

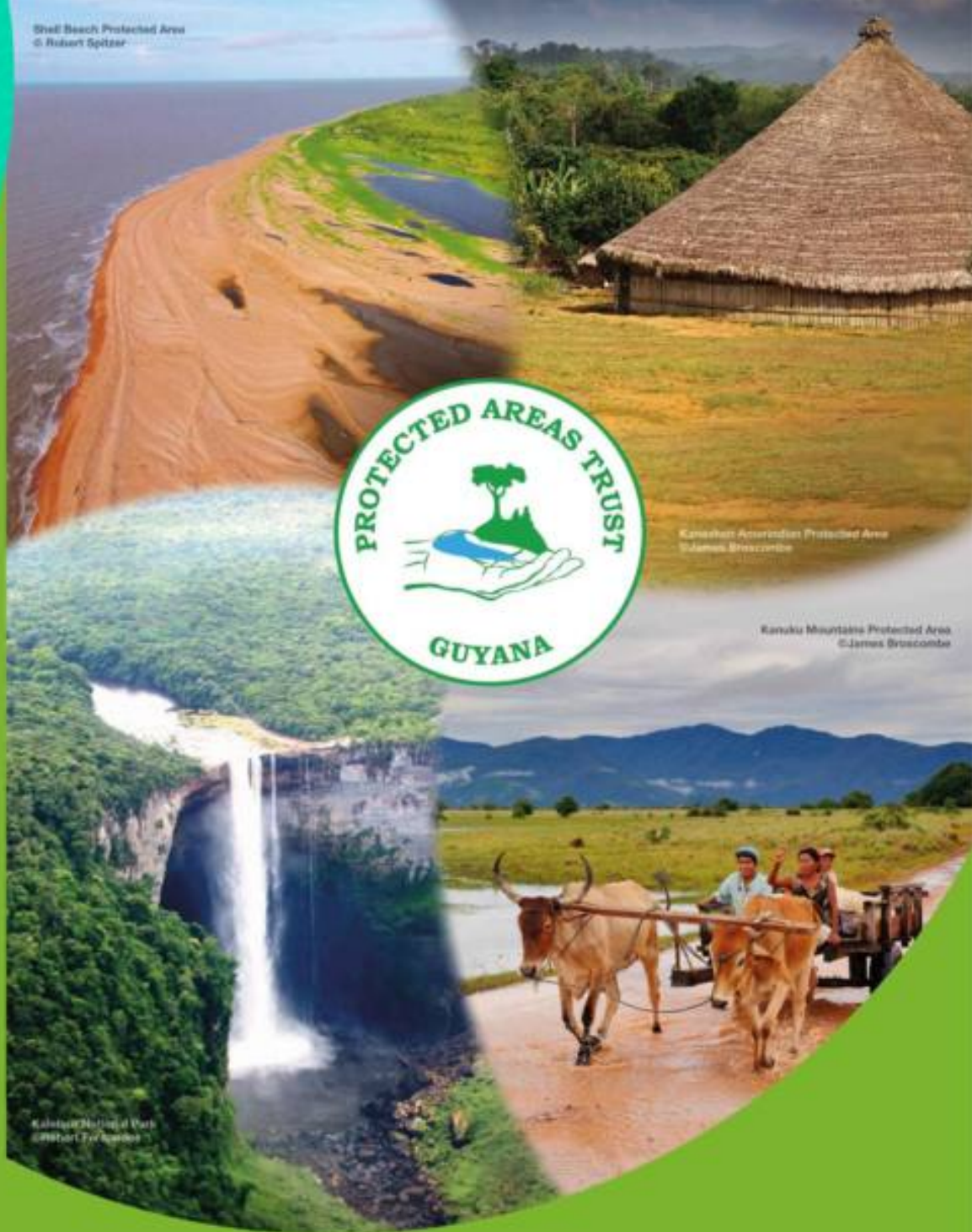
ANNUAL REPORT 2018



PROTECTED AREAS TRUST
GUYANA



Shell Beach Protected Area
© Robert Spitzer



Kanashan Amerindian Protected Area
© James Brascombe

Karukuri Mountains Protected Area
© James Brascombe

Kaieteur National Park
© Robert Spitzer

Vision

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

Mission

“ To mobilise and allocate resources for the National Protected Areas System in Guyana ”



OUR CORE GUIDING PRINCIPLES

1. Transparency
2. Accountability
3. Agility
4. Reliability
5. Environmental and social responsibility
6. Fairness

Photo credits:

Protected Areas
Commission

Protected Areas
Trust

RedLAC



Acronyms and abbreviations

BoT	Board of Trustees
CBF	Caribbean Bio diversity Fund
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	Union Bank of Switzerland (USA)
UG	University of Guyana

