
Loan Contract No. 4676/BL-GY

Amendatory Contract No. 1

Resolution DE-169/23

AMENDATORY CONTRACT No. 1

between the

CO-OPERATIVE REPUBLIC OF GUYANA

and the

INTER-AMERICAN DEVELOPMENT BANK

Strengthening Energy Matrix Diversification

February 23, 2024

LEG/SGO/CCB/EZIDB0000366-281104290-7967
GY-L1066

AMENDATORY CONTRACT No. 1

AMENDATORY CONTRACT No. 1 entered into between the CO-OPERATIVE REPUBLIC OF GUYANA (the "Borrower") and the INTER-AMERICAN DEVELOPMENT BANK (the "Bank"), and together with the Borrower, (the "Parties"), on February 23, 2024.

WHEREAS:

(a) On November 16, 2018, the Bank approved a loan to the Borrower in the amount of twenty-one million one hundred sixty thousand Dollars (US\$21,160,000), and the Co-operative Republic of Guyana committed to provide three million nine hundred fifty thousand Dollars (US\$3,950,000) in Additional Resources (local counterpart), to finance the Energy Matrix Diversification and Institutional Strengthening of the Department of Energy (ESMIDE) Program (the "Original Program"), with the main objective to support Guyana's evolving energy sector by: (i) investing in sustainable/cleaner energy solutions to diversify the energy matrix in the Hinterland while contributing to climate change mitigation, (ii) investing in the reinforcement of transmission infrastructure to improve reliability and stability of the Demerara Berbice Interconnected System; and (iii) strengthening the Department of Energy to develop a regulatory framework, and improve institutional capacity and governance of the Oil and Gas sector.

(b) A loan contract was entered into between the Bank and the Borrower on February 11, 2019 ("Loan Contract No. 4676/BL-GY") to finance the Original Program.

(c) In a communication sent to the Bank on October 31, 2023, Hon. Dr. Ashni Singh, Senior Minister, Office of the President with Responsibility for Finance, requested the following amendments to the Original Program: (i) removal of Component 3; (ii) reallocation of four million five hundred thousand Dollars (US\$4,500,000) from Component 3 to be transferred to Component 2; (iii) reallocation of four hundred thirty-six thousand nine hundred nine Dollars and two cents (US\$436,909.02) from Component 1 to be transferred to Component 2; (iv) reallocation of three hundred thirty eight thousand one hundred thirty four Dollars and forty-two cents (US\$338,134.42) to be transferred from Program Management and other costs budget to Component 2; (v) new activities to be included in Component 2, (vi) the increase of Additional Resources (local counterpart) in one million eight hundred eighty thousand eight hundred twenty-two Dollars and sixty six cents (US\$1,880,822.66) consequently, the total Additional Resources (local counterpart) shall be of five million eight hundred thirty thousand eight hundred twenty-two Dollars and sixty-six cents (US\$5,830,822.66); (vii) extension of the disbursement period of the Original Program for two (2) additional years, and (viii) description of general and specific objectives of the Original Program.

(d) On December 14, 2023, the Bank approved the amendment of the Original Program in accordance with paragraph (c) above.

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ARTICLE ONE

The Parties agree to amend the Loan Contract No. 4676/BL-GY in the manner and to the extent set forth below. Capitalized terms used but not otherwise defined herein have the meaning set forth in the Loan Contract No. 4676/BL-GY.

SPECIAL CONDITIONS

1. All references to "Energy Matrix Diversification and Institutional Strengthening of the Department of Energy (EMISDE)" shall be amended to read "Strengthening Energy Matrix Diversification."
2. All references to "Component 3" shall be removed.
3. Section 1.01. Purpose of the Contract is amended in its entirety to read as follows:

"SECTION 1.01. Purpose of the Contract The purpose of this Contract is to establish the terms and conditions under which the Bank grants a loan to the Borrower to contribute to the financing and execution of the program "Strengthening Energy Matrix Diversification", hereinafter the "Program" the main aspects of which are set forth in the Annex."

4. Section 2.04. Disbursement Period is amended in its entirety to read as follows:

"SECTION 2.04. Disbursement Period. The Original Disbursement Period will be eight (8) years from the effective date of this Contract. Any extension of the Original Disbursement Period shall be subject to the provisions of Article 3.05(g) of the General Conditions."

5. Section 4.01(a). Additional Resources is amended to read as follows:

"SECTION 4.01. Additional Resources (a) For purposes of Article 6.02 of the General Conditions, the amount of Additional Resources is estimated to be five million eight hundred thirty thousand eight hundred twenty-two Dollars and sixty-six cents (US\$5,830,822.66)."

