

LOAN NO. 9 /OR- GUY

**LOAN AGREEMENT**  
**(Environmental Sector Policy-Based Loan -**  
**Co-Operative Republic of Guyana)**

**BETWEEN**

**CARIBBEAN DEVELOPMENT BANK**

**AND**

**CO-OPERATIVE REPUBLIC OF GUYANA**

**Dated:** June 24, 2025

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**LOAN AGREEMENT**

**AGREEMENT** dated 24th day of **June** 2025, between the Caribbean Development Bank (the Bank) and the Government of the Co-Operative Republic of Guyana (the Borrower).

**ARTICLE I**

**General Provisions, Interpretation, Definitions**

Section 1.01 **General Provisions.** The “General Provisions Applicable to Loan Agreements with Borrower Only” of the Bank dated April 15, 2021, at Schedule 1 (the General Provisions), shall apply to this Loan Agreement, subject however to any modifications of the General Provisions contained in this Loan Agreement.

Section 1.02 **Interpretation.** Unless otherwise stated, references to Sections are to Sections of this Loan Agreement and references to Schedules are to Schedules of this Loan Agreement.

Section 1.03 **Definitions.** (a) Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Provisions shall have the respective meanings contained in the General Provisions, and for the purpose of sub-paragraphs (vii), (xxi) and (xxii), respectively, of Section 2.01 of the General Provisions, the terms:

- (i) “Due Dates” shall mean January 1, April 1, July 1 and October 1 in each year, except in the case of interest payable under Section 3.08 of the General Provisions, and other charges, which are payable on demand;
- (ii) “Programme” shall mean a programme to support the strengthening of its policy and institutional reforms in biodiversity conservation, climate action, and water resource management; and
- (iii) “Programme Country” shall mean the Co-Operative Republic of Guyana.

(b) Wherever used in this Loan Agreement, unless the context otherwise requires, the following additional terms shall have the following meanings:

- (i) "CDB" means the Bank;
- (ii) "Excluded Expenditures" means the expenditures set out in Appendix 4 of Schedule 2;
- (iii) "Prior Actions" means the prior actions set out in the Policy and Results Matrix at Appendix 2 of Schedule 2; and
- (iv) "United States dollars" or "USD" means dollars in the currency of the United States of America.

## ARTICLE II

### The Loan and its Purpose

Section 2.01 **Amount of Loan.** The Bank agrees to lend to the Borrower, on the terms and conditions set out in this Loan Agreement, an amount not exceeding the equivalent of one hundred and twenty-five million United States dollars (USD125,000,000) from the Bank's Ordinary Capital Resources.

Section 2.02 **Purpose.** The purpose for which the Loan is being made is to assist the Borrower in financing the Programme.

## ARTICLE III

### Repayment, Interest, Commission and Commitment Fee

Section 3.01 **Repayment.** Except as provided in paragraph (b) of Section 3.02 of the General Provisions, the Borrower shall repay the amount disbursed from the Loan Account in thirty-two (32) equal or approximately equal and consecutive quarterly instalments on each Due Date, commencing on the first Due Date after the expiry of two (2) years following the date of this Loan Agreement, or on such later Due Date as the Bank may specify in writing.

Section 3.02 **Interest.** Subject to the provisions of paragraph (b) of Section 3.03 of the General Provisions, the Borrower shall pay to the Bank interest at the variable rate of five decimal forty-five per cent (5.45%) per annum on the amount of the Loan disbursed and outstanding from time to time. Such interest shall be payable quarterly in accordance with paragraph (a) of Section 3.03 of the General Provisions.

Section 3.03 **Commitment Fee.** The Borrower shall pay to the Bank a commitment fee at the rate of one percent (1%) per annum on the amount of the Loan undisbursed from time to time. Such fee shall accrue from the sixtieth (60<sup>th</sup>) day after the date of this Loan Agreement and shall be payable quarterly in accordance with Section 3.04 of the General Provisions.

#### **ARTICLE IV**

##### **Disbursement of Loan**

Section 4.01 **Disbursement of Loan.** (a) Except as the Bank may otherwise agree:

- (i) the Loan shall be disbursed in a single tranche; and
- (ii) amounts disbursed from the Loan Account shall be applied by the Borrower to finance the Programme.

(b) Amounts disbursed from the Loan Account shall not be used to:

- (i) meet any part of the cost of the Programme which consists of identifiable Taxes imposed under the laws of the Programme Country; or
- (ii) finance any of the Excluded Expenditures.

Section 4.02 **Period of Disbursement.** The date to be specified pursuant to Section 4.03 of the General Provisions is August 31, 2025.

Section 4.03 **Procurement.** Section 4.04 of the General Provisions shall not apply to this Loan Agreement.

**ARTICLE V**  
**Conditions Precedent**

Section 5.01 **Additional Conditions Precedent to Disbursement.** In addition to the requirements of paragraph (a) of Section 6.01 of the General Provisions, the Bank shall not be under any obligation to disburse the Loan until the Borrower has, by the date referred to in Section 8.03(i) of the General Provisions, furnished or caused to be furnished to the Bank, evidence acceptable to the Bank that the Prior Actions have been completed.

**ARTICLE VI**  
**Particular Conditions**

Section 6.01 **Programme Implementation.** Except as the Bank may otherwise agree, the Borrower shall implement the Programme through the Ministry of Finance.

**ARTICLE VII**  
**Cancellation**

Section 7.01 **Cancellation by the Bank.** The date referred to in sub-paragraph (iii) of Section 8.03 of the General Provisions is August 31, 2025, or such later date as may be specified in writing by the Bank.

**ARTICLE VIII**  
**Miscellaneous**

Section 8.01 **Addresses for Service.** The following addresses are specified for the purpose of Section 12.03 of the General Provisions:

**For the Bank:**  
Caribbean Development Bank  
Wildey  
St. Michael  
**BARBADOS, W.I.**  
Email: [legal@caribank.org](mailto:legal@caribank.org)

**For the Borrower:**  
The Finance Secretary  
Ministry of Finance  
Main & Urquhart Streets  
Georgetown  
**GUYANA S.A.**  
Email: [spasha@finance.gov.gy](mailto:spasha@finance.gov.gy)

**SCHEDULE I**

(Section 1.01)

**CARIBBEAN DEVELOPMENT BANK**

**GENERAL PROVISIONS APPLICABLE**  
**TO LOAN AGREEMENTS WITH**  
**BORROWER ONLY**

**DATED: April 15, 2021**

CARIBBEAN DEVELOPMENT BANK

GENERAL PROVISIONS APPLICABLE  
TO LOAN AGREEMENTS WITH  
BORROWER ONLY

DATED: April 15, 2021

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**CARIBBEAN DEVELOPMENT BANK**

**GENERAL PROVISIONS APPLICABLE  
TO LOAN AGREEMENTS WITH  
BORROWER ONLY**

**DATED: April 15, 2021**

**ARTICLE I**

**Application of General Provisions,  
Inconsistency with Special Provisions**

Section 1.01 Application of General Provisions. These General Provisions set forth certain terms and conditions generally applicable to loans made by the Bank and shall apply to Loan Agreements without an executing agency to such extent, and subject to such modifications, as may be provided in such Loan Agreements, provided however that, where there is no Guarantor, references in these General Provisions to Guarantor and Guarantee Agreement shall be disregarded.

Section 1.02 Inconsistency with Special Provisions. If any provision of the Special Provisions is inconsistent with a provision of these General Provisions, the provision of the Special Provisions shall prevail.

**ARTICLE II**

**Definitions, References, Headings**

Section 2.01 Definitions. The following expressions have the following meanings wherever used in these General Provisions unless the context otherwise requires:

- (i) "Arbitration Tribunal" means the tribunal established pursuant to Section 13.01;
- (ii) "Bank" means the Caribbean Development Bank;

- (iii) "Borrower" means the party to the Loan Agreement to which the Bank has agreed to make the Loan;
- (iv) "Charter" means the agreement establishing the Caribbean Development Bank which was signed on October 18, 1969, and entered into force on January 26, 1970;
- (v) "Commitment Fees" means the commitment fees specified in Section 3.04;
- (vi) "Donor(s)" means such of the donors or lenders to the Bank which may be providing financing through the Bank for the Project;
- (vii) "Due Dates" means the dates specified in Section 3.03(b) for payment of instalments of the Principal and the Interest (excluding Interest payable pursuant to Section 3.09), Commitment Fees and Other Charges in respect of the Loan;
- (viii) "External Debt" means any debt payable by the Borrower (a) in any medium other than the currency which at the time in question is legal tender in the Project Country, or (b) in any medium where the Borrower does not issue its own currency, either through its central bank or as part of a currency union;
- (ix) "Governmental Assets" means assets of the Project Country, of any of its political subdivisions, or of any agency of the Project Country, including an institution performing the functions of a central bank, but excluding entities which are legally and financially autonomous;
- (x) "Guarantee Agreement" means the agreement between the Guarantor and the Bank where the Guarantor guarantees the payment of the instalments of the Principal and the Interest, Commitment Fees and Other Charges in respect of the Loan, as such agreement may be amended from time to time, and includes all agreements amending such agreement or supplemental to it and all schedules to such agreement;
- (xi) "Guarantor" means the party to the Guarantee Agreement;

- (xii) "Interest" means interest payable pursuant to Sections 3.03 and 3.09;
- (xiii) "Loan" means the loan provided for in the Loan Agreement and includes portions of the Loan which are separately provided for in the Loan Agreement;
- (xiv) "Loan Account" means the account opened by the Bank in its books in the name of the Borrower to which the amount of the Loan is credited;
- (xv) "Loan Agreement" means the Special Provisions as such provisions may be amended from time to time, together with such of these General Provisions as are applicable to it, all agreements amending such agreement or supplemental to it and all schedules to such agreement;
- (xvi) "Loan Currency" means the currency in which the Loan is denominated. If the Loan is denominated in more than one currency, "Loan Currency" refers separately to each of such currencies;
- (xvii) "Ordinary Capital Resources" means the ordinary capital resources of the Bank and includes the following: the authorised capital stock and callable capital stock of the Bank; funds received in repayment of loans or guarantees made with resources from the Bank's capital stock or callable capital stock; income derived from loans made from the aforementioned funds or from guarantees to which the commitment to capital calls is applicable; and any other funds or income received by the Bank which do not form part of any Special Funds Resources;
- (xviii) "Other Charges" means expenditure incurred by the Bank for or in connection with the remittance by the Bank of amounts disbursed from the Loan Account, the purchase by the Bank of any currency needed by the Bank for settlement of Principal, Interest, Commitment Fees and/or Other Charges in accordance with Section 4.11 and the establishment or modification of letters of credit pursuant to Section 4.02, and amounts agreed to be paid by the Borrower to the Bank for or in connection with other special commitments entered into by the Bank in accordance with Section 4.02;

- (xix) "Principal" means the amount disbursed from the Loan Account and outstanding from time to time;
- (xx) "Prohibited Practices" means the practices prohibited by the Bank in connection with the activities it finances, as defined in the Bank's Office of Integrity, Compliance and Accountability's Dictionary of Standard Definitions as updated from time to time, including coercive practice, collusive practice, corrupt practice, fraudulent practice, and obstructive practice;
- (xxi) "Project" means the project or programme for which the Loan is made, as described in the Special Provisions and as such description may be amended from time to time;
- (xxii) "Project Country" means the country specified in the Loan Agreement being the country of a member of the Bank in which the Project is located or in which the Borrower is directing the operations of, and implementing, the Project;
- (xxiii) "Rules of Special Development Fund (Unified)" means the rules made for the administration of the Special Development Fund (Unified) published in June 1983, as may be amended from time to time;
- (xxiv) "Secretary General" means the holder of the office of secretary general of the Organisation of American States;
- (xxv) "Special Development Fund (Unified)" means the special fund established by the Bank in 1983 pursuant to Article 8(1) of the Charter in which the Bank receives contributions which may be used to make or guarantee loans of high developmental priority, with longer deferred commencement of repayment and lower rates than those determined by the Bank in its ordinary operations;
- (xxvi) "Special Funds Resources" means the resources of any special fund and includes the following: resources initially contributed to any special fund; funds accepted by the Bank for inclusion in any special fund; funds repaid in respect of loans or guarantees financed

from the resources of any special fund which, under the rules and regulations of the Bank governing that special fund, are received by such special fund; income derived from operations of the Bank in which any of the aforementioned resources or funds are used or committed if, under the rules and regulations of the Bank governing the special fund concerned, that income accrues to such special fund; and any other resources placed at the disposal of any special fund;

(xxvii) "Special Provisions" means the entirety of provisions which comprise the first part of the Loan Agreement;

(xxviii) "Strategic Framework" means the Bank's Strategic Framework for Integrity, Compliance and Accountability as amended from time to time;

(xxix) "Taxes" includes imposts, levies, fees and duties of any nature whether in effect at the date of the Loan Agreement or Guarantee Agreement or imposed after that date;

(xxx) "Terminal Disbursement Date" means the last date on which the Borrower is entitled to request a disbursement from the Loan Account as specified in the Special Provisions or such later date as may be specified in writing by the Bank; and

(xxxi) "UNCITRAL Rules" means the arbitration rules of the United Nations Commission on International Trade Law, as amended by Article XIII.

Section 2.02 References. References in these General Provisions to: (a) Articles or Sections are to Articles or Sections of these General Provisions; (b) the singular shall include the plural and vice versa unless the context otherwise requires; (c) persons include corporations, partnerships, trusts and other legal persons and references to a person includes its successors and permitted assigns; (d) a specific gender apply equally to any gender; and (e) a document include an amendment or supplement to, or replacement or novation of, that document but disregarding any amendment, supplement, replacement or novation made in breach of these General Provisions or the relevant Special Provisions.

Section 2.03 Table of Contents and Headings. The Table of Contents and the headings to the Articles and Sections are inserted for convenience of reference only and shall not be taken into consideration in interpreting these General Provisions.

### ARTICLE III

#### **Loan Account, Repayment, Interest, Commitment Fees, Other Charges and Payments**

Section 3.01 Loan Account. The Bank shall open a Loan Account for the approved amount of the Loan in the Loan Currency. If the Loan is denominated in more than one currency, the Bank shall open separate sub-accounts for each Loan Currency. If the Loan is approved from more than one funding source, the Bank shall open separate sub-accounts for each funding source.

Section 3.02 Repayment. (a) The Borrower shall repay the Principal in the manner specified in the Special Provisions. If the Principal is denominated in more than one Loan Currency, the Special Provisions and this Section 3.02 shall apply separately to the amount denominated in each Loan Currency. The Bank shall provide the Borrower with the particulars of the repayments and the Due Dates over the life of the Loan.

(b) Without prejudice to the provisions of Article IX, if there is a cancellation, pursuant to Section 8.01 or Section 8.03, of such amount of the Loan as in the Bank's opinion is substantial and the Project has not been completed, the Borrower shall repay the Principal or any portion of the Principal, in such manner as the Bank may specify in writing.

Section 3.03 Interest. (a) The Borrower shall pay Interest on the Principal at the rate provided for in the Special Provisions, except as otherwise provided in Section 3.08. Such Interest shall accrue from the respective dates on which amounts shall be disbursed from the Loan Account and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date of the first disbursement of the Loan.

(b) The Bank may from time to time set the rate of interest for the time being payable on any amount of the Loan which is being lent from the Ordinary Capital Resources of the Bank to take effect on January 1,

April 1, July 1 and October 1 in each year, or on such other date or dates as the Bank may specify in writing from time to time. The Bank shall notify the Borrower of the rate of interest upon its determination.

Section 3.04 Commitment Fees. The Borrower shall pay to the Bank a Commitment Fee on the amount undischarged from the Loan Account from time to time at the rate specified in the Special Provisions. Except as the Bank may otherwise specify in writing, such Commitment Fee shall accrue from the date specified in the Special Provisions to the respective dates on which amounts are disbursed from the Loan Account or cancelled and shall be payable on the Due Dates, the first payment being due and payable on the first Due Date after the date on which such charge shall accrue.

Section 3.05 Computation of Interest and Commitment Fees. Except as the Bank may otherwise agree, Interest and Commitment Fees shall be computed daily on the basis of a 360-day year of twelve (12) 30-day months.

Section 3.06 Pre-Payments. (a) The Borrower may, upon payment of all overdue Principal and all accrued Interest, Commitment Fees and Other Charges, including any pre-payment premium specified in the Special Provisions, and upon not less than forty-five (45) days' notice to the Bank, repay as of a date acceptable to the Bank in advance of maturity all or any portion of the Principal. In the case of partial pre-payment, unless otherwise agreed, such pre-payment shall not release the Borrower from its ongoing repayment obligations of the Principal, but shall have the effect only of accelerating repayment of the Principal and the particulars of the repayments to be provided pursuant to Section 3.02 shall be amended accordingly.

(b) Except, as the Bank may otherwise agree, each request for pre-payment notified to the Bank by the Borrower in accordance with this Section shall be irrevocable and the amount to be prepaid shall automatically become due on the date accepted by the Bank.

Section 3.07 Payments Falling Due on a Non-Working Day. Any payment or other obligation which is due under the Loan Agreement to be effected on a Saturday, Sunday or a public holiday in Barbados, shall be considered made or fulfilled if it is effected by the first working day thereafter, without any pre-payment penalty or additional costs to the Borrower or the Guarantor.

Section 3.08 Overdue Payments. (a) If the Borrower fails to pay any portion of the Principal, Interest, Commitment Fees and/or Other Charges due and payable under the Loan Agreement, but without prejudice to the provisions of Articles VIII and IX, and such non-payment continues for a period of twenty-one (21) days from the Due Date, or such other period as determined by the Bank, the Borrower shall pay a fee to the Bank on such overdue Principal, Interest, Commitment Fees and/or Other Charges as shall be applicable as provided in paragraph (b) of this Section, for a period from the day immediately succeeding the Due Date for such overdue payment or payments to the day of actual payment (both dates inclusive).

(b) The fee payable on the amount of an overdue payment, or, if there be more than one, of the aggregate of all overdue payments outstanding from time to time shall be such fee as the Bank shall specify in writing from time to time.

(c) The fee payable on an overdue payment of Principal under this Section shall not be in lieu of the rate or rates of interest, if any, payable on the Loan. Other Charges due by the Borrower to the Bank and Interest payable under this Section shall be payable on such date as specified by the Bank.

Section 3.09 Place and Application of Payments. (a) The Principal and the Interest, Commitment Fees and Other Charges in respect of the Loan shall be paid into such bank accounts as the Bank may reasonably request.

(b) If the Bank at any time receives less than the full amount of any Loan repayment then due, it shall have the right to allocate and apply the amount received in any manner and for such purposes under the Loan Agreement as it determines in its sole discretion.

#### ARTICLE IV

##### Application and Disbursement of Loan

Section 4.01 Application of Loan. (a) The Borrower may from time to time request disbursements from the Loan Account as provided, and subject to the rights of refund, cancellation and suspension set out, in the Special Provisions and in these General Provisions. Subject to the Special Provisions, the Borrower shall be entitled to request from the Loan Account amounts required for the purpose of the Project but,

except with the agreement of the Bank (including where the Bank has specifically approved retroactive financing for a Project), no disbursements shall be made on account of expenditures incurred before the date of the Loan Agreement.

(b) The amount disbursed from the Loan Account shall be applied exclusively for the purpose of the Project in accordance with the Special Provisions and these General Provisions.

Section 4.02 Special Commitments. At the request of the Borrower and upon such terms and conditions as may be agreed upon between the Bank and the Borrower, the Bank may enter into special commitments in writing to pay amounts to the Borrower or to a third party in respect of the cost of goods, works and services to be financed out of the amount disbursed from the Loan Account notwithstanding any subsequent suspension or cancellation.

Section 4.03 Disbursement of Loan. (a) The Loan may be disbursed up to the Terminal Disbursement Date.

(b) The Borrower shall comply with the Bank's "Disbursement Guidelines for CDB-Financed Projects" which are in effect at the date of the Loan Agreement and which may be amended from time to time by the Bank or in accordance with such other guidelines as may be specified in writing by the Bank.

Section 4.04 Procurement. Any goods, works and services required for carrying out the Project shall, if they are to be financed out of an amount of the Loan,

- (a) be procured in accordance with the procedures outlined in the Bank's "Procurement Policy for Projects Financed by CDB" and "Procurement Procedures for Projects Financed by CDB" which are in effect on the date of the Loan Agreement and which may be amended from time to time by the Bank or in accordance with such other policy or procedures as may be specified in writing by the Bank; and
- (b) except as provided in the procedures referred to in paragraph (a) of this Section, be procured from only the member countries of the Bank, all of which are specified

in the Annex to these General Provisions, and such other countries as may be specified in, or pursuant to, the Special Provisions.

Section 4.05 Use of Goods, Works and Services. Except as the Bank may otherwise agree, the Borrower shall cause all goods, works and services financed out of an amount disbursed from the Loan Account to be used exclusively in carrying out the Project.

Section 4.06 Requests for Disbursement or Special Commitment. Any requests for disbursement of any amount from the Loan Account, or that the Bank enter into a special commitment pursuant to Section 4.02, shall be made in writing by the Borrower to the Bank in such form and substance acceptable to the Bank.

Section 4.07 Authorisation of Requests for Disbursements. The Borrower shall furnish to the Bank evidence satisfactory to the Bank of the authority of the person or persons authorised to make requests for disbursement.

Section 4.08 Supporting Documentation for Disbursements. The Borrower shall furnish to the Bank such documents and other evidence in support of each request for disbursement as the Bank shall reasonably request, whether before or after the Bank has permitted any disbursement requested.

Section 4.09 Requests and Documents to satisfy Bank. Each request and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to obtain from the Loan Account the amount requested and that the amount to be disbursed from the Loan Account has been or will be used for the purposes specified in the Special Provisions.

Section 4.10 Payments. Payment by the Bank of amounts which are disbursed from the Loan Account shall be made to, or on the order of, the Borrower.

