

SOCIAL IMPACT AMELIORATION PROGRAM - SIMAP III (GY-0061)

EXECUTIVE SUMMARY

Borrower:	The Cooperative Republic of Guyana		
Executing agency:	Social Impact Amelioration Program (SIMAP)		
Amount and Source:	IDB: (FSO)	US\$	20.0 million
	Local:	US\$	<u>2.2 million</u>
	Total:	US\$	22.2 million
Financial terms and conditions:	Amortization Period:	40 years	
	Grace Period:	10 years	
	Disbursement Period:	4 years	
	Interest Rate:	1% first 10 years, 2% thereafter	
	Supervision and Inspection:	1% of loan amount	
	Credit Fee:	0.05% per year on undisbursed amounts	
	Currency:	United States dollars	
Objectives:	The objectives of the program are to improve the living standards and economic opportunities of the poorest and most vulnerable communities of Guyana and increase the capacity of poor communities to identify and act upon their priority needs.		
Description:	The program has three components: (a) a projects component will finance demand-driven, small-scale social and economic infrastructure and capacity-building targeted to the poorest communities; (b) a community services component will finance delivery of selected services to vulnerable groups through non-governmental organizations (NGOs) on a pilot basis; and (c) an institutional strengthening component will finance technical assistance and training to SIMAP and other program participants, to increase the program's effectiveness.		
Bank's country and sector strategy:	The Bank's 1998-2001 strategy for Guyana, expressed in the Country Paper (GN-2014-1) and reiterated in the recent Programming Memorandum (CP-1148-2), includes among its primary objectives the reduction of poverty and the increase of absorptive capacity in the social sectors. The proposed program, designed to alleviate poverty and improve the living conditions of the poor is fully consistent with the Bank strategy.		
Environmental impact:	The independent evaluation of the SIMAP II program found no significant adverse environmental impact, since most project funded were small and involved rehabilitation rather than new		

construction. SIMAP is expected to continue to have a positive impact, directly improving the environmental quality of poor communities, through the provision of potable water, construction of sanitary blocks in schools and markets, and rehabilitation of residential drainage systems. The potential adverse environmental effects of projects, especially in the construction phase, are mitigated by detailed environmental guidelines prepared under SIMAP II to guide project design, appraisal and execution. The program will operate under a permit from the Environmental Protection Agency.

Benefits:

SIMAP will contribute to the improvement of the living conditions of the poor through the financing of small-scale infrastructure. The projects respond to poor communities' identification of their own priority needs and have immediate benefits on their quality of life, through increased access to adequate social services and facilities. The proposed operation also places emphasis on capacity-building at the local level, which will have longer term effects. Strengthening the organizational, management and leadership capabilities of poor communities will not only enhance the sustainability of SIMAP-financed projects, but also enable communities to undertake other development activities and advocate for quality services.

The introduction of the community services pilot component in the SIMAP III program will increase its impact on poverty alleviation. The component will directly finance improved access to social services by specific vulnerable groups including the elderly, disabled, abused and battered women, single parents, at-risk youth and children, and individuals affected by HIV/AIDS through NGOs. The pilot will provide the Government with concrete experience and lessons on the contracting of NGOs to execute safety net programs.

Risks:

Project sustainability is an issue in all social investment funds. The overall SIMAP record with respect to operations and maintenance is positive, but the results are less positive once schools are excluded from the analysis. In order to promote the sustainability of projects, the proposed program will emphasize the incorporation of training in maintenance into community capacity-building activities and ensure that upon completion of projects communities receive simple maintenance guidelines.

Political interference is another risk common to all funds, but there is no evidence that this has affected SIMAP operations to date. The use of a poverty map and transparent and objective

project eligibility and selection criteria mitigates against this risk. The introduction of periodic external monitoring and oversight will ensure that the operating regulations are strictly adhered to.

The **shortage of qualified professionals**, aggravated by high rates of emigration, is a major problem in Guyana, especially in the public sector. SIMAP's successes are largely due to its ability to recruit high-caliber, committed professionals, but staff turnover remains a problem. The Bank will closely monitor compensation packages and working conditions, in order to ensure that salaries remain competitive and the organization is adequately staffed.

The **community services** component is a new item under SIMAP. Given the country's small voluntary sector, there are risks that only a small number of proposals will be submitted and that the quality of the projects will be deficient. These risks are mitigated under the program by dimensioning the component as pilot and financing the contracting of a firm to provide technical assistance to the beneficiary NGOs.

**Special
contractual
clauses:**

Conditions prior to first disbursement:

- a. Approval of the Operations Manual by SIMAP's Board of Directors (par. 2.6).
- b. Approval of the Community Services Operating Regulations by SIMAP's Board of Directors (par. 2.9).
- c. Certification that an agreement between the Government and SIMAP has been signed to transfer funds for the loan and counterpart resources on a grant basis (par. 3.1).
- d. Approval by SIMAP's Board of Directors of new organizational structure and staffing requirements (par. 3.4).

**Poverty-targeting
and social equity:**

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eight Replenishment (Doc. AB-1704). Furthermore, this operation automatically qualifies as a poverty-targeted investment (PTI), since it is a social investment fund. The borrowing country will be using the 10% in additional financing (par. 2.18).

**Exceptions to
Bank policy:**

None.

Procurement:

The procurement of goods and works and the contracting of

consulting services will be carried out in accordance with Bank policy as set out in Annexes B and C of the loan contract. Given that the maximum project cost is US\$200,000, no procurement will be carried out under international competitive bidding (ICB).

I. FRAME OF REFERENCE

A. Macroeconomic framework

- 1.1 Following nearly two decades of economic stagnation, the Guyanese economy experienced a turnaround in the early 1990s, as a result of a program of stabilization and structural reform launched in 1988. Real gross domestic product (GDP) growth averaged 7% between 1991 and 1997, compared to an average negative growth of 3% in the 1980s, while inflation was reduced from over 100% in the late 1980s to 4.5% in 1997. After a short recession in 1998, real GDP increased by 3% in 1999, but the growth rate was again negative in 2000, due to declining sugar production and export earnings.
- 1.2 One of the most important problems still facing the Guyanese economy is the onerous external debt inherited from the past. In 1997, Guyana became one of the first countries to qualify for the Heavily Indebted Poor Countries Initiative (HIPC). The completion point was approved by the Boards of the International Monetary Fund (IMF) and the World Bank in May 1999, triggering debt relief of US\$256 million in net present value terms. The Inter-American Development Bank (IDB) is the largest source of funds under the initiative. Debt relief has been translated into increased social spending; in accordance with the targets set for HIPC, social expenditures increased from 8.5% of GDP in 1997 to 11.5% in 1999.
- 1.3 Although the original HIPC initiative significantly reduced Guyana's ratio of net present value of external debt to central government revenues, it did not fall below the target of 280%. For this reason, as well as its low GDP per capita, Guyana became eligible for additional debt relief under the enhanced HIPC initiative in November 2000. Upon completion of agreed-upon conditions, Guyana will qualify for additional debt relief totaling US\$329 million in net present value terms, freeing resources for additional spending in the social sectors and on poverty alleviation and reduction. **Signature of the third phase of the Social Impact Amelioration Program (SIMAP III) loan agreement with the IDB is one of the conditions to reach the floating completion point of the enhanced HIPC initiative.**

B. Poverty in Guyana

- 1.4 Despite the resurgence in economic activity over the past decade, Guyana's GDP per capita of US\$785 is still one of the lowest in the region and much of its social infrastructure remains in a state of deterioration. Consistent with Guyana's successful economic performance in the 1990s, absolute poverty at the national level declined from 43% in 1993 to 35% in 1999.¹ While this decline is

¹ Poverty data is drawn from the 1993 and 1999 Household and Income and Expenditure Surveys (HIES).

significant, the overall rate is still high by regional standards. Moreover, the benefits of growth have been uneven, with deep pockets of poverty persisting or even increasing in rural areas and among certain groups.

- 1.5 The largest decline in poverty occurred in Georgetown, from 29% to 16%, with smaller decreases in other urban areas (from 23% to 15%) and the rural coastal region (from 45% to 37%). However, the rural interior of Guyana, already the poorest area in 1993, became even worse off by 1999, with absolute poverty rising from 79% to 92%. The poverty gap, a measure of how far on average the poor are below the poverty line, followed the same trend as the headcount. The national poverty gap declined from 16% to 13% during the 1993-99 period, with declines in all main regions except for the rural interior, where the poverty gap increased significantly from 46% to 67%.
- 1.6 Poverty in Guyana is predominantly a rural problem, although significant pockets of urban poverty exist, especially in squatter settlements, which contain 20% of the population of Georgetown. Together, the rural coast and rural interior account for 86% of all poor people living in Guyana in 1999, up from 80% in 1993. The rural dimension of poverty also accounts for its ethnic composition. Although Amerindians represent less than 7% of the population, they are by far the poorest group, comprising nearly 17% of the poor. It appears that it is geography, rather than ethnicity *per se*, that explains this. Amerindians are over-represented among the poor because they live in the rural interior which is isolated and inaccessible, while Afro-Guyanese, who are least represented among the poor, tend to live in urban areas.
- 1.7 The characteristics of poor households are similar to those found in other countries in the region. Poor families are larger, and have significantly higher dependency ratios than the non-poor. The poor tend to use pit latrines (82% versus 54% for non-poor), and have less access to piped water (36% versus 70% for non-poor) and electricity (39% versus 73% for non-poor). Heads of poor households are more likely to work in manual labor (45% versus 34% non-poor), and have less schooling than non-poor heads of household; only 14% have gone beyond primary school, as opposed to 36% of the non-poor. The education gap between rich and poor also manifests itself among the younger generation. Primary school enrolment is universal in Guyana, but by age 14 the enrolment gap between poor and non-poor children is 12 percentage points, and by age 16, the gap increases to 32 percentage points.
- 1.8 Guyana has a significant portion of female-headed households, largely concentrated in urban areas. However, female headship is not a proxy for poverty. The distribution of female-headed households across income groups is similar to that of male-headed ones, and the poverty rate (29%) is similar to their representation in the population (27%). However, female-headed households tend to be more dependent on transfers, remittances and other forms of non-labor income which are out of their immediate control, and thus a source of economic vulnerability.

- 1.9 Poverty in Guyana is also associated with high levels of malnutrition. In 1993, it was estimated that over one third of the children under five years old in the first quintile suffered from mild to severe malnutrition. The incidence of malnutrition is low in the first months of life, but increases sharply in the age group 6-11 months, as a result of the low incidence and short duration of exclusive breastfeeding and inadequate weaning practices. Child malnutrition is strongly correlated with a low level of mother's education and lack of access to piped water, characteristics that are prevalent among poor households.²

C. The Government's poverty strategy

- 1.10 The Government has recently completed an interim Poverty Reduction Strategy Paper (I-PRSP), which was presented to the country's main development partners in May 2000. It draws heavily on the updated National Development Strategy, a ten-year policy framework for economic development and poverty reduction, initially prepared with the assistance of the Carter Center and refined based on the broad participation of civil society. The I-PRSP outlines a five-pronged approach to poverty reduction in Guyana: a) maintain a sound macroeconomic, trade, and investment framework; b) improve the business environment; c) maintain and expand economic infrastructure; d) improve access to social services; and e) implement special economic diversification programs in poverty stricken areas, including bauxite producing regions and grassland savannas.
- 1.11 The I-PRSP commits the Government to increasing public expenditures in key social sectors. In education, the strategy calls for a redistribution of resources to rural and interior locations, and increased resources for rehabilitation and maintenance of school buildings, both actions geared towards achieving universal primary education and improving access to secondary schooling. In the health sector, the strategy calls for improving access, coverage and quality of services, with special emphasis on vaccine-preventable childhood diseases, malaria and other communicable diseases.
- 1.12 SIMAP continues to be the cornerstone of the Government's poverty alleviation activity. The I-PRSP specifically recommends the implementation of another phase of SIMAP, building on its strengths in reaching the poor and involving poor communities in the design and implementation of projects based on a demand-driven approach. SIMAP's actions are complemented by the Basic Needs Trust Fund, a regional program financed by the Caribbean Development Bank through a small grant. Combined expenditures on the two programs represented 1.1% of GDP in 1999.
- 1.13 The final PRSP, required as part of Guyana's completion point for the enhanced HIPC initiative, will provide more details on sector specific programs and policies to support the broad strategy outlined in the I-PRSP. The final document will be

² Reliable data on malnutrition by income quintile after 1993 is not available. UNICEF is currently financing an anthropometric survey (MICS), whose results are expected in 2001.

based on inputs from civil society and the donor community, including the Bank, and is expected to be completed by the end of 2001.