6. Section 4.02. Executing Agencies is amended in its entirety to read as follows:

"SECTION 4.02. Executing Agencies. (a) The Borrower, acting through GEA for the execution of Component 1 described in the Annex, and GPL for the execution of Component 2 shall each be an Executing Agency of the Program (and together referred to as "Executing Agencies"). The Borrower hereby certifies the legal and financial capacity of each Executing Agency to act as such."

(b) The Borrower shall assign and transfer the resources of the Loan and of the Additional Resources to the Executing Agencies for the due execution of the Program."

7. Section 4.03(a)(b)(e)(f). Procurement of Goods, Works, and Non-consulting Services is amended to read as follows:

"SECTION 4.03. Procurement of Goods, Works, and Non-consulting Services. (a) For purposes of Article 2.01(60) of the General Conditions, the Parties agree that the Procurement Policies are those dated May 2019, which are contained in document GN-2349-15, approved by the Bank on July 2, 2019. If the Procurement Policies are amended by the Bank, the procurement of works, non-consulting services, and goods shall be carried out in accordance with the provisions of the modified Procurement Policies, once they are made known to the Borrower and the Borrower agrees in writing to their application.

(b) For the procurement of works, goods, and non-consulting services, any of the methods described in the Procurement Policies may be used, provided that such method has been identified for the respective procurement in the Procurement Plan approved by the Bank. The application of the procurement rules, procedures and systems of the Borrower, an entity of the Borrower or the Executing Agency, as the case may be, will be subject to the provisions of Article 6.04(b) of the General Conditions.

(c) Regarding the use of the national competitive bidding method, the respective national competitive bidding procedures may be used provided that, in the opinion of the Bank, these procedures are consistent with the Core Procurement Principles and generally compatible with Section I of the Procurement Policies, taking into account the provisions of paragraph 3.4 of the Procurement Policy, among others.

(f) The Borrower or the Executing Agency, as the case may be, agrees to obtain prior to awarding the contract for each of the works of the Program, if any, legal possession of the property where the construction of the respective work is to take place, easements or other rights required for its construction and use, as well as water rights required for the work in question."

8. Section 4.04(a)(b). Selection and Contracting of Consulting Services is amended to read as follows,

"SECTION 4.04. Selection and Contracting of Consulting Services. (a) For purposes of Article 2.01(16) of the General Conditions, the Parties agree that the Consultant Policies are those dated May 2019, which are contained in document GN-2350-15, approved by the Bank on July 2, 2019. If the Consultant Policies are amended by the Bank, the selection and contracting of consulting services shall be carried out in accordance with the provisions of the modified Consultant Policies,

once they are made known to the Borrower and the Borrower agrees in writing to their application.

(b) For the selection and contracting of consulting services, any of the methods described in the Consultant Policies may be used, provided that such method for the respective procurement has been identified in the Procurement Plan approved by the Bank. The application of the procurement rules, procedures and systems of the Borrower, an entity of the Borrower or the Executing Agency, as the case may be, will be subject to the provisions of Article 6.04(b) of the General Conditions."

9. Section 4.06(b). Other Documents Governing Program Execution is amended to read as follows:

"**SECTION 4.06. Other Documents Governing Program Execution.** (b) The POM will detail the roles, responsibilities, and operational arrangements that are required for the execution of the Program. The POM shall include, at a minimum, the following elements: (i) the institutional and technical (including environmental and social) framework for the execution of the Program; (ii) the Program cycle for activities and work; (iii) financial management and disbursements; (iv) procurement of works, goods and services, policies and procedures; (v) the procedures and requirements for the environmental and social management of the Program; and (vi) reporting, monitoring and evaluation."

10. Section 4.07. Environmental and Social Management is amended to include (e) that reads as follows:

"**SECTION 4.07. Environmental and Social Management.** (e) Prior to the tender process of L1 and L3 transmission lines and the tender process of the capacitor banks, GPL shall submit for the non-objection of the Bank the corresponding Environmental and Social Assessment ESA/ESMP and its Consultation Report."

