



THE WORLD BANK
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July 18, 2018

The Honourable Winston Jordan, MP
Minister of Finance
Ministry of Finance
49 Main and Urquhart Streets
Georgetown, Co-operative Republic of Guyana

**Re: Co-Operative Republic of Guyana: Advance Agreement for
Preparation of Proposed Guyana Oil and Gas Capacity
Building Project Preparation Advance No.V2160**

Dear Minister Jordan:

In response to the request for financial assistance made on behalf of Co-Operative Republic of Guyana ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed one million six hundred thousand United States Dollars (\$1,600,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to enhance legal and institutional frameworks and strengthen the capacity of key institutions to manage the oil and gas sector in Guyana ("Project"), in support of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Tahseen Sayed
Tahseen Sayed
Country Director for Caribbean
Latin America and the Caribbean Region

1818 H Street NW • Washington, DC 20433 USA

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AGREED:
CO-OPERATIVE REPUBLIC OF GUYANA

By Winston Jordan
Authorized Representative
Name WINSTON JORDAN
Title MINISTER OF FINANCE
Date: 7/18/18

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010;
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006; and
- (3) World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017.

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PPA No. V2160
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility" dated July 31, 2010 ("Standard Conditions"), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

- (a) "EPA" means the Environmental Protection Agency" within the Ministry of Natural Resources of the Recipient or any legal successor thereto;
- (b) "GGMC" means the Guyana Geology and Mines and Commission (GGMC) established and operating under the Guyana Geology and Mines and Commission Act or any legal successor thereto;
- (c) "MPI" means the Recipient's Ministry of Public Infrastructure or any legal successor thereto;
- (d) "National EITI Secretariat of Guyana" means the entity that oversees the implementation of the Extractive Industries Transparency Initiative in Guyana;
- (e) "Operating Costs" means the reasonable and necessary incremental expenses incurred by PIU with respect to Project implementation, management and monitoring, communication, editing, printing and publication, translation, vehicle operation and maintenance, bank charges, travel costs and field trip expenses, office rentals, utilities, equipment and supplies;
- (f) "Project Operation Manual or "POM" means the manual to be prepared by the Recipient under Part C of the Activities in a manner satisfactory to the World Bank, setting forth all procedures and arrangements governing the implementation of the Project, such as procurement and disbursement, as the same may be amended from time to time with the World Bank's prior written concurrence, and such terms shall include any schedules, tables and annexes to the POM;
- (g) "PIU" means Project Implementation Unit, established within the Ministry of Natural Resources and referred to in Section 2.03 of this Agreement; and
- (h) "Training" means the reasonable costs associated with the training, workshop and study tour participation of personnel involved in Project activities, including the cost of travel and subsistence for training, workshop and study tour participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course, workshop or study tour preparation and implementation (but excluding costs of consulting services).

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Article II
Execution of the Activities

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

Part A. Enhancement of Legal and Institutional Frameworks. Updating Guyana's legal and institutional frameworks for the management and oversight of the oil and gas sector; including (i) supporting the development of vision/strategy of the oil and gas sector; (ii) updating and finalizing the legal and regulatory frameworks of the sector; (iii) establishment of the institutional structure; and (iv) provision of support to the National EITI Secretariat of Guyana through stakeholder engagement and transparency.

Part B. Capacity Building of Key Institutions. Provision of technical advisory services to build institutional capacity and hiring of expert consultants to effectively manage the oil and gas sector including (i) review and carrying out an assessment of the legal and technical capacities within MNR and MPI for natural gas negotiations to identify capacity gaps and addressing critical/emergency needs under the Project; (ii) carrying out in-depth analysis of project evaluation capacities of the EPA, MNR and GGMC and provision of training, development of human resources retention policy; and (iii) creation of oil and gas data management system.

Part C. Project Management. Establishment of the PIU and building its capacity in managing and coordination of all project preparation activities in procurement, financial management, safeguards management, monitoring and evaluation; and provision of technical advisory services, preparation of project documents including the POM, carrying out training, procurement of equipments, audit and operating costs under the Activities.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the PIU in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall establish and maintain the PIU within MNR, throughout the period of implementation of the Project, with functions, staffing and sufficient resources, satisfactory to the World Bank, including, *inter alia*: (i) coordination, implementation, financial management, monitoring and evaluation of the Project; (ii) processing of documentation required for disbursement of the Advance proceeds and for procurement activities under the Project; and (iii) preparation and maintenance of the records, accounts and financial statements referred to in Sections 2.05 of this Annex.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

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(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Procurement

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 ("Procurement Regulations") and the provisions of the Recipient's procurement plan ("Procurement Plan") dated June 25, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III

Withdrawal of the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services and consulting services under the Activities	1,600,000	100%
TOTAL AMOUNT	1,600,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

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3.03. **Refinancing Date.** The Refinancing Date is March 14, 2019.

Article IV

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

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Article V
Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is the Minister of Finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

49 Main and Urquhart Streets
Georgetown
Guyana

Telex: 592-227-3992 Facsimile: 592-226-4491

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: 248423 (MCI) or 64145 (MCI) Facsimile: (1)-202-477-6391

