

CO-OPERATIVE REPUBLIC OF GUYANA

SUSTAINABLE AGRICULTURAL DEVELOPMENT PROGRAM (GY-L1060)

Ministry of Agriculture
Agriculture Support Development Unit



INSTITUTIONAL CAPACITY ASSESSMENT

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**MINISTRY OF AGRICULTURE
AGRICULTURAL SECTOR DEVELOPMENT UNIT
(GY-L1060)**

INSTITUTIONAL CAPACITY ASSESSMENT REPORT

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**MINISTRY OF AGRICULTURE
AGRICULTURAL SECTOR DEVELOPMENT UNIT
(GY-L1060)**

INSTITUTIONAL CAPACITY ASSESSMENT

DRAFT REPORT

ACRONYMS

ADP	Agricultural Export Diversification Program
AOG	Audit Office of Guyana
AOP	Annual Operational Plan
ASDU	Agricultural Sector Development Unit
ASSP	Agriculture Support Services Program
BCC	Budget Call Circulars
BoG	Bank of Guyana
CC	Control Capacity
CE	Execution Capacity
CPO	Programming and Organization Capacity
DBO	Design, Build, Operate
EIA	Environmental Impact Assessment
EA	Environmental Assessment
EMP	Environment Management Plan
EPA	Environmental Protection Agency
ESMF	Environmental and Social Management Framework
FM	Financial Management
GAP	Good Agricultural Practices
GAPA	Guyana Agricultural Producers Association
GLDA	Guyana Livestock Development Authority
GLSC	Guyana Lands and Survey Commissions
GoG	Government of Guyana
GYD\$	Guyanese Dollar
ICAS	Institutional Capacity Assessment System
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IFMIS	Internal Financial Management Information System
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
KPI	Key Performance Indicator
MMAADA	Mahaica Maihaicony Abary Agricultural Development Authority
MoA	Ministry of Agriculture
MoAA	Ministry of Indigenous People's Affairs (formerly Ministry of Amerindian Affairs)
MoC	Ministry of Communities
MoF	Ministry of Finance
MoPI	Ministry of Public Infrastructure

NSAG	National Strategy for Agriculture in Guyana
PEU	Project Executing Unit
POM	Project Operations Manual
PPP	Public Private Partnerships
PS	Permanent Secretary
RFP	Request for Proposal
SABS	Goods and Services Management System
SAF	Financial Management System
SAP	Personnel Management System
SCE	External Control System
SCI	Internal Control System
SECI	Institutional Capacity Assessment System
SOA	Administrative Organization System
SMART	Specific, Measurable, Achievable, Resourced and Time-Bound
SPA	Activities Programming System
SOA	Administrative Organization System
US\$	Dollar of the United States of America

**SUSTAINABLE AGRICULTURAL DEVELOPMENT PROGRAM
(GY-L1060)**

MINISTRY OF AGRICULTURE, AGRICULTURAL SECTOR DEVELOPMENT UNIT

INSTITUTIONAL CAPACITY ASSESSMENT REPORT

I. INTRODUCTION

A. Objective

- 1.1 The objective of the report is to present the results of the institutional evaluation of the Ministry of Agriculture, Agricultural Sector Development Unit (ASDU), which was conducted through the application of the tool and methodology “Institutional Capacity Assessment System” (ICAS/SECI), developed by the Inter-American Development Bank (IDB). The assessment considered specifically the participation of the MOA ASDU as project executing agency of the initiative “Sustainable Agriculture Development Program” (GY-L1060).¹ The assessment is based on the current characteristics, scope of work, size and responsibilities of ASDU, described herein, and which encompass the prior execution of the investment loan “Agricultural Export Diversification Program” (GY-L1007 – 1929/BL-GY), approved in December 2007, and Agricultural Support Services Program (GY-0011) .
- 1.2 In this context, the specific objectives of the report are to identify and analyze the strengths and weaknesses of the Ministry, and specifically the ASDU as the Project Executing Unit of the investment loan. The report will: (a) describe the results of the institutional capacity assessment of the MOA; (b) present favorable and unfavorable aspects resulting from the ICAS in relation to execution capacity; and (c) based on MOA ASDU’s institutional capacity, provide recommendations for the design of the Program’s execution structure and mechanism.

B. Scope of the Report

- 1.3 The report is the result of the institutional capacity assessment which was carried out based on the meetings and work sessions conducted by the consultant with pertinent internal dependencies of the MOA which took place during the week of July 24, 2016 in Georgetown, Guyana, as well as the institutional and financial information provided by the Ministry.
- 1.4 The present report contains the responses to the ICAS questionnaires used during the interviews with MOA officials, in addition to the respective interpretation and analysis of the supporting information and documentation provided by the Ministry in both, physical and digital format. Thereby, the results and conclusions reflect the institutional characteristics of the Ministry and capacities of the ASDU, as a direct input to its participation in the execution of the Program, and in compliance with: (a) the guidelines for the application of the ICAS methodology; and (b) the technical inputs and analysis of the consultant.

¹ See Project Completion Report June 2016 (PCR).

II. BACKGROUND OF THE PROGRAM

A. Objective of the Program

- 2.1 The objective of the Program is to increase the productivity of the agricultural sector and improve sustainable and climate-resilient use of natural resources in Guyana.

B. Components of the Program

- 2.2 The Program is structured in three components:

- a. **Component 1. Institutional strengthening and capacity building for integrating innovation in agriculture.** This component will include the review and design of an appropriate Agricultural Information System (AIS), including the preparation and implementation of an Agricultural Census; a LIDAR survey of the North Rupununi (Region 9) and Ebini (Region 10); strengthening of the Monitoring and Evaluation capabilities of the MoA; identification of buffer zones for sensitive wetlands (with potential to designate a RAMSAR site²) in Region 9, and identification of water catchment sites for improved natural resource management and climate change adaptation in Region 9.
- b. **Component 2. Strengthening institutions and building capacity for integrating innovation in agriculture.** The objective of this agri-business component is to finance the establishment of agriculture centers, to contribute to local and regional development, including technology transfer, demonstration and training. The component will finance two centers that have been identified by the MoA: (i) Lethem / Manari (Region 9); and (ii) Ebini (Region 10). In both sites, the project will finance infrastructure (new and upgrades to existing buildings), equipment and technical assistance. The infrastructure will be used for research, training and extension. The proposed land for the centers is owned by the Ministry through the Mahaica Maihaicony Abary Agricultural Development Authority (MMA-ADA), an agency of the Ministry. Research/ demonstration projects, identified through a prioritization exercise, will be implemented in collaboration with national and international centers. These programs will identify specific beneficiary groups, technology packages and monitoring and evaluation mechanisms. Research activities will focus on reducing vulnerability to climate change through multiplication and conservation of genetic material, including drought resistant varieties of seeds, and protection of traditional knowledge as local adaptation strategy. The information and experience obtained will be useful to design and develop future approaches.
- c. **Component 3. Implementing sustainable compliance measures with sanitary and phytosanitary standards.** Under this component, which addresses the lack of knowledge and capacity to adopt environmentally suitable sanitary and phytosanitary standards, the Ministry of Agriculture will work with relevant partner agencies to enhance access to markets and infrastructure, which in turn will increase the value and sales volume of meat and dairy products. To this end, the project will finance: (i) technical assistance to support the review and update of standards, codes and implementing regulations stemming from legislation related to products destined for export markets as well as local markets, both current and potential; (ii) the construction and installation of small-scale meat (abattoirs) and dairy and fruit processing

pilot facilities (infrastructure and equipment) to evaluate the feasibility and unit costs of complying with standards and promote private public partnerships in this sector; and (iii) training and technical assistance for Guyanese producers' associations and associated authorities (e.g., Guyana Agricultural Producers Association [GAPA] and Guyana Livestock Development Authority [GLDA]).

- 2.3 The total cost of the Program is US\$15 million, with no counterpart financing required. Component 1 is expected to require an investment of US\$4.2 million, component 2 for strengthening of the agricultural innovation and extension system is estimated at US\$7 million, and component 3 compliance with sanitary and phytosanitary measures will need a US\$1.1million investment, with US\$2.2 million to support Program administration, including management, monitoring and evaluation, and auditing.

III. MINISTRY OF AGRICULTURE

A. Institutional and Legal Background

- 3.1 The Ministry of Agriculture (MOA) is responsible for the effective and efficient management and coordination of human, financial, physical and material resources necessary to facilitate the sustainable, safe and environmentally sound development of agriculture in Guyana. In addition, several agricultural related agencies and entities fall under the purview of the Ministry. Since February 2014, there is a Monitoring and Evaluation Unit with a role to ensure that policies are enforced and that the operations of these entities are in accordance with GOG guidelines and regulations.²
- 3.1.1 The Agriculture Sector Development Unit (ASDU) was established in 2007 within the Ministry of Agriculture to coordinate and implement all foreign-funded programs/projects which are being executed by the Sector. Consequently, ASDU will be the project executing unit of the Ministry for the Sustainable Agricultural Development Program.

B. Organization

Ministry of Agriculture

- 3.2 The MOA presents a functional organizational structure under the Office of the Permanent Secretary (PS) who is ultimately responsible for the overall policy development, administrative, financial management, operational and investment activities of the Ministry. The PS is the administrative head of the Ministry.