Section 4.11 Withdrawal and Deduction of Principal, Interest, Commitment Fees and Other Charges. The Bank shall be entitled, but not obligated, to withdraw from the Loan Account when allocated for financing by the Bank without the necessity of a request for disbursement by the Borrower, or deduct from any disbursement to, or on behalf of, the Borrower, for settlement of Principal, Interest, Commitment Fees and/or Other Charges due and payable under the Loan Agreement, and the Bank shall promptly notify the

Borrower in writing of such withdrawal or deduction. Each such withdrawal from the Loan Account shall be deemed to be a disbursement of a portion of the Loan to the extent of the amount, and as of the date, of such withdrawal.

Section 4.12 Reallocation of Loan Amounts. If the Bank reasonably determines that in order to meet the purposes of the Loan it is appropriate to reallocate the amount of the Loan among Project components or modify the percentage of expenditures to be financed by the Bank under each Project component, the Bank may, after consultation with the Borrower, make such modifications, and shall notify the Borrower accordingly.

## **ARTICLE V**

### **Currency Provisions**

Section 5.01 Currencies in which Disbursements may be made. Except as the Bank and the Borrower may otherwise agree, disbursements from the Loan Account shall be made in the Loan Currency or in such other currency or currencies available to the Bank, as the Bank may reasonably determine.

Section 5.02 Currency in which Principal is Repayable. (a) Any amount disbursed from the Loan Account which is being lent from that portion of the Unified Special Development Fund of the Bank subject to the Rules for the Special Development Fund as the same may be amended from time to time by the Bank, shall be repayable in United States dollars.

(b) Except as provided in paragraph (a) of this Section or as the Bank may otherwise specify in writing, the amount disbursed from the Loan Account shall be repayable in the Loan Currency and the amount repayable shall be the amount disbursed in the Loan Currency, provided that, if a disbursement shall be made in the Loan Currency which the Bank has purchased with another currency for the purpose of such disbursement, the amount so disbursed shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase.

(c) The portion of the amount disbursed from the Loan Account to be repaid in a particular currency shall be repayable in such number of instalments as the Bank shall from time to time specify provided that

the amount to be repaid on each Due Date shall remain as set out in the particulars of the repayments to be provided under Section 3.02.

Section 5.03 Currencies in which Commitment Fees, Interest and Other Charges are Payable. The Interest on any portion of the amount disbursed from the Loan Account, Commitment Fees and Other Charges shall be payable in the Loan Currency or such other currency utilised by the Bank for such payments or pursuant to Section 5.07 below.

Section 5.04 Restrictions on Payments due to the Bank. (a) The obligation to obtain any requisite exchange control permission in connection with payments due to the Bank shall be that of the Borrower.

(b) The repayment of the Principal as well as the payment of Interest, Commitment Fees and Other Charges relating to the Loan shall not be prevented or hindered by any restrictions, regulations, controls or moratoria of any kind imposed under the legislation of the Borrower or of the Guarantor, if it is a member of the Bank.

Section 5.05 Purchase of Currencies. The Bank will, at the request of the Borrower and on such terms and conditions as the Bank shall determine, use reasonable endeavours to purchase any currency needed by the Borrower for payment of Principal, Interest, Commitment Fees and Other Charges required under the Loan Agreement. For the purpose of the purchase, the Borrower shall pay sufficient funds in such currency or currencies to be specified by the Bank, and for such period as the Bank and the Borrower may agree. In purchasing the currencies required, the Bank shall be acting as an agent of the Borrower, and the Borrower shall be deemed to have made any payment required under the Loan Agreement only when and to the extent that the Bank has received such payment in the currency or currencies required.

Section 5.06 Valuation of Currencies. Whenever it shall be necessary to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank. The Bank shall not be liable to the Borrower for any shortfall in the amount of the Loan that results from the conversion of one currency to another or for any cost associated with the conversion of one currency to another.

Section 5.07 Temporary Currency Substitution. (a) If the Bank determines that an extraordinary situation has arisen under which the Bank is unable to provide the Loan Currency at any time, the Bank

may provide such substitute currency or currencies for the said Loan Currency (the Substitute Loan Currency) as the Bank shall select. During the period of such extraordinary situation, the repayment of Principal and payment of Interest, Commitment Fees and Other Charges required under the Loan Agreement shall be made in the Substitute Loan Currency, and other related financial terms shall be applied, by the Bank. The Bank shall promptly notify the Borrower and, if applicable, the Guarantor of the occurrence of such extraordinary situation, the Substitute Loan Currency and the financial terms, if any, of the Loan related thereto.

(b) Upon notification by the Bank pursuant to paragraph (a) of this Section, the Borrower may within thirty (30) days thereafter notify the Bank of its selection of another currency or currencies acceptable to the Bank as the Substitute Loan Currency. In such case, the Bank shall notify the Borrower of the financial terms of the Loan applicable to said Substitute Loan Currency, which shall be determined in accordance with principles established by the Bank.

(c) During the period of the extraordinary situation referred to in paragraph (a) of this Section, notwithstanding the provisions of Section 3.06 no pre-payment premium shall be payable on pre-payment of the Loan.

(d) Once the Bank becomes able to provide the Loan Currency, the Bank shall, at the Borrower's request, change the Substitute Loan Currency to the Loan Currency in accordance with principles established by the Bank.

## ARTICLE VI

### Conditions Precedent to First Disbursement

Section 6.01 Conditions Precedent to First Disbursement. (a) The Borrower shall, by the date referred to in Section 8.03(i), furnish or cause to be furnished to the Bank:

- (i) the Guarantee Agreement in form and substance acceptable to the Bank;
- (ii) one or more opinions, satisfactory to the Bank, of a legal practitioner, acceptable to the Bank, confirming that:

- (aa) the Borrower has complied with all the necessary requirements under the Constitution of the Project Country and under the laws and regulations in force in the Project Country in order to enter into the Loan Agreement;
  - (bb) the Loan Agreement has been duly authorised by and executed and delivered on behalf of the Borrower, and constitutes a valid and legally binding obligation of the Borrower in accordance with its terms;
  - (cc) the Borrower, if it is not a member of the Bank, is legally established and has the legal capacity to contract the obligations assumed in the Loan Agreement and to fully execute the Project; and
  - (dd) the Borrower, if it is not a member of the Bank, has not undergone any material adverse change since the date of the Loan Agreement; and
- (iii) evidence, acceptable to the Bank, that the Borrower has authorised one or more persons to represent it in all acts regarding the implementation of the Loan Agreement, including signing requests for disbursement in accordance with Section 4.07, and the authenticated specimen signature of such person or persons.

(b) Except as the Bank may otherwise agree, the Bank shall not be obliged to make the first disbursement of the Loan until the requirements of paragraph (a) of this Section, as amplified by the Special Provisions, have been complied with to the entire satisfaction of the Bank, and the Donor(s) has authorised disbursements for the Project, if necessary.

## ARTICLE VII

### Particular Covenants

Section 7.01 Project Execution. Except as the Bank may otherwise agree, the Borrower shall:

- (a) carry out the Project at all times:

- (i) with due diligence and efficiency;
  - (ii) with management personnel whose qualifications and experience are acceptable to the Bank;
  - (iii) in conformity with sound technical, environmental and social, administrative, financial, economic and managerial standards and practices;
  - (iv) in accordance with the provisions of the Loan Agreement; and
  - (v) in compliance with the Bank's policies and procedures on integrity, gender, youth, environmental and social performance requirements, procurement, disbursement and such other policies specified in the Loan Agreement; and
- (b) institute and maintain organisational, administrative, accounting and auditing arrangements for the Project, acceptable to the Bank.

Section 7.02 Records, Accounts and Information. (a) The Borrower shall maintain records and accounts adequate to reflect in accordance with consistently applied sound accounting standards acceptable to the Bank, the results of the operations and financial condition of the Borrower. Without prejudice to the generality of the foregoing provision the Borrower shall maintain records and accounts adequate to identify the goods, works and services financed out of the amount disbursed from the Loan Account, to disclose their use in the Project, to show the expenditures of the amount disbursed from the Loan Account and to record the progress of the Project (including the cost and the benefit to be derived from it). The Borrower shall maintain such records and accounts relating to the Project to the satisfaction of the Bank and such records and accounts shall be kept separately and distinct from the records and accounts of the other operations of the Borrower. The Borrower shall retain such records and accounts until at least the later of: (i) one year after the Bank has received the audited financial statements covering the period during which the last disbursement from the Loan Account was made; and (ii) two years after the Terminal Disbursement Date.

(b) The Borrower shall:

- (i) have its accounts and financial statements including statements of financial position, statements of profit or loss, statements of cash flow and other related statements and disclosures for each fiscal year, audited by independent auditors acceptable to the Bank in

accordance with consistently applied sound auditing standards acceptable to the Bank and presented in accordance with recognised accounting standards;

(ii) furnish to the Bank, as soon as available, but in any case not later than six (6) months after the end of each such year, certified copies of its audited financial statements for such year and an audit report by the said auditors of such scope and in such detail as the Bank may reasonably request from the date of effectiveness of the Loan Agreement until the Loan Account is closed; and

(iii) furnish to the Bank such other information concerning its accounts and financial statements and the audit of its accounts and financial statements as the Bank may from time to time reasonably request.

(c) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditures of the amount disbursed from the Loan Account, the Project, the benefits to be derived from it, the administration and operations of the Project and the financial condition of the Borrower.

(d) The Borrower shall furnish or cause to be furnished to the Bank records and accounts of expenditures by the Borrower and any co-financiers, of their contribution to the Project.

(e) The Borrower shall openly acknowledge the resources of the Loan provided by the Bank in relation to the Project in accordance with an arrangement entered into with the Bank or with the visibility guidelines applied by the Bank from time to time.

Section 7.03 Access Rights. (a) The authorised representatives of the Bank and the Donor(s) shall be entitled to:

(i) visit and inspect the goods financed out of the amount disbursed from the Loan Account, the sites, works, plant, equipment and construction included in the Project and their operation;

- (ii) examine, review and, where applicable, take copies of the Borrower's, contractors' and subcontractors' operation, systems, books, records, documents and accounts of the Project including records pertaining to compliance with any environmental and social performance requirements and Prohibited Practices;
- (iii) interview any and all of the Borrower's employees, officers, agents, contractors and subcontractors; and
- (iv) for those purposes, enter any lands, buildings, erections or facilities owned or occupied by the Borrower, its contractors and subcontractors.

(b) The Borrower will provide such representatives with all necessary assistance for the purposes described in paragraph (a) above and not obstruct contact with the persons involved in or affected by the Project.

Section 7.04 Cooperation between the Bank and the Borrower. (a) The Bank and the Borrower shall cooperate fully to ensure that the purpose of the Loan will be accomplished. To that end, the Bank and the Borrower shall, from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement and any other matters relating to the Project.

(b) The Borrower shall promptly inform the Bank of any condition which interferes, or threatens to interfere, with the accomplishment of the purpose of the Loan, the maintenance of the service of the Loan or the performance by the Borrower of its obligations under the Loan Agreement.

(c) The Borrower shall promptly inform the Bank of any situation which the Borrower has reasonable cause to believe would generate negative publicity about the Project and shall furnish or cause to be furnished to the Bank all such information concerning that situation as the Bank may reasonably request.

Section 7.05 Taxes. The Borrower shall pay, or cause to be paid, all Taxes, if any, imposed under the laws in force in the Project Country in connection with the execution, issue, delivery or registration of the Loan Agreement, any instrument given as a requirement of the Loan Agreement (including securities and

promissory notes), any transfer or assignment by the Bank pursuant to Section 7.09 and any agreement amending or supplemental to the Loan Agreement, any such instrument and any such transfer or assignment, and all payments of Principal, Interest, Commitment Fees and Other Charges shall be made without deduction for, and free from, any Taxes imposed under any such laws.

Section 7.06 Priority of Loan. (a) It is the mutual intention of the Borrower, if it is a member of the Bank, and the Bank that no other External Debt shall enjoy any priority over the Loan by way of lien on Governmental Assets.

(b) To that end, the Borrower, if it is a member of the Bank, undertakes that, except as the Bank may otherwise agree, if any lien shall be created by the Borrower on any Governmental Assets as security for any External Debt, such lien will, *ipso facto*, and at no cost to the Bank, equally and ratably secure the payment of the Principal, Interest, Commitment Fees and Other Charges and that in the creation of any such lien express provision will be made to that effect. The Borrower, if it is a member of the Bank, shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing provisions of this Section shall not apply to:

- (i) any lien created on property, at the time of purchase of the property, solely as security for the payment of the purchase price of such property; or
- (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one (1) year after its date.

(d) The Borrower, if it is not a member of the Bank or a political sub-division or agency of a member of the Bank or an enterprise in which equity participation by one or more members of the Bank or one or more agencies of such member or members of the Bank is a controlling one, undertakes that, except as the Bank may otherwise agree or as contemplated for the Project, no security which will rank prior to, or *pari passu* with, any security given as a requirement of the Loan Agreement shall, after the date of the Loan Agreement, be created or maintained on any of its property as security for any debts.

Section 7.07 Additional Funds. The Borrower shall provide promptly as necessary all funds in addition to the amount disbursed from the Loan Account and all other resources required for the punctual and effective carrying out of the Project and, in particular, shall be responsible for meeting any amount by which the cost of the Project exceeds the estimated cost of the Project as specified in the Special Provisions.

Section 7.08 Insurance. (a) Except as otherwise specified in the Special Provisions, the Borrower shall use its best efforts to obtain, from responsible insurers, and maintain, or make other arrangements satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with sound business practice and, without limitation upon the foregoing, such insurance shall cover loss or damage by flood, fire, earthquake, hurricane, storm and tempest to its insurable assets; marine, transit and other hazards incident to the acquisition, transportation and delivery to the place of use or installation of goods financed out of the Loan; and loss or damage to goods financed out of the Loan at the place of installation; any indemnity under such insurance to be made payable in a currency freely usable by the Borrower to replace or repair the property covered by such insurance.

(b) The Borrower shall require any such insurers, with which insurances in respect of any insurable property financed out of an amount disbursed from the Loan Account and other insurable property are taken out and are to be maintained, to name the Bank as a first loss payee with respect to the insurable property.

Section 7.09 Transfer or Assignment of Loan Agreement or Loan. The Bank shall be entitled to transfer or assign at any time to other public or private institutions all or any of its right, title and interest, in and under the Loan Agreement and any instrument (including securities and promissory notes) given as a requirement of the Loan Agreement and, in and to the whole or any part of all monies due or to become due to the Bank under the Loan Agreement or such instrument. The Bank shall promptly inform the Borrower of any such transfer or assignment.

Section 7.10 Maintenance of Corporate Existence, Licences and Franchises and other special requirements if the Borrower is a limited liability company. (a) Except as the Bank may otherwise agree or as specified in the Special Provisions, the Borrower shall:

- (i) take all necessary steps as lie within its power and use its best endeavours at all times to maintain its corporate existence and the right to carry on operations and shall acquire,

maintain and renew all rights, powers, privileges, approvals, permits, licences and franchises owned or held by it and necessary and useful in the implementation of the Project and the conduct of the business contemplated by the Project;

- (ii) not amend its Memorandum or Articles of Association, Articles of Incorporation, By-Laws or any Shareholders' Agreement; and
- (iii) observe all the laws of the Project Country affecting the Borrower and, in particular, all the provisions of the companies legislation in force in the Project Country as amended or modified from time to time especially in filing with the Registrar of Companies any information and documents required to be filed under such legislation.

(b) Except as the Bank may otherwise agree, at least fifty-one per cent (51%) of the issued and paid-up share capital of the Borrower shall be held at all times by one or more of the Governments, nationals and belongers of borrowing member countries of the Bank and corporate bodies controlled by such Governments, nationals and belongers and the Borrower shall at all times be controlled by one or more of such Governments, nationals, belongers and corporate bodies.

Section 7.11 Land Acquisition. Where applicable, the Borrower shall take all actions necessary to acquire as and when needed all lands and rights in respect of land required for the Project and shall promptly provide to the Bank, upon its request, evidence satisfactory to the Bank (i) that such lands and rights are vested in the Borrower free from all encumbrances and without covenants, stipulations or conditions which may adversely affect the Project, or (ii) alternatively that the Borrower has made arrangements satisfactory to the Bank to enter into possession of such lands for the purposes of the Project.

Section 7.12 Maintenance of Infrastructure. Except as the Bank may otherwise agree or as specified in the Special Provisions, the Borrower shall:

- (a) keep the works and other infrastructure financed from the Loan, or cause the same to be kept, in good repair and condition and shall provide the financial and other resources required to adequately and promptly maintain the infrastructure financed from the Loan; and

- (b) maintain records to demonstrate compliance with paragraph (a) above, which shall be made available to the Bank.

Section 7.13 Environmental and Social Performance Requirements. (a) The Borrower shall carry out the execution (preparation, construction, and operation) and supervision of the activities included in the Project in accordance with the environmental and social policies and procedures of the Bank, pursuant to the specific provisions on environmental and social performance requirements included in the Special Provisions.

- (b) The Borrower shall immediately inform the Bank of any likely or actual noncompliance with the environmental and social obligations set forth in the Loan Agreement.

- (c) The Borrower shall maintain records of its compliance with the environmental and social obligations set forth in the Loan Agreement, which shall be made available to the Bank.

- (d) The Borrower shall facilitate all applicable steps for dispute resolution and remedies including to implement a corrective action plan, agreed upon with the Bank, to mitigate and correct any adverse consequences that may result from the failure to comply with the implementation of the environmental and social obligations set forth in the Loan Agreement.

- (e) The Borrower shall allow the Bank, whether directly or through the contracting of consulting services, to carry out supervision activities in order to confirm compliance with the environmental and social obligations set forth in the Loan Agreement.

Section 7.14 Project Monitoring and Evaluation. The Borrower shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor on an ongoing basis, in accordance with indicators acceptable to the Bank, the progress of the Project and the achievement of its expected/intended results as well as evaluate the project to determine its efficacy, relevance and efficiency.

Section 7.15 Data Protection. The Borrower shall ensure an appropriate protection of personal data in accordance with the Bank's "Personal Data Privacy Policy" which is in effect on the date of the Loan

Agreement and which may be amended from time to time by the Bank or in accordance with such other policy, procedures or guidelines as may be specified in writing by the Bank.

Section 7.16 Prohibited Practices. (a) In addition to the provisions established in Sections 8.02, 8.03, 8.06 and 9.01 of these General Provisions, if the Bank determines, in accordance with the Strategic Framework, that a person has engaged in a Prohibited Practice in connection with the procurement, execution or supervision of the Project, the Bank may take the actions provided for pursuant to its Strategic Framework including to investigate, suspend and impose such sanctions and agree such other remedies including settlements as provided for in the Bank's policies and procedures which are in effect on the date of the Loan Agreement and which may be amended from time to time by the Bank.

(b) The imposition of any action to be taken by the Bank pursuant to the provision referred to in paragraph (a) above may be made public, except in cases of private reprimand.

(c) Any firm, entity, or individual bidding for or participating in the Project, including applicants, bidders, contractors, consulting firms and individual consultants, personnel, subcontractors, subconsultants, providers of goods or services, or concessionaires (including their respective officers, employees, and agents, irrespective of whether their authority has been expressly or implicitly granted) may be sanctioned by the Bank pursuant to agreements the Bank may have with other international financial institutions. For the purposes of this paragraph (c), the term "sanction" shall mean any permanent or temporary debarment, conditions on future contracting, or any publicly disclosed action taken in response to a violation of an international financial institution's applicable framework for addressing allegations of Prohibited Practices.

(d) The Borrower shall report to the Bank on the compliance status of any person sanctioned by the Bank, who is a recipient of Bank-financing under the Project.

## ARTICLE VIII

### Cancellation, Suspension and Refund

Section 8.01 Cancellation by Borrower. The Borrower may, if it gives the Bank not less than sixty (60) days' prior notice (or such shorter period as the Bank may agree), cancel any amount of the Loan which has not been disbursed prior to the giving of such notice, except that the Borrower may not cancel any amount of the Loan in respect of which the Bank has entered into a special commitment pursuant to Section 4.02.

Section 8.02 Suspension by Bank. (a) If any of the following events occurs and is continuing, the Bank may by notice to the Borrower and the Guarantor, suspend in whole or in part the right of the Borrower to request disbursements from the Loan Account:

- (i) the Borrower has failed to make payment (notwithstanding the fact that such payment may have been made by the Guarantor or a third party) of Principal, Interest, Commitment Fees or Other Charges under the Loan Agreement; or any principal, interest, commitment fee or other charges required under any other agreement between the Bank and the Borrower; or any other amount due to the Bank in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank to any third party at the request of the Borrower;
- (ii) the Guarantor has failed to make payment of Principal, Interest, Commitment Fees or Other Charges under the Guarantee Agreement or any principal, interest, commitment fees or other charges required under any other agreement between the Bank and the Guarantor; or any other amount due to the Bank in consequence of any guarantee extended or other financial obligation of any kind assumed by the Bank to any third party at the request of the Guarantor;
- (iii) the Borrower or the Guarantor, if it is not a member of the Bank, fails to make a payment of principal, interest, commitment fees or other charges under any other loan or guarantee agreement between the Borrower or the Guarantor (if it is not a member of the Bank) and

any creditor of the Borrower or the Guarantor (other than the Bank) when such principal, interest, commitment fees or other charges has become due and payable;

- (iv) the Borrower or the Guarantor has failed to perform or observe any of its other obligations under the Loan Agreement or the Guarantee Agreement;
- (v) a situation has arisen which makes it unlikely in the Bank's opinion that the Project or any part thereof can be carried out or carried out within a timeframe specified by the Bank or that the Borrower or the Guarantor will be able to perform or observe any of its obligations, or to perform or observe them within a timeframe specified by the Bank, under the Loan Agreement or the Guarantee Agreement;
- (vi) prior to the Terminal Disbursement Date, any material adverse change in the condition of the Borrower has occurred;
- (vii) a representation made by the Borrower or the Guarantor in or pursuant to the Loan Agreement or the Guarantee Agreement or any statement furnished in connection with the Loan Agreement or the Guarantee Agreement and intended to be relied upon by the Bank in making the Loan or any guarantee extended or other financial obligation of any kind assumed by the Bank at the request of the Borrower or the Guarantor was incorrect in any material respect;
- (viii) the Borrower, or the Guarantor, if it is a member of the Bank, has withdrawn or been suspended from membership in, or ceased to be a member of, or has delivered a notice to withdraw from, the Bank;
- (ix) the right of the Borrower or the Guarantor to request disbursements under any other agreement with the Bank has been suspended in whole or in part by the Bank;
- (x) the right of the Bank to receive funds for the Project from the Donor(s) has been suspended or cancelled in whole or in part;

- (xi) a situation has arisen where, in the Bank's opinion, any disbursement or further disbursement from the Loan Account will breach any of the Bank's internal limits or controls;
- (xii) the Bank determines, in accordance with its Strategic Framework, that the Borrower or the Guarantor has engaged in a Prohibited Practice in connection with the procurement, execution or supervision of the Project;
- (xiii) any event specified in sub-paragraph (viii) of Section 8.03 and sub-paragraphs (iv), (viii), (ix), (x), (xi), (xii), (xiii) and (xiv) of Section 9.01 has occurred; or
- (xiv) any other event specified in the Special Provisions for the purpose of this Section has occurred.

