



# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

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Appraisal Stage | Date Prepared/Updated: 29-Jan-2019 | Report No: PIDISDSA25280



**BASIC INFORMATION**

**A. Basic Project Data**

Country Guyana	Project ID P166730	Project Name Guyana Petroleum Resources Governance and Management Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 28-Jan-2019	Estimated Board Date 28-Mar-2019	Practice Area (Lead) Energy & Extractives
Financing Instrument Investment Project Financing	Borrower(s) Cooperative Republic of Guyana	Implementing Agency Department of Energy	

Proposed Development Objective(s)

The project development objective is to support the enhancement of legal and institutional frameworks and the strengthening of the capacity of key institutions to manage the oil and gas sector in Guyana.

Components

- Component- A. Enhancement of Legal Frameworks and Stakeholder Engagement
- Component – B Capacity Building of Key Institutions
- Component - C. Enhancement of Fiscal Management
- Component - D. Project Management & Project Preparation Facility

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	20.00
<b>Total Financing</b>	20.00
<b>of which IBRD/IDA</b>	20.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	20.00
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IDA Credit	20.00
Environmental Assessment Category	
B-Partial Assessment	
Decision	
The review did authorize the team to appraise and negotiate	

## B. Introduction and Context

### Country Context

1. The Cooperative Republic of Guyana (“Guyana”) lies in the northeast of South America. It is bordered by Suriname, Brazil and Venezuela and, to the north and east, extends to the North Atlantic Ocean. Forests cover approximately 87 percent of Guyana’s total surface area<sup>1</sup>. Nearly all of Guyana’s 758,499 multi-ethnic inhabitants (90 percent) live in a fertile plain along the Atlantic Coast, around 25 km wide and 1–1.5 meters below sea level<sup>2</sup>. Following decades of extensive emigration, the estimated population of the Guyanese diaspora is close to 461,000<sup>3</sup>.
2. **By any definition, Guyana is a “small state”,** with the largest landmass of all Caribbean countries and only the sixth largest population in the region. **Guyana is highly exposed to natural disasters and thus far has not been very successful in transforming its natural resource wealth into productive capital or financial assets despite international support.** With an estimated GDP per capita of US\$4,693 in 2017 and a GDP of about US\$3.6 billion, The natural resource wealth was estimated to be almost US\$4,000 per capita in 2014, the highest in the Caribbean even before the discovery of oil. Merchandise exports account for 40 percent of GDP and six commodities – gold, rice, sugar, bauxite, shrimp and timber - account for 90 percent of exports<sup>4</sup>. Despite average growth of 4 percent during the decade up to 2018, it remains one of the poorest countries in the English-speaking Caribbean<sup>5</sup>. Data on income distribution and the incidence of poverty is outdated<sup>6</sup>, but it appears that years of robust growth did not translate into commensurate levels of human development in Guyana or an improved environment for the private sector, including as it relates to delivering essential infrastructure and services for both.
3. **While Guyana has made noticeable progress in reducing the overall gender inequality gap in the past decade, continued efforts are needed, especially regarding women’s economic participation and opportunities.** Part of Guyana’s success in addressing gender inequality in political and electoral system can be attributed to it being the first country in the Anglophone Caribbean to enact a gender quota law in

<sup>1</sup> Revised National Forest Policy Statement 2018, Guyana Forestry Commission, 2018.

<sup>2</sup> Labour Force Survey, 2017.

<sup>3</sup> Bilateral Estimates of Migrant Stocks in 2017, World Bank, 2018.

<sup>4</sup> Guyana Bureau of Statistics, 2018.

<sup>5</sup> World Bank and Guyana Bureau of Statistics, 2018.

<sup>6</sup> The most recent data is from 2009, when 7.8 percent of the Guyanese population was multi-dimensionally poor and 18.8 percent live near multidimensional poverty (UNDP, 2016). The Government of Guyana, with technical assistance from the Inter-American Development Bank (IDB), is currently undertaking a household survey to assess current poverty rates, among other indicators. The results will be available later in 2018.



