**ANNEX A**

**GUYANA**

**GY-T1148**

**INE/INE**

**REVIEW OF INTERNATIONAL BEST PRACTICES ON OIL & GAS LEASING**

**TERMS OF REFERENCE**

**Background**

Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.

The recent discovery of oil and gas by major international oil companies – through a consortium composed of ExxonMobil, Hess, and CNOOC – in Guyana’s territorial waters represents a tectonic shift in that country’s development trajectory. These oil and gas reservoirs could place Guyana among the 40 largest reserves holders in the world. Initial projections of production levels estimate daily production of approximately 120,000 barrels by the year 2020, with a production horizon estimated currently at eight years. At present, oil exploration and drilling are not included in the national accounts or balance of payments; therefore, official statistics underestimate GDP, as well as imports of goods and services. Oil will have the largest impact on GDP through fiscal revenues. Economic growth is projected to hover around 3.5% from 2017 to 2019. Once oil production starts, IMF estimates GDP growth at 38.5 percent in 2021.

The conversion of short-term oil wealth into long-term growth and well-being hinges on the capacity of the Government of Guyana to adequately manage this new sector and enact productivity-enhancing reforms. Guyana has never been an oil producer, and international experience suggests that the stakes are high: when managed adeptly, extractive industries can contribute to long term socioeconomic development. However, in the absence of sufficient legal and institutional capacity, activities in the oil and gas sector can trigger major social, environmental, and economic risks.

Guyana does not currently have the fiscal or legal framework to manage its natural resource wealth in a sustainable manner. More broadly the institutional capacity of the public sector in Guyana has stagnated in recent years with institutional indicators on the World Economic Forum’s Global Competitiveness Index, well below the LAC average. According to Transparency International’s Public Sector Corruption Perceptions Index, in 2016 Guyana scored 34 out of 100, and ranked 108th out of 176 reporting countries. The average score for the Americas region was 44. In the Caribbean sub-region, Guyana outperformed only Haiti (ranked 159/176).The quality of public administration; transparency and accountability in the public sector; rules-based governance; quality of budgetary, procurement and financial management, and revenue mobilisation have not improved much in recent years.

Upstream oil and gas production presents an entirely distinct set of governance challenges for a resource-owning state from those that Guyana has faced heretofore as an oil importer. A case in point is selection and negotiation with international oil companies: As is normal in jurisdictions with little to no experience in the oil and gas industry, Guyana has heretofore awarded exploration and exploitation permits and leases directly, a practice that international practice has generally discarded in favor of more competitive systems where governments open lands for bidding and then select the most competitive bid based on several criteria, including financial, geological, technical, and economic, to name but a few.

**Consultancy objective(s)**

The objective of this consultancy is to respond to the challenges outlined above by conducting a review of international best practices on (i) awarding of oil and gas leases; and on (ii) competitive bidding vis-à-vis direct, one-to-one negotiation for oil & gas exploration and/or production contracts. The report will provide the Government of Guyana with the policy options available for structuring its relationships with international oil companies in the future.

**Main activities**

The selected candidate will:

1. Review the current method by which Guyana awards oil & gas leases and negotiates with oil & gas companies the terms of those leases.
2. Review international practices – within and without the Latin America & Caribbean region – on such awarding and negotiation processes in more mature oil & gas bearing provinces and determine a set of best practices from that review.
3. Identify the areas where Guyanese practice differs from international best practices and determine policy modifications that would allow Guyana to close the gap with the rest of the industry in order to establish more balanced contract negotiation and lease awarding processes.

[Detail the activities to be performed by the contractual.]

**Reports / Deliverables [If Applicable]**

* One draft document – deliverable A – outlining the findings from point 1 above.
* One draft document – deliverable B – outlining the findings from point 2 above.
* One draft document – deliverable C – outlining the findings from point 3 above.
* One final document – deliverable D – compiling the information gathered for deliverables A, B, and C into a single report.

**Payment Schedule**

Payment to the contractual will be contingent on deliverables accepted by the IDB. Payment will be as follows:

* 20% on signature.
* [20%] 10% upon submission and 10% upon approval of deliverable A.
* [20%] 10% upon submission and 10% upon approval of deliverable B.
* [20%] 10% upon submission and 10% upon approval of deliverable C.
* [20%] 10% upon submission and 10% upon approval of deliverable D.

**Qualifications**

* *Academic Degree/ Level & Years of Professional Work Experience:* Graduate Degree or Equivalent in Engineering, Law, Economics or related field. Ten (10) years or more experience in working in the O&G industry.
* *Languages*: English
* *Areas of Expertise:* Extensive knowledge and experience working in a management role in O&G for companies such as ExxonMobil, Shell, and Chevron. Track record of managing over USD 100 million budgets on O&G developments would be an asset.
* *Skills:* Excellent interpersonal and communication skills, ability to manage teams, computer literate

**Characteristics of the Consultancy**

* *Consultancy category and modality:* Temporary Term Contractual, Monthly
* *Contract duration:* 6 months
* *Place(s) of work:* External consultancy.
* *Responsible person:* INE/INE

**Payment and Conditions:** Compensation will be determined in accordance with Bank’s policies and procedures. The Bank, pursuant to applicable policies, may contribute toward travel and moving expenses. In addition, candidates must be citizens of an IDB member country.

**Visa and Work Permit:** The Bank, pursuant to applicable policies, may submit a visa request to the applicable immigration authorities; however, the granting of the visa is at the discretion of the immigration authorities. Notwithstanding, it is the responsibility of the candidate to obtain the necessary visa or work permits required by the authorities of the country(ies) in which the services will be rendered to the Bank. If a candidate cannot obtain a visa or work permit to render services to the Bank the contractual offer will be rescinded

**Consanguinity:** Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

**Diversity:** The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply.