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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX

to the Commission Implementing Decision on the financing of the annual action plan
in favour of Guyana for 2022

Action Document for Guyana Forest Partnership – Protect and Restore Mangrove Forests

MULTIANNUAL PLAN

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23(2) of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	“Guyana Forest Partnership – Protect and Restore Mangrove Forests” OPSYS: Act 61302; CRIS: 2022/43472 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	Yes Guyana – Suriname TEI
3. Zone benefiting from the action	The action shall be carried out in the Co-operative Republic of Guyana, Caribbean region.
4. Programming document	MIP Guyana 2021-2027 “An EU-Guyana Forest Partnership for the protection, restoration and sustainable use of Guyana’s rainforests, savannahs and mangroves.”
5. Link with relevant MIP(s) objectives / expected results	This action is contributing to specific objectives 3 and 4 of the MIP.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority area: Forest and sectors 312 and 410.
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): 13 Other significant SDGs: 1; 5; 8; 14; 15 and 17.
8 a) DAC code(s)	DAC code 312 – Forestry, 50%. DAC code 410 – General Environment Protection, 50%.
8 b) Main Delivery Channel	European Commission - Development Share of Budget-42001

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	digital connectivity energy transport	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/

	health education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration (methodology for tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.020141 Total estimated cost: EUR 4,620,000.00 Total amount of EU budget contribution: EUR 4,620,000.00 of which EUR 4,620,000.00 for budget support Indicatively EUR 30,000,000 from AFD in loan contributing to the Team Europe Initiative.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: Budget Support: Sector Reform Performance Contract			

1.2 Summary of the Action

Capitalising on previous EU support to mangrove protection and management in Guyana, this action will further continue in this area by supporting institutional inter-agency coordination and the development of regulations to conserve and protect mangroves. These measures will lead to an integrated coastal protection plan focused on mangroves, while shoreline communities will be assisted with development of free from deforestation and degradation value chains for such mangrove products (e.g. honey, shellfish, charcoal and eco-tourism). Since mangroves have a very high carbon sequestration potential, forest carbon also has potential as a revenue stream.

This mangrove action mainly benefits the coastal zone of Guyana. Institutional support activities at national level will be concentrated around Georgetown.

This action will contribute to the following Specific Objectives of the Multi-annual Indicative Programme (MIP):

SO 3: Expand Payments for Ecosystem Services (PES)/forest carbon projects, with these expected results:

- PES (carbon) finance accessed for forest conservation, with due attention to Free and Prior Informed Consent (FPIC) and fair sharing of costs and benefits

SO 4: Protect and restore mangrove forests, with these expected results:

- Overarching policy for ensuring mangroves institutional coordination developed
- Integrated coastal protection plan consolidated
- Market links strengthened for community producer groups in mangroves

Additionally, this action will commit to SDG1 “No poverty”, SDG5 “Gender equality and women empowerment”, SDG8 “Decent work and economic growth”, SDG13 “Climate action”, SDG 14 “ Marine Life”, SDG15 “Life on land” and SDG17 “Partnership for the goals” and it will contribute to achieve the biodiversity and climate objectives under the CBD and the UNFCCC.

Having a targeted mangrove action through budget support will enable the EU to continue policy dialogue in the area of PFM and transparency, as initiated during previous cooperation under 11th EDF.

2 RATIONALE

2.1 Context

The country experienced a complex political situation between December 2018 and August 2020, which stabilised by the end of 2020 with the resumption of regular sitting by the Parliament.

In 2020, Guyana officially transitioned into an oil producing country, with favourable economic prospects for the coming years (IMF predicting a quadrupling of GDP between 2019 and 2024). The economy recorded a Gross Domestic Product (GDP) growth rate of 43.5% in 2020, compared with 5.4% in 2019, and grew by 19.9% in 2021. By comparison, in the Latin America and Caribbean (LAC) countries GDP contracted by on average 6.8% in 2020.

The approved 2022 national budget for Guyana (GYD 552.9 billion) is 44.3% larger than the 2021 budget and includes the first withdrawals to be made from the new Natural Resources Fund¹. In fact, the government withdrew US\$200 million from the Natural Resource Fund (NRF) in May 2022 in a transparent manner.

While oil and gas income creates new expectations for economic development in Guyana, this revenue has to be carefully managed to avoid risks of environmental pressure, increased income inequality, challenges of monetary policy and an oil-dependent economy that neglects other economic sectors (agriculture, forestry, fisheries). There is a risk of uneven access to the oil wealth, which could fuel inflation, inequalities, public discontent and social conflict. And, most importantly, Guyana needs to balance oil and gas production consistently with its climate and other environmental policies, also in view of climate change becoming a global priority. In this context and following Guyana’s commitment to the Paris Agreement (COP21) and the Convention on Biological Diversity (CBD), the country’s commitments were materialised into several policies and forward planning, notably a) The Low Carbon Development Strategy 2030 (a draft is currently under a national broad consultation process), and b) Guyana’s revised Intended Nationally Determined Contribution (INDC, 2015).

The majority of the population of Guyana (some 90%) live along the narrow, cultivated coastal strip which lays below sea level (on average 1.5 m below high sea tide level), thereby placing the population and economy at high risk of floods and natural disasters resulting from climate change. Consequently, coastal protection is a strategic priority for sustainable and inclusive development of Guyana. Applying a gender and human rights based approach is key for sustainable coastal protection. Women and men in coastal communities are often closely connected to their coastal ecosystems. Women and men differ in how they

¹ Guyana has created a Natural Resources Fund (‘Natural Resources Fund Act 2021’) whereby all petroleum-related revenue is deposited into a separate bank account, while withdrawals can not exceed thresholds set by parliament and need to be used for either national development priorities aimed at realising an inclusive green economy or for ameliorating the effect of a major natural disaster (ACT NO. 19 OF 2021 - NATURAL RESOURCE FUND ACT 2021 <https://finance.gov.gy/wp-content/uploads/2021/03/NRF-Act.pdf>).

interact and depend upon mangroves – how they use the ecosystem, which mangrove products they choose, and the benefits they receive.²

In that context mangrove forests provide natural defence against flooding and coastal erosion and thus protect the coast and its inhabitants against some of the impacts of climate change; by actively capturing sediments they may even grow with rising sea levels, thus creating a climate change resilient coastal defence. At the same time, they serve as nurseries for many species and have rich biodiversity. Mangrove forests can play an important role in carbon removals because they are among the most carbon-dense ecosystems in the world, and if kept undisturbed, mangrove forest soils act as long-term carbon sinks.³ In addition, mangroves store as much as four times the carbon of an equal area of inland rainforest and most of it is in the soil, beneath the mangrove trees, therefore providing an excellent source of climate change mitigation. Mangrove protection and restoration can be a good example for nature-based solutions in line with UNEP/EA.5/Res.5⁴ In addition to this, the relevance of mangroves as a coastal protection is underlined in the Guyana National Biodiversity Strategy and Action Plan.⁵

Unfortunately, these ecosystems are threatened and degraded by infrastructure development and other human activities (e.g. dumping, slash and burn agriculture), as well as natural phenomena, which the Government seeks to address through the Mangrove Action Plan and its infrastructure policies to counter the negative impact of these threats.

