



December 8, 2014

Norwegian Agency for Development Cooperation -- Norad

Dear Sirs and Ladies:

**RE:** Amaila Falls – Contribution by Norwegian Agency for Development Cooperation (“*Norad*”)

Norad and the Inter-American Development Bank (the “*Bank*”) have held discussions concerning the participation of the Cooperative Republic of Guyana (“*Guyana*”) as a shareholder in Amaila Falls Hydro, Inc. a company incorporated in Guyana (“*AFHI*”) that will develop, build, operate and own a 165 MW hydroelectric power generation facility and associated infrastructure to be located on the confluence of the Amaila and Kuribrong rivers in west central Guyana (the “*Project*”). As a result of those discussions, the IDB has accepted to hold and administer a contribution from Norad pending the conclusion of an Administration Agreement and in accordance with the following provisions:

#### **Purpose**

1. Guyana expects to participate as a shareholder in AFHI and desires to provide to AFHI base equity contributions and/or other amounts in cash for general Project costs (the “*Equity*”). Norad desires to make a project specific grant (the “*Grant*”) to Guyana to enable Guyana to satisfy its obligations to contribute equity into AFHI. The Grant entails payment for verified emission reductions for the forest years 2012 and 2013.
2. The Board of Executive Directors of the Bank (the “*Board*”) is expected to consider, in connection with the Project (i) a loan from the Bank to provide financing for the Project (the “*Senior Loan*”) and (ii) an “Investment Grant Proposal” (the “*Grant Proposal*”) that contemplates the Grant as source of funding for the Equity.
3. Norad and the Bank desire that, until the Grant Proposal and the Senior Loan are approved by the Board, the Bank receive and manage the amounts made available by Norad for eventual allocation to the Grant as set forth in this Letter Agreement.

#### **Contribution, Administration of Contribution, Return of Contribution and Administrative Fee:**

4. Norad shall make available to the Bank an amount of U.S.\$80,035,000 (eighty million and thirty five thousand U.S. dollars) however not exceeding NOK 561,800,000 (five hundred sixty one million, eight hundred thousand Norwegian Kroner) (the “*Contribution*”), to be received and managed by the Bank as set forth in this Letter Agreement. The Contribution shall cover set-up costs under this Letter of Agreement. Upon signature of this Letter Agreement, the Bank shall provide Norad with a written request to transfer the full amount of the Contribution (the “*Disbursement Request*”).

5. Upon receipt by Norad of the Disbursement Request, Norad shall transfer the Contribution to the Bank in one installment into the account to be indicated by the Bank in the Disbursement Request. Upon receipt of the Contribution, and subject to paragraph 8 below, the Bank shall deposit such Contribution into an account opened by the Bank denominated the “Inter-American Development Bank – Norwegian Grant for Guyana” (the “*Account*”). The date of the receipt of the Contribution in the Account shall be referred to as the “*Transfer Date*”.
6. The Bank may invest the Contribution pending its disbursement in accordance with the Bank’s policies and procedures applicable to the administration of grant resources from other donors. If applicable, interest and investment income will be credited to the Account.
7. The Bank will manage the Contribution in accordance with the provisions of this Letter Agreement and shall have no other duties or obligations, express or implied, with respect to the Contribution. The Bank will exercise the same care in the performance of this Letter Agreement as it exercises with respect to the receipt, management and disbursement of resources from other donors and will have no obligation or liability to Norad or any other person other than exercising such care.
8. The Bank will account for the Contribution separately from the Bank’s assets and will be kept in United States dollars, unless otherwise agreed in writing by the Parties.
9. An amount of U.S. \$35,000 (thirty five thousand U.S. dollars) shall be kept by the Bank and used as its own resources and at its discretion solely to defray the Bank’s costs associated with management of the Contribution pursuant to the terms of this Letter Agreement (the “*Set-up Fee*”).
10. The Bank will forward to Norad a statement of the Account, no later than April 30<sup>th</sup> each year for the period ending December 31<sup>st</sup> of the previous year.
11. The Bank and Norad estimate in good faith that the Board will approve the Senior Loan and the Grant Proposal on or before the date that is eighteen (18) months after the Transfer Date (the “*Sunset Date*”), provided, however, that if the Bank has not approved the Senior Loan and the Grant Proposal on or before the Sunset Date and unless the Bank and Norad agree to extend the Sunset Date, the Bank shall return the Contribution and if applicable, any investment income to Norad or as the parties otherwise agree, to the account indicated in writing by Norad, minus the Set-up Fee and a project preparation fee approximately in the amount of U.S.\$195,364 (one hundred ninety five thousand three hundred sixty four United States dollars ) that will not be returned to Norad and will be kept by the Bank.
12. Once the Grant Proposal and the Senior Loan are approved by the Board, the Bank and Norad shall negotiate in good faith to conclude an Administration Agreement substantially in the form attached as Annex A. The effectiveness of the terms and conditions included in the Administration Agreement are subject to its negotiation and execution between the Parties. Once the Administration Agreement is signed and fully effective, Norad’s obligation to provide a contribution that would enable Guyana to satisfy its obligations to contribute equity into AFHI would be fulfilled. Once executed, the Administration Agreement will set forth the terms and conditions for Norad’s support to the Program as outlined in the Grant Proposal and will govern the relationship of the Parties with respect to the Grant. If applicable, any interest or other investment income shall be returned to Norad.