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About Us in brief

Protected Areas Trust

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

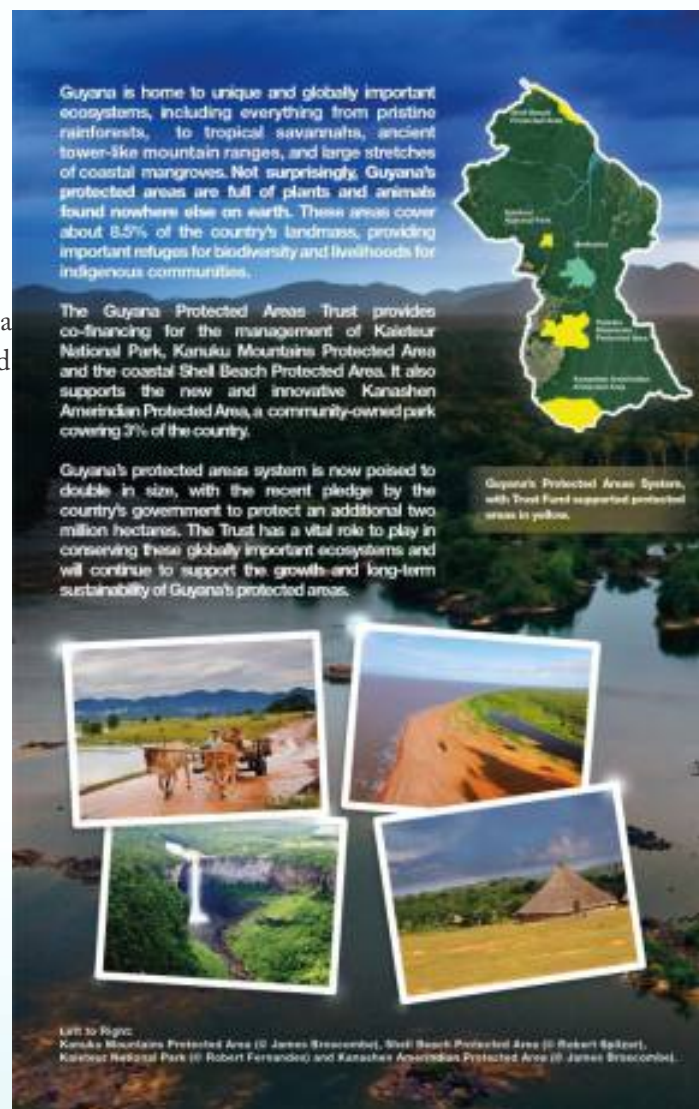
The PAT is independently governed and administered by an eight-member Board of Trustees. The day-to-day operations are managed by the PAT Secretariat headed by an Executive Director and based at Jenman House in the Botanical Gardens, Georgetown, Guyana.

Protected Areas Trust Fund

The Protected Areas Trust Fund (PATF) functions primarily as an endowment fund to preserve the capital, while the funds are invested globally to earn returns of approximately 5% per annum. The PATF was originally endowed with a total of US\$8.5M (US\$5M from KfW and US\$3.5M from CI through the Global Conservation Fund). The funds are currently invested through PATF's Fund Administrator, UBS Financial Services (USA) in various international markets and stands at a value of US\$8,306,560 as at December 31, 2018.

Interim target

An endowment of at least US\$65 million is required to provide returns to cover the minimum estimated annual operating costs of the current NPAS and PAT. US\$8.5 million has been acquired to date. The Cooperative Republic of Guyana has committed, but not as yet transferred, an additional US\$10M, which would bring the fund to US\$18.5 million.





National Protected Areas System & Protected Areas Commission

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 Protected Area, Kanuku Mountains Protected Area and Kanashen Amerindian Protected Area (KAPA). KAPA is the only indigenous-owned territory in the NPAS; it was gazetted as an Amerindian Protected Area on August 18, 2017. In addition, the urban parks including the National Park, Botanical Gardens and Zoological Park, and Joe Vieira Park are also part of NPAS. The Iwokrama Programme Site and urban parks are not beneficiaries of the PATF.

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

additional two million hectares of land and waterways to be included in the NPAS. An initial assessment of new potential sites for protected areas has since been conducted.

Funding from the PAT provide for implementation, monitoring and enforcement of management plans, park rangers, equipment and maintenance, scientific research, and community outreach.

In 2016, the Government of Guyana (GoG) pledged an





Message from the Chairman of the Board of Trustees

Achieving sustainable financing for the conservation and sustainable use of biodiversity in declared protected areas in Guyana is an important mission of the Protected Areas Trust, a mission that the PAT discharged with some success in 2018 even as the investment portfolio registered modest returns. Delivery of financing for management of protected areas to the Protected Areas Commission in 2018 helped to support Guyana in implementing the Protected Areas Act and in meeting its international obligations such as to the Convention on Biological Diversity.



Internally, the Protected Areas Trust has begun the process of optimising the performance of the Protected Areas Trust Secretariat to improve delivery on its mandate. Green procurement, human resources and communications were the priority areas in 2018, and this work will continue and be completed in 2019. A small but dynamic team of three dedicated staff worked closely with the investment portfolio manager to grow returns on the endowment capital invested in capital markets and, in addition, support the work of Trustees. An enhanced corporate environment is expected to increase efficiency and effectiveness of the operations of the Secretariat. Support from the Protected Areas Commission and several professionals who sit on Protected Areas Trust committees is recognised and appreciated.

Partnership is critical to the success of the Protected Areas Trust and in that regard I wish to thank the major donors - KfW and CI - for the continuing commitment to the Trust and to encourage potential donors to contribute to the Trust. A fundraising strategy nearing completion, has been developed to drive our efforts and I look forward to leading the work of the Trust towards expanding partnerships with several new partners such as the Caribbean Biodiversity Fund, in 2019. The Fund offers an important opportunity to the Trust to increase economies of scale, to share costs and to benefit from targeted donor contributions.

The Protected Areas Trust Annual Report 2018 is a record of achievements of the Trust in 2018 as well as a forward looking document providing a snapshot of new programming priorities and challenges to overcome in 2019 and beyond. On behalf of the Board of Trustees I look forward to working with partners, stakeholders and friends of the Trust.