It is therefore a priority, both for the EU and Guyana, to protect, restore and expand mangrove forests, while fostering for the local communities sustainable livelihood opportunities related to the mangrove areas.

2.2 Problem Analysis

Short problem analysis

The threat of sea level rise and coastal floods due to climate change is a continuous challenge to the sea defence structures.

Mangroves serve as links between terrestrial and marine environments and as such, perform multiple functions including mitigation of coastal erosion, compensation for rising sea levels, regulation of water quality of the hosting and adjacent ecosystems, and provision of other countless ecosystems services that have been widely documented. “Many years of unsustainable human use, largely driven by demand for resources and products on the international market, has led to large-scale overexploitation and destruction of mangrove forests. The consequences of disappearing mangroves have been particularly detrimental to the lives and livelihoods of the local people.”⁶ Moreover, the loss of mangroves (from a historic 90,000 ha to 33,000 ha today) has generated diverse negative climatic, social, ecological and environmental impacts, thereby promoting the need for strategic, inclusive and gender sensitive plans for management, protection and restoration actions.

During the implementation of the EU Integrated Coastal Zone Management (ICZM) budget support (2017-21) multiple challenges in the area of mangroves were identified that still need to be addressed in the upcoming years, such as, lack of clarity on mandates of government institutions and overlapping policies

² <https://www.iucn.org/news/forests/201707/gender-equity-key-mangrove-restoration>

³ [New study finds mangroves may store considerably more carbon than we thought \(mongabay.com\)](https://www.mongabay.com/news/2017/07/new-study-finds-mangroves-store-more-carbon-than-thought/)

⁴ <https://wedocs.unep.org/bitstream/handle/20.500.11822/39752/K2200677%20-%20UNEP-EA.5-Res.5%20-%20Advance.pdf?sequence=1&isAllowed=y>

⁵ <https://www.cbd.int/doc/world/gy/gy-nbsap-v3-en.pdf>

⁶ <https://www.iucn.org/news/forests/201707/gender-equity-key-mangrove-restoration>

and regulations. This weak inter-institutional coordination hampers an adequate and sustainable mangrove protection.

This action will support institutional inter-agency coordination and the development of regulations to conserve and protect mangroves. These measures will be guided by an integrated coastal protection plan as recommended by water experts in their Guyana Green-Grey Engineering Guidance⁷.

Since mangroves have a very high carbon sequestration potential, forest carbon also has potential as a ‘blue carbon’ revenue stream and will be further explored, as a means to support the protection of the mangrove forests in the long run.

At the end of the implementation of this action (“Guyana Forest Partnership – Protect and Restore Mangrove Forests”), it is expected that a reinforced policy coordination, protection and restoration for the monitoring of mangroves is put in place in Guyana, to ensure protection and restoration/expansion of mangroves and the works done during the implementation of the previous budget support operations in the mangroves sector.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Main stakeholders (duty-bearers)

- National Agricultural Research and Extension Institute (NAREI), Ministry of Agriculture, as the lead agency in the sector;
- Guyana Forestry Commission, Ministry of National Resources;
- The Environmental Protection Agency (EPA);
- Ministry of Public Works, in particular its Sea and River Defence Department;
- Ministry of Finance;
- Neighbourhood and Regional Democratic Councils (local authorities);
- Carbon investors;
- private sector entities interested in mangrove development; and
- Coastal communities (rights-holders).

During the implementation of this action, a more rigorous plan will be developed to establish a useful institutional coordination framework according to the mandates and roles of each of the mentioned stakeholders.

The role of the Mangrove Restoration and Management Department (MRMD) of NAREI as the lead agency of the mangrove sector should be reinforced in this new institutional scheme. While forestry is not the mandate of NAREI, the institute has been the one and only leader in mangrove restoration based on a motivation at the time to protect agricultural land in the coastal plain from the frequent floodings. Deficiencies in staffing, equipment and inadequate skills in data analysis and Geographic Information System (GIS) challenge the performance of the Department. For field monitoring, the Department has 8 equipped mangrove ranger units at its disposal.

The Works Services Group – Sea and River Defence Department works closely with NAREI on the implementation of mangrove restoration and protection projects, particularly, as it relates to the

⁷ Conservation International-Deltares 2022.

management of the Sea and River defence sector and the provision of technical support for the design and construction of low crest structures such as groynes and breakwaters on accreted foreshores.

A participatory approach is ensured in the implementation of all sea and river defence programmes through managerial oversight from the Sea Defence Board (SDB). The membership of the Board comprises of representatives from key stakeholder agencies with responsibility for diverse aspects of coastal zone management. This includes Ministry of Public works, NAREI (Ministry of Agriculture) the Guyana Environmental Protection Agency (EPA), Ministry of Communities, Ministry of National Resources, Regional Administrations, Guyana Sugar Cooperation and entities within the Private Sector. Consultation of and collaboration with local communities and MSME will also be sought to increase sustainability of plans and solutions.

EPA operating under the Department of Environment (DoE) / Ministry of the Presidency has the national mandate for Integrated Coastal Zone Management. In collaboration with the DoE and other stakeholders, EPA established in 2019 the inter-institutional Coastal Marine Management Committee (CMMC) for the coordinated implementation of the new ICZM Action Plan and for the establishment of management strategies that drive development and sustainability of coastal and marine environments. While this has been a commendable initiative, EPA/DoE lack staff and means to make the important CMMC fully operational.

The Guyana Forestry Commission (GFC), operating under the Ministry of Natural Resources, is mandated to implement the Guyana National Forest Policy Statement (2018) and the Guyana National Forest Plan (2018) and to coordinate contributions of other entities to its implementation.

