the Bank with any additional information they may reasonably request concerning the performance of their work;

- (iii) in the case of international consultants, perform their work in an integrated manner with the local professional staff assigned or contracted by the Beneficiary or the Executing Agency to participate in the execution of the Project, with a view to carrying out technical and operational training of such staff by the conclusion of the work;
- (iv) assign copyrights, patents and any other form of industrial property right to the Bank in cases where such rights result from the work and documents carried out or produced by the consultants under the consulting contracts financed with resources of the Project; and

(b) notwithstanding paragraph (a)(iv) above, in order to obtain a timely dissemination of the results of the Program, the Bank authorizes the Beneficiary, or the Executing Agency, to make use of the products resulting from the consulting services financed with the resources of the Program, with the understanding that the Beneficiary or the Executing Agency shall utilize such consulting products under the terms set forth in Article 17 of these General Conditions.

Article 13. Financial information and internal control systems. (a) The Beneficiary or the Executing Agency, as the case may be, shall maintain: (i) a financial information system acceptable to the Bank that enables accounting, budgetary and financial record-keeping, as well as the issuance of financial statements and other reports related to the resources of the Contribution and other financial sources, as the case may be; and (ii) an internal control structure that enables effective Project management; provides reliability regarding the financial information and the physical, magnetic and electronic records and files; and enables the fulfillment of the provisions of this Agreement.

(b) The Beneficiary or the Executing Agency, as the case may be, shall preserve the original records of the Project for a minimum period of three (3) years after the date agreed upon for the final disbursement of the Contribution, in such a way as to: (i) make possible the identification of the sums received from the different sources; (ii) show, in accordance with the financial information system approved by the Bank, the expenditures made for the Project, both with the resources of the Contribution and with the other funds to be provided for its complete execution; (iii) include sufficient detail to identify the services contracted and the goods procured, as the case may be, as well as the utilization of such services and goods; (iv) provide evidence as to conformity in the acceptance, authorization and payments for the contracted services or purchased goods, as the case may be; (v) maintain documentation relating to the bidding process and the execution of the contracts financed by the Bank and other financial sources, including, but not limited to, bid requests, bid packages and summaries, bid evaluations, contracts, correspondence, work product and drafts, invoices, certificates and acceptance reports, and receipts, including documents relating to the payment of commissions, and payments to agents, consultants and contractors; and (vi) show the cost of the Project in relation to each category in the Project's budget.

(c) The Beneficiary agrees that bidding documents, requests for proposals and contracts financed with resources of the Contribution that the Beneficiary or the Executing Agency celebrate, shall include a provision that requires providers of goods or services, contractors, subcontractors, consultants and representatives, personnel, sub-consultants, subcontractors, or concessionaires retain

all documents and records relating to Bank-financed activities for a period of seven (7) years after completion of the work referred to in the respective contract.

Article 14. External audit. (a) The Beneficiary or the Executing Agency, as the case may be, shall present to the Bank, during the period of Project execution and within the deadlines and with the frequency provided in the Special Conditions of this Agreement, the Project's financial statements and other reports, and any additional financial information relating thereto that the Bank may request, in accordance with accounting principles and standards acceptable to the Bank.

(b) The Beneficiary agrees to have the financial statements and other reports, as indicated in the Special Conditions of this Agreement, audited by independent auditors acceptable to the Bank, in accordance with auditing principles and standards acceptable to the Bank, and to present to the Bank's satisfaction such information as may be requested by the Bank related to the independent auditors whose services have been engaged.

(c) The Beneficiary shall select and hire directly or through the Executing Agency, the independent auditing services that are necessary for the timely submission of the financial statements and other reports indicated in paragraph (b) above, no later than four (4) months before the closing of each fiscal year of the country of the Beneficiary, beginning on the date on which this Agreement enters into effect, or such other time as may be agreed upon between the parties, in accordance with procedures and terms of reference previously agreed upon with the Bank. The Beneficiary or the Executing Agency, as the case may be, shall authorize the auditors to provide the Bank with any additional information it may reasonably request with respect to the audited financial statements and other audited reports.

(d) In cases in which the audit is to be performed by an official auditing agency and such agency is unable to perform the audit in accordance with requirements satisfactory to the Bank or within the deadlines, for the period of duration or with the frequency mentioned in this Agreement, the Beneficiary or the Executing Agency, as the case may be, shall select and contract the services of independent auditors acceptable to the Bank, as provided under section (c) above.

