

**Operational Support – Technical Cooperation (OS- TC)
Support to Preparation of the Operation GY-L1038-Support to Energy Sector**

I. Basic project data

▪ Country/Region:	Guyana /CCB
▪ TC Name:	Support to Preparation of the Operation GY-L1038-Support to Energy Sector
▪ TC Number:	GY-T1095
▪ Team Leader/Members:	Alejandro Melandri (INE/ENE) team leader; Jesus Tejada (ENE/CEC) alternate team leader; Malaika Culverwell (INE/ENE) team member; Javier Bedoya (LEG/SGO); Carlos Echevarria (INE/ENE) team member; Sergio Ballón (INE/ENE);; Clevern Liddell (CCB/CGY);
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Operational Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Reference to Request ¹ : (IDB docs #)	37114119
▪ Date of TC Abstract:	September 2012
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Guyana Power and Light Inc. (GPL) and The Office of the Prime Minister (OPM)
▪ Executing Agency and contact name	Inter-American Development Bank through the Energy Division (INE/ENE)
▪ IDB Funding Requested:	\$952,980
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period	42 months
▪ Required start date:	November 2012
▪ Types of consultants	International Firms; National &International individual consultants
▪ Prepared by Unit:	INE/ENE
▪ Unit of Disbursement Responsibility:	CGY
▪ Included in Country Strategy (y/n);	Y ²
▪ TC included in CPD (y/n):	
▪ GCI-9 Sector Priority:	This project is aligned with the IDB's Framework of a New Institutional Strategy under its sector priorities and preferential support to less-development LAC countries. It will contribute to the goal of: (i) supporting development in small and vulnerable countries; and (ii) assisting borrowers in dealing with climate change, sustainable energy, including renewable energy and environmental sustainability.

¹ A copy of the Letter of Request will be submitted to this Abstract

² The current IDB Country Strategy for Guyana (GN-2503-1) has expired. A transition period is observed until the new strategy is approved by the Bank's Board in the 3rd quarter of 2012. The preparation of GY-L1038 is also cited in the 2012 energy sector note as part of the design of the new Country Strategy 2012-2016.

II. Objective and Justification

Over the next decade, electricity consumption in Guyana is predicted to more than double. As the principle and public supplier of electricity, Guyana Power and Light (GPL) needs to undertake a broad range of organizational and corporate governance reforms in order to meet the challenge of producing, distributing and commercializing the necessary energy to supply that demand.

The objective of this Operational Support (TC) is to help identify the capacity needs and prioritize interventions in the Energy Sector. The TC focuses on support to improve operational performance in GPL through a process of change management. In addition, the TC provides assistance for the preparation of a Loan (GY-L1038) to GPL and the Office of the Prime Minister (OPM) that will continue the reform process. Specifically, the TC provides for: (i) The design of a detailed Corporate Development Program (CDP), (ii) An assessment of GPL's infrastructure to transmit and distribute energy to end-users, (iii) support to transition arrangements within GPL to start reforms outlined in the CDP, and (iv) advisory support for IDB oversight, monitoring and risk management of the change-management process.

By identifying the needs and activities required to improve corporate capacity within GPL, this TC will contribute to strengthening operational performance and enable GPL to function to its required capacity within the Energy Sector. In turn Guyana will benefit from an increased supply of low-carbon energy which will help to reduce the costs, and increase the coverage of electricity in Guyana. The TC is aligned with the priority of 'achieving a sustainable power sector' as defined in the new Guyana Country Strategy (2012-2016)³. Through the described activities, this TC will help to prepare and execute an investment loan that will support GPL corporate development.

III Description of activities and outputs

The major components of the TC include:

Component 1: Development of the CDP in GPL: With this component, an international consultancy firm specializing in business process re-engineering will be contracted to design a detailed Corporate Development Program (CDP). The CDP will identify the main areas of operational and corporate governance reforms for GPL, along with associated performance indicators, a cost-schedule, operational sequence and time-line for executing these changes. The CDP once designed, will provide the blue-print for the execution of a change-management program in GPL.

Component 2: Assessment of GPL's infrastructure to transmit and distribute energy to end-users: This component will provide for technical studies to assess the scope, costs and funding modality for the required infrastructure needed to distribute energy to end-users.

Component 3: Support to Transition Arrangements in GPL: This component focuses on the expert technical and operational assistance to senior management in GPL and OPM as GPL begins the

³ Currently in draft form (as of 09/05/2012)

change-management process. It provides for a contracted international consultancy firm specializing in staffing and change management to place highly qualified professionals within GPL. The Staffing & Recruiting Consultancy firm will: (i) develop Professional Profiles and Terms of Reference (TORs), for technical and managerial posts (ii) select and contract international technical and managerial experts, using performance-based contracts and (iii) provide follow-up support and monitoring in OPM of the new hires. Once in place, this layer of technical and managerial professionals will support senior management in decision-making on the CDP, hastening reforms and organizational transformation in GPL.

Component 4: Expert Advisory and Technical Support for the preparation of GY-L1038: Activities within this component focus on the hiring of individual consultants or consulting firms to assist with the preparation of the GY-L1038 loan. Technical areas covered will include: economic analysis (ex-ante and ex-post), risk analysis, monitoring and evaluation analysis among others.

IV. Budget

Component	Description	IDB/ Funding US\$	Counter-part Funding	Total Funding US\$
1.	Development of the CDP in GPL	150,000	N/A	150,000
2.	Assessment of GPL's infrastructure to transmit and distribute energy to end-users	150,000	N/A	150,000
3.	Support to Transition Arrangements in GPL	350,000	N/A	350,000
4.	Expert Advisory and Technical Support for the preparation of GY-L1038	100,000	N/A	100,000
Administration and monitoring		150,000	N/A	150,000
Contingencies		52,900	N/A	52,900
TOTAL		952,980		952,980

V. Executing agency and execution structure

The request for this TC came from the Government of Guyana (GOG) who requested technical and financial assistance from the Bank for "Capacity Building in the Energy Sector". The Bank will supervise and monitor this TC through the Energy Division (INE/ENE) which currently has energy operations in preparation or execution with the GOG.

VI. Project Risks and issues

Due to the need to ensure appropriate coordination and flexibility in the execution of each component a dedicated source of administration and monitoring support will help to mitigate operational risks.

VII. Environmental and Social Classification

This TC has been classified as "C". The TC does not have associated social and environmental risks as it is based on a set of consultancies and studies to improve corporate performance.

Vo. Bo. _____

Leandro Alves, INE/ENE