

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**GUYANA**

**CONTINGENT LOAN FOR COVID-19 PUBLIC HEALTH EMERGENCY**

**(GY-O0006)**

**LOAN PROPOSAL**

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| REQUIRED ELECTRONIC LINKS (REL) |  |
|---------------------------------|--|
| REL#1                           | <a href="#">Monitoring and Evaluation Plan</a> |

| OPTIONAL ELECTRONIC LINKS (OEL) |   |
|---------------------------------|---|
| OEL#1                           | <a href="#">Analysis of Economic Viability</a>  |
| OEL#2                           | <a href="#">Operating Regulations (OR)</a>  |
| OEL#3                           | <a href="#">Guyana's COVID-19 Strategic Preparedness and Response Plan</a>                              |
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| OEL#5                           | <a href="#">List of WHO Supplies for COVID-19 Package, including Technical Specifications</a>           |
| OEL#6                           | <a href="#">Indicative List of Potential Eligible Expenses for the CCF Loans with COVID-19 Coverage</a> |
| OEL#7                           | <a href="#">Safeguard Policy Filter (SPF)</a>   |

| ABBREVIATIONS |   |
|---------------|---|
| ARL           | Automatic Redirection List  |
| CCF           | Contingent Credit Facility for Natural Disaster and Public Health Emergencies |
| COVID-19      | 2019 Coronavirus Disease  |
| EA            | Executing Agency  |
| ECLAC         | Economic Commission for Latin America and the Caribbean                       |
| FFF           | Flexible Financing Facility   |
| GBV           | Gender Based Violence   |
| GDP           | Gross Domestic Product  |
| GPHC          | Georgetown Public Hospital Corporation  |
| ICU           | Intensive Care Unit   |
| IDB           | Inter-American Development Bank   |
| IHR           | International Health Regulations  |
| IMF           | International Monetary Fund   |
| IPC           | Infection Prevention and Control  |
| LAC           | Latin America and the Caribbean   |
| MoF           | Ministry of Finance   |
| MoH           | Ministry of Health  |
| NPHRL         | National Public Health Reference Laboratory                                   |
| NPIs          | Non-Pharmacological Interventions   |
| NPV           | Net Present Value   |
| OC            | Ordinary Capital  |
| OR            | Operating Regulations   |
| PAHO          | Pan American Health Organization  |
| PCR           | Polymerase Chain Reaction Test  |
| PoE           | Points of Entry   |
| PPE           | Personal Protection Equipment   |
| RHDs          | Regional Health Departments   |
| SPRP          | Strategic Preparedness and Response Plan                                      |
| TC            | Technical Cooperation   |
| UNICEF        | United Nations Children's Fund  |
| WAL           | Weighted Average Life   |
| WB            | World Bank  |
| WHO           | World Health Organization   |

**PROJECT SUMMARY**  
**GUYANA**  
**CONTINGENT LOAN FOR COVID-19 PUBLIC HEALTH EMERGENCY**  
**(GY-O0006)**

| Financial Terms and Conditions <sup>(a)</sup>  |               |     |  |   |                          |
|--|---------------|-----|--|---|--------------------------|
| Borrower:  |               |     | Flexible Financing Facility <sup>(b)</sup> |   | Concessional OC          |
| Co-operative Republic of Guyana  |               |     | Amortization Period:                       | 25 years <sup>(c)</sup>                 | 40 years <sup>(c)</sup>  |
| Executing Agency (EA):   |               |     | Grace Period:                              | 5,5 years <sup>(c)</sup>                | 40 years <sup>(c)</sup>  |
| Ministry of Finance (MoF)  |               |     | Weighted Average Life (WAL):               | 15,25 years <sup>(c)</sup>              | N/A                      |
| Source <sup>(g)</sup>  | Amount (US\$) | %   | Disbursement Period:                       | 1 year <sup>(d)</sup>                   | 1 year <sup>(d)</sup>    |
| IDB (Regular Ordinary Capital - OC):   | 15.4 million  | 70  | Interest rate:                             | LIBOR-Based                             | 0.25%                    |
| IDB (Concessional OC):   | 6.6 million   | 30  | Inspection and supervision fee:            | <sup>(e)</sup>                          | N/A                      |
| Total:   | 22 million    | 100 | Drawdown fee:                              | <sup>(f)</sup>                          | N/A                      |
|  |               |     | Currency of Approval:                      | Dollars of the United States of America |                          |
| Project at a Glance  |               |     |  |   |                          |
| <b>Project objective/description:</b> The general objective of the operation is to contribute to strengthen the country's immediate public health response to the COVID-19 emergency. The specific objective is to increase the country's availability and efficiency of financing to cover extraordinary public expenditures related to the COVID-19 emergency.   |               |     |  |   |                          |
| <b>Special contractual conditions for general eligibility to request disbursements:</b> The special contractual conditions for general eligibility to request disbursements shall be that: (i) the borrower complies with the stipulations established in paragraphs (a), (b) and (c) of Article 4.01 of the General Conditions of the loan contract; (ii) that the Operating Regulations ( <a href="#">OR</a> ) have been approved and entered into force, with the operational aspects for the COVID-19 coverage, in the terms previously agreed upon with the Bank; (iii) the Bank has issued its no objection to the country's Prioritized Expense List; and (iv) the Bank has issued its no objection to the terms of reference for contracting the auditing firm that will carry out the independent verification of the use of disbursed resources (¶3.3).  |               |     |  |   |                          |
| <b>Special contractual conditions prior to each disbursement:</b> There are two specific contractual conditions that must be met before each disbursement: (i) within 270 calendar days following the World Health Organization (WHO) pandemic declaration on March 11th, 2020 (until December 6th), the borrower has submitted disbursement requests, indicating the amount(s) of the disbursement(s), if it/they will come from the regular program resources, from undisbursed available balances of the loans identified in the Automatic Redirection List (ARL) ( <a href="#">OR</a> , Annex I), or a combination of both. In the case of ARL resources, the loan(s) in question and the respective amount to be used shall be identified; and (ii) that any of the circumstances described in the Article of the General Conditions of the loan contract corresponding to Suspension of Disbursements has not realized (¶3.4). |               |     |  |   |                          |
| <b>Exceptions to Bank Policies:</b> None.  |               |     |  |   |                          |
| Strategic Alignment  |               |     |  |   |                          |
| <b>Challenges<sup>(h)</sup>:</b>   |               | SI  | <input checked="" type="checkbox"/>        | PI                                      | <input type="checkbox"/> |
| <b>Cross-Cutting Themes<sup>(i)</sup>:</b>   |               | GD  | <input type="checkbox"/>                   | CC                                      | <input type="checkbox"/> |
|  |               |     |  | IC                                      | <input type="checkbox"/> |