(b) The right of the Borrower to request disbursements from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension has/have ceased to exist or until the Bank has notified the Borrower and the Guarantor that the right to request disbursements shall be restored, whichever is earlier, but, in case of any such notice of restoration, the right to request disbursements shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section.

Section 8.03 Cancellation by the Bank. If any of the following events occurs, then at any time after that the Bank may by notice to the Borrower and the Guarantor, terminate the right of the Borrower to request disbursements from the Loan Account or with respect to any amount of the Loan, as the case may be, and, upon the giving of such notice, the amount of the Loan specified in such notice shall be cancelled:

- (i) the Borrower has failed to comply with the conditions set out in Section 6.01(a), as amplified by the Special Provisions, by the sixtieth (60<sup>th</sup>) day after the date of the Loan Agreement or such other date as may be specified in writing by the Bank;

- (ii) in the opinion of the Bank, it is unlikely that any requirement specified in or pursuant to Section 6.01(b), or any condition to be fulfilled in meeting any such requirement will be satisfied;
- (iii) by the date referred to in the Special Provisions, the Bank has not received any request for disbursement from the Loan Account or for special commitment in accordance with Article IV or all requests received by the date have not been acceptable to the Bank;
- (iv) the right of the Borrower to request disbursements from the Loan Account was suspended with respect to any amount of the Loan for a continuous period of thirty (30) days;
- (v) at any time the Bank determines, after consultation with the Borrower, that an amount of the Loan will not be required to finance the Project's cost to be financed out of the Loan;
- (vi) after the Terminal Disbursement Date an amount of the Loan remains undisbursed from the Loan Account;
- (vii) the Bank determines, in accordance with its Strategic Framework, that the Borrower or the Guarantor has engaged in a Prohibited Practice in connection with the procurement, execution or supervision of the Project, and the Borrower or the Guarantor (as the case may be) has not taken timely and appropriate action satisfactory to the Bank to remedy the situation; or
- (viii) the Bank has received notice from the Guarantor pursuant to Section 3.05 of the General Provisions applicable to Guarantee Agreements with respect to any amount of the Loan.

Section 8.04 Amounts subject to Special Commitment not affected by Cancellation or Suspension by the Bank. No cancellation or suspension by the Bank shall apply to amounts subject to any special commitment entered into by the Bank pursuant to Section 4.02.

Section 8.05 Effectiveness of Provisions after Cancellation or Suspension. Notwithstanding any cancellation or suspension, all the provisions of the Loan Agreement shall continue to be in full force and effect except as specifically provided in this Article.

Section 8.06 Loan Refund. (a) In the event that:

- (i) the Bank determines that an amount of the Loan has been used in a manner inconsistent with the provisions of the Loan Agreement;
- (ii) an amount of the Loan is required by the Donor(s) to be refunded; or
- (iii) in accordance with the Strategic Framework, the Bank determines that the Borrower has used an amount of the Loan to engage in a Prohibited Practice in connection with the procurement, execution or supervision of the Project,

the Borrower shall, within thirty (30) days of receipt of notice from the Bank, refund such amount to the Bank.

(b) Except as the Bank may otherwise determine, the Bank shall cancel all amounts refunded pursuant to this Section.

## **ARTICLE IX**

### **Events of Default**

Section 9.01 Events of Default. If any of the following events occurs and continues for the period specified, if any, then, at any subsequent time during the continuance of the event, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the Principal due and payable immediately together with Interest, Commitment Fees and Other Charges under the Loan Agreement and upon such declaration the Principal together with Interest, Commitment Fees and Other Charges under the Loan Agreement shall become due and payable immediately:

- (i) a default shall occur in the payment of Principal, Interest, Commitment Fees or Other Charges under the Loan Agreement and such default shall continue for a period of thirty (30) days;
- (ii) a default shall occur in the payment of Principal, Interest, Commitment Fees or Other Charges under the Guarantee Agreement and such default shall continue for a period of thirty (30) days;
- (iii) a default shall occur in the payment of principal, interest, commitment fees or other charges under any other loan or guarantee agreement between the Bank and the Borrower and such default shall continue for a period of thirty (30) days;
- (iv) a default shall occur in the payment of Principal, Interest, Commitment Fees, or Other Charges under any loan or guarantee agreement between the Bank and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Loan Agreement or the Guarantee Agreement and such default shall continue for a period of thirty (30) days;
- (v) any External Debt of the Borrower or the Guarantor is declared to be due and payable prior to its specified maturity;
- (vi) a default has occurred in the payment of principal, interest, commitment fees or other charges under any other loan or guarantee agreement between the Borrower or the Guarantor (if it is not a member of the Bank) and any creditor of the Borrower or the Guarantor (other than the Bank) resulting in such principal, interest, commitment fees or other charges becoming prematurely due and payable;
- (vii) a default shall occur in the performance or observance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement or the Guarantee Agreement and such default shall continue for a period of sixty (60) days after notice of such default was given by the Bank to the Borrower and the Guarantor;

- (viii) the Borrower or the Guarantor, if it is not a member of the Bank, has become unable to pay its debts as they mature or any action or proceeding was taken by the Borrower or the Guarantor, if it is not a member of the Bank, or by others where any of the property of the Borrower or the Guarantor, if it is not a member of the Bank, shall or may be distributed among its creditors;
- (ix) the Borrower or the Guarantor, if it is not a member of the Bank, approved or was subject to a reorganisation, liquidation or dissolution or the suspension of its operations or a receiver or liquidator was appointed of all or any part of its property;
- (x) any modification was made in the purpose, nature or objectives, capital or assets of the Borrower, if it is not a member of the Bank, and particularly any substantial revision of the legislation establishing the Borrower, if it is not a member of the Bank and is established by legislation, which may have a deleterious effect on the Project or on the purpose for which the Loan Agreement was entered into;
- (xi) the Borrower or the Guarantor has failed to fulfil any of its obligations to the Bank whether arising under the Charter or otherwise;
- (xii) there was a cancellation, pursuant to Section 8.01 or Section 8.03, or a refund, pursuant to Section 8.06, of such an amount of the Loan as will make it unlikely in the Bank's opinion that the Project can be carried out or that the Borrower will be able to perform or observe any of its obligations under the Loan Agreement;
- (xiii) the Project was discontinued or suspended without the prior approval of the Bank or the Borrower has suspended, or ceases or threatens to cease to carry on, the business contemplated in carrying out the Project;
- (xiv) the Bank determines, in accordance with its Strategic Framework, that the Borrower has engaged in a Prohibited Practice in connection with the procurement, execution or supervision of the Project; or

- (xv) any other event specified in the Special Provisions for the purpose of this Section has occurred and shall continue for the period, if any, specified in the Special Provisions.

## **ARTICLE X**

### **Termination**

Section 10.01 Termination of Loan Agreement. (a) Upon payment in full of the Principal and all Interest, Commitment Fees and Other Charges under the Loan Agreement, the Loan Agreement and all obligations of the parties under the Loan Agreement shall terminate immediately.

- (b) The obligations of the Borrower under this Loan Agreement with respect to Prohibited Practices shall remain in effect until such obligations are deemed fulfilled to the satisfaction of the Bank.

## **ARTICLE XI**

### **Enforceability; Applicable Law**

Section 11.01 Enforceability. (a) Except as provided in paragraph (b) of this Section, the rights and obligations of the Bank and the Borrower under the Loan Agreement shall be valid and enforceable in accordance with its terms, notwithstanding the law of any country, state or political sub-division thereof to the contrary.

- (b) If the Borrower is not a member of the Bank, the rights and obligations of the Bank and the Borrower under the Loan Agreement shall be construed and determined in accordance with the laws of Barbados.

- (c) Neither the Bank nor the Borrower shall be entitled in any proceeding under or pursuant to Article XIII to assert any claim that any provision of the Loan Agreement is invalid or unenforceable because of any provision of the Charter or for any other reason.

Section 11.02 Applicable Law. Except as stated in paragraph (b) of Section 11.01, the Loan Agreement shall be governed by the applicable principles of international law.

## ARTICLE XII

### Miscellaneous

Section 12.01 Language. All statements, reports, certificates, evidence, opinions, notices, communications and other documents or information furnished or given under the Loan Agreement shall be supplied or submitted in the English language without cost to the Bank.

Section 12.02 Non-waiver of Rights. No failure or delay on the part of the Bank to exercise any right, power or privilege under the Loan Agreement shall operate as a waiver of such right, power or privilege, nor shall any single or partial exercise of any right, power or privilege under the Loan Agreement preclude any other or further exercise of such right, power or privilege or the exercise of any right, power or privilege.

Section 12.03 Notices. All notices and other communications required or permitted to be given or made under the Loan Agreement and any other agreement between any of the parties contemplated by the Loan Agreement shall be in writing. Any such notice or other communication shall be deemed to have been duly given or made when delivered by hand or mail or by electronic means or to the party to which it is required or permitted to be given or made at such party's address specified in the Loan Agreement or at such other address as such party may have designated by notice to the party giving such notice or making such communication.

Section 12.04 Execution of Loan Agreement. The Loan Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and all of which shall constitute one and the same agreement. The counterparts of the Loan Agreement may be executed by electronic signature (including portable document format) and delivered by email or other means of electronic transmission by any of the parties and the receiving party or parties may rely on the receipt of such document so executed and delivered electronically, as if the original had been received.

Section 12.05 Withholding of Payments to Members on Shares. (a) Subject to Article 42 of the Charter, if the Borrower, being a member of the Bank, ceases to be a member of the Bank, any amount due to it for its shares repurchased by the Bank shall be withheld so long as the Borrower or its central bank or any of its agencies, or political sub-divisions remains liable to the Bank in respect of the Loan Agreement. Such amount may, at the option of the Bank, be applied to any such liability as it matures.

(b) Subject to Article 46 of the Charter, in the event of a distribution of the assets of the Bank, the Borrower, being a member of the Bank, shall not be entitled to receive its share in such distribution until it has settled its obligations to the Bank, or the obligations to the Bank of the Borrower's central bank or any of its agencies, or political sub-divisions have been settled, under the Loan Agreement.

Section 12.06 Modifications and Contractual Waivers. Any modification or waiver of the provisions of the Loan Agreement shall be agreed by the parties in writing.

Section 12.07 Disclosure of Information. The Bank may disclose the Loan Agreement and any information related thereto, in accordance with its Information Disclosure Policy in effect at the time of such disclosure.

### **ARTICLE XIII**

#### **Arbitration**

Section 13.01 Arbitration. (a) In any dispute between the parties to the Loan Agreement and any claim by any such party against any other such party arising under the Loan Agreement, the parties shall use best efforts to amicably settle the dispute. If no agreement is reached within ninety (90) days from the date written notification is given by one party of a request for amicable settlement of the dispute, the dispute shall be submitted to arbitration before an Arbitration Tribunal as provided below.

(b) Except as otherwise specified in this Section, the arbitration proceedings shall be conducted in English and in accordance with the UNCITRAL Rules. The parties to such arbitration shall be the Bank on one side and the Borrower (if applicable, together with the Guarantor) on the other side.

(c) Composition of the Tribunal. The Arbitration Tribunal shall consist of three arbitrators appointed as follows:

One arbitrator shall be appointed by the Bank, another by the Borrower and a third (called the Presiding Arbitrator) shall be appointed by agreement between the parties, either directly or through their respective arbitrators. If the parties fail to agree on who shall be the Presiding Arbitrator, he or she shall be appointed at the request of either party by the Secretary General. Both the Borrower and the Guarantor shall be considered a single party and consequently shall act jointly in the designation of the arbitrator and for other purposes of the arbitration proceedings. If a party fails to appoint an arbitrator, he or she shall be appointed by the Secretary General at the request of the other party. If either of the appointed arbitrators or the Presiding Arbitrator is unwilling or unable to act or to continue to act in such capacity, his or her successor shall be appointed in the same manner as for the original appointment. The successor shall perform the same functions and shall have the same powers as his or her predecessor.

(d) Initiation of the Procedure. An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the dispute or claim to be submitted to arbitration, the nature of the remedy sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after the giving of such notice, the other party shall notify the party instituting the proceeding of the name of the arbitrator appointed by such other party and shall file its defence and counter-claim in accordance with the UNCITRAL Rules.

(e) If within sixty (60) days after giving notice instituting the arbitration proceeding the parties shall not have agreed upon the Presiding Arbitrator, either party may request the appointment of the Presiding Arbitrator as provided in paragraph (c) of this Section. If within forty-five (45) days after becoming entitled to do so, neither party requests the appointment of the Presiding Arbitrator as provided in paragraph (c) of this Section, the arbitration proceeding shall be deemed to have been abandoned.

(f) Convening of the Tribunal. The seat of arbitration shall be Barbados. The Arbitration Tribunal shall in the first instance convene in Barbados at such time and place as shall be fixed by the Presiding Arbitrator. After that the Arbitration Tribunal shall meet in Barbados or in the Project Country at such time

and place as the Arbitration Tribunal shall determine, and the proceedings shall be conducted on the following basis:

(i) all oral and documentary evidence exchanged or submitted within the proceedings and the fact of arbitration shall be kept confidential; and

(ii) the proceedings shall be governed by the applicable principles of international law.

(g) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitration Tribunal shall decide all questions relating to its competence, including questions as to the validity and formation of the Loan Agreement, and shall determine its procedure. All decisions of the Arbitration Tribunal shall be by a majority vote.

(h) Procedure. The Arbitration Tribunal shall afford to both sides a fair hearing and shall render its award in writing. An award signed by a majority of the Arbitration Tribunal shall constitute the award of the Arbitration Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the dispute. Each party shall abide by and comply with any such award rendered by the Arbitration Tribunal in accordance with the provisions of this Section.

(i) Costs. The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. The Bank and the Borrower shall each defray its own expenses in the arbitration proceedings. The costs of the arbitration proceedings, including remuneration of the arbitrators, shall be divided between and borne equally by the Bank on the one side and the Borrower on the other. Any question concerning the division of the costs of the Arbitration Tribunal or the procedure for payment of such costs shall be determined by the Arbitration Tribunal.

(j) If within thirty (30) days after the counterparts of the award shall be delivered to the parties in accordance with the UNCITRAL Rules the award shall not be complied with, any party may enter judgement upon or institute a proceeding to enforce the award in any court of competent jurisdiction against any other party, may enforce such judgement by execution or may pursue any other appropriate remedies against such other party for the enforcement of the award and the provisions of the Loan Agreement.

Notwithstanding the foregoing, this Section shall not authorise any entry of judgement or enforcement of award against any party that is a member of the Bank except as such procedure may be available otherwise than by reason of the provisions of this Section.

(k) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award pursuant to this Section shall be made in writing and in accordance with the UNCITRAL Rules.

(l) If the Borrower is not a member of the Bank, nothing in this Section shall be deemed to preclude either of the parties from exercising or instituting any legal or equitable action to enforce any right or claim arising out of or pursuant to any instrument given as a requirement of the Loan Agreement with respect to the repayment of the Principal and payment of Interest, Commitment Fees and Other Charges and submission to arbitration under this Section shall not be deemed to be a condition precedent or in any way prejudice such exercise or other enforcement of any such right or claim.

(m) Notwithstanding any provision of the UNCITRAL Rules to the contrary, the Arbitration Tribunal shall not be authorised to take or provide, and neither party shall be authorised to seek from any judicial authority, any interim measures of protection or pre-award relief. The Arbitration Tribunal shall have no authority to award exemplary or punitive damages against any of the parties or any other interest in the arbitral award.

(n) In any proceedings arising out of or in connection with the Loan Agreement, the certificate of the Bank as to any amount due to the Bank under the Loan Agreement shall be prima facie evidence of such debt, absent manifest error.

(o) Nothing contained in the Loan Agreement or the UNCITRAL Rules shall operate or be regarded as a waiver, renunciation or modification of any right, privilege or immunity of the Bank under the Charter, international conventions or any other applicable laws.

**ANNEX**

**[Section 4.04 (a) (ii)]**

**MEMBERS OF THE BANK**

**Regional Members**

1. Anguilla
2. Antigua and Barbuda
3. Bahamas - Commonwealth of The
4. Barbados
5. Belize
6. Brazil
7. British Virgin Islands
8. Cayman Islands
9. Colombia
10. Dominica - Commonwealth of
11. Grenada
12. Guyana - Co-operative Republic of
13. Haiti - Republic of
14. Jamaica
15. Mexico
16. Montserrat
17. Saint Kitts and Nevis
18. Saint Lucia
19. Saint Vincent and the Grenadines
20. Suriname – Republic of
21. Trinidad and Tobago - Republic of
22. Turks and Caicos Islands
23. Venezuela

### **Non-Regional Members**

1. Canada
2. China - The People's Republic of
3. Germany
4. Italy
5. United Kingdom

SCHEDULE 2

CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

ENVIRONMENTAL SECTOR POLICY-BASED LOAN  
CO-OPERATIVE REPUBLIC OF GUYANA

This Report was prepared for official use only by the Bank. It may not be publicised, quoted or cited without Bank authorisation. The Bank does not accept responsibility for the accuracy or completeness of the Report.

For consideration at the Three Hundred and Tenth Meeting of the  
Board of Directors on June 9, 2025

(BD 52/25)

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JUNE 2025

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## CURRENCY EQUIVALENT

Dollars (\$) throughout refer to United States Dollars (USD) unless otherwise specified.

## ABBREVIATIONS

ART	-	Architecture for REDD+ Transactions
bn	-	billion
BTR	-	Biennial Transport Report
CBD	-	Convention on Biological Diversity
CDB	-	Caribbean Development Bank
CES	-	Country Engagement Strategy
CFB	-	Centre for Biodiversity
CIFOR/ICRAF	-	Centre for International Forestry Research and World Agroforestry
DECC	-	Department of Environment and Climate Change
DRM	-	Disaster Risk Management
DSA	-	Debt Sustainability Analysis
EEA	-	Exposure Exchange Agreement
EEZ	-	Exclusive Economic Zone
EIMMS	-	Environmental Information Monitoring and Management System
EPA	-	Environmental Protection Agency
FY	-	Fiscal Year
GBU	-	Guyana Biodiversity Unit
GDP	-	Gross Domestic Product
GFC	-	Guyana Forestry Commission
GFN	-	Gross Financing Need
GGMC	-	Guyana Geology and Mines Commission
GOGY	-	Government of Guyana
GRIF	-	Guyana REDD+ Investment Fund
GUYSOL	-	Guyana Utility Scale Solar Photovoltaic Programme
GWCMC	-	Guyana Wildlife Conservation and Management Commission
GYD	-	Guyanese Dollars
ha	-	hectares
HDI	-	Human Development Index
HSG	-	Hydrometeorological Service of Guyana
IDB	-	Inter-American Development Bank
IWRM	-	Integrated Water Resources Management
km <sup>3</sup> /yr	-	cubic kilometres per year
LCDS	-	Low Carbon Development Strategy
M&E	-	Monitoring and Evaluation
MM	-	Marginally Mainstreamed
mn	-	million
MNR	-	Ministry of Natural Resources
MOF	-	Ministry of Finance
MOU	-	Memorandum of Understanding
MW	-	megawatts
NAREI	-	National Agricultural Research and Extension Institute
NBSAP	-	National Biodiversity Strategy and Action Plan
NFRI	-	National Forest Restoration Initiative
NRF	-	Natural Resource Fund
NWC	-	National Water Council
OCR	-	Ordinary Capital Resources

OP	-	Office of the President
p.a.	-	per annum
PAC	-	Protected Areas Commission
PBOs	-	Policy-Based Operations
PBL	-	Policy-Based Loan
PFM	-	Public Financial Management
PRM	-	Policy and Results Matrix
PS	-	Permanent Secretary
PV	-	Photovoltaic
RAC	-	Risk Adjusted Capital
RCPs	-	Representative Concentration Pathways
RE	-	Renewable Energy
REDD+	-	Reducing Emissions from Deforestation and Forest Degradation
SDGs	-	Sustainable Development Goals
SITC	-	Standard International Trade Classification
SLR	-	Sea Level Rise
SRDB	-	Sea and River Defence Board
SSPs	-	Shared Socioeconomic Pathways
TA	-	Technical Assistance
UN	-	United Nations
UNDP	-	United Nations Development Programme
UNFCCC	-	United Nations Framework Convention on Climate Change
USD	-	United States Dollars
VSPs	-	Village Sustainability Plans
WB	-	World Bank

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**COUNTRY DATA: GUYANA**

	2020	2021	2022	2023	2024
<b>GROSS DOMESTIC PRODUCT (GDP)</b>					
GDP per capita (current prices, USD)	7,106	10,403	18,972	21,735	31,557
GDP, Current Market Prices (GYD* mn)	1,140,575	1,676,624	3,068,784	3,527,508	5,141,335
GDP, Constant 2012 Prices (GYD mn)	1,498,060	1,798,571	2,937,691	3,930,484	5,643,091
Real GDP (% change)	43.5	20.1	63.3	33.8	43.6
<b>MONEY AND PRICES (% change)</b>					
Money Supply (M1)	20.5	14.5	16.0	28.7	29.4
Credit to the Private Sector	2.5	10.4	14.6	14.4	19.8
Inflation (period average)	0.8	4.9	6.4	2.8	2.9
<b>PUBLIC FINANCES (% of GDP)</b>					
Revenue	19.6	15.6	13.8	17.0	15.3
Expenditure	28.5	23.1	19.3	22.8	22.6
Primary Balance	(7.6)	(6.7)	(5.0)	(5.4)	(7.0)
Overall Balance	(8.3)	(7.1)	(5.3)	(5.8)	(7.3)
Public Debt	47.0	38.6	24.8	26.6	24.3
<b>BALANCE OF PAYMENTS (% of GDP)</b>					
Exports of Goods and Services	51.2	57.7	78.3	79.6	81.6
Imports of Goods and Services	74.0	90.6	50.9	67.4	65.1
External Current Account Balance	(22.9)	(32.9)	27.4	12.2	16.5
<b>AVERAGE EXCHANGE RATE</b>					
GYD to 1 USD	208.5	208.5	208.5	208.5	208.5

Sources: Caribbean Development Bank, Ministry of Finance (MOF) and Bank of Guyana.