2000.<sup>7</sup> Despite these signs of progress, Guyana's 2015 Gender Inequality Index (GII) score of 0.508 ranked it 117 out of 159 countries, and it ranks 124 out of 145 countries when it comes to women's economic participation and opportunity sub index.<sup>8</sup>

- 4. Guyana is a multi-party democracy.** Elections in 2015, brought back a coalition led by David Granger with a slim majority of 1 seat. Currently the country is in uncharted political territory following a no-confidence vote on the December 21, 2018. Since the discovery of significant oil and gas (O&G) resources offshore Guyana in 2015, the Government of Guyana (GOG) has been preparing for the country's anticipated structural transformation. All major political forces and stakeholders are united in recognizing the importance of building up the country's institutions and capacity to meet the challenges and maximize the opportunities arising from this new sector.

#### Sectoral and Institutional Context

- 5. Guyana remained largely un-explored, with no significant O&G discoveries until 2015, but it is now among the 25 largest reserve-holders in the world.** Guyana is on the brink of a major expansion of its O&G sector to world-class scale, with first oil expected in March 2020. Exploration results— with an unprecedented success rate above 80 percent – have confirmed estimated gross recoverable resources of over 5 billion barrels of oil as of December 2018 (just above Sudan's and India's). The size of the discoveries presents an historic opportunity for Guyana to leverage the revenues generated from oil production into sustainable development and inclusive growth. A well-managed O&G sector can bring huge positive and sustainable impacts to Guyana, including socio-economic growth and positive economic externalities. The main economic impact of the oil sector on Guyana is expected to take place through oil revenues. The O&G sector is also expected to impact the economy through the sector's demand for services and infrastructure, job creation<sup>9</sup>, and the potential access to cheaper and cleaner electricity.
- 6. Guyana has never been an oil and gas producer, and as such lacks the policy, legal and regulatory frameworks and institutional capacity needed to maximize the benefits and minimize downside risks associated with the sector.** The O&G sector affects multiple layers of the economy, impacts the livelihoods of present and future generations, the environment and local communities. If poorly managed, the development of O&G resources can be economically and socially costly for a country. Based on experience in resource countries such as Botswana and Canada, positive impacts on overall poverty levels are achievable while mitigating risks with good governance, investments in the quality and capacity of public and private institutions, investments in skills and technological capacities, efficient and transparent revenue collection and management, and sound macroeconomic and fiscal management policies. The Government of Guyana is keen to follow the example, by investing in the strengthening of its institutions and building capacity to manage O&G resources.

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<sup>7</sup> United Nations Gender Equality Observatory. Guyana's Representation of People's (Amendment) Act 2000 (Section 11B, Articles 5-7) provides for gender representation as an eligibility criterion for political parties wishing to contest national and regional elections. It states that each political party must have at least one-third women on the list of representatives submitted to the Guyana Elections Commission (GECOM).

<sup>8</sup> World Economic Forum. The Global Gender Gap Report 2015. World Economic Forum. Geneva, Switzerland. 2015. This is the most recent Global Gender Gap Report that Guyana participated.

<sup>9</sup> O&G production is highly capital intensive, generating few permanent direct jobs. Considering Guyana's relative small workforce, however, the O&G sector could become an important source of employment.