(e) Notwithstanding the provisions above, the Bank may, on an exceptional basis and subject to prior agreement between the parties, select and hire the services of independent auditors to prepare the financial statements and other audited reports required pursuant to this Agreement when: (i) the benefits of the selection and hiring of such services by the Bank outweigh the costs of doing so; (ii) there is limited access to the services of qualified private firms and independent public accountants within the country; or (iii) special circumstances warrant the selection and hiring of such services by the Bank.

(f) The Bank shall have the right to request the Beneficiary or the Executing Agency, as the case may be, to have other types of independent audits and/or services carried out relating to the auditing of projects, of the Executing Agency and related entities, of the financial information system, and of the bank accounts of the Project, among others. The nature, frequency, scope, timing, methodology, type of applicable auditing norms, reports, selection procedures and terms of reference shall be agreed upon between the parties.

(g) Bidding documents and contracts that the Beneficiary or the Executing Agency enter into with a supplier of goods or services, contractor, sub-contractor, consultant, sub-consultant, personnel or concessionaire shall include a provision allowing the Bank to inspect any accounts, records and other documents relating to the submission of proposals and contract performance and to have them audited by auditors appointed by the Bank.

Article 15. Inspections. (a) The Bank may establish such inspection procedures as it deems necessary to ensure the satisfactory development of the Project.

(b) The Beneficiary or the Executing Agency, as the case may be, shall permit the Bank to inspect at any time the Project and the equipment and materials involved therein, and to examine such records and documents as the Bank may deem pertinent. The personnel which the Bank sends or designates as investigators, agents, auditors or experts for this purpose shall receive the complete cooperation of the respective authorities. All the costs relating to transportation, salaries, and other expenses of such personnel shall be borne by the Bank.

(c) The Beneficiary or the Executing Agency, as the case may be, shall, upon request of an authorized representative of the Bank, provide to the Bank any documents, including procurement-related documents that the Bank may reasonably request. In addition, the Beneficiary and the Executing Agency shall make their personnel available, when requested and upon reasonable notice, to respond to questions from Bank personnel, which arise during the review or audit of such documents. The Beneficiary or the Executing Agency, as the case may be, shall produce the documents in a timely manner or shall submit an affidavit to the Bank setting forth the reasons why the requested material is unavailable or is being withheld.

(d) If the Beneficiary or the Executing Agency, as the case may be, refuses to comply with the Bank's request, or otherwise obstructs the Bank's review of the matter, the Bank in its sole discretion may take such measures as it considers appropriate against the Beneficiary or Executing Agency, as the case may be.

(e) The Beneficiary agrees that bidding documents, requests for proposals and contracts financed with resources of the Contribution that the Beneficiary or the Executing Agency enter into shall include a provision that requires applicants, bidders, providers of goods or services and their representative, contractors, sub-contractors, consultants and their representatives, sub-consultants, service providers and concessionaires to: (i) permit the Bank to inspect any and all accounts, records, and other documents relating to the submission of bids and contract performance as well as to have them audited by auditors appointed by the Bank; (ii) assist the Bank with its investigation; and (iii) deliver any document necessary for the investigation of allegations of Prohibited Practices and make available their employees or agents with knowledge of the Bank-financed activities to respond to questions from Bank personnel or any properly designated investigator, agent, auditor or consultant relating to the investigation. If the applicant, bidder, supplier and its agent, contractor, consultant, personnel, subcontractor, sub-consultant, service provider or concessionaire fails to cooperate and/or comply with the Bank's request, or otherwise obstructs the investigation, the Bank, in its sole discretion, may take appropriate action against the applicant, bidder, supplier and its agent, contractor, consultant, personnel, sub-contractor, subconsultant, service provider or concessionaire.

Article 16. Other Commitments. The Beneficiary, either directly or through the Executing Agency shall also:

(a) provide the consultants and local experts with secretarial services, offices, office supplies, communication services, transport and any other logistical support required for the execution of their work;

(b) present to the Bank a copy of the consultants' reports and their comments thereon;

(c) provide the Bank with any other additional information or legal reports as it may reasonably request concerning the execution of the Project and the use of the Contribution and the Counterpart Resources; and

(d) keep the Bank's Representative in the respective country or countries informed of all aspects of the Project.

Article 17. Publication of Documents. Any document issued under the Bank's name or logotype, which is intended for publication, as part of a special project, joint program, research initiative or any other activity financed with the resources of the Project, shall be previously approved by the Bank.

Article 18. Supervision in the Field. Without prejudice to the supervision of the Project activities performed by the Beneficiary or the Executing Agency, as the case may be, the Bank may supervise the Project in the field.