\*Guyanese Dollars

**COUNTRY DATA: GUYANA**

	2020	2021	2022	2023	2024
<b>POPULATION*</b>					
Mid-Year Population ('000)	770.0	773.0	775.8	778.4	780.9
Population (annual % change)	0.39	0.39	0.36	0.34	0.32
Net Migration Rate (per 1,000 persons)	6.9	7.9	16.6	16.8	36.8
<b>EDUCATION *</b>					
Gross School Enrolment Ratio*					
Primary	99.1	99.7	n.a.	99.0	n.a.
Secondary	85.2	85.5	n.a.	85.4	n.a.
Trained Teachers (% of total)					
Primary	68.3	n.a.	n.a.	66.2	n.a.
Secondary	70.4	n.a.	n.a.	71.2	n.a.
<b>LABOUR FORCE*</b>					
Unemployment Rate Estimate (%)					
Male	14.4	13.6	11.0	11.0	9.0
Female	16.7	16.0	13.5	13.5	11.8
<b>HEALTH</b>					
Life Expectancy at Birth (years)					
Male	67.8	64.3	69.9	70.2	n.a.
Female	64.0	61.0	66.2	66.5	n.a.
Female	71.9	68.0	73.7	73.9	n.a.
Mortality Rate, Infant (per 1,000 live births)	26.2	25.3	24.6	23.8	n.a.
Human Development Index	0.721	0.714	0.742	0.776	n.a.

\*Population figures -- updated using MOF, Budget 2025.

\*Education figures -- updated using World Bank Development Indicators, <https://data.worldbank.org/country/guyana>.

\*Labour Force data -- updated using International Labour Organisation data.

\*Health data -- updated from World Bank Development Indicators and Human Development Report 2025.

**POLICY-BASED LOAN SUMMARY**

<b>Financial Terms and Conditions</b>			
<b>Borrower:</b> Government of Guyana (GOGY/the Government)		<b>Disbursement Date:</b> August 31, 2025	
<b>Implementing Agency:</b> Ministry of Finance (MOF)			
<b>Operation Type:</b> Programmatic (1st of 2 operations) Sector Policy-based Loan (PBL)			
<b>Source:</b> Ordinary Capital Resources	<b>Amount:</b> One hundred and Twenty-Five Million United States dollars (\$125 mn)	<b>Interest Rate:</b> <b>Amortisation Period:</b> <b>Grace Period:</b>	5.45% per annum (p.a.) variable. 8 years (following grace period). 2 years.
<b>Resource Availability:</b> At May 9, 2025, total loans and guarantees outstanding stood at \$2,184.8 mn and Policy-based Operations (PBOs) at \$749.6 mn. This PBL to the Co-operative Republic of Guyana (Guyana) would bring the PBOs to Total Loans and Guarantees ratio to 37.9%. The projected year end 2025 PBL ratio stands at 35.2%, and for 2026, 32.6%. <sup>1</sup>		<b>Commitment Fee:</b> 1% p.a. on the Loan amount unwithdrawn commencing from the sixtieth (60 <sup>th</sup> ) day after the date of the Loan Agreement.	
<b>Risk Management (ORM)</b>			
<b>Country Rating:</b> iBB+ <b>Outlook:</b> Stable <b>Risk Monitoring:</b> None		<b>Overall Project/Entity Score:</b> Not applicable	
<b>Caribbean Development Bank (CDB) Lending to Country:</b> May 13, 2025 <b>Approvals:</b> \$178.24 mn <b>Disbursements:</b> \$104.7 mn <b>Repayments:</b> \$37.9 mn		<b>Undisbursed Balances:</b> \$73.54 mn <b>Outstanding Loans:</b> \$66.79 mn	
<b>Exposure (Outstanding + 50% Undisbursed):</b> \$103.56 mn (13.8% of total exposure)			
<b>Climate Finance Allocation</b>		\$88.75 mn (71%)	

<sup>1</sup> At the Fourteenth Special Board of Directors meeting of February 2023, approval was given for an extension of the temporary increase in the PBO limit to 38% through to December 31, 2026, when the limit should return to 33%. (BD 72/05 Add. 11).

**RISK COMMENTARY****Office of Risk Management Commentary****Country Rating: iBB+****Outlook: Stable****Commentary:**

Currently, Guyana does not possess any country credit rating agency. Our internal methodology indicates iBB+ with a stable outlook for Guyana. The Guyana risk profile is one of the highest rated of CDB's sovereign portfolio after the British Overseas Territories (that is: BVI, TCI, Anguilla, and Cayman).

With the PBL proposal of \$125 mn as the first loan for 2025 (the second PBL loan of \$50 mn in first quarter (Q1), 2026), the country exposure will reach up to \$228.56 mn (including undisbursed \$75.3 mn as of Q1, 2025), representing 12.9% of the total exposure on the current CDB's portfolio. The overall top 5 country concentration will stay at approximately 60% of the portfolio.

It is also noted that additional PBL loan of \$50 mn will be provided by the Inter-American Development Bank (IDB).

The implementation of the Exposure Exchange Agreement (EEA) with the Central American Bank for Economic Integration concentration figures will be 43% (would be 35% without this PBL).

With regards to Risk Adjusted Capital (RAC), the RAC including GOGY PBL would go from the current 29.3% to 29.0% as of Q1, 2025. The projected RAC at the end of 2025 (that is, including the 2025 project pipeline) will be at 28.5%. After EEA implementation (slated for June 2025), the projected 2025 year-end RAC would decrease from 35.0% to 34.8%, if including this GOGY PBL.

The loan portfolio diversification strategy will be paramount in the pipeline of projects for CDB in the next years and strategic plan.

The proposal is supported.

**GENDER MARKER SUMMARY**

<b>Gender Marker*</b>	<b>Analysis</b>	<b>Design</b>	<b>Implementation</b>	<b>Monitoring and Evaluation</b>	<b>Score</b>	<b>Score Code</b>
	1.0	0.0	1.0	0.5	2.5	MM <sup>1</sup>

<sup>1</sup> Marginally Mainstreamed (MM), the PBL has limited potential to contribute to gender equality.

## 1. COUNTRY CONTEXT

### THE PROPOSAL

1.01 Guyana is a resource-rich, ecologically significant country with approximately 85.0% of its territory covered by tropical forests that serve as critical global carbon sinks. Despite its continental location, Guyana is designated by the United Nations (UN) as a Small Island Developing State, reflecting its common structural vulnerabilities—such as limited economic diversification, a small population and economic base, and heightened exposure to natural hazards, climate change risks, and other external shocks. While the country's emergence as a petroleum exporter has significantly altered its economic trajectory, its core development challenges persist. In response, GOGY has adopted the Low Carbon Development Strategy (LCDS) 2030 as the overarching policy framework to promote climate-resilient, inclusive growth.

1.02 Through the LCDS 2030, GOGY has demonstrated ownership and political commitment to enhancing environmental sustainability and climate resilience. The pace of economic growth and physical development, driven largely by the offshore oil and gas sector, has accelerated rapidly in recent years, placing increasing demands on Guyana's development planning framework and the implementation of its Public Sector Investment Programme. These pressures highlight the urgency of strengthening public sector institutions, particularly agencies responsible for environmental regulation, biodiversity monitoring, and climate action. Even with the country's significant allocations from own resources, further development financing needs remain elevated as Guyana's 67.2% progress made on achieving the Sustainable Development Goals (SDGs) lags the average of 70.2% in Latin America and the Caribbean<sup>3</sup>.

1.03 GOGY has requested financing support for the implementation of its LCDS 2030 (Policy Letter at [Appendix 1](#)) through a two-part programmatic Environmental Sector PBL aimed at enhancing biodiversity governance, improving climate and water resources management resilience, advancing environmental sustainability, and institutional readiness for managing natural resources more effectively. The first PBL of \$125 mn aims to support GOGY in implementing critical environmental and climate-related policy reforms aimed at enhancing biodiversity governance, water management, support for building climate resilience at the national and community levels, and institutional readiness for sustainable and inclusive development. The operation will contribute to strengthening the enabling framework for climate-resilient development by promoting effective inter-agency coordination, enhancing transparency in the management of climate-related revenues, and expanding targeted support to vulnerable and forest-dependent communities, particularly Amerindian (Indigenous) peoples. Reform measures will focus on three core areas: biodiversity conservation, climate action, and water resource management.

### ENVIRONMENTAL AND CLIMATE CONTEXT

1.04 Guyana is located within the ecologically rich Guiana Shield<sup>4</sup> and endowed with vast natural resources. The country's resource base includes significant bauxite and gold reserves, fertile agricultural lands, extensive river networks, dense tropical forests, and its most recent discovery of petroleum resources. Guyana's tropical forests are not only critical to biodiversity conservation but also store over 19.5 billion (bn) tonnes of carbon dioxide<sup>5</sup>. Guyana is positioned as an important contributor to global

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<sup>3</sup> Guyana, Second Voluntary National Review of the 2030 Agenda and the SDGs, UN Economic and Social Council (2023), [Voluntary National Review 2023](#).

<sup>4</sup> The Guiana Shield is a geological formation that hosts one of the world's most pristine rainforests, encompassing Guyana, Suriname, French Guiana, and parts of Venezuela, Brazil and Colombia.

<sup>5</sup> GOGY (2022). [lcds.gov.gy/wp-content/uploads/2022/08/Guyanas-Low-Carbon-Development-Strategy-2030.pdf](#).

climate mitigation efforts and has maintained a low deforestation rate of 0.05%<sup>6</sup> annually between 2002 to 2022<sup>7</sup>, and has also expanded forest carbon monitoring.

1.05 Recognising the strategic importance of its natural resources to long-term sustainable development, GOGY launched its LCDS in 2009. The LCDS was updated in 2021 and was formally endorsed by Parliament in 2022 as LCDS 2030. Guyana's LCDS 2030 provides the overarching framework for national environmental and climate change policy. The LCDS builds on Guyana's Reducing Emissions from Deforestation and Forest Degradation (REDD+) and forest monitoring programme, and sets four inter-linked objectives for the country:

- (a) Value Ecosystem Services.
- (b) Invest in Clean Energy and Stimulate Low Carbon Growth.
- (c) Protect Against Climate Change and Biodiversity Loss.
- (d) Align with Global Climate and Biodiversity Goals.

LCDS 2030 is fully aligned with Guyana's commitments under the Paris Agreement, the Convention on Biological Diversity (CBD), and the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora.

#### **Biodiversity Resources and Management**

1.06 Guyana's biodiversity is exceptionally rich spanning diverse ecosystems: rainforests (36.0%); montane forest (35.0%); swamp and marsh (15.0%); dry evergreen (7.0%); seasonal forest (6.0%); and mangrove forest (1.0%). These habitats support over 8,000 plant species (50.0% of these are endemic)<sup>8</sup> and about 1,800 known vertebrate species (for example: birds, mammals, reptiles)<sup>9</sup>. Guyana also hosts productive marine and coastal ecosystems, including mudflats and shell beaches. These ecosystems provide habitat for endangered sea turtles, native and migratory birds and large marine mammalian species such as manatees, dolphins, and whales<sup>10</sup>. In addition, mangroves, which cover 33,360 hectares (ha) of Guyana's coastline, play a pivotal role in addressing coastal vulnerabilities as they are natural buffers dissipating wave energy and stabilising shorelines.

1.07 Biodiversity conservation is guided by strong frameworks – the 1996 Environmental Protection Act empowers the Environmental Protection Agency (EPA) to oversee natural resources, while later laws mandate agencies like the EPA, the Guyana Forestry Commission (GFC), the Protected Areas Commission (PAC), and Guyana Wildlife Conservation and Management Commission (GWCMC) to manage wildlife and habitats. Wildlife conservation is overseen by the GWCMC which is responsible for the protection, conservation, management and sustainable use of internal and external trade of Guyana's wildlife.

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<sup>6</sup> Forest Products Development and Marketing Council of Guyana Inc. (2023). Sustainable Forest Management – Forest Products Development and Marketing Council.

<sup>7</sup> Guyana Deforestation Rates and Statistics | GFW.

<sup>8</sup> CBD (2025). Guyana – Main Details.

<sup>9</sup> Norway's International Climate and Forest Initiative (2025). Guyana – Norway's International Climate and Forest Initiative.

<sup>10</sup> Guyana Marine Conservation Society (2022). Strategic Plan 2022-2027.

1.08 Guyana also manages its biodiversity through a national protected area system that is the responsibility of PAC and spans roughly 8.5%<sup>11</sup> of Guyana's landmass encompassing nine sites. Two protected areas in Guyana, Kaieteur National Park and Iwokrama Forest, were designated before the 2011 Protected Areas Act. Since then, Guyana has designated several protected areas including Shell Beach, Kanuku Mountains, Kanashen Amerindian Protected Area as the first indigenous-owned protected area, and urban parks – Botanical Gardens, Zoological Park, National Park, and Joe Vieira Park.<sup>12</sup> Five-year management plans developed through extensive workshops and consultations with community groups, government entities, and private individuals are available for these protected areas. The Amerindian Act (2006) enables the creation of community-owned conservation areas based on Village Sustainability Plans (VSPs). To date 252 VSPs have been prepared and are under implementation.

### **Extractive Resources and Management**

1.09 Guyana's recent mineral and petroleum boom has transformed its economy but also increased the need for environmental governance. Extractive activities are governed by a wide range of agencies including the Ministry of Natural Resources (MNR), the Department of Environment and Climate Change (DECC) in the Office of the President (OP), and the EPA. The EPA regulates all development projects with environmental impacts and requires environmental impact assessments and/or environmental authorisations for mining, drilling, infrastructure, and other projects. There is also institutional collaboration between the EPA and other regulatory bodies such as the GEC, and the Guyana Geology and Mines Commission (GGMC) which administers mining licences under the 1989 Mining Act. Guyana's Petroleum Activities Act (2023) governs oil and gas operations and has some reference to preventing damage to the environment and regulation of flaring.

### **Climate Impacts and Action**

1.10 Guyana is highly vulnerable to climate change impacts. According to the Third National Communication (2024) that Guyana submitted to the United Nations Framework Convention on Climate Change (UNFCCC), the ongoing and projected changes in climate are already inflicting a series of extreme acute impacts for Guyana including extreme heat, fires, drought, heavy rainfall, strong winds, fluvial flooding, coastal flooding, water pollution, and pests and diseases, all of which will increase in frequency, intensity, and extent in the future<sup>13</sup>. The Third National Communication outlines climate change scenarios under representative concentration pathways (RCPs) 2.6, 4.5, and 8.5, projecting temperature, precipitation, and sea level rise (SLR) trends. These have been crosschecked with other (more recent) projections that utilise data from the Coupled Model Intercomparison Project, Phase 6<sup>14</sup>. Collectively, this analysis points to the fact that Guyana will have to grapple with the following key climate change challenges:

- (a) Mean and maximum temperatures will continue increasing, leading to more frequent heat waves, particularly affecting the Central and Southern regions of the country. Mean temperature is anticipated to increase, depending on the Shared Socioeconomic Pathways (SSPs), by between 1°C to 5°C with anticipated temperature increases higher in some inland areas<sup>12</sup>.

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<sup>11</sup> Protected Areas Trust Guyana (2025). Protected Areas | Protected Areas Trust (Guyana).

<sup>12</sup> PAC (2025). About Us – Protected Areas Commission.

<sup>13</sup> GOGY, (2024). Third National Communication to UNFCCC. GOGY, Georgetown, Guyana.

<sup>14</sup> Sourced from the World Bank (WB) Climate Change Knowledge Portal:  
<https://climateknowledgeportal.worldbank.org/country/guyana/climate-data-projections>.

- (b) Average annual precipitation is expected to gradually decline, with particularly pronounced reductions expected between December and May. This downward trend is expected to intensify in the latter half of the Century, even under the more 'optimistic' scenarios (that is, SSP 2-4.5 and SSP 3-7.0). These impacts are expected to be particularly acute in the Central and Southern regions of the country, further increasing drought risk.
- (c) The intensity of precipitation events is projected to further increase, as reflected in the average largest one-day precipitation and average largest five-day cumulative precipitation. Increases in extreme precipitation events will further exacerbate the risks of causing severe flooding throughout the country, and particularly in Central and Coastal Guyana.
- (d) Sea levels could rise an additional 0.5-1 metres (relative to current levels) by the end of the Century, even under more 'optimistic' scenarios such as SSP 2-4.5 and SSP 3-7.0. While this projected SLR will result in many challenges for Guyana on its own, it will also further increase risks associated with storm surges that could cause massive coastal flooding and saltwater intrusion in Guyana's coastal aquifer system, which is the country's primary potable water source.

1.11 Coastal agriculture in Guyana is entirely exposed to the risks of flooding and erosion caused by SLR, while two-thirds of coastal urban areas (66.4%) also face similar threats<sup>15</sup>. Notably, 90.0% of Guyana's population live on a narrow coastal plain which is 10.0% of its land area<sup>16</sup>, making coastal flooding due to SLR a critical natural hazard. Potential gross domestic product (GDP) losses that could arise from these climate risks exceed 46.0%<sup>18</sup>. Climate resilience is a national priority under the LCDS 2030, and GOGY has a Coastal Adaptation and Resilience Project with WB to rehabilitate critical flooding defence infrastructure. Given the nature of the climate change challenges that Guyana is confronting, its climate change adaptation and mitigation efforts are closely intertwined with its efforts to conserve and enhance biodiversity and ecosystem health, as well as strengthen water resources management. Indeed, healthier and more robust coastal and inland ecosystems will not only be more resilient to the above-described changes in key climatic variables but will also enhance the resilience of nearby communities and infrastructure as temperatures rise, precipitation becomes less abundant but more intense, and sea levels continue to rise.

1.12 GOGY has made significant strides in climate action through transparent reporting, innovative carbon market participation, and a robust renewable energy (RE) transition. Guyana was the first developing country to submit its Biennial Transparency Report (BTR) to UNFCCC<sup>17</sup>. The BTR details the nation's progress in implementing its Nationally Determined Contributions, including mitigation actions and adaptation measures. Guyana has also pioneered in the carbon credit market since 2009 with the Guyana-Norway Agreement that led to results-based payments of \$224 mn for the period 2009 to 2015 under the Guyana REDD+ Investment Fund (GRIF) arrangement<sup>18</sup>. In December 2022, Guyana became the first country to be issued verified carbon credits under the REDD+ Environmental Excellence Standard by the Architecture for REDD+ Transactions (ART)<sup>19</sup> which were purchased by Hess Corporation for a minimum of \$750 mn between 2022 and 2032. In 2024, Guyana also continued its carbon credit leadership by being the first country to issue carbon credits that are eligible for use by airlines as part of the UN's

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<sup>15</sup> WB (2024). [Guyana to Strengthen Coastal Resilience and Adaptation](#).

<sup>16</sup> WB (2025). [Guyana Overview: Development news, research, data | WB](#).

<sup>17</sup> COP29 | [Guyana becomes first developing nation to submit climate transparency report – Climate Tracker](#).

<sup>18</sup> Out of total results-based payments of \$224 mn, Guyana received financing of \$212.6 mn under GRIF from the Kingdom of Norway, [LCDS Timeline – LCDS](#).

<sup>19</sup> [ART Guyana Case study.pdf](#).

International Civil Aviation Organisation global emissions reduction programme<sup>20</sup>. The revenues of these carbon credits sales correspond to, *inter alia*:

- (a) Nationally administered programmes covering RE, land titling for Amerindian communities, and climate-resilient infrastructure such as repairing or constructing high-volume canals for flood protection.
- (b) Community/village-led programmes, as detailed in the VSPs, which guarantee expenditure equivalent to a minimum of 15% of total carbon credit revenues.

1.13 GOGY through the Guyana Power and Light Inc. is implementing a \$83 mn IDB-funded utility scale solar photovoltaic (PV) programme (GUYSOL). GUYSOL is installing 33 megawatts (MW) of solar PV farms and battery storage to be completed in 2026<sup>21</sup>. In 2023, solar capacity was at 14.62 MW<sup>22</sup>. This programme will reduce Guyana's reliance on fossil fuels, enhance energy security, and develop local capacity for solar energy installation and maintenance.

