

Protected Areas Trust



Annual Report 2014 - 2015

VISION STATEMENT

*Financing the management of Guyana's Protected Areas System
for the benefit of current and future generations*

MISSION STATEMENT

*To mobilise and allocate finances for the management of
Guyana's Protected Areas System*



PHOTO CREDITS

PROTECTED AREAS COMMISSION
TRUSTEE ANNETTE ARJOON-MARTINS

FOREWORD FROM THE CHAIRMAN



It is with great pleasure that I write this Foreword as Chairman of the Board of Trustees (BoT) of the Protected Areas Trust (PAT).

The first year of the Trust has been an exciting and challenging one with the emphasis on transitioning from the BoT of the interim Conservation Trust Fund (CTF) (2011-2015) to the BoT of the PAT, the establishment of the PAT's governance and accountability structures and enabling mechanisms and the transfer of the invested funds to the PAT after all due diligence processes had been completed to the satisfaction of the BoT of the CTF, the Fund Administrator, the Donors, and the BoT of the PAT.

Appreciation is extended to the Board of the CTF, the Fund Advisers, Fund Administrator and the Donors for their cooperation and advice to the BoT of the PAT and its Secretariat throughout the process.

The BoT of the PAT will now focus on growing the endowment, prudently investing, maximizing on income from the investments and disbursing available income to support the work of the Protected Areas Commission in its management of the National Protected Areas System.

I commend the Executive Director and Staff for their diligent work and for the completion of this Annual Report.

A handwritten signature in blue ink, appearing to be 'J Singh', written over a faint circular stamp.

Major General (retd) Joseph Singh
Chairman, Board of Trustees, Protected Areas Trust

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ACRONYMS & ABBREVIATIONS



BoT	Board of Trustees
CI	Conservation International
CTF	Conservation Trust Fund
GoG	Government of Guyana
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
IFC	International Finance Corporation
NPAS	National Protected Areas System
NTC	National Toshaos' Council
PA	Protected Area
PA Act, 2011	Protected Areas Act of 2011
PAC	Protected Areas Commission
PAT	Protected Areas Trust
PATF	Protected Areas Trust Fund

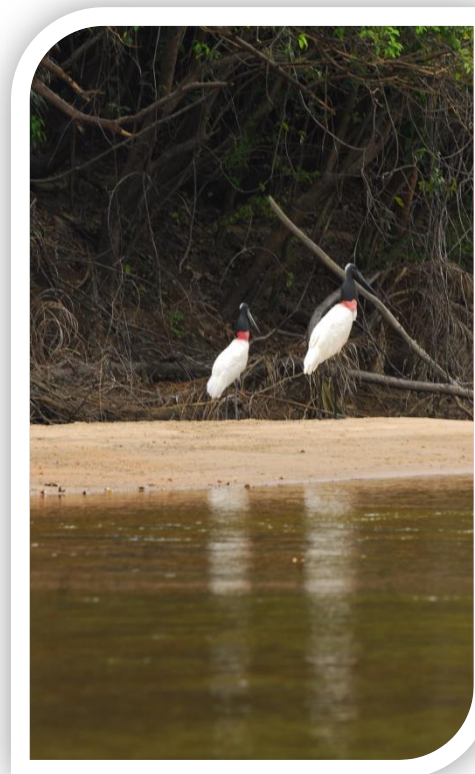
1. INTRODUCTION

1.1 PROTECTED AREAS TRUST FUNDS

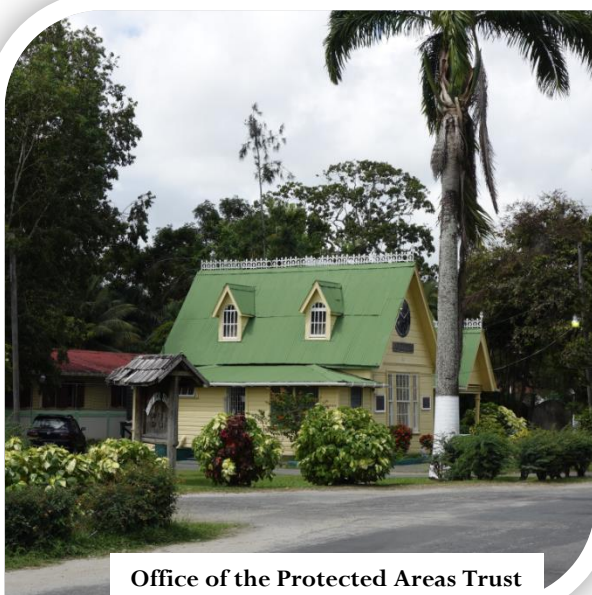
Protected Area Trust Funds (PATFs) are private, legally independent grant-making institutions that provide sustainable financing for biodiversity conservation and often finance part of the long-term management costs of a country's protected area (PA) system. They can serve as an effective means for mobilizing large amounts of additional funding for bio-diversity conservation from international donors, national governments and the private sector.