In the spirit of Guyana's policy on inclusive green economic development, coastal communities will be involved in the development of free from deforestation and degradation value chains for such mangrove products as honey, shellfish, charcoal and eco-tourism. Partnerships between communities and private companies will be stimulated for product development, market links and investment.

2.3 Additional Areas of Assessment

2.3.1 Public Policy

Relevance and credibility

The reference policy for this action is the Sea and River Defence Sector Policy. Mangrove Restoration Management is enshrined under the Sea and River Defence Sector Policy, which emphasises very clearly the importance of natural types of flood defence mechanisms. These are incorporated into the strategic interventions aimed at coastal protection. The policy under Priority 1 recognises that there is a need to develop knowledge on alternative flood protection solutions such as redesign and incorporation of mangroves, to enhance the effective flood defence functions and protect or enhance environmental resources.

Additionally, Guyana's Low Carbon Development Strategy (LCDS) 2030, still a draft, and currently undergoing a national public consultation, has identified the critical importance of the mangrove ecosystem as part of the Sustainable coastal zone protection. The LCDS 2030 envisions that the main activities under this component will entail (i) Mangrove monitoring and research; (ii) Development and implementation of a restoration programme for mangroves; (iii) Review, revise and support the implementation of mangrove conservation programmes, policies and legislation; (iv) Review and harmonize existing legislation and define functionalities of entities relating to mangroves; (v) Capacity building to utilize technology (remote sensing) to support mangrove monitoring.

The LCDS seeks to further explore Blue Carbon potential in Guyana, focusing on Guyana's mangroves in the initial stages. At a global level, despite covering 0.7% of total land area, mangrove deforestation accounts for an estimated 10% of emissions globally. It is estimated that mangroves are worth at least US\$1.6 billion annually in ecosystem services. Blue carbon ecosystems are therefore an important resource to be protected, expanded and or restored.

The LCDS also seeks to strengthen the protection of mangrove ecosystems through the establishment of a protection system for areas identified as having significant ecological value.

The adoption of the LCDS is expected before the end of 2022. In addition, a draft National Mangrove Action Plan (covering a 10 year period 2022-2032) has recently been developed. It covers key issues related to the protection, sustainable development and management of the national mangrove forest with the aim to guide NAREI and other key institutions in mangrove related activities.

Guyana has made significant strides in the protection of mangroves through its 2010-2013 Guyana Mangrove Restoration Project funded by the EU. This project allowed for the establishment of national administrative capacity to manage mangroves in Guyana and focused efforts on mangrove restoration, community-based mangrove management as well as public awareness.

Financing for the Mangrove Restoration and Management Programme is facilitated through the Government of Guyana's Annual Capital Estimates under the Ministry of Agriculture Budget Line Item 'Mangrove Management'. This budgetary allocation under the Mangrove Management Capital for the past three years presents the following figures: 2021 50 M GYD; 2020 51.885 M GYD; 2019 100 M GYD. For 2022, the figure is 70 M GYD, and for 2023, 2024 and 2025 this allocation is estimated to 90 M GYD, 100 M GYD and 120 M GYD respectively.

Monitoring

On a yearly basis NAREI prepares a work programme based on the overarching development strategies and reports on the achievements and outputs as part of its annual reporting system. Additionally monitoring and evaluation of the programme is reinforced through NAREI's Monitoring and Evaluation Unit whose monthly and annual reports form part of the Ministry of Agriculture's reporting on achievements. Furthermore, during past programming, annual progress reports were produced by NAREI and formal as well as informal meetings took place during the implementation phase, on top of several field visits to closely monitor the implementation of the programme and its credibility with the policy sector. This methodology will continue during the upcoming action.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support contract.

2.3.2 Macroeconomic Policy

According to the International Monetary Fund (IMF), Guyana's medium-term prospects are very favourable with the discovery of recoverable oil resources. In 2020, Guyana officially transitioned into becoming an oil producing country. The revenue derived therefrom would help meet not only critical social and infrastructure needs. It will also result in a decline in public debt and the external current account deficit.

The IMF, however, cautioned that the economy would need to be managed in a manner that will minimise macroeconomic distortions relating to Dutch disease and governance weaknesses. In particular, increased

dependence on oil revenue over time could expose the economy to price volatility. In addition, excessively rapid increases in government spending from oil revenue could expose the country to the ‘natural resource curse’, resulting in significant inflationary pressures thereby eroding competitiveness.

The economy recorded a GDP growth rate of 43.5% in 2020, compared with 5.4% in 2019, primarily due to oil growth. This performance compares very favourably with those of the Latin American and Caribbean countries where the economies contracted by on average 6.8%. For the Caribbean countries, the economic decline averaged 7.5%. In 2021 GDP grew by 19.9% and the estimation for 2022 is 49.7%. Guyana’s non-oil sector, however, recorded a negative growth of 7.3% in 2021, compared with a positive growth of 4.4% in 2019. The contraction in the non-oil economy reflected significant declines in all the major sectors, except the agriculture sector, which grew on account of higher output of rice, other crops, and livestock. This is mainly due to the impact of the Covid-19 pandemic.

Regarding risks, Russia’s unjustified invasion of Ukraine is exacerbating inflationary pressures in 2022 (due primarily to higher fuel and food prices), but the government implemented measures to mitigate the impact on vulnerable households and the economy. Even though the current account deficit widened significantly in 2021 in part reflecting increased capital imports, the foreign exchange (FX) reserve position improved, due to the new Special Drawing Rights (SDR) allocation.

Guyana no longer has an IMF programme in place, however remains committed to Article IV Consultations, with the last Article IV consultation taking place in May 2022. IMF commends the authorities’ efforts outlined in the Low Carbon Development Strategy 2030 to maintain the country’s forest coverage and address climate change challenges by shifting towards renewable energy sources, while entering the international carbon credits market.

Guyana made progress in implementing the recommendations of the 2019 and 2021 EITI (Extractive Industries Transparency Initiative) reports, notably on the reconciliation with the fiscal regime. Some progress has also been made on information sharing and publication of extractive industries’ financial statements, and the authorities are strengthening capacity to address remaining gaps, including in moving towards electronic disclosure and adequate follow-up.

According to IDB’s assessment, tax relief policies, combined with recovery spending, are expected to add pressure to fiscal balances. Revenues represented 22% of GDP in 2020 and are expected to average 15% of GDP over 2021-2026 (IMF, April 2021 World Economic Outlook.). On the other hand, expenditures represented 29% of GDP in 2020 and are expected to average almost 20% of GDP in 2021-2026.

While the fiscal deficit averaged 2.6% of GDP over 2015-2019, the dynamic of falling revenues and growing expenditures contributed to a fiscal deficit of 7.4% of GDP in 2020. The fiscal deficit is projected to improve to 5.8% of GDP in 2021 and average 4.2% over 2021-2026. The fiscal balance contributed to increased public debt as a share of GDP, which rose to 44% in 2020, but is expected to remain stable and average 39% of GDP over 2021-2026.

Guyana recently amended the adopted National Resources Fund Act, which was adopted in 2019. The amendment sets clear ceilings on withdrawals from the Fund for budgetary spending and promote transparency in the management and use of oil resources. It is expected that the National Resource Fund (NRF) will play an important role in different aspects of the public financial management of the country:

- (i) National income volatility: It could be reduced through transfers from the NRF to the national budget. This could also have an impact on fiscal policy, especially in an economic recession context where domestic revenue is temporarily reduced (Counter Cyclical economic policy).

- (ii) Monetary policy: Reduce the chances of an uncontrolled appreciation of the domestic currency/USD (Dutch disease) as a consequence of significant income inflows from the oil and gas sector.
- (iii) Inter-generational distribution of natural resources wealth: The NRF would assure the long term use among generations of oil and gas revenues obtained in a specific period of time.
- (iv) Public account transparency and accountability: The NRF establishes a clear and transparent mechanism for managing the oil and gas sector revenues.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.3.3 Public Financial Management

The Government’s reform priorities are based mainly on the 2013 and 2019 Public Expenditure and Financial Accountability (PEFA) assessments. The resulting Public Financial Management (PFM) and Budgetary Transparency Action Plan (BTAP) agreed on the findings and recommendations contained in the Auditor General’s reports, as well as the reports of the Public Account Committee (PAC) and various studies carried out by the IMF.

The last PFM Action plan contains 116 action items involving six key agencies: Internal Audit of the Ministry of Finance, Office of the Budget, National Procurement and Tender Administration Board, Accountant General’s Department, Audit Office of Guyana and Guyana Revenue Authority. In September 2021 the rate of full implementation of the actions was 92%. The Accountant General’s Department has not shown much progress since 2020 mainly due to capacity constraints. The Department needs to intensify efforts to implement of International Public Sector Accounting Standard (IPSAS). In addition, the National Procurement and Tender Administration Board (NPTAB) could improve the procurement planning to be more comprehensive.

A PEFA assessment, funded by the EU, conducted in 2019/20 concluded that overall the PFM system is robust, but there are notable weaknesses in aspects of risk management, multi-year budgeting and financial reporting. While the assessment was carried out using the updated and expanded 2016 methodology, it has been possible to score against the previous 2011 PEFA methodology that was used in the 2013 PEFA assessment. Overall, PFM performance over the past five years has improved, albeit modestly.

Authorities remain committed to improve PFM performance and its track record in improving PFM systems and are currently working on a new PFM action plan.

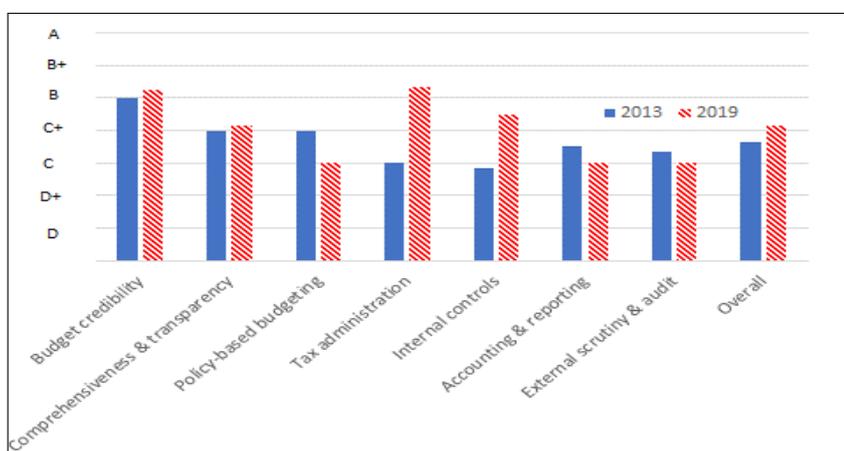


Figure 1 - Comparison of PFM performance in Guyana, by major pillar 2013 and 2019

Domestic Revenue Mobilisation

The Guyana Revenue Authority (GRA) has successfully completed all its activities outlined in the PFM Action Plan. It continued to intensify its efforts to garner revenue from various taxes, mainly through: (i) increased regional presence and the expansion of taxpayer base; (ii) the full activation of the Automated System for Customs Data (ASYCUDA) for the Customs Department; and (iii) institutional strengthening of the Enforcement Department via training initiatives.

The results of the last Tax Administration Diagnostic Assessment Tool (TADAT) conducted in 2017 by the IMF identified a number of weaknesses at the tax assessment and collection agency. These include absence of segment-based management of taxpayers; limitations of the IT system; limited e-transaction systems; absence of strategic and structured risk management approach; absence of centralised audit case selection process; absence of legislated tax ruling system; limitation in scope and content of compliance improvement programme; and weak filing and payment compliance. Some of these weaknesses have been already addressed.

Oil and gas sector: Revenue administration management

The IMF Fiscal Affairs Department (FAD) supports GRA in developing capacity to administer revenue from oil and gas. The project helped GRA with: (i) setting-up petroleum revenue units within the Large Taxpayer Department (LTD) and Customs; (ii) building capacity among GRA staff on oil and gas accounting, cost recovery audits, and other tax-related matters for the oil and gas sector, including subcontractors; and (iii) developing a risk-based compliance strategy for the oil and gas sector.

IMF reports that Guyana has recently strengthened the AML/CFT framework and recommends further advances in this area. Guyana has been removed from the Caribbean Financial Action Task Force (CFATF) and the European Commission's Money-Laundering Blacklists. Similarly, the National Risk Assessment is completed, and the BoG is working on its recommendations with the requested support from the Caribbean Regional Technical Assistance Center (CARTAC).

