



Protected Areas Trust

"Co-financing Guyana's Protected Areas"

Annual Report 2017



Vision Statement

Co-financing a world class National Protected Areas System in Guyana that protects nature and improves lives.

Mission Statement

To mobilise and allocate finances for the management of the National Protected Areas System in Guyana.

Values

Transparency

Accountability

Agility

Reliability

Environmental and Social responsibility

Fairness

Acronyms & Abbreviations

BoT	Board of Trustees
CI	Conservation International
FinCom	Finance Committee
GRC	Grant Review Committee
GoG	Government of Guyana
KAPA	Kanashen Amerindian Protected Area
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
KMPA	Kanuku Mountains Protected Area
KNP	Kaieteur National Park
NPAS	National Protected Areas System
NTC	National Toshias' 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
PSC	Private Sector Commission
RedLAC	Latin American and Caribbean Network of Environmental Funds
SBPA	Shell Beach Protected Area
UBS	Bank of Switzerland (USA)
UG	University of Guyana

*Kaieteur Falls Gorge
Photo Credit: Dionne Jones*

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Katere Falls
Photo credit: Dionne Jones

Protected Areas Trust

The Protected Areas Act (PA Act), 2011 established the PAT as a body corporate (Part VIII, Section 88) and a Trust Fund to provide financing for National System of Protected Areas (NPAS) [Part IX, Section 101 (1)].

The PAT is independently governed and administered by a seven-member Board of Trustees. The day-to-day operations are being managed by the PAT Secretariat based at Jenman House in the Botanical Gardens, Georgetown, Guyana and headed by an Executive Director.

Protected Areas Trust Fund

The Protected Areas Trust Fund (PATF) functions primarily as an endowment fund to preserve the capital while investing globally to earn annual returns of approximately 5%. Funds (EURO \$4M = US\$5M from KfW and US\$3.5M from CI) have been invested through PATF's Fund Administrator, UBS Financial Services (USA) in various international markets.

National Protected Areas System (NPAS)

The PA Act, 2011 provides the framework for the establishment and management of the National Protected Areas System (NPAS), which currently consists of Kaieteur National Park, Iwokrama Programme Site, Shell Beach, Kanuku Mountains and Kanashen Amerindian Protected Area (KAPA). KAPA is the only indigenous-owned territory in the NPAS, which was gazetted an Amerindian Protected Area on August 18, 2017. In addition, the urban parks including the National Park, Botanical Gardens, Zoological Park, and Joe Vieira Park are also part of NPAS but do not qualify for Trust funds.

The Government of Guyana (GoG) pledged an additional two million hectares of land and waterways to be included in the NPAS in 2016.

The PA Act, 2011 established the Protected Areas Commission (PAC) to manage, maintain, promote and expand the NPAS (Part II, 8 (a)).

Funding from the PAT will provide for monitoring and management plans, park rangers, scientific research, and community outreach.

Our interim target

If all annual operating costs of the PAC (given the current status of the NPAS) are to be covered from revenues from the PAT, it would require the Fund to grow to at least US\$65 million from its current size of US\$8.5 million. The GoG committed the sum of US\$10 million as its initial contribution to the Trust Fund in 2014. This commitment has not yet materialised.

ORGANISATIONAL STRUCTURE



Message from the Chairman (ag) of the Board of Trustees

The Protected Areas Trust has seen a number of successfully completed activities in 2017. The most significant development for the Trust was the performance of its Fund investments, which improved over the year following very poor results in 2015 and 2016. In fact, the excellent performance of investments for 2017 has resulted in the 3-year average return increasing to 5 %, which was in line with the original goals set by the Trust.

The first grant agreements between PAT and the PAC were approved by the Board of Trustees (BoT) in the second half of 2017. These grants benefitted protected areas in the Kanuku Mountains, Shell Beach, and the Kanashen Amerindian Protected Area. The PAC has committed to a substantial increase in the submission of grant proposals in 2018.

The Trust has completed almost all of its policy documents necessary for good governance, such as; Good Governance Indicators, Code of Ethics and Confidentiality Policy Statement. These were approved by the Board in various meetings and are now being implemented.

A CI special project grant of US\$ 25,000 was used to develop a fund raising strategy as well as for the production of awareness tools and materials about the Trust. The project has been completed.

The Board of Trustees unfortunately “lost” its first chairman Major General (retd.) Joseph Singh, MSS. “Lost” in this case stands for resigning for very understandable personal reasons. The GoG will have to appoint a successor for Mr. Singh as its representative. Consequently, I am functioning as the acting chairman.

A major item which remained unsolved is the written commitment of the GoG to provide US\$ 10 million for the PAT. No monies were received in 2017. The GoG has informed the PAT that funds will be made available in tranches in the future.

His Excellency President David Granger further committed to adding 2 million hectares to Guyana’s protected areas system. This is of course a fantastic gesture and shows that the President has a vision and is very serious in making Guyana a Green State. However, protection cost money and therefore a good and complete financial plan for all areas under protection (now and in the future) will have to be developed.

Finally, I would like to acknowledge the good work of the staff of the PAT secretariat, the members of the various committees’ and all the Trustees of the Board. Special thanks go to the first Chairman of the PAT Major General (retd.) Joe Singh for all the good work he did over the years for the Trust.



Ben J.H. ter Welle CCH
Chairman (ag.) Board of Trustees



“

The Trust has completed almost all of its policy documents such as Good Governance Indicators, Code of Ethics and Confidentiality Policy Statement. These were approved by the Board in various meetings and are now being implemented.

”

Executive Director's Message

The Protected Areas Trust Annual Report, 2017 highlights PAT's achievements during its third year of existence.

The year 2017 was a particularly fruitful year for the PAT. Among our chief achievements is the finalisation of PAT Strategic Plan 2017-2021. Substantially, more than half of the activities of this Plan were accomplished in 2017 alone. Significant achievements, which supported the implementation of the 5-year Strategic Plan, included the development of PAT Resource Mobilisation/ Fundraising Plan and Communications Plan as well as the completion of setting up the majority of PAT institutional framework, particularly in the area of grants – procedure and tools.

The growth of PAT institutional support systems and operational systems were also among key achievements. Specifically, was the staffing of the three (3) new Committees to support PAT's drive to achieve its Mission. The finalisation of PAT's logo and the initiation of PAT's website development also took place in 2017.

“Specifically, was the staffing of the three (3) new Committees to support PAT's drive to achieve its Mission. The finalisation of PAT's logo and the initiation of PAT's website development also took place in 2017.”



My appreciation is extended to the Board of Trustees for their usual support, PAT Committee members for their relentless work, and PAT Secretariat staff for their continuous encouragement. In particular, I am indebted to first Chairman for the guidance and mentorship I received during his tenure. MG (ret'd) Joe Singh I salute you. Thank you. Improving relationships with our donors and fund administrator continued to foster PAT's growth.

PAT achievements during 2017 could not have been possible without your commitment and continuous support. My sincerest gratitude to you all. I look forward to strengthening our team to continue to develop PAT in 2018 and beyond.

A handwritten signature in blue ink, reading "Geeta Singh Ubaldo Espinosa".

Geeta Singh Ubaldo Espinosa
Executive Director

PAT Network

Strengthened relationships with PAT network during 2017 included:

RedLAC

Participation at the Latin American and Caribbean Network of Environmental Funds (RedLAC) 19th Assembly Meeting, Dominican Republic, November 1-3, 2017. The Executive Director served as a Director on the Board of Directors of RedLAC for the first time in 2017.

Conservation Trust Investment Survey 2016

Participation in the Conservation Trust Investment Survey for calendar year 2016 conducted by the Wildlife Conservation Society (WCS).

Major Donors (KfW, CI):

- Submission of quarterly financial reports to principal donors;
- Meeting with KfW Development Bank, Project Manager and Head of Division, Jens Mackensen at 19th RedLAC Assembly in November, 2017;
- Receipt of Grant from Conservation International-Guyana in 2017, as well as maintained close working relations throughout the year.

Department of Environment and Environmental Protection Agency

Provision of necessary reports and information to the EPA and Department of Environment (in July 2017) in relation to the successful implementation and operations of the endowment fund, which was required to complete an official closure report for GPAS Phase II, Tranche II Project, a requirement of KfW.

Fund Administrator (USB):

Meetings with PAT's Fund Administrator, UBS: John Adams UBS Senior Vice President – Investments, and Jason Hamlin, Wealth Advisor, First Vice President – Wealth Management, The Arbor Group:

- Yearly (in-person) meeting held at PAT Office in February 2017;
- Quarterly (teleconference) meetings to discuss PAT investments;
- At RedLAC meeting in November, 2017.