PATFs raise and invest funds to produce sustainable revenues to make grants to non-governmental organizations (NGOs), community based-organizations (CBOs) and governmental agencies (such as national parks agencies). They are financing mechanisms rather than implementing agencies.

PATFs can be characterized as public-private partnerships, and in most cases their governing boards are comprised of a majority of members from civil society. In addition to funding conservation projects, PATFs provide technical assistance and grants to strengthen the institutional capacity of grantees. PATFs have also served as catalysts for the creation of new partnerships with private businesses for the conservation and sustainable use of biological resources. Many PATFs also reduce threats to biodiversity by financing projects that improve and promote sustainable livelihoods of poor communities living near protected areas.



1.2 PROTECTED AREAS TRUST AND PROTECTED AREAS TRUST FUND OF GUYANA



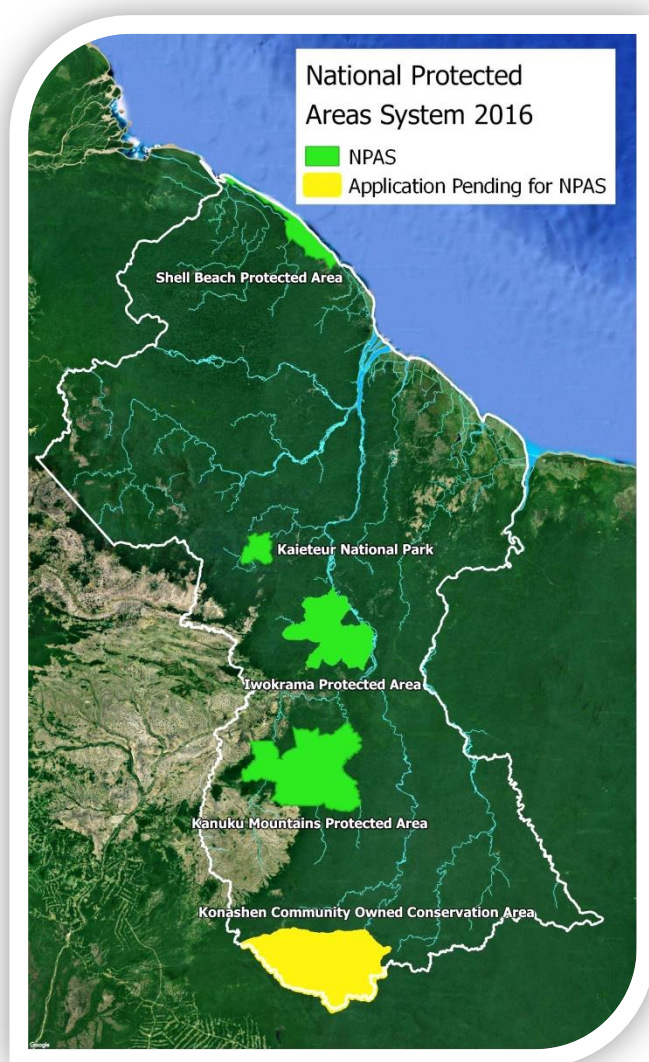
Office of the Protected Areas Trust

The Protected Areas Act (PA Act) of 2011 which was enacted by the Government of Guyana (GoG) and came into force by commencement order on November 1, 2011, provides the first national and legal framework for the Protected Areas Trust (PAT) and the Protected Areas Trust Fund (PATF). The PA Act, 2011 (Part VIII, Sections 88 and 89) established the PAT as a body corporate, independently governed and administered by a Board of Trustees (BoT). The PATF was set up to provide financing for the National System of Protected Areas (Part

IX, Section 101 (1)) and to support projects that contribute to or promote the conservation and preservation of the biological diversity and maintenance of the ecosystem services of the Protected Areas as defined in the PA Act.

The PATF will function primarily as an endowment fund, where the funds received will be invested in various secure international markets to ensure a steady and attractive rate of return competitive with similar trust funds. The revenue generated by these investments will then be used to: implement management plans, strengthen monitoring and enforcement in protected areas, support sustainable community enterprises, biodiversity conservation, and environmental education and awareness.

1.3 NATIONAL PROTECTED AREAS SYSTEM (NPAS)



Map of the National Protected Areas System of Guyana

provide for monitoring and management plans, park rangers, scientific research, community outreach, and education about natural heritage for the citizens of Guyana. If all annual operating costs of the PAC (given the current status of the NPAS) are to be covered from revenues from by the PAT, it will require capitalization of US \$40 million, of which US \$8.5 million has been acquired to date.

The establishment of a system of National Protected Areas enshrined in legislation provides for: the protection and conservation of Guyana's natural heritage and natural capital; the maintenance of ecosystems services of national and global importance; the fulfillment of Guyana's international environmental responsibilities; and, the participation of the public in protected areas conservation.