IMF also commend the authorities' good progress in strengthening Guyana's anti-corruption framework and fiscal transparency and supports further advances. Several pillars of the anticorruption framework have been recently strengthened, including the Integrity and Public Procurement Commissions (IC and PPC) and the National Procurement and Tender Administration Board (NPTAB). Audit reports of public expenditures, including for COVID, are published, and their recommendations are followed up on. Asset declarations of a large number of public officials are submitted annually, and public procurement tenders are streamed live.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.3.4 Transparency and Oversight of the Budget

After one year and a half of the new administration in office and with the resumption of sittings of the National Assembly in September of 2020, the country counts with a functioning Legislature that, among other things, is relevant for the criteria of transparency and oversight of the budget.

The entry point for assessing budget transparency and oversight is met, as the 2022 National Budget was presented to the Assembly in January 2022 and was approved in February 2022. The approved 2022 national budget for Guyana (Guy \$552.9 Billion) is 44.3% larger than the 2021 budget and will include the first withdrawals (in the amount of Guy \$126.7 billion) to be made from the Natural Resources Fund Act.

Both budgets were published at both the Parliament Office and the Ministry of Finance websites. The main reference documents for budget transparency and oversight are:

- (a) Minister of Finance’s budget speech;
- (b) Proposed Estimates of Revenue and Expenditure;
- (c) Approved Estimates of Revenue and Expenditure in the form of an Appropriation Act;
- (d) Half-yearly report on the execution of the budget;
- (e) End-of-Year report on the execution of the budget and the performance of the economy;
- (f) Auditor General’s annual report to the National Assembly on the execution of the budget; and
- (g) Report of the Public Account Committee.

The Budgetary Transparency Action Plan (BTAP) commenced in 2016 and contains 14 actions items. In September 2021 there was an improvement in the rate of full achievement to 43% (from 36% in September 2020) while another 43% were partially achieved.

By Section 68 of the Fiscal Management and Accountability (FMA) Act, the Minister of Finance must prepare an End-of-Year Outcome and Reconciliation Report, which is part of the consolidated financial statements to be presented to the Auditor General not later than four months after the close of the fiscal year for audit (end of April). Within nine months of the close of the fiscal year (end of September), the Auditor General submits his report on the audit to the Assembly via the Speaker. The report is tabled in the Assembly after which is to be referred to the PAC for detailed examination and reporting.

The resumption of sittings of the Assembly also saw the activation of the Public Accounts Committee (PAC) of the Assembly charged with the responsibility of detailed scrutiny of the audited public accounts of the country. The PAC has completed its examination of the 2015 accounts and is currently examining the 2016 accounts. Its last report was in respect of the combined years 2012 to 2014 and was issued in March 2017. There are, however, some challenges currently being faced by the PAC in dealing with the backlogged accounts.

In terms of public account transparency and accountability, the new Natural Resources Fund (amended and approved by the National Assembly in December 2021) establishes a clear and transparent mechanism for managing the oil and gas sector revenues. The National Resources Fund (NRF) account is held at the Federal Reserve Bank in New York.

Appreciation budgetary transparency

The figures included in the table below are part of the 2019 PEFA report (2016 methodology). The financial years covered for indicators that required assessing over three years is 2015, 2016 and 2017.

PEFA Assessment (2016 indicators)	Match with PEFA 2011	Year 2019	Year 2013	Progress
PI-5 Budget documentation	PI-6	B	A	-
PI-6 Central government operations outside financial reports	PI-7	B	A	-
PI-9 Public access to fiscal information	PI-10	B	B	=
PI-28 In-year budget reports	PI-24	D+	C+	-
PI-29 Annual financial reports	PI-25	C+	C+	=
PI-30 External audit	PI-26	D+	C+	-
PI-31 Legislative scrutiny of audit reports	PI-27	D	D+	-

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall objective (Impact) of this action is to ensure protected and restored mangrove forests in Guyana.

The Specific objectives (Outcomes) of this action are to:

- 1) Guyana's mangrove ecosystem as natural, sustainable and environmental sea and river defence mechanism maximised, while conserving the mangrove biodiversity and its ecosystem services for the benefit of people.
- 2) Livelihood and job opportunities of mangroves communities enhanced.

The induced outputs to be delivered by this action contributing to the corresponding Specific objectives (Outcomes) are:

Contributing to Outcome 1 (Specific objective 1):

- 1.1 Overarching institutional coordination structure on mangroves developed.
- 1.2 Integrated coastal protection plan consolidated.

Contributing to Outcome 2 (or Specific objective 2)

- 2.1 Models developed for inclusive and sustainable use of mangrove forests.
- 2.2 Communities' capacities on mangroves value chains enhanced in terms of knowledge, skills, and equipment.
- 2.3 Knowledge on ecosystem services on mangroves strengthened.

The direct outputs to be delivered by this action are:

1. Improved policy dialogue and coordination.
2. Consolidation of mangroves as natural, sustainable and environmental defence.
3. Increase job opportunities in coastal communities.

3.2 Indicative Activities

Activities relating to Output 1.1:

- Set up of an overall institutional coordination mechanism: Mangrove Management Action Network
- Review and update the legal framework to enable implementation of the Mangrove Action Plan, including the inclusive protection of mangroves

Activities relating to Output 1.2:

- Select new suitable mangroves sites with conditions favourable to their protection and natural regeneration
- Draft and establish regulations to support the implementation of the Mangrove Action Plan

Activities relating to Output 2.1:

- socio-economic baseline studies
- technical and financial feasibility studies

Activities relating to Output 2.2:

- Capacity needs assessment
- Train mangroves communities to develop their mangroves micro-projects, such as honey, artisanal fisheries, charcoal and eco-tourism,

Activities relating to Output 2.3:

- Develop a comprehensive and gender sensitive assessment of the ecosystem services of the mangroves across Guyana

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental protection and climate change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

Guyana has a Strategic Environmental Assessment (SEA) developed some time ago. In addition to this there is a mature 2022-2032 National Action Plan for mangroves, an existing sea and river defence policy and a strong national policy for climate change, the draft Low Carbon Development Strategy (LCDS). This policy would create a new low-carbon economy in Guyana by establishing incentives, which value the world's ecosystem services, and promoting these as an essential component of a new model of global development with sustainability at its core.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

The Guyana Mangroves budget support programme will continue to promote gender equality in the sea and river defence sector through increased participation and decision power, in alignment with GAP III.

Principles of equal opportunities and women and girls' empowerment will be applied across the envisaged activities. In particular, gender considerations will guide the selection of candidates for capacity building opportunities, the selection of beneficiaries for the livelihoods / value chain component, as well as the design and conduct of awareness raising campaigns. In order to generate gender-related information during implementation of the action, gender-disaggregated data will be produced and analysed across the activities and throughout the duration of the programme.