² These include: National Agricultural Research and Extension Institute (NAREI), Guyana Livestock Development Authority (GLDA), Guyanese Rice Development Board (GRDB), Pesticides and Toxic Chemicals Control Board (PTCCB), National Drainage and Irrigation Authority (NDIA), Mahaica Maihaicony Abary Agricultural Development Authority (MMA-ADA), Guyana School of Agriculture (GSA), New Guyana Marketing Cooperation (NGMC), Guyanese Sugar Cooperation (GUYSUCO), Rice Assessment Committees (RAC), Regional Democratic Councils (RDC), Regional Executive Officers (REO), and Livestock Producer's Associations (LPA) for each region.

- 3.3 The Ministry of Agriculture's mission is addressed through four program areas, two committees and ten agencies, which are as follows:

Program Areas

Ministry Administration (including Finance)
Crops and Livestock Support Services
Fisheries Department
Hydro-meteorological Services

Committees

Rice Assessment Committee (RAC)
National Cane Farming Committee (NCFC)

Agencies

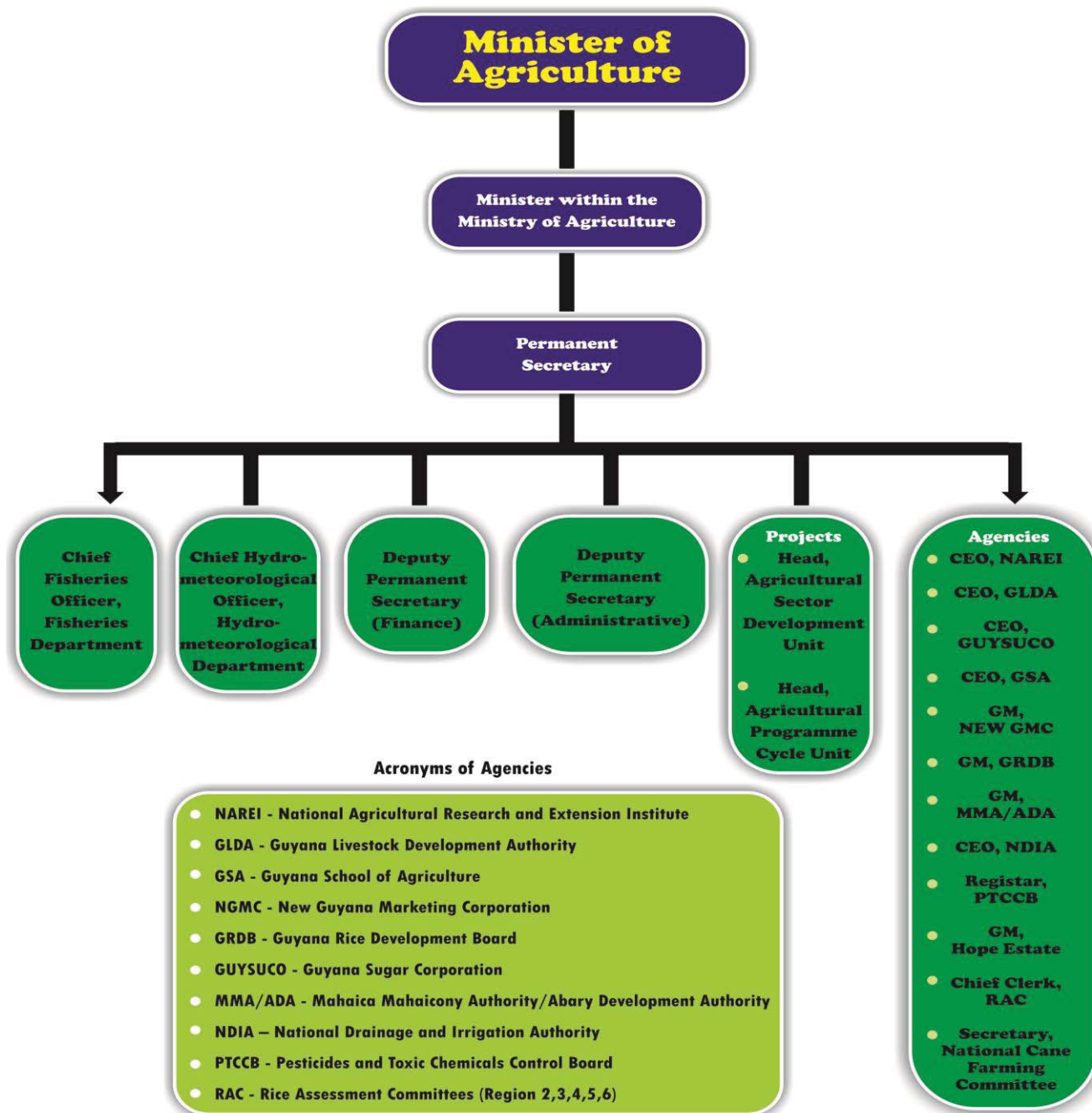
National Agricultural Research and Extension Institute (NAREI)
Guyana Development Livestock Authority (GLDA)
Guyana School of Agriculture (GSA)
New Guyana marketing Corporation (NGMC)
Guyana Rice Development Board (GRDB)
Guyana Sugar Corporation (GUYSUCO)
Mahaica Mahaicony Authority/Abary Development Authority (MMA/ADA)
National Drainage & Irrigation Authority (NDIA)
The Pesticides and Toxic Chemicals Control Board
Hope Coconut Industries Limited (Hope Estate)

- 3.4 With respect to affiliate agencies of the Ministry (refer to Footnote 2), these comprise executive and statutory agencies which, under the current governance structure of the GOG have concrete objectives and mandates in the water, land and environmental sectors and, thereby, coordinate their plans, programs, activities and budget with the MOA, through the Office of the PS, and thereby, aim for compliance of cross-sectoral objectives consistent with existing policies, framework plans and activities.
- 3.5 Notwithstanding, given the scale of activities and responsibilities assigned to the Ministry, three aspects must be noted. *First*, external/foreign agency development funded projects are managed exclusively within a sole unit: the Agricultural Sector Development Unit is responsible for the execution of all international and regionally-funded projects and programs, including administration and asset management, planning and evaluation, and information services. *Second*, because the ASDU shares its core staff across all foreign-funded programs, it is currently managing three projects, all in excess of US\$10million, with notable personnel needs to be addressed if a new significant program is to be undertaken (see proposed ASDU personnel organization below). For example, the ASDU Office of the Director post has been empty for more than a year, yet is delegated with a number of responsibilities directly related to supervising and guiding the performance of ASDU staff, including inter alia, coordinating project preparation activities with regional and international project funding agencies, and coordinating functions and operations between other Ministry Departments and Agencies. In addition, although two main support service areas (i.e. financial administration and procurement management) are to coordinate their activities with the Director of ASDU, and thereby maintain the necessary structural integration of the administrative responsibilities in the Ministry, they

both currently report directly to the PS. Further, an additional accountant is necessary as the Finance Manager role is not filled, and the Head of the Accounts Department is currently serving a dual role as project accountant for all other international/regional agency-funded projects. *Third*, although there is a Monitoring & Evaluation Unit within the MOA, its responsibilities do not extend to the portfolio of international agency projects. *Fourth*, traditional non-line or advisory functions (i.e. public relations and communications, and the recently created Internal Verification Unit) remain under the Office of the PS, but thus far, have no engagement with the ASDU.

FIGURE I of 3

MINISTRY OF AGRICULTURE ORGANIZATION STRUCTURE

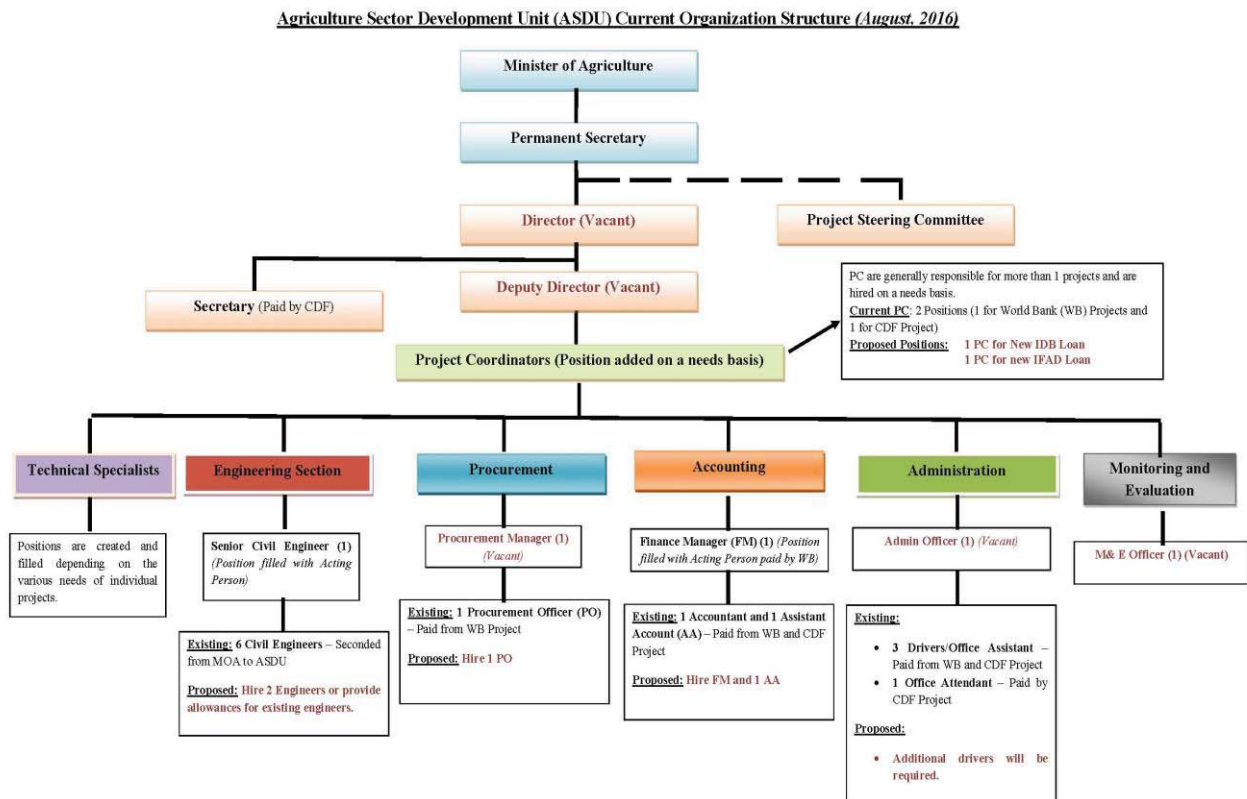


SOURCE: MINISTRY OF AGRICULTURE, ASDU.

Agricultural Sector Development Unit

- 3.6 The ASDU has an organizational model composed of a small core of fixed positions, along with several other specialist positions that are added to the structure depending on the requirements of ongoing projects. The results of this institutional assessment indicate that the unit could benefit from a revised staffing structure as follows:

FIGURE II of 3
MINISTRY OF AGRICULTURE, ASDU
ORGANIZATIONAL STRUCTURE ACTUAL AND PROPOSED



- 3.7 Where collective resources from various projects are allocated for the daily operations of the Unit, a number of projects have successfully been implemented and completed in accordance with the requirements of both the funding agencies and the Government of Guyana.³ For all donor funded projects, the ASDU is functionally responsible for planning, directing, reviewing and advising on :

- Project execution (e.g., technical, fiduciary, administrative)
- Monitoring of program activities
- Reporting
- Evaluation

³ See annexed list of successfully completed projects/programs

- Management of financial resources
- Project Audits

C. ASDU Mandate and Objectives

- 3.8 Established in 2007, the Agricultural Sector Development Unit is the single coordinating unit within the MOA for the administration of international agency-funded projects/programs. It is responsible for (i) executing and reporting on the progress of all international and regional development agency-funded projects within the MOA, and (ii) actively participating in the design of any new such projects, in order to improve their delivery and provide administrative savings and eventual knowledge transfer to the Ministry.
- 3.9 The ASDU manages multiple international and regional development agency-funded projects simultaneously, each with their own procedures and priorities. Each agency fund has its own project cycles and procedures for appraisal, procurement, and disbursement of funds, as well as benchmarks of accountability, efficiency and effectiveness in the execution of projects.
- 3.10 The ASDU was designed to have parallel projects running simultaneously to help reduce inefficiencies in project management and optimize scarce human and financial resources. Consequently, it seeks to:
- Reduce delays in project start-up, implementation and execution
 - Limit the loss of management capacity within the sector and the enhance knowledge transfer from one project to the next
 - Eliminate duplication of effort in meeting reporting requirements at both the technical and financial levels
 - Efficiently use available resources in the areas of staffing, salaries, office space, equipment and vehicles.

D. Personnel

- 3.11 The ASDU currently has a core staff of 8 positions officially approved by the MoF. The organizational structure, excluding the PS and Minister of Agriculture who are the sectoral heads, the Unit is composed of a total of 22 combined staff and contractor positions. As of June 2014, only 14 combined staff and contractors' roles are filled, and none of the roles corresponding to senior officials in the Unit, responsible for directing and overseeing the implementation of MOA policy with regards to projects or programs, and organizational coordination, among other responsibilities, are filled. Only a small core team of admin staff have been with the ASDU continually since its creation, with technical staff only being retained as externally-funded projects become operational.

TABLE I-1
MINISTRY OF AGRICULTURE
ASDU PERSONNEL STRUCTURE

Dependency	Established Positions	Current Positions Filled
A. Director ASDU	1	0
B. Deputy Director	1	0
C. Project Coordinators	3	3
D. STO	3	0
E. Administration	4	2
F. Monitoring and Evaluation	1	0
G. Finance and Accounts	3	2
H. Procurement and Contracts	2	1
I. Engineering	3	6
J. Agronomy	1	0
K. Information and Communication Technology	0	0
Total	22	14

SOURCE: MINISTRY OF AGRICULTURE, Human Resource Department and ASDU.

- 3.12 As evidenced in the above table, several roles within the approved structure for the ASDU remain unfilled, some have been surrendered, others are under acting arrangements, and yet others have been replaced temporarily with roles deemed more immediately critical to project success.

IV. INSTITUTIONAL CAPACITY ASSESSMENT SYSTEM (ICAS)

A. Objective and Scope of ICAS

- 4.1 ICAS is a methodology applied to the evaluation of the institutional capacity of a public organization or executing agency of project initiatives funded with resources from the IDB, and mainly comprises an assessment of internal management, administration and control capabilities and procedures. Through the application of a series of questionnaires as part of an interactive process between the evaluator and pertinent officials of the executing agency, along with the analysis of the institutional and financial information provided by the entity, the evaluator assesses the various internal resources of the institution including human resources, infrastructure, equipment, materials and information, among others; as well as institutional norms, procedures and control systems. The assessment and results of the evaluation constitute the main inputs to determine the capacity of the institution to comply with fiduciary, administrative, internal control and external audit responsibilities required by the IDB from the executing agencies. In addition, the assessment provides indicators on the levels of development and risk implicit in the institution and their direct implications on the execution of the project.

B. Components of ICAS

4.2 ICAS comprises seven components grouped in three areas described below.

1. Programming and Organization Capacity (CPO)

4.3 Represents the institutional capacity to undertake the planning and programming processes, along with the corresponding allocation of the resources to implement the activities necessary for the attainment of institutional objectives. It includes two systems:

(a) Activities Programming System (SPA). Provides an assessment of the planning capacity of the institution along with its ability to translate it into strategic plans, as well as in concrete goals and activities to be executed by the organization towards the attainment of institutional objectives in the short, medium and long-term. Includes the institutional capacity to effectively link such plans with the programming process towards the allocation of human, technical, financial and other resources, as well as the capacity and effectiveness of the Institution in monitoring the implementation of its strategic plans towards the accomplishment of its institutional objectives and mandate.

(b) Administrative Organization System (SOA). Provides an assessment of the characteristics of the organizational structure, including the distribution of resources to meet the needs of the institution to undertake its programming, execution, administration and control activities, and towards the accomplishment of the institutional objectives.

2. Execution Capacity (CE)

4.4 Represents the capacity of the organization to implement its planned/programmed activities and reach the desired results in accordance with the strategic plan and institutional objectives. It includes three systems:

(a) Personnel Management System (SAP). Provides an assessment of the existence of norms and procedures related to the search, selection, hiring, induction, development, and evaluation of the human resources of the institution, as well as the incentives, remuneration and retirement structures, among others.

(b) Goods and Services Management System (SABS). Provides an assessment of the existence of technical and administrative norms and procedures applicable to the administration and control of the goods and services of the institution, from the moment of their request to their final disposition. In this respect, it comprises the request, authorization, estimates, procurement, contracting, and verification of inventories, administration, control, safeguarding, and write-off processes.

(c) Financial Management System (SAF). Provides an assessment of the existence of norms, procedures and systems for the administration of the financial resources of the institution, and includes, among others, budgeting, accounting, treasury and asset management systems. It also assesses the effectiveness

of their operation as well as the overall level of integration of systems and recording mechanisms.

3. Control Capacity (CC)

4.5 Represents the capacity of the institution to generate and show efficiency and transparency in the administration of its resources, its ability to provide precise and reliable information on such administration, and its capacity to provide a timely accountability on the results for its fiscal periods. It includes two systems:

- (a) Internal Control System (SCI). Provides an assessment of the presence of an administration focused on the compliance with internal norms aimed at ensuring operating efficiency, effectiveness and transparency, the capacity of the institution to generate timely and reliable information on its administration, and its capacity to comply with norms, regulations and legislation related to the management of the State's resources.
- (b) External Control System (SCE). Provides an assessment of the institution's procedures in the procurement of external/independent audits to examine the operations and activities of the institution in each fiscal period, with the objective of establishing the efficiency of the administrative and internal control systems, as well as the reliability of the accounting and operating records and financial statements.

C. Assessment and Interpretation of Results of ICAS

4.6 As can be seen in the following table, ICAS groups each of the seven components described above in two categories of evaluation including "Development" and "Risk Level", and presents the results on a percentage scale.

TABLE II
INSTITUTIONAL CAPACITY ASSESSMENT SYSTEM (ICAS)
SCALE OF QUALIFICATIONS/SCORES

Qualification	Development	Risk Level
0 – 40	Non-Existing (ND)	High (RA)
41 – 60	Incipient (ID)	Substantial (RS)
61 – 80	Medium (MD)	Medium (RM)
81 – 100	Satisfactory (SD)	Low (RB)

V. **RESULTS OF THE APPLICATION OF ICAS TO THE MINISTRY OF AGRICULTURE**

A. Summary of Results

6.1 The application of ICAS to the MOA and where applicable, ASDU, results in a weighted average factor of 83.93%, determining a "Satisfactory" (SD) development level associated with a "Low" (RB) risk level (see table below). The three categories of capacity assessment contribute to such

consolidate result in the following manner:⁴

- (a) “Planning and Organization Capacity” (CPO) with a score of 85.83%, equivalent to a “Satisfactory” (SD) development level and a “Low” (RB) risk level. Based on the ICAS’ *weight distribution* in this category of 50% for SPA and 50% for SOA (refer to Table IV-1 above), the weighted average results for the Ministry point to the presence of concrete strengths in both, the planning and organizational/governance systems, and only a limited number of aspects that, if effectively addressed, can contribute to consolidating an optimal institutional performance in this area.
- (b) “Execution Capacity” (CE) with a score of 85.50%, equivalent to a “Satisfactory” (SD) development level and a “Low” (RB) risk level. The ICAS’ methodology assigns a *weight distribution* of 30% to SAP, 30% to SABS and 40% to SAF for this category. The CE score for the MOA reflects the presence of strengths in all three systems. However, the fact that the results of SABS and SAF fall below the lower 25th percentile of the satisfactory development and low risk levels, it points to the presence of a number of aspects that would require strengthening actions to further improve institutional performance in this administrative area.
- (c) “Control Capacity” (CC) with a score of 80.00%, equivalent to a “Medium” (MD) development level and a “Medium” (RM) risk level. Based on a *weight distribution* of 80% for SCI and 20% for SCE of the ICAS methodology, a number of weaknesses encountered in Ministry’s internal control systems reduce the overall CC score to the upper 25th percentile of the threshold for medium development and risk levels. This would require the implementation of concrete actions to strengthen the overall internal control capacity of the Ministry, as described in the following sections.

TABLE III
MINISTRY OF AGRICULTURE
ASDU
RESULTS OF ICAS

Capacity	System	Quantification			Development	Risk Level
		Score	Weight	Weighted Average		
CPO	SPA	86.67	50%	43.33	SD	RB
	SOA	85.00	50%	42.50	SD	RB
Total				85.83	SD	RB
CE	SAP	87.50	30%	26.25	SD	RB
	SABS	84.38	30%	25.31	SD	RB
	SAF	84.85	40%	33.94	SD	RB
Total				85.50	SD	RB
CC	SCI	78.57	80%	62.86	MD	RM
	SCE	85.71	20%	17.14	SD	RB
Total				80.00	MD	RM

⁴ Refer to section B of this chapter for detailed analysis.

Consolidation of Results		Quantification		Development	Risk Level
Capacity	Score	Weight	Weighted Average		
CPO	85.83	25%	21.46	SD	RB
CE	85.50	45%	38.48	SD	RB
CC	80.00	30%	24.00	MD	RM
Total		100%	83.93	SD	RB

6.2 In summary, the consolidated results of ICAS indicate that the MOA ASDU presents the necessary institutional capacity to implement the “Sustainable Agriculture Development Program” (GY-L1060). However, it is important to note that the presence of medium levels of development and risk in some of the individual components of ICAS, as well as scores in the lower 25th and 50th percentile of the satisfactory and low risk levels, that point to an opportunity to address potential areas of improvement through concrete institutional building/strengthening efforts. These would not only contribute to enhanced Project execution, but more importantly, would effectively consolidate a permanent administrative, fiduciary and control capacity of the Ministry; ultimately, with the objective of contributing to the overall effectiveness and transparency of the Ministry in fulfilling its institutional mandate, goals and objectives and enhancing the “value of money” allocated by the GOG to the agriculture sector

6.3 .

B. Results of the Individual Components

1. Activities Programming System (SPA)

6.4 The SPA presents a score of 86.67%, equivalent to a Satisfactory (SD) development level and Low (RB) risk level.

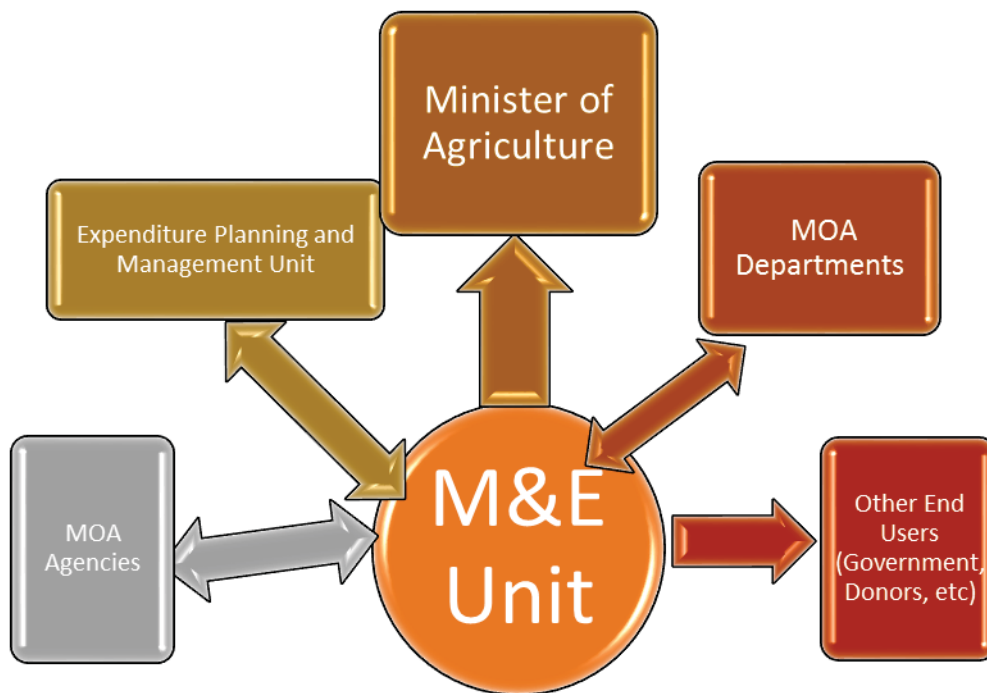
6.5 The Office of the Permanent Secretary is responsible for directing the planning process of the MOA in the development of its strategic and operational plans, consistent with national policies/priorities and the Ministry’s mandate. Its functions include strategic and operational planning, planning research, monitoring and evaluation, impact assessment, and risk management.

6.6 The MOA effectively follows the framework of planning guidelines applicable to, among others, the institutions of the Central Administration of the Government of Guyana, and issued by the Ministry of Finance (MoF), and the Ministry of the Presidency, Department of the Public Service of the Government of Guyana (GOG). In this respect, it has adopted a number documents/instruments which represent the basis for the strategic and operations planning process of the Ministry: (a) Fiscal Management and Accountability Act 2003 (FMAA); (b) Financial Administration and Audit Act 2016 (FAA); (c) the “Budget Call Circulars” (BCC); and (d) the “Public Service Rules” 2004 and associated Public Service Regulations 2008.

6.7 With respect to operational planning, the ASDU adopts the following instruments:

- (a) The "Annual Operational Plan", which represents the short-term, one-year planning framework for the strategic actions and responsibilities of the ASDU with clear responsibilities for project management in line with project objectives and agreements adopted with the Ministry and GOG.
 - (b) The "Multi-year Plan of Execution," which represents the long-term, yearly planning framework and budget of the project to be executed by the ASDU; and
 - (c) The "Procurement Plan", which represents the activities to be implemented and purchasing framework for the activities of the ASDU.
- 6.8 Such plans contain concrete targets for the ASDU project execution, which are tied to the allocation of resources based on the prioritization of activities related to the loan objectives. In this respect, there is a delineation in the planning process of the Ministry's core activities (i.e. policy planning, development, implementation and monitoring activities), from the ASDU's project administrative, support and coordinating responsibilities.
- 6.9 In addition, the following factors, among others, favorably affect the results of SPA in the MOA:
- (a) The ASDU's experience and familiarity with international agency policies and procedures for management and reporting of externally funded projects.
 - (b) The MOA's recent efforts to consolidate monitoring and evaluation of MOA departments and semi-autonomous agencies under a soon-to-be-developed National Agriculture Sector Strategy are critical for agricultural programs and investment. The recently created (May 2014) Monitoring and Evaluation Unit through the preparation of: (i) a " Monitoring and Evaluation Framework" directly tied to the Strategic Plan of the Unit; and (ii) the "Annual Performance Report" directly tied to its operations, not only provide for measures of physical progress, but also favorably support the corresponding budget execution for recurrent, Capital A and Capital B expenditures.
 - (c) Although the M&E function is currently dispersed through MOA departments and semi-autonomous agencies, including ASDU, the Ministry plans to consolidate this function under a National Agriculture Sector M&E Framework designed and managed by an MOA M&E Unit. Since 2015, the concrete results of the actions of the Ministry, through the Monitoring and Evaluation Unit, have been captured through a recently issued Annual Report (Jan.2016). The report indicates the M&E Unit's strides in streamlining the operational plans of the MOA departments, units and agencies. In time, it will increasingly allow for consistency and integration among the various departments, departments and agencies of the Ministry to jointly and coherently work towards the attainment of the overall institutional and sectoral strategic mandate and objectives and, directly related to its water, land, environmental management and climate change portfolios (see M&E Strategic Information Map below).

FIGURE III of 3
MINISTRY OF AGRICULTURE, M&E Unit
STRATEGIC INFORMATION MAP



- (d) The compliance with national legislation with respect to MoF guidelines applicable to yearly planning and activities programming along with their integration with the budget preparation activities (i.e. yearly budgetary guidelines, procedures and targets).
- (e) The Fiscal Management and Accountability Act and the Financial Administration and Audit Acts provide for an accountability framework for reporting on financial matters, which is also applicable to the ASDU. Advances in the implementation of these laws have been demonstrated through: (i) the introduction of a computerized financial management information system (IFMAS) to support budget execution and control; (ii) earlier submission of budget documents to Parliament; (iii) the implementation of a Single Treasury Account; (iv) improvements in budget preparation and the adoption of a uniform system of classification for capital and current expenditures; and (v) enhanced independence of the Auditor General, and consequently, oversight of the government's financial management.
- (f) Internally, the compliance with delegation of authority vested in the PS, under the FMAA Act for the formulation of the strategic and yearly plans and associated budget or estimates of expenditure, along with the timely delivery of such documents to the MoF

and other agencies, as required.

6.10 The following factors, among others, adversely affect the results of the SPA in the MOA:

- (a) The absence of specific process maps/ flowcharts containing/showing the relation and interdependency of the various planning, monitoring and evaluation activities at the department, units, agencies, and consolidated levels. This including the path for the execution and coordination of procurement activities at the internal ministerial level and national level.
- (b) The level of progress in the implementation of a Ministry-wide risk management system, as part of the overall strategic and operational planning functions and processes in the MOA. Even though the Internal Verification Unit has been created, and conducts the risk assessment of various areas of accounts and administration as part of its internal engagements, it has a process of "100% audit focus", rather than a sample audit basis, thereby, it falls short of representing a modern enterprise-risk management framework, and potentially will add an additional administrative layer of reporting for the ASDU that does not clearly add value.
- (c) Due to the recent establishment of the Ministry's Monitoring and Evaluation Unit, and its limited number of staff, it has yet to progress in the adoption of a "value for money" monitoring function to effectively complement the performance assessment reports of the ASDU.

2. Administrative Organization System (SOA)

6.11 The SOA results in a score of 85.00%, equivalent to a Satisfactory (SD) development level and a Low (RB) risk level.

6.12 As described in Section III above, the MOA presents a functional organizational structure, which, under delegation of authority, the responsibilities for policy development, administration, financial management, and operational and investment responsibilities lie in the Office of the PS, who in turn delegates such functions to the Chiefs, Heads, and Deputy Permanent Secretaries of its affiliate Departments, Units, and Agencies.

6.13 The factors that contribute in a favorable manner to the results of the SOA include, among others:

- (a) The presence of an updated and duly approved "Functional and Organizational Charts" that describe the overall governance and organizational structure of the Ministry along with the main functions and responsibilities of the internal policy, technical, administrative and support departments, agencies and units, supplemented by personnel profile documents of the aforementioned sub-structures, describing their mandate and functions.⁵

⁵ The "Functional Chart" (i.e. the organizational chart) of the MOA is approved by the PS, subject to review and consideration of the MoF.

- (b) The clear delineation of *organizational management responsibilities* consistent with the stipulations of the Public Service Act, which is updated each financial year by the Public Service Commission of the MoA.
- (c) The adoption of delegation of authority protocols which initially fall under the PS, who in turn delegates functional authority to aforementioned heads within the MOA. From a legal, regulatory and administrative perspective, this is consistent with the stipulations of: (i) the FAA Act; (ii) the "Staff Orders of the Public Service (2004)"; (iii) the "Public Service Rules (1987)" and Public Service Commission Rules (circa 1997); and (iv) specific circulars from the MoF and the "Office of the Services Commission", which regulate the terms and conditions of employment in the public service.
- (d) From a fiduciary standpoint, the presence of a governance structure, in accordance with the National Procurement Act 2003, which provides for an adequate delineation of technical, administrative and operating responsibilities, including the separation of internal instances and positions based on internal control guidelines and, in particular, with respect to various areas of procurement, budget, payments, final accounts and other, and in compliance with internal control requirements under the FAA Act, which precisely delineates the segregation of functions/separation of power and authority over financial and administrative systems.

6.14 The following factors adversely affect the results of SOA in the MOA:

- (a) The lack of centralized, written norms and procedures for the periodic *assessment and update* of the governance and organizational structure of the Ministry, with respect to the hierarchical levels and distribution of functions by department, department and unit; delegation of authority and responsibilities; intra and inter-institutional coordination; information flows; and decision making mechanisms and processes.
- (b) The salary gap of the Central Administration of the GOG MoA in relation to levels of external agency-funded projects such as the ASDU, which over time may affect the capacity of the Ministry to recruit and maintain a solid staff base, especially at the technical and highly specialized levels based on the portfolio of responsibilities of the MOA.

3. Personnel Management System (SAP)

6.15 The SAP presents a score of 87.50%, equivalent to a Satisfactory (SD) development level and a Low (RB) risk level.

6.16 The Human Resource Department under the Office of the PS is responsible for personnel administration in the MOA. Its areas of responsibility include: (a) human resources management; (b) recruitment and selection; (c) limited orientation; (d) training and development; (e) career counseling; (f) promotions and appointments; (g) leave administration; (e) employee benefits and pensions management; (h) grievance; (i) employee welfare and wellness; and (j) records management. The Department is staffed and led by personnel with professional experience in human resources management and, especially in the public sector of

Guyana. Currently however, the Department has a shortage of staff based on the scope of its activities and the corresponding level of approved/established positions.

- 6.17 Currently the Ministry follows the following guidelines and norms which also represent the pillar for the public service employment: (a) "The Public Service Rules, 1987", which amount to collective bargaining agreement the binds the relationship between the union that represents the civil service workers and the employer, and through the Public Service Ministry the organizational structure is established; (b) the delegation of authority and responsibilities, as well as salaries are established by the Public Service Ministry; (c) the "Circulars" represent staff orders for the public service", with respect to norms and procedures regarding, among others, work conditions, code of conduct, training and development, performance management, workplace conditions, and pension obligations.
- 6.18 In such context, the factors that contribute in a favorable manner to such result include, among others:
- (a) The personnel of the MoA's Human Resources Department experience in human resources management in the Public Administration of Guyana.
 - (b) From a procedural standpoint, the MOA has not developed/implemented an internal policies and procedures manual for human resources management. Nonetheless, it has fully adopted the "Public Service Rules" (1997, amended in 2004) as the framework legislation which norms the human resources management functions in the institutions of GOG, under the corresponding guidelines provided by the Department of the Public Service. In particular, the Public Service Rules provide the norms and regulations with respect to: (a) recruitment, appointment and promotion; (b) job classifications; (c) transfers, secondments and assignments; (d) working hours and conduct; (e) discipline; (f) leave and holidays; (g) trade unions and collective bargaining; and (h) other items.
 - (c) Personnel selection and recruitment activities of contract personnel are directly coordinated with and executed through the Department of Public Service of the Ministry of the Presidency, and through the Public Service Commission for permanent civil service/public employees. In addition, the Ministry follows the guidelines of the Ministry of Finance as it relates to personnel scales and corresponding salary levels.
 - (d) In addition, the Ministry is in compliance with applicable legislation and internal norms and procedures with respect to fiscal obligations, social security contributions, insurance, pension schemes, vacation and leave benefits, and other.
 - (e) The presence of a work environment characterized by low employee turnover ratios, in spite of salary levels below competitive market rates. Two aspects contribute to this situation: (i) at the technical level, the specificity of professional requirements and positions profiles directly related to *public sector* responsibilities for agriculture is high; and (ii) salaries, benefits and general conditions of employment are generally considered more attractive than what may be available in the Guyanese private sector, with the exception of highly skilled professionals.
- 6.19 Notwithstanding, budgetary factors adversely affect the overall reach and scope of the human

resources management function in the Ministry, limiting its main activities to selection and recruitment, compensation and benefits administration. In particular:

- (a) There is a concrete absence of internal formal processes for new employee orientation/induction, which requires the Ministry to partially rely on the general induction provided by other public agencies including the Scholarship Division of the Department of the Public Service.
- (b) There is an absence of professional development programs in the Ministry and, in particular, with respect to administrative and support functions. Formal training is limited exclusively to agriculture professionals, and generally conducted internally.
- (c) The Ministry lacks a formal performance evaluation system with reach to all employees of the Ministry. Performance assessments are limited to a one-time assessment of the fitness and performance of the public service employees, which takes place after one year from the time that the employee joins the Institution, with ratification/confirmation in the position as the sole objective of the assessment.
- (d) In general, the Ministry presents a human resources administration environment with mainly administrative responsibilities, lacking a scope of broader actions--beyond recruitment and payroll--, which are key to employee expectations, motivation and performance (i.e. professional enhancement, evaluation-based incentives, advancement and other).