The PA Act 2011 provides the framework for the establishment and management of a national system of protected areas. The system is composed of the existing and new State protected areas, Amerindian Protected Areas, Private Protected Areas, and Urban Parks such as the Botanical Gardens and the Zoological Park. The NPAS constitutes the Kaieteur National Park, Botanical Gardens, Zoological Park, Shell Beach, Kanuku Mountains, and Amerindian protected areas as recognised by the PA Act.

The Act provided for the establishment of the Protected Areas Commission (PAC), whose functions are to provide policy guidance for protected areas, education and awareness, provide advice on financing and budgets, as well as an independently governed Protected Areas Trust (PAT) to provide financing for the system of protected areas. Funding will

1.4 ANNUAL REPORT OF THE PROTECTED AREAS TRUST

The Protected Areas Act, 2011, Section 109, requires that the Board of Trustees prepare an annual report for each financial year. This is PAT's first annual report and covers the period from the establishment of Regulations made under the Protected Areas Act No. 14 of 2011, to the appointment of the first Board of Trustees during 2014, to the complete establishment and operationalising of the PAT by the end of December 2015.

This annual report is prepared for the benefit of all stakeholders of the PAT and in accordance with Section 109 of the PA Act as identified above.

The PAT and PATF, even though founded by legislation in 2011, only began its establishment in 2014, with the creation of the *Protected Areas (Board of Trustees Additional Members) Regulations*, on January 10th, 2014, the appointment of the first Board of Trustees on July 7th, 2014, and the first Board meetings held on September 1st and 4th, 2014.

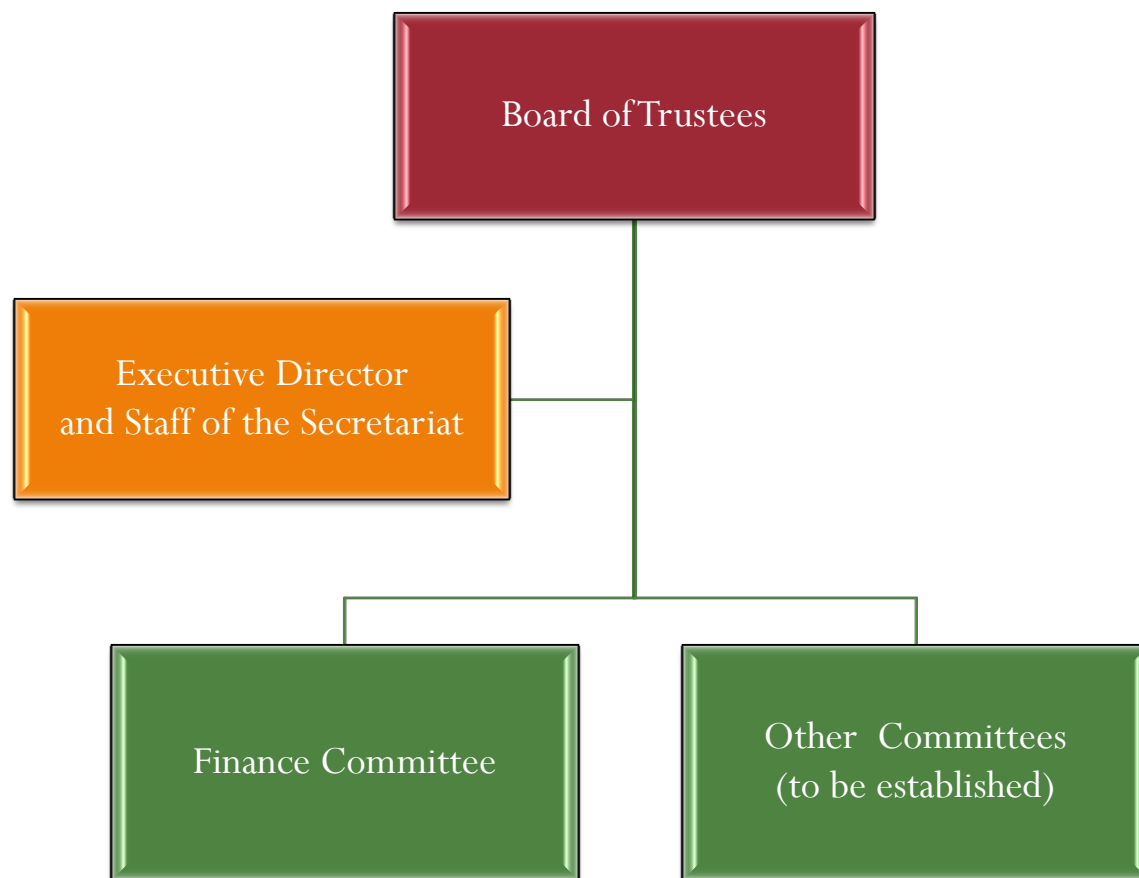
The formation of the PAT Secretariat to drive the setting up of the PAT and PATF actually began in 2015, with the recruitment of the Executive Director and support staff for the PAT Secretariat, and the acquisition of housing facilities for the Secretariat. The PAT and PATF were successfully established by the end of 2015, with the necessary support mechanisms in place to facilitate the complete transition of the Conservation Trust Fund (CTF) to the PAT. Assets of value US\$8.5M, which were invested by the CTF, a private Trust established in December 2011 as an interim financing mechanism until the PAT was fully established, were transferred to be managed by the PAT after the CTF's dissolution on October 31, 2015.

The Board of Trustees of the PAT, in keeping with its mandate set out in the PA Act, 2011 is committed to the investment of the endowment in a manner consistent with the investment policy of the PAT for the achievement of its objectives.



2. INSTITUTIONAL MANAGEMENT

2.1. ORGANISATIONAL STRUCTURE OF PAT



2.2. BOARD OF TRUSTEES

The PA Act 2011 provides for the creation of the Protected Areas Trust constituted as a body corporate. The PAT is governed and administered by a Board of Trustees (BoT) whose functions are to: a) manage the Trust, b) manage the investment of the Trust Fund, c) review requests for funding for the national protected areas, d) establish advisory committees and other formal or informal arrangements as necessary to carry out the functions of the Trust, e) make recommendations on matters within the scope of the PA Act 2011, provide guidance and support to the Executive Director of the Trust on programmes and operations, f) and, develop and periodically review the strategic plan as necessary.



Chairman:
Major General (retd) Joseph Singh

The Board of Trustees could be comprised of a maximum of nine members. Membership includes individuals nominated by the private sector, government, the National Toshias Council, the University of Guyana, and major donors acting collectively to the fund. The *Protected Areas (Board of Trustees Additional Members) Regulations, 2014* provides for the appointment of three members to the Board, by the Board of Trustees.

Trustees are vested with the specific duty to invest and prudently manage the fund and to preserve the capital as far as reasonably possible.

The Act also circumscribes the rules for the financial management of the Trust, the appointment and removal of Trustees and the reporting obligations of the trustees.

The PAT's first Board of Trustees, comprising of six (6) members, was appointed with effect from July 7th, 2014. The Board of Trustees at the close of the fiscal year 2015 comprised the following members:

1. Major General (ret'd) Joseph Singh - Chairman (Government's nominee)
 2. Dr. David Singh – Vice-Chairman (Major Donor's nominee)
 3. Mr. Maurice Munro – Trustee/ Chair, Finance Committee (Government's nominee)
 4. Ms. Joycelyn Williams – Trustee (University of Guyana's nominee)
 5. Ms. Annette Arjoon - Martins – Trustee (Private Sector's nominee)
 6. Mr. Nicholas Fredericks – Trustee (National Toshias Council replacement nominee for Mr. Daniel Aguilar in October, 2015)
- Ms. Geeta Devi Singh – Executive Director, *ex officio* member, who serves as Secretary to the BoT.



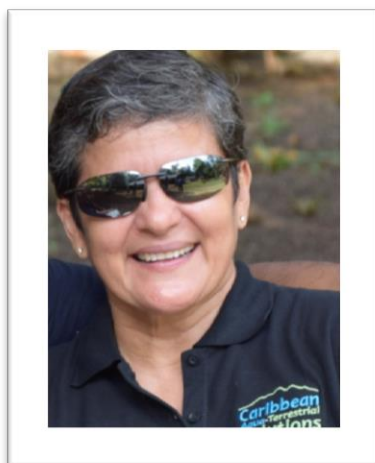
Vice-Chairman: Dr. David Singh



Trustee and Chairman of Finance Committee: Mr. Maurice Munro



Trustee Joycelyn Williams



Trustee Annette Arjoons-Martin



Trustee Nicholas Fredericks

2.3. FINANCE COMMITTEE

The Finance Committee was established by the Board of Trustees at the continuation of its first meeting held on September 4th, 2014. Its responsibilities include reviewing and recommending to the BoT:

- 1) policies and guidelines governing investments;
- 2) long-range financial plan;
- 3) annual budget;
- 4) fund administrators;
- 5) reports from independent investment advisers and managers and recommending changes in the portfolio;
- 6) performance of a fund administrator
- 7) annual investment performance;
- 8) monitoring the financial performance of the organization against approved budgets, long-term trends and industry benchmarks.



**Trustee and Chairman of Finance Committee
Maurice Munro**



**Member of Finance Committee
Dr. David Pollard**

Members of the Finance Committee include a Trustee of the BoT as the Chairperson and external experts with knowledge and expertise in finance.