World Wildlife Fund - Guianas

PAT logo was used in a video production from WWF, supporting protected areas in Guyana.

Protected Areas Commission Kanashen Amerindian Protected Area

Recipients of PAT grants.



Board of Trustees

Berend Jan Hendrik ter Welle

Vice-Chairman/ Chairman (a.g) and Chairman, Fundraising Committee (Major Donors acting collectively)



Annette Arjoon - Martins

Trustee (Private Sector Commission, PSC)



Nicholas Fredericks

Trustee (National Tashas Council, NTC)

Joycelyn Williams

Trustee/Chairperson, Grant Review Committee (University of Guyana, UG)



Maurice Munro
Trustee/ Chairman, Finance Committee (Government of Guyana, GoG)



Nadia Sagar
Trustee/Chairperson, Governance Committee (appointed by the BoT)



Board of Trustees at the close of fiscal year 2017

The PAT is governed and administered by the BoT. The BoT principal responsibilities are to manage the Trust, to oversee the management and investment of the Trust Fund and review requests for funding for the national protected areas system.

In 2017, the first term of Trustees appointed by the GoG and NTC came to an end. These Trustees were re-appointed by their nominating bodies to serve a second (and final) term on the BoT. During the last quarter of 2017, the Chairman, Major General (retd) Joseph Singh (GoG's nominee) resigned from the PAT. The Vice-Chairman served as Chairman (a.g) for the remainder of 2017.

The Board held five (5) formal meetings during 2017.

ACHIEVEMENTS



Transparency

The PA Act, 2011, Section 108, requires that the Board of Trustees appoints a reputable, external, independent auditor to audit the accounts of the Trust annually. Since its operations began in 2014/2015, PAT has undergone annual independent external audit, and every year our statements have been approved without reservations.

Our demonstration of accountability dated December 31, 2017 is presented with the independent auditor's report and explanatory notes issued by TSD Lal & Co.

Further, PAT's Annual Report 2016 was completed and submitted to Hon. Minister Joseph Harmon, in accordance with the PA Act, 2011, Section 110 (2), which requires that the Minister lays the accounts and annual report before Parliament within two months of receiving them from the Board of the PAT. The Report was also circulated to donors, major stakeholders and RedLAC.

PAT's Strategic Plan 2017-2021 was also finalized and approved at the 14th BoT meeting held on February 16, 2017 and circulated to donors, major stakeholders and RedLAC.

Governance

The establishment of PAT Governance Committee was approved in 2016 as part of a suite of initiatives to set the foundation for good governance and transparency. The PAT recruited its first member (Pauline Singh) in January 2017 to support the Chairperson/Trustee of the Governance Committee (Nadia Sagar).


The Committee's aim is to provide assistance to the Board in fulfilling its legal, ethical, and functional responsibilities through adequate governance policy development, and monitoring of board activities by developing and recommending to the Board a set of corporate governance principles, policies, standards, and practices that optimally support the PAT's strategic priorities in accordance with the PAT's guiding values.

The two-member Committee, supported by its Secretary, PAT's Executive Director, drove the development of essential tools for any budding Environmental Trust Fund.

In 2017, PAT adopted institutional safeguards and policies that establish the principles to work to. These were:

- Good Governance Indicators
- Code of Ethics
- Confidentiality Policy Statement

The BoT approved the Good Governance Indicators and Code of Ethics at its 15th meeting held on May 30, 2017, and the Confidentiality Policy Statement at its 18th meeting on November 30, 2017.



*Shell Beach Protected Area
Photo Credit: Annalise Bayney*

PAT Strategic Plan 2017 - 2021

Among the major achievements of the PAT is the finalisation and approval of its 5-year Strategic Plan, commencing 2017. The Plan lays out four (4) core objectives inclusive of the development and implementation of a fundraising plan; communications plan; the development of the appropriate institutional guidelines; procedures and administrative systems to receive and review proposals; award grants, assessment of capacity needs and implementation of the capacity action plan for PAT. Having approved this Plan in February 2017, the remainder of 2017 saw significant steps towards implementation of this Plan. Significantly, more than half of the Plan was implemented in 2017. The development of the fundraising plan, communications plan and completion of procedure and necessary tools for the grant process were part of the implementation.