1.14 In alignment with the objectives of the LCDS 2030 and the Draft Climate Resilience Strategy and Action Plan<sup>23</sup>, GOGY continues advance efforts to:

- (a) Enhance sea and river defence infrastructure to protect vulnerable coastal and riverine communities.
- (b) Upgrade flood control and water management systems, including the modernisation of drainage networks and kokers.
- (c) Strengthen drought resilience, particularly in hinterland regions, through proactive water conservation and management strategies.
- (d) Implement climate-smart initiatives that promote sustainable development and reduce climate vulnerability.
- (e) Build institutional capacity within key agencies such as the National Drainage and Irrigation Authority, Sea Defence Unit, and the Hydrometeorological Department.
- (f) Improve national preparedness and response mechanisms for climate-related events, ensuring timely and effective action.

### **Water Resources Management**

1.15 Guyana has high volumes of freshwater resources with only 3.0%<sup>24</sup> of it withdrawn from the ecosystems for municipal, industrial, or agricultural use. The country's extensive system of rivers and creeks provide most of Guyana's inland freshwater resources and serve as a comprehensive riverine transport network to reach hinterland (remote) communities and to sustain exports of agricultural and

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<sup>20</sup> [Guyana Announces World's First Carbon Credits for Use in UN Airline Compliance Programme, CORSIA – LCDS.](#)

<sup>21</sup> [IDB | GUYSOL.](#)

<sup>22</sup> GOGY (2024). LCDS 2030, October 2024, Update.

<sup>23</sup> United Nations Office for Disaster Risk Reduction (2021). Guyana: Climate resilience strategy and action plan. Retrieved from [Guyana: Climate resilience strategy and action plan | PreventionWeb and LCDS-July-2022-Chapter-5-compressed.pdf.](#)

<sup>24</sup> UN Water (2021). SDG Indicator 6.4.2 [Country \(or area\) | SDG 6 Data.](#)

mining products. The Essequibo, Berbice, and Demerara rivers are the country's three primary waterways, supplying 40.4%, 10.4% and 5.0%, respectively, of Guyana's freshwater resources, with total annual flows of 1,247 cubic kilometres per year (km<sup>3</sup>/yr), 322 km<sup>3</sup>/yr, and 153 km<sup>3</sup>/yr, respectively<sup>25</sup>. Though the country has abundant freshwater availability, the water sector is impacted by climate-induced rainfall decline, frequent and extreme heavy rainfall events, and saltwater intrusion in groundwater systems.

1.16 Despite this freshwater abundance, water governance and infrastructure face significant challenges. Urban and coastal populations rely heavily on surface and groundwater sources managed by Guyana Water Incorporated (GWI), which has expanded access to treated water but continues to grapple with aging infrastructure, high levels of non-revenue water, and limited wastewater treatment capacity. In rural and hinterland areas, especially Indigenous villages, water systems are often informal, unreliable, and poorly monitored. Climate change and variability has led to seasonal flooding and droughts that strain existing supply and sanitation infrastructure.

1.17 To address the climate challenges associated with drought and flooding, GOGY as part of the LCDS has identified several strategies for sustainable water resource management using a combination of structural and non-structural measures. These include assessing water use and climate change impacts, implementing early warning systems for floods and droughts, promoting multipurpose use of water resources, de-silting of watercourses, identifying water-stressed areas, designating flood-risk zones, enforcing land-use regulations, constructing water conservation structures, and incorporating rainwater harvesting into building codes.

## **SOCIAL, POVERTY AND GENDER CONTEXT**

1.18 The population of Guyana continues to increase, linked mainly to the oil boom and related economic opportunities. It reached an estimated 780,900 in 2024 up from 778,400 in the previous year – the 2024 figure represented an increase of over 9,000 over the estimated 770,000 residents recorded in 2020. The Guyanese society is ethnically diverse, comprising Indo-Guyanese, Afro-Guyanese, Mixed-Guyanese, Indigenous Peoples (Amerindians), and others including those of Chinese and Portuguese descent. Guyana has a low population density, with 90.0% of its inhabitants living on the narrow coastal plain which accounts for only 10.0% of the country's area.

1.19 Guyana has made notable human development progress. The country's Human Development Index (HDI) value for 2023 is 0.776<sup>26</sup> – again placing it in the high human development category according to the Index. This reflects an improvement over the 2022 score of 0.742. Moreover, between 1990 and 2023, the country's HDI value moved up from 0.494 to 0.776, a change of 57.1%.<sup>27</sup>

1.20 Notwithstanding these gains and economic growth, poverty and social exclusion persist. The IDB reported a decline in the poverty rate from 58.6% in 2006 to 43.4% in 2017<sup>28</sup>. The report also showed the dichotomy between development advances in the urban and rural areas: coastal areas had poverty rates of 37.0% for the same period; while the interior (where the majority (80.0%) of Indigenous people live) had rates of 55.0%. The WB later reported a poverty rate of 48.4% in 2019<sup>29</sup>, using a poverty line of \$5.50 per day in 2011 purchasing power parity, just on the eve of the COVID-19 pandemic. Along with Indigenous

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<sup>25</sup> GOGY (2024). Third National Communication to UNFCCC. GOGY, Georgetown, Guyana.

<sup>26</sup> Human Development Reports: Guyana. HDI: Trends in Guyana's HDI 1990-2023. [hdr.undp.org/data-center/specific-country-data/#/countries/GUY](https://hdr.undp.org/data-center/specific-country-data/#/countries/GUY).

<sup>27</sup> *ibid.*

<sup>28</sup> IDB. Independent Country Programme Review Guyana, 2017-2021. [publications.iadb.org/en/independent-country-program-review-guyana-2017-2021](https://publications.iadb.org/en/independent-country-program-review-guyana-2017-2021).

<sup>29</sup> World Bank Group. WB in Guyana: Overview. [www.worldbank.org/en/country/guyana/overview](https://www.worldbank.org/en/country/guyana/overview).

peoples, children, youth, the elderly and persons with disabilities are disproportionately represented among those living in poverty.

1.21 To advance social development, GOGY continues to finance improvements in areas such as strengthening of social protection schemes including increases in old-age pension, public assistance, the public sector minimum wage, and the non-taxable income. Yet much more is needed to achieve GOGY's medium-term development goals as per the LCDS and SDGs. These goals include ending poverty, promoting human development, enhancing prosperity, and improving citizens' quality of life.

1.22 Data on gender equality in Guyana remain limited; however, existing evidence indicates that gender inequality persists as a significant concern. According to WB's Gender Scorecard for Guyana, young women are 15 percentage points more likely than young men to be out of employment, education, or training, and 3 percentage points more likely to hold vulnerable jobs.<sup>30</sup> This gap persists despite girls and women outperforming boys and men in education enrolment and completion, suggesting that Guyanese women continue to face barriers to employment. The Guyana Women's Health and Life Experiences Survey revealed that 55.0% of respondents who had ever had a male partner experienced some form of intimate partner violence during their lifetime, while 20.0% of women reported experiencing non-partner sexual abuse.<sup>31</sup> Additionally, 32.3% of women aged 20-24 were married or in a union before age 18, and 6.3% before age 15.<sup>32</sup> Progress has been made in the political and judicial arena. As of February 2024, women held 39.4% of parliamentary seats.<sup>33</sup> It was also reported that, in 2024, women comprised 50.0% of judicial officers.<sup>34</sup>

1.23 Women in general are more likely to be affected by natural hazards and climate change through increased reproductive responsibilities during and after disasters, higher likelihood to drop out from school, and less ability to obtain work outside the home.<sup>35</sup> Indigenous women are even more impacted, in particular, by reduced agricultural productivity, food insecurity, economic instability, social displacement, and disrupted social structures and support networks. Land degradation and deforestation further impact their ability to gather food, medicinal plants, and other essential resources.<sup>36</sup>

1.24 The country's social fabric is deeply interwoven with its ecosystems and reliance on natural resources for economic growth and livelihoods, highlighting the interconnectedness between social wellbeing and environmental sustainability. LCDS 2030, which lays out the approach and intent for sustainable development in Guyana, was developed collaboratively with key stakeholders and rightsholders including women, youth, and Indigenous Peoples. Critically, it places emphasis on the most vulnerable groups via commitments to gender equality, support to Indigenous Peoples and local communities, and youth empowerment. A gender and inclusion lens remains crucial during implementation to ensure

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<sup>30</sup> WB (2023): Guyana Gender Scorecard.

<https://documents1.worldbank.org/curated/en/099620103062331466/pdf/IDU0c98fb8010500b04bc20b26c05b4ecad4b63a.pdf>.

<sup>31</sup> Contreras-Urbina, M., Bourassa, A., Myers, R., Ovince, J., Rodney, R. and Bobbili, S. (2018): Guyana Women's Health and Life Experiences. <https://statisticsguyana.gov.gy/wp-content/uploads/2020/01/20191117-Guyana-Womens-Health-Report-11-for-digital-single-pages.pdf>.

<sup>32</sup> [Country Fact Sheet | UN Women Data Hub](#).

<sup>33</sup> [Country Fact Sheet | UN Women Data Hub](#).

<sup>34</sup> [Large increase in women in Guyana's Parliament, judicial posts highlighted at UN forum - Guyana Chronicle](#).

<sup>35</sup> EnGenDER (2021): Policy Brief. Gender Inequality of Climate Change and Disaster Risk in Guyana. [https://wrd.unwomen.org/sites/default/files/2022-02/EnGenDER\\_Gender%20Inequality%20CC%20DRR%20Brief\\_Guyana\\_20220204.pdf](https://wrd.unwomen.org/sites/default/files/2022-02/EnGenDER_Gender%20Inequality%20CC%20DRR%20Brief_Guyana_20220204.pdf).

<sup>36</sup> United Nations Agency for Children (2017): Study on Indigenous Women and Children in Guyana. [https://statisticsguyana.gov.gy/wp-content/uploads/2019/10/SitAn\\_on\\_Ameridian\\_Woman\\_and\\_Children\\_-\\_Final\\_web.pdf](https://statisticsguyana.gov.gy/wp-content/uploads/2019/10/SitAn_on_Ameridian_Woman_and_Children_-_Final_web.pdf).

equitable benefits for all members of society. This is particularly important for marginalised groups and underserved communities that typically benefit least from economic growth but bear the brunt of environmental and climate shocks.

## MACROECONOMIC OVERVIEW AND OUTLOOK

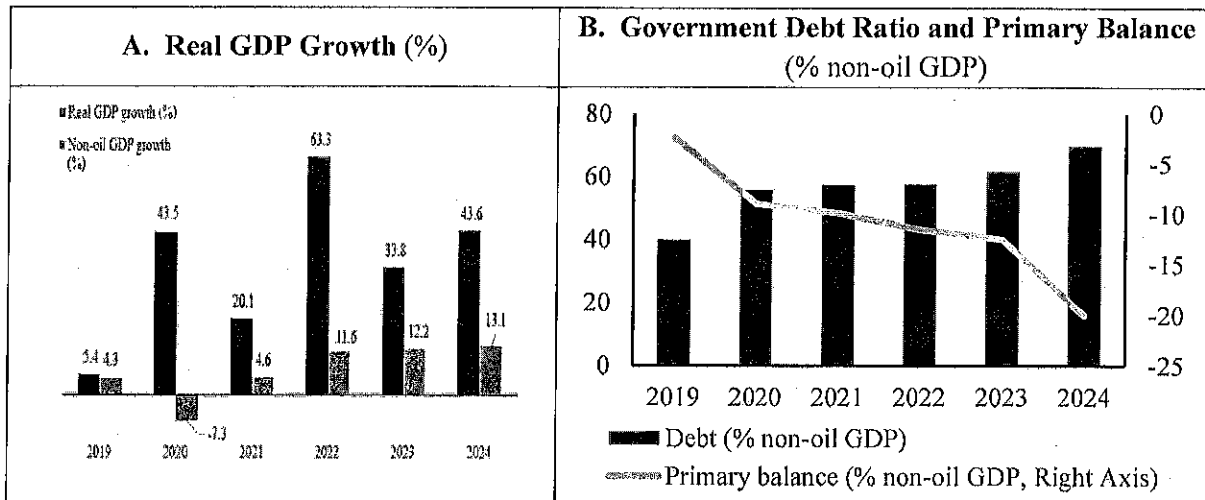
### Recent Economic Performance

1.25 Domestic economic conditions have been favourable for the socio-economic development of Guyana since the start of oil production in 2019, although Guyana continues to be affected by overlapping global geopolitical crises including disruptions to global trade, Venezuela’s territorial claims on the Essequibo region, and the vagaries of volatile prices for its main export commodities. This backdrop has helped to frame budgetary policies aimed at easing cost-of-living dynamics, improving the business environment, creating jobs, strengthening economic and social infrastructure, and raising national productivity to further Guyana’s social and economic development.

1.26 Total real GDP growth has accelerated to historical highs in recent years and in 2024 GDP expanded by 43.6% (see Chart 1.1) and non-oil GDP by 13.1%<sup>37</sup>. Notwithstanding the economic boom, inflation levels were subdued, helped by budgetary measures, but food price inflation was reported at 5.7% in 2024<sup>38</sup>.

1.27 With the Statistics Bureau concentrating its resources on the publication of the 2022 Census, no unemployment rate statistics have been published since 2021. The International Labour Organisation estimates that the unemployment rate decreased to 10.2% in 2024, from 13.2% in 2019.

**CHART 1.1: SELECTED ECONOMIC INDICATORS**



Sources: CDB, MOF and Statistics Bureau.

<sup>37</sup> Real GDP growth averaged 40.1% between the start of 2020 and 2024, with non-oil GDP displaying 6.5% of annual growth. Petroleum production grew 191.0% annually, and gold and bauxite production recorded annual contractions of 7.3% and 3.8%, respectively. Agricultural activities expanded by 4.6% annually, manufacturing by 7.5%, and services by 5.5%, led by professional, scientific and technical services (16.8%), and administrative and support services (9.1%).

<sup>38</sup> Average urban consumer price inflation was 2.9% in 2024 and averaged 3.3% over the 2019-2024 period. Food price inflation averaged 7.5% over the same period.

1.28 Guyana's medium-term fiscal strategy is premised on increasing capital investment mainly for transformational projects aligned to LCDS goals expected to facilitate socio-economic development and resilience building. Key national projects financed by own resources, including tax revenue, oil revenue, and other non-tax resources, complemented by financing from bilateral and multilateral partners, are expected to enhance resilience by contributing to economic diversification, higher employment, and social development. In 2019, GOGY enacted legislation for the Natural Resource Fund (NRF) which was operationalised during the same year and captures royalties from oil production and GOGY's share in oil profits. Guyana's expansionary fiscal stance is reflected by an increase in its capital expenditure from an annual average of \$300 mn (5.6% of GDP) between 2015 and 2021, to an annual average of \$2,120 mn (11.0% of GDP) between 2022 – the year of the first allocation from NRF to the annual budget – and 2024. During the 2019-2024 period, Guyana's debt-to-GDP ratio declined from 39.2% in 2019 to 24.3% in 2024, although the debt ratio when compared with the size of the non-oil economy increased from 39.9% to 69.7%.

### **Outlook and Debt Sustainability**

1.29 Budget 2025 was designed and adopted against the backdrop of economic growth that is expected to decelerate to 11.9% in 2025 – premised on a more modest increase in oil production when compared with last year – and a slight acceleration of non-oil GDP growth to 13.8%. The Appropriations Bill 2025 positions GOGY to continue its strategy of allocating most of its fast-growing oil and part of its tax revenue towards significantly expanding economic and social infrastructure with a focus on potentially transformational projects. At the same time, to strike a balance with immediate and pressing social sector development needs, authorities' policies are also geared at ensuring a significant strengthening of purchasing power by the means of an 8.0% increase to public sector salaries, a more favourable income tax regime including both higher tax-free thresholds and lower marginal income tax rates, and the expansion of targeted social assistance programmes. Budgeted initiatives to improve the health care and education sectors, and a renewed focus on enhancing citizen security are expected to complement social sector strengthening.

1.30 A key goal of GOGY is reaching one of the highest standards of living in the Western hemisphere, banishing poverty and reducing inequality by the end of the decade.<sup>39</sup> To that end, GOGY has committed an extra fiscal effort of 2.5% of GDP with respect to Budget 2025 reflecting its elevated financing needs to advance the objectives under the LCDS and the SDGs. Additional investment needs which require immediate attention arise regarding the country's economic and social infrastructure including roads, bridges, sea and river defense, the energy and water sectors, and the social sector including health and citizen security. The extra spending is projected to lead to a rise in the Government's overall fiscal deficit to 7.9% of GDP in 2025 (see Chart 1.2).

1.31 The estimated gross financing need (GFN) for 2025 stands at \$2,396.1 mn (8.4% of GDP (see Table 1.1) and is mainly determined by the overall fiscal deficit of \$2,240.0 mn (7.9% of GDP), as amortisations amount to \$156.1 mn. Identified financing sources stand at \$2,396.1 mn, as the CDB PBL of \$125 mn, expected IDB PBLs amounting to \$350 mn, and an allocation from domestic financing sources – mainly treasury bills, are estimated to close the financing gap.

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<sup>39</sup> President Irfaan Ali's New Year Address 2025: Speeches – OP.

**TABLE 1.1: GROSS FINANCING NEED FOR 2025**  
(**\$ mn**)

<b>GFN</b>	<b>2,396.1</b>
Overall Balance	(2,240.0)
Amortisation	156.1
<b>Financing Sources</b>	<b>2,396.1</b>
External Loans	2,021.3
Of which (o/w):	
CDB	175.3
o/w: PBL	125.0
IDB	701.4
Islamic Development Bank	43.9
Bilateral	922.4
Domestic Loans and Securities	374.8
<b>Financing Gap</b>	<b>0.0</b>

*Sources: CDB and MOF.*

1.32 Overall, 2025 financing needs are expected to be met mainly through own resources (67.4% of total outlay) including tax revenue, and non-tax revenue (NRF budgetary allocations, carbon credit inflows, GRIF inflows and grants), with 26.2% coming from official creditors and the remainder mainly from the domestic market via the issuance of treasury bills.

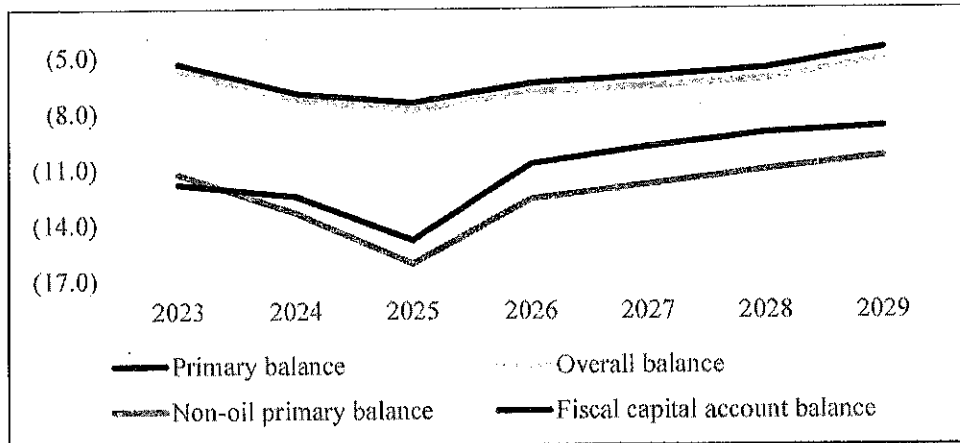
1.33 While Guyana is well-positioned to meet its immediate financing needs, total development financing needs to achieve all objectives laid out under the LCDS 2030, and the SDGs are expected to outstrip available financing by far. Indicatively, under a moderate RCP 4.5 climate change scenario Guyana would need to invest between \$5,095 mn and \$10,869 mn exclusively for coastal protection between 2020 and 2050, with an additional \$2,321 mn to \$5,178 mn required for maintenance of coastal protection infrastructure<sup>40</sup>.

1.34 Over the medium term, GOGY has committed to working towards its longer-term vision of building a transformed and prosperous Guyana, and budgetary policies are expected to remain focused on public investments aimed at developing economic infrastructure and raising social sector resilience. By 2029, four new oil fields are expected to have come onstream in the Stabroek Block in addition to the existing four. This is expected to lift annual crude oil production to more than 570 mn barrels in 2029 (see Chart 1.3) – corresponding to more than 1.5 mn barrels per day – up from 228 mn barrels in 2024 (625,000 barrels per day). Annual economic growth is projected at 19.9% on average over the 2026-29 period and non-oil growth at 9.7% annually.

1.35 On the back of rising future income streams from oil, the medium-term fiscal balances are expected to be mainly driven by the scaling up of the country’s capital investments to address its remaining development gaps (see Chart 1.2). The extra fiscal effort in 2025 is expected to result in a capital account deficit of 14.9% of GDP while the non-oil primary balance deficit, which excludes budgetary allocations from oil revenue, is projected to reach 16.1% of GDP.

<sup>40</sup> WB - 360 Resilience - A Guide to Prepare the Caribbean for a New Generation of Shocks.