The Finance Committee at the close of the fiscal year 2015 comprised the following members:

Mr. Maurice Munro - Chair/Trustee

Dr. David Pollard - External expert

Mr. Richard Isava - External expert

Ms. Geeta Devi Singh - Secretary



**Member of Finance Committee
Richard Isava**

2.4. SECRETARIAT STAFF

The PAT Secretariat is staffed by three (3) individuals: an Executive Director, an Administrative Assistant and an Accounts Assistant. The Executive Director is an *ex officio* member of the Board of Trustees who serves as Secretary to the Board. The Executive Director performs all duties incident to the Office of the Secretary and all such duties as assigned to the position of Executive Director by the Board of Trustees. The two (2) Assistants support the Executive Director in executing the functions of the Trust.



Staff of the PAT Secretariat in December 2015

Left to right: Ms. Samantha Thierens, Administrative Assistant, Ms. Efuah Armstrong, Accounts Assistant, Ms. Geeta Singh Ubaldo Espinosa, Executive Director

3. ACTIVITIES

3.1. ESTABLISHMENT OF THE PAT'S GOVERNANCE AND ADMINISTRATIVE STRUCTURE

The years 2014 and 2015 saw the seed, the “Protected Areas Trust”, sown by the PA Act in 2011, and subsequent Regulations, sprout and grow from the appointment of the first Board of Trustees to the PAT, to the inauguration of the PAT at its first BoT Meeting, the establishment of a Finance Committee, the establishment of a Secretariat for the PAT, the complete transition from the CTF to the PAT, as well as the investment of funds by a Fund Administrator.



3.1.1 PROTECTED AREAS (BOARD OF TRUSTEES ADDITIONAL MEMBERS) REGULATIONS

Regulations made under the Protected Areas Act No. 14 of 2011, the *Protected Areas (Board of Trustees Additional Members) Regulations*, on January 10th, 2014 were published in the Official Gazette of Guyana on February 1st, 2014. These Regulations provided the framework and the authority for the Board of Trustees to appoint three additional members to the BoT.

3.1.2 APPOINTMENT OF BOARD OF TRUSTEES OF THE PAT

The appointment of the PAT's first Board of Trustees, with effect from July 7th, 2014 was recorded in the Official Gazette of Guyana on July 19th, 2014. The PAT was inaugurated at its first Board of Trustees meeting held on September 1st, 2014, with a continuation on September 4th, 2014.



Board of Trustees at the inauguration of the PAT with Minister, MNRE (centre with tie) and Commissioner, PAC (extreme left) (September 1st, 2014)

A six-member Board of Trustees was appointed to manage the PAT as a corporate body. The Trustees were nominated by the Government, the Private Sector Commission, the University of Guyana, the National Toshao Council (NTC) and the major donors acting collectively.

At the first BoT Meeting, a Chairperson and Vice-Chairperson were elected.

In October, 2015, the nominated Trustee from the National Toshaos Council was replaced.

Meetings of the Board were set on a needs-be basis; as such, the Board held two (2) formal meetings for 2014 and six (6) for the fiscal year 2015.



3.1.3 ESTABLISHMENT OF THE FINANCE COMMITTEE

The Finance Committee was established by the Board of Trustees at the continuation of the BoT's first meeting held on September 4th, 2014, where its Chairperson was elected as Trustee Munro.

In March 2015, the Terms of Reference for PAT's Finance Committee were finalized, and the membership of the Committee was established with Trustee Maurice Munro to serve as the Chairman, and Dr. David Pollard and Mr. Richard Isava, as members.



3.1.4 INSTITUTIONAL STRENGTHENING OF PAT SECRETARIAT THROUGH RECRUITMENT OF EXECUTIVE DIRECTOR AND OTHER STAFF

The PAT Secretariat was established with the recruitment of an Executive Director in January 2015, and strengthened with recruitment of support staff, an Accounts Assistant and an Administrative Assistant, during the first half of 2015.

3.1.5 ESTABLISHMENT OF THE OFFICE FOR PAT SECRETARIAT

In January 2015, the Office of the Protected Areas Trust Secretariat was established at the Jenman's Building in the Botanical Gardens by a Memorandum of Understanding signed between the PAT and the PAC for the occupancy of the building.



3.2. ESTABLISHMENT OF GOVERNANCE SYSTEMS

3.2.1. OPERATIONS MANUAL

During the first quarter of 2015, the PAT pursued the development of its Operations Manual, by adopting and modifying the Operations Manual of the CTF. On April 29th, 2015, the Board of Trustees approved PAT's Operations Manual.

3.2.2. INVESTMENT POLICY STATEMENT

On April 29th, 2015, the Board of Trustees approved PAT's Investment Policy and Policy Statement, documents which were adopted from the CTF.

In December 2015, the Finance Committee began a review of PAT's Investment Policy Statement.

3.3. ESTABLISHMENT OF PAT'S LOCAL AND FOREIGN BANK ACCOUNTS

During the second quarter of 2015, the PAT set up local and foreign bank accounts with the Bank of Nova Scotia.

3.4. ESTABLISHMENT OF THE PATF FRAMEWORK AND CAPITALISATION OF THE FUND

2015 saw earnest efforts to fully establish the Protected Areas Trust Fund and to capitalize the Fund. Numerous activities which included setting up the accounts for investment with a Fund Administrator, applying for US tax exempt status for investment, and obtaining a legal opinion for same, to working out grant agreements with major donors to receive their no-objections for the transfer of funds of funds took place. All were successfully accomplished by the end of 2015.

3.5. TRANSITION FROM THE CTF TO THE PAT

While the transition from the CTF to the PAT was accomplished in 2015; the process for this transition began with the creation of the CTF. Having recognized the need to secure already committed financing for the management of the protected areas in the absence of a national trust fund enshrined in statute, the Government of Guyana and Conservation International-Guyana partnered to establish the CTF as an interim vehicle to secure financing while awaiting the full



institutionalization of the PAT. The CTF was established in December, 2011 by Deed of Trust and with a governance structure similar to that prescribed by the PA Act 2011 for the PAT.

The Government and major donors along with the institutional representatives on the CTF Board had agreed that when the necessary steps would have been completed for the establishment of the PAT, the staff, assets, systems, and procedures of the CTF will be transferred over to the PAT. The CTF dissolved on October 31st, 2015, satisfied that the PAT was fully established and operating to the satisfaction of the CTF and donors.

The CTF had secured funding from two donors: EURO \$4M (US\$5M) from Kreditanstalt für Wiederaufbau, KfW, (German Development Bank), and US\$3.5M from Conservation International's (CI) Global Conservation Fund.

Funds from the KfW have been provided under the terms and conditions that have been set forth under the overarching agreement with the Government of Guyana under GPAS Phase II: BMZ-ID 2008 65 444. Funds from CI have been provided under the terms and conditions that have been set forth under the grant agreement with the CTF dated June 28, 2012.

During the final quarter of 2015, funds provided by these Institutions and invested by the CTF were transferred to be managed by the PAT.

3.6. INVESTMENT OF THE ENDOWMENT FUND IN ACCORDANCE WITH THE INVESTMENT POLICY

The PAT Investment Policy, which was adopted from the CTF's Investment Policy, serves as the framework for the management of the fund and stipulates the guidelines for investment of the PAT. As is stated within the Policy, the purpose of the PATF was to preserve the capital while investing globally to earn annual returns of approximately 5%. Union Bank of Switzerland (UBS Financial Services) which was selected as the fund administrator for the CTF and provided consultation for global investment was also retained as the fund administrator for the PAT. The invested assets by the CTF, which was transferred to the PATF in the latter quarter of 2015, were re-invested with the UBS.



3.7. ASSESSMENT OF THE PAT BY THE IFC

An assessment of the PAT as a recipient of funds for biodiversity conservation through management of offset from International Finance Corporation (IFC) investments in Guyana began during the final quarter of 2015 by the IFC, a member of the World Bank Group.

3.8. GOVERNMENT OF GUYANA'S INTENDED CONTRIBUTION TO THE PATF

The Government of Guyana had promised to commit USD\$10M to the PATF when it was launched in September, 2014. During 2015, the PAT diligently pursued the Government of Guyana to maintain its commitment to the Trust Fund.



3.9. INDEPENDENT AUDIT REVIEW OF PAT'S ACCOUNTS

An internal audit review of the PAT was conducted during June, 2015. Further, the PA Act, 2011, Section 108, requires that the Board of Trustees appoint a reputable external independent auditor to audit the accounts of the Trust annually. In December 2015, the PAT engaged the services of TSD Lal and Co. to conduct its first audit for the financial year ending December 31st, 2015. A copy of their audited financial statements forms part of this Annual Report.



4. PREVIEW OF 2016 FISCAL YEAR OBJECTIVES

The fiscal year objectives for PAT for 2016 are summarized below:-

1. Develop Strategic Plan for the PAT supporting Guyana's Protected Areas Systems.
2. Invest endowment fund in accordance with the Investment Policy.
3. Develop and implement strong (diverse and innovative) fundraising plan.
4. Develop and implement a communications strategy for the Trust Fund to increase its global, regional and national awareness.
5. Implement agile and transparent grant-making process
6. Strengthen the capacity of Trust Fund's board members and staff on issues related to PA systems and management, social and economic issues in conservation, communications and fundraising skills, and management of conservation trust funds.

5. INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF
PROTECTED AREAS TRUST
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Report on the Financial Statements

We have audited the accompanying financial statements of Protected Areas Trust which comprise the statement of financial position as at 31 December 2015, the statement income, the statement of change in equity and statement of cash flows for the period then ended, and summary of significant accounting policies and other explanatory notes as set out on pages 2 to 10.

Director/Trustees' Responsibility for the Financial Statements

The Directors/trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or errors; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We concluded our audit in accordance with international standards on auditing. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance whether the financial statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of materials misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Protected Areas Trust as at 31 December 2015 and of its financial performance and its cash flows for the year ended.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirement of the Protected Areas Act.