Grants

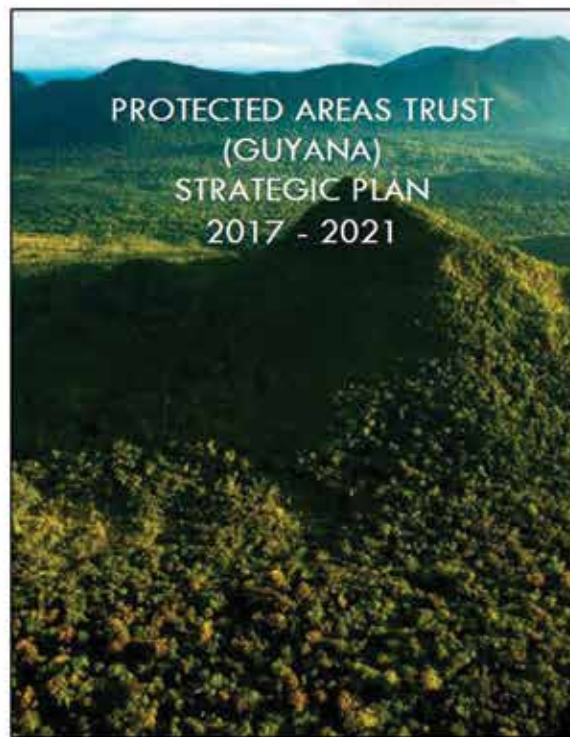
The first year in the area of grant making was 2017. It was an eventful year for PAT's Grant Review Committee (GRC), which was fully constituted since the first half of 2017. The Committee comprises of Trustee and Chairperson, Joycelyn Williams and members: Chuvika Harilal and Juliana Persaud.

The GRC, which main responsibility is to assess and evaluate grant applications received and advise the BoT on grant management, completed the development of necessary procedures and tools to support PAT's grant process.

From development of these instruments to the issuance of the first two (2) grants during 2017, the PAT satisfied part of its mandate in providing co-financing for Guyana's protected areas.

Instruments developed to support PAT's Grant Process included:

- 1) PAT Grant Agreement Template
- 2) Checklist for evaluating a Proposal
- 3) Interim and Final Technical Reporting Template
- 4) PAT Guidelines for Applying for a Grant from the PATF
- 5) Financial Reporting Template
- 6) PAT Financial Questionnaire
- 7) PAT Grant Approval and Project Implementation Process



Moreover, the first two (2) Grants issued by PAT in 2017, for requests submitted by the PAC are as follows:

Project Title	1. Effective Management of Guyana's Protected Areas System	1. Effective Management of Kanashen Amerindian Protected Area
Grantee	PAC	PAC and Kanashen Amerindian Protected Area
Grant value	GS\$9,183,142	GS\$7,030,740
Protected Area benefited	1. Kanuku Mountains Protected Area (KMPA) 2. Shell Beach Protected Area (SBPA)	Kanashen Amerindian Protected Area (KAPA)
Date of issue	October 19, 2017	December 13, 2017
Purpose of Grant	The Grant provided for: - hiring rangers to implement KMPA Management Plan; - monitoring of KMPA; and - printing and dissemination of SBPA Management Plans to improve awareness of PAs and their values.	The Grant provided for: - commencing plans for effective implementation of KAPA Management Plan via: - operations monitoring and administration, such as ranger monitoring and patrolling; and for - appropriate infrastructure and equipment to be in place This grant supported Guyana's first Amerindian protected area, KAPA (through the PAC), which was formally declared such on August 18, 2017.



Submission of first grant request by PAC/Kanashen to the PAT

(From left to right: Chairperson, PAC Board, Dr. Raquel Thomas; Commissioner PAC, Denise Fraser; Trustee/Chairperson GRC, Joycelyn Williams; Chairman (ag.) PAT BoT, Berend ter Welle; Toshao Kanashen, Paul Chekema; Deputy Toshao, Kanashen, Wachana Yaymochi; Deputy Commissioner PAC, Odacy Davis; PA Officer, PAC, Tana Yussuff; Technical Advisor, Frankfurt Zoological Society, Dr. Anouska Kinahan; GRC member Juliana Persaud (October 30, 2017)

