

## **REQUEST FOR EXPRESSIONS OF INTEREST** **CONSULTING SERVICES**

*Selection #: RG-T3763-P005*

*Selection Method: Simplified Competitive Selection*

*Country: Guyana*

*Sector: Energy*

*Funding – TC #: (ATN/OC-18431-RG)*

*Project #: RG-T3763*

*TC name: From the COVID-19 Crisis to Resilience: A Toolbox for Actors in the Water, Sanitation and Energy Sector in Latin America and the Caribbean*

*Description of Services: The objective of this consultancy is to support Guyana Power and Light (GPL) in developing its Enterprise Risk Management (ERM) Framework, including the identification, analysis, evaluation, monitoring, and communications risks across the organization, aligned with its corporate objectives.*

*Link to TC document: <https://www.iadb.org/en/project/RG-T3763>*

The Inter-American Development Bank (IDB) is executing the above mentioned operation. For this operation, the IDB intends to contract consulting services described in this Request for Expressions of Interest.

Expressions of interest must be delivered using the IDB Portal for Bank Executed Operations (<http://beo-procurement.iadb.org/home>) by: *March 2, 2022*, 5:00 P.M. (Washington D.C. Time).

The consulting services (“the Services”) include *supporting Guyana Power and Light (GPL) in developing its Enterprise Risk Management (ERM) Framework, including the identification, analysis, evaluation, monitoring, and communications risks across the organization, aligned with its corporate objectives.*

Eligible consulting firms will be selected in accordance with the procedures set out in the Inter-American Development Bank: [Policy for the Selection and Contracting of Consulting firms for Bank-executed Operational Work](#) - GN-2765-4. All eligible consulting firms, as defined in the Policy, may express an interest. If the Consulting Firm is presented in a Consortium, it will designate one member as representative, who will be responsible for communications, registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible consulting firms to indicate their interest in providing the services described above in the [draft summary](#) of the intended Terms of Reference for the assignment. Interested consulting firms must provide information establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible consulting firms may associate in a form of a Joint Venture or a sub-consultancy agreement to enhance their qualifications. Such association or Joint Venture shall appoint one of the firms as the representative.

Interested eligible consulting firms may obtain further information during office hours, 09:00 AM to 05:00 PM, (Washington D.C. Time) by sending an email to: [José Luis Irigoyen, \*joseluisi@iadb.org\*](mailto:JoseLuisIrigoyen@iadb.org), with a copy to [Juan Carlos Cárdenas, \*juanca@iadb.org\*](mailto:JuanCarlosCardenas@iadb.org)

Inter-American Development Bank

Division: *Energy*

Attn: *José Luis Irigoyen, Project Team Leader*

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## **DRAFT SUMMARY – TERMS OF REFERENCE**

### ***Consultancy for the Development of Guyana Power and Light (GPL)'s ERM Framework***

#### **1. Background and Justification**

- 1.1.** The Sustainable Development Goals (SDG) of the 2030 Agenda highlight water and sanitation (W&S) and energy services as essential public services for human development and poverty reduction. SDG 6 proposes to guarantee affordable and sustainably managed W&S services for everyone by the year 2030. SDG 7 proposes to guarantee universal access to affordable, reliable, and modern energy services. Due to its implications for the health of citizens and the accumulation of human capital, access to these basic services and adequate hygienic conditions is essential for the development of society and the fight against poverty. It is particularly critical during emergency circumstances, such as the COVID-19 pandemic, which currently affects every country in Latin America and the Caribbean (LAC).
- 1.2.** The COVID-19 pandemic has highlighted the importance of these services to contain the harmful effects of the pandemic on people's health and basic living conditions. Adequate sanitation, hygiene, and access to clean water are critically important to help reduce the spread of COVID-19 and other pathogens. They are also important for productive activities in homes, businesses, and essential services in public health, transportation, and information technology. Likewise, energy services are key to fighting the effects of the pandemic; from providing electricity to hospitals and homes, to enabling communications and technology services that connect people while maintaining social distancing.
- 1.3.** Despite the challenges, this crisis presents an opportunity to improve the situation by exchanging experiences and knowledge, promoting cross-learning between peers and between countries and increasing the capacity for the preparation, prevention, and management of disaster risks. However, climate change trends anticipate that similar shocks will be more recurrent and more intense. It is key to strengthen basic infrastructure services including water, energy, and basic sanitation by strengthening governments, operators, and communities to increase the resilience of these sectors.