### Sector governance

7. **Guyana's legal and regulatory framework for the O&G sector needs to be reviewed and updated with a view towards: maximizing benefits to the country and affected communities; managing the technical, environmental, social, financial risks linked to the sector; and building capacity to engage effectively with investors.** At present, O&G sector activities in Guyana are subject to the legislation, which was drafted when Guyana was a frontier oil country. The Government of Guyana (GOG) intends to modernize its legal and regulatory framework in preparation for developments in the sector. Preliminary drafts of key legislation have been prepared and an in-depth review of the legal and regulatory framework is currently on-going with the support from various partners, including the Commonwealth Secretariat, the World Bank and the Inter-American Development Bank (IDB).
8. **Institutional capacity to oversee and manage the O&G sector is limited.** There is a large capacity gap at political and technical levels responsible for the management and oversight of Guyana's nascent O&G sector. This includes a shortage of O&G experts in the relevant Ministries and Departments. **The buildup of institutional capacity is crucial to improve the Government of Guyana's bargaining power vis-à-vis investors in situations of negotiations, oversight, and enforcement.**
9. **Guyana has been a natural resources-dependent country for decades, but it never established resource management and planning tools such as a Sovereign Wealth Fund (SWF). The oil finds however have prompted the country to pursue the establishment of a SWF.** On November 15, 2018 the Government submitted the Natural Resource Fund Bill 2018 to Parliament. The Bill proposes that the oil resources will be used to: (a) finance public investment; and (b) stabilize public expenditure safeguarded in a sovereign wealth fund for use by future generations. Weak government capacity and governance are key obstacles to a successful implementation of the SWF legislation that was passed by the National Assembly on January 4, 2019.
10. **Guyana continues to made strides towards enhanced transparency in natural resources.** First, on October 25, 2017, Guyana was admitted as an Extractive Industries Transparency Initiative (EITI) candidate country, an internationally recognized and credible transparency and oversight mechanism of extractives. Second, the Government has published online nine Production Sharing Agreements (PSAs). These are important steps towards enhanced transparency, the promotion of dialogue among key stakeholders based on reliable information, and the responsible and effective governance of the O&G sector in the pursuit of sustainable development.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

11. **The project development objective** is to support the enhancement of legal and institutional frameworks and the strengthening of the capacity of key institutions to manage the oil and gas sector in Guyana.

Key Results

12. **Key outcome indicators** to be used to measure progress on the project development objective over its



lifetime will be:

- (a) Legal and regulatory acts for the O&G sector prepared under the Project and submitted to Parliament;
- (b) EITI reports published and made publicly available, in accordance with internationally recognized transparency standards;
- (c) Results of SESA publicly disclosed by the Government.
- (d) Annual reports compiled by MOF to inform the macro-economic committee of the SWF; and
- (e) Annual reports compiled by MOF to inform the investment committee of the SWF.

#### **D. Project Description**

13. **The proposed Project has three main components plus a separate component for project implementation.** Discussions have taken place with various stakeholders including government institutions, development partners, private sector and civil society representatives to inform the components and sub-components to be included in the project. It is important to note that the activities under the proposed project, as described below, will be performed at the central government level.
14. **Component - A. Enhancement of Legal Frameworks and Stakeholder Engagement.** Component A aims to support the update of Guyana's legal and institutional frameworks for the management and oversight of the oil and gas sector. This component is comprised of two sub-components: A.1. Update the legal and regulatory frameworks for the oil and gas sector; and A.2. Support stakeholder engagement and transparency.
15. **Component – B. Capacity Building of Key Institutions.** Component B aims to build institutional capacity and acquire the third-party expertise needed to enhance the Government of Guyana's capacity to effectively manage its O&G sector. This component is comprised of sub-components which include the following: B.1. Support immediate technical and legal needs at key O&G institutions; B.2. Support critical training needs at key O&G institutions; B.3. Build up Petroleum Data Management; and B.4. Strengthen Environmental and Social Management.
16. **Component – C. Enhancement of Fiscal Management.** Component C aims to enhance GOG's public finance management, macroeconomic and fiscal analytical capacity, and support to the operationalization of the country's Sovereign Wealth Fund.
17. **Component - D. Project Management.** Support the GOG in managing and coordinating the proposed Project and building its procurement, financial management, safeguards management, monitoring and evaluation capacity through the provision of technical advisory services, training, acquisition of goods, and operating costs.
18. **A Project Preparation Facility (PPF) of up to US\$1.6 million was mobilized for IDA project preparatory activities.** The Government of Guyana submitted to the WB an official request for a PPF on March 20, 2018 to assist in the set-up of the Project Implementation Unit (PIU) and in the further definition of capacity building activities and commencement of Project procurement. The PPF was approved by the Bank in July



2018 and became operational in August 2018.