Signing of PAT/PAC first Grant Agreement

(From left to right: GRC member Juliana Persaud; Vice-Chairman, Berend ter Welle; Executive Director PAT, Geeta Singh Ubaldo Espinosa; Head, Dept. of Environment, Ndibi Schwieters; Commissioner PAC, Denise Fraser; Chairperson, PAC Board Dr. Raquel Thomas; Trustee Maurice Munro; Head, National Parks Commission, Denise Benick; Trustee Nadia Sagar; Trustee Annette Arjoon-Martins (October 19, 2017)





Beneficiaries of Grant from PAT: Kanashen primary students on nature tour with Ranger



Beneficiaries of Grant from PAT: Ranger making Craft



Kanashen Amerindian Protected Area



Resource Mobilisation/Fundraising

In 2017, the PAT continued to advocate the Government of Guyana for the US\$10M pledged in September, 2014.

Awareness of the PAT, its role and functions was presented to the Minister of Environment, Hon. Minister Joseph Harmon and Head of Department of the Environment, Ms. Ndibi Schwiers on January 27, 2017. A press release on this event was broadcasted on the National Telecommunications Network.

PAT Fundraising Committee (Chairman, Trustee Berend ter Welle), which was established in 2016, appointed its first member (Damian Fernandes) during the latter quarter of 2017. The Committee is charged with the responsibility to oversee the development and implementation of an integrated, realistic and achievable fundraising plan, the document preparation which has been funded by CI.

In addition to this Plan, the Grant from CI provided for the development of a Communications Plan to support PAT's Resource Mobilisation/ Fundraising Plan, as well as the production of banners, posters and brochures and a website for the PAT. The Grant thus supported the PAT to position itself to advocate for financial resources beyond 2017.



Signing of CI/PAT Grant Agreement

From left to right (in front): Commissioner PAC, Denise Fraser; Technical Director, CI, Curtis Bernard; Executive Director PAT, Geeta Singh Ubaldo Espinosa; (at the back) Chairman, PAT, Major General (retd) Joseph Singh; Executive Director, CI, Dr. David Singh; Head, Department of Environment, Ndibi Schwiers and Vice-Chairman, PAT, Berend ter Welle (March 23, 2017)



PAT Presentation to Minister of Environment and Head, Department of Environment

(From left to right (in front): Legal Advisor, Ministry of Presidency, Geeta Chandan; Commissioner PAC, Denise Fraser; Hon. Minister of Environment Joseph Harmon; Trustee Annette Arjoon-Martins; Chairman, PAT BoT, Major General (retd) Joseph Singh; Executive Director, Geeta Singh Ubaldo Espinosa; (at the back): FinCom member, Richard Isaya; Vice-Chairman, PAT BoT, Berend ter Welle; Trustee and Chairman, FinCom, Maurice Munro; Head, Dept. of Environment, Ndibi Schwiers (January 27, 2017)

Investment

The PAT's revised Investment Policy, which was approved in April 2016, sets the framework for the management of the Fund. It also stipulates the investment guidelines to preserve the capital while investing globally to earn annual returns of approximately 5%. PAT's financial resources of US\$8.5M are invested through its Fund Administrator, Union Bank of Switzerland (UBS) Financial Services (USA).

In keeping with the Asset Allocation Guideline of this Strategy, PAT increased its equity investment from 45% to 55% during the second quarter of 2017 given the positive performance of equity instruments.

Quarterly meetings were held with UBS and PAT Finance Committee (FinCom), following receipt of PAT quarterly investment performance reports. These meetings discussed performance of PAT's investments and recommendations for improved returns, particularly on portfolios re-balancing, for the next quarter.

The PAT withdrew US\$400,000 from its investment account with UBS for 2017, which was subsequently deposited to the New Building Society, receiving interest earnings of 2.75% annually. Monies transferred are to provide for grants and PAT's operational expenses for 2018 and beyond.

During the first quarter of 2017, FinCom conducted a 3-year review of PAT investment with UBS. Findings were that investment with UBS did not meet the target 5% returns during that period. Notwithstanding, 2017 showed significant investment growth by year end. PAT investment earnings year-to-date through December 31, 2017 was US\$859,021. The average (gross) return from Inception-to-Date was 4.67% and for 2017 it was 11.08%.