<sup>(a)</sup> Financial terms and conditions of the contingent loan in accordance with the Contingent Credit Facility for Natural Disaster and Public Health Emergencies (GN-2999-4) approved by the Bank's Board of Executive Directors pursuant to Resolution DE-40/20.

<sup>(b)</sup> Under the flexible repayment options of the Flexible Financing Facility (FFF), changes in the grace period are possible as long the Original Weighted Average Life (WAL) and the last payment date, as documented in the loan agreement, are not exceeded.

<sup>(c)</sup> Amortization periods, WAL, and grace periods begin on the date of each disbursement of the loan.

<sup>(d)</sup> This period covers the disbursement, justification of use of resources and other execution activities. When requested, loan disbursements are subject to the Bank having sufficient resources from the ARL or the Bank's regular lending program for Guyana, as applicable.

<sup>(e)</sup> The inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions.

<sup>(f)</sup> Fee is not charged if the contingent loan is not drawn. The Bank will only charge a one-time fee of 50 bps at the time of disbursement for each disbursement and will be applicable on disbursed amount only. This fee does not apply to the amounts disbursed from loans included in the ARL. The drawdown fee will be subject to periodic revision by the Board of Executive Directors, as with all lending charges.

<sup>(g)</sup> When the disbursed funds come from loans listed in the ARL, the Bank will keep the same blend of regular Ordinary Capital and Concessional Ordinary Capital lending provided at the time of approval of the original loans.

<sup>(h)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(i)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. PROJECT DESCRIPTION AND MONITORING OF RESULTS

### A. Background, problem addressed and justification

#### 1. The COVID-19 pandemic outbreak and Bank's response

- 1.1 **Background.** On 11 March 2020, the World Health Organization (WHO) declared the outbreak of COVID-19, the disease caused by the 2019 novel coronavirus, or nCoV-2019, which affects the respiratory system, a pandemic. To date (October 18th, 2020), the WHO has reported more than 40 million confirmed cases in 188 countries, resulting in more than 1.1 million deaths.<sup>1</sup> The first cases in Latin America and the Caribbean (LAC) were reported in late February. Since then, their number have risen fast, with 10.5 million confirmed cases of COVID-19 and 380,836 deaths reported in all 26 borrowing member countries. In the Caribbean region, 28,477 cases of COVID-19 were confirmed, and 617 deaths were reported. The number of cases and deaths is expected to keep growing.
- 1.2 **Immediate public health response.** COVID-19 can be easily spread from person to person through respiratory secretions<sup>2</sup> and direct contact, which has led to a rapid increase in the number of cases. This has been putting pressure on health care systems across the world, compromising their capacity to respond to the pandemic in a timely and efficient manner, as well as to maintain essential care for people with other conditions. Even though most countries in LAC have responded swiftly to the pandemic, with Non-Pharmacological Interventions (NPIs), social distancing measures, and key actions aimed at strengthening the health sector's response, along with social and economic relief efforts, many have proven to be largely unprepared to handle the pandemic outbreak, in line with a recent analysis of the WHO on COVID-19 operation readiness.<sup>3,4</sup>
- 1.3 **The economic effects of the COVID-19 pandemic.** The economic impacts of COVID-19 in the region have been significant. First, countries have been bearing the direct costs related to the health sector response, associated with the priority of saving lives. Second, are the costs associated with the necessary changes in people's behavior to "flatten the curve" of COVID-19 progression and contribute to saving lives. These behaviors resulted from government mandates (closing schools, canceling public events, etc.), decisions made by companies and other institutions (teleworking, cutting back production, etc.), and decisions made by

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<sup>1</sup> See [WHO Coronavirus disease \(COVID-2019\) situation reports](#).

<sup>2</sup> See [WHO Q&A on coronaviruses \(COVID-19\)](#).

<sup>3</sup> WHO (2020). [Updated Country Preparedness and Response Status for COVID-19 as of 20 April 2020](#). Operational capacity was evaluated based on the percentage of compliance with 13 areas of capacity for handling public health events established in the International Health Regulations (IHR 2005), an agreement between 196 countries to build their capacities to manage public health events in 13 areas: legislation and financing, coordination, zoonotic events, food safety, laboratory, surveillance, human resources, national health emergency, health service delivery, risk communication, points of entry, chemical events, and radiation emergencies.

<sup>4</sup> On a 5-level scale based on the capacity to manage a public health event of this magnitude (where 1=low and 5=high), seven LAC countries are classified as level 2 low capacity (Bolivia, Haiti, Honduras, Nicaragua, Venezuela, Guatemala, and Paraguay), 15 as level 3 medium capacity (Argentina, Barbados, Belize, Colombia, Ecuador, Guyana, Jamaica, Peru, Suriname, Trinidad and Tobago, El Salvador, Dominican Republic, Panama, and Uruguay), and only four were classified as level 4: Brazil, Mexico, Chile, and Costa Rica.

consumers (reducing social contact). This has led to a very significant economic downturn with immediate manifestations and risks of lingering effects, even once the health emergency is over.<sup>5</sup> In addition to shrinking domestic demand, the Economic Commission for Latin America and the Caribbean (ECLAC) sees at least five external channels through which the crisis is affecting the region's economy:<sup>6</sup> (i) slowing the economic activity of key trading partners that will impact the demand for exports; (ii) falling commodity prices; (iii) interruption of global value chains; (iv) less demand for tourism services; and (v) worsening financial terms.

- 1.4 **Financing the emergency response.** While LAC governments face the challenge of strengthening their health care system's capacity to continue responding to the emergency, they also confront the financial and liquidity constraints that limit their capacity to finance extraordinary public expenditures needed for preparedness and response measures. Moreover, the COVID-19 emergency comes at a time in which the LAC region is less resilient on the accounts of weaker macroeconomic fundamentals. Economic growth in LAC had fallen significantly, from 1.3% in 2017 to 0.1% in 2019, and before the COVID-19 crisis emerged, it was expected to rebound to 1.6% in 2020. Recent estimates by the International Monetary Fund (IMF) have significantly downgraded that prospect and it is now expected that the region's economy will fall into a recession (-5.2%).<sup>7</sup> Because of higher debt levels and initial weaker fiscal positions, most countries in LAC have significant fiscal constraints for financing the additional emergency expenditures when compared to previous crises.<sup>8</sup>
- 1.5 **Bank's response.** In the face of this unprecedented global challenge, the Bank responded to the pandemic by mobilizing resources for governments and business which are structured around four areas of action: (i) Immediate Public Health Response, (ii) Safety Nets for Vulnerable Populations, (iii) Economic Productivity and Employment, and (iv) Fiscal Policies for the Amelioration of Economic Impacts. Within this context, the Bank's Board of Executive Directors approved the Proposal to Expand the Contingent Credit Facility for Natural Disaster Emergencies (CCF) to include Public Health Risks (GN-2999-4), which included a short-term response to the COVID-19 emergency in order to provide early significant liquid resources to countries for the immediate emergency COVID-19 response and complement other instruments that are being deployed.<sup>9</sup>

## 2. The country's response to the COVID-19 emergency

- 1.6 **Guyana's response.** The first case of COVID-19 in Guyana was reported on March 11th, 2020. Since then, the number of cases has been rising steadily. As of October 18th, there are 3,734 confirmed cases and 109 deaths.<sup>10</sup> Projections by the Pan American Health Organization (PAHO) suggest that the country could

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<sup>5</sup> IMF (2020). [World Economic Outlook, April 2020: The Great Lockdown](#), Chapter 1.

<sup>6</sup> ECLAC (2020). [Latin America and the Caribbean and the COVID-19 pandemic: Economic and social effects](#).

<sup>7</sup> IMF (2020). Op cit.

<sup>8</sup> When compared to the 2008-9 crisis when most countries started solid fiscal positions and relatively low debt levels. See IDB (2020). [Policies to Fight the Pandemic](#). 2020 Latin American and Caribbean Macroeconomic Report.

<sup>9</sup> The expansion of CCF coverage to include public health risks has a two-pronged approach: (i) a set of temporary operational provisions to allow the financing of individual COVID-19 operations under the CCF; and (ii) beyond COVID-19, an update of the CCF policy to include public health risks.

<sup>10</sup> [WHO's latest Coronavirus disease \(COVID-2019\) situation report](#).

have about 20,000 cases of the disease. NPIs and social distancing measures,<sup>11</sup> together with the promotion of institutional quarantine for contacts of confirmed cases and suspected cases, have contributed to slow the spread of the virus in the country. Presently, the infection's effective reproductive number ( $R_e$ ) is estimated at 1.4.<sup>12</sup> On June 18th, the country began a six-phase reopening plan.<sup>13</sup> As the country began to lift NPIs and social distancing measures, the  $R_e$  started to gradually rise, which has prompted a delay in the implementation of the reopening plan.<sup>14</sup>

- 1.7 **Challenges and progress.** Although Guyana's operational capacity to manage a pandemic is classified as medium (level 3) by the WHO, the country has been facing many challenges regarding its immediate public health response. To help countries respond to these challenges, the WHO has prepared guidelines for drafting a COVID-19 Strategic Preparedness and Response Plan (SPRP).<sup>15</sup> Moreover, the PAHO and the Caribbean Public Health Agency (CARPHA) are leading technical support initiatives to help the region's governments prepare their own SPRP, including priorities, actions, and financing needs. In Guyana, the plan, which is currently being updated, was prepared with support from PAHO and validated by all sector stakeholders (see [OEL# 3](#)). A summary of the challenges faced by Guyana and the main actions planned under the eight major strategic areas of the public health preparedness and response is presented below.
- 1.8 **Coordination of the national response.** The national response is coordinated by the Civil Defense Commission (CDC) who acts as the lead agency for the National Emergency Operations Centre. This agency coordinates the responses of all sectors, including the private sector, civil society, and international partners. The Ministry of Health (MoH) is responsible for coordinating the national health response, with the support of the country's Regional Health Departments

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<sup>11</sup> After the first confirmed case of COVID-19 in the country, Guyana took a series of measures aimed at controlling the spread of the pandemic, among them borders were closed, schools and educational centers were shut, international airports were closed, large gatherings and assemblies were banned, a "stay at home" order was stated and a mandatory curfew was established, reducing all activities considered non-essential. Additionally, on March 18th, the President enacted a National Public Health Ordinance, asserting that COVID-19 constitutes an emergency that threatens national security and granting comprehensive powers to government, particularly the Ministry of Health (MoH), to take the necessary measures to control the epidemic.

<sup>12</sup> Estimates by PAHO.

<sup>13</sup> As of October 1st, all food establishments are permitted to operate takeout, delivery, and outdoor dining, hardware stores are allowed to operate, exercise for up to 90 minutes is allowed in open public spaces, and public transportation continues to operate at 75% passenger capacity. The stay-at-home order and the curfew remain, and gatherings of more than five people are prohibited (with some exceptions). Schools are expected to remain closed until at least November. The opening of Guyana's international airports would take place on phase 6.

<sup>14</sup> The reopening plan is on phase 4. As with other countries in LAC and the world, Guyana has been facing a lot of social and economic pressure to start loosening some of the restrictions imposed to slow the spread of the pandemic. Most countries have started lifting measures as they approach a  $R_e$  closer to 1 (at a  $R_e$  of less than 1, the epidemic tends to die out). As Guyana started to lift NPIs and social distancing measures, the  $R_e$  has risen gradually, a scenario that should continue until a safe and effective vaccine is available.

<sup>15</sup> The SPRP proposes eight pillars of intervention: (i) coordination, planning, and monitoring; (ii) risk communication and community engagement; (iii) surveillance, rapid-response teams, and case investigation; (iv) points of entry; (v) national laboratories; (vi) infection prevention and control; (vii) case management; and (viii) operational support and logistics. There is evidence of the effectiveness of the proposed interventions ([OEL# 4](#)).



(RHDs).<sup>16</sup> A Health Emergency Operations Centre (HEOC) was activated after the first case was confirmed, with representatives from diverse areas of the MoH, to manage the implementation of activities. A National Task Force was established to act as the high-level steering committee to oversee the country's response, under the leadership of the Prime Minister. A [COVID-19 24/7 hotline](#) has also been created to provide key information to the population.

- 1.9 **Case management.** Guyana has been able to mobilize 22 Intensive Care Unit (ICU) beds for COVID-19 patients.<sup>17</sup> The country does not have beds with non-invasive mechanical ventilation capacity to treat moderate cases and has approximately 23 beds with access to oxygen therapy.<sup>18</sup> These are insufficient in relation to the estimated number of people who need ICU and hospitalization care.<sup>19</sup> The country has only one dedicated ambulance to transport suspected or confirmed cases of COVID-19, which is inadequate, considering that most severe and critical cases are being transferred to Georgetown from other regions.<sup>20</sup> Regarding clinical and managerial care processes, Guyana must work on standardizing tools, checklists, and procedures, as well as protocols for referring and transporting patients in the healthcare network. These must take into consideration contexts of high cultural and linguistic diversity and limitation of access to health services as well as vulnerable groups, such as people with chronic illnesses and pregnant women. Reinforcing the technical capacity of the health personnel, including on issues related to Gender Based Violence (GBV), and strengthening the monitoring of cases is also critical to improve case management. Presently, the country's case-fatality ratio is 2.8.<sup>21</sup>
- 1.10 **Infection Prevention and Control (IPC).** In terms of IPC materials, an insufficient number of Personal Protection Equipment (PPE) has been reported, particularly in regions outside of Georgetown.<sup>22</sup> Access to water and sanitation for health (WASH) services, the primary means of prevention, constitute a challenge both at the community and health facility levels, disproportionally affecting poor and vulnerable individuals, indigenous peoples and remote populations in general. An estimated 23% of the population does not have access to basic handwashing amenities ([United Nations Children's Fund \(UNICEF\), and WHO 2019](#)), while approximately 11% of health facilities have limited water services and 18% have no water services ([WHO and UNICEF 2019](#)). Best practices for safely managing healthcare waste, including material resources to segregate and dispose of medical supplies, as well as appropriate cleaning and disinfection procedures, are also crucial to prevent the transmission of COVID-19 ([WHO 2020](#)). In this regard,

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<sup>16</sup> Guyana has 10 RHDs, one in each of the country's 10 regions. 90% of the population is concentrated in the coastal eastern part of the country (regions 2, 3, 4, 5, 6 and 10) and the remaining 10% located in the rural interior (regions 1, 7, 8 and 9). The main ethnic groups in the coastal areas are Indo-Guyanese and Afro-Guyanese, while most of the people living in the rural interior are indigenous.

<sup>17</sup> 17 ICU beds are in Georgetown Public Hospital Corporation (GPHC). One bed is in region 1, one in region 2, and three in region 9.

<sup>18</sup> It is important to note that the mobilization of beds for COVID-19 patients has required minor rehabilitations in health facilities, such as the creation of triage, screening, and isolation areas. Quarantine buildings (for institutional quarantine, as mentioned in ¶1.6) have also required minor works.

<sup>19</sup> Some equipment and supplies are being purchased through project 3779/BL-GY and will be complemented by this operation.

<sup>20</sup> The country also needs dedicated boats to transfer patients.

<sup>21</sup> Johns Hopkins Coronavirus Resource Center.

<sup>22</sup> Some PPEs are being purchased through operation 3779/BL-GY and through partners (see ¶1.22), but these supplies continue to be required in significant quantities.

providing continuous training for health workers and other essential personnel in IPC, including proper waste management, is essential. A safe and effective vaccine, when available, will also be key to support prevention efforts.

- 1.11 **National laboratories.** Guyana is working towards increasing its testing capacity, estimated at 17,91 per 1,000 people (as of September 30th). Tests are currently being carried out by the National Public Health Reference Laboratory (NPHRL) as well as the Eureka Laboratory, a privately owned facility, both located in Georgetown<sup>23</sup>. To increase outreach, the country has also been investing in mobile testing units to collect samples from suspected cases in hard-to-reach communities,<sup>24</sup> as well as temporary testing sites in other regions. Guyana is purchasing additional Polymerase Chain Reaction Test (PCR) machines for the NPHRL, with support from operation [3779/BL-GY](#), and a PCR machine for the Guyana Livestock Development Authority (GLDA), with support from operation [3824/BL-GY](#), which has been identified as a back-up laboratory for NPHRL. Guyana is also planning on equipping laboratories in regional hospitals to conduct PCR tests for COVID-19, which will facilitate logistics related to the transportation of samples.<sup>25</sup> PAHO has been working closely with the government to strengthen the capacity of laboratory personnel. Additional test kits and supplies, such as swabs and reagents, are also needed to improve the country's testing capacity.
- 1.12 **Points of Entry (PoE).** Guyana is very vulnerable to imported cases even with the closing of all official PoE, as there are important unofficial PoE where cross border traffic continues. The country has identified 27 PoE in total, both formal and informal, where surveillance, case tracking and risk communication activities must be strengthened to mitigate the risk of new cases arriving from Brazil, Venezuela, and Suriname and to protect vulnerable groups, such as indigenous peoples. Training, adequate protection, supplies (including communications), and strong collaboration amongst front line workers, such as port health officers and immigration and customs personnel, are crucial to improve the response at PoE. Guyana also requires support to equip isolation facilities to manage ill persons coming from other countries and to safely transport them to designated health facilities.
- 1.13 **Surveillance, rapid-response teams, and case investigation.** Currently, the country's surveillance capacity is very limited and there is a lack of sufficient rapid-response teams and supplies, including transportation, to conduct comprehensive and rapid contact tracing, and case identification. A surveillance hotline has been implemented, to support the rapid response teams, but it does not substitute the need for fieldwork. *Go.Data*, a software application and field tool that supports case investigation and contact tracing and follow-up has been implemented in Georgetown, but its roll-out in the regions is still pending. A strong surveillance system, capable of providing timely data from all regions, detecting imported cases swiftly, monitoring changes among at-risk populations, such as indigenous peoples, people with chronic illnesses, pregnant women, and the elderly, and ensuring that any surges of the disease can be rapidly contained by

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<sup>23</sup> Two additional private facilities are in the process of being certified.

<sup>24</sup> The country currently has one mobile testing unit but is planning on expanding.

<sup>25</sup> For instance, the transportation of samples from some of the hinterland areas to region 10, where one of the regional laboratories is planned, would be faster, and less expensive, than transporting them to Georgetown. Consequently, policymakers and people would have access to results quicker.

targeted actions, are crucial to underpin public health efforts and monitor the country's current outbreak, as well as future ones.

- 1.14 **Risk communication and community engagement.** A recent survey conducted by the government and UNICEF identified that even though there is widespread awareness about COVID-19 in the country, a significant number of respondents were uncertain of the veracity of the information received, with social media being the main source of information. One in three persons were unaware that asymptomatic persons infected with COVID-19 could spread the disease. Through operation "Support to Improve Maternal and Child Health" ([3779/BL-GY](#)), the Bank has supported the hiring of a social communications firm to develop a risk communication strategy for Guyana, but additional support may be required to counteract misinformation, as well as to disseminate culturally-appropriate information, through adequate channels, to vulnerable groups, such as indigenous peoples, migrant workers and refugees, and women in a situation of gender-based violence.<sup>26</sup>
- 1.15 **Operational support and logistics.** Guyana's ability to treat patients with COVID-19, particularly in the health regions outside of Georgetown remains a challenge, as 80% of the health personnel is concentrated around the capital. As the number of cases in the regions increases, Guyana must invest in a combination of interventions, including task-shifting, continuous training and supervision, deployment mechanisms, incentives, and psychosocial and psychological support, among others.
- 1.16 **Costs of emergency response.** The overall costs of the immediate emergency response are being borne by the public sector, primarily through expenditures incurred in the health sector to contain and control the Coronavirus and save lives in the very near future. These will involve, among others, resources for testing, surveillance activities, infection prevention and control, and specialized care for COVID-19 patients in severe and critical condition. The estimated resource requirements for treating a COVID-19 cluster of transmission of up to 100 cases, during a period of 3 months, range from US\$3.7 million to US\$5.5 million.<sup>27</sup> This estimate includes essential supplies, and critical technical and operational support. For the case of Guyana, the government, with support from PAHO advisors, estimated a total budget of US\$58 million for the implementation of strategic activities in the Guyana COVID-19 Disease Prevention and Control Plan 2020.<sup>28,29</sup> The CCF loan will provide financing for the public health response in accordance with the response plan that the country is implementing, including the reimbursement of eligible expenses incurred since the date of declaration of COVID-19 pandemic, that is March 11th, 2020 (¶3.7).

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<sup>26</sup> Anecdotal evidence suggests that there has been an increase in the prevalence of gender-based violence in Guyana during the pandemic.

<sup>27</sup> IDB calculations based on Operational Planning Guidelines to Support Country Preparedness and Response, WHO, 2020 for 100 cases in a 3-month period excluding international staff and training. Estimates depend largely on underlying starting conditions of equipment and human resources.

<sup>28</sup> The gap between the total estimated amount and the value of this operation will be covered by the government and other multilateral (e.g. World Bank) or bilateral partners, including, among others, in-kind resources.

<sup>29</sup> Budget figures were calculated as part of the review of the Guyana COVID-19 Disease Prevention and Control Plan 2020 and contemplate expenditures until December 2020.

### 3. Guyana's financial vulnerability to the COVID-19 emergency

- 1.17 **Macroeconomic context.** Guyana is a small, open, commodity-based economy. The country's population is approximately 782,000 with a Gross Domestic Product (GDP) per capita of US\$4,650, placing Guyana 19th out of 26 countries in LAC and second to last among Caribbean countries. In 2019, before the coronavirus pandemic, GDP grew approximately 4.7%, higher than in previous years (2.1% in 2017 and 4.1% in 2018).<sup>30</sup> These expansions reflect areas affected by increased economic activity as both the public and private sectors prepared for the beginning of oil production, which began in December 2019. Currently, the largest sectors of the Guyanese economy are agriculture and mining, representing almost 30% of GDP and more than 90% of exports. After 2020, oil production is expected to become the largest productive sector and the main drive of economic growth. Despite low oil prices and the coronavirus pandemic, oil exports are expected to reach US\$1.3 billion in 2020 and the macroeconomic outlook remains positive. However, Guyana's economic growth will likely be lower than expected. The country's GDP growth estimate in 2020 was cut from 85.5% to 52.8%, while expected growth rate for 2021 is estimated at 6.3%.<sup>31</sup> With the commencement of oil exports, the fiscal deficit is expected to be -0.28% in 2020 and -1.66% in 2021.<sup>32</sup>
- 1.18 **Uncertain fiscal situation and liquidity constraints add to Guyana's vulnerability to the impact of COVID-19.** As described in ¶1.7 through 1.15, the health care system in Guyana is characterized by significant limitations, therefore the implementation of a preparedness and response plan to the COVID-19 pandemic outbreak will require significant investments (see ¶1.15). Early financial liquidity is important during the emergency response phase, as the overall costs of the emergency can dramatically increase the longer it takes to organize a comprehensive response. In the context, of a recent marked drop in average oil prices and increased market volatility, the trajectory of oil-related revenue growth will be uncertain and lower than previously estimated. Even though government revenues are expected to grow by 12.8% in 2020, new incoming oil revenues are channeled to the recently created Natural Resource Fund (NRF) and subject to restrictions.<sup>33,34</sup> Furthermore, fiscal policy was constrained by the state of the political economy, limiting the government's financing capacity to respond to the public health emergency.<sup>35</sup> Therefore, the availability of funds provided by this operation will contribute to ease the liquidity pressures that the country is facing as a result of increased unplanned expenditures to face the COVID-19 pandemic outbreak, and thus will allow a faster implementation of immediate health response measures.

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<sup>30</sup> The sectors with the greatest estimated growth rates in 2019 include construction, and finance and insurance, growing 10.5% and 6%, respectively. Other areas of significant growth include real estate activities and wholesale and retail trade with growth rates of 5.5%.

<sup>31</sup> According to International Monetary Fund estimates. It is worth to note that the Bank of Guyana Governor recently provided growth projections which show a contraction in non-oil GDP.

<sup>32</sup> World Economic Outlook. International Monetary Fund, 04/2020; Bank of Guyana, 2019.

<sup>33</sup> The NRF currently holds approximately US\$95 million and it is estimated to reach around US\$115 million in 2020. Resources from the NRF can only be withdrawn with Parliament approval and subject to the limits of an Economically and Fiscally Sustainable amount.

<sup>34</sup> World Economic Outlook. International Monetary Fund, 04/2020.

<sup>35</sup> The results of a close-run election held on March 2nd, 2020, delayed the installation of a new Parliament. The First Sitting of the National Assembly of the new Parliament was held on September 1st, 2020. The former parliament was dissolved at the end of 2019.

- 1.19 **Rationale of the operation.** In this challenging context, while the government faces the challenge of strengthening the health system's response and the country's ability to slow the spread of the virus, it also confronts the financial and liquidity constraints that limit its capacity to close gaps in preparedness and response. As the number of COVID-19 cases increases in the country, it is critical to ensure that the government has the necessary funding to quickly implement all measures required to control the outbreak and save people's lives.<sup>36</sup> Providing fast-access financing for emergency response not only saves lives but also reduces the risk of even worse impact scenarios in terms of economic recovery and public finances because the overall costs of the health emergency can dramatically increase the longer it takes to implement a comprehensive response. For this reason, the Government of Guyana has requested the Bank's support through a CCF loan with COVID-19 coverage, which will provide significant financing to cover extraordinary public expenditures needed during the emergency response phase, while at the same time ensuring the efficient allocation of resources.

#### 4. Operation's relation to the Bank's country and sector strategies

- 1.20 **The Bank's experience and lessons learned.** The Bank has approved twelve CCF loans and three of them have disbursed. The main lessons learned and improvements incorporated were related to the expansion of the instrument (GN-2667-2), development of coverage, the refinement of methodologies for calculating triggers, and the establishment of general operating rules commonly applied to all current operations to ensure an efficient and effective supervision and execution process. Likewise, the relevance and effectiveness of the instrument have been verified and supported by recent experiences and documented in the report "Evaluation of the Country Program: Ecuador 2012-2017", prepared by the Office of Evaluation and Oversight (OVE). The proposed CCF loan is the second under the temporary operational provisions approved to provide coverage for the COVID-19 Outbreak (GN-2999-4).<sup>37</sup> Although there are distinctive features for the CCF COVID-19 coverage, all lessons learned have been properly reflected in the Operational Guidelines for CCF COVID-19 operations (GN-2999-6) and the project's Operating Regulations (OR).
- 1.21 **Bank's experience with other investment loans in the health sector.** Through Technical Cooperation's (TCs), the Bank has supported the LAC country responses to the following epidemics: AH1N1 influenza in Mexico, Ebola, and Zika.<sup>38</sup> Regional TCs are also currently underway to strengthen the country capacities to respond to public health emergencies related to vector-borne diseases and to make progress towards the requirements by the International Health Regulations (IHR) (2005).<sup>39</sup> One of the main lessons that has been incorporated in this project is the importance of strengthening national surveillance systems to provide timely data, detect trends, and support decision-making (see

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<sup>36</sup> WHO (2018). [Managing Epidemics](#).

<sup>37</sup> The first CCF approval under these temporary operational provisions was EC-O0006 for US\$90 million, on September 3rd, 2020.

<sup>38</sup> [ATN/KP-11727-ME](#), and [ATN/OC-15010-RG](#).

<sup>39</sup> [ATN/OC-15873-RG](#), and [ATN/OC-15879-RG](#). The IHR (2005) represent an agreement between 196 countries including all WHO Member States to work together for global health security. Through IHR, countries have agreed to build their capacities to detect, assess and report public health events.