## **E. Implementation**

### Institutional and Implementation Arrangements

19. **Overall project implementation will be the responsibility of the Department of Energy (DOE) under the Ministry of the Presidency (MOTP).** The DOE will (i) provide strategic guidance for Project implementation; (ii) ensure synergies in policy level interventions; and (iii) promote effective coordination of project activities and communication across the various beneficiaries on a macro level and across the Project on a micro level. A dedicated Project Implementation Unit (PIU) has been established within DOE and has overall responsibility for administering the project and reporting on fiduciary matters, safeguards, and overall project progress to the Ministry of Finance and the World Bank. This PIU directly responds to the Director of the DOE and is currently composed of DOE staff dedicated to the unit and/or consultants hired through the Project.
20. **The PIU within DOE, benefiting in part from existing capacity at the MOTP, will carry out day-to-day Project management and coordination, and report** on fiduciary matters, safeguards, and overall project progress to the MOF and the World Bank. More specifically, the PIU's functions and responsibilities will be (a) carrying out, monitoring, coordination, and supervision of project activities and (b) the fiduciary, procurement, safeguards, and administrative aspects of the project (including but not limited to issuing the tenders, undertaking financial reporting for the project, and making payments to contractors).

## **F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The petroleum exploration and production activities are primarily offshore. The proposed Project from the Bank will finance technical assistance and capacity building activities aimed at building the capacity of the GOG to manage and regulate the O&G sector. The activities financed through the Project will primarily be implemented in Georgetown, Guyana (with the possible exception of consultations in the coastal regions) and focused on the central government. Any procurement of goods and services will not be related to areas that are under dispute.

## **G. Environmental and Social Safeguards Specialists on the Team**

Gibwa A. Kajubi, Social Specialist

Elizabeth Joana Graybill Do Nascimento Brito, Environmental Specialist

Nyaneba E. Nkrumah, Environmental Specialist

Christopher Mays Johnson, Social Specialist



**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project mainly consists of advisory services and training and does not contemplate large civil works. The Project will support under Component B the establishment of a National Data Repository (NDR), which may include rehabilitation or expansion of existing facilities to store the large volumes of oil and gas information and data that are being generated and shared by companies, as required by their contract/license. Thus, minor civil works may be needed for which an Environmental Management Plan (EMP) will be prepared, taking into consideration the WB Environmental, Social, Health and Safety (ESHS) Guidelines for the rehabilitation and/or expansion of facilities. Likewise, Component B might require the acquisition of new computers or technologies, and the disposal of the old ones, in which case the Project will include an E-Waste Management Plan for the disposal of old equipment. The strategic environmental and social implications and impacts of the proposed oil and gas legal and regulatory framework will be examined and assessed in the Strategic Environmental and Social Assessment (SESA). At this stage the Project is classified as Category B.
Performance Standards for Private Sector Activities OP/BP 4.03	No	This policy should not be triggered since the project will not finance private sector activities.
Natural Habitats OP/BP 4.04	Yes	Even though the project activities are only of institutional, legal and regulatory nature, the TORs for the SESA for the O&G sector disclosed (December 2018) address the principles and provisions of OP 4.04, including marine biodiversity assessments, coral reef protection plans, etc.
Forests OP/BP 4.36	No	This policy should not be triggered since there is no indication that the minor civil works that may be required for setting up the Data Repository will be located in forest habitats. Most likely it will be expansion of facilities in existing buildings.
Pest Management OP 4.09	No	This policy should not be triggered as there is no indication that pesticides will be required for pest control in existing buildings.





Physical Cultural Resources OP/BP 4.11	No	At the current stage there is no indication that the minor civil works for setting the Data Repository will affect physical cultural resources. Most likely it will be expansion of facilities in existing buildings.
Indigenous Peoples OP/BP 4.10	Yes	The proposed Project will support the development of institutions, laws and regulations relevant to the entire O&G sector (onshore and offshore) and stakeholder consultations. The project will not finance any physical investments, nor will it finance oil and gas exploration and production activities. Project safeguards are therefore focused on supporting the government in strengthening their role in managing environmental and social risks associated with the sector, through: (i) provision of technical assistance and capacity building to the Environmental Protection Agency, and (ii) the preparation of a Strategic Environmental and Social Assessment (SESA) and the implementation of associated recommendations. The SESA will include an IPPF with social analysis covering issues under OP/BP 4.10, including identification of areas with potential presence of indigenous peoples, identification of potential risks and possible mitigation measures and actions that Government may wish to consider in the future.
Involuntary Resettlement OP/BP 4.12	No	The project is a TA that does not envisage any land taking or preparation of future investments by the project. Thus, involuntary land acquisition is not expected under the project. However, the SESA will include an analysis of socio-economic aspects of typical oil and gas operations, including areas for strengthening of involuntary resettlement policies, guidelines and practice standards in Guyana, which can complement the local policies associated with resettlement.
Safety of Dams OP/BP 4.37	No	This policy should not be triggered given that the project will not support the construction or rehabilitation of dams nor will support other investments which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy should not be triggered because the project will not affect international waterways as defined under the policy.
Projects in Disputed Areas OP/BP 7.60	No	This policy should not be triggered because the proposed project will not affect disputed areas as