- 1.4. This Regional Public Good (RPG) is based on the idea that the current health crisis provides an opportunity to systematize good practices and lessons learned, consolidate learning among peers, and improve the capacity for preparation, prevention, risk management. Ultimately, these steps will increase the capacity of countries to respond to disasters in a more efficient and effective manner.
- 1.5. The Guyana Power and Light (GPL) customer base, of about 270,000, is located mainly in the Coastal Areas of the country. GPL's generation plants and transmission and distribution network are located in proximity to the customers, making them vulnerable to extreme weather events (floods, heavy winds, rising sea levels, droughts, heat-waves, etc.). Also, as population growth increases, there is greater demand for power that requires the expansion of power generation and transmission networks, which comes with its own level of risks. This makes the development of an Enterprise Risk Management Framework (ERM) critical for the organization.
- 1.6. While network expansion projects are ongoing, a section of the population continues to engage in illegal electricity diversion and consumption that negatively impacts the organization's internal funded capital investments and its operational performance. Removal of these illegal sources and prosecuting persons caught comes with social impact risks.
- 1.7. The implementation of new technologies (Smart Grid, etc.) and software to improve GPL's efficiency make it more susceptible to cyber-attacks and data loss/corruption. While SCADA is not fully implemented in the generation and distribution networks, there is significant risk to the transmission system. This system will eventually be connected to the larger network, which will increase the risk.
- 1.8. Potential coordinated physical attacks (sabotage, terrorism and riots) are a growing concern for the Company as it seeks to develop a resilient electric power system. With GPL moving towards the use of natural gas-fired power generation, this can pose vulnerabilities if a high-impact event disrupts the gas pipeline or gas processing infrastructure.
- 1.9. While all of this is taking place, we must consider non-technical/administrative risks, which are associated with meeting the legal and regulatory requirements of Guyana and capacity development and retention.

## 2. Objectives

- 2.1. The objective of this consultancy is to support GPL to develop its ERM Framework, by identifying, analyzing, evaluating, monitoring, and communicating risks across the organization, aligned with its corporate objectives.

## 3. Scope of Services

- 3.1. Identify GPL's internal and external risks: The consultant will support the identification of internal and external threats and opportunities that create uncertainty and that may affect GPL's business outcomes.

Suggested key areas of focus for risk identification for the ERM Framework:

1. Operational Strategies

- a. Reliability
- b. Technical capacity
- c. Cost of power in relation to customers economic situation
- d. Financial management including all areas of financial risks
- e. Increasing demand for power (additional generation requirement)
- f. Capacity to deliver power to relevant load centers
- g. Fuel availability

2. Capacity development & Governance

- a. Aging workforce/succession planning
- b. Social impact
  - i. Ethics
  - ii. Discrimination
  - iii. Social responsibility
- c. Training and Development
  - i. Capacity development
  - ii. Employee retention
- d. Strategic development of the Executive/Senior Management team

3. Strategic Policies/Processes Deployment

- a. Losses
  - i. Technical
  - ii. Commercial
- b. Revenue recovery
  - i. Nonpaying customers
  - ii. Theft of electricity
- c. Population growth

4. Environmental Impacts

- a. Impact of climate change
- b. Biological (Pandemic)
- c. Power Generation (current and future)
- d. Transmission and Distribution (current and future)
- e. Legal and regulatory requirements

5. Technological integration

- a. SCADA
  - i. Data security
  - ii. Network failure

b. Cyber security

- i. Information integrity
- ii. Information theft

**3.2.** Establish a risk assessment methodology for the GPL's identified risks.

**3.3.** Design the control environment for risk response.

**3.4.** Present a strategy for the ERM implementation and the optimization of GPL's response to corporate risk.

#### **4. Key Activities**

**4.1. Identification of the ERM Team:** *The development and implementation of an ERM framework depends on support from all management levels, particularly executive leadership, senior management, and the board of directors. The consultant will evaluate the different GPL business units to identify the appropriate stakeholders to be included in the ERM framework committee.*