Strengthening of PAT's Administrative Structure

The BoT continued to identify areas for improvement and strengthened PAT's administrative structure during 2017. In particular, the BoT decided to issue employee contracts to PAT Secretariat staff instead of short-term consultants' contracts. As a result, the Executive Director signed a new employee's contract in August 2017, upon expiration of her previous contract. PAT Assistants maintained the consultants type contracts until expiration of their contracts in December, 2017.

Further, to boost PAT's financial accounts report keeping, the PAT purchased and installed Quickbooks Enterprise accounting software.

The concept for PAT's logo was approved at the 14th BoT meeting held on February 16, 2017.

Capacity building for staff of the PAT Secretariat during 2017 included:

1. Investment Management Workshop, October 28 to 30, 2017, Dominican Republic;
2. Preparation of Concept Notes for Green Climate Fund (GCF) Green Climate Fund Concept Training, hosted by Office of Climate Change, Ministry of the Presidency in collaboration with a team from Denmark Technical University, Sept 25-29, 2017, Tower Suites, Guyana.



Volunteer Contributions to the PAT

Participants/Institutions willing to support Guyana's natural heritage and protected areas through voluntary contributions to the PAT are encouraged to do so.

In-kind support was provided to the PAT from the following persons/institutions during 2017:

Alex Arjoon, Reel Guyana, contribution of photographs for PAT Annual Report 2016;

Damian Fernandes, former Commissioner, PAC, development of a logo concept for the PAT;

Lancelot France-Cummings, CI Operations Manager, provision of basic training for use of Quickbooks Enterprise accounting software to staff of PAT Secretariat;

Ravi Singh, Scotiabank, IT support to troubleshoot and fix PAT's network issues;

Sade Barrow-Browne, Creative Director, IntellectStorm (facilitated through PR Consultant, Neil Marks), digitizing of PAT's logo (May 22, 2017);

Sanjay Kishun, Conservation International, IT support to integrate PAT's new computer on its shared drive;

Wayne Farley, Graphic Designer, development of a logo concept for the PAT (February 16, 2017);

Protected Areas Commission for the occupancy of Jenman House to accommodate PAT Secretariat.

Photo Credits

Protected Areas Commission
Annalise Bayney
Fotonatura/F. de Nooijer
Dionne Jones
Pete Oxford
Robert Spitzer
Suresh Kandaswamy

Our deepest gratitude to you all.



*Hoatzin
Photo credit: Fotonatura/F. de Nooijer*



Photo credit: Dionne Jones

INDEPENDENT AUDITOR'S REPORT



DragonFly
Photo Credit: Dianne Jones

INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF PROTECTED AREAS TRUST
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Protected Areas Trust, which comprise the statement of financial position as at December 31, 2017, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 2 to 11.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position for Protected Areas Trust as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Trust's 2017 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

The Trustees/Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees/Management is responsible for overseeing the financial reporting process.

In preparing the financial statements, the Trustees/Management are responsible for assessing the Trust's ability to continue as going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls,
- Obtain an understanding of internal control relevant to the audit 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 controls,
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of our Auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial statements- cont'd

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Report on Other Legal and Regulatory Requirements

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

TSD Lal & Co.

TSD LAL & CO.
Chartered Accountants

Date: May 7, 2018

**77 Brickdam, Stabroek,
Georgetown.
Guyana**

PROTECTED AREAS TRUST
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Notes</u>	<u>2017</u> G\$	<u>2016</u> G\$
<u>Income</u>			
Gain on exchange (G\$) PAT		218,568	-
Contributions	4	3,896,078	3,423,719
Interest income		2,242,852	396,680
Investment income	5	41,403,588	42,621,606
Increase in Investment Value	8	156,027,550	45,535,888
Gain on exchange (US\$) UBS	8	<u>59,466,837</u>	<u>-</u>
Total Income		263,255,473	91,977,893
<u>Expenses</u>			
Investment management expenses	6 (i)	14,734,154	14,336,364
Administrative expenses	6 (ii)	17,908,696	8,029,158
Employment expense	6 (iii)	10,871,320	9,080,000
Finance cost	6 (iv)	46,089	59,574
		<u>43,560,259</u>	<u>31,505,096</u>
Surplus for the year		<u><u>219,695,214</u></u>	<u><u>60,472,797</u></u>