“The Guyana Mangrove Restoration Project⁸ funded by the EU and implemented between 2010 and 2013, saw women take a central leadership role with their efforts to increase the resilience of Guyana's coasts against flooding and coastal erosion – a threat which mostly affected women. Women were provided with

⁸ <https://narei.org.gy/departments/mangroves/>

resources for economic empowerment and capacity building trainings, which allowed them to set up various businesses including honey production, tourism activities and mangrove cultivation. The active participation of women even led to the establishment of a women-led volunteer organisation for mangrove awareness and restoration as well as the ‘Mangrove Cooperative Society’ to support other women with training and resources on beekeeping.”⁹

Human Rights

Human rights protection and promotion (which comprises among other gender equality, indigenous rights, persons with disabilities) will be mainstreamed throughout the action. Several EU documents will help to incorporate a human rights based approach in future cooperation activities, such as:

- (i) The EU Action Plan on Human Rights and Democracy 2020-2024
- (ii) The Gender Action Plan (GAP III)
- (iii) The Human Rights and Democracy Country Strategy, and
- (iv) The CSO-LA Roadmap for Engagement with Civil Society

The action will apply the working principles of the human rights based approach (HRBA): applying all human rights for all, meaningful and inclusive participation and access to decision-making, non-discrimination and equality, accountability and rule of law for all, and transparency and access to information supported by disaggregated data.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the action is not considered relevant for inclusion of persons with disabilities.

Conflict sensitivity, peace and resilience

The action strengthens resilience of the coastal population and assets by reducing the climate change-induced risks of flooding, erosion and salt intrusion they are currently facing. Strengthened resilience will also result from the activities focused on value chains development. In the context of the Covid-19 pandemic, it should be highlighted that the action will contribute to enhancing Guyana’s overall resilience, also in terms of withstanding the corona-induced economic crisis and in protecting its population against the disease, by restoring ecosystems, mitigating climate change, reducing the risk of natural disasters, creating jobs and sustainable value chains.

Disaster Risk Reduction

Environment and climate change are at the core of the action, embedded throughout the intervention logic. As mentioned above, the action also strengthens resilience of the coastal population, by limiting the risks of among other flooding. Specifically, environment and climate change are addressed through efforts in the fields of (1) mangrove conservation, (2) adaptation to sea level rise and storm surges as effect of climate change, and (4) enhancing carbon sequestration through mangrove restoration.

⁹ <https://www.iucn.org/news/forests/201707/gender-equity-key-mangrove-restoration>

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Fore-shore mangrove restoration may not withstand extreme weather events	Risk 1	High	High	The action must take extreme weather conditions into account.
Ocean oil spills from the expanding oil and gas industry	Risk 1	Medium	Medium	Government is to ensure proper oversight of safety measures in this sector.
Due to increases of sea level and wave dynamics beyond the prediction of current models, the current good practices for successful mangrove restoration might lose their adequacy	Risk 1	Medium	Medium	Enhanced use will be made of new infrastructure for sediment trapping and wave attenuation.
Urban sprawl in the coastal zone	Risks 2 and 4	Medium	Medium	A well-developed integrated coastal zone management planning is to anticipate housing needs.
The action, involving a large number of different actors and covering several technical areas, is not easy to manage	Risks 2 and 3	Low	Low	A structured and strategic network of focal points in involved ministries and other stakeholder institutions will be set up and the budget support policy dialogue will be the pertinent space to address these challenges.
Socio-cultural barriers to work on human rights	Risks 2 and 3	Medium	Low	Training and awareness-raising campaigns, with inclusive material on the promotion of human rights and

and gender equality in community based project.				gender equality (to be distributed via social media)
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Lessons learnt

The action’s implementation will in many ways be informed by experiences from previous interventions and by findings from available studies¹⁰. Over the last decade, the EU has supported mangrove restoration and conservation through the Global Climate Change Alliance (GCCA)-funded “Guyana Mangrove Restoration Project, GMRP” (2010-2014) and the 11th European Development Fund (EDF) budget support programme “Integrated Coastal Zone Management, ICZM” (2017-2021).

An important and common lesson learned from past interventions in the sector is that the institutional context - with its marked fragmentation, lack of clarity on mandates and overlapping policies and regulations - hampers the required coordinated and holistic approach to mangroves (coastal defence) including mangrove conservation, and therefore reduces the effectiveness of any action. While there is, in general, a comprehensive “toolkit” of legal protections and management powers that exists, a combination of gaps in implementation or application together with insufficient or weak inter-institutional cooperation on policy and implementation mean that there are gaps in mangrove protection.

3.5 The Intervention Logic

The underlying intervention logic for this action is that:

The action is designed to assist Guyana in the implementation of one of the key country’s strategic responses to climate change. The main reference policy document is the Sea and River Defence Policy. This will be complemented by the adoption of the 2022-2032 Mangroves Action Plan.

The first response that will be supported is adaptation-related and aims at strengthening the capacity of the country’s mangrove belt as natural defence system against sea level rise, storm surges and their effects. Therefore, a threefold approach is envisaged, consisting of:

(1) Improving the institutional and legislative framework conditions for mangrove conservation. This component addresses a number of key issues that in the past hampered efficiency and effectiveness in mangrove restoration and management activities such as: institutional issues, strategic planning and knowledge management.

(2) Physical restoration of the mangrove ecosystem to the point where it reaches ecological sustainability in terms of sufficient self-regenerating capacity. It is thereby assumed that sea level rise, sea surges and wave strengths will not significantly increase over the next five years and that natural disasters will not destroy the ongoing restoration work.

(3) Increasing the population’s recognition and valuation of mangroves by developing mangrove-based free from deforestation and degradation value chains that take into account women’s empowerment with a high potential of generating economic benefits. It is thereby assumed that economic gains will lead to a broader support for mangrove conservation by communities (beekeeping, artisanal fisheries, aquaculture, eco-

¹⁰ It is recommended to learn from experiences on mangrove restoration and management in the broadest possible manner. A successful case of so-called hybrid engineering in mangroves is described in: Building with Nature: coastal protection that benefits people and nature. Important lessons on restoration can be drawn from *Mangrove restoration: to plant or not to plant?* Wetlands International has serious global expertise on these issues. Another useful report is the one recently developed by Deltares and Conservation International Guyana.

tourism) as well as by the government (blue carbon, growing tourism sector, reducing costs of infrastructure-based sea defences).