Article 19. Limitation of the Bank's Obligation. It is understood that the granting of the Contribution by the Bank does not constitute any obligation whatsoever on its behalf to totally or partially finance any project or program that may directly or indirectly result from the execution of the Project.

Article 20. Arbitration. For the solution of any controversy which may arise hereunder and which is not resolved by agreement of the parties, said parties shall unconditionally and irrevocably submit to the following arbitration procedure and award:

(a) **Composition of the Tribunal.** The Arbitration Tribunal shall be composed of three (3) members, to be appointed in the following manner: one by the Bank, another by the Beneficiary, and a third, hereinafter called the "Referee", by direct agreement between the parties or through their respective arbitrators. If the parties or the arbitrators fail to agree on who shall be the Referee, or if one of the parties fails to appoint the arbitrator, the Referee shall be appointed, at the request of either party, by the Secretary General of the Organization of American States. If either of the parties fails to appoint an arbitrator, he or she shall be appointed by the Referee. If either of the appointed arbitrators or the Referee is unwilling or unable to act or to continue to act, his or her successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his or her predecessor.

(b) **Initiation of the Procedure.** In order to submit the controversy to arbitration, the claimant shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation sought, and the name of the arbitrator it has appointed. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it has appointed as arbitrator. If, within thirty (30) days after delivery of such notification to the claimant, the parties have not agreed upon the person who is to act as Referee, either party may request the Secretary General of the Organization of American States to make the appointment.

(c) **Convening of the Tribunal.** The Arbitration Tribunal shall be convened in Washington, District of Columbia, on the date designated by the Referee and, once convened, the Tribunal itself shall decide when it shall meet.

(d) **Procedure.**

(i) The Tribunal shall be competent only to hear the matter in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.

(ii) The Tribunal shall proceed ex aequo et bono, basing itself on the terms of this Agreement, and shall issue an award even if either party should fail to appear or to present its case.

(iii) The award shall be in writing and shall be adopted with the concurrent vote of at least two of the members of the Tribunal. It shall be handed down within sixty (60) days from the date on which the Referee has been appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The parties shall be notified of the award by means of a communication signed by at least two members of the Tribunal. The parties agree that any award of the Tribunal shall be complied with within thirty (30) days from the date of notification and it shall be final and not be subject to any appeal.

(e) **Costs.** The fees of each arbitrator shall be paid by the party which appointed him or her and the fees of the Referee shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of any other person who by mutual agreement, they deem should participate in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself may determine the compensation that is reasonable for such person under the circumstances. Each party shall defray its own expenses in the arbitration proceedings but the expenses of the Tribunal shall be divided and borne equally by both parties. Any doubt regarding the division of expenses or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

(f) **Notification.** All notifications regarding the arbitration proceeding or the award shall be made in the manner provided in this Article. The parties expressly waive any other form of notification.

ANNEX

The Project

Forest Carbon Partnership Facility Project in Guyana

I. Objective

- 1.01** The objective of the Project is to assist the Government of the Co-Operative Republic of Guyana (GoG) in their efforts to establish an enabling framework and build their capacity for Reducing Emissions from Deforestation and Forest Degradation (REDD+) through financial and technical assistance.
- 1.02** Specifically, this Project will support: (i) improvements in the organization of the country for REDD+ readiness, including stakeholder consultations; and (ii) the preparation of the Guyana REDD+ Strategy to facilitate Guyana's access to additional funding under performance-based incentives.

II. Description

- 2.01** To achieve the objective described in the previous section, the Project will finance the following outputs and activities:

Component 1: Institutional arrangements and consultations for REDD+ readiness.

- 2.02** Component 1 seeks to strengthen the efficacy, accountability and transparency of the national readiness management and institutional arrangements, and increase stakeholder consultation and participation in REDD+ implementation. To comply with this objective the following activities will be financed:
- 2.03** **Establishment and operationalization of national readiness management institutions and arrangements**, including the REDD Secretariat (RS), the National Toshaos Council (NTC), the National REDD+ Working Group (NRWG), and a national conflict resolution mechanism. (i) Support the establishment of a functional RS: This activity will support the strengthening and capacity-building of the RS. The Project will reinforce the coordination and implementation capabilities as detailed in the Readiness Preparation Proposal (R-PP). Recruitments will include a Director, Program Coordinator, Technical Coordinator, six Project Officers and 14 Field Assistants. The Project will finance workshops and travel expenses for consultants to attend meetings to enhance the coordination of the RS, with REDD+ institutions. (ii) Provide institutional strengthening and capacity building for the NRWG: This activity includes support to the NTC and four Amerindian Non-Governmental Organizations (NGO), and community leaders. It intends to assess the current institutional capacity of the NTC and provide institutional strengthening and capacity building so it is able to support consultation on REDD+ with