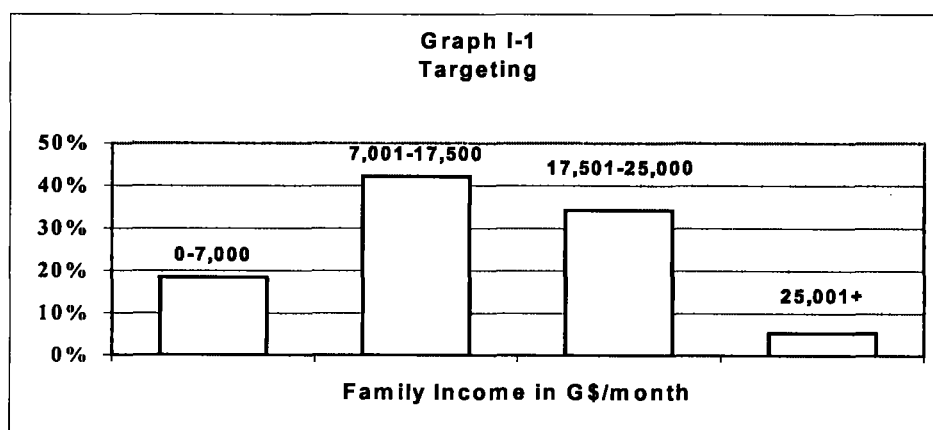
D. The Social Amelioration Impact Program

- 1.14 SIMAP was established as an autonomous agency with the assistance of two IDB non-reimbursable technical cooperations (ATN/SF-3344-GY and ATN/SF-3633-GY), as a mechanism to mitigate the effects of stabilization and structural adjustment policies on poor households. In 1992, the World Bank approved a US\$11.7 million loan to expand SIMAP's operations, followed by a US\$13.5 million IDB loan (912/SF-GY) in 1993. The two programs adopted different approaches to project selection; the World Bank program followed a top-down approach, with projects identified, designed and selected during loan preparation, while the IDB relied on a community demand-driven approach.
- 1.15 The IDB-financed SIMAP I loan demonstrated that Guyanese low-income communities were willing and able to participate in all phases of the project cycle. An independent evaluation found that the vast majority of projects met the priority needs of low-income communities. The SIMAP agency also demonstrated an increasing ability to manage resources efficiently.
- 1.16 In 1996, the Bank approved the SIMAP II Program (985/SF-GY) for US\$17 million. The loan built on the strengths of the previous program, while introducing several changes in design to deal with deficiencies. Amongst the most important, a poverty map was introduced to replace the previous *ad hoc* targeting mechanism; the project cycle was simplified and the agency was restructured in line with the new procedures; mechanisms for closer coordination with line ministries and other government agencies were established; and community contribution requirements were formalized. The investment component of the loan was divided into three categories, designed to better address community needs, each with its own project cycle: regular social and economic infrastructure projects; specific projects for Amerindian communities; and emergency response projects. The loan also included training for community development and environmental management, and set aside resources for the continuation of two activities initiated under SIMAP I, a nutrition program and technical-vocational training for youth, subject to the completion of evaluations and the submission of revised proposals.
- 1.17 To date SIMAP II has executed 576 projects, compared to 103 under SIMAP I; 76% of the loan resources have been disbursed and almost all funds have been committed. The distribution of SIMAP's projects by category and type is shown in **Table I-1**. Nursery and primary schools account for the largest number of regular and Amerindian projects, given the poor physical condition of many schools and the high value communities place on education. Parent-Teacher Associations (PTAs) are well organized in practically all communities and represent an active group of project sponsors.

Table I-1 Distribution of SIMAP II projects As of December 2000					
Project type	Projects		Amount		Average project cost (US\$)
	Number	% of total	(US\$ mill)	% of total	
REGULAR PROJECTS	115	21.5	8.7	75.0	75,420
Nursery schools	32	6.0	1.9	15.4	55,810
Primary schools	26	4.9	2.0	17.3	76,840
Water supply and sanitation	20	3.7	1.9	16.3	94,340
Secondary schools	12	2.2	1.1	9.3	89,730
Roads	10	1.9	0.9	8.4	96,760
Community centers and shelters	10	1.9	0.5	4.6	53,560
Other ^{1/}	5	0.9	0.4	3.7	84,600
AMERINDIAN PROJECTS	74	13.8	1.7	14.7	23,070
Primary schools	23	4.3	0.6	5.2	26,480
Community centers and shelters	22	4.1	0.5	4.6	23,980
Nursery schools	13	2.4	0.3	3.0	26,460
Productive projects	8	1.5	0.06	0.5	7,850
Other ^{2/}	8	1.5	0.2	1.4	20,520
EMERGENCY RESPONSE MECHANISM ^{3/}	347	64.7	1.2	10.3	3,450
TOTAL	536	100.0	11.6	100.0	21,800
^{1/} Includes markets and health centers, among others ^{2/} Includes teachers' houses, river cleaning, and basic sanitation, among others ^{3/} Largely self-help projects limited to US\$5,000. Includes rehabilitation of schools, water supply and sanitation, drainage and irrigation, and roads, among others					

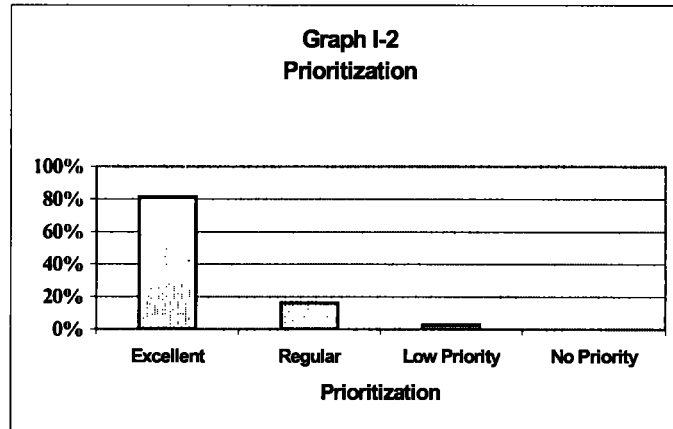
1.18 An independent evaluation of SIMAP II was undertaken in late 2000.³ The evaluation, based on an in-depth analysis of a sample of 41 projects, confirmed the program's strengths. Specifically, the majority of projects performed well with respect to several key variables:

- a. **Targeting.** Over 95% the projects analyzed benefited communities whose members subsist on incomes of less than US\$1 a day, which is approximately equivalent to G\$25,000 for the average family (**Graph I-1**).



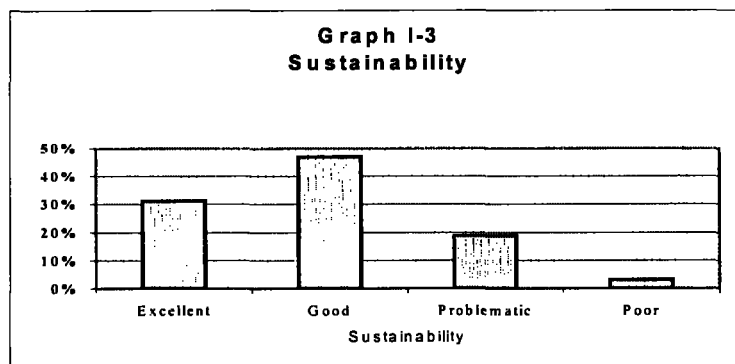
³ C. MacDonald and S. Joseph, Guyana: An Evaluation of the SIMAP II Program (September 2000). The nutrition and vocational and technical training programs were not included in this evaluation.

- b. **Prioritization.** Over 80% of the projects analyzed were considered by the beneficiary communities to meet their highest priority need; all but one project was considered at least a high priority (**Graph I-2**).



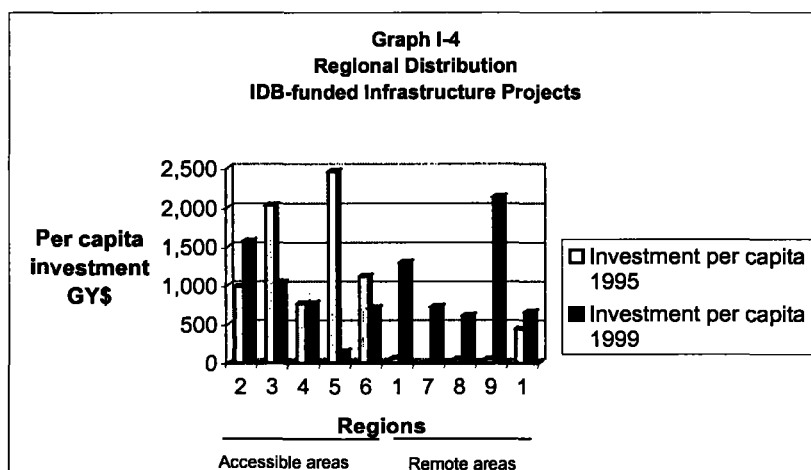
- c. **Community participation.** Over 60% of the projects analyzed were considered excellent in terms of community participation, measured by the community contribution in the form of unpaid labor, materials or cash, as well as active involvement in all phases of the project cycle.
- d. **Appropriateness of design and technical standards.** While all projects had some problem with design, the technical quality of construction of the projects was generally high, ensuring functionality and positively affecting sustainability.
- e. **Relationship with other agencies.** SIMAP has adequately coordinated with all relevant agencies, especially the Ministry of Education, the ten Regional Democratic Councils, and the Guyana Water Authority (GUYWA). Specifically, no project has been approved without the concurrence of the appropriate agency responsible for operation and maintenance. Adequate coordination combined with SIMAP's emphasis on rehabilitation has minimized the risk that facilities are built but left unused. The quality of the relationship between line ministries and SIMAP is reflected in the positive evaluation of the potential sustainability of projects, as detailed below.
- f. **Sustainability.** The majority of projects analyzed are expected to be sustainable, in the sense that clear mechanisms for maintenance and operation of the works have been put in place in cooperation with line ministries and other government agencies (**Graph I-3**). However, there is substantial variability depending on the type of project. Once schools are removed from the sample, the results are less positive. This largely reflects the institutional and financial weaknesses of Regional and Neighborhood Democratic Councils, which often bear the responsibility for maintenance of SIMAP-financed projects at the local level. Amerindian projects were also found to

be potentially less sustainable, largely due to the inclusion of productive projects, which have not been able to overcome transportation and marketing obstacles.



g. **Environmental impact.** None of the projects analyzed was found to have a negative environmental impact. This is mainly due to the types of projects funded, which tend to be small and largely directed at rehabilitation or replacement in the existing site.

1.19 A separate evaluation of the Amerindian program⁴ has also confirmed that the main objectives of the project are being met. It found that while the program is not intended as a comprehensive solution to the structural poverty found in Amerindian communities, it has led to significant improvements in the provision of basic services and standards of living. The inclusion of the Amerindian sub-component in SIMAP II, as well as the participation of Amerindian communities in regular projects, have also led to a substantial improvement in the regional distribution of per capita investment relative to SIMAP I. Spending per capita in all remote regions increased and is now running at levels slightly above the national average (**Graph I-4**).



⁴ J. Renshaw, SIMAP Amerindian Program.