11. Section 4.08. Other Execution-related Special Obligations is eliminated.

12. Section 5.02(a) Supervision of the Financial Management of the Program is amended in its entirety to read as follows - Section 5.02(b), nevertheless shall remain in effect:

"**SECTION 5.02. Supervision of the Financial Management of the Program.** (a) For the purposes of Article 7.03 of the General Conditions, as of the date of signature of this Contract, the following external audit financial reports and other reports have been identified as necessary to supervise the financial management of the Program:

- (i) Annual audited financial statements of the Program. Such statements shall be submitted to the Bank within one hundred twenty (120) days after the close of the fiscal year on April 30 and shall be

carried out by the Audit Office of Guyana or by a Bank-eligible independent audit firm.

- (ii) Final audited financial statements of the Program. Such statements shall be submitted one hundred twenty (120) days after the expiration of the Original Disbursement Period and shall be carried out by the Audit Office of Guyana or by a Bank-eligible independent audit."

13. Section 5.03(ii). Evaluation of Results is amended in its entirety to read as follows - Section 5.03(a), nevertheless shall remain in effect:

"**SECTION 5.03. Evaluation of Results.** (b) a final evaluation one hundred twenty (120) days after ninety per cent (90%) of the resources of the Loan have been disbursed. Such evaluation shall include among others; an assessment of performance of the Executing Agencies, factors affecting the execution of the Program and lessons learned and recommendations for the design of future operations "

GENERAL CONDITIONS

14. Article 2.01.60. Definitions is amended to read as follows:

"60. "Procurement Policies" mean the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank in force at the time of the approval of the Modification of the Loan 4676/BL-GY by the Bank."

15. Article 6.04(a)(b). Selection and Contracting of Work and Non-consulting Services, Procurement of Goods, and Selection and Contracting of Consulting Services is amended to read as follows:

"**ARTICLE 6.04. Selection and Contracting of Works and Non-consulting Services, Procurement of Goods, and Selection and Contracting of Consulting Services** (a) Subject to the provisions of paragraph (b) of this Article, the Borrower undertakes to carry out and, where appropriate, cause the Executing Agency or the Procurement Agent, if any, to carry out the procurement of works and non consulting services, as well as the procurement of goods, in accordance with the Procurement Policies and the Procurement Plan approved by the Bank, and the selection and contracting of consulting services, in accordance with the Consultant Policies and the Procurement Plan approved by the Bank. The Borrower represents that it is aware of the Procurement Policies and Consultant Policies and undertakes to inform the Executing Agency, and the Procurement Agent, as the case may be, of these Policies.

(b) When the Bank has satisfactorily assessed and deemed acceptable the procurement rules, procedures and systems of the Borrower or an entity of the Borrower, the Borrower or the Executing Agency, as the case may be, may carry out the procurement and contracting financed wholly or partially with resources of the Loan using such procurement rules, procedures and systems, in accordance with the terms of the acceptance of the Bank and applicable accepted legislation and processes. The terms of such acceptance shall be notified in writing by the Bank to the Borrower and the Executing Agency. Use of the procurement rules, procedures and systems of the Borrower or an entity of the Borrower may be suspended by the Bank when, in its opinion, changes have occurred in the parameters or practices the Bank used as the basis for its acceptance, until such time as the Bank determines whether such changes are compatible with international best practices. During such suspension, the Procurement Policies and Consultant Policies of the Bank will apply. The Borrower, directly or through the Executing Agency, as the case may be, undertakes to notify the Bank of any change in the applicable legislation or processes that have been so accepted. The use of procurement rules, procedures and systems of the Borrower or an entity of the Borrower does not constitute a waiver of the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the requirement that the respective procurement and contracting of services be contained in the Procurement Plan and is subject to the remaining provisions of this Contract. The provisions of Section I of the Procurement Policies and Consultant Policies shall apply to all contracts, regardless of amount or contracting method. The Borrower agrees to include, or to cause the Executing Agency, as the case may be, to include in the model bidding documents, contracts, and instruments used in electronic or information systems (in physical or electronic media) measures to ensure the application of the provisions set forth in Section I of the Procurement Policies and Consultant Policies, including the provisions on Prohibited Practices."

ANNEX

- 16 The Parties agree to substitute the Annex to the Loan Contract No. 4676/BL-GY with the Annex attached herin. Paragraph 4.02 of the Annex, nevertheless, shall remain in effect.

ARTICLE TWO

The Parties agree that this Amendatory Contract shall enter into force on the signature date

ARTICLE THREE

The Parties hereby ratify that all other provisions of the Loan Contract No. 4676/BL-GY remain in full force and effect.

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ARTICLE FOUR

The Bank may disclose this Amendatory Contract and any information related thereto, in accordance with its access to information policy in effect at the time of such disclosure.