Finally, I take this opportunity to celebrate the contributions made by the immediate past Chair, the late Mr. Ben ter Welle. This Annual Report is dedicated to his memory.

Dr. Patrick Chesney

Tribute to Berend Ter Welle

CHAIRMAN OF THE BOARD OF TRUSTEES (MAR 6 - AUG 2, 2018)

VICE-CHAIRMAN (OCT 14, 2017 - MAR 5, 2018)



Berend (Ben) ter Welle's contributions to the environmental and conservation field in Guyana are invaluable. Over the years he led the Natural Resources Management Project (NRMP) Guyana, which was geared solely at improving the use of natural resources, particularly through the establishment of Geographic Information Systems (GIS) in all relevant agencies in Guyana. This has significantly developed Guyana's environment.



Moreover, Ben managed the Government of Germany's financial contribution, represented by the German Development Bank (KfW), under the Guyana Protected Areas System Project. Phase I of this project focused on the conservation of ecosystems, inclusive of delineation of two protected areas and development of protected areas legislation, and improvement of the livelihoods of the various Amerindian communities in or in close proximity to protected / proposed protected areas. Phase II of the Project supported small grants support for infrastructure in to aid in management of the National Protected Areas System (NPAS) and the establishment of the Protected Areas Trust Fund (PATF) as a sustainable and long-term financing mechanism for the NPAS.

Ben was also a renowned speaker and guest lecturer to many institutions, his words remain embedded in the hearts and minds of those around to listen.

On August 2, 2016, Ben ter Welle joined the Board of Trustees of the PAT as a nominee of PAT major donors. During his tenure he served in several capacities, including as Chairman of the Fundraising Committee (Feb 2, 2017 to Aug 2, 2018), Vice-Chairman (Oct 14, 2017 to Mar 5, 2018) and Chairman (Mar 6 to Aug 2, 2018).

During Ben's tenure he contributed greatly to the furtherance of the objectives of the PAT. He was instrumental in helping to strengthen governance of the Trust and he dedicated his efforts to working with the Secretariat to improve these areas. He also contributed to improving conditions for Secretariat staff. His role as a visionary served the PAT well as he worked diligently towards a structured grant process and casting much visibility on the PAT and the work that is done. On January 20, 2019, Ben passed away in the village of his birth in the Netherlands after a brief period of illness. The PAT recognises Mr. Ben ter Welle's numerous contributions, especially his leadership and guidance provided throughout his tenure. May his Soul rest in peace and rise in eternal glory.



Foreword



The Protected Areas Trust Annual Report 2018 highlights PAT's achievements during its fourth year of operation.

Among our major achievements in the year under review, PAT's strengthened network remains the pinnacle of its continued development. In principle, the focus on networking has opened windows of opportunity to improve public awareness and visibility at a national, regional and international level. PAT's ability to make full use of these opportunities thus far has proven itself fruitful, evidenced by the improved linkages with RedLAC, budding partnerships with the Caribbean Biodiversity Fund (CBF), further engagements with major donors, fund administrator and greater communication with the legal advisors of Shearman and Sterling Global Law Firm.

Additionally, the planning, making of grants to PAC and monitoring the utilisation of these funds were executed. The launch of PAT's website during 2018 was among key achievements, as it provided a platform where pertinent information on the PAT was made easily available to the public.

Notwithstanding, the year 2018 presented some challenges for PAT. For the second time since its operation, PAT's endowment recorded poor investment performance, which led to a decline below its initial capital investment at the end of the year.

My appreciation is extended to the Board of Trustees for their support, especially former Chairman, Berend ter Welle, who placed dedicated attention to improving conditions for PAT Secretariat staff. Special thanks to committee members who worked relentlessly and to PAT Secretariat for their continuous encouragement, support and willingness to go above and beyond the call of Duty. In particular, PAT Administrative Assistant, Samantha Thieens, who resigned at the close of the year, must be recognised. To our donors, I salute you and say thank you for your diligence where PAT is concerned.

PAT's achievements during 2018 could not have been possible without your commitment and hard work. I look forward to your unwavering support and efforts that enable our team to work towards PAT's continued development.

Geeta Singh Ubaldo Espinosa
Executive Director



PAT BOARD OF TRUSTEES AT THE CLOSE OF FISCAL YEAR 2018



DR. PATRICK CHESNEY



JOYCELYN WILLIAMS



MAURICE MUNRO



DAMIAN FERNANDES



SANJEEV DATADIN



CURTIS BERNARD



RUSSIAN DORRICK



ANNETTE ARJOON-MARTINS

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

At the close of the fiscal year 2018, the Board of Trustees comprised the following members nominated by various bodies:

1. Dr. Patrick Chesney (nominated by the Government of Guyana) – Chairman, BoT and Chairman, Governance Committee
2. Ms. Joycelyn Williams (nominated by the University of Guyana) – Vice-Chairperson, BoT & Chairperson, Grant Review Committee
3. Mr. Maurice Munro (nominated by the Government of Guyana) – Chairman, Finance Committee
4. Mr. Damian Fernandes (appointed by the BoT) – Interim Chairman, Fundraising Committee
5. Ms. Annette Arjoon-Martins (nominated by the Private Sector Commission)
6. Toshao Russian Dorrick (nominated by the National Tosaos Council)
7. Mr. Curtis Bernard (nominated by the Major Donors)
8. Mr. Sanjeev Datadin (appointed by the BoT)