- 1.20 Notwithstanding the success of SIMAP in financing community-based infrastructure, several problems have been identified:
- a. Community demand for projects has been greater than expected and screening procedures inadequate, leading to a lengthy approval process.
 - b. The emergency response modality for projects under US\$5,000 has operated with a relatively unrestricted menu, contributing to excess demand by communities.
 - c. SIMAP has made organizational changes that have increased costs and reduced flexibility in an attempt to improve its processing capacity.
 - d. Despite important advances in the level of community participation, particularly in Amerindian villages and with regard to community contribution to project financing, community involvement throughout the project cycle and subsequent maintenance in regular projects needs to be strengthened.
 - e. For Amerindian projects, the required community contribution of 10%, twice the percentage required for regular projects, has been excessively onerous as well as inequitable.
 - f. While women have played an active role as project sponsors, especially for schools, there is some preliminary evidence that their involvement in other stages of the project cycle tends to be more limited than in other Latin American social investment funds.
 - g. Although the targeting mechanism has worked well, the poverty map is out of date and fails to identify poor urban areas, especially new squatter settlements.
- 1.21 SIMAP's activities in non-infrastructure areas have fared less well. The original nutrition program financed under SIMAP I was designed to meet emergency needs in the context of structural adjustment through the distribution of food supplements and the provision of nutrition education to pregnant and lactating women and small children in targeted health centers. A subsequent evaluation found that the program had no sustained effect on weight gain or attendance at health centers.⁵ It was eventually discontinued, due to the failure of Government to develop and implement a sustainable nutrition policy, which was a condition for continued financing. A National Plan of Action on Nutrition was subsequently developed and a redesigned program is being executed under SIMAP II. The new program, currently in its second year of execution, is exhibiting similar problems,

⁵ M. Immink, Analysis and Assessment of SIMAP's Food Distribution Programme at Health and Day Care Centers in Guyana (1997). See also S. Chan, Impact Evaluation of a Milk Supplementation Programme on Weight of Children 6-24 Months of Age in Guyana (1998).

its only demonstrable impact being an increase in early enrolment at ante-natal clinics.⁶ Specifically, as in the case of SIMAP I, the program has so far failed to combine the distribution of foodstuffs with nutrition education, and thus it has not been effective in addressing chronic malnutrition among the poor. For these reasons, the new operation will not include a nutrition component. The IDB will continue to explore with the Government of Guyana (GOG) how to best address chronic malnutrition in the country outside the scope of SIMAP.

- 1.22 The technical-vocational training component, also a continuation of SIMAP I, was designed to outsource training in specific skills to 1,000 out-of-school youths. The tender was unsuccessful, leading to substantial delays. SIMAP is currently implementing the program without external assistance. Due to its late start, the program has not yet been evaluated but will not be included under the new phase. Studies are being initiated in the area of technical-vocational education to provide inputs for the design of a future project outside the scope of SIMAP.

E. Bank strategy and rationale for Bank involvement

- 1.23 The Bank's 1998-2001 strategy for Guyana, expressed in the Country Paper (GN-2014-1) and reiterated in the recent Programming Memorandum (CP-1148-2), includes among its primary objectives the reduction of poverty and the increase of absorptive capacity in the social sectors. The proposed program, designed to alleviate poverty and improve the living conditions of the poor is fully consistent with the Bank strategy.
- 1.24 SIMAP is only one of several programs the IDB has under execution or in the pipeline which contribute to poverty reduction in Guyana. The Bank has been especially active in primary education, a critical area, since low educational attainment remains one of the key contributors to the intergenerational transmission of poverty. A follow-on project to the Primary Education Improvement Program (827/SF-GY), the Basic Educational Access, Management and Support Program (GY-0063), is currently under preparation. Projects are also in execution in health and low-income housing. However, the absorptive capacity of line ministries remains low, as evidenced by their under-performance in spending for maintenance, supplies and investment under the HIPC Initiative. The continued weakness of line ministries combined with the strong demand for SIMAP projects in a context of high levels of poverty provide the rationale for the proposed program. At the same time, the Bank will continue to support the institutional strengthening of key ministries through other operations.

⁶ O. Omawale, Midterm Evaluation of the SIMAP Health and Nutrition Subprojects (2001).

II. THE PROGRAM

A. Objectives

- 2.1 The objectives of the program are to improve the living standards and economic opportunities of the poorest and most vulnerable households of Guyana and increase the capacity of poor communities to articulate and act upon their priority needs.

B. Program description

- 2.2 The program consists of three components: (a) a **projects** component which will finance investments in social and economic infrastructure and organizational strengthening in poor communities; (b) a **community services** component which will finance the provision of selected services to vulnerable groups through non-governmental organizations (NGOs); and (c) an **institutional strengthening** component which will finance technical assistance and training to SIMAP and other program participants. In addition, the program provides support for SIMAP's operating expenses.

1. Projects (US\$17.3 million)

- 2.3 This component will finance community-based projects designed to improve social and economic infrastructure and social capital in poor communities, based on a demand-driven mechanism. Eligible communities will be identified by the existing poverty map, used successfully under the previous phase of the program. A rapid poverty assessment instrument will be applied to communities affected by substantial socioeconomic changes since the map was elaborated. Under the demand-driven approach communities, through project sponsors (community-based organizations, NGOs, village councils, and Neighborhood Democratic Councils) will initiate projects and participate in all phases of project cycle. In addition, in order to ensure ownership, communities will be required to contribute 5% to 15% of the total project cost in cash, kind or through the donation of labor and materials.
- 2.4 The menu of eligible social infrastructure projects includes nursery, primary and secondary schools; health posts and centers; day care centers; multipurpose community centers; centers or shelters for the elderly, disabled, battered women and the homeless; rural water supply and sanitation, and residential drainage. The menu of economic infrastructure projects includes farm-to-market roads, bridges and markets.
- 2.5 Projects will include infrastructure, as well as local capacity-building and community training, to increase the level of community participation during the project cycle, and to support the goals of financial, technical, social and environmental sustainability. Capacity-building activities will focus on participatory needs assessment and community decision-making, organizational

development, conflict resolution, project preparation and management, and operation and maintenance. Specific attention will also be given, where relevant, to addressing priority gender issues such as expanding the participation of women and youth in decision-making processes, training and temporary employment opportunities.

- 2.6 The SIMAP III Operations Manual details eligible interventions (new construction, rehabilitation or expansion) as well as cost parameters and specific technical, environmental, social and institutional criteria for each type of project. It also provides detailed guidelines for community participation and local capacity-building activities. A summary of eligible projects and special criteria for each type is presented in **Annex 2. *Approval of the Operations Manual by the SIMAP Board is a condition prior to first disbursement.*** During the analysis mission, an advanced version of this Operations Manual was reviewed with the SIMAP counterpart.
- 2.7 Three categories of sub-projects will be included, each with its own pre-defined menu, project cycle and eligibility criteria:
- a. **Regular projects.** This category, open to all eligible communities, will cover projects up to US\$200,000⁷, inclusive of the community contribution of 5% of the total.
 - b. **Small projects.** This modality is designed to ensure a more rapid response to small-scale community requests. The total project cost under this category is limited to US\$15,000, inclusive of a community contribution of 15%. While the menu of eligible projects is the same as for the regular category, specific criteria for social infrastructure are more flexible and the project cycle is streamlined. However, interventions are limited to rehabilitation and expansion, excluding new construction.
 - c. **Amerindian projects.** This modality is adapted to the unique characteristics of Amerindian communities. Specifically, the menu of eligible projects is broader, designed to address the remoteness of Amerindian villages, among other special characteristics. The expanded menu includes teachers' houses, dormitory facilities for secondary students, solar panels or other alternative energy sources to power health centers and posts, transportation for school children (footpaths, school boats), and river, creek or ravine crossings. Additional types of projects designed to increase local consumption and alleviate heavy work burdens on women and children will be developed during loan execution. The ceiling for Amerindian projects has been set at US\$50,000, inclusive of the community contribution of 5%. Amerindian communities are also eligible for the larger regular projects.

⁷ Projects between US\$200,000 and US\$250,000 will be considered on an exceptional basis, with the following conditions: a) no more than one a year will be approved; and b) SIMAP must present an analysis of alternative options when presenting the project for the IDB's non-objection.

2. Community services (US\$0.65 million)

- 2.8 This component will finance the delivery of specific services to vulnerable groups through non-governmental and community-based organizations on a pilot basis. A competitive fund will be established, with a pre-defined menu of eligible activities and selection criteria, to which these organizations will apply to provide specific services. It is expected that this component will enhance SIMAP's poverty amelioration impact and provide the Government with concrete lessons and experience on the contracting of NGOs to execute safety net programs.
- 2.9 The competitive fund will target the following groups: the elderly, the disabled, at-risk youth and children, single-headed poor households, the homeless, abused and battered women, and individuals affected by HIV/AIDS and substance abuse. Eligible services include home and day-care services, facilitating access to existing social services, legal aid, counseling and rehabilitation services and life skills training. Infrastructure is not eligible under this component. Project grants ranging from US\$15,000 to US\$50,000 will be awarded for a period of 12 to 18 months. The Community Services Operating Regulations details the menu of eligible target groups, activities and organizations, as well as the procedures for selection and execution. *Approval of the Community Services Operating Regulations by the SIMAP Board is a condition prior to first disbursement.* During the analysis mission, an advanced version of these Operating Regulations was reviewed with the SIMAP counterpart.

3. Institutional strengthening (US\$0.7 million)

- 2.10 This component will finance technical assistance and training to enhance the effectiveness of SIMAP. In order to increase SIMAP's ability to manage the project cycle efficiently, the program will finance the upgrading of SIMAP's Management information system (MIS). The component will also finance SIMAP's promotion campaign. Other activities are largely designed to improve the sustainability of projects, through technical assistance and training in the areas of environmental management, maintenance, and local capacity building. In addition, this component will finance the monitoring and evaluation of the program, described in detail in Chapter III.
- 2.11 The following **consultancies** will be financed: (a) development of basic maintenance guidelines and manuals for each type of project for distribution to beneficiary communities and project sponsors; (b) refinement of existing community capacity-building and training materials; and (c) development of potential menu of additional Amerindian projects designed to increase the quality of life in these communities and alleviate work burdens of women and children. The results of these consultancies, once discussed and agreed upon between SIMAP and the Bank, will be incorporated into the Operating Manual.
- 2.12 The following **training activities** will be covered: (a) training for SIMAP staff in new project eligibility criteria and procedures; (b) design and execution of

training in environmental management for SIMAP staff, contractors and beneficiary communities; and (c) design and execution of training in community development and participatory approaches for Community Development Officers (CDOs), who act as the link between SIMAP and beneficiary communities. The component will also finance twice yearly meetings of CDOs scattered throughout the country in order to exchange field experiences.

4. Project administration (US\$2.2 million)

- 2.13 The program will finance operating expenses for the SIMAP agency, including the remuneration of staff critical to the program's success. Administration represents 9.7% of the program's total cost.

C. Size of program

- 2.14 The US\$22.2 million program has been dimensioned on the basis of an analysis of expected demand for project financing by poor communities and SIMAP's processing capacity. Drawing on the experience of SIMAP II, and taking into account the revised menu and project cycle as well the proposed organizational changes described in Chapter III, it is estimated that the program can execute approximately 416 projects over four years. The smaller number of projects relative to SIMAP II largely reflects the replacement of the emergency response category, which had a relatively unrestricted menu, by the small projects category.
- 2.15 Nearly all of the resources of SIMAP II have been committed, but SIMAP continues to accept community requests. This will result in the build-up of a considerable inventory of projects to be financed by SIMAP III. The processing of these projects will follow the revised eligibility, selection and ranking criteria that are being incorporated as part of SIMAP III. It is estimated that close to 45 projects for a total representing US\$1.8 million will be in the inventory at the time of start-up of the proposed operation.
- 2.16 The following table describes the expected breakdown of projects executed per year by type:

Table II-1										
PROJECTS PER YEAR OF EXECUTION										
Project type	Year 1		Year 2		Year 3		Year 4		Total	
	#	US\$	#	US\$	#	US\$	#	US\$	#	US\$
Regular	33	3,250,000	39	3,900,000	33	3,250,000	26	2,600,000	130	13,000,000
Small	54	535,000	64	642,000	54	535,000	43	428,000	214	2,140,000
Amerindian	18	540,000	22	648,000	18	540,000	14	432,000	72	2,160,000
Total	104	4,325,000	125	5,190,000	104	4,325,000	83	3,460,000	416	17,300,000

- 2.17 The size of social investment funds financed by the Bank varies widely. A review of previous projects⁸ indicates that program costs per capita range from US\$11 (Honduras and Nicaragua) to US\$31 in Trinidad and Tobago, while the cost per poor individual ranges from US\$16 to US\$148 for the same countries. The figures for the proposed program, US\$26 and US\$74 respectively, fall within this range, and are quite similar to those for recent social funds in Panama and Suriname. Cost comparisons with Central American funds should be interpreted with caution, given high transportation costs in Guyana. In addition, while social funds in Central America represent usually only one of several poverty alleviation programs, SIMAP is practically the only such program in Guyana.