As an essential part of the Guyana Mangroves budget support programme, the EU Delegation will promote a strategic policy dialogue with the Government. Based on the previous budget support programme, this dialogue should be organised every six months.

The policy dialogue will serve as the main space to address implementation challenges, to be properly informed on the overall progress of the programme and to reinforce coordination among development partners. In addition, it will be useful as a forward-looking tool to identify policy difficulties and to reach a common understanding with the authorities on corrective measures to meet the programme and policy objectives.

This policy dialogue will be broader than the budget support programme sector, will also cover all the sectors of EU development cooperation in the country and will go hand to hand with the Political dialogue.

Continue with the conversations already started on next steps on PFM, such as the development of the new PFM action Plan, follow up on the last PEFA assessment, and priorities for Guyana will be one of the key topics to be discussed in the context of the policy dialogue.

All the different institutions and stakeholders involved in the implementation of the EU development cooperation in Guyana will participated in the policy dialogue meetings.

This action forms a part of the Guyana-Suriname TEI, along with the Guyana country window in the Amazon Basin TEI, and as such is fully aligned with both that are drawn from the MIP 2021-2027 in favour of Guyana. The activities in this Action Document fully complements the activities foreseen under the Amazon Basin TEI, in particular with regard to the support for sustainable livelihoods, as well as for the Guyana-Suriname TEI with regards to the protection and restoration of mangroves -the latter being explicetely defined in the Joint Intervention Logic.

3.6 Logical Framework Matrix

Results	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data (1 per indicator)
Indicative Impact of the policy	1. To ensure protected and restored mangrove forests in Guyana	1. Numbers of mangroves ha in the country (Areas of terrestrial and freshwater ecosystems under a) protection b) sustainable management with EU support (ha))*	1. 2018: 33,362 ha	1. 2025: 38,620	1. GFC and NAREI MRV studies
Expected Outcomes of the policy	1. Guyana's mangrove ecosystem as natural, sustainable and environmental sea and river defence mechanism maximised, while conserving the mangrove biodiversity and its ecosystem services for the benefit of people	1.1. Area inundated by coastal floodings (ha/year)	1.1 2021: To be defined before the signature of the Financing Agreement.	1.1 2025: To be defined before the signature of the Financing Agreement.	1.1 Reports from Ministry of Public Works and Agriculture
	2. Livelihood and job opportunities of mangroves communities enhanced.	2.1 Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land * (GERF 2.1)	2.1 2021: 0	2.1 2025 At least 6 new mangrove related small businesses created	2.1 Collection Ministry of Agriculture's annual reports on implementation; samples of training registration
		2.2 Number, of jobs supported/sustained by the EU, disaggregated for green jobs * (GERF 2.13) which % of women-led smallholders	2.2 2021: 0	2.2: To be defined before the signature of the Financing Agreement	2.2 Ministry of Public work report/NAREI and Ministry of Agriculture's reports.

Induced Outputs	1.1 Overarching institutional coordination structure on mangroves developed	1.1.1: Status of the Mangrove Management Action Network	1.1.1: 2021: 0	1.1.1 2025: 1 (Set up)	1.1.1 MoU signed
		1.1.2. Status of the Sea and River Defence Bill	1.1.2: 2021: 0	1.1.2 2025: 1 (updated on mangroves management and conservation)	1.1.2 Cabinet letter to Clerk of the National Assembly
		1.1.3 Number of PFM actions carried out	1.1.3 2021:0	1.1.3 2025: 2	1.1.3 PFM's reports record
	1.2 Integrated coastal protection consolidated.	1.2.1: Number of new suitable mangroves sites with conditions favourable to their protection and natural regeneration put in place.	1.2.1 2021: 13	1.2.1 2025: 15	1.2.1 Annual reports of NAREI and project progress reports (including sites inspections)
		1.2.2 Status of regulations to enforce the protection of mangroves.	1.2.2 2021: 0	1.2.2 2025: drafted and adopted	1.2.2 Documentation establishing the formal approval and adoption of regulation.
	2.1 Models developed for inclusive and sustainable use of mangrove forests	2.1.1 Number of models developed	2.1.1 2021: 0	2.1.1 2025: To be defined before the signature of the Financing Agreement	2.1.1: Annual reports of NAREI and project progress reports
	2.2 Communities' capacities on mangroves value chains enhanced in terms of knowledge, skills, and equipment	2.2.1 Number of new mangroves communities' micro-projects supported and developed.	2.2.1 2021: 0	2.2.1 2025: 6	2.2.1: Project progress reports
		2.2.2 Number of persons trained in mangrove livelihood opportunities	2.2.2 2011: 20 trained in Apiculture and tourism.	2.2.2 2025 At least 100	2.2.2 Collection Ministry of Agriculture's annual reports on implementation; samples of training registration
	2.3 Knowledge on ecosystem services on mangroves strengthened	2.3.1 Status of the comprehensive assessment of the ecosystem services of the mangroves across Guyana	2.3.1. 2021: 0	2.3.1. 2025: Developed	2.3.1: Report on mangrove ecosystem services

Direct Outputs	1. Improved policy dialogue and coordination.	1.1 Number of policy dialogue meetings per year	1.1 2021: 0	1.1. 2025: 6 (2 per year)	1.1. Minutes of policy dialogue meetings.
	2. Consolidation of mangroves as natural, sustainable and environmental defence.	2.1 Percentage of mangroves in green-grey sea defences.	2.1 25%	2.1 30%	2.1 Annual reports of NAREI and Ministry of PublicWorks.
	3. Increase job opportunities in coastal communities.	3.1 Number of jobs opportunities created in coastal communities	3.1 2021: 0	3.1 2025: To be defined before the signature of the Financing Agreement.	3.1 Collection Ministry of Agriculture's annual reports on implementation; and project reports.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is choose envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of where a financing agreement is concluded. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

4.3.1 Rationale for the Amounts Allocated to Budget Support

2017-2021 ICZM budget support

From December 2018 until August 2020 Guyana went through a constitutional crisis. This context rendered the operational ability of the Government limited and temporally affected the budget transparency and oversight criteria. The ICZM Budget Support programme played a critical role in Guyana's Covid-19 response and the country's socio-economic recovery, especially in 2020/21, as support in the implementation of the public policies became more pressing and necessary.

The consistency between budget allocation and policy sector (sea and river defence programme) was solid with a budget allocation of almost 30%, which represented an increase of the sector allocation, compared to previously.