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



PROTECTED AREAS TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Accumulated Surplus</u> G\$	<u>Total</u> G\$
At January 1, 2016	1,759,462,745	1,759,462,745
Change in equity 2016		
Surplus for the year	<u>60,472,797</u>	<u>60,472,797</u>
At December 31, 2016	1,819,935,542	1,819,935,542
Change in equity 2017		
Surplus for the year	<u>219,695,214</u>	<u>219,695,214</u>
At December 31, 2017	<u><u>2,039,630,756</u></u>	<u><u>2,039,630,756</u></u>

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

PROTECTED AREAS TRUST
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	<u>Notes</u>	<u>2017</u> G\$	<u>2016</u> G\$
Assets			
Non current assets			
Fixed assets	7	<u>804,519</u>	<u>987,975</u>
Current Assets			
UBS Investment	8	1,905,269,939	1,747,962,301
Cash at Bank	9	<u>133,813,667</u>	<u>71,281,057</u>
		<u>2,039,083,606</u>	<u>1,819,243,358</u>
Total Assets		<u><u>2,039,888,125</u></u>	<u><u>1,820,231,333</u></u>
Equity and Liabilities			
Equity			
Accumulated surplus		<u>2,039,630,756</u>	<u>1,819,935,542</u>
Current Liabilities			
Accruals	10	<u>257,369</u>	<u>295,791</u>
Total equity and liabilities		<u><u>2,039,888,125</u></u>	<u><u>1,820,231,333</u></u>

These financial statements were approved by the Trustees on May 7, 2018.



Trustee

Trustee

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



PROTECTED AREAS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u> G\$	<u>2016</u> G\$
Operating activities		
Surplus for the year	219,695,214	60,472,797
Depreciation	283,578	263,554
Interest income	<u>(2,242,852)</u>	<u>(396,680)</u>
Net cash flow from operating activities before changes in working capital	217,735,940	60,339,671
Changes in working capital		
(Increase)/decrease in UBS Investment	(157,307,638)	4,458,870
Decrease in accruals	<u>(38,422)</u>	<u>(1,041,310)</u>
Net cash provided by operating activities	<u>60,389,880</u>	<u>63,757,231</u>
Investing activities		
Purchase of fixed assets	(100,122)	(700,373)
Interest received	<u>2,242,852</u>	<u>396,680</u>
Net cash provided by in investing activities	<u>2,142,730</u>	<u>(303,693)</u>
Net increase in cash and cash equivalents	62,532,610	63,453,538
Cash and cash equivalents at the beginning of the period	<u>71,281,057</u>	<u>7,827,519</u>
Cash and cash equivalents at the end of the period	<u><u>133,813,667</u></u>	<u><u>71,281,057</u></u>

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

PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and activities

The Protected Areas Trust (PAT) was established by the Protected Areas (PA) Act in 2011. It is managed as a corporate body by a seven member (2016 – seven-member) Board of Trustees with a non-governmental majority. The PAT was officially launched on September 1, 2014 when its first Board meeting was held.

The Protected Areas Trust Fund (PATF), also established by the PA Act, is functioning primarily as an endowment fund to preserve the capital while investing globally to earn annual returns of approximately 5%. Funds (EURO \$4M (US\$5M) from KfW and US\$3.5M from CI) have been invested through PATF's Fund Administrator, UBS Financial Services (USA) in various secure international markets to ensure a steady and attractive rate of return competitive with similar trust funds.

Funds from the PATF are used to provide co-financing for the National Protected Areas System (NPAS) in Guyana 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. NPAS consists of Kaieteur National Park, Iwokrama Programme Site, Shell Beach, Kanuku Mountains and Kanashen Amerindian Protected Areas; as well as the urban parks including the National Park, Botanical Gardens, Zoological Park, and Joe Vieira Park. The Trust currently co-finances Shell Beach, Kanuku Mountains and Kanashen Amerindian Protected Areas.

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 & Equipment	20%
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A full year's depreciation is charged in the year of acquisition and none in the year of disposal.



PROTECTED AREAS TRUST

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 benefits from the grant of tax exemption by the Government of Guyana.