13. Except as expressly provided herein, the Bank shall have no obligation or liability to Norad, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law.

**Miscellaneous:**

14. The Parties agree that it is important to undertake appropriate measures to prevent irregularities, fraud, corruption or any other illegal activity in the management of the Contribution. The Bank will take timely and appropriate action to respond to allegation of any such practices in connection with the Project and in accordance with its applicable policies and procedures on fraud, corruption and prohibited practices. The Bank shall immediately inform Norad, on a confidential basis of any findings of fraud, corruption or other Prohibited Practices relating to or affecting the Contribution.
15. In the event that part of the funds from the Contribution is found to be misused or not satisfactorily accounted for, such funds shall be returned promptly to Norad should this be due to the action, and/or gross negligence, and/or willful misconduct of the Bank or any person employed or hired by the Bank.
16. Norway reserves the right to review the use of the Contribution. Norway and the Bank shall discuss in good faith the nature, scope and conduct of such review or evaluation (the “*Review*”), and the Bank shall provide to Norway such information as Norway shall reasonably request within the limits of its confidentiality agreements, policies and procedures. Norway shall pay for any costs associated with the Review. The Parties acknowledge and agree that the Review does not constitute a financial, compliance or other audit of the Account.
17. Nothing in this Letter Agreement will be considered a waiver of any privileges or immunities of the Bank or Norad under their respective organizational documents, under international law or any other applicable law, all of which are expressly reserved.
18. This Letter Agreement will come into force on the date of its signature by both parties and will remain in force until all rights and obligations contemplated herein have been exercised. This Letter Agreement will terminate without further action by the Parties and without any responsibility to any of the Parties if the Bank has not issued the Disbursement Request by December 31, 2014.
19. This Letter Agreement may not be amended, modified or supplemented, nor may the provisions hereof be waived, except by an instrument in writing signed by Norad and the Bank or, in the case of a waiver, by the party providing the waiver.
20. Subject to their respective policies and procedures with respect to the disclosure of information, the Parties may make this Letter Agreement publicly available.
21. Nothing in this Letter Agreement may be construed as creating an agency relationship between the Parties.
22. The Parties will seek to settle amicably any disputes that may arise from or relate to this Letter Agreement.



23. The offices responsible for coordination of all matters and receiving any notice or request in writing in connection with this Agreement or the are as follows:

**(i) For the Bank:**

a) All communications pertaining to donor relations and resource mobilization will be directed to:

Attention: Manager  
Office of Outreach and Partnerships  
Inter-American Development Bank  
1300 New York Ave., NW  
Washington, D.C. 20577 U.S.A.

Tel: (202) 623-1583  
Fax: (202) 312-4072  
E-mail: [partnerships@iadb.org](mailto:partnerships@iadb.org)

b) Communications regarding the Contributions will be directed to:

Attention: Chief, Grants and Co-financing Management Unit  
Office of Outreach and Partnerships  
Inter-American Development Bank  
1300 New York Ave., NW  
Washington, D.C. 20577 U.S.A.

Tel: (202) 623-1774  
Fax: (202) 623-3489  
E-mail: [orp-gcm@iadb.org](mailto:orp-gcm@iadb.org)

**(ii) For Norad:**

Attention: Director  
Department for Climate, Energy and Environment,  
The Norwegian Agency for Development Cooperation  
Tel.: +47 23980096  
E-mail: [Einar.Telnes@norad.no](mailto:Einar.Telnes@norad.no)

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If you agree to the foregoing, please so indicate by signing in the space provided below and returning one of the originals of this letter of agreement to me.

On behalf of the IDB, I would like to extend our gratitude for the Contribution and your continued cooperation and support.

Very truly yours,

**INTER-AMERICAN DEVELOPMENT BANK**

Original Signed

\_\_\_\_\_  
Bernardo Guillamon  
Manager, Office of Outreach and Partnerships

Acknowledged and agreed:

**NORWEGIAN AGENCY FOR DEVELOPMENT  
COOPERATION (NORAD)**

Original Signed

\_\_\_\_\_  
Einar Telnes  
Director

08/12/2014



ANNEX A<sup>1</sup>

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<sup>1</sup> The information contained in this annex is confidential and will not be disclosed. This is in accordance with the “Deliberative Information” exception referred to in paragraph 4.1 (g) of the IDB Access to Information Policy.