TSD LAL & CO

CHARTERED ACCOUNTANTS

Date: April 21, 2016

77 Brickdam,
Stabroek, Georgetown
Guyana

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2015

	Notes	2015 G\$
<u>Income</u>		
Contributions - Conservation Trust Fund	4	1,792,335,646
Investment income	5	9,286,255
		<hr/>
Total Income		1,801,621,901
Loss in value of investment		32,704,084
Administrative expenses	6 (i)	3,656,035
Employment expense	6 (ii)	5,758,472
Finance cost	6 (iii)	40,565
		<hr/>
Surplus for the year		<u><u>1,759,462,745</u></u>

"The accompanying notes form an integral part of these financial statements"

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2015**

	<u>Accumulated Surplus G\$</u>	<u>Total G\$</u>
At 1 January 2015	-	-
Surplus for the year	<u>1,759,462,745</u>	<u>1,759,462,745</u>
At 31 December 2015	<u>1,759,462,745</u>	<u>1,759,462,745</u>



"The accompanying notes form an integral part of these financial statements"

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> <u>G\$</u>
Assets		
Non current assets		
Fixed assets	7	<u>551,156</u>
Current Assets		
UBS Investment	8	1,752,421,171
Cash at Bank	9	<u>7,827,519</u>
		<u>1,760,248,690</u>
Total Assets		<u>1,760,799,846</u>
Equity and Liabilities		
Equity		
Accumulated surplus		<u>1,759,462,745</u>
Current Liabilities		
Accruals	10	<u>1,337,101</u>
Total equity and liabilities		<u>1,760,799,846</u>

These financial statements were approved by the Trustees on **April 21st, 2016**


 Trustee

 Trustee

"The accompanying notes form an integral part of these financial statements"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>2015</u> <u>G\$</u>
Operating activities	
Surplus for the year	1,759,462,745
Depreciation	61,240
	<hr/>
Net cash flow from operating activities before changes in working capital	1,759,523,985
Changes in working capital	
Increase in UBS Investment	(1,752,421,171)
Increase in accruals	1,337,101
	<hr/>
Net cash provided by operating activities	8,439,915
Investing activities	
Purchase of fixed assets	(612,396)
Interest received	-
	<hr/>
Net cash provided by investing activities	(612,396)
Net increase in cash and cash equivalents	7,827,519
Cash and cash equivalents at the beginning of the period	<hr/> -
Cash and cash equivalents at the end of the period	<hr/> 7,827,519 <hr/>

"The accompanying notes form an integral part of these financial statements"

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and activities

The Protected Areas Trust (PAT), established by the Protected Areas Act in 2011, is an independently governed Trust which was set up to provide financing for the National System of Protected Areas and to support projects that contribute to or promotes the conservation and preservation of the biological diversity and maintenance of the ecosystem services of the Protected Areas as defined in the PA Act. The system will comprise the existing and new State Protected Areas, Amerindian Protected Areas, Private Protected Areas and Urban Parks such as the Botanical Gardens and the Zoological Park. Funding will provide for monitoring and management plans, park rangers, scientific research community outreach and education about natural heritage for the citizens of Guyana.

The Protected Areas Trust was officially launched in September 01, 2014 at its first Board of Trustees meeting. The PAT is managed as a corporate body by a six-member Board of Trustees and by the Protected Areas Trust Secretariat based in the Botanical Gardens, Georgetown, Guyana and headed by an Executive Director.

The Protected Areas Trust Fund is functioning primarily as an endowment fund, where the funds are invested with the Union Bank of Switzerland (UBS) to ensure a rate of return competitive with similar trust funds. The revenue generated by these investments will then be used to; implement management plans, strengthen monitoring and enforcement in protected areas, support sustainable community enterprises, biodiversity conservation, and environmental education and awareness.

Grant funding for the PAT's operations has been provided by the Conservation Trust Fund (CTF), a private Trust established in December 2011 as an interim financing mechanism to secure the early financing (US\$5M from the Government of Germany, and US\$3.5M from Conservation International's (CI) Global Conservation Fund) which was available prior to PAT's establishment, and which was transferred to be managed by the PAT after the CTF dissolution on October 31, 2015. Grant funding for PAT's operations commenced in 2015 after the establishment of the Protected Areas Trust Secretariat.

2. New and revised Standards and interpretations

New Standards, interpretations and amendments to standards are not expected to have a significant impact on the Trust's accounting policies.

3. Summary of significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention with compliance to IFRS - International Financial Reporting Standards.

(b) Fixed Assets and depreciation

Equipment and fixtures are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight line method as follows:

Computer	20%
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A full year's depreciation will be charged in the year of acquisition and none in the year of disposal.

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies - cont'd

(c) Income and expenditure

Income and expenditure are dealt with in the financial statements on the accrual basis.