4. Goods and Services Administration System (SABS)

- 6.20 The SABS results in a score of 84.38%, equivalent to a Satisfactory (SD) development level and a Low (RB) risk level.
- 6.21 *Procurement.* The Agriculture Sector Development Unit (ASDU) within the MOA is responsible for the fiduciary and administrative management aspects of the project. ASDU will manage procurement of goods, services and works for the project as per IDB procurement policies. The Unit has extensive experience in managing IDB policies and procedures due to its role as project implementing unit for the Agricultural Support Services Program (GY-0011) and the Agricultural Export Diversification Program (GY-L1007), and the technical assistance project for expanding bio-energy opportunities.
- 6.22 Continued centralization of project personnel within ASDU (as suggested in Figure II of 3 above), should overcome to a large extent the constraints of the Ministry of Agriculture with regard to staffing, systems, administration, and other challenges. The ASDU functions and responsibilities satisfactory to the Bank will be maintained throughout the life of the Project for the purposes of: (a) processing documentation required for disbursement of the funds; (b) procuring goods, works and services under the Project; and (c) preparing and maintaining records, accounts and financial statements referred to in the loan agreement; (d) coordination and implementation of the Project; and (e) monitoring and evaluation of the Project.

- 6.23 Nonetheless, the overarching procurement controls and approval requirements of the MOA and GOG still apply to some extent to the ASDU, including the contract thresholds and corresponding procurement methods followed by the MOA⁶. To date the public procurement activities of the MOA are carried out in accordance with the Guyana National Procurement Act 2003. The procurement act is the legislative framework that establishes the rights, obligations and responsibilities of all parties in the procurement procedures. It sets out procedures for the control of the public procurement to ensure that public funds are used in the most cost effective manner. It also provides the basis for improving regulatory, oversight of operations, and compliant management functions. The procurement act created the National Procurement and Tender Administration Board (NPTAB) as a temporary body until the formation of the Public Procurement Commission (PPC), and reaffirmed the constitutional role of the PPC to oversee the purchasing of goods and services and the execution of works by public institutions and ensure they are carried out in a fair, equitable, transparent and competitive manner. The Methodology for Assessing Procurement Systems (MAPS) assessments of the national system was performed in 2007 and again 2013. The results are not yet endorsed by the Government of Guyana (GoG).
- 6.24 The factors directly related to procurement that contribute in a *favorable* manner to the result of the SABS include, among others:
- (a) The solid skills, competencies and professional experience of the Procurement Officer of the MOA, gained through relevant procurement functions under previous IDB other externally-funded projects, in addition to periodic training offered by the World Bank.
 - (b) The adoption of the internal control norms contained in the FAA Act, which establish that all transactions must count on supporting documentation, authorizations and signatures throughout the procurement process, from the request, to the purchase or contract, to the payment.
 - (c) In addition, the ASDU "Procurement Plan" which, based on amount thresholds, is equivalent to a "routing system" showing each of the steps and authorizations to support the procurement of goods, services and works.⁷
 - (d) The norms followed by the Ministry for internal controls, which provide for the segregation of responsibilities and functions throughout the procurement administration and accounting process. In particular, with respect to the requests, authorizations, receipt of goods services and works, and payments.

⁶ First, for goods, general services and works: (a) International Competitive Bidding; (b) Local Competitive Bidding; (c) Limited Tender; and (d) Direct Contracting. Second, for consulting services: (i) quality and cost-based selection; (ii) quality-based selection; (iii) selection under a fixed budget; (iv) least cost selection; and (v) selections based on consultants' qualifications. Third, for insurance services, various thresholds. The Handbook provides a step-by-step administrative and approval process for each modality of procurement.

⁷ In particular, the documentation provides a detail on the nature of the transaction, the internal dependencies requesting the goods, services and works, the estimated costs, quantities, procurement modality, and other.

- (e) The stipulations of the "ASDU Operating Manual", to be prepared by the MOA and annual "Procurement Plan", along with the multi-year "Project Execution Plan" (i.e. the budget), to support the projected expenditures of the ASDU in each financial year.

6.25 The factors that adversely affect the results of SABS in the MOA overall include:

- (a) The lack of effective process control checklists for routing, provision of supporting documents and authorization/signatories, applicable to procurement administration processes and steps, which lead to uncertainties with respect to execution times of the procurement administration system in the Ministry, from the point of requisition to the actual delivery of the goods and services.
- (b) The pending implementation of the Purchasing module of the IFMAS platform, with most purchase orders issued in independent/external Office-based Excel applications, which introduces imminent control risks from lack of systems integration with financial management and supply chain administration (see asset management section below).
- (c) The concentration of all procurement activities review/approvals, whether externally funded or not, with the Ministerial Tender Board (MTB), and the National Procurement and Tender Administration Board (NPTAB), followed by Cabinet in some cases where thresholds fall at specified limits.
- (d) High level of concentration of the authorization and decision making authority throughout the procurement and payment administration process in the Office of the Permanent Secretary.

6.26 Asset management. The asset management function in the ASDU is mainly concentrated in inventory administration. For this purpose, the ASDU manages a small storage facility of stocks in a spare office in their Georgetown location. To some extent this undermines the control capacity of the Ministry once the goods leave the Georgetown location. Also, inventory control is entirely manual with all movements of goods recorded in books held by the ASDU.

5. Financial Management System (SAF)

6.27 The SAF presents a score of 84.85%, equivalent to a Satisfactory (SD) development level and a Low (RB) risk level.

6.28 The Finance and Accounts Department under the Office of the Permanent Secretary--and with coordination lines with the ASDU--, is responsible for the overall financial administration activities in the MOA including accounting, budget and treasury management.

6.29 Notwithstanding, the ASDU will be responsible for coordinating the implementation and financial management of the project. The Bank requires the establishment of a sound financial management system that will facilitate the production of accurate and timely reports to the Bank and GoG. The financial management System (FMS) must include records and accounts for the preparation of the financial statements in a format acceptable to the Bank and reflects the operations, sources of funds and expenditures related to the project.

- 6.30 The ASDU has considerable experience in implementing Bank-financed projects, as well as projects of other international agencies such as the World Bank and IFAD, which led to a satisfactory rating for financial management including years of employment in the previous portfolios of the MOA (e.g. ASSP, ADP,).⁸ The ASDU financial management arrangements revealed low to medium financial management risks, with a satisfactory system of internal controls in place, inclusive of adequate segregation of duties.
- 6.31 With respect to financial administration policies, the MOA has effectively adopted the following legal and procedural instruments as part of the Central Administration of the GOG: (a) the "Fiscal Management and Accountability Act 2003" (FMAA); (b) the "Financial Administration and Audit Act 2016 (FAAA); (c) Procedures for Central Treasury Management (CTMS) - Ministries and Departments"; and (d) guidelines of the Public "Financial Management (IFMAS) System" of the MoF.
- 6.32 The Public "Financial Management" (IFMAS) System represents an integrated budgeting, accounting, financial administration and treasury information system, which also includes procurement/purchase order capabilities. Given that the MOA--as the rest of the institutions of the Central Administration of the GOG--has not yet adopted an accrual system of accounting—it utilizes cash accounting for financial reporting and, in this context, it deploys the IFMAS system for: (a) budget preparation (estimates of expenditure) and budget execution; (b) accounting; (c) treasury/payments; and (d) purchase orders. IFMAS provides for real time access to financial information, including the preparation of expense reports with daily closing based on MOA's chart of accounts. However, for financial reporting purposes, information is extracted from IFMAS and manually transferred to Excel spreadsheets.
- 6.33 The following factors, among others, *favorably* affect in the results of SAF in the MOA:
- (a) The presence of a chart of accounts for recurrent, Capital A and Capital B expenditures, which allows for the identification of all transactions by expense object as well as program, project and activity and source of funds, and effectively adapted to the operating and administrative characteristics of the MOA.
 - (b) With respect to budget: (i) the compliance with the stipulations contained in the FAA Act as well as the "Budget Call Circular" issued by the MoF which provides the specific guidelines for the preparation of the "estimates of expenditure";⁹ (ii) the integration of the budget preparation process to: (1) short-term, one-year planning framework contained in the "Operational Plan"; (2) the "Procurement Plan"; and (iii) the effective monitoring of budget execution against the budget allocation granted by the MoF on a

⁸ It must be noted that, under the FAA Act, the PS represents the "Accounting Officer" of the Ministry, whom in turn delegates the financial management functions to the Finance and Accounts Division.

⁹ The Budget call example presented contains the macroeconomic targets, resource allocation priorities, and expenditure ceilings.

monthly basis, and specifically, with the preparation of the "Statement of Expenditure by Object", "Statement of Expenditure by Activity", and "Final Appropriation Account" duly reviewed under the stipulations of the FAA Act.

- (c) In addition, the presence of concrete treasury functions with respect to outflows/payment controls, revenues, and bank reconciliations, as per the stipulations of the FAA Act.
- (d) With respect to payment controls, the application of internal practices, with the necessary definition and segregation of authority in the procurement and financial administration, following the stipulations of the FAA Act.
- (e) With respect to systems support, the daily system back-up of the financial data base to ensure the safeguard and integrity of the information, and its real time availability for reporting and decision making.

6.34 The main factors that adversely affect the results of SAF in the MOA include:

- (a) The lack of an internal procedures manual for financial administration tailored to the organizational and operational characteristics of the Ministry, and build on the basis of the framework manuals issued by the MoF. In particular, there is the need to further: (i) establish and describe the detailed procedures of key core processes of financial administration (i.e. budget, accounting, treasury, and asset management); (ii) establish the specific requirements on supporting documentation and control; (iii) establish distribution of responsibilities, authority and decision making in all such processes and steps; and (iv) map all standard procedures. Even though it has been established that the Ministry is in compliance with internal control procedures, national legislation, and GOG procedures and guidelines for financial administration, this situation in many cases reflects the overall experience and knowledge of its staff, which however leaves a level of risk amid the absence of well-documented and detailed financial procedures along with their integration to procurement and other administrative systems.

6. Internal Control System (SCI)

- 6.35 The SCI results in a score of 80.00%, equivalent to a Medium (MD) development level and a Medium (RM) risk level.
- 6.36 As described in Section III above, the MOA has established the Internal Verification Unit under the Office of the Permanent Secretary (PS), which is charged with the following responsibilities, as stated in the Internal Verification Charter of the MOA: (a) reviewing and appraising the soundness, adequacy and application of accounting, financial and other operating controls; (b) ascertaining the accountability for the Government's assets; (c) conducting compliance audits with the FAA Act, relevant laws, regulations, policies and procedures that emanate from the MoF; (d) conducting value for money audits; (e) conducting performance evaluations on information and data management and corresponding systems; and (f) recommending the necessary improvements and following up on their implementation. The Department has a total of seven staff members including the Head of Internal Verification.

- 6.37 The Internal Verification Department discharges its responsibilities to meet the requirements and guidelines of: (a) the Fiscal Management and Accountability Act (FAA Act), regulations and instructions; (b) the Financial Administration and Audit Act 2016; (c) other Government acts and regulations; and (d) standards and practices issued by relevant professional bodies including the Institute of Internal Auditors (IIA), which issues the "International Standards for the Professional Practice of Internal Auditing". The Unit prepares an Annual Audit Plan which contains a detail of the audit activities for the financial year and is based on the administrative and financial risk assessment of the Ministry's departments and other dependencies as well as the agencies adjacent to the MOA.
- 6.38 With respect to risk management, an Institution-wide risk assessment framework has not yet been implemented in the MOA, beyond the efforts of the Internal Verification Department and, as established in the previous paragraph, as part of its Internal Verification Charter. These actions are mainly limited to the financial administration functions, compliance with regulation, management accountability, level of the internal control systems, and public exposure, among others. In relation to internal controls, additional steps should be considered, such as: (i) ensuring the sustainability of the IFMAS and the implementation of the remaining modules (e.g. budgetary, bank reconciliation and public investment); (ii) making use of the consolidated fund a requirement for all agencies, including the MOA's semi-autonomous agencies; and (iii) establishing a functional ICT Unit to manage information systems and support data collection. It is important to note that the Ministry has expressed its overall objective to implement an overall risk management environment as part of its governance, policy development, planning, monitoring, and investment execution functions.
- 6.39 With respect to the code of ethics, the MOA has effectively adopted the norms and guidelines contained in the "Staff Orders for the Public Service", which contains aspects relating to: (a) the framework for ethical conduct in the GOG; (b) behavior expectations; (c) gifts and exchanges; (d) public employees and the media; (e) confidentiality; (f) legal proceedings; and (g) other areas. Also, it defines the scope of conflicts of interest. In addition, the "Staff Orders for the Public Service" contain the pertinent disciplinary code which establishes the level, nature and recurrence of the administrative offence or misconduct, and which may be raised to: (i) the immediate supervisor (warning); (ii) the Permanent Secretary (disciplinary), based on delegation of functions; (iii) human resources (due process); and (iv) Office of the Services Commission (separation).
- 6.40 Other factors that contribute in a favorable manner to the results herein include, among others:
- (a) The presence of a governance and operating environment that seeks adequate levels of institutional performance and efficiency. As described in Annex I to this report, some of these aspects include, among others: (i) the presence of a strategic and operating monitoring framework tied to concrete monitoring and evaluation indicators; (ii) an overall compliance with national legislation directly related to public management; (iii) the presence of internal controls which contribute to the overall transparency of administrative and reporting processes; and (iv) the efforts and leadership of the Ministry in the consolidation of an inter-sectoral and inter-agency collaborative approach to natural resources and environmental management, sustainable development and climate change.

- (b) The presence of internal controls throughout the Ministry's governance, planning, administration, procurement, and financial management administration, including supporting documentation for all commitment and payment transactions, authorizing signatories following GOG procedures, and segregation of authority for most of its internal processes, among others.
- (c) The actions of the ASDU to ensure the security and integrity of the project's computer equipment, hardware, software applications and other solutions.
- (d) The existence of an internal staff in the Ministry (i.e. the Public Relations under the Office of the PS), responsible for guiding the internal and external communications policies of the MOA.

6.41 The following factors adversely affect the results of the SCI in the MOA:

- (a) As indicated above, the yet incipient level of development and streamlining of an enterprise risk management framework, as part of the overall governance structure, planning, administrative and operating systems of the Ministry.
- (b) As per the previous sections, the lack of internal procedures manuals for organizational management, planning, administration, procurement and financial management, specifically tailored to the institutional and governance characteristics and structure of the MOA, and taking into consideration a detailed process of systems mapping, authorization controls, decision making levels, and supporting information checklists, among others.
- (c) In addition, the lack of institutional indicators to measure the response capacity and effectiveness of various administrative, procurement and financial management functions.
- (d) Related to SPA, the Ministry's internal verification system lacks a long-term evaluation scope focused on the attainment of Ministry-wide mandate and objectives, and based on a "value for money" approach, that is consistent with the standards of wider government.

7. External Control System (SCE)

6.42 The SCI results in a score of 85.71%, equivalent to a Satisfactory (SD) development level and a Low (RB) risk level.

6.43 As required by the Constitution of Guyana and, Under " Financial Administration and Audit Act IV of 2016" and the Fiscal Management and Accountability Act, the Auditor General Department, which reports to Parliament, is responsible for conducting audits at least once per year of the accounts, financial transactions, operations and financial statements of central government ministries and departments, local government agencies, other statutory bodies, the Minister with responsibility for that statutory body will present the Auditor General Report to

National Assembly and government companies. The Auditor General Department is also required to certify the annual financial statements submitted by public agencies, and to present to the Assembly and other relevant authorities, annual reports on the results of such audits.

- 6.44 The Public Accounts Committee is responsible for having hearings with the heads of budget agencies and the Auditor General will be an advisor to the Public Accounts Committee and the Bodies must respond to how they will implement. This is conducted once a year approximately six months later. Within this framework, the MOA is subject to annual external audits from the Auditor General Report. These audits are conducted in accordance with "Fundamental Accounting Principles and Guidelines for Compliance Audit", issued by the International Organization of Supreme Audit Institutions (INTOSAI).
- 6.45 The external audit report or "Inspection Report" typically comprises: (a) ascertaining whether there is need for improvement in the internal control procedures over the preparation and maintenance of accounting records; (b) determining whether the disbursement of appropriated funds was valid; and (c) report the findings in line with the FAA Act and other legislation and government guidelines and circulars. The "examinations" allow for the assessment of the adequacy of the internal control systems over the major areas of revenue and expenditure, and obtaining information and explanations considered necessary for certifying the accounts and financial statements submitted". These includes tests on: (i) adequacy of the internal controls; (ii) adequacy of the accounting and financial reporting systems; (iii) legality of the expenditures and accompanying processes; (iv) performance in the use of public resources; and (v) systems support.
- 6.46 From an administrative standpoint, the PS, as Chief Accounting Officer of the MOA, is ultimately responsible for providing the institutional means and facilitating the work of the Auditor General Department within the responsibilities and framework assigned under the FAA Act. The PS delegates such functions to the Finance and Accounts Department and other dependencies.
- 6.47 The timing of the actual external audit work is not under the control of the MOA, but responds to the annual work plan of the Auditor General Department and its corresponding institutional engagements and work load. Even though an interactive process takes place during and after the audit, for the Ministry, it is important that any results/opinions be received in a timely manner, so as to support the actual utility of the auditor's reports, especially when observations and corrective actions are recommended.
- 6.48 Based on the interim reports issued, along with observations and recommendations to Management, which have been adequately responded and addressed, the Auditor General Department has issued "unqualified" opinions on the most recent "Inspection Report". For the financial year closing December 31, 2015, and observations raised have been adequately responded to with no issues pending for the following financial year.

VI. CONCLUSIONS AND RECOMMENDATIONS

- 6.1 The results of the institutional evaluation of the MOA conducted by applying the ICAS

methodology--through personal interviews and work sessions with personnel of the Ministry, in addition to the review and analysis of documentation provided by its administrative and technical staff--indicates that *the Ministry and ASDU present the necessary institutional capacity to lead the implementation of the Guyana "Sustainable Agriculture Development Program" (GY-L1060). In particular, for the ASDU to assume and undertake the responsibilities of Project Executing Unit (PEU).*

- 6.2 The consolidated/weighted average ICAS result indicates that the MOA has in place the necessary planning, organizational, administrative, financial management, and internal control capabilities which would contribute to an effective and transparent administration of the resources allocated to the present initiative by the IDB and the GOG. The analysis contained in each of the seven components of ICAS shows in most cases the presence of satisfactory levels of development and associated low risk levels and, in limited cases, medium levels of development and associated medium risk levels.

Institutional Strengthening

- 6.3 In spite of the favorable results, the ICAS points to a number of areas which, if effectively addressed by the Ministry, would contribute to the overall strengthening, consolidation and modernization of the overall governance and fiduciary capacity of the Ministry, with a medium to long-term perspective, aimed at enhancing the efficiency and transparency in the use and control of its financial, human, technical and other institutional resources.
- 6.4 *First*, with respect to the planning systems, it would be beneficial to prepare an internal norms and procedures manual for the planning function in the Ministry based on an in-depth mapping of institutional processes, times, checklists and controls, while taking into consideration the applicable legislation and public planning framework of the GOG
- 6.5 *Second*, with respect to organizational and personnel management, the completion of the "Human Resource Policy and Procedures Manual", upon approval from the Office of the PS, with immediate distribution across the Ministry from the Human Resource Department, as well as its inclusion in the materials contained in the orientation packages for new personnel would be helpful. In addition, the manual should contain specific procedures for the periodic assessment and update of the organizational structure of the Ministry, the approval process and, ultimately, their inclusion in the document.
- 6.6 Also, it is a priority to have the ASDU adequately staffed and compensated, given the wide scope of planning, programming, reporting, coordinating, and associated responsibilities linked to management of the environmental and social safeguard aspects of the activities financed by the project.
- 6.7 In addition, the implementation of an enterprise ICT-based planning application would greatly enhance the scope and performance of the Ministry, allowing for a more effective streamlining and flow of information from and to the various Departments, Agencies and Units; ensuring the security of the information by avoiding the use and transfer of independent Excel-based files;

providing for the direct input by the departments and agencies of information on activities, programs, costs and performance indicators, among others; allowing for the more efficient process of consolidation of the strategic and operational plans; and ultimately enhancing the monitoring and evaluation activities, while providing for the timely preparation of quarterly and end-of-period progress and performance reports.

- 6.8 *Third*, with respect to procurement and administration, amid the current situation of significant job sharing described in SABS, there is a risk that the internal controls related to segregation of functions, especially with respect to procurement, receipt of goods and services and inventory/asset management, among others, are jeopardized. Consequently, adequate staffing for procurement, accounting and related administration, should be assigned to the project. In light of the growing desire to pull participation of engineers with procurement experience from the ASDU into the project coordination, administration, operation and project management responsibilities of the Ministry (as part of the consolidation of a large portfolio of water, land, environmental management and climate change portfolios), a well-staffed ASDU is required, with personnel strictly assigned to such functions, while providing and ensuring a solid response capacity to the internal clients of the Ministry, as well as the necessary coordination and support to the Ministerial Procurement Committee in project-related administrative and procedural matters.
- 6.9 In addition, the triple internal control processes requiring ASDU to seek no objection from the IDB, then the Ministerial Tenders Committee, followed by the National Tenders Committee and Cabinet above certain thresholds, is a significant impediment to agile implementation. Though the need for internal controls is understandable, caution is needed to ensure systems add value and not be an unnecessary administrative burden on the ASDU. Consideration should be given to building, from existing procurement Plans, a mapping of the procurement administration function in the Ministry and documenting the process controls, supporting documentation checklists, authorizing dependencies and signatories, and overall decision making flows, that would allow for a streamlined integration of administrative procurement process to the financial management system.
- 6.10 *Fourth*, with respect to financial management and internal controls, as part of the overall modernization of the internal control systems in the MOA, the implementation of a Ministry-wide ICT based, real-time, integrated accounting system that links with IFMAS would be beneficial. In particular, as means a to enhance to overall internal control system through the presence of among others: (a) mapping of key budget, accounting, treasury and asset management processes and controls; (b) checklists of supporting documentation; (c) delineation of decision making authority in each step, including signatories for commitments, allocations and payments, among others; (d) the integration to procurement administration; and (e) systems access and deployment.
- 6.11 *Fifth*. In addition, as part of the MOA's "risk management framework", the work of the newly created Internal Verification Unit and the recently created Monitoring and Evaluation Unit, should be coordinated to attain institutional objectives and be embedded in the planning and monitoring system of the MOA to complement the individual internal control efforts of MOA's independent agencies.

Project Execution

- 6.12 The execution of the Project will take place with the adoption by the MOA of IDB procurement norms and procedures, as well as the Bank's financial administration and reporting policies. This will require some training on any updated principles of the policies, along with an Operations Manual to clearly delineate, among others: (a) systems deployment and accounting standards in compliance with internal institutional norms and IDB financial administration policies and procedures; (b) reference to procurement guidelines following IDB procedures for the goods, services and works to be purchased/contracted with resources from the Bank; (c) strong monitoring and evaluation procedures to timely assess and provide for corrective actions regarding the implementation of the three components of the loan, including policy, institutional strengthening, investment and credit activities; (d) the overall streamlining and integration of the financial administration responsibilities under the Project with those of the Finance and Accounts Department; and (e) the adoption of concrete risk management and mitigation measures directly related to the implementation of the Project.
- 6.13 *Integrated accounting system.* In addition, it is recommended that the PEU adopts an "off-the-shelf" Enterprise Resource Planning (ERP) solution for the overall financial and technical administration of the Project, including the management of both, the IDB resources (i.e. loan and grant) as well as the monetized contributions from the GOG, if any. In particular, with the full utilization of the disbursement, accounting, payment and financial reporting, and other modules based on the requirements of the Bank for quarterly, biannual and end-of-year reporting. In addition, information generated in the ERP platform should effectively feed into the IFMAS system for budget control purposes of Capital B expenditures.¹⁰
- 6.14 Finally, it is recommended that a Project Steering Committee (PSC) be established with the overall objective of providing a governance framework for the Project, and to support the MOA throughout the execution period, given the complexities in intra and inter-institutional coordination with different geographic regions and multi-stakeholder approach to project implementation. In particular, to: (a) monitor the progress of implementation of the Project; (b) facilitate the necessary inter-institutional coordination and collaboration, and expedite the effective participation of the various public sector actors directly involved in the Project, including agencies and beneficiaries; (c) monitor the effective compliance with the strategic objectives of the Project; (d) coordinate communication with stakeholders about progress of the project; and (e) provide feedback on negative variance from targets.

¹⁰ The Operations Manual of the Program should provide for, among others, the detailed internal procurement and financial administration procedures for the PEU, including the integration of the PEU's payment system with that of the Finance and Accounts Division, under a partial utilization of National Systems as with the World Bank's Flood Risk Management Project, currently being executed by ASDU.

ANNEX I
RISK MATRIX AND ICAS QUESTIONNAIRES
LIMITED SAMPLE

MINISTRY OF AGRICULTURE (MOA)
Agricultural Sector Development Unit
APPLICATION OF THE INSTITUTIONAL CAPACITY ASSESSMENT SYSTEM (ICAS)

1. ACTIVITIES PROGRAMMING SYSTEM (SPA) 1-16

Activities Programming System		Yes	NO	NA	Answer Justification
1	Are the Planning and Programming responsibilities and functions adequately defined and assigned among the Entity's personnel?	1			<p>Yes. The ASDU has an Operations Manual per project, under which its responsibilities and functions are defined.</p> <p>The Monitoring and Evaluation Unit under the Office of the PS is responsible for, among others, the following function in the MINISTRY OF AGRICULTURE (MOA): strategic and operational planning, planning research, monitoring and evaluation, impact assessment, and risk management.</p>
2	Are there defined programming procedures in place, such as: manuals, formats, models and methodologies, for the preparation of the Plans and Programs, as well as a procedure for their approval and modification?	1			<p>The ASDU does have a specific, Operations Manual for each project. The associated project would guide the decision making process.</p> <p>P.S> The Agricultural Support Services Program design document dated May 2007, outlines written internal norms and procedures to guide the overall strategic and operational planning activities in the Institution.</p>

cont

Activities Programming System		Yes	NO	NA	Answer Justification
3	Have monitoring and follow-up procedures or mechanisms been designed, so that proper compliance with Plans and Programs can be determined (Including compliance with indicators; identification of between programmed and executed activities and the preparation of execution reports)?	1			The MOA now has a Monitoring and Evaluation Department created in 2013, with approximately five staff. The M&E has prepared a framework document as part of its strategic and operations planning, monitoring and evaluation functions. It represents the medium to long-term planning framework with respect to the strategic and priority actions of the Ministry for M&E of central units and its adjacent agencies.

cont.

ANNEX II

International/Regional Agency Funded Successfully Completed Projects:

Projects	Funding Agency	Loan/Grant Value	Status
Agricultural Support Services Programme (ASSP)	IDB	US\$20 Million	Completed in 2013
Agricultural Export Diversification Programme (ADP)	IDB	US\$21.9 Million	Completed in 2014
Conservancy Adaptation Project (CAP)	World Bank	US\$5 Million	Completed in 2013
Rural Enterprise and Agricultural Development Project (READ)	IFAD	US\$6.9 Million	Completed in 2015.
Expanding Bioenergy Opportunities in Guyana	Technical Cooperation IDB	US\$1.29 Million	Completed
ALBA Food Project	Embassy of the Bolivarian, Republic of Venezuela	US\$0.4 Million	Completed
Food Safety for the Indigenous Communities of the Rupununi Savannah, Establishment of Rice and Peas Cultivation, Guyana	CARICOM- Spanish Agency for International Cooperation for Development [AECID]	US\$0.65 Million	Completed. (Moco Community was selected as the pilot location for the project.
Government of Guyana	Over the years with the Ministry attaching to the unit a number of engineers (scholarship returnee), the ASDU was able to extend its services to complete most of the civil infrastructure works from the various departments of the MOA.		