ARTICLE FIVE


IN WITNESS WHEREOF, the Borrower and the Bank, each acting through its authorized representative, have signed this Amendatory Contract in two (2) equally authentic copies in Georgetown, Co-operative Republic of Guyana, on the date indicated above.

CO-OPERATIVE REPUBLIC OF
GUYANA



Hon. Dr. Ashni K. Singh
Senior Minister, Office of the President
with Responsibility for Finance and
the Public Service

INTER-AMERICAN DEVELOPMENT
BANK



Ilan Goldfajn
President

"ANNEX
THE PROGRAM

Strengthening Energy Matrix Diversification

I. Objective

- 1.01** The general objective of the Program is to support Guyana's evolving energy sector with investment in sustainable and reliable energy solutions while contributing to climate change mitigation.
- 1.02** The specific objectives are: (i) investing in sustainable/cleaner energy solutions to diversify the energy matrix in the Hinterland; and (ii) investing in the reinforcement of transmission infrastructure to improve reliability and stability of the Demerara Berbice Interconnected System (DBIS).

II. Description

- 2.01** To achieve the objectives indicated in paragraphs 1.01 and 1.02, the Program comprises the following components:

Component 1. Renewable Energy (RE) solutions for the Hinterland

- 2.02** This component finances: (i) the installation of three (3) solar photo-voltaic (PV)-tied mini-grid systems in three (3) townships: Bartica -1.5 megawatts (MW)-, Lethem (1MW), and Mahdia (0.65MW), totaling 3.15MW; (ii) the implementation of storage capacity to manage the intermittency of these sources; (iii) a pilot smart metering initiative; and (iv) a women's economic empowerment program at the community level.

Component 2. Reinforcement of transmission infrastructure

- 2.03** This component finances: (i) investments in transmission system redundancy, through the construction of an additional 5 kilometers (Kms) transmission line between Kingston and Sophia (L5) at a higher rating -100 Megavolt-amperes (MVA) than the existing 50MVA line and on separate structures; (ii) upgrading the existing 69 kilovolts (kV) line from Kingston to Sophia to the rating of the new line; (iii) the definition of standards for the storage and disposal of unused electric equipment; (iv) the development of a Corporate Gender and Diversity Analysis for GPE; (v) the replacement and upgrade of two (2) existing 12kms transmission lines L1 and L3, from Garden of Eden (GoE) to Golden Grove (GG), providing new redundant 69kV circuits that will allow for greater overall system resiliency¹ and stability; and (vi) the installation of capacitor banks to reinforce four (4) power substations, including the new Sophia substation, to store and smooth out the flow of energy along the transmission corridors instead of the Static Synchronous Compensator.

¹ Greater resiliency will be achieved with 75-foot minimum, low density steel poles. The poles and foundations will be jointly designed to withstand harsh weather conditions.

Program management and other costs

- 2.08 This component will finance management costs, audits, and monitoring and evaluation of the Program for both Executing Agencies.

III. Financing Plan

- 3.01 The distribution of the resources of the Loan is set forth in the following table:

Cost and Financing
(US\$)

No.	Components	Bank	Additional Resources	Total
1	Component 1. RE solutions for the Hinterland	8,163,090.98	-	8,163,090.98
1.1	Installed capacity of solar PV farms	1,986,252.23	-	1,986,252.23
1.2	Pilot Project of Smart metering and digitalization	89,210.01	-	89,210.01
1.3	Women's economic empowerment programs	87,628.74	-	87,628.74
2	Component 2. Reinforcement of transmission infrastructure	11,275,043.44	5,830,822.66	17,105,866.10
2.1	1L from Kingston to Sophia constructed	5,616,938.61	1,820,897.62	7,437,836.23
2.2	TL from GoE to GG constructed	3,523,980.00	150,000.00	3,673,980.00
2.3	Reinforcement of sub-station(s)	2,046,324.83	3,859,925.04	5,906,249.87
2.4	Drafting of technical standards for storing, disposition and treatment of equipment	40,600.00	-	40,600.00
2.5	Development of staff diversity diagnostic and gender inclusion policy proposal for GPL	47,200.00	-	47,200.00
3	Program Management and other costs	1,721,865.58	-	1,721,865.58
	TOTAL	21,160,000.00	5,830,822.66	26,990,822.66

IV. Execution

- 4.01 The Executing Agencies (EAs) of the Program will be the GEA for Component 1; and GPL for Component 2.
- 4.03 The Program includes the Office of the Prime Minister as a coordination entity between the two EAs and the Bank to ensure a successful execution of the Program."