The overall budget of the previous budget support action, EUR 29.200.000, representing 36% of the sector budget for the period 2017/2021, was composed of 57% of fixed tranches and 43 % of variable tranches. The total disbursement was 96% of the total budget support action . Based on this, and in order to reinforce the result oriented approach the budget of the new mangroves budget support increased the variable tranche proportion to 70% with 30 % for fixed tranches.

New Guyana Mangroves budget support

While the total overall budget, EUR 4,620,000 is considerably less than the previous budget support, it is still relevant for the sector. In particular in view of the recent IMF press release (3rd June 2022) indicating that "Guyana's medium-term prospects are more favorable than ever before, with increasing oil production having the potential to transform Guyana's economy. Guyana's commercially recoverable petroleum reserves is estimated to be well over 11 billion barrels, the third largest in Latin America and Caribbean, and one of the highest levels of oil reserves per capita in the world. This could help Guyana build up substantial fiscal space and external buffers to absorb shocks while addressing infrastructure gaps and human development needs".

In that context, the new Guyana Mangroves budget support will consolidate the position of the EU as the main development partner in the country and in the sector, now from a greener approach. Furthermore, it will pave the way for consolidation efforts on institutional strengthening, and human and capacity development. In addition to this, this action will allow the EU to continue its engagement in the PFM area at a crucial transitional moment for the country.

The amount allocated for the budget support component is based on:

- The sector’s previous performance under the 11th EDF budget support programme, which has led to a far greater understanding of the budget support modality and has resulted in better communication within the sector and between government agencies.
- The Government of Guyana's commitment, Sea and River Defence Policy, LCDS and Mangroves Action Plan 2022-30, for implementing concrete actions within the sector.
- The Government of Guyana's renewed commitment to allocate national budget resources in line with the sector policy.

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the Financing Agreement and may remain subject to change.

Request/payment	2023	2024	2025	Total
Fixed Tranche 1, 2 and 3	€ 462,000	€ 462,000	€ 462,000	€ 1,386,000
Variable Tranche 1		€ 1,617,000		€ 1,617,000
Variable Tranche 2			€ 1,617,000	€ 1,617,000
Total	€ 462,000	€ 2,079,000	€ 2,079,000	€ 4,620,000

4.3.2 Criteria for Disbursement of Budget Support

a) Conditions

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Mangroves Action Plan 2022-2032 and the Sea and River Defence Sector Policy and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on policy priorities to enhance the inter-institutional and regulatory framework for mangrove protection, in addition to research on ecosystem services that mangroves can provide.

c) Modifications

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the Financing Agreement.

4.3.3 Budget Support Details

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into Guyanese dollar will be undertaken at the appropriate exchange rates in line with the relevant provisions of the Financing Agreement.

4.4 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Budget support Sector Reform Contract (Direct Management)- cf. section 4.3	4,620,000	N/A
Evaluation – cf. section 5.2 Audit – cf. section 5.3	Will be covered by another Decision	N/A
Total	4,620,000	N/A

4.5 Organisational Set-up and Responsibilities

In order to take advantage of the experience acquired during the implementation of the previous budget support the Ministry of Finance will continue as the key focal point for the management of this Guyana Mangroves budget support. The lead beneficiary agency will be NAREI within the Ministry of Agriculture who will report on implementation. All official communications regarding the Financing Agreement shall be between the Ministry of Finance and the EU Delegation.

A Mangroves Steering Committee will be established with representatives from all relevant stakeholders, such as the Works Service Group within the Ministry of Public Infrastructure, NAREI, Guyana Forestry Commission and the Ministry of Finance¹¹. This Committee will review progress on the implementation of sector policy, as well as the specific indicators.

The Ministry of Finance will have overall responsibility for providing the required information and reporting on compliance with the general and specific conditions for tranche payments. NAREI and the Works Services Group, will be the lead agency for reporting on all indicators and will support the Ministry of Finance by preparing reports relating to sector policy and performance against all specific indicators.

¹¹ The composition of this steering committee could be modified during the implementation of the programme.

As it was done during the previous budget supports, policy dialogue meetings will be relevant to accurately conduct the implementation of the programme. This meeting will be organized at the Ministry of Finance and based on previous experiences and also following a request from the Minister of Finance, will be held twice per year instead of an annual basis.

This policy dialogue will be broader than the budget support programme sector, will also cover all the sectors of EU development cooperation in the country and will go hand to hand with the Political dialogue

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

NAREI has built the necessary administrative, and monitoring capacity over the years to efficiently implement the new Mangroves Budget Support Programme and report on the programmes output and achievements.

NAREI prepares yearly a programme of work based on the overarching development strategies and reports on the achievements and outputs as part of its annual reports. Additionally monitoring and evaluation of the programme is reinforced by NAREI's Monitoring and Evaluation Unit whose monthly and annual reports form part of the Ministry of Agriculture's reporting on achievements.

No.	Monitoring Framework	Reporting Agency	Data collection	Frequency	Type of data	Usage
1	Sustainable Development Goals	Bureau of Statistics	NAREI	Annual	Mangrove cover change	Reporting on SDG targets
2	Biodiversity Targets	EPA	NAREI	Annual	Mangrove cover change; biodiversity impact	Country reporting on achievements
3	UNCCD	GLSC	NAREI		Mangrove cover change	Country reporting on achievements

					(gains and losses)	
4	Public Sector Investment Programme	MoA	NAREI	Monthly; Annual	Expenditure; programme Output	Results monitoring; implementation of PSIP

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: The information produced by the domestic monitoring system will be key for the constant internal monitoring of the programme.

In addition to this, close coordination and dialogue with Conservation International Guyana, an important actor in the mangroves sector, will take place

In order to contribute with and improve the monitoring and reporting of the programme, additional data verification, field visits, external review missions and capacity building to statistical agencies could be carried out. Indicators shall be sex disaggregated when possible. All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

If correctives measures are needed during the implementation of the program these will be addressed through the policy dialogue meetings.

5.2 Evaluation

Having regard to the nature of the action, a final/ex post evaluation may be carried out for this action or its component contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the successful implementation of this action implies and requires the coordination and collaboration of several agencies.

The evaluation shall assess to what extent the action is considering the human rights based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

The Commission shall inform the implementing partner at least 21 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination¹². The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract. The financing of the evaluation will be covered by another measure constituting a Financing decision.

¹² See best [practice of evaluation dissemination](#)

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in the Cooperation Facility established under the Support measure action document, allowing the EU Delegation to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.