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CREDIT NUMBER 6382-GY

# **Financing Agreement**

(Guyana Petroleum Resources Governance and Management Project)

between

CO-OPERATIVE REPUBLIC OF GUYANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

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**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between CO-OPERATIVE REPUBLIC OF GUYANA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to fourteen million three hundred thousand Special Drawing Rights (SDR 14,300,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project, through the MOTP, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. This Agreement shall become effective as of the Signature Date.
- 4.02. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its Minister of Finance.
- 5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Ministry of Finance  
49 Main and Urquhart Streets  
Georgetown  
Cooperative Republic of Guyana; and

- (b) the Recipient's Electronic Address is:

Facsimile:  
(592) 226-1284

- 5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

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

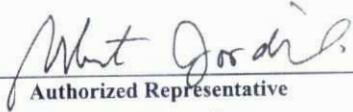
- (b) the Association's Electronic Address is:

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

AGREED as of the Signature Date.

CO-OPERATIVE REPUBLIC OF GUYANA

By

  
Authorized Representative

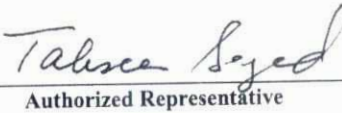
Name: WINSTON JORDAN

Title: MINISTER OF FINANCE

Date: APRIL 11, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

  
Authorized Representative

Name: TAHSEEN SAYED KHAN

Title: COUNTRY DIRECTOR

Date: APRIL 11, 2019

## SCHEDULE 1

### Project Description

The objective of the Project is to support the enhancement of the Recipient's legal and institutional frameworks and the strengthening of the capacity of key institutions to manage the Recipient's oil and gas sector.

The Project consists of the following parts:

#### A. Enhancement of legal framework and stakeholder engagement

Provision of support for the updating of the Recipient's legal and regulatory framework for, and the improvement of stakeholder engagement in, the governance and oversight of the Recipient's oil and gas sector, through:

1. provision of technical assistance for updating laws and regulations to strengthen the governance of the oil and gas sector; and
2. (a) supporting the Recipient's compliance with its commitments under EITI; and (b) implementing a communications strategy and an information campaign aimed at engaging all relevant stakeholders in the oil and gas sector.

#### B. Capacity building of key institutions

Provision of support for capacity building of key institutions of the Recipient involved in the management of the Recipient's oil and gas sector, through:

1. provision of technical assistance on the Recipient's oversight functions on, *inter alia*, reservoir engineering, economic and fiscal modeling, and cost audit of production sharing agreements to, *inter alia*, the DE, the GGMC, the GRA, and the Petroleum Commission;
2. provision of technical assistance to, and participation in capacity building activities of, strategic Recipient staff directly involved in the oil and gas sector, on oil and gas sector management issues;
3. (a) establishment of a national data repository that allows to receive, copy, process, analyze, interpret, verify, preserve, store and provide secure access to oil and gas data and information; including, *inter alia*, the acquisition of equipment and software, and the collection and storage of

existing data; and (b) provision of capacity building for the use and management of the national data repository mentioned in (a) herein; and

4. (a) preparation of a SESA; and (b) carrying out of capacity building activities for the EPA on mitigating environmental, social and climate impacts of oil and gas sector activities.

**C. Enhancement of fiscal management**

Provision of support for enhancing the Recipient's fiscal management, through:

1. designing the enterprise architecture for an integrated financial management system to allow for more effective management of public finances; and
2. carrying out capacity building activities to enhance the MOF's:  
(a) macroeconomic management and fiscal analytical capacity; and  
(b) capacity to support the Macroeconomic Committee and the Investment Committee.

**D. Project management**

Provision of support for the implementation, management, supervision and coordination of all Project activities, including capacity building activities on procurement, financial management, environment and social safeguards management, and monitoring and evaluation.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

The Recipient, through the MOTP, shall operate and maintain throughout Project implementation, a Project Implementation Unit (the "PIU") with staff, functions and responsibilities acceptable to the Association, and as set forth in the Project Operations Manual.

##### B. Project Operations Manual

1. The Recipient, through the MOTP, shall carry out the Project in accordance with the provisions of a manual (the "Project Operations Manual") acceptable to the Association, which shall include, *inter alia*: (a) a detailed description of Project activities and institutional arrangements for the Project; (b) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (c) the monitoring indicators for the Project; (d) the institutional and administrative mechanisms established to ensure inter-institutional coordination; and (e) principles applicable to technical assistance to ensure consistency with the Safeguards Policies and GIIP.
2. Except as the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual or any provision thereof.
3. In case of any conflict between the terms of the Project Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

##### C. Safeguards

1. The Recipient, through the MOTP, shall ensure that:
  - (a) prior to the implementation of any activities under Part B.3(a) of the Project: (A) an EWMP is prepared, disclosed, consulted upon, and thereafter adopted and implemented, all in a manner acceptable to the Association; and (B) all measures are taken to ensure compliance with the requirements of such EWMP in a manner satisfactory to the Association; and
  - (b) for the purposes of implementing Part B.4(a) of the Project: (A) the SESA is prepared, consulted, disclosed and adopted in accordance with the SESA



TORs; and (B) the recommendations of the SESA are applied during Project implementation, as applicable, all in a manner acceptable to the Association.