forest dependent Amerindian communities and villages. It will provide office space for three permanent consultants and a space for meetings of 20 council members. It includes training to NTC and NGO members in REDD+; LCDS; Monitoring, Reporting and Verification Systems (MRVS); and accounting. In order to enable the NTC and Indigenous NGO to effectively participate in NRWG activities, office and communication equipment and materials will be provided. (iii) Development and establishment of a national conflict resolution strategy: This Project will finance a consultant who will design, develop, consult and disseminate information to enable the GoG and the REDD+ stakeholders to develop a functional and efficient conflict resolution/grievance mechanism for REDD+. It will be based on existing legislations, structures and systems including that provided in the Amerindian Act 2006. An assessment of existing formal and informal feedback and grievance redress mechanisms will be performed as a basis to define the scope, functions and components. The Project includes workshops with stakeholders, and will finance travel arrangements for stakeholders participating in consultations and development, and launching of the mechanism.

- 2.04 **Stakeholder consultations and participation.** This activity aims to ensure that key stakeholders understand REDD+ and have strong participation in the readiness process and the REDD+ Strategy development. It will ensure that consultation processes are: clear, inclusive, transparent and facilitate timely access to information in a culturally appropriate form. The following activities will be implemented: (i) Development of a communication, outreach and consultation strategy and action plan. A firm will be hired to conduct consultation and stakeholder engagement on REDD+ readiness activities in Guyana, and develop an outreach and consultation strategy, and an action plan for REDD+ Strategy implementation. The outreach and consultation strategy will guide the executing of consultations and will cover cost, logistics, culture, language and customs. The plan will include detailed outlines of sessions to be conducted such as specific agenda, target groups, and specific approach to be used in outreach. It will also formulate a map of stakeholders, and prepare a formative research and communications needs assessment. The Project will finance cluster workshops, travel expenses for groups to participate, dissemination materials, translation of documents, and preparation of proposals and mechanisms for integration in the REDD+ Strategy. (ii) Implementation of the communication, outreach and consultation strategy and action plan and conduction of consultation activities. This activity will ensure that REDD+ institutions and management arrangements are transparent, consistent, comprehensive, and guarantee the timely sharing and disclosure of information related to all Readiness activities. The results of consultations will be integrated in the REDD+ Strategy. (iii) Disseminate materials for consultations through various media. The Project will also support the development of communication and outreach materials and outreach activities. Dissemination will involve urban and rural stakeholders, by distributing information packages (posters, booklets, presentations, newspapers advertisement, newsletters, infomercials, internet outreach, radio, etc.).

Component 2: REDD+ Strategy and implementation framework.

- 2.04** The objective of Component 2 is to prepare the country to implement the REDD+ Strategy to: (i) verify and characterize the key drivers of deforestation and forest degradation identified in the R-PP and design conservation and sustainable forest management activities that reduce emissions; (ii) identify how current land use, and forest law, policy and governance structures impact on the drivers of deforestation and forest degradation; and (iii) propose alternatives for mitigating the identified drivers and responding to impacts. The following subcomponents and activities will be financed through the Project:
- 2.05 REDD+ Strategy options developed.** (i) Identify/Design REDD+ Strategy options. This Project will finance a consulting firm that will identify and propose effective incentives for the implementation of actions to maintain Guyana's deforestation rate, while building support for REDD+ nationally. The consultancy will prepare an assessment of deforestation and forest degradation. It will identify, design and assess REDD+ Strategy options, support the implementation of REDD+ pilot activities, and design the national REDD+ Strategy. (ii) Prepare the REDD+ Strategy options papers. This activity will involve the elaboration of the strategy options and will go beyond the identification and design stage. It includes the integration of a feasibility assessment and a cost benefit analysis. (iii) Analyse the investments necessary to implement REDD+. The Project will finance an assessment of the capacity and financial needs of local REDD+ institutions, and of the investments and tools required to build capacities. It will be based on the Institutional Capacity Assessment document prepared by GFC for the FCPF on April 2011. It will assist in this respect the: Guyana Geology & Mines Commission (GGMC), Guyana Lands & Surveys Commission (GL&SC), Environmental Protection Agency (EPA), and other relevant authorities, communities and Indigenous People (IP). (iv) Design and development of REDD+ pilot projects. The Project will support the design of at least three small scale pilot projects in the sectors of: logging, mining and community involvement in REDD+. The pilots will test options and generate information for the analysis of the alternatives to address each deforestation driver in the three sectors. The pilots will include the safeguards and, during the design phase, criteria for the selection of pilots, including environmental and social will be identified. Each pilot will be accompanied by relevant studies and workshops to ensure that lessons learned are appropriated and analyzed. (v) Conduct studies, workshops and study tours, including trade off analysis. Specific areas of study in implementation of pilots as well as in the design stage will be conducted. One study to be conducted is the effectiveness of enrichment planting as a way to address forest degradation. Another study will focus on testing the effectiveness and practicality of Reduced Impact Logging in small scale concessions and indigenous areas. Workshops and study tours may focus on engaging stakeholder to better understand and explore these and other areas.
- 2.06 REDD+ implementation framework.** This will support the development of the institutional framework that will coordinate the REDD+ programs and ensure multi-stakeholder participation during the implementation phase. (i) Train on the interpretation and implementation of natural resource legislation, policies, and guidelines, including