(e) Financial Instruments

Financial assets and liabilities are recognized on the Trust's statement of financial position when the Trust 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 represent grants and investment assets received. Assets were transferred on October 31, 2015. Grants were provided throughout the year:

	<u>2017</u> G\$	<u>2016</u> G\$
Cash at Bank (i)	3,896,078	3,423,719
Total	<u>3,896,078</u>	<u>3,423,719</u>

(i) 2017 Cash at Bank contributions relates to an unconditional grant from Mid Atlantic Oil & Gas/JHI Associates (2016 - Mid Atlantic Oil & Gas/JHI Associates)

5. Investment income

This represents income from UBS investment:

<u>41,403,588</u>	<u>42,621,606</u>
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PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

6. Expenses

	<u>2017</u> G\$	<u>2016</u> G\$
(i) UBS Investment Management fee		
UBS Investment Management Fee	<u>14,734,154</u>	<u>14,336,364</u>
	G\$	G\$
(ii) Administrative expenses		
Depreciation	283,568	263,554
Meetings	168,340	201,558
Office supplies	552,475	480,120
Other miscellaneous expenses	597,173	278,201
Website expenses	-	710,494
Loss on exchange	-	2,403,394
Telephone	240,060	246,757
Grant expenses	13,197,636	2,242,390
Travel	940,775	974,660
Audit fees	228,000	228,000
Supplies & materials	370,873	-
Printing & reproduction	612,896	-
Equipment rental & maintenance	14,000	-
Learning & training	702,900	
Total	<u>17,908,696</u>	<u>8,029,129</u>
(iii) Employment expense		
Employee cost	<u>10,871,320</u>	<u>9,080,000</u>
This relates to the cost of employing contract staff.		
(iv) Finance costs		
Bank charges	<u>46,089</u>	<u>59,574</u>
This relates to charges with regards to the Trust's bank accounts.		

7. Fixed Assets

	<u>Computer & Equipment</u>	<u>Total 2017</u>	<u>Total 2016</u>
<u>Cost</u>	G\$	G\$	G\$
At January 1	1,312,769	1,312,769	612,396
Additions	<u>100,122</u>	<u>100,122</u>	<u>700,373</u>
At December 31	1,412,891	1,412,891	1,312,769
<u>Accumulated Depreciation</u>			
At January 1	324,794	324,794	61,240
Charge for the year	<u>283,578</u>	<u>283,578</u>	<u>263,554</u>
At December 31	608,372	608,372	324,794
<u>Net book value</u>			
At December 31, 2017	<u>804,519</u>	<u>804,519</u>	
At December 31, 2016	<u>987,975</u>		<u>987,975</u>



PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

8. UBS Investment

	<u>2017</u> G\$	<u>2016</u> G\$
Opening balance	1,747,962,301	1,752,421,194
Foreign exchange translation difference	59,466,837	-
Withdrawals	(100,004,154)	(78,280,000)
Dividend and interest income	41,403,588	41,966,722
Change in accrued interest	413,816	654,864
Change in market value	156,027,550	45,535,885
	<u>1,905,269,939</u>	<u>1,762,298,665</u>
Others	-	(14,336,364)
	<u>1,905,269,939</u>	<u>1,747,962,301</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>2017</u> G\$	<u>2016</u> G\$
Scotia Bank GY dollar account	9,880,470	9,090,180
New Building Society GY dollar account	121,983,095	60,371,746
Scotia Bank US dollar account	1,950,102	1,819,131
	<u>133,813,667</u>	<u>71,281,057</u>

10. Accruals

Accruals are made up of the following:

Telephone expenses	29,369	50,141
Repairs	-	17,650
Audit fees	228,000	228,000
	<u>257,369</u>	<u>295,791</u>

PROTECTED AREAS TRUST

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\$1,907,220,041 (US\$8,954,084) (2016 - G\$1,749,781,432 (US\$ 8,490,085)).

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 surplus 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 surplus and the balances would be negative.

	<u>2017</u> G\$	<u>2016</u> G\$
Effect	<u>47,631,748</u>	<u>43,986,569</u>



PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

12 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions with related parties:

Key management personnel

(i) Compensation

The Trust has three (2016 - three) key management personnel comprising of its Executive Director, admin assistant and accounts assistant.

The remuneration paid to key personnel for the year was as follows:

	<u>2017</u> G\$	<u>2016</u> G\$
Short term employee benefits	<u>10,871,320</u>	<u>9,080,000</u>

(ii) Transaction with related entities

The Trust's office is located in Jenman House, Botanical Gardens which is owned by Protected Areas Commission. There are no rental charges or fees payable with regards to this.

13 Approval of the financial statements

The financial statements were approved by the Board of Trustees and authorised for issue on May 7, 2018.

CONTACT INFORMATION

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KFW