2. The Recipient, through the MOTP, shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, as determined by the Association, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Safeguards Policies and EHS Guidelines, and to be based on GIIP.

**Section II. Project Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar quarter.

**Section III. Withdrawal of the Proceeds of the Financing**

**A. General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, non-consulting services, consulting services, Operating Costs and Training and Workshops for the Project	13,100,000	100%
(2) Refund of Preparation Advance	1,200,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>14,300,000</b>	



**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is March 30, 2024.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each May 15 and November 15:	
commencing on May 15, 2029 to and including November 15, 2038	1%
commencing May 15, 2039 to and including November 15, 2058	2%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

## APPENDIX

### Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. "DE" means the Recipient's Department of Energy, or any successor thereto acceptable to the Association.
4. "EHS Guidelines" means the World Bank Group Environmental, Health and Safety Guidelines published on [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines), as said guidelines are updated from time to time.
5. "EITT" means Extractive Industries Transparency Initiative Standard, as said standard may be amended from time to time by the EITI International Secretariat.
6. "EITI Association" means the Association for the Extractive Industries Transparency Initiative, a not-for-profit members association established under Norwegian law, with the objective to make the EITI principles and requirements the internationally accepted standard for transparency in the oil, gas and mining sectors.
7. "EITI International Secretariat" means the permanent institutional body responsible for the day-to-day running of the EITI Association.
8. "EPA" means the Recipient's Environmental Protection Agency, or any successor thereto acceptable to the Association.
9. "EWMP" or "Electronic Waste Management Plan" means the plan to be prepared by the Recipient, satisfactory to the Association, and to be disclosed on the Association's and the Recipient's website, which details the types of electronic equipment to be discarded, the toxic substances present in the electronic waste and their potential environmental and human health impacts, and management strategies to properly acquire new equipment and to collect, recover, recycle and dispose of old equipment by suitable techniques and methods, as said plan may be amended from time to time with the Association's prior written agreement.

10. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018.
11. "GGMC" or "Guyana Geology and Mines Commission" means the Recipient's geology and mines commission, or any successor thereto acceptable to the Association.
12. "GIIP" or "Good International Industry Practice" means the exercise of professional skill, diligence, prudence, and foresight that would be reasonably expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally.
13. "GRA" or "Guyana Revenue Authority" means the Recipient's revenue authority, or any successor thereto acceptable to the Association.
14. "Investment Committee" means the Recipient's committee established under Section 13 of the Natural Resource Fund Act.
15. "Macroeconomic Committee" means the Recipient's committee established under Section 20 of the Natural Resource Fund Act.
16. "MOF" means the Recipient's Ministry of Finance, or any successor thereto acceptable to the Association.
17. "MOTP" means the Recipient's Ministry of the Presidency, or any successor thereto acceptable to the Association.
18. "Natural Resource Fund Act" means the Recipient's act No. 12 of 2019 (Natural Resource Fund Act), dated January 23, 2019, published in the Recipient's Official Gazette No. 25/2019, dated January 23, 2019.
19. "Operating Costs" means the reasonable costs, as shall have been approved by the Association, for the incremental expenses incurred on account of Project implementation, consisting of communication costs, banking charges, office (and office equipment) maintenance, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project.
20. "Petroleum Commission" means the commission to be established by the Recipient to be responsible for regulating the Recipient's oil and gas sector, or any successor thereto acceptable to the Association.
21. "PIU" or "Project Implementing Unit" means the unit referred to under Section I.A of Schedule 2 to this Agreement.

22. "Preparation Advance" means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association and the Recipient on July 18, 2018.
23. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.
24. "Project Operations Manual" means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement, adopted by the Recipient on February 20, 2019.
25. "Safeguards Policies" means, the Operational Policies (Ops) and Bank Procedures (BPs) of the Bank, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), OP/BP 4.37 (Safety of Dams), OP/BP 7.50 (Projects on International Waterways), and OP/BP 7.60 (Projects in Disputed Areas); as they can be found at <https://policies.worldbank.org>.
26. "SESA" means the strategic environmental and social assessment to be prepared by the Recipient in accordance with the SESA TORs, satisfactory to the Association, which shall, *inter alia*, identify and describe analytical and participatory approaches to integrate environmental, social, health and safety considerations into the oil and gas sector; as said assessment may be amended from time to time with the Association's prior written agreement.
27. "SESA TORs" means the terms of reference for a SESA, prepared by the Recipient, dated December 5, 2018, satisfactory to the Association, disclosed at the Association's website on December 6, 2018 and on the Recipient's website on December 5, 2018; as said terms of reference may be amended from time to time with the Association's prior written agreement.
28. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
29. "Training and Workshops" means the reasonable costs, as shall have been approved by the Association, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consulting services).