2018 was a year of changes at the BoT level. The then Chairman, Major General (retd) Joseph Singh, resigned from the BoT in the last quarter of 2017 and was replaced as a GoG nominated Trustee by Dr. Patrick Chesney on February 8, 2018. Trustee Berend ter Welle's first term of service ended on August 2, 2018 and he decided not to be re-nominated and was replaced by the major donors' new nominee Curtis Bernard on October 18, 2018. Trustee Nadia Sagar ended her service to the PAT on March 6, 2018 and the BoT appointed two new Trustees during 2018 in keeping with the Protected Areas (Board of Trustees Additional Members) Regulations, 2014: Damian Fernandes on March 6, 2018 and Sanjeev Datadin on October 18, 2018. Further, the NTC nominated Toshao Russian Dorrick as replacement for former Trustee Nicholas Fredericks on August 20, 2018. Trustee Dorrick commenced his service with the PAT on September 11, 2018.

On March 6, 2018, the BoT elected Berend ter Welle, Chairman and Dr. Patrick Chesney, Vice-Chairman. Following the end of Trustee ter Welle's service, Dr. Patrick Chesney was elected Chairman of the BoT as well as PAT Governance Committee on September 11, 2018. At this meeting, Trustee Damian Fernandes was elected as the interim Chairman for PAT Fundraising Committee. Trustee Joycelyn Williams was elected Vice-Chair of the BoT on December 12, 2018.

The Board held six (6) official meetings during 2018.



Achievements



 **Guyana's Protected Areas Trust**
“ Co-financing Guyana's Protected Areas ”

-  The Trust **raises and invests funds to support Guyana's Protected Areas.**
-  It is **governed by a Board of Trustees with a non-governmental majority** and was established under the Protected Areas Act 2011.
-  The Trust **co-finances the work of the Protected Areas Commission**, and the management of the National Protected Areas System (NPAS).
-  These funds are used to **protect over 1.4 million hectares of globally important habitats**, filled with rare and endangered species.
-  The Trust supports Guyana's commitment to **establish an additional 2 million hectares of protected areas** under the NPAS.

Get Involved! Donate Today!
Make contact with the Protected Areas Trust at

Jenman House, Botanical Gardens, Georgetown, Guyana

 (592) 227-0343, 227-0346  info@protectedareatrust.org.gy
 protectedareatrust.org.gy  [protectedareatrustguyana](https://www.facebook.com/protectedareatrustguyana)



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 books of accounts and financial statements have been audited by independent external auditors. Every year our financial statements were presented fairly in all material respects, and the financial performance and cash flows of the Trust Fund were in accordance with International Financial Reporting Standards.

Our demonstration of accountability for fiscal year 2018 is presented herein with the independent auditor's report and explanatory notes issued by Maurice Solomon & Co.

Further, PAT's Annual Report 2017 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.

Quarterly reporting on PAT investment performance was made to major donors during 2018.

PAT's website (<https://protectedareatrust.org.gy/>) launched during the latter quarter of 2018, showcased PAT's transparency of its operations to the world and allowed for the PAT being available to the public.

Governance

To strengthen corporate governance practices within the PAT, appropriate governance mechanisms/tools were identified from the review of the International Finance Corporation (IFC) guidelines and the PA Act during 2018. These mechanisms/tools presented in a Governance Committee workplan were approved at the 21st BoT Meeting on June 19, 2018. Implementation of this plan was followed with UBS's support in providing answers and documents to strengthen PAT's governance core.

The Chairperson of the Governance Committee, Ms Nadia Sagar, resigned from the PAT early in 2018. On September 11, the new Chairperson of the Committee, Dr. Patrick Chesney was appointed.



Investment

The PAT Investment Policy, April 2016, sets the framework for the management of the fund. The Policy stipulates the investment guidelines to safeguard 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).

PAT began 2018 by having in-person meeting with its Fund Administrator, represented by Jason Hamlin, Wealth Advisor & First Vice President, Wealth Management in January, to discuss the previous year's performance and PAT's investment portfolio for 2018.

Throughout 2018, quarterly meetings were held with UBS and the PAT Finance Committee (FinCom), following receipt of PAT quarterly investment performance reports. During these meetings discussions were held on the performance of PAT investments and recommendations for improved returns, particularly on portfolios re-balancing, for the next quarter.

Further, the revision of the environmental screening guidelines of PAT's Investment Policy commenced in 2018.

Unfortunately, PAT's investment with UBS did not achieve the targeted 5% returns for 2018. PAT accounts achieved investment returns of -\$636,132.00 from January 1, 2018 to December 31, 2018. Total assets at UBS as of December 31, 2018 totalled \$8,306,560.00. The average (net) return from Inception-to-Date was 1.39%, for 3 years 2.17%, and for 2018 it was -7.15%.

From left to right: Maurice Munro (Chairman, Finance Committee), Berend ter Welle (Vice-Chairman, BoT), Efuah Armstrong (Accounts Assistant), Samantha Thierens (Administrative Assistant), Jason Hamlin (Wealth Advisor & First Vice President, UBS)



UBS Meeting With the PAT
(February 26, 2018)



From left to right: Jason Hamlin (Wealth Advisor & First Vice President, UBS), Geeta Singh Ubaldo Espinosa (Executive Director), Maurice Munro (Chairman, Finance Committee)



Filing of tax returns on PAT investments in the USA with the IRS

During 2018, the PAT was made aware of the requirement to file tax returns with the IRS in the USA on PATs' investments. Numerous parties were consulted for advice to aid the PAT; among them were UBS, CI-International, Shearman & Sterling, Global Law Firm and Executive Directors of other Trust Funds with investments in the USA.