D. Program cost and financing plan

1. Program cost

- 2.18 The total program cost of US\$22.2 million will be financed with a Bank loan of US\$20 million drawn from the Fund for Special Operations and a counterpart contribution of US\$2.2 million. Since the Government of Guyana has requested the use of the 10% in additional financing allowable for poverty-targeted investment projects, the Bank loan will finance 90% of the total program cost. The following table presents a breakdown of program costs and financing:

⁸ The following projects were used for comparison purposes: HO-0161; JA-0041; NI-0108; PN-0111; SU-0020; and TT-0011.

Table II-2 TOTAL PROGRAM COSTS (US\$ 000)				
INVESTMENT CATEGORIES	TOTAL			% TOTAL
	IDB	LOCAL	TOTAL	
ADMINISTRATION	1,740	416	2,156	9.7
PROJECT FINANCING	16,811	960	17,771	80.0
Regular projects	12,483	531	13,014	58.6
Amerindian projects	2,052	109	2,161	9.7
Small projects	1,820	320	2,140	9.6
Community services	456	—	456	2.1
TECHNICAL ASSISTANCE	776	120	896	4.0
Community services	74	120	194	0.9
Institutional strengthening	702	—	702	3.1
SUBTOTAL	19,327	1,496	20,823	93.8
UNALLOCATED	473	106	579	2.6
FINANCIAL EXPENSES	200	598	798	3.6
Interest	—	419	419	1.9
Credit commission	—	179	179	0.8
Credit supervision	200	—	200	0.9
GRAND TOTAL⁹	20,000	2,200	22,200	100.0
% by source	90	10	100	

2. Terms and conditions

The terms and conditions of the loan will be as follows:

TERMS AND CONDITIONS OF THE LOAN	
Source of funds:	Funds for Special Operation (FSO)
Amount:	US\$20,000,000
Terms:	
Amortization period	40 years
Grace Period	10 years
Commitment of funds	3.5 years
Disbursements	4 years
Interest rate	1% first 10 years, 2% thereafter
Credit fee	0.05 % per year on undisbursed amounts
Inspection and supervision	1% of the loan amount
Currency	United States dollar

⁹

Total may not add-up due to rounding.

III. PROGRAM EXECUTION

A. The borrower and the executing agency

- 3.1 The borrower will be the Government of Guyana and the executing agency will be SIMAP. The government will transfer the funds from the loan and the local counterpart to SIMAP on a grant basis. *Certification that an agreement to transfer these funds has been signed will be a condition prior to first disbursement.* Current financial and accounting procedures for the disbursement of the loan proceeds and local counterpart, which have worked well under SIMAP II, will be used for the proposed program.

B. SIMAP's organization

- 3.2 SIMAP has performed successfully, especially in terms of targeting and the execution of projects. However, in an attempt to improve its processing capacity, partially in response to a higher than expected demand for projects, SIMAP has made organizational changes that have increased costs and reduced flexibility. Among the key problems identified in the preparation of the proposed loan is the long lag between community requests and project approval. Other problems include heavy reliance on internal preparation of projects, resulting in an organization with a high concentration of engineers relative to community development officers, and thus decreased emphasis on community participation and training. An outdated management information system and the dispersion of functions among different units have also contributed to a loss in efficiency.
- 3.3 In order to address these problems, changes are being introduced in both the organizational structure of the agency and in the project cycle. The key changes to the organization are the following:
- a. All functions related to community participation will be concentrated in one area, the redesigned Project Development Unit (PDU). The unit will be in charge of promoting the program in the communities and strengthening their capacity to articulate demands, identify and prioritize investments and supervise works. This new approach will be carried out by the PDU through teams consisting of a Community Development Officer (CDO) and a Technical Officer (TO).
 - b. The functions related to ranking and selection of projects, including ex-ante and ex-post evaluations, will be concentrated in a newly created Evaluation Unit.
 - c. Greater emphasis will be placed on the outsourcing of project design. SIMAP will continue to carry out the design of small and Amerindian projects, and may carry out the design of regular social infrastructure projects under US\$80,000. Given the size of these projects and the remoteness of Amerindian communities outsourcing is not economic. In addition, the design

of Amerindian projects requires specialized expertise and close collaboration with the communities to appropriately respond to specific cultural characteristics. SIMAP's new organization includes a Technical Services Office (TSO), which will be responsible for designing these projects and preparing the scope of works for those whose design will be outsourced. The TSO will also give technical support to all other units as needed.

- d. The MIS, currently under the Administrative and Financial Department, will be established as a separate unit, under the direct supervision of the Executive Director. Given the importance that project and financial controls have for an organization like SIMAP, the existing MIS software will be upgraded allowing for on-line follow-up of the different stages of the project cycle and the flagging of unusual delays.
 - e. A small unit will be established under the Operations Manager for the implementation of the community services pilot. The unit will be responsible for the promotion of the new component, the preparation of request for proposals, initial screening of proposals, and general administration and oversight of the component. Other activities will be outsourced, as described in section D.
- 3.4 SIMAP's new organizational structure is presented in **Annex 3** and described in detail in the Operations Manual. ***Approval by the SIMAP Board of the new organizational structure and staffing requirements is a condition prior to first disbursement.*** During the analysis mission, the proposed organizational structure and staffing requirements were discussed and agreed upon with SIMAP's management.
- 3.5 **Board of Directors.** SIMAP is headed by a six-member Board composed of three members appointed by the Government, one member selected from the private sector, one from the NGO sector, and one from the University of Guyana. The Board is responsible for defining and overseeing SIMAP's policies, reviewing and approving the annual budget and action plan, and approving projects.
- 3.6 **Management.** Executive supervision of day-to-day operations is the responsibility of an executive director, who is accountable to the Board for all of SIMAP's activities. SIMAP will have a first level of management consisting of two department managers: an operations manager, who also acts as deputy to the executive director; and a finance and administration manager. The executive director and the two managers constitute the Management Review Committee (MRC). The second level consists of operative and functional units, each headed by a qualified professional.
- 3.7 **Staffing.** During project analysis an assessment was conducted of the human resources required to execute the proposed program efficiently and strengthen the relationship with communities through an increase in the number of site visits. The role, number, and salary scale of different categories of staff, especially CDOs and

TOs were also reviewed, taking into account the above objectives, as well as the staffing of new units.

C. Execution of community-based infrastructure

- 3.8 The project cycle has been revised and streamlined in order to: (a) facilitate and encourage greater community participation; and (b) increase SIMAP's efficiency in processing projects. The revised version follows the basic phases of promotion, identification, application and registration, selection, preparation, appraisal, approval and execution. The project cycle is broadly depicted in **Annex 4** and described in detail in the Operations Manual. The summary description provided below emphasizes changes to SIMAP's current procedures.

1. Promotion

- 3.9 SIMAP is well known throughout the country and only a relatively small number of poor communities have not been served by it. Consequently, there is no need for an extensive promotional campaign. In conjunction with the ten Regional Democratic Councils, SIMAP will identify all the poor communities that have not received previous funding and arrange a program of visits by CDOs to assist them in identifying needs and prepare application requests, with special emphasis on training in community organization. For the remaining communities, SIMAP will carry out an informational campaign to inform them of the new conditions and rules under which the program will operate.

2. Identification, application, and registration

- 3.10 In addition to the planned approach to communities never served by SIMAP, the program will continue to receive requests from other communities. These requests will also be assigned to CDOs, who will take the lead for project identification. An enhanced two-part application form has been developed during program preparation designed to promote community participation, collect information for ranking of projects, facilitate preparation of scope of works for outsourcing, and collect baseline data for ex-post evaluation.
- 3.11 Part I of the application form, required for all communities expressing interest in SIMAP financing, has been designed for ease of use by the community, but it may be filled out with the assistance of the CDO when necessary. It contains enough information to determine whether the proposed project meets three basic eligibility criteria: (a) the community is classified under one of three eligible categories of the poverty map or is part of the list of communities to which the new rapid poverty assessment instrument will be applied; (b) the project falls under the eligible menu of SIMAP interventions; and (c) the sponsor is an eligible organization and is committed to meet the minimum community contribution. Once this initial screening is carried out, the application will be registered and a letter of notification to the sponsor automatically generated. If the application meets the basic eligibility criteria, processing is initiated, including notification of relevant line ministries,

agencies and local authorities to obtain their non-objection and preparation of the site visit by the PDU team comprised of a CDO and a TO.

- 3.12 The initial application form also includes preliminary information on the characteristics of the community, sponsor group and potential beneficiaries, the degree of community involvement in project identification, and the justification for the project, which will enable the PDU to prepare the issues to be discussed and analyzed during the field visit using a participatory approach. Part II of the application, filled out during the field visit, includes more detailed information on the proposed project for ranking purposes and preparation of the scope of works for both the infrastructure and community capacity building components of the project. If the community is listed as one where the application of the rapid poverty assessment instrument is indicated, this is also carried out during the visit. For all communities, similar questions on socioeconomic characteristics are also answered, and information on social capital collected to provide baseline information for ex-post evaluation.

3. Ranking

- 3.13 In order to ensure that the best projects are selected and executed, a new ranking system is being introduced. Regular projects will be ranked according to a scoring formula based on four variables: (a) the poverty level of the community, giving greater weight to the poorest as defined in the poverty map; (b) previous SIMAP experience, taking into account the type and number of such projects, and giving greater weight to communities that have benefited the least; (c) the communities maintenance record for previous SIMAP projects, designed to provide an incentive for adequate maintenance; and (d) the type of project. Regarding the latter, the project menu has been divided into four categories based on how basic a need the project meets, the welfare level of potential beneficiaries, and its potential sustainability. In the case of small projects, only the first two variables are taken into account, while in the case of Amerindian projects no ranking will be applied. The scoring formula and the rationale for the choice of variables and weights are detailed in the Operations Manual.
- 3.14 The scoring will be done by a computerized procedure, and the results registered in the electronic files of the MIS. Proposed projects that do not meet a minimum score will be rejected and the sponsor notified. Every month the PDU will produce an updated list of the projects which scored above the minimum to that date, from which the Management Review Committee will determine how many are selected to advance to the preparation phase, based on the current processing capacity of SIMAP at that time. Projects not selected after three months will be rejected and the sponsor notified. It is expected that this procedure will result in a more rapid response to community requests and prevent the accumulation of a backlog of projects.

4. Preparation

- 3.15 Preparation and design of projects will be based on the scope of works developed by the CDOs and TOs after the site visit. Most of the projects will require preparation in two areas: civil works and community capacity building and training. For the design of works, a dual scheme will be used. All small and Amerindian projects will be prepared and designed in-house. Regular social infrastructure projects under US\$80,000 may also be designed in-house. For other regular projects, private firms or individuals will be contracted to prepare and design the project under the supervision of the TO who is responsible for the development of the project. The cost of the preparation will be included as part of the project's total financing requirements. The design of capacity building and training will be based on guidelines prepared for this purpose and included in the Operations Manual.
- 3.16 SIMAP has developed an extensive register of proven consultants, which is permanently open for update. The project's sponsor, line ministries and local authorities will be contacted by SIMAP and the design consultant to discuss the project's design, including effective operation and maintenance for which they are largely responsible. A new database of qualified community training consultants who can be contracted to finalize designs of capacity-building activities and implement them will be developed at the beginning of project execution.

5. Appraisal

- 3.17 SIMAP has developed standard project appraisal criteria for each of the different types of projects that it has financed, which are detailed in the Operations Manual. The appraisal process includes technical, financial, economic, social, institutional and environmental analyses. Eligibility criteria and cost parameters have been updated and revised based on current economic conditions and experience from the current operation to ensure that projects meet community needs, are cost effective and that mechanisms are in place to promote sustainability. The Evaluation Unit will undertake a preliminary desk analysis to confirm that the project meets SIMAP's eligibility principles and appraisal criteria, and that the required documentation is complete. This analysis will be followed by a site visit conducted with the project sponsor, as well as an official of the relevant line ministry, government agency or local authority. Information contained in the project proposal and confirmed or supplemented during the site visit provides the basis for the appraisal report, which is reviewed by the MRC prior to presentation to the Board.

6. Approval and Bank review

- 3.18 Regular and Amerindian projects with a total cost in excess of US\$15,000 are presented to SIMAP's Board of Directors for consideration. After a project is approved by the Board, the IDB is either notified if the project cost is less than US\$80,000, or asked for its non-objection if the cost of the project is over this

amount. Board approval of small and Amerindian projects below US\$15,000 is delegated to the Executive Director, and the Board notified. These projects do not require the Bank's ex-ante non-objection, although it must be notified and it reserves the right to carry out an ex-post review. The commitment of funds will be deemed to take place once valid notification from SIMAP has been received by the IDB's Country Office. During the analysis mission, the mechanisms to be used for the control of disbursements and for the auditing of this component were reviewed with SIMAP's management and the Country Office Financial Specialist.

7. Contracting, execution and supervision

- 3.19 Several evaluations have shown that project execution is one of SIMAP's strengths. Accordingly, the only change introduced under this phase of the program is the extension of the contracting procedures used for civil works to the community-training component of each project.
- 3.20 The projects approved for financing are executed by private contractors. SIMAP is exempted from the centralized and lengthy public sector tender procedures and has instead established effective procurement procedures that are open, competitive and in full compliance with Bank policy. SIMAP maintains a register of pre-qualified contractors, categorized by regions and scale of work experience; it is permanently open for registration and updates are made through semiannual invitations advertised in local media. For the execution of each project, SIMAP requests tenders from at least six pre-qualified contractors in the specific region of the project. A specialized unit evaluates the tenders and submits recommendations to a Tender Evaluation Committee appointed by the SIMAP Board, which reviews them and decides the adjudication of the contract. Contracts that exceed US\$80,000 are submitted for the Bank's non-objection. Contracts under that amount are decided internally but the Bank must be notified after Board approval of the intention to use loan proceeds for their financing. The Bank reserves the right to do an ex-post review.
- 3.21 In order to ensure that contractors execute the projects effectively, SIMAP hires an independent project supervisor who provides periodic reports on the progress of the works and on compliance with the terms of the contract. In addition, the SIMAP team assigned to each project must make periodic site visits and verify that works have been carried out as contracted before additional payments can be made. A third level of supervision is provided by the project sponsors who have a direct incentive in ensuring that works are carried out on schedule, and that errors are corrected on time. Project sponsors and the responsible line ministry, agency or local authority must confirm that the project has been completed appropriately before a final payment to the contractor is approved.

8. Project completion

- 3.22 The project completion stage involves certification and handover of works completed to the community, the sponsor and/or relevant agency. A project

completion report includes an evaluation of contractor performance, processing time, and cost.

9. Project operation and maintenance

- 3.23 Community participation, as well as the concurrence of relevant line ministries or other public agencies, is critical to ensure that the project will be sustainable. Although the evaluation carried out under project preparation indicates that mechanisms have been put in place to ensure sustainability in most of the projects, these mechanisms will be strengthened. As described in Chapter II, projects will now include training in community organization, environmental management and maintenance. In addition, the documentation considered during appraisal of the project will include a letter from the project sponsor defining its commitments regarding the project's subsequent operation and maintenance, as well as its participation in the training identified during project preparation. The documentation will also continue to include a letter from the relevant agency responsible for the project's operation and maintenance stating its concurrence with the project. In addition, the agency will also be required to specify financial commitments for maintenance, in order to contribute to the development of a culture of public accountability.

D. Execution of the community services component

- 3.24 The pilot community services component will be executed by eligible NGOs and community-based organizations (CBOs) and overseen by a small technical unit reporting to the Operations Manager, supported by SIMAP's financial and administrative staff. Most of the technical unit's responsibilities will also be outsourced, in order to avoid the pitfalls encountered during execution of the nutrition and technical-vocational subcomponents under the previous two phases of SIMAP. The community services component has its own project cycle, depicted in **Annex 5** and summarized below, as well as its own operating regulations.
- 3.25 **Promotion.** The SIMAP technical unit will develop and carry out a public information campaign consisting of an information pamphlet, print media announcements and meetings with interested organizations to disseminate and explain the new program.
- 3.26 **Request for proposals.** The unit will issue a request for proposals (RFP) that will be published in the two daily national newspapers, 60 days prior to the deadline for submissions.
- 3.27 **Initial screening.** The unit will carry out an initial screening of proposals, to eliminate those requests that do not meet the eligibility criteria. Specifically, the unit will confirm that the request meets the agreed upon criteria for eligible organizations, beneficiaries, services, total budget and execution time frame. The specific eligibility criteria are contained in the Operating Regulations.

- 3.28 **Technical review and ranking.** Proposals that meet the eligibility criteria will be forwarded to an interdisciplinary Proposal Review Committee, which will evaluate the proposals according to established guidelines and rank those recommended for acceptance based on evaluation scores. The guidelines for evaluation and the scoring system are contained in the Operating Regulations.
- 3.29 The Proposal Review Committee be comprised of four persons to be appointed by the University of Guyana and drawn from the faculties of development studies, social work, management and public administration. During project preparation, the alternative of assembling a group of independent reviewers was analyzed, but in order to minimize the risk of politicization of the process, a decision was made to entrust the responsibility for technical review to an independent and respected institutional body. The University is the only institution in Guyana capable of assembling professionals with the range of skills needed for the evaluation.
- 3.30 **Project approval.** Using the ranking prepared by the Proposal Review Committee, those that can be funded will be forwarded to the Board of Directors for final approval and then to the IDB for its non-objection. A grant agreement which sets out the purpose of the grant, its amount, disbursement period and terms and conditions will then be signed with each NGO, committing funds to the project.
- 3.31 **Project execution.** A technical assistance firm will be contracted to provide oversight and monitoring of project execution. Prior to first disbursement of each grant, the firm will ascertain the effectiveness of each NGO's financial management and internal procedures to meet the terms and conditions of the grant. During execution, the firm will provide regular oversight to ensure that planned activities are being carried out adequately, through quarterly visits and review of all financial and progress reports. The roles and responsibilities of the technical assistance firm are detailed in the Operating Regulations.

E. Procurement

- 3.32 The acquisition of goods and related services and contracting of civil works financed by the loan, will be subject to the procedures stated in Annex B of the loan contract. International public bidding is mandatory for acquisition of goods and related services that exceed US\$250,000 and US\$1 million for civil works. Since the maximum project cost is US\$200,000, no international competitive bidding is expected under the proposed program. All procurement under the set limits will be done following procedures previously agreed with the Government. Procurement of consulting services will be done according to regular Bank procedures as stated in Annex C of the Loan Contract. These procurement guidelines are part of the Operational Manual. **Annex 6** presents a tentative Procurement Plan.

F. Financial aspects

1. Execution and disbursement schedule

- 3.33 The resources of the program will be committed within a period of three and half years from the effective date of the loan contract, and are expected to be disbursed within four years from the same date. Commitment of resources is defined as the signing of the agreement to finance a project by SIMAP, the sponsor, and the contractor. The six-month difference between commitment and disbursement termination dates should provide sufficient time for the completion of all projects contracted. The following table contains the disbursement schedule for the program:

Table III-1 DISBURSEMENT SCHEDULE (thousands of US\$)						
Source	Year 1	Year 2	Year 3	Year 4	Total	%
IDB	5,035	5,945	4,900	4,120	20,000	90
Local	547	590	545	518	2,200	10
Total	5,582	6,535	5,445	4,638	22,200	100
% / year	25	29	25	21	100	

2. Advance of funds

- 3.34 A revolving fund, up to 5% of the loan (US\$1 million), will be established. SIMAP will prepare and submit to the Bank semi-annual reports documenting the use of funds as of June 30th and December 31st of each year, within a period of 60 days after the closing of each semester.

G. Program monitoring, evaluation and controls

- 3.35 Program monitoring and evaluation will be used to identify problems and needed changes in program implementation and/or targets. Program supervision will be carried out by the Bank's Country Office, with the support of the project team.

1. Program launching

- 3.36 Given that the new program has important differences with the current operation, it will be necessary to ensure that all those involved in its execution have clear knowledge of changes in design, new responsibilities and resources available to support their participation. In order to achieve this, an initial meeting will be held as close as possible to the date that the program is declared eligible for disbursements. Participants in the meeting will be SIMAP, the Bank, relevant line ministries, agencies and local authorities, and other participating entities such as the University of Guyana and local NGOs.

2. Annual reviews

- 3.37 Every year SIMAP and the Bank will hold a meeting to review program execution. The reviews will include: (a) review of program execution during the previous year; (b) monitoring of specific program achievements against benchmarks specified in the logical framework and performance indicators; (c) review of the effectiveness of project cycle and MIS application; and (d) review of annual operational plan. The first annual review will focus on the modifications included in the proposed program, including the effectiveness of the ranking mechanism and the inclusion of community training in the scope of projects and evaluate the results of consultancies undertaken to introduce changes in the Operating Manual (see paragraph 2.11).

3. Benchmarks and reports

- 3.38 During program execution, SIMAP will present to the Bank annual progress reports that summarize execution and financial highlights of the period. The reports will also present data on monitoring indicators of operational capacity and efficiency, project execution, community participation, targeting and outputs, generated by the MIS. The list of indicators is presented in **Annex 7**.

4. External monitoring and oversight

- 3.39 In order to ensure the adequate application of the Operating Manual and that the organization performs as planned, the project will include periodic monitoring and oversight carried out by an external consultant. The consultancy will focus on the project's methods of operation and its use of human resources. On a periodic basis, the consultant will perform reviews at SIMAP headquarters and the field. At the level of SIMAP headquarters, the consultant will select a sample of subprojects and will follow them through the agreed project cycle. The main purpose of this is to verify that the approved parameters and procedures for each step have been followed. The consultancy will also verify that the MIS is being used adequately and that the staff is discharging its roles as responsibilities as intended. Finally, the consultancy will also include a review of sample of projects in the field to verify that the agreed procedures were used. Results of the consultancy will be reported to SIMAP management and the Bank, and anomalies corrected.

5. External financial audits

- 3.40 During the execution of the loan, SIMAP will present to the Bank the program's yearly financial statements audited by the Office of the Auditor General or a firm of independent auditors acceptable to the Bank. They will be presented to the Bank within 120 days of the closing date of each fiscal year.

6. Internal controls

- 3.41 SIMAP's operations are submitted to two internal control systems. An internal audit unit carries out accounting and procedural follow-up. It also monitors the performance of the contractors and sponsoring agencies executing projects with SIMAP funds. The unit was established as a condition of the SIMAP I IDB-financed loan, and has operated effectively.
- 3.42 SIMAP's upgraded MIS will allow for a strict follow-up of the processing cycle. As it will work "on-line" and will be linked to the financial control modules, a very effective project control mechanism will be in place. The system will facilitate management's ability to monitor and enforce responsibility for each aspect of project development and execution.

7. Program evaluation

- 3.43 During phase II of SIMAP, annual external evaluations were carried as part of the program; this was complemented by a Bank-financed evaluation to assist in the preparation of the current phase. Since more extensive information for monitoring purposes will now be available from both the upgraded MIS system and the operational audits, the frequency of evaluations will be reduced, but its scope will be increased. A midterm and a final external evaluation of the community-based infrastructure projects component will be financed under the program. These will focus on the impact of SIMAP III projects on the quality of life of the individuals that reside in beneficiary communities. The evaluations will be comprehensive, and will therefore analyze outcome indicators at both the individual and community level in order to measure the full impact on quality of life. The evaluation will also place special emphasis on process indicators that assess community participation and decision-making during the project cycle, as well as indicators to assess physical maintenance of infrastructure where relevant. The scope of work of the evaluation is contained in **Annex 8**.
- 3.44 The community services component will be the subject of a separate ex-post evaluation. It will assess whether the component met the objective of expanding the access of the targeted vulnerable groups to social services and whether contracting of NGOs and CBOs represents a cost-effective method of delivering services to vulnerable groups in Guyana. The results of the evaluation of this pilot component will be shared with the relevant line ministries, especially the Ministry of Social Security and Human Services. The terms of reference for the evaluation are contained in the Operating Regulations.
- 3.45 The borrower has elected not to carry out a formal ex-post evaluation of the program.

