A Small Project PS 6 Compliant Offset
Setting

NW Guyana

Guyana Shield, a vast area of tropical forest covering over 2 million km².

Remote site on the Cuyuni River within a pre-existing logging concession.

Access by air or logging road.

Extensive small medium/small scale miners in area and one of largest ASM sites in region 450 km upstream.

No villages or communities in area.
Barama Ltd logging road network
“Artisanal” Miners footprint
What's this layout for?

This slide forms the base of the majority of slides—a text box with bullets are included ready for you to type into.
Background

$200 million construction financed by IFC and EP banks
5,000 ha concession
Site largely mature tropical forest
Industrial mine at site in the 1940s
Target ore deposits concentrated in north of concession on the Cuyuni River
4,000 ha of concession would remain minimally disturbed
Offset Context

Natural Habitat based on 3 years of wet and dry season biodiversity baseline studies

Mitigation hierarchy supported by two feasibility studies (2009 and 2012), one local ESIA, and two corresponding international ESIA

Project was subject of an IFC presentation at the 2015 IAIA Florence “Mitigation Hierarchy Best Practices”

Primary mitigation was avoidance

Footprint reduced 75%
Footprint Reduction

Project footprint reduced 75% since initial prefeasibility design:

- 2010 plan = 3,900 ha
- 2013 plan = 1,900 ha
- 2014 plan = 900 ha
Offset Scenarios

Amalia Falls hydro project established impossibility of land purchase for an offset in Guyana.

Assistance to create another protected area considered but rejected due to complexities and extensive lead time.

Contribution to existing underfunded national park was suggested by an IFC consultant with experience in region.

Providing funding to Kaieteur National Park, a 60,000 ha protected area and Guyana’s premier ecotourism attraction, was selected option.

But just the beginning…
The business of sustainability
Kaieteur National Park

225 m falls
Park annual budget was US$45K
Essentially no park management other than the tourism aspect
Reported illegal small scale diamond mining in upper park and Chinese company set up gold mining operation in lower reaches of park
Upper reaches of park surrounded by AmerIndian communities, some of whom were mining
Park expansion had possibly encroached on their lands
The business of sustainability

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Next Steps

To get IFC acceptance, had to hire approved consultant to develop offset strategy/no net loss report

Consultant’s opinion was that this was not an offset, but rather “compensation” due to distance from site and other geographic differences, but accepted as an offset

Had to develop financial proposal for CEO and board

• IFC unable to help regarding an appropriate number
• Oyu Tolgoi given as an example (US$17 billion project)

Eventually arrived at US$150K per annum

With government’s annual contribution, this increased park annual budget to US$200K/year
Supporting Details

Identified Guyana Protected Areas Trust as financial intermediary

- Non governmental entity developed to manage funding for protected areas
- Already held funds donated by kfw and CI
- IFC carried out due diligence of Trust
- Trust would receive and disburse annual contributions

Created Offset Steering Committee composed of two resident conservation NGOs, Parks Commission head, and Environment Ministry head, and Company representative

Would meet quarterly to review and approve annual spending plan and assess program
Lessons Learned

Lengthy process – nearly 3 years

IFC support on Offset was limited

Solution was engaging an IFC approved consultant

No support on cost range and/or justification that could be used to present to a board of directors of a single mine, junior mining firm

Establishing an annual budget was in the end an arbitrary internal decision based on projected revenues and other environmental costs for biodiversity monitoring and other programs required to meet the PSs

Implementation delayed as Govt’s Management Plan for Kaieteur had not been finalized