Shearman & Sterling provided pro bono legal advice and exceptional support to aid the reinstatement of PAT tax exemption status with the IRS, while a US tax accountant was contracted to file tax returns of PAT investment with the IRS.

At the close of fiscal year 2018, three prior years (2015, 2016 & 2017) tax returns were submitted to the IRS to facilitate the reinstatement process of PAT tax exemption status.



Grants

PAT continued to co-finance Guyana's protected areas for a second year during 2018. The first two grants which were issued to the PAC and Kanashen Village Council in 2017 were implemented, and subsequently expired, during 2018.

A third grant to utilise un-spent funds of the first grant to Kanashen was signed on October 19, 2018. This grant was also implemented before the end of 2018.

Additionally, two (2) new grant requests were received from the PAC during the latter part of 2018; one Grant Agreement was signed on December 18, 2018.



Puma caught on camera
Kanuku Mountains

Table 1: PAT Grants to PAC and Kanashen Village Council

Project Title	1. Effective Management of Guyana's Protected Areas System (Grant 2017-001)	2. & 3. Effective Management of Kanashen Amerindian Protected Area (Grant 2017-002 & Grant 003-2018)	4. The Effective Management of Kanuku Mountains and Shell Beach Protected Areas (Grant 004-2018)
Grantee	PAC	PAC and Kanashen Amerindian Protected Area	PAC
Grant value	G\$9,183,142	G\$7,030,740	G\$6,498,000
Protected Area benefited	1. Kanuku Mountains Protected Area (KMPA) 2. Shell Beach Protected Area (SBPA)	Kanashen Amerindian Protected Area (KAPA)	1. KMPA 2. SBPA
Term of Grant	Oct 19, 2017 – Mar 31, 2018	Dec 13, 2017 – April 30, 2018 (Grant 2017-002) Oct 19, 2018 – Nov 30, 2018 (Grant 003-2018)	Dec 18, 2018 – Sept 30, 2019
Purpose of Grant	The Grant provided for: ✓ hiring rangers to implement KMPA Management Plan; ✓ monitoring of KMPA; ✓ printing and dissemination of SBPA Management Plans to improve awareness of PAs and their values.	PAT supported Kanashen Amerindian Village (through the PAC) to commence plans for the effective implementation of its management plan. Funds were provided for activities relating to: ✓ operations monitoring and administration, such as ranger monitoring and patrolling; and for ✓ appropriate infrastructure and equipment to be in place.	Activities under the Grant were: ✓ Hire consultant engineer to develop architectural drawings and bills of quantities for the construction of Ranger Stations and outposts; ✓ Site visits to develop architectural drawings and bill of quantities.



Beneficiaries of grants from PAT



Rangers Hired To Implement Kanuku Mountains
Protected Area Management Plan



Ranger Training In Monitoring And Patrolling Of
Kanuku Mountains Protected Area



Capacity Building Training Of
Kanashe Amerindian Protected
Area Manager And Ranger
(among Others)

Ranger Support Services For KAPA Kitchen
Garden



Ranger Support Services For KAPA – Solar Panel
Installation



Public awareness & resource mobilisation



2018 was a year for building greater awareness and networking for PAT which initiated the opening of doors for mobilisation of new financial resources for the PAT.

Beginning with the use of the public awareness materials: banners, posters, brochures etc. which were developed using a US\$25,000 Grant from Conservation International-Guyana, PAT reached targeted audiences.

Nationally, to support PAC's mandate to increase public awareness of protected areas in Guyana, the PAT donated two banners and several posters and brochures to aid the PAC in promoting awareness of PAT and its role and functions for Guyana's protected areas system. PAT brochures and posters were distributed at nature camps of the various protected areas by the PAC, which served to educate students during these outreaches.

The PAT continued to advocate for the Government of Guyana to honour its US\$10M pledged contribution to the Trust Fund which was committed since the launch of PAT in September, 2014. This advocacy was done during several engagements between the Chairman, BoT and relevant Government officials. Furthermore, a collection of PAT public awareness materials, Strategic Plan and past Annual Reports were delivered to His Excellency, President David Granger, in October 2018 to inform of the plans and operations of the PAT to support Guyana's Green State Development Strategy.





The particular milestone of the development of PAT website serves as an information platform of PAT operations and partners including potential donors, and to set the stage for attracting new financial resources to the Trust.

Internationally, information on the PAT was posted on RedLAC's website in October, 2018.

PAT participated in the Conservation Trust Investment Survey 2017; its contributed data and photographs were featured in the CTIS 2017 published report (available at <https://www.conservationfinancealliance.org/ctis-publications/>).

PAT's information consisting of posters, brochures, networking, meetings, discussions etc. was shared with potential donors, among others, at RedLAC 20th Assembly, thereby expanding the platform of public awareness of the PAT.



Publication Of Guyana's Photos
In CTIS 2017 Report

In particular, to initiate PAT possible partnership with the Caribbean Biodiversity Fund (CBF), several engagements took place between PAT, CBF and KfW, inclusive of on-line meetings, the ED's observer attendance at a CBF Board meeting and at the RedLAC 20th Assembly. This potential partnership would support the PAT to raise its profile regionally and internationally and to attract financial resources, thereby fostering the growth of the Trust Fund.