safeguards. This Project will finance the training of government officials and civil society by hiring an international consultant or firm that will assess local institutional capacities and develop a training plan to enable relevant institutions to interpret and implement natural resources legislation, policy and guidelines for REDD+ implementation, including environmental and social safeguards. (ii) Establish a communication link with other countries to enable the sharing of ideas and lessons learned. The Project will finance workshops and travel arrangements for REDD+ management units, participants and stakeholders in the REDD+ to participate in international forums, and the exchange of information with peers in other countries. (iii) Analyse land tenure and carbon ownership to inform the allocation of benefits and rights. This Project will finance a consultant that will create guidelines for carbon rights, as well as management for the implementation of REDD+ in Guyana, including: (a) defining the nature of carbon rights that apply to the land tenure types and management practices in Guyana's forest lands; (b) identifying the steps for the establishment of carbon rights allocation; and (c) identifying land tenure and management linkages for the implementation of REDD+ in Guyana. This activity will be done in conjunction with Component 1- Stakeholder consultations and participation. (iv) Establish an equitable and mutually agreeable benefit sharing mechanism. The Project will finance a consultant or firm to: (a) develop a transparent benefits sharing mechanism for REDD+; (b) design the regulatory and/or incentive framework and performance-based benefit sharing scheme for Amerindian communities; (c) define regulatory and/or performance benefit-sharing schemes for other key groups of stakeholders (e.g. forestry and mining). The consultant will identify the requirements of international best practices for benefits sharing, including safeguards and opportunities, and challenges for the design of the benefit sharing mechanism. This activity will include travel for consultants and participatory workshops.

- 2.07 **Strategic Social and Environmental Assessment (SESA).** (i) Develop SESA studies and reports, including the review of the legal and policy framework. The Project will hire a firm to conduct the SESA. The SESA will help to ensure compliance with the applicable safeguards by integrating key environmental and social considerations relevant to REDD+, including all those covered by the applicable safeguards set forth in the document "Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners" (Resolution PC/9/2011/1). The SESA will help Guyana formulate their REDD+ Strategy in a way that reflects inputs from key stakeholder groups and addresses the main environmental and social issues. (ii) Develop an Environmental Social and Management Framework (ESMF): The consultancy will elaborate the ESMF as a stand-alone document, which will provide a framework for managing and mitigating the potential environmental and social impacts, and risks related to REDD+ activities, investments and carbon finance transactions. The Project will finance workshops and consultations with indigenous groups.

Component 3: Monitoring and evaluation of readiness activities.

- 2.06 The objective of this component is to provide a monitoring and evaluation framework for the implementation of this Project in Guyana by: (i) designing a monitoring and evaluation framework; and (ii) developing progress reports. The Project will finance

workshops and travel to support fulfillment of these objectives. The RS will coordinate the preparation of monitoring and progress reports according to the requirements of FCPF. Reports will be based on the Results Based Framework of this Project and other reporting requirements from the FCPF such as the Mid-Term report.

III. Total Cost of the Project

- 3.01** The estimated cost of the Project is three million eight hundred thousand dollars (US\$3,800,000), in accordance with the following budget:

Budget (in US\$)

Indicative Budget		
	Description	BID/FCPF
Component 1	Institutional arrangements and consultation for REDD+ Readiness	2,136,000
Component 2	REDD+ Strategy and Implementation Framework	1,589,000
Component 3	Monitoring and Evaluation of Readiness Activities	75,000
Total		3,800,000