**CHART 1.2: MEDIUM-TERM FISCAL BALANCES**  
**(% of GDP)**

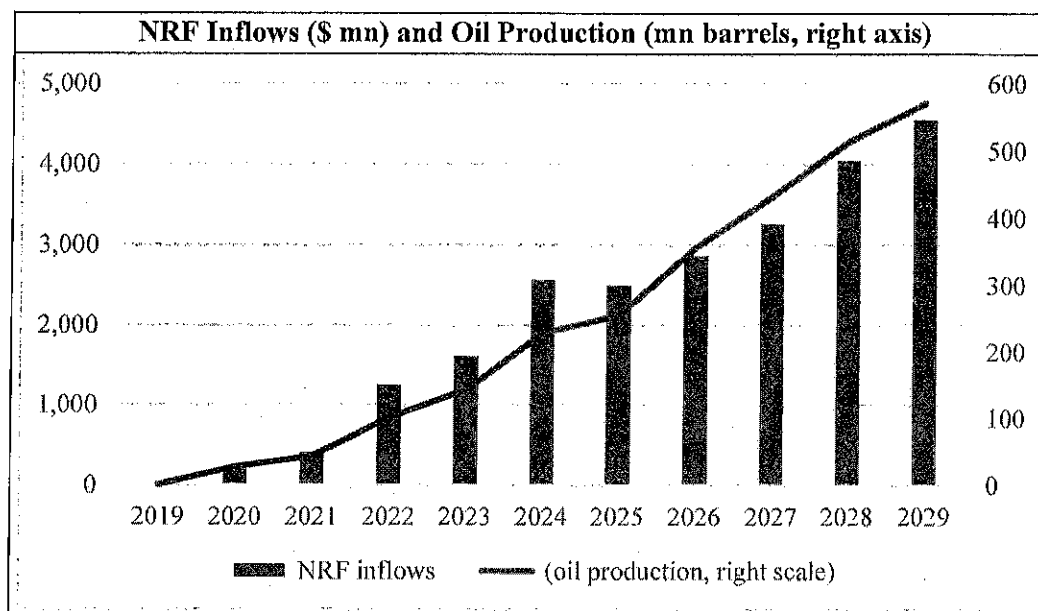


Sources: CDB and MOF.

1.36 At current oil prices<sup>41</sup> and assuming stable global oil demand, NRF inflows are expected to continue to grow with the operationalisation of the four new oil fields. NRF inflows are projected to reach almost \$4,600 mn by 2029 (see Chart 1.3) and the annual budgetary allocation from NRF is expected to reach \$3,725 mn during the same year, while the Fund's closing balance is expected to be in excess of \$6,500 mn (10.1% of GDP). The ongoing upward trajectory in the Fund's balances will allow GOGY to continue to maintain high levels of capital expenditure, address and mitigate external and internal factors affecting the cost of living, including commodity price swings and high domestic and international interest rates, while also ensuring that the country's fiscal and debt dynamics remain sustainable. Importantly, the NRF also creates a store of wealth for the benefit of future generations after the ceasing of petroleum extraction activities.

<sup>41</sup> GOGY used the assumption of a Brent Crude price of \$71.90 per barrel in Budget 2025, but the baseline scenario is characterised by an average price of \$60 between 2025-29. This is below the 2025 average price of \$65 between January and April.

**CHART 1.3: NRF INFLOWS AND OIL PRODUCTION**



Sources: CDB, MOF and Bank of Guyana.

1.37 The Debt Sustainability Analysis (DSA) projects moderate risk of debt distress for Guyana during the forecast period up to the year 2029. In the baseline scenario, the debt-to-GDP ratio is expected to be capped below 33.0% by the end of the period (see Table 1.2) due to a combination of strong economic growth and low interest rates which are expected to counterbalance the effects of GOGY's expansive fiscal stance on the debt trajectory.

**TABLE 1.2: SELECTED MACROECONOMIC INDICATORS, 2024-29**  
(% of GDP)

Fiscal Account	2024	2025 <sup>p</sup>	2026 <sup>p</sup>	2027 <sup>p</sup>	2028 <sup>p</sup>	2029 <sup>p</sup>
Revenue	15.3	17.3	12.3	10.9	9.9	10.2
Expenditure	22.6	25.3	19.2	17.5	16.1	15.5
Overall Balance	(7.3)	(7.9)	(6.9)	(6.6)	(6.2)	(5.2)
Primary Balance	(7.0)	(7.5)	(6.4)	(6.1)	(5.7)	(4.6)
Government Debt	24.3	29.0	28.3	29.8	31.1	32.6
<i>Memo Items:</i>						
Average Inflation (%)	2.9	3.0	3.3	3.5	3.5	3.5
Nominal GDP (\$ bn)	24.7	28.4	38.6	47.2	56.6	64.2
Real GDP Growth (%)	43.6	11.9	32.7	18.9	16.9	10.4

*p*=projected.

Sources: CDB, MOF and Statistics Bureau.

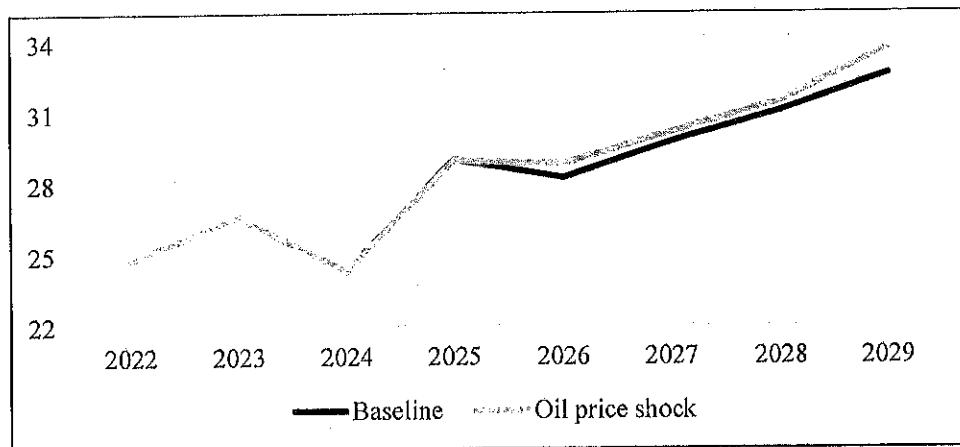
1.38 The average effective interest rate on public debt is expected to reach 2.0% between 2025 and 2029 (slightly higher than its 1.5% average between 2021 and 2024), as domestic interest rates which are dominated by treasury bills are projected at 0.9%, while average effective external interest rates – mainly related to official creditors – are projected at 3.0% (up from 2.1%). Nominal GDP growth is projected to

average 21.3%, by far exceeding interest rates and supporting debt sustainability. Debt sustainability indicators, including the interest-to-revenue ratio, can be expected to remain at moderate levels as interest payments as a share of revenue are projected to increase from a very modest 2.2% in 2024 to 5.7% by 2029. Interest expenditure as a percentage of GDP is forecast to increase from 0.3% to a still very modest 0.6%, total debt service to GDP from 0.8% to 0.9%, and the GFN is expected to decline from 7.8% of GDP to a moderate 5.5%<sup>42</sup>.

1.39 While Guyana’s risk of debt distress is projected to remain moderate over the medium term, GOGY’s revenue is highly dependent on income streams from major global oil companies’ petroleum production in Guyana and is also highly sensitive to the price of oil on global markets. In the baseline scenario, the NRF is expected to earn \$17,254 mn in royalties and profit oil from the petroleum sector during the 2025-29 period. The current NRF withdrawal rule would facilitate accumulated budgetary allocations of up to \$14,408 mn over the period, equivalent to 53.4% of Guyana’s total forecasted fiscal revenue for the period.

1.40 In an adverse scenario in which the oil price would decline to \$50 per barrel during the 2025-29 forecast period, GOGY would experience a decline in revenue when compared with the baseline scenario, but the revenue decline would have a stronger impact on the share of oil revenue saved in NRF than on the size of the annual budgetary allocations. This is due to the structure of the NRF withdrawal formula which allows for an allocation of 93%-95% of the oil revenue of the preceding fiscal year (FY) to the annual budget as long as annual oil revenue ranges between \$3 bn and \$4 bn.

**CHART 1.4: GOVERNMENT DEBT PATH UNDER BASELINE SCENARIO AND OIL PRICE SHOCK SCENARIO (% of GDP)**



Sources: CDB and MOF.

1.41 In the oil price shock scenario, GOGY would have slightly lower annual allocations from oil revenue leading to a small increase in the deficit of its fiscal balances. The debt-to-GDP ratio in 2029 would reach 33.7% (see Chart 1.4), only slightly higher than the 32.6% projected in the baseline scenario. Guyana could mitigate this impact by either cutting spending – which was assumed constant in the adverse scenario – or by raising other revenue. As suggested by the above, a downside oil price shock would have a stronger adverse effect on Guyana’s savings in NRF. The projected end-2029 Fund balance would decline from \$6,508 mn (10.1% of GDP) to \$5,684 mn (8.9% of GDP). The overall effect of the oil price shock on

<sup>42</sup> While debt service is projected to increase from \$201.0 mn to \$586.7 mn and the GFN from \$1,925.0 mn to \$3,546.6 mn, both increases are largely outpaced by GDP growth. Debt service and GFN would reach 3.7% and 22.3%, respectively, of non-oil GDP by 2029.

Guyana's public finances, therefore, would be 2.3% of GDP or the equivalent of \$1,517 mn from the accumulation of higher public debt and lower savings.

1.42 While a drop in global oil prices is not expected to immediately affect the levels of oil production and GDP in Guyana given the low break-even price for oil production which is estimated at \$30 per barrel, a combined shock also featuring a significant drop in global oil demand could lead to a reduction in oil production over the medium term. One channel through which Guyana could be affected by a combination of lower oil prices and lower global oil demand would be due to slower development of new oil fields in the Stabroek Block or in the other oil blocks where developments have been stalling. The combined price/production shock would have the potential to lead to much larger fiscal shocks than the one depicted above, even in the absence of potentially more disruptive geo-political risks involving border issues which could also affect oil production levels negatively.

## **2. GOVERNMENT'S ENVIRONMENTAL SECTOR REFORM PROGRAMME**

### **Overarching Programmatic Approach**

2.01 Guyana's abundant natural resources and remarkable economic development have set the country on a path of growth but also brings it into juxtaposition with responsibilities in the fight against climate change. It is therefore crucial to intensify efforts to safeguard the extensive biodiversity resources of the country, while also managing the oil and gas sector responsibly and ensuring sustainable growth of the domestic low-carbon economy.

2.02 GOGY has recognised that while capitalising on its natural resources to stimulate economic growth, it is imperative to adopt prudent measures that support sustainable growth and ensure that the country makes a quantum leap in its socio-economic development pathway. Balancing economic progress with environmental preservation is key to ensuring a harmonious and resilient future for Guyana<sup>43</sup>. GOGY recognises that development choices can significantly impact their natural resources, and if not properly managed can lead to detrimental impacts on the resources, affecting sustainable economic growth and development.

2.03 The Government has responded to significant changes in the climate by establishing a climate change policy and institutional framework aligned with international and regional environmental agreements. Over the past decade, Guyana has been actively engaging in a variety of initiatives, projects, and programmes to reduce vulnerability and enhance resilience against climate change, both on a nationwide scale and in particular regions of the country for each of the 10 priority adaptation sectors<sup>44</sup> of Guyana. These strategic policies, spearheaded by the LCDS 2030, serve as the backbone of the innovative financing model for low carbon and climate resilient development.

2.04 With the LCDS as its overarching policy, the Government in seeking to advance its broader development programme has been reviewing and updating various other related policies and plans in alignment with the LCDS and other international and national strategies and programmes. These include the National Biodiversity Strategy and Action Plan (NBSAP), aligned with the UN CBD, the National Action Plan to Combat Land Degradation, aligning with the United Nations Convention to Combat Desertification, Guyana's National Land Use Plan and Climate Resilience Strategy and Action Plan. These documents will replace several dated strategies and plans.

2.05 Policy responsibility for climate change programme and related reforms, including engagement with UNFCCC, rests with the OP. Within the OP, the DECC supports Guyana's transition to a low carbon state and works closely with agencies such as GFC, EPA, PAC, National Parks Commission, and GWCMC. The DECC coordinates all reporting to UNFCCC. This placement of DECC in the OP signals the level of commitment and leadership that GOGY has placed on this approach.

2.06 In addition to the development of policies and plans, the scale and ambition of the country's public investment programme necessitate targeted institutional strengthening, particularly within agencies responsible for environmental regulation, ecosystem monitoring, and climate governance. Strengthening these agencies is critical to advancing priority environmental and climate policy reforms that underpin improved biodiversity governance, effective ecosystem management, and institutional readiness for

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<sup>43</sup> GOGY, (2024). Third National Communication to UNFCCC. GOGY, Georgetown, Guyana.

<sup>44</sup> Priority adaptation sectors: Agriculture and Food Security; Water Resources Management; Coastal Zone Management; Infrastructure and Physical Development; Human Health; Biodiversity and Ecosystem Services; Forestry; Energy; Tourism; and Disaster Risk Management (DRM).

sustainable and inclusive development. Thus, recent reforms have emphasised broad-based stakeholder engagement, including both public and private sectors, as well as civil society at all levels. This inclusive approach was exemplified by the seven-month national consultation process undertaken during the revision of the LCDS in 2021. GOGY has been very responsive to the voice of the citizens.

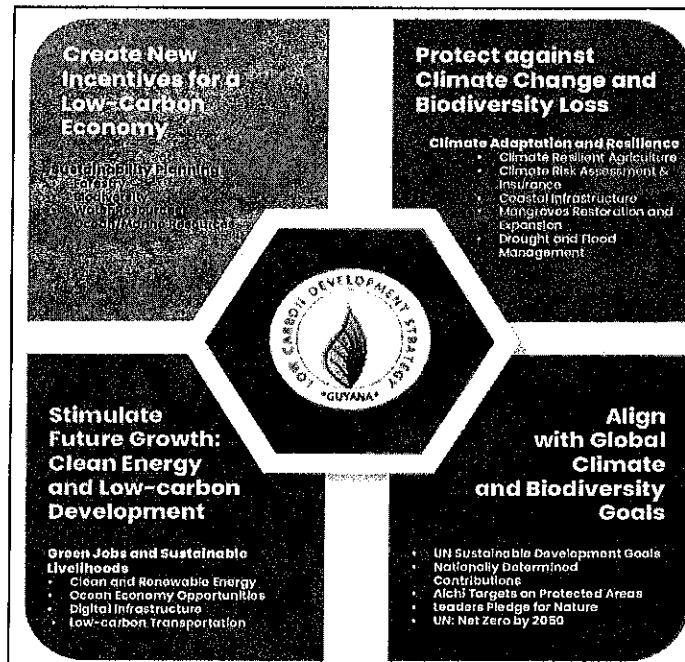
2.07 CDB through its Country Engagement Strategy (CES) 2023-25, has been actively supporting Guyana in meeting its development challenges. The CES includes investments to enhance climate-resilient infrastructure—particularly in the water sector across five regions—and to bolster social resilience through the Basic Needs Trust Fund. The CES also prioritises DRM, with a focus on improving national preparedness and response capacity. Looking ahead, the Bank remains engaged in discussions with GOGY on potential areas for expanded collaboration, including human capital development, education, environmental governance, sustainable infrastructure, and institutional capacity building.

### Changes in Policy

#### **Role of the Low Carbon Development Strategy**

2.08 The LCDS 2030 has significantly influenced reforms in biodiversity conservation, climate adaptation, and watershed management, aligning them with the broader goals of sustainable development, climate resilience, and low-emission growth (see Figure 2.1). Specifically, over the period 2009-2015, the original LCDS facilitated the Guyana-Norway Agreement earning Guyana \$224 mn for forest climate services via the GRIF vehicle<sup>45</sup>. In 2022, LCDS 2030 was relaunched, re-energising Guyana's commitment to sustainable development and setting new global standards for carbon credits. This was followed by Guyana achieving several "world-firsts" in carbon credit markets, securing significant funding for community and national priorities.

**FIGURE 2.1: GUYANA'S LOW CARBON DEVELOPMENT STRATEGY 2030**



Source: LCDS 2030.

<sup>45</sup> Guyana's LCDS 2030.

### **Biodiversity Programme Reform**

2.09 The LCDS 2030 emphasises the intrinsic and economic value of Guyana's biodiversity and ecosystems. Key reforms and initiatives include:

- (a) **Expansion of Protected Areas:** Building on the establishment of PAC, LCDS 2030 supports expanding the national protected area system beyond the current 8.4% of land area, including biodiversity hotspots.
- (b) **Biodiversity Mainstreaming:** It promotes the integration of biodiversity considerations into all sectors (for example: mining, forestry, agriculture), especially through environmental and social impact assessments and improved spatial planning.
- (c) **Community Engagement:** Indigenous and local communities are supported in managing biodiversity-rich areas, with mechanisms like the Amerindian Land Titling project and sustainable livelihood initiatives tied to conservation.

2.10 Guyana's biodiversity framework is guided by its NBSAP which outlines national priorities for the sustainable use and conservation of biodiversity in alignment with CBD. The last NBSAP for 2012-2020 is being updated to 2030, and is expected to be completed and submitted to the Cabinet and then to the CBD Secretariat by late 2025. In the interim, the CBD Secretariat has approved Guyana submitting the targets for this updated NBSAP. The key elements of the proposed new targets are:

- (a) **Species Management:** Focusing on the conservation of priority species at risk, while promoting the sustainable use of natural resources.
- (b) **Mainstreaming Biodiversity:** Incorporating biodiversity considerations across sectors—such as agriculture, fisheries, and forestry—to minimise negative impacts on ecosystems.
- (c) **Capacity Building and Awareness:** Emphasising research, education, and stakeholder engagement to ensure effective biodiversity outcomes.

2.11 A significant intervention to protect Guyana's biodiversity is the National Forest Restoration Initiative (NFRI) which is overseen by GFC with support from GGMC, the MNR, EPA and local communities, particularly Amerindian peoples. The NFRI has rehabilitated 40 acres that have been deforested as a result of gold mining and quarrying. Native tree species are used to restore ecosystem services and support alternative livelihoods for forest-dependent communities. Seedling stations or nurseries have been established under the NFRI, and local youths have been trained in seedling collection, care, and site monitoring, fostering community engagement and capacity building<sup>46</sup>.

2.12 As a means of reducing the rate of deforestation related to mining activities, GGMC is undertaking a mineral mapping project to identify economically exploitable deposits and avoid mineral extraction (deforestation activities) in areas that contain marginal deposits. Mineralised zones to be identified include gold, manganese, bauxite, and diamonds. The mapping also includes outlining a framework for equitable sharing of benefits to include community development and indigenous royalties. By reducing unnecessary deforestation and promoting efficient land use, mineral mapping supports the country's LCDS 2030. The MNR and GGMC also manage extractive activities, such as logging and mining, using Closed Areas which are designated zones where specific human activities are restricted or prohibited to protect sensitive ecosystems, conserve biodiversity, and maintain ecological balance.

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<sup>46</sup> MNR and GFC on actions supporting the LCDS 2030 | Guyana High Commission United Kingdom.

### **International Partnerships for Biodiversity**

2.13 In November 2024, Guyana launched biodiversity monitoring in seven Amerindian communities to collect data on key taxonomic groups<sup>47</sup> in partnership with Food and Agriculture Organisation of UN, the French Agricultural Research Centre for International Development, the Wildlife Conservation Society and the Centre for International Forestry Research and World Agroforestry (CIFOR-ICRAF).

2.14 In 2025, significant work has been undertaken to enable the doubling of Guyana's protected area system and the establishment of an international centre for biodiversity (CFB). The CFB is being designed to serve both as a repository of collections and as a centre for research. Its collections should include botanical specimens in a world-class herbarium and zoological specimens in a modern natural history museum, including facilities designed to house dry collections (for example: pinned insects, skins, skeletons, shells, fossils), wet collections (for example: ethanol-preserved specimens), and herbaria sheets. The major goals of the CFB in Guyana are to: preserve the animal and plant biodiversity of Guyana; train the next generation of biodiversity scientists in modern techniques; foster biodiversity research, conservation, and international collaborations; and educate the Guyanese public and visitors about the unprecedented biodiversity found in the country.

### **Institutional Collaboration for Biodiversity Monitoring and Management**

2.15 Strengthened data-sharing and inter-agency coordination is especially important given the emerging risks associated with Guyana's petroleum development and are key to balancing economic growth with the protection of Guyana's biodiversity. In support of strengthened coordination and shared data and knowledge from the community level to the various commissions and the EPA, Guyana is building an Environmental Information Monitoring and Management System (EIMMS) – an integrated platform that will network existing databases and reconcile key indicators to inform planners and decision makers. EIMMS is a web application and geospatial software that integrates and reconciles environmental data to track and monitor EPA's permits and complaints. Data-sharing mechanisms exist between EPA and MNR and its agencies; however, there is no formal agreement for sharing data and information.

2.16 Guyana has operationalised an environmental monitoring platform using real-time satellite imagery for key environmental parameters including water and air quality, forest and mangrove cover, and activities within the country's Exclusive Economic Zone<sup>48</sup> (EEZ), particularly geospatial (satellite) monitoring of offshore drilling vessels. This satellite technology also monitors deforestation and forest degradation, providing data on mining and logging in alignment with REDD+ objectives. The EPA is exploring the expansion of this platform for improved biodiversity monitoring (tracking illegal deforestation and mangrove loss), water turbidity, and mining compliance. This system is critical for advancing the LCDS 2030 by developing real-time monitoring to ensure natural resource extraction is sustainable. This platform also enables the EPA and other stakeholders to monitor and respond to oil spill incidents, including subsequent enforcement. This complements GOGY's Parliamentary approval of an Oil Pollution, Prevention, Preparedness, Response, and Responsibility Bill on May 16, 2025, which establishes a national legal framework for preventing, preparing for, responding to, enforcing accountability of, and offering redress for oil spills in Guyana. The Bill will move to Presidential assent before it is enacted.

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<sup>47</sup> [Biodiversity monitoring initiative kicks off in Guyana under the SWM Programme | CIFOR-ICRAF](#).

<sup>48</sup> "EEZ is an area of the ocean, generally extending 230 miles beyond a nation's territorial sea, within which a coastal nation has jurisdiction over both living and nonliving resources" – National Oceanic and Atmospheric Administration.