*The consultant firm will support the ERM team on setting business objectives and develop a risk profile and a risk appetite statement for GPL based on the threats and opportunities within their expertise.*

**4.2. Risk Identification:** *The consultant will identify Internal and external events affecting achievement of the entity's objectives, distinguishing between risks and opportunities. The identification should describe the business activity that exposes the business unit to the risk and the inherent risk level.*

*In this activity, the consultant will develop a methodology for identifying risk events at GPL with clear standards and procedures that leverage collective expertise and can be replicated or used continuously in the future. The methodology should rank the risks using parameters, such as probability and financial loss.*

**4.3. Risk Evaluation:** The consultant will evaluate the identified risks considering likelihood and impact, as a basis for determining proper management. The consultant will also develop a common set of assessment criteria to be deployed across business units, corporate functions, and large capital projects, assigning a value and opportunity to each risk using the defined criteria. The consultant will assess how the risks interact with other events and conditions, and whether they cause great damage or create significant opportunity.

**4.4. Risk Treatment and Optimization:** The consultant, based on the risk assessment should determine risk management priorities by comparing the level of risk against predetermined target risk levels and tolerance thresholds. Risks should be viewed not just in terms of financial impact and probability, but also subjective criteria such as health and safety impact, reputational impact, vulnerability, and speed of onset. The results of this assessment should serve as the primary input to risk responses whereby response options should be examined (accept, reduce, share, or avoid), cost-benefit analyses performed, and a response strategy formulated.

**4.5. ERM Framework implementation:** The consultant will develop a series of tools to facilitate the ERM Framework implementation including:

- Drafting the “Risk Committee” Terms of Reference
- The implementation dashboard
- Risk audit procedures, guidelines and templates
- ERM Implementation Action Plan, including Awareness workshops for key stakeholders of the company.

## **5. Expected Outcome and Deliverables**

**5.1.** *In close coordination with the IDBG team, the consultancy firm shall prepare the following structure deliverable:*

Deliverable 1: Work plan including methodology and timetable

Deliverable 2: A report including the result of the Risk Identification stage

Deliverable 3: A report including the result of the Risk Evaluation stage

Deliverable 4: A report including the result of the Risk threat and optimization stage

Deliverable 4: A report including the ERM Framework and the implementation tools

## **6. Project Schedule and Milestones**

Deliverable 1: 10 days after signing the contract.

Deliverable 2: 60 days after signing the contract.

Deliverable 3: 120 days after signing the contract.

Deliverable 4: 150 days after signing the contract.

Deliverable 4: 180 days after signing the contract.

## **7. Reporting Requirements**

**7.1.** *Every report must be submitted to the Bank in an electronic file. The report should include cover, main document, and all annexes. Zip files will not be accepted as final reports, due to Records Management Section regulations.*

## **8. Supervision and Reporting**

**8.1.** This consultancy will be under the supervision of Jose Luis Irigoyen, Lead Operations Specialist ([joseluis@iadb.org](mailto:joseluis@iadb.org)), Project Team Leader, Malaika Masson ([malaikac@iadb.org](mailto:malaikac@iadb.org)), Senior Energy Specialist and Juan Carlos Cardenas ([juanca@iadb.org](mailto:juanca@iadb.org)).

## **9. Schedule of Payments**

**9.1.** Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

**9.2.** The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

<b>Payment Schedule</b>	
<b><i>Deliverable</i></b>	<b>%</b>
1. Work plan including methodology and timetable	10%
2. A report including the result of the Risk Identification stage	20%
3. A report including the result of the Risk Evaluation stage	20%
4. <i>A report including the result of the Risk threat and optimization stage</i>	20%
5. <i>A report including the ERM Framework and the implementation tools</i>	30%
<b>TOTAL</b>	<b>100%</b>