(d) Taxation

The Protected Areas Trust, by virtue of its charitable purpose, was deemed a charitable organization, and benefit from the grant of tax exemption by the Government of Guyana.

(e) Financial Instruments

Financial assets and liabilities are recognized on the trust fund's statement of financial position when the trust fund becomes a party to the contractual provisions of the instruments.

(f) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

(g) UBS Investments

This investment is a financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes recorded through profit or loss.

4. Contributions

This represents grants and investment assets received from Conservation Trust Fund. Assets were transferred on October 31, 2015. Grants were provided throughout the year:

	<u>2015</u> G\$
Cash at Bank	16,496,646
UBS Investment (i)	1,775,839,000
Total	<u>1,792,335,646</u>

(i) This investment was taken up at fair value at the date of transfer.

5. Investment income

This represents income from UBS investment:

9,286,255

NOTES TO THE FINANCIAL STATEMENTS

6. Expenses

	<u>2015</u> <u>G\$</u>
(i) Administrative expenses	
Depreciation	61,240
Meetings	246,805
Office supplies	526,519
Other miscellaneous expenses	258,883
Telephone	161,079
Conservation Trust Fund Expenses	709,400
Travel	1,460,110
Audit fees	232,000
Total	<u>3,656,035</u>
(ii) Employment expense	
Employee cost	<u>5,758,472</u>

This relates to the cost of employing contract staff.

(iii) Finance costs

Bank Charges	<u>40,565</u>
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This relates to charges with regards to the Trust's bank accounts.

7. Fixed Assets

<u>Cost</u>	<u>Computer Equipment G\$</u>	<u>Total G\$</u>
At 1 January, 2014	-	-
Additions	612,396	612,396
At 31 December, 2015	<u>612,396</u>	<u>612,396</u>
<u>Accumulated Depreciation</u>		
At 1 January 2014	-	-
Charge for the year	61,240	61,240
At 31 December, 2015	<u>61,240</u>	<u>61,240</u>
<u>Net book value</u>		
At 31 December, 2015	<u>551,156</u>	<u>551,156</u>

NOTES TO THE FINANCIAL STATEMENTS

	2015 G\$
8. UBS Investment	<u>752,421,171</u>

This relates to an investment portfolio managed by the UBS Financial Services Company. This consists of investments held on the international market. The portfolio contains a mixture of equities (45%), bonds (45%) and cash (10%). This was transferred from the Conservation Trust Fund (CTF) to Protected Areas Trust, after the dissolution of the CTF on October 31, 2015. The value of this investment was determined based on the portfolio value reported by UBS Financial Services Statement. The use of these assets and their income are for the sole purpose of carrying out activities related to the management of Guyana Protected Areas Systems.

9. Cash at Bank

Cash at Bank consists of:	<u>2015 G\$</u>
Scotia Bank GY dollar account	470,868
Scotia Bank US dollar account	7,356,651
	<u>7,827,519</u>

10. Accruals

The accruals are made up of the following:	<u>2015 G\$</u>
Telephone expenses for November and December 2015	45,701
Professional fees	350,000
Conservation Trust Fund Expenses	709,400
Audit Fees	232,000
Total Accruals	<u>1,337,101</u>

NOTES TO THE FINANCIAL STATEMENTS

11. Financial Risk management

Financial risk management objectives.

The Trust's Management monitors and manages the financial risks relating to their assets through daily reviews of the performance and change in value of these assets. These risks include market risk (foreign exchange risk and interest rate risk).

The Trust seeks to minimize the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk and interest rate risk which are approved by the board of trustees.

(a) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

This risk is managed by the daily reviews of the performance of investments and liaising with the investment manager to ensure proper investment decisions are made.

(i) Foreign currency risk

Foreign currency risk is the form of risk that arises from an unfavourable change in price of one currency against another. Unless a position is hedged, foreign currency risk is present whenever organizations or investors hold assets across national borders. The Trust's exposure to the effects of fluctuations in foreign currency exchange rates arise from its investment portfolio and a US dollar bank account. The currency in which this investment is denominated is in United States dollars. No liabilities are held in foreign currencies. Total assets held in foreign currency total G\$1,752,421,171 (US\$ 8,508,879).

Foreign currency sensitivity analysis:

The following table details the Trust's sensitivity to a 2.5% increase or decrease in the Guyana dollar against the US dollar. Although a rate is not formally adopted and used as a measure, 2.5% gives prudent possibility of a change in rate.

The sensitivity analysis shows the impact on all assets and liabilities that are held in foreign currencies. A positive number below indicates an increase in reserves if the currency were to strengthen 2.5% against the Guyana dollar. If the currency were to weaken 2.5% against the Guyana dollar, there would be an equal and opposite impact on the revenue account and the balances would be negative.

	2015 G\$
Effect	<u>43,810,529</u>

CONTACT INFORMATION

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KFW



Government of the Cooperative Republic of Guyana
Ministry of Natural Resources



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