IV. LESSONS LEARNED, BENEFITS, AND RISKS

A. Lessons learned and project viability

- 4.1 The preparation and design of SIMAP III has profited from the lessons learned in the previous two phases, as well as the broader Bank experience with social investment funds. The IDB-financed SIMAP I loan demonstrated that Guyanese low-income communities are willing and able to identify their own development needs and participate in projects to meet them. The SIMAP II loan built on the strengths of the initial program, while introducing several new instruments to increase the agency's effectiveness in reaching the poor. Among these, a poverty map was introduced to replace the previous *ad hoc* targeting approach; mechanisms for closer coordination with line ministries and other government agencies were established; and community contribution requirements were formalized. The evaluations of the SIMAP II program discussed in detail in Chapter I demonstrate the success of the program in reaching the poorest communities in Guyana, including Amerindian villages, and addressing their priority needs. The program has also been relatively successful in setting up mechanisms for operation and maintenance of facilities in cooperation with line Ministries, other public agencies and local authorities.
- 4.2 The good performance of the SIMAP program results from the incorporation of best practices in design and execution of social investment funds. These include: (a) a demand-driven approach; (b) institutional autonomy and freedom from political interference; (c) transparency and accountability, based on the use of a comprehensive Operations Manuals and systematic monitoring, supervision and evaluation; (d) ability to recruit high-caliber, motivated staff by paying competitive wages; (e) expedited procurement procedures; (f) effective coordination with line ministries and local authorities; (g) use of transparent targeting mechanisms; and (h) technically simple subproject designs.
- 4.3 Notwithstanding the success of SIMAP in financing community-based infrastructure, there is scope for improvement in several areas. Thus, the proposed program introduces several changes in design and execution. Among them, the following are emphasized:
 - a. **Targeting.** A rapid poverty assessment instrument is being introduced to complement the existing poverty map. This instrument will be applied to new communities and those that have undergone substantial socioeconomic changes since the last census was carried out.
 - b. **Promotion.** While SIMAP is well known throughout Guyana, there are some poor communities that have never benefited. These communities will be identified and a targeted promotion effort will be carried out.

- c. **Community participation.** Strong emphasis will be placed on capacity building at the local level, in order to enhance community participation in all stages of the project cycle and promote the sustainability of SIMAP projects.
 - d. **Ranking.** A scoring formula is being introduced to ensure the best projects are selected, incorporating incentives to direct resources to the poorest communities, those that have benefited the least from SIMAP in the past and those that have maintained past projects adequately. In addition, the scoring formula will favor those projects that meet basic needs of the poorest and are easier to maintain.
 - e. **Monitoring and evaluation.** Greater emphasis will be placed on project monitoring through an upgraded MIS system which can regularly generate data on performance indicators and operational audits. The collection of baseline data will be incorporated into community applications for funding in order to facilitate the evaluation process.
 - f. **Community services.** A pilot program to deliver specific services to targeted vulnerable groups through NGOs is being introduced to enhance SIMAP's poverty alleviation impact.
- 4.4 SIMAP will require changes in its organizational structure to adequately execute the proposed program. Specifically, changes are being introduced into the organization to enhance its ability to respond rapidly and effectively to community demand, and to accommodate the emphasis on community development, while outsourcing design and engineering. The proposed changes are considered attainable in the short-run.
- 4.5 Since its establishment, SIMAP has demonstrated a growing capacity to manage resources and execute projects and will not have a problem with the expected workload. During design and preparation, the project team identified sufficient local technical capacity to undertake activities which will be outsourced, including the design of community-based infrastructure and the execution of community training activities.
- 4.6 During preparation the project team also confirmed local NGO capacity to execute the community services pilot component, which will be entirely outsourced. The component builds upon recent initiatives to strengthen the voluntary sector in Guyana funded by Canadian International Development Agency (CIDA), and creates opportunities for NGOs that have demonstrated the capacity to implement community-based programs that reach specific vulnerable groups to fund new or expanded activities.
- B. Environmental aspects**
- 4.7 The independent evaluation of the SIMAP II program found no significant adverse environmental impact, since most projects funded were small and involved rehabilitation rather than new construction. In fact, SIMAP is expected

to continue to have a positive impact, directly improving the environmental quality of poor communities, through the provision of potable water, construction of sanitary blocks in schools and markets, and rehabilitation of residential drainage systems. The potential adverse environmental effects of projects, especially in the construction phase, are mitigated by detailed environmental guidelines prepared under SIMAP II to guide project design, appraisal and execution. The program will finance training on these guidelines for SIMAP staff, design consultants, contractors and beneficiary communities. SIMAP will operate under a permit from the Environmental Protection Agency.

C. Social impact and benefits

- 4.8 SIMAP will contribute to the improvement of the living conditions of the poor through the financing of small-scale infrastructure. The projects respond to poor communities' identification of their own priority needs and have immediate benefits on the quality of life by providing increased access to adequate social services and facilities. The proposed operation also places emphasis on capacity-building at the local level, which will have longer term effects. Strengthening the organizational, management and leadership capabilities of poor communities will not only enhance the sustainability of SIMAP-financed projects, but also enable communities to undertake other development activities and advocate for quality services.
- 4.9 The introduction of the community services pilot component in the SIMAP III program will increase its impact on poverty alleviation. The component will directly finance improved access to social services by specific vulnerable groups including the elderly, disabled, abused and battered women, single parents, at-risk youth and children, and individuals affected by HIV/AIDS. The pilot will provide the Government with concrete experience on the contracting of NGOs to execute safety net programs.
- 4.10 Women have been active participants in SIMAP financed projects in the past, particularly as project sponsors for school projects due to their high level of involvement in PTAs. They have also been central to many communities' efforts to organize and provide for the required community contribution, either in cash or through labor and local materials. However, their participation in temporary employment opportunities has been limited. The proposed program will promote greater participation of women in all stages of the project cycle through the incorporation of an explicit focus on gender in the local capacity-building training modules. Specific baseline, monitoring and evaluation indicators will be disaggregated by gender to measure the performance of the program with respect to women.
- 4.11 In addition, it is anticipated that women from different vulnerable social groups will comprise the majority of the beneficiaries of the new community services component. It is also expected that several women's NGOs will apply for and be

awarded grants within this program, due to their strong presence in the voluntary sector in Guyana.

- 4.12 SIMAP was the first IDB-financed social investment fund to include a specific component for indigenous peoples, with a menu and procedures designed to address the specific characteristics of Amerindian communities. All evaluations carried out to date have indicated that Amerindian communities, which rank among the poorest in Guyana, have been key beneficiaries of the SIMAP program. The proposed program's impact on Amerindian communities will be increased through targeted promotion in communities that have never received SIMAP support and a significant reduction in the required community contribution from 10% to 5% of total project cost, identical to that required for regular projects.

D. Risks

- 4.13 **Project sustainability** remains an issue in all social investment funds. The overall SIMAP record with respect to operations and maintenance is positive, but the results are less positive once schools are excluded from the analysis. In order to promote the sustainability of projects, the proposed program will emphasize the incorporation of training in maintenance into community capacity-building activities and ensure that upon completion of projects communities receive simple maintenance guidelines.
- 4.14 **Political interference** is another risk common to all funds, but there is no evidence that this has affected SIMAP operations to date. The use of a poverty map and transparent and objective project eligibility and selection criteria mitigates against this risk. The introduction of periodic external monitoring and oversight will ensure that the operating regulations are strictly adhered to.
- 4.15 The **shortage of qualified professionals**, aggravated by high rates of emigration, is a major problem in Guyana, especially in the public sector. SIMAP's successes are largely due to its ability to recruit high-caliber, committed professionals, but staff turnover remains a problem. The Bank will closely monitor compensation packages and working conditions, in order to ensure that salaries remain competitive and the organization is adequately staffed.
- 4.16 The **community services** component is a new item under SIMAP. Given the country's small voluntary sector, there are risks that only a small number of proposals will be submitted and that the quality of the projects will be deficient. These risks are mitigated under the program by dimensioning the component as pilot and financing the contracting of a firm to provide technical assistance to the beneficiary NGOs.

LOGICAL FRAMEWORK
SIMAP III
(GY-0061)

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
to improve the living and social well-being of communities through a participatory approach	1. At least 80% of beneficiary communities find that SIMAP has improved their living conditions	SIMAP evaluation	
Objective 2: Access of poorest and vulnerable communities to social and economic services that reflect their needs	1. At least 80% of projects meet highest priority need identified by communities 2. At least 35% of regular projects are executed in communities ranked lowest in the poverty map (level 50)	Files of completed projects MIS reports	Communities are able to identify their needs and themselves to request assistance and participate in execution
Objective 3: Sustainable, locally generated community-based infrastructure financed and maintained by the community	1.1 By end of program, at least 416 projects executed: Year 1: 33 regular projects, 54 small projects and 18 Amerindian projects Year 2: 39 regular projects, 64 small projects and 22 Amerindian projects Year 3: 33 regular projects, 54 small projects and 18 Amerindian projects Year 4: 26 regular projects, 43 small projects and 14 Amerindian projects 1.2 At least 90% of projects incorporate mechanisms to ensure operation and maintenance 1.3 All sponsors receive written guidelines on maintenance upon project completion	MIS Reports Files of completed projects Operational audits	Communities are willing and able to contribute to execution, operation and maintenance There is adequate coordination between SIMAP, ministries, local authorities and other agencies

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
Capacity of local communities to actively participate in all stages of project cycle strengthened	2.1 At least 75% of beneficiary communities of regular and Amerindian projects receive training in capacity building 2.2 Community training activities average 5% of total project costs 2.3 At least 50% of participants in community needs assessment and project identification are women 2.4 At least 50% of members of sponsor groups are women 2.5 At least 20% of local employment generated by project go to women	MIS Reports Files of completed projects Operational audits	SIMAP management and staff are receptive to emphasis on capacity building Communities are receptive to training Training incorporates culturally appropriate methodology Local contractors are encouraged by communities women
Projects are designed and implemented efficiently	3.1 Average duration of project cycle between registration and board approval does not exceed 4 months	MIS Reports Operational audits	New operating regulations are strictly followed
Community services component is executed successfully	4.1 At least 12 grants are awarded 4.2 At least 300 individuals belonging to the target groups benefit from the program 4.3 At least 75% of projects meet agreed-upon targets within 18 months	SIMAP Reports	Public information and promotion campaign is successful in generating demand Capable technical assistance firm is contracted
Institutional strengthening activities are successfully implemented	5.1 Upgraded MIS is operational 5.2 Workshop for SIMAP staff on new operating regulations carried out within one month of loan eligibility 5.3 All CDOs receive training in community development and training 5.4 Twice yearly meetings of all CDOs carried out 5.5 Four training workshops in environmental management for contractors undertaken 5.6 Expanded menu of Amerindian projects designed to increase consumption and alleviate work	SIMAP reports	SIMAP implements agreed upon consultancy and training

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	burdens on women and children incorporated in Operating Manual		
administrative costs ing for community- infrastructure and unity development unity services pilot ional strengthening	1. US\$2.2 million to cover operating expenses 2. US\$17.3 million to finance 416 projects 3. US\$0.65 million to finance community services pilot 4. US\$0.7 million to finance training and consultancies	SIMAP accounting records and financial reports	Counterpart resources are made available in a timely SIMAP is able to recruit and retain qualified staff

SUMMARY OF PROJECTS' MENU AND SPECIFIC CRITERIA

REGULAR PROJECTS

Eligibility criteria for all regular projects:

Community must be classified as 50, 40 or 30 in poverty map. For selected pre-defined areas, the alternative poverty assessment instrument will be used. Sponsor should be a CBO, NGO, NDC or Village Council.

Beneficiary community or sponsor should contribute 5% of the total project cost, in cash or kind.

Total project cost (including the community contribution) should not exceed US\$200,000. Projects between US\$200,000 and US\$250,000 will be considered on an exceptional basis, with the following conditions: a) No more than one a year will be approved; and b) SIMAP must present an alternative options.

In categories for which complete replacement of facility is permitted, this will be done if the cost of rehabilitation exceeds 60% (wooden buildings and concrete buildings). In the case of new facilities, SIMAP cannot finance land purchases.

Category	Type of intervention	Special criteria
Schools	New school, complete replacement, rehabilitation or expansion	<ul style="list-style-type: none"> Concurrence of MOE/RDC stating responsibility for operations and maintenance If new school (where none existed before), MOE must present assessment of need, estimated enrolment and evidence that staff will be assigned as well as land title
Schools	Complete replacement, rehabilitation or expansion	<ul style="list-style-type: none"> Concurrence of MOE/RDC stating responsibility for operations and maintenance
Schools	Rehabilitation; expansion will be eligible only to solve overcrowding problem (square foot per student below standard set by MOE).	<ul style="list-style-type: none"> Concurrence of MOE/RDC stating responsibility for operations and maintenance If expansion, a letter from MOE with justification
Health centers and centers	Complete replacement, rehabilitation or expansion	<ul style="list-style-type: none"> Concurrence of MOH/RDC stating responsibility for operations and maintenance
Health centers	New facility, replacement, rehabilitation or expansion	<ul style="list-style-type: none"> For new facility, must demonstrate no alternative site to deliver services available (e.g. community center, church building, etc) Community/sponsor must submit a plan for staffing, operating and maintaining center
Elderly, disabled, battered women,	New facility, replacement, rehabilitation or expansion	<ul style="list-style-type: none"> For new facility, must demonstrate no alternative site to deliver services available (e.g. community center, church building, etc) Community/sponsor must submit a plan for staffing, operating and maintaining center
Base community	New facility, replacement, rehabilitation or expansion	<ul style="list-style-type: none"> Community/sponsor must submit a plan for activities and for operating and maintaining center No membership fees can be levied

Category	Type of intervention	Special criteria
Water supply	<ul style="list-style-type: none"> Rehabilitation and extension of distribution and storage systems, including household connection 	<ul style="list-style-type: none"> Population served cannot exceed 5,000 Proposed system must have access to operating water pump connection safe water supply; if no water pump, GUYWA work-plan including de installation of pump within 6 months required. Project cannot begin is installed. GUYWA concurrence stating responsibility for operations and maintenance Projects should comply with all GOG policies on user fees and subsidies Contractors must be on GUYWA's approved list.
Drainage	<ul style="list-style-type: none"> New, rehabilitation and expansion of tertiary drains 	<ul style="list-style-type: none"> Secondary drains downstream must be in working order; if not, work NDC/RDC/City Council providing for adequate secondary drainage 6 months required. Project cannot begin until work is completed. Sponsor, in cooperation with NDC/RDC/City Council must present p operation and maintenance Concurrence of NDC/RDC stating responsibility for operations and maintenance Concurrence of NDC/RDC stating responsibility for operations and maintenance
Market roads	Rehabilitation, expansion	<ul style="list-style-type: none"> Concurrence of NDC/RDC stating responsibility for operations and maintenance
Essential roads	Rehabilitation, expansion	<ul style="list-style-type: none"> Concurrence of NDC/RDC stating responsibility for operations and maintenance
	Replacement, Rehabilitation, Expansion	<ul style="list-style-type: none"> Concurrence of local authority/municipality stating responsibility for operations and maintenance
	Rehabilitation, replacement	<ul style="list-style-type: none"> Concurrence of local authority/municipality stating responsibility for operations and maintenance

SMALL PROJECTS

Eligibility criteria for all small projects:

Community must be classified as 50, 40 or 30 in poverty map. For selected pre-defined areas, the alternative poverty assessment instrument will be used.

Sponsor should be a CBO, NGO or NDC.

Beneficiary community or sponsor should contribute 15% of the total project cost, in cash or kind.

Total project cost (including the community contribution) should not exceed US\$15,000.

Any of eligible projects is the same as that of regular projects

Any interventions allowed are rehabilitation and expansion

Criteria: for schools, health centers, other social infrastructure, no institutional criteria, for water supply, residential drainage, drainage and markets, bridges: same criteria as for regular projects. No community capacity-building component required.

to one per facility over life of project.

AMERINDIAN PROJECTS

Eligibility criteria for all Amerindian projects:

Community must have at least 250 inhabitants. For nursery and primary schools, communities with less than 250 inhabitants are eligible, provided they are gazetted and there is MOE concurrence.

Sponsor should be a CBO, NGO, NDC or Village Council. The Village Council or NDC must endorse the project, if it is not the sponsor. In villages where neither a Village Council nor NDC exist, the RDC must endorse the project.

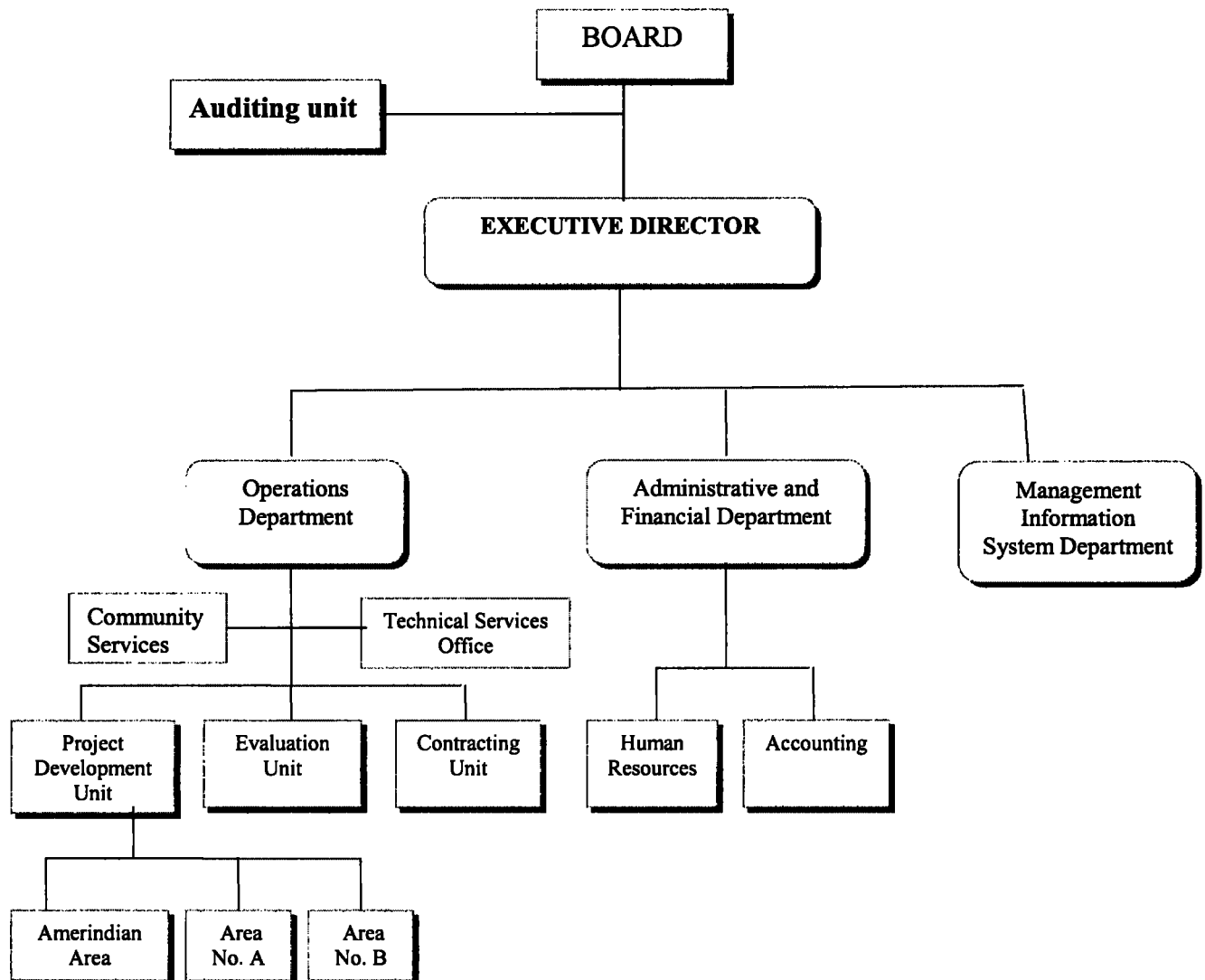
Beneficiary community or sponsor should contribute 5% of the total project cost (net of transportation costs), in cash or kind.

Total project cost (including the community contribution and transportation costs) should not exceed US\$50,000.

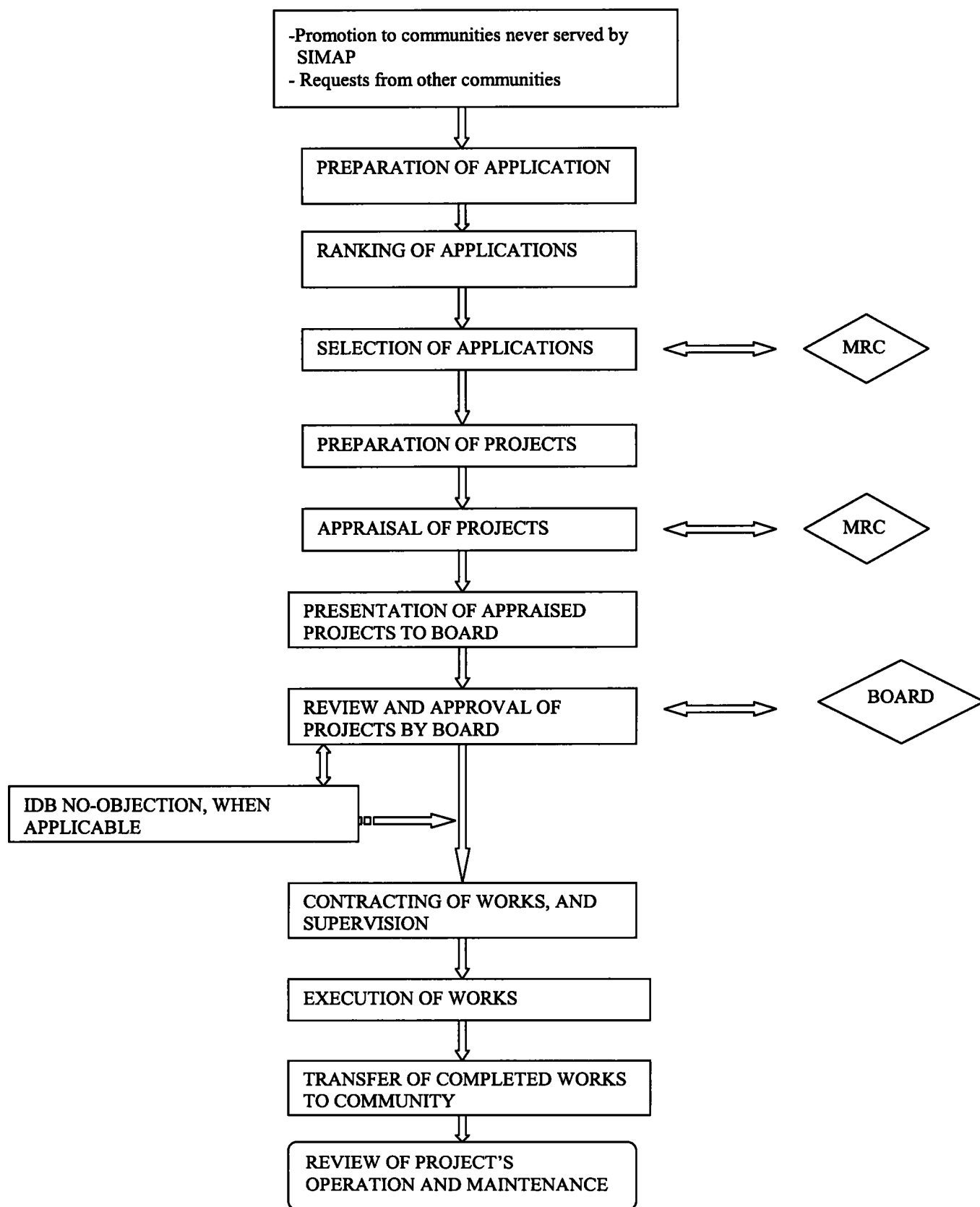
Projects under the regular menu are eligible, using the same criteria, with one exception for the case of primary schools noted below. In addition, the following projects are eligible:

Category	Type of intervention	Specific criteria
Schools	In addition to interventions in the regular menu, new schools which have been gazetted can be financed	<ul style="list-style-type: none"> Same as for regular projects in the cases of replacement, rehabilitation or expansion. If new school (where none existed before), MOE must provide assessment of need, estimated enrolment and evidence that staff will be assigned to facility as well as land title
Classrooms	New facility; rehabilitation of facilities not done by SIMAP in the past	<ul style="list-style-type: none"> Concurrence of PTA and MOE/RDC. Teacher must reside in the community on a full-time basis Total cost (including transportation) cannot exceed US\$20,000.
Facilities for students	New facility, replacement, rehabilitation or expansion	<ul style="list-style-type: none"> Concurrence of MOE/RDC, indicating school has minimum number of students from distant villages Students must be enrolled full-time
Infrastructure for school (footpaths, boat ramps, school boats, etc.)	New, replacement or rehabilitation	<ul style="list-style-type: none"> Concurrence of local school
Health posts or other alternative services for health posts	Installation	<ul style="list-style-type: none"> Concurrence of MOH/RDC stating responsibility for operations and maintenance Health post or center offers immunization services and/or deliveries
Control of erosion or ravine	New, replacement or rehabilitation	<ul style="list-style-type: none"> Sponsor must present maintenance plan
Projects designed to increase employment or reduce unemployment, or work on women and youth	Material, equipment and technical assistance (including training). Labor costs not included (except as community contribution)	<ul style="list-style-type: none"> Subject to initial consultancy to define specific menu and parameters; project will become part of operating regulations For agricultural projects, training in environmentally sustainable practices required

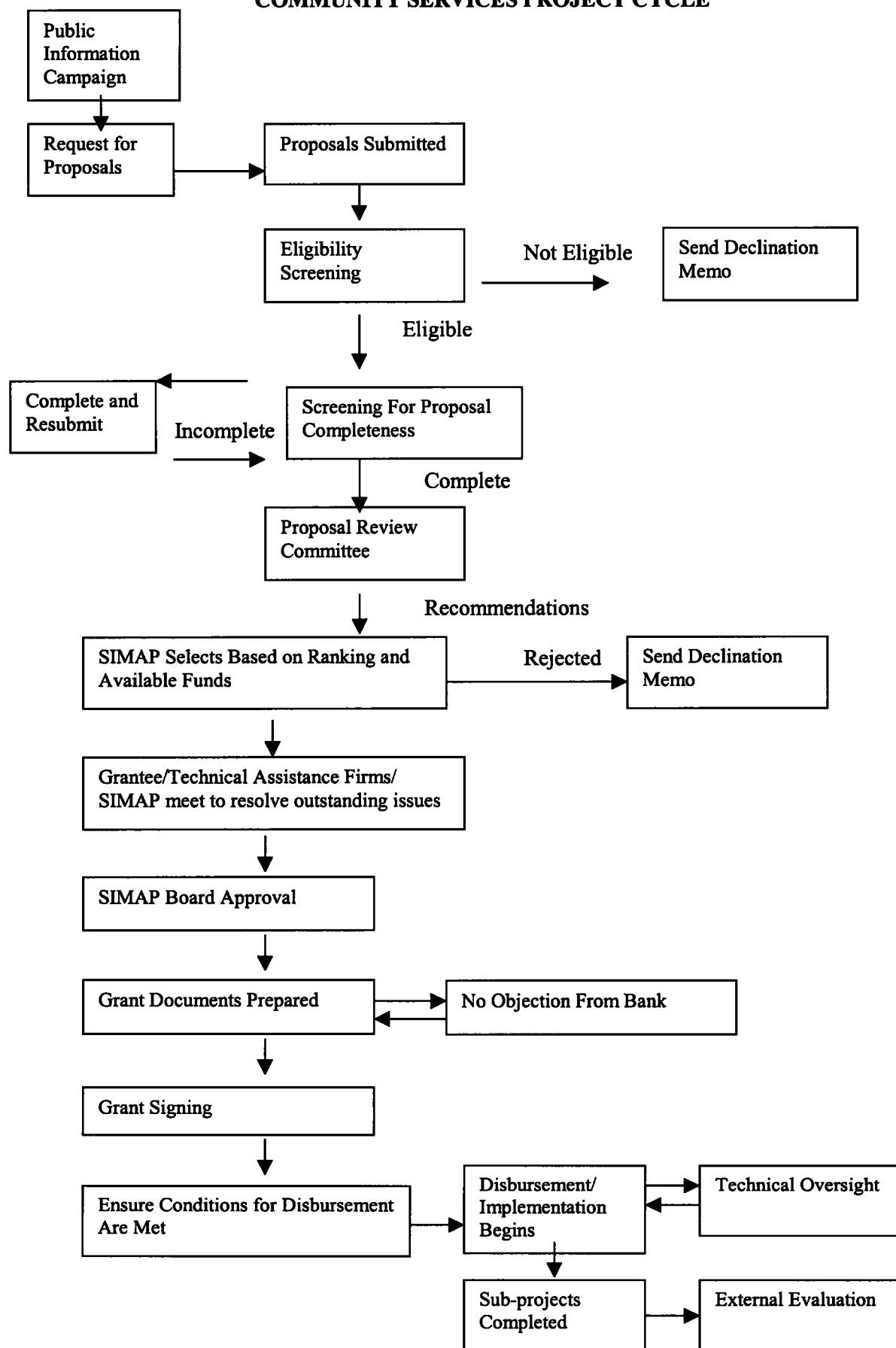
SIMAP ORGANIZATION CHART



SIMAP PROJECT CYCLE



COMMUNITY SERVICES PROJECT CYCLE



TENTATIVE PROCUREMENT PLAN

PROGRAM PROCUREMENT MAIN ACQUISITIONS	FINANCING	METHOD	PREQUALI- FICATION	DATES
CIVIL WORKS (Subprojects)				
Regular Projects up to US\$200,000 Estimated aggregate amount: US\$13 million 2002, I semester US\$1.6 million 2002, II semester US\$1.6 million 2003, I semester US\$1.95 million 2003, II semester US\$1.95 million 2004, I semester US\$1.6 million 2004, II semester US\$1.6 million 2005, I semester US\$1.3 million 2005, II semester US\$1.3 million	IDB 95% GOG 5%	NCB	NO	II/01 I/02 II/02 I/03 II/03 I/04 II/04 I/05
Amerindian projects up to US\$45,000 Estimated aggregate amount: US\$2.2 million 2002, I semester US\$270,000 2002, II semester US\$270,000 2003, I semester US\$324,000 2003, II semester US\$324,000 2004, I semester US\$270,000 2004, II semester US\$270,000 2005, I semester US\$216,000 2005, II semester US\$216,000	IDB 95% GOG 5%	LS	NO	II/01 I/02 II/02 I/03 II/03 I/04 II/04 I/05
Small projects , less than US\$15,000 Estimated aggregate amount: US\$2.1 million 2002, I semester US\$ 268,000 2002, II semester US\$268,000 2003, I semester US\$321,000 2003, II semester US\$321,000 2004, I semester US\$268,000 2004, II semester US\$268,000 2005, I semester US\$214,000 2005, II semester US\$214,000	IDB 85% GOG 15%	LS/DC	NO	II/01 I/02 II/02 I/03 II/03 I/04 II/04 I/05

PROGRAM PROCUREMENT MAIN ACQUISITIONS	FINANCING	METHOD	PREQUALI- FICATION	DATES			
<u>Community services projects</u> Estimated aggregate amount: US\$456,000 2002, I semester US\$57,000 2002, II semester US\$57,000 2003, I semester US\$69,000 2003, II semester US\$69,000 2004, I semester US\$57,000 2004, II semester US\$57,000 2005, I semester US\$91,000	IDB 100%	LS	NO	I/02 II/02 I/03 II/03 I/04 II/04 I/05			
COMPUTER EQUIPMENT AND SOFTWARE							
One lot of approximately US\$100,000				IDB 100%	NCB	NO	I/01
INSTITUTIONAL SUPPORT (Services for training and consultancies in support of projects)							
Bids for a total of US\$600,000				IDB 100%	NCB	NO	On-going
DATES = refer to semester of year DC = Direct contracting LS = Local shopping NCB = National competitive bidding							

MONITORING INDICATORS

Operational capacity and efficiency

- Number of project requests by category (Regular, Small and Amerindian)
- Number of project requests that meet eligibility criteria
- Number of projects ranked and percentage selected after one, two or three meetings of MRC by category
- Number of projects under preparation by category and type
- Number of projects under appraisal by category and type
- Number of projects under execution by category and type
- Number of projects completed by category and type
- Average timespan of each phase of the project cycle by category

Procurement and disbursement

- Total cost of projects approved
- Total amount committed
- Total amount disbursed
- Number and cost of contracts approved with and without IDB prior review

Community participation

- Proportion of total projects sponsored by: a) CBOs; b) NGOs; c) Neighborhood Democratic Councils; and d) Village Councils
- Proportion of projects providing in-kind community contribution
- Average percentage of total project cost invested in community training

Targeting and output

- Distribution of projects (number and amount) by poverty level of community
- Distribution of projects (number and amount) by region
- Average number of direct beneficiaries by project category and type
- Average number of direct beneficiaries by gender
- Average cost per direct beneficiary by project category and type
- Number of jobs generated by gender

SCOPE OF WORK FOR EVALUATION OF COMMUNITY-BASED INFRASTRUCTURE

A mid-term and a final evaluation will be conducted in order to assess the impact of SIMAP III projects on the quality of life of the individuals that reside in beneficiary communities. The evaluations will be comprehensive, and will therefore analyze outcome indicators at the individual, household and community levels in order to measure the full impact on quality of life. The evaluation will also analyze process indicators that measure decision-making during the project cycle and the accumulation of social capital, as well as indicators to assess physical maintenance of infrastructure.

Output indicators. The evaluation will provide a summary of all SIMAP III projects completed to date, broken down by type of project, location, poverty status, and cost, in order to assess both the progressiveness and geographical equity in the allocation of funds. Specific indicators to be analyzed will include the total number of projects and amount of money allocated per region, on a total, per capita, and per poor person basis.

Outcomes or results. The study will develop, collect, and analyze indicators that measure the impact of projects on individual beneficiaries (direct and indirect), as well as on the beneficiary community as a whole. Direct beneficiaries are defined as those who actually use the facility, but outputs also accrue to households and the community as whole. For example, a day care center benefits children, but may have an indirect affect on women's time allocation, which could have a significant impact on household welfare. Community level indicators to measure change may include the number of organizations or groups that have formed since the SIMAP III project, the number of activities these groups have sponsored, the existence of other projects since SIMAP, and an increase in overall social cohesion. The evaluation will explore these issues with respect to particular sub-groups in the community, such as farmers, women, and parents.

Process and decision-making. The mandate of SIMAP III is to intervene in poor areas on a demand driven basis; thus it is of particular importance to evaluate the degree of community ownership of SIMAP projects. The evaluation will therefore measure community participation in different stages of the project cycle, including an analysis of whether certain sub-groups participate more than others in project decision-making, and whether this is related to other community socio-economic and demographic characteristics.

Project maintenance. Sustainability is a key issue determining the success of social funds in the region. To address this issue, SIMAP III includes community capacity strengthening activities with maintenance as a key component. The evaluation will thus analyze information on maintenance and upkeep activity of infrastructure projects, and relate these to community socioeconomic characteristics, and degree of participation in the project cycle to understand what factors help determine the long term sustainability of SIMAP projects.

Data collection and methodology. The evaluations will be based on both general information drawn from SIMAP's MIS and project files as well as a random sample of 50 projects (35 for the mid-term report). The variation of projects with respect to geography, size (costs), project type, and whether the community was targeted by SIMAP or not, will reflect the universe of projects implemented by SIMAP III during the period. Thus, a stratified sample will be used.

Information on total outputs (number and type of projects, costs, geographical distribution, etc) will be taken from SIMAP records, and baseline data on the sample projects will also be available, collected during the application phase. Data on outcomes or results will be collected through structured and semi-structured survey instruments. A questionnaire will be designed to capture the information on outcomes and administered to one or two key informants in the community. Information from the questionnaire will be supplemented through semi-structured interviews or focus group meetings.

PROPOSED RESOLUTION

GUYANA. LOAN ____/SF-GY TO THE COOPERATIVE REPUBLIC OF GUYANA

(SOCIAL IMPACT AMELIORATION PROGRAM – SIMAP III)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Cooperative Republic of Guyana, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Social Impact Amelioration Program – SIMAP III. Such financing will be for the amount of up to twenty million dollars of the United States of America (US\$20,000,000), or its equivalent in other currencies, except for that of Guyana, which are part of the resources of the Bank's Fund for Special Operations, and will be subject to the "Special Contractual Clauses" and the "Financial Terms and Conditions" set forth in the Executive Summary of the Loan Proposal contained in Document PR_____.