## **Climate Change Adaptation in National Development Programming**

2.17 Adaptation is a major pillar of LCDS 2030, addressing Guyana's vulnerability to climate risks, especially flooding and drought. LCDS 2030 supports the development of Guyana's National Adaptation Plan, which outlines sectoral priorities such as agriculture, water, and infrastructure. It also covers early warning and climate information systems. Investments in meteorological and hydrological monitoring systems have increased under the strategy. The Hydrometeorological Service of Guyana (HSG), which is responsible for monitoring hydrological, meteorological and oceanographic conditions and providing climate data, has also undergone capacity development to downscale regional climate simulations centred on Guyana to understand how climate change could alter the Amazon basin and Guyana's biodiversity<sup>49</sup>.

2.18 Guyana's sea and river defence regulatory and management framework is a critical component of the LCDS, promoting the use of mangrove restoration as adaptive buffers especially in coastal and flood-prone areas and national climate resilience. The Sea and River Defence Act 2024, mandates the development and maintenance of sea and river defences that include both grey and green infrastructure or nature-based solutions<sup>50</sup>. Guided by the LCDS 2030 and the National Mangrove Management Action Plan 2022-2032, mangrove restoration has been key to mitigating coastal erosion, flooding, and the impacts of SLR. The National Agricultural Research and Extension Institute (NAREI) supported by the Sea and River Defence Board (SRDB) has led efforts to restore approximately 500 ha<sup>51</sup> of mangrove under the Guyana Mangrove Restoration Project.- A Guyana Mangrove Information System<sup>52</sup> supports monitoring of the extent and change of mangroves and is linked to the EPA's environmental monitoring Maxar dashboard. Sea and river defence (green infrastructure) regulations mandate that mangroves, shrubs, trees, any other vegetation (referred to as green infrastructure) be considered a form of sea and river defence and should not be removed or impacted without the permission of SRDB, and that replacement or rehabilitation to compensate for losses of this green infrastructure will be required. Incorporating green infrastructure into coastal defence strategies provides multiple benefits including biodiversity conservation, carbon sequestration, and cost-effective flood mitigation.

2.19 LCDS 2030 sets out a comprehensive adaptation strategy that focuses on enhancing resilience across key sectors such as agriculture, infrastructure, water resources, and public health. This National Climate Change Policy and Action Plan is an important component undergirding and ensuring the impact of climate change is factored into national development planning. Having the policy in place means greater likelihood that across-the-board investments and efforts made by the Government benefit from enhanced attention paid to climate resilience. The policy builds on all the efforts that have been made in the past from Guyana's First National Communication, early progressive sectoral plans, and the LCDS. The policy also provides the blueprint for national climate action coordination, elevating climate change as a central preoccupation of governance moving forward and signals such to the public and private sector, as well as international partners. Since the launch of LCDS 2030 and the start of sales of carbon credits, the largest single associated expenditure from carbon credit revenues is in climate adaptation.

2.20 The LCDS 2030 strategy promotes Indigenous and community-led resource management, including access to carbon financing and benefit-sharing for conservation activities. Through the VSPs, GOGY has identified a pathway for the country to double legally protected areas by the first quarter of

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<sup>49</sup> HSG (2024). Results of the Generation of Future Climate Scenarios for Guyana.

<sup>50</sup> This Act repeals and consolidates previous regulations under Cap. 64:01 and Cap. 64:02, creating a unified legal framework for coastal and river defence. It also establishes a SRDB with new roles and responsibilities.

<sup>51</sup> Guyana Chronicle (2024). Global Mangrove Day: Guyana invests over \$1.9 bn in mangrove conservation.

<sup>52</sup> <https://guy-mangroves.servirglobal.net/map/>.

2026<sup>53</sup>. Guyana's Protected Areas approach illustrates how GOGY combines statutory protection and Indigenous/local stewardship to conserve both terrestrial and marine-linked ecosystems.

### **Water Resources Management Reform**

2.21 Water is central to Guyana's climate resilience, and LCDS 2030 guides reforms that integrate watershed sustainability with forest and land management. The main reform in this aspect has been the Integrated Water Resources Management (IWRM). IWRM links upstream forest conservation with downstream water security and quality. The degree of implementation of IWRM was 28.0%<sup>54</sup> in 2023, which is considered low according to UN Water. The lack of an approved IWRM policy and plan and the absence of a national water council (NWC) as mandated in the Water and Sewerage Act of 2020, were the key contributors of this low score. The absence of the NWC has led to fragmented water governance, with overlapping responsibilities and a lack of coordinated planning among agencies. To enhance IWRM and address climate risks in the water sector, the NWC was re-established in August 2024. The sustainability of the NWC hinges on its ability to function as a central coordinating body that can integrate the efforts of various agencies and stakeholders. This includes developing and implementing a national IWRM policy and plan, overseeing and regulating water quality monitoring and use, facilitating better management of flood and drought, and promoting public awareness and education, and research and innovation.

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<sup>53</sup> GOGY (2024). The many paths to 30X30 Options for Other Effective Area-based Conservation Measures in Guyana.

<sup>54</sup> [SDG6 Indicator Report 651 Progress-on-Implementation-of-IWRM\\_2024\\_EN\\_0.pdf](#).

### **3. THE PROPOSED OPERATION**

#### **OBJECTIVE AND DESCRIPTION**

3.01 The proposed operation represents the first in a two-part programmatic series of loans to GOGY, with a total envelope of \$175 mn. The first loan under this series amounts to \$125 mn, to be followed by a second loan of \$50 mn. The design of the programmatic series is informed by the large development financing need of GOGY to support investments to accelerate the pace of progress to meet the SDGs and LCDS 2030, and is consistent with prudent long-term fiscal management in a hydrocarbon economy. The programmatic PBL series support the implementation of reforms focused on biodiversity conservation, climate change mitigation and adaptation, and sustainable water resource management. The PBL programmatic series is designed to bolster Guyana's resilience by strengthening institutional, technical, and financial capacities to effectively manage the risks associated with biodiversity loss, climate change, and water security. The proposed operation will provide timely budget support to facilitate the continued implementation of Guyana's reform priorities and ensure the momentum of critical environmental initiatives is maintained. These reforms, which are aligned with the LCDS 2030, reflect a coherent and credible programme of action. Progress to date—both in terms of completed and ongoing reforms—signals a strong national commitment to advancing an integrated environmental policy framework that promotes long-term resilience and sustainability. The disbursement of the PBLs will be made against reform milestones summarised in the Policy and Results Matrix (PRM) at Appendix 2.

3.02 The operation closely aligns with CDB's CES 2023-25 for Guyana, which was approved in September 2023 and identifies climate resilience as a central development priority. In particular, the PBL advances the goals of Thematic Area Two of the Strategy, "Enhancing Climate and Disaster Resilience". By supporting a focused set of policy and institutional reforms, the operation in an effort to reinforce the foundations for sustainable economic growth aims to strengthen resilience to climate and disaster risks and impacts by improving institutional, technical, and financial capacities for biodiversity conservation, climate change adaptation, and management of water-related challenges.

3.03 In addition to advancing critical reforms, the financial resources mobilised through these PBLs for FY 2025 and FY 2026, will assist in protecting GOGY's debt dynamics by providing reasonably priced financing to support its environmental resilience objectives. This will help to safeguard fiscal sustainability while enabling the Government to maintain momentum in implementing transformative reforms in a rapidly evolving economic landscape. Disbursement will be made against reform milestones summarised in the PRM at Appendix 2.

3.04 The PBO is anchored in CDB's positive assessment of the robustness of Guyana's environmental reform programme and the soundness of its macroeconomic framework. The operation is structured to catalyse meaningful progress in biodiversity conservation, climate resilience, and sustainable water resource management by supporting critical legislative and institutional reforms that promote long-term environmental sustainability. The prior actions under the PBLs are well aligned with Guyana's LCDS 2030 and its overarching national resilience objectives.

3.05 The design of the Environmental Sector programmatic PBL series has been informed by extensive in-country consultations<sup>55</sup>, reflecting strong national ownership and high-level commitment to the reform agenda. The operation builds on existing progress under the LCDS and leverages ongoing reform efforts. Looking ahead, CDB will maintain close collaboration with GOGY to track implementation progress, assess performance outcomes, and identify targeted technical assistance (TA) to sustain reform momentum.

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<sup>55</sup> Ministries and agencies consulted included: MOF, MNR, Ministry of Agriculture, Guyana Biodiversity Unit (GBU), NAREI, and EPA.

### **Government Commitment and Stakeholder Support**

3.06 As a rapidly growing petroleum-based economy with ecologically sensitive biodiversity, Guyana has acknowledged the imperative of reinforcing environmental resilience mechanisms to safeguard gains in environmental protection amidst ongoing expansion in the oil and gas sector. The steady and deliberate implementation of the LCDS highlights the country's strategic focus and sustained policy direction toward achieving its climate and sustainability goals across the short, medium, and long term.

3.07 Moreover, GOGY has exhibited strong ownership and commitment to the reform agenda, working constructively with CDB's technical teams to ensure that the proposed measures are fully aligned with the national development priorities. Its proactive efforts to address structural challenges and strengthen policy and institutional frameworks underscore its readiness to implement the programme effectively. Through tangible and measurable progress under the LCDS in areas such as ecosystem protection and climate resilience, Guyana is demonstrating its growing capacity to safeguard biodiversity, manage climate and water-related risks, while protecting livelihoods. This proactive, forward-looking integrated approach reflects the Government's deepening commitment to a sustainable, low-carbon development pathway.

3.08 Guyana has garnered substantial support from international development partners to advance its LCDS, a pioneering framework launched in 2009 to promote sustainable development while combating climate change. A landmark partnership with the Government of Norway, established in 2009, led to the set-up of GRIF to preserve Guyana's rainforests, providing critical seed funding that bolstered the LCDS's credibility and facilitated the development of institutional capacity for environmental asset management. These activities were also supported by IDB through a programmatic PBL valued at \$34.08 mn between 2013 and 2015, which contributed to the implementation of the original LCDS and the development of the REDD+ framework. The revised LCDS now forms the foundation for the reform agenda supported by this PBL.

3.09 GRIF financed key initiatives such as the Amerindian Development Fund, enabling numerous indigenous communities to implement community development plans aimed at sustainable economic development. Additionally, the United Nations Development Programme (UNDP) and the International Organisation for Migration have collaborated with the Guyana Energy Agency and the Board of Industrial Training to launch the Just Energy Transition Seed Funding Initiative. This initiative supports the expansion of RE capacity and promotes sustainable mobility, aligning with the objectives of the LCDS 2030.

3.10 CDB has also played a pivotal role in supporting Guyana's environmental reform agenda. CDB has conducted comprehensive diagnostics to identify and appraise actions tailored to enhance DRM and climate resilience. These efforts aim to cost-effectively reduce risk and bolster resilience to climate-related hazards. In collaboration with other development partners, CDB is preparing TA projects to support the development of national safeguards policies and frameworks, as well as to assist in the revision of national DRM plans and legislation. Collectively, these collaborations have significantly strengthened Guyana's capacity to manage environmental challenges and adapt to the impacts of climate change.

3.11 It is noteworthy that the Government is actively exploring the possibility of expanding support for its environmental reform agenda through additional financing from IDB. Discussions are currently underway for IDB to partner with the Bank by providing an additional \$50 mn in PBL resources. This collaboration would serve to deepen and sustain the ongoing reform efforts, reinforcing the Government's commitment to advancing a comprehensive and well-resourced programme.

## **RATIONALE FOR LOAN AND BENEFITS**

3.12 This proposed Environmental PBL programmatic series is designed to provide timely and targeted support to GOGY in strengthening its institutional, technical, and financial capacity to manage environmental risks, enhance climate resilience, and promote sustainable biodiversity conservation. In recent years, GOGY has laid a solid foundation through the establishment of a comprehensive legal and policy framework for environmental governance—anchored in legislative reforms focused on biodiversity protection, climate adaptation, and sustainable land and water resource management. The country is now at a critical inflection point, moving from policy formulation to implementation, where resource mobilisation and institutional reinforcement are essential to sustaining momentum.

3.13 Concurrently, Guyana's economy is undergoing a profound structural transformation driven by rapid growth in the petroleum sector. While this has created unprecedented opportunities for economic expansion and public investment, it also introduces significant environmental and social risks that require proactive and coordinated policy responses. The reforms already undertaken by GOGY—together with those to be supported under this operation—reflect a strategic and forward-looking approach to balancing the demands of economic growth with the imperative of environmental sustainability. The PBL proceeds will provide much-needed budgetary support to reinforce the Government's ability to implement priority actions, accelerate institutional readiness, and ensure the long-term integrity and resilience of Guyana's natural ecosystems in the context of evolving development and climate change pressures.

3.14 This operation also explicitly supports inclusive development by reinforcing reform actions that protect the rights and livelihoods of indigenous peoples and forest-dependent communities. Through targeted mechanisms—such as the allocation of climate revenues to support community development initiatives—the PBLs will help ensure that conservation and climate goals are pursued in ways that are socially equitable and culturally sensitive. These measures are aligned with Guyana's LCDS 2030, which recognises the central role of indigenous communities in protecting the country's forests and biodiversity.

3.15 In addition to advancing key policy and institutional reforms, the resources mobilised through these PBLs will help safeguard Guyana's macro-fiscal stability. By providing access to affordable financing, the operation will reduce pressure on domestic resources and commercial borrowing, allowing the Government to pursue its environmental resilience agenda without compromising fiscal sustainability. This is particularly critical in the current context, where managing volatility in oil revenues and scaling up climate adaptation and mitigation investments must be carefully balanced. Overall, the operation offers an opportunity to secure high-impact, climate-aligned development gains while reinforcing Guyana's broader transition to a sustainable, low-carbon economy.

## **POLICY ACTIONS AND EXPECTED OUTCOMES**

3.16 The Environmental Sector programmatic PBL is structured around three strategic pillars that underpin Guyana's environmental reform agenda. These pillars align with national priorities articulated in the LCDS 2030 and support Guyana's international commitments under the CBD and the Paris Agreement. The programme is designed to support institutional and policy reforms that are expected to contribute to five key outcomes. The three Pillars and their associated expected outcomes are as follows:

- Pillar I – Governance Framework for Management of Biodiversity Resources
  - (a) improved integration of biodiversity goals into national development strategies, ensuring coherence with global environmental commitments; and

- (b) strengthened national biodiversity monitoring, reporting, and data-sharing systems to support evidence-based policy decisions.
- Pillar II – Sustainable Management of Ecosystems and Biodiversity Resources
  - (c) enhanced legal and management framework for biodiversity conservation and sustainable use of high value ecosystems.
- Pillar III – Mainstreaming Climate Adaptation in National Development
  - (d) strengthened national systems for climate resilience through inter-agency coordination and improved forecasting services for climate-sensitive sectors; and
  - (e) increased mobilisation and equitable distribution of climate finance to support national low-carbon development and community resilience.

3.17 The policy actions supporting these outcomes are outlined below. All prior actions under the programme have been satisfactorily completed as detailed in the PRM at [Appendix 2](#).

#### **Pillar I: Governance Framework for Management of Biodiversity Resources**

##### **Expected Outcome 1: Improved integration of biodiversity goals into national development strategies, ensuring coherence with global environmental commitments**

3.18 The approval and formal transmission of Guyana's updated national biodiversity targets, mark a pivotal step in institutionalising environmental governance reforms and operationalising the commitments outlined in the LCDS 2030. These targets, developed through a collaborative process led by the EPA with input from sectoral ministries, academic experts, and civil society stakeholders, represent a comprehensive national response to the requirements of the post-2020 Global Biodiversity Framework under the CBD. As party to the CBD, Guyana is required to revise its NBSAP or at least its targets. GOGY has prepared updated NBSAP targets since the pre-existing targets in the current NBSAP expired in 2020. These targets will form the basis of a revised NBSAP to 2030. The EPA Board's endorsement and subsequent submission to the CBD Secretariat underscore GOGY's active engagement in shaping global biodiversity outcomes while advancing domestic policy coherence.

3.19 The targets serve as a strategic instrument and input to the subsequent updating of Guyana's NBSAP for mainstreaming biodiversity considerations into national planning, development programming, and resource allocation. They articulate specific, measurable, and time-bound objectives for ecosystem preservation, sustainable resource use, species protection, and habitat restoration—ensuring a structured approach to achieving environmental sustainability across sectors. Furthermore, these commitments reinforce Guyana's efforts to adapt to climate change, as enhanced biodiversity and habitat conservation and restoration will both improve the resilience of critical coastal and inland ecosystems while also enhancing the resilience of nearby communities and infrastructure. This will have the added benefit of improving the country's eligibility and readiness for accessing international climate and biodiversity financing by signalling clear national priorities, institutional ownership, and alignment with multilateral environmental agreements. This milestone positions Guyana as a regional leader in biodiversity governance and ecosystem-based climate change adaptation and reflects its sustained commitment to balancing ecological integrity and climate resilience with socio-economic development.

3.20 The prior action that supports the achievement of the expected outcome under this pillar is outlined as follows:

*PBL 1 Prior Action 1: GOGY, through the EPA Board, has formally approved and transmitted to CBD's Secretariat the updated targets of the NBSAP aligned with LCDS 2030.*

*Status: Completed. Letter from Chairman of the EPA (the focal point for the CBD) attaching: (a) EPA Board approval of the NBSAP for May 15, 2025; (b) evidence that updated national biodiversity targets were transmitted to CBD's Secretariat on May 2, 2025; and (c) evidence that CBD's Secretariat has received the targets and approved that the submission of targets adheres to Decision 15/6<sup>56</sup> of the CBD.*

Indicative Prior Action for the second PBL in the programmatic series is as follows:

*PBL 2 Indicative Prior Action 1: GOGY, through the EPA, has completed the compilation and technical review of national biodiversity data—including spatial and species inventory data—and conducted a capacity and resource gap assessment to inform the development of the revised NBSAP.*

**Outcome 2: Strengthened national biodiversity monitoring, reporting, and data-sharing systems to support evidence-based policy decisions**

3.21 Guyana has undertaken significant reforms to modernise its environmental monitoring architecture and institutional coordination mechanisms. A key development was the formalisation of a Memorandum of Understanding (MOU) between EPA and MNR signed in May 2025 which establishes clear protocols for the sharing, analysis, and joint use of environmental and biodiversity-related data. This MOU reflects an important institutional breakthrough addressing long-standing information silos and laying the foundation for a more integrated approach to environmental management and policy formulation between EPA and the Commissions and other agencies under MNR.

3.22 Building on this, EPA has developed and operationalised EIMMS, a digital platform that consolidates spatial data, environmental indicators, and biodiversity metrics into a centralised system accessible to regulators and technical agencies. This system enhances the capacity for real-time monitoring, compliance tracking, and spatial analysis—critical tools for guiding regulatory enforcement, informing protected area management, supporting national reporting to multilateral environmental agreements, and providing evidence for decisions to build resilience to climate change.

3.23 Furthermore, the deployment of a real-time remote monitoring system across Guyana's EEZ marks a significant technological advance. This system monitors key environmental parameters such as forest cover, mangroves, water quality, air emissions, and heat signatures. These tools not only improve transparency and accountability in environmental governance but also support early warning systems and adaptive management practices, enabling the Government to respond more proactively to ecological threats and land use changes. As outlined above, efforts to enhance biodiversity, conserve and restore key habitats, and improve overall environmental governance also directly contribute to Guyana's climate change adaptation efforts, as ecosystem-based adaptation measures will be of critical importance given the specific climate change challenges that Guyana will have to confront over the coming decades. Enhanced biodiversity monitoring, reporting and data-sharing systems under this Outcome will therefore play an

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<sup>56</sup> 15/6. Mechanisms for planning, monitoring, reporting and review.

important role in enhancing climate resilience and maintaining the role biodiversity provides in climate regulation in Guyana.

3.24 The prior actions that support the achievement of the expected outcome under this pillar are outlined as follows:

*PBL 1 Prior Action 2: GOGY through EPA has deployed and activated a real-time remote monitoring system covering key environmental parameters including forest cover, mangroves, air and water quality, oil spills and heat signatures within the EEZ.*

*Status: Completed. Letter from Chairman, EPA dated May 7, 2025, attaching: (a) evidence of the operationalisation of the monitoring systems and list of parameters, inclusive of forest cover (deforestation), mangroves, air and water quality, oil spills and heat signatures within the EEZ, which are being monitored; and (b) reports generated by the system and shared with other agencies.*

Indicative Prior Actions for the second PBL in the programmatic series are as follows:

*PBL 2 Indicative Prior Action 2 (a): EPA and MNR have signed an MOU establishing formal protocols for biodiversity, and environmental data sharing and analysis are taking place.*

*PBL 2 Indicative Prior Action 2 (b): GOGY, through the EPA, has developed and operationalised the EIMMS, integrating spatial and environmental data layers for compliance monitoring and biodiversity tracking.*

## **Pillar II: Sustainable Management of Ecosystems and Biodiversity Resources**

### **Expected Outcome 3: Enhanced legal and management framework for biodiversity restoration and sustainable use of high-value ecosystems**

3.25 Guyana has advanced the enabling environment for ecosystem-based management and biodiversity restoration, focusing on legal reforms, targeted reforestation, and protected area governance. The gazetting of the Sea and River Defence Act alongside the Green Infrastructure Regulations, introduces innovative legislative provisions that prioritise nature-based solutions for coastal defence. These reforms embed ecological principles into engineering and planning approaches to mitigate the impacts of climate change-induced SLR, erosion, and saline intrusion. The regulations also promote the use of green infrastructure—such as mangrove restoration, permeable surfaces, and vegetated buffers—as integral components of national coastal resilience strategies.

3.26 These legal instruments are complemented by practical restoration efforts. Through the NFRI, GFC undertook the reclamation of 40 acres of mined-out land in Region 10, planting 2,500 seedlings as part of a broader effort to reverse ecological degradation from extractive activities. This intervention contributes to carbon sequestration, erosion control, and the revival of local biodiversity, while simultaneously generating green jobs and demonstrating sustainable land rehabilitation practices.