Strengthening of PAT administrative structure

The BoT continued to identify areas for improvement and strengthened PAT's administrative structure during 2018. In particular, PAT Secretariat Assistants were issued employee contracts instead of short-term consultants' contracts.

PAT Administrative Assistant resigned at the close of the year. The recruitment process for the replacement of this position was launched in December 2018.

Capacity building for staff of the PAT Secretariat during 2018 included:

- - Attendance by the Executive Director at the *Innovations in Financing for Biodiversity Conservation Workshop*, October 27-28, 2018 in Santa Cruz de la Sierra, Bolivia.



Attendance at RedLAC Workshop



In order to foster the growth of the Trust Fund and to raise PAT's profile nationally, regionally and internationally so as to attract additional financial resources, PAT continued to strengthen relationships within its network during 2018. Details on some of these engagements are stated throughout this report as relevant. In summary our key network partners and relationships are:

RedLAC

PAT membership with the Latin American and Caribbean Network of Environmental Funds (RedLAC) since 2016. The Executive Director (ED) continued to serve on the Board of Directors of RedLAC for a second year in 2018. ED participation at the 20th RedLAC Assembly in Santa Cruz de la Sierra, Bolivia, October 29 to November 1, 2018.



Major Donors (KfW, CI)

Compliance with KfW and CI donor agreements on meeting reporting and earmarking of funds requirements and information sharing; Completion of PAT Institutional Strengthening Project funded by Conservation International-Guyana which produced PAT's website, the production of banners, posters and brochures, and PAT Communications and Resource Mobilisation Plan.



Caribbean Biodiversity Fund (CBF)

Initiation of conversation on the possible partnership between the Caribbean Biodiversity Fund (CBF) and PAT via networking at RedLAC 19th Assembly (in 2017), which led to strengthen engagements and attendance at CBF Board meetings as an observer during 2018.



Shearman & Sterling, Global Law Firm, USA

Provision pro bono legal advice and exceptional support to aid the reinstatement of PAT tax exemption status with the Internal Revenue Service (IRS) in the USA.





Fund Administrator (UBS)

Continuous engagements throughout 2018 with PAT's Fund Administrator, UBS: John Adams, UBS Senior Vice President – Investments, and Jason Hamlin, Wealth Advisor, First Vice President – Wealth Management, The Abor Group via yearly in-person meetings, and quarterly (teleconference) meetings to discuss the management of PAT investments.



Conservation Trust Investment Survey 2017

Participation in the Conservation Trust Investment Survey for calendar year 2018 conducted by the Wildlife Conservation Society (WCS).

Protected Areas Commission & Kanashen Amerindian Protected Area

-As management authorities of Guyana's protected areas, these are the only recipients of PAT grants.

-PAC provides accommodation for PAT Secretariat and promotes local awareness of the Trust.



Board of Directors at RedLAC Meeting 2018

Volunteer contributions to 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 institutions/persons during 2018:

- **Shearman & Sterling**, Global Law Firm, New York, USA (<https://www.shearman.com/>) for provision of legal advice and exceptional support to aid the reinstatement of PAT tax exemption status with the IRS, USA.
- **Protected Areas Commission** for the accommodation at Jenman House of PAT Secretariat.
- **Lancelot France-Cummings**, for provision of advice and technical support for use of Quickbooks Enterprise accounting software to staff of PAT Secretariat.
- **Ravi Singh**, for IT support by troubleshooting and fixing PAT's network issues.

Photo Credits:

- Protected Areas Commission
- Protected Areas Trust
- RedLAC

Thank you for recognising and graciously giving back to nature by supporting work of the conservation of Guyana's Protected Areas System which provides ecosystems services for the world at large.

Our deepest gratitude to you all.



INDEPENDENT

AUDITOR'S REPORT





**REPORT OF THE AUDITORS
TO THE TRUSTEES OF
PROTECTED AREAS TRUST
ON THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Protected Areas Trust which comprise the statement of financial position as at 31 December, 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 8 to 14.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) for Small and Medium- Sized Entities (SMEs) and the requirements of the Protected Areas Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 Protected Areas Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board for Accountants' Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) for Small and Medium – Sized Entities (SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, trustee is responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless trustee either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

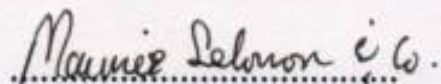
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout 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 omissions, misrepresentations, or the override of internal control.
- 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 up 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.

We communicated 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.

The engagement partner in charge of the audit resulting in this independent auditor's report is Alvin Rambajan.

A handwritten signature in dark ink, reading "Maurice Solomon & Co.", is positioned above a dotted line.

Maurice Solomon & Co.

Chartered Accountants

June 6, 2019

PROTECTED AREAS TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 GS	2017 GS
NON-CURRENT ASSETS			
Fixed Assets	7	800,314	804,519
CURRENT ASSETS			
UBS Investments	8	1,769,317,580	1,905,269,939
Cash at Bank	9	118,619,354	133,813,667
TOTAL ASSETS		<u>1,888,737,248</u>	<u>2,039,888,125</u>
EQUITY AND LIABILITIES			
Accumulated Surplus		1,888,488,174	2,039,630,756
CURRENT LIABILITIES			
Accruals	10	249,074	257,369
TOTAL EQUITY AND LIABILITIES		<u>1,888,737,248</u>	<u>2,039,888,125</u>

These financial statements were approved by the Trustees on June 6, 2019.....

..... Trustee

..... Trustee

PROTECTED AREAS TRUST

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 G\$	2017 G\$
INCOME			
Gain on Exchange (G\$) PAT		-	218,568
Contributions	4	-	3,896,078
Interest Income		3,089,094	2,242,852
Investment Income	5	42,340,967	41,403,588
Increase in Investment Value	8	(163,349,636)	156,027,550
Gain on Exchange (US\$) UBS	8	-	59,466,837
TOTAL INCOME		<u>(117,919,575)</u>	<u>263,255,473</u>
EXPENSES			
Investment Management Expenses	6 (i)	14,956,583	14,734,154
Administrative Expenses	6 (ii)	5,387,396	17,908,696
Employment Expenses	6 (iii)	12,786,030	10,871,320
Finance Cost	6 (iv)	92,998	46,089
TOTAL EXPENSE		<u>33,223,007</u>	<u>43,560,259</u>
SURPLUS FOR THE YEAR		<u>(151,142,582)</u>	<u>219,695,214</u>

The notes on pages 35 to 41 form an integral part of these financial statements

PROTECTED AREAS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	G\$	G\$
OPERATING ACTIVITIES		
Surplu/(Deficit) for the year	(151,142,582)	219,695,214
<i>Adjustment for:</i>		
Depreciation	352,171	283,578
Interest Income	<u>(3,089,094)</u>	<u>(2,242,852)</u>
Net cash flow from operating activities before changes in working capital	(153,879,505)	217,735,940
(Increase)/Decrease in UBS Investment	135,952,359	(157,307,638)
Decrease in accruals	(8,295)	(38,422)
Net cash provided by operating activities	<u>(17,935,441)</u>	<u>60,389,880</u>
Investing activities		
Purchase of fixed assets	(347,966)	(100,122)
Interest received	3,089,094	2,242,852
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,741,128</u>	<u>2,142,730</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(15,194,313)</u>	<u>62,532,610</u>
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	133,813,667	71,281,057
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	<u>118,619,354</u>	<u>133,813,667</u>
CASH EQUIVALENTS COMPRISE OF:-		
Cash at Bank	<u>118,619,354</u>	<u>133,813,667</u>

The notes on pages 35 to 41 form an integral part of these financial statements

PROTECTED AREAS TRUST

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Accumulated Surplus G\$	Total G\$
Year Ended 31 December 2018		
As at the Beginning of the year	2,039,630,756	2,039,630,756
Loss for the year	(151,142,582)	(151,142,582)
Balance as at end of the year	<u><u>1,888,488,174</u></u>	<u><u>1,888,488,174</u></u>
 Year Ended 31 December 2017		
As at the Beginning of the year	1,819,935,542	1,819,935,542
Surplus for the year	219,695,214	219,695,214
Balance as at end of the year	<u><u>2,039,630,756</u></u>	<u><u>2,039,630,756</u></u>

The notes on pages 35 to 41 form an integral part of these financial statements

PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. INCORPORATION AND ACTIVITIES

The Protected Areas Trust (PAT), established by the Protected Areas (PA) Act in 2011, is managed as a corporate body by a eight member (2017-seven-member) Board of Trustees with a non-governmental majority. The PAT was institutionalised 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 consist 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 Garden, Zoological Park and Joe Veria 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 recognized 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%

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

31 DECEMBER 2018

3 SIGNIFICANT ACCOUNTING POLICIES CONT'D

(b) Fixed Assets and Depreciation Cont'd

Computer and Equipment - 20% per annum

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

(c) Income and Expenditure

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

(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 asset received. Assets were transferred on October 31, 2015. Grants were provided throughout the year:

PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

	2018 G\$	2017 G\$
4. CONTRIBUTIONS CONT'D		
Cash at Bank	-	3,896,078
Cash at bank contributions relates to an unconditional grant from Mid Atlantic Oil & Gas / JHI Associates		
5. INVESTMENT INCOME		
This represents income from UBS Investment (net):	42,340,967	41,403,588
6. EXPENSES		
(i) UBS Investment Management Fee		
UBS Management Fee	14,956,583	14,734,154
(ii) Administrative Expense		
Depreciation	352,171	283,568
Meetings	269,694	168,340
Office Supplies	622,341	552,475
Other Miscellaneous Expenses	-	597,173
Website Expenses	-	-
Loss on Exchange	3,932	-
Telephone & Internet	367,561	240,060
Grant Expenses	-	13,197,636
Travel	754,802	940,775
Audit Fees	-	228,000
Supplies & Materials	12,398	370,873
Printing & Reproduction	1,219,070	612,896
Equipment Rental & Maintenance	-	14,000
Learning & Training	702,900	702,900
Professional Services Fees	477,752	-
Office Maintenance	269,880	-
Insurance (Non-Employee)	8,581	-
Other Operating Expenses	326,314	-
	5,387,396	17,908,696

(iii) Grant expenses

This amount represent grant disbursements to and through the Protected Areas Commission. In the current year, two (2) grant requests (totalling G\$22,419,738) were received and as of December 2018, one (1) was approved to the sum of G\$6,498,000. This amount was disbursed in 2019.

PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

	2018	2017
	G\$	G\$
6. EXPENSES CONT'D		
(iii) Employment Expense		
Employee Cost	<u>12,786,030</u>	<u>10,871,320</u>

This relates to the cost of employing contract staff.

(iv) Finance Costs

Bank Charges	<u>92,998</u>	<u>46,089</u>
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This relates to charges with regards to the Trust's bank accounts.

7. FIXED ASSETS

Cost	Computer & Equipment	Total	Total
At January 1	1,412,891	1,412,891	1,312,769
Additions	347,966	347,966	100,122
As at December 31	<u>1,760,857</u>	<u>1,760,857</u>	<u>1,412,891</u>
Accumulated Depreciation			
At January 1	608,372	608,372	324,794
Charge for the year	352,171	352,171	283,578
At December 31	<u>960,543</u>	<u>960,543</u>	<u>608,372</u>
Net Book Value			
At December 31, 2018	<u>800,314</u>	<u>800,314</u>	-
At December 31, 2017	<u>804,519</u>		<u>804,519</u>

PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

	2018	2017
	G\$	G\$
8. UBS INVESTMENT		
Opening balance	1,905,269,939	1,747,962,301
Foreign exchange translation difference	(3,932)	59,466,837
Withdrawals	(14,956,583)	(100,004,154)
Dividend and interest income	42,506,433	41,403,588
Change in accrued interest	(148,640)	413,816
Change in market value	(163,349,636)	156,027,550
	<u>1,769,317,581</u>	<u>1,905,269,939</u>

This relates to an investment portfolio managed by the UBS Financial Services Company. This consist 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 an Bank consists of:

Scotia Bank GYD	4,893,445	9,880,470
Scotia Bank USD	673,627	1,950,102
New Building Society GYD	113,052,282	121,983,095
	<u>118,619,354</u>	<u>133,813,667</u>

10. ACCRUALS

Accruals are made up of the following:

Telephone expenses	29,074	29,369
Audit fees	220,000	228,000
	<u>249,074</u>	<u>257,369</u>

11. COMMITMENTS

The Protected Areas Trust made commitment of funds for the sum of G\$6,498,000 to the Protected Areas Commission under the terms and conditions of governing contract. This amount is to be disbursed in 2019.

PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

12. FINANCIAL RISK MANAGEMENT

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 risks (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

(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.

(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 the 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).

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.

	2018 G\$	2017 G\$
Effect	<u>44,249,780</u>	<u>47,631,748</u>

PROTECTED AREAS TRUST

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

13. RELATED PARTY TRANSACTIONS

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

Listed below are transaction with related parties:

Key Management Personnel

(i) Compensation

The Trust's key management personnel comprises of its Executive Director, Admin Assistant and Accounts Assistant. The remuneration paid to the company's key personnel are as follows :

	2018 G\$	2017 G\$
Short term employee benefits	<u>12,786,030</u>	<u>10,871,320</u>

(ii) Transaction with related entities

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

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Trustees and authorised for issue on June 6, 2019.

“ Co-financing Guyana's Protected Areas ”



Shell Beach Protected Area

Shell Beach represents one of the largest remaining stretches of tropical mangroves between the Orinoco and Amazon rivers. It plays host to Caribbean Flamingoes, West Indian Manatees, Guiana dolphins and over 200 migratory bird species. The area is best known as the nesting site for four endangered sea turtles: the Leatherback, Green, Hawksbill and Olive Ridley. Shell Beach is also important to the livelihoods of nearby indigenous and mixed communities, who have an important role to play in the management of Guyana's only coastal protected area.

Shell Beach Protected Area

Kaituma N

Kaituma N

© Robert Schatz

Kaituma National Park

Created in 1929, Kaituma is the first national park in the Amazon region. It sits on the Guiana Shield, an ancient rock formation over 2 billion years old. This isolated landscape is full of species found nowhere else on earth, including a tiny Golden Frog (*Anomaloglossus beebei*) and a recently discovered bright blue tarantula unknown to science. The Park is known mostly for the spectacular Kaituma Falls with its single drop of 226 metres (741 ft), which is over four times the height of Niagara Falls. Its unusual combination of height and volume makes it the most powerful single drop waterfall on the planet. Home to the Patamona people, Kaituma continues to play a big role in local livelihoods, culture, and traditions.

Kanashen Amerindian Protected Area

Kanashen is Guyana's newest and largest protected area, covering about 3% of the country's land area. It is home to the Wai Wai people, and is the only indigenous-owned territory in the protected area system. Located at the southern tip of Guyana, this remote landscape is dominated by Amazonian forests and an interesting mix of animals, including giant bird-eating tarantulas the size of dinner plates, grunting tiger-striped catfishes and almost 350 species of birds. The community's role as owners and managers of the area represents a new and innovative approach to conservation in Guyana.

Kanuku Mountains Protected Area

Teeming with healthy populations of rare and endangered species, these rainforest covered mountains are nestled in the heart of Guyana's tropical savannahs. Its unusual combination of forest, savannah, wetland and mixed habitats results in an explosion of wildlife. For instance, the Kanukus have the highest recorded bat diversity in the world with 89 species. The mountains also represent one of the few areas on the continent where rare Guiana Shield species mix with endangered Amazonian "giants", including the Giant River Otter, Harpy Eagle, Giant Anteater, Black Caiman and Giant River Turtle. The Kanukus are also home to the Macushi and Wapishana people, who have traditionally depended on the mountains for food, water, shelter and medicines.

Botanical Park

Kanuku
Mountains
Protected Area

Kanashen Amerindian
Protected Area

© Aaron Brinkman

“Protecting nature and
improving lives”



Protected Areas
Commission

Protected Areas Trust

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