defined under the policy. More specifically, the activities under the proposed Project will be performed at the central government level and any procurement of goods and services will not be related to areas that are under dispute. As a consequence, none of the envisaged technical assistance activities are expected to be prejudicial to the interests of other countries over any areas that may be the subject of a dispute between Guyana and any of its neighboring countries. Additionally, by supporting the proposed Project, the Bank does not intend to make any judgment on the legal or other status of territories that might be under dispute.

## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project will finance technical assistance and capacity building activities aiming at building the capacity of the government to manage and regulate the oil and gas sector. And although all the oil and gas related activities are currently around 120 miles offshore, the proposed project will support the development of institutions, policies, laws and regulations relevant to the entire sector (onshore and offshore). The project will not finance any large physical investment, just potentially the rehabilitation of a building to store the large volumes of oil and gas information and data. Nevertheless, the outcomes of this technical assistance may have significant environmental and social implications going forward, beyond the project timeline. In order to identify these potential environmental and social implications, as well as risk and likely adverse impacts, the project safeguards are therefore focused on supporting the government in strengthening their role managing environmental and social risks associated with the sector, through: (i) direct support in the form of technical assistance and capacity building to the Environmental Protection Agency and other government entities responsible for management on environmental and social impacts of the O & G sector; and, (ii) the preparation of a Strategic Environmental and Social Assessment and the implementation of the associated recommendations.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The proposed project finances technical assistance and capacity building aiming at building the government capacity to manage the oil and gas sector, which all activities are currently offshore. The strategic environmental and social implications and impacts of the proposed oil and gas legal and regulatory framework will be identified, examined and assessed in the Strategic Environmental and Social Assessment, which will also recommend measures to mitigate the adverse impacts identified.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The project alternative considered to help or minimize adverse impacts is the project financing the preparation of a SESA to identify, examine and assess the potential environmental and social implications associated with the proposed



oil and gas legal and regulatory framework, as well as recommending measures to mitigate the adverse impacts identified.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The borrower fully endorses financing the preparation of a SESA under the project in order to identify, examine and assess potential adverse impacts associated with the oil and gas sector. The borrower has also indicated commitment to implement the SESA recommendations.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders will be identified during the first stage of the SESA preparation — the scoping phase —, which includes a stakeholder analysis to identify the key stakeholders to participate throughout the SESA preparation and consultations. The key stakeholders in the oil and gas sector that should be consulted will be mapped, and their interests, concerns and incentives will be analyzed. Also, a work plan for consultations will be prepare ensuring that the stakeholders’ interests, concerns and advice are properly considered in the SESA.

**B. Disclosure Requirements**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank  25-Sep-2020	Date of submission for disclosure  27-Nov-2020	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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**"In country" Disclosure**

Guyana  
22-Jan-2021

Comments  
The SESA and its recommendations are set to be publicly disclosed online.

**Indigenous Peoples Development Plan/Framework**

Date of receipt by the Bank  25-Sep-2020	Date of submission for disclosure  27-Nov-2020
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**"In country" Disclosure**

Guyana  
22-Jan-2021

Comments  
The IPPF will be embedded in the SESA and will be publicly disclosed online.



**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

NA

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

No

**OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

NA

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



### All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

NA

### CONTACT POINT

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**APPROVAL**

Task Team Leader(s):	Susana Moreira
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**Approved By**

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Country Director:	Sabine Hader	31-Jan-2019