3.27 Additionally, Guyana has strengthened the governance of its protected areas network. Updated management plans for the Shell Beach and Kanuku Mountains protected areas have been adopted, ensuring improved conservation planning, community engagement, and regulatory oversight. Both protected areas provide climate regulation services as these host critical coastal (mangroves) and terrestrial (rainforest)

ecosystems that store considerable irrecoverable carbon. The management plans for the Shell Beach and Kanuku Mountains protected areas set management targets to ensure that biodiversity conservation and the important role of climate mitigation these ecosystems provide can be maintained. The official designation of additional Closed Areas further expands the country's terrestrial and coastal conservation coverage. These actions solidify Guyana's commitment to biodiversity protection under the LCDS 2030, by protecting critical habitats and promoting sustainable ecosystem use.

3.28 In May 2025, Guyana's National Assembly passed landmark legislation titled the Oil Pollution Prevention, Preparedness, Response and Responsibility Act. The Act is expected to be signed into law imminently and represents a significant step in safeguarding the country's marine environment amidst its rapidly expanding offshore oil production. The legislation significantly upgrades the country's regulatory framework, establishing clear responsibilities, institutional structures, and financial guarantees designed to address oil spill risks. By embedding international best-practice standards and building national preparedness capabilities, the Act lends critical support to the PBL's intent to reduce environmental risks and embed resilience within the sector.

3.29 The related prior actions to support the achievement of the expected outcome under this pillar are as follows:

*PBL 1 Prior Action 3: GOGY has gazetted the Sea and River Defence Act and accompanying Green Infrastructure Regulations incorporating nature-based solutions for coastal protection and has taken action to increase the length of coastline protected.*

*Status: Completed. Sea and River Defence Act (2024 Gazetted in Vol. 172/2024 dated May 24, 2024, and Regulations Gazetted in Vol. 386/2024 dated December 28, 2024.*

*PBL 1 Prior Action 4: GOGY, through GFC, has completed land preparation and planted 2,500 seedlings on 40 acres of mined-out land in Region 10 under NFRI.*

*Status: Completed. Letter from the Permanent Secretary (PS) of MNR and Chairman of the Forestry Commission, dated April 30, 2025, attaching evidence that land was prepared and 2,500 seedlings planted on 40 acres of mined-out land in Region 10 under the NFRI, along with reclamation site reports and budget expenditure records.*

*PBL 1 Prior Action 5: GOGY has approved and adopted updated management plans for the Shell Beach and Kanuku Mountains protected areas and has expanded biodiversity conservation efforts through the designation of additional Closed Areas, as published in the Official Gazette.*

*Status: Completed. Letter from PAC Board dated April 30, 2025, attaching approval of updated management plans and evidence that updated plans have been adopted. Administrative Order of Closed Areas Gazetted in Vol. 279,2024 dated August 27, 2024.*

Indicative Prior Actions for the second PBL in the programmatic series are as follows:

*PBL 2 Indicative Prior Action 3: GOGY through NAREI has taken action to increase the length of coastline protected.*

*PBL 2 Indicative Prior Action 4: GOGY through GFC, has expanded ecosystem restoration activities by rehabilitating an additional 40 acres of previously mined-out lands, in line with national land reclamation priorities under LCDS 2030.*

### **Pillar III: Mainstreaming Climate Adaptation in National Development**

**Expected Outcome 4: Strengthened national systems for climate resilience through inter-agency coordination and improved forecasting services for climate-sensitive sectors.**

3.30 Recognising the cross-sectoral nature of climate impacts, GOGY has moved decisively to institutionalise inter-agency coordination mechanisms. Cabinet approval for the reconstitution and activation of NWC marks a strategic step towards IWRM and climate adaptation. NWC is composed of representatives from key stakeholder agencies providing a platform for joint planning, policy harmonisation, and oversight of water and climate-related initiatives. Its reactivation ensures a whole-of-government approach to managing hydroclimatic risks and aligning sectoral investments with national adaptation goals. One of the major initiatives being undertaken in the water sector is the National Water Sector Strategy to expand access to safe and treated water. It focuses on ensuring sustainable and efficient water resource management to address challenges in water supply and sanitation. Activities under this strategy include the Coastal Water Treatment Infrastructure Programme. This initiative aims to increase treated water coverage to 90% of the population by 2025. It includes the construction of 7 new large water treatment plants, 15 small plants, the upgrading of 12 existing plants, and the installation of 200 kilometres of transmission main. In addition to this activity, GWI is also undertaking the Guyana Climate Resilient Water Infrastructure Improvement Programme (GY-L1087). The programme's main objective is to enhance the climate resilience, operational and financial sustainability of GWI's potable water services provision.

3.31 Further enhancing institutional readiness, the Hydrometeorological Service has procured and installed modern climate forecasting software and completed capacity-building exercises for technical staff. This includes training in the use of forecasting software and interpretation of climatic models, which are now used to generate sector-specific climate outlooks. These upgrades enable early warning and risk-informed decision making in agriculture, health, DRM, and infrastructure planning—sectors that are highly sensitive to climatic variability.

3.32 The related prior actions to support the achievement of the expected outcome under this pillar are as follows:

*PBL 1 Prior Action 6: Cabinet has approved the reconstitution of NWC and issued the formal decision for its activation, with membership drawn from all designated stakeholder agencies.*

*Status: Completed. Cabinet Decision (CP 2024): OP-08 dated August 21, 2024, and evidence of NWC work activities.*

Indicative Prior Action for the second PBL in the programmatic series is as follows:

*PBL 2 Indicative Prior Action 5: GOGY, through GWI, has commissioned and tested at least three new water treatment plants in underserved regions as part of the National Water Sector Strategy to expand access to safe and treated water.*

*PBL 2 Indicative Prior Action 6: The HSG, has conducted climate forecasting exercises using the climate forecasting software and published results of these exercises.*

**Expected Outcome 5: Increased mobilisation and equitable distribution of climate finance to support national low-carbon development and community resilience**

3.33 The integration of climate finance into national budgeting represents a major advance in mainstreaming adaptation and mitigation within Guyana's fiscal framework. The passage of the FY 2024 and FY 2025 budget estimates provide transparent records of increased revenue inflows from REDD+ and carbon credit sales, clearly disaggregated by source. These resources will correspond to climate-resilient expenditure and the implementation of development projects in over 250 indigenous communities, directly contributing to climate justice, sustainable livelihoods, and inclusive development. The priority areas for the VSPs, according to the LCDS 2030, include:

- (a) Community infrastructure and communications – clean energy and information and communications technology.
- (b) Livelihood opportunities – tourism and agriculture.
- (c) Nature and environment.
- (d) Education – equal access, adult education, scholarships.
- (e) Health – water, sanitation and hygiene, sexual and reproductive health care.

3.34 This approach reflects Guyana's commitment to equitable benefit sharing and the management of climate-related revenues to reduce rural vulnerabilities. It also reinforces donor and stakeholder confidence in the country's capacity to mobilise, manage, and allocate climate finance in a transparent and results-driven manner. As such, these reforms support the long-term fiscal and institutional sustainability of climate adaptation initiatives and enhance Guyana's eligibility for future concessional and results-based financing.

3.35 The related prior action to support the achievement of the expected outcome under this pillar are as follows:

*PBL 1 Prior Action 7: GOGY has passed in Parliament and published official budget estimates for FY 2024 and FY 2025 that demonstrate: (a) increased revenue inflows from climate finance instruments; and (b) financing of indigenous community development plans in alignment with LCDS, and management of proceeds from climate-related revenues.*

*Status: Completed. Approved budget estimates FY 2024 (Extraordinary Gazettes – January 15, 2024 – Bill No. 1 of 2024 – the Appropriation Act 2024); and FY 2025 (Extraordinary Gazettes – February 6, 2025 – Act No. 1 of 2025 – the Appropriation Act 2025).*

## **SOCIAL AND GENDER IMPACT**

3.36 This proposed Environmental Sector PBL will result in direct and indirect short and long-term benefits, such as improved air and water quality; reduced health risks; and job creation and climate change resilience. These are expected to be realised across the country, including among the most vulnerable, given the effort to integrate inclusion and equity considerations in several actions.

3.37 Critically, the actions under the PBL align with the LCDS which details clear integrated sustainable development imperatives. Moreover, it was drafted in a consultative and gender-responsive way including consultations with relevant stakeholders such as the Ministry of Amerindian Affairs, National Toshias Council, Ministry of Human Services and Social Security, the private sector and civil society organisations representing, *inter alia*, women, youth and Indigenous Peoples. The Multi-Stakeholder Steering Committee which supports the implementation of Guyana’s LCDS, includes representatives of key stakeholder groups and provides guidance and strategic direction for stakeholder engagement, and also includes representatives from vulnerable population segments including indigenous persons and women, and youth representatives.

3.38 A detailed analysis of the PBL’s contribution to gender equality is presented in the Gender Marker Analysis at [Appendix 3](#). The PBL has a score of 2.5 and is MM. However, GOGY demonstrated commitment to gender-responsive stakeholder consultations and the PBL’s environmental, biodiversity and climate change adaptation measures have the potential to have positive effects on gender equality.

## **ENVIRONMENTAL IMPACT**

3.39 The policy actions supported under the proposed operation are not anticipated to result in any negative impacts on the environment. On the contrary, the project is expected to have significant positive effects on the environment – terrestrial, marine and riverine ecosystems, and other natural resources. The project will result in an enhanced policy and institutional framework for the continued roll out of the LCDS and related policies. Additionally, all the Prior Actions are dedicated to strengthening institutional and regulatory frameworks for biodiversity governance, building resilience to climate change, and improving the management of Guyana’s freshwater resources. These reforms enhance the conservation of Guyana’s diverse ecosystems, including critical habitats. They also facilitate more inclusive and data-driven decision making by integrating Amerindian communities and other stakeholders into biodiversity governance. Collectively, these measures promote long-term ecosystem integrity and resilience in the face of growing development pressures and emerging environmental risks in Guyana.

3.40 The operation also advances Guyana’s climate adaptation and water management capacities by supporting the reactivation of NWC and the adoption of IWRM approaches. Climate-informed policy instruments — such as the EIMMS and satellite monitoring of biodiversity parameters and Guyana’s EEZs — will ensure more effective and coordinated environmental oversight. These reforms are critical to reduce vulnerabilities to climate change, especially in low-lying and agriculture-dependent areas, and to support climate-smart infrastructure planning. Overall, the operation is expected to improve the country’s environmental resilience, ensure sustainable resource use, and enhance its capacity to deliver on its LCDS 2030 commitments.

#### 4. RISKS AND MITIGATING MEASURES

4.01 In appraising the proposed Environmental PBL for GOGY, Bank staff have identified several potential risks that could impact the successful implementation and sustainability of the reform programme. These risks span macroeconomic, institutional, governance, fiduciary, environmental, and climate-related dimensions. In addition, coordination challenges with development partners and reputational risks linked to environmental safeguards have been noted. To mitigate these risks, a series of proactive measures have been proposed, including strengthening institutional capacity, enhancing financial oversight, deepening stakeholder engagement, and promoting strong inter-agency and development partner coordination. The Bank remains committed to working closely with GOGY and other partners to ensure the effective and sustainable execution of the operation. Table 4.1 highlights the main risks and mitigation measures, which have been identified.

**TABLE 4.1: PRELIMINARY RISK ASSESSMENT AND MITIGATION MEASURES**

<b>Risk Category</b>	<b>Risk Type</b>	<b>Description of Risks</b>	<b>Mitigation Measures</b>
Developmental	Country Context (Macroeconomic)	Potential macroeconomic shocks (for example: commodity price fluctuations, external debt pressures) could affect fiscal space and undermine GOGY's ability to sustain reforms.	CDB in collaboration with MOF will conduct regular DSAs and ensure coordinated fiscal monitoring. GOGY has built up a significant Sovereign Wealth Fund which can be deployed to offset reduction in petroleum revenues and therefore sustain reform momentum.
Developmental	Institutional Capacity for Implementation and Sustainability (Implementation Arrangements/ Capacity)	Limited institutional capacity within key ministries and agencies could delay or compromise implementation of the reform programme.	CDB, with support from GOGY, could advance TA already identified from the CES to build internal capacities within implementing Ministries and Agencies.
Developmental	Country context (Political commitment - Policy Continuity)	Changes in political leadership or shifts in policy priorities could affect commitment to the reform agenda.	The reform agenda has high-level political endorsement; and is anchored within long-term national strategies (for example: LCDS 2030).
Developmental	Environmental, Social & Climate Impact (Stakeholder engagement/ coordination)	Resistance from affected stakeholders, particularly indigenous groups, if benefit-sharing arrangements are perceived as inequitable or consultation processes are inadequate.	CDB has confirmed that the stakeholder engagement processes were robust with inclusive consultations which ensure transparency. GOGY has implemented grievance redress mechanisms.

Risk Category	Risk Type	Description of Risks	Mitigation Measures
Developmental	Project Vulnerability to environment conditions (Climate and Disaster Risks/ Natural Disasters/Climate Shocks)	Severe weather events (for example: floods, droughts) could disrupt reform implementation and divert government attention and resources.	Integrate disaster risk considerations into reform design. GOGY has established contingency planning within its Public Financial Management (PFM) systems.
Developmental	Environmental, Social & Climate Impact (Stakeholder engagement/ coordination - Development Partner Coordination)	Potential overlap or fragmentation between CDB and other agency/multilateral development bank-supported reforms could result in inefficiencies or duplications.	GOGY has established clear coordination mechanisms that limit potential fragmentation and overlaps. For example, GOGY has identified CDB as the agency to lead on supporting this segment of its environmental reform agenda, having previously engaged IDB on environmental strengthening programmes clearly demonstrating a deliberate strategy for sequencing its engagement with development partners to mitigate against overlaps.

## 5. THE BORROWER AND LOAN IMPLEMENTATION

### THE BORROWER

5.01 The Borrower is GOGY. GOGY may, pursuant to Section 3(1) of the External Loans Act, (Cap.74:08) of Guyana (the Act), in such manner and on such terms and subject to such conditions as may be agreed between GOGY and CDB, borrow from CDB from time to time such sums as may be required by GOGY.

5.02 Any agreement between GOGY and CDB in respect of sums borrowed under this power must be made in the name of GOGY and may be signed on behalf of GOGY by the Minister responsible for Finance (the Minister) or by any such person authorised thereto in writing by the Minister. A copy of such agreement must be laid before the National Assembly by the Minister, as soon as possible after the execution thereof.

5.03 All amounts required for the repayment of any sums borrowed by GOGY under the powers conferred by the Act and the payment of all interest and other charges in respect of such sums are charged upon, and payable out of, the Consolidated Fund of Guyana.

### INSTITUTIONAL ANALYSIS AND IMPLEMENTATION CAPACITY

5.04 Bank staff have conducted a thorough assessment of GOGY environmental reform programme and its institutional readiness to implement the proposed policy actions. The assessment confirmed that key implementing agencies—including the EPA, MNR, and the GBU within the OP—are fully engaged and demonstrate strong commitment to advancing the environmental resilience agenda. Additionally, the evaluation determined that GOGY’s PFM systems are sufficiently robust to support the effective, transparent, and accountable use of PBL resources. Authorities’ ongoing reforms of the PFM framework are expected to be facilitated by the finalisation of a PFM Action Plan 2025-2030 later this year and by improvements to internal audit capabilities and the implementation of performance budgeting<sup>57</sup>. Sound budget execution, credible financial reporting, and functioning oversight mechanisms were identified as essential pillars enabling the responsible management of the loan proceeds. Guyana’s public sector management and institutions scored 3.2 in the International Development Agency’s Country Performance and Institutional Assessment 2021, and the quality of budgetary and financial management was scored at 3.1 in CDB’s Poverty Reduction Effectiveness Situation evaluation in 2024<sup>58</sup>.

### PROCUREMENT AND FIDUCIARY ISSUES

5.05 Where items are to be procured consistent with CDB’s Framework for PBO’s, the Loan shall not be used to finance the expenditures referred to in Appendix 4 as Excluded Expenditures.

### LOAN ADMINISTRATION, MONITORING AND EVALUATION

#### Disbursement

5.06 The proposed loan will follow the Bank’s disbursement procedures for policy-based support. Loan proceeds will be disbursed once evidence of fulfilment of prior actions has been accepted, and a satisfactory environmental reform agenda has been maintained. The proposed loan will be disbursed in two tranches,

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<sup>57</sup> IMF Article IV – Guyana: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Guyana.

<sup>58</sup> Both institutional assessments, although not exactly comparable, use a scoring system of institutional capacity ranging from one to five, where five is the highest score available.

the first \$125 mn being appraised by this Staff Report shall be disbursed by August 31, 2024, or such later date as CDB may agree; while the second – to be appraised by a second Staff Report – in the amount of \$50 mn is expected to be disbursed during the second quarter of 2026. The Loan will be repayable in eight years, following a two-year grace period at an interest rate of 5.5 per cent (5.5%) (variable) p.a. and a commitment charge at the rate of one percent (1%) p.a. will be payable on the amount of the loan unwithdrawn from time to time.

### **Implementation, Monitoring and Evaluation**

5.07 The implementation of this programme will be the responsibility of MOF of Guyana with support from MNR and other agencies such as EPA and GBU. GOGY's focal points within MOF and GBU will continue to coordinate with all stakeholders and lead coordination of all actions between ministries, departments and agencies.

5.08 The Environment Sustainability Unit within the Projects Department, in coordination with the Economics Department, will monitor progress of the reforms and measures agreed under the Environmental PBL. Monitoring will be conducted through periodic field visits, desk reviews of information and reports provided through MOF and GBU, and any other methods deemed appropriate by CDB. CDB will also work closely with other development partners, including IDB for programme effectiveness and sustainability.

5.09 In accordance with CDB's Project Performance Assessment System, support for the environmental reforms and measures through the Sector PBL has been accorded a composite rating of 3.5 (see Appendix 5). This reflects highly satisfactory expectations. The PRM at Appendix 2 will form the basis for the monitoring and evaluation (M&E) of programme performance.

## 6. TERMS AND CONDITIONS

6.01 It is proposed that the Loan be made on CDB's standard terms and conditions and on the following terms and conditions:

No.	Subject	Terms and Conditions of the Loan
1.	<b>Parties</b>	<u>Bank</u> : Caribbean Development Bank. <u>Borrower</u> : Co-operative Republic of Guyana.
2.	<b>Amount of Loan</b>	The Bank agrees to lend to the Borrower an amount not exceeding the equivalent of one hundred and twenty-five million United States dollars (\$125,000,000) (the Loan) from the Ordinary Capital Resources of the Bank (the Loan).
3.	<b>Purpose</b>	The purpose for which the Loan is being made, is to assist in closing the Borrower's financing gap to support its policy and institutional reforms programme to strengthen resilience to climate and disaster risks and impacts, enhance institutional, technical, and financial capacities to protect biodiversity resources, adapt to climate change impacts, and address water-related challenges (the Programme).
4.	<b>Repayment</b>	The Borrower shall repay the Loan in thirty-two (32) equal or approximately equal and consecutive quarterly instalments commencing two (2) years after the date of the Loan Agreement.
5.	<b>Interest</b>	The Borrower shall pay to the Bank interest at the variable rate of five decimal forty-five per cent (5.45%) p.a. on the amount of the Loan disbursed and outstanding from time to time. Such interest shall be payable quarterly.
6.	<b>Commitment Fee</b>	The Borrower shall pay to the Bank a commitment fee at the rate of one per cent (1%) p.a. on the amount of the Loan undisbursed from time to time. Such fee shall accrue from the sixtieth (60 <sup>th</sup> ) day after the date of the Loan Agreement and shall be payable quarterly.
7.	<b>Disbursement of Loan</b>	Except as the Bank may otherwise agree, amounts disbursed from the Loan Account shall not be used to:  (i) meet any part of the cost of the Programme which consists of identifiable taxes imposed under the laws of the Co-operative Republic of Guyana; or  (ii) finance any of the Excluded Expenditures at <u>Appendix 4</u> .  The Borrower shall comply with the Bank's Disbursement Guidelines for CDB-Financed Projects published in January 2019, which may be amended from time to time by the Bank.

No.	Subject	Terms and Conditions of the Loan
8	<b>Period of Disbursement</b>	The Loan shall be disbursed by August 31, 2025, or such later date as may be specified in writing.
9.	<b>Procurement</b>	The Procurement Policy for Project Financed by CDB (November 2019) and the Procurement Procedures for Projects Financed by CDB (January 2021) shall not apply to this Loan.
10.	<b>Additional Conditions Precedent to Disbursement</b>	The Bank shall not be obliged to disburse the Loan until the Borrower has furnished or caused to be furnished to the Bank, evidence acceptable to the Bank, that the Prior Actions for PBL 1 set out in the Policy and Results Matrix at <u>Appendix 2</u> have been completed.
11.	<b>Programme Implementation</b>	Except as the Bank may otherwise agree, the Borrower shall implement the Programme through the Ministry of Finance.
12.	<b>Additional event(s) of suspension, cancellation and default</b>	The Bank shall be entitled to suspend, cancel or call in the Loan, or any part thereof, if a situation has arisen which shall make it improbable that a significant part of the Programme will be carried out.

IN WITNESS WHEREOF this Loan Agreement has been signed on behalf of the Bank and the Borrower, by their respective duly authorised representatives and shall be deemed to be effective on the date first appearing above.

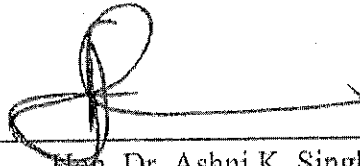
CARIBBEAN DEVELOPMENT BANK

GOVERNMENT OF THE  
CO-OPERATIVE REPUBLIC OF GUYANA



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Germán Deffit  
Chief Financial Officer  
Finance Department



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