- ¶1.13). Additionally, it is key that strategies to address infectious diseases can be adapted over time, to adjust to the evolving nature of such conditions. In the first semester of the year, the Bank approved five operations aimed at supporting country's health responses to COVID-19.<sup>40</sup> Although most projects are in the initial phases of execution, relevant lessons have already emerged, and will be incorporated in the implementation of this operation. One of the main lessons is the importance of conducting an external review of the technical specifications of the biomedical equipment that will be purchased, developing a communication strategy to inform the medical personnel on the type of equipment being purchased,<sup>41</sup> and preparing a training plan for the use of the equipment.
- 1.22 Over the last decade, the Bank has supported the health sector in Guyana through a series of operations,<sup>42</sup> including, more recently, "Support to Improve Maternal and Child Health" ([3779/BL-GY](#)) and "Support for Maternal and Child Health Improvement Program" ([ATN/OC-15820-GY](#)). From these experiences, one of the main lessons that has been integrated into this project is the importance of involving stakeholders in the preparation and ensuring that interventions are aligned with national priorities to ensure political and technical support (see ¶1.7), as well as defining the project's execution governance with all stakeholders and setting out clear roles and lines of accountability amongst the Ministry of Finance (MoF), the MoH, and other actors to prevent delays due to coordination issues (see ¶3.2). It is important to mention that, presently, there are other operations in the Bank's portfolio in Guyana that are supporting COVID-19 efforts, such as operation [3824/BL-GY](#), which financed a PCR machine for the GLDA (see ¶1.11), operation [3369/BL-GY](#), which will finance activities to strengthen temporary shelters for women in a situation of violence, and [4659/BL-GY](#), which financed the acquisition of PPEs (masks) for custom's personnel.
- 1.23 **Coordination with other multilaterals and/or donor agencies.** As mentioned, PAHO is working with countries with the preparation of their SPRP, following the WHO guidelines. Since the IDB's response is in line with WHO intervention pillars, efforts have been coordinated to identify the most appropriate areas for Bank support. The IDB is in continuous communication with the World Bank (WB), the Caribbean Development Bank (CDB), and other partners concerning requests for support from Caribbean countries and exploring potential areas for collaboration. In this regard, the WB is currently working with the Government of Guyana on a US\$5 million loan to support health activities, and has been in close contact with the IDB to ensure complementarity with this operation. The IDB and WB procurement units are also working closely to find and consolidate providers for the WHO supply list (see [OEL #5](#)) and for COVID-19 response actions.<sup>43</sup> In Guyana, development partners, including bilateral donors, meet monthly to discuss and coordinate the response. The United Nations (UN) agencies,<sup>44</sup> for

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<sup>40</sup> 5031/OC-EC; 5043/OC-ES; 5032/OC-AR (reformulation); 3566/OC-BL (reformulation); and 4518/BL-HO, 4449/BL-HO, and 3815/BL-HO (reformulation).

<sup>41</sup> Especially with new technologies, or technologies that are different from the ones that medical personnel are used to.

<sup>42</sup> [1544/SF-GY](#), and [2270/BL-GY](#).

<sup>43</sup> This indicative list is subject to frequent updates.

<sup>44</sup> PAHO, the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations High Commissioner for Refugees (UNHCR), the World Food Programme (WFP), the United Nations Population Fund (UNFPA), and the Food and Agriculture Organization (FAO), among others.

instance, have supported the country with test kits, PPEs,<sup>45</sup> WASH kits, hygiene kits, and food hampers,<sup>46</sup> among others. Additionally, they have been providing assistance for refugee and migrant populations<sup>47</sup> and technical support on the integration of GBV risk mitigation in all response actions.<sup>48</sup> Partners such as the Center for Disease Control and the Global Fund have contributed towards laboratory diagnostics and supplies, as well as infection prevention and control activities. The Bank will be complementing some of these efforts, such as the acquisition of PPEs and laboratory supplies, for which large quantities continue to be necessary. The Bank is also working closely with PAHO, who will continue to provide key technical support and capacity-building, including the training of laboratory, surveillance, PoE, and health personnel.

- 1.24 **Strategic alignment of the operation.** The project is consistent with the Second Update to the Institutional Strategy (UIS) (AB-3190-2), and is aligned with the Social Inclusion and Equality development challenge by focusing on strengthening health care service delivery to suspected or confirmed cases of COVID-19. In addition, the operation is aligned to the IDB Group Corporate Results Framework 2020-2023 (GN-2727-12), as it directly contributes to the indicator on beneficiaries receiving health services<sup>49</sup> (Contributions to Development Results). The project is consistent with the Health and Nutrition Sector Framework Document (document GN-2735-7) by: (i) strengthening health service delivery according to WHO's operating guidelines for COVID-19 preparedness and response; and (ii) increasing the financial resources for the health system to handle the pandemic outbreak. Also, this project is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (GN-2996), by strengthening the Bank's immediate public health response. Finally, the project is included in the Update of the Annex III of the 2020 Operational Program Report (GN-2991-3).

## **B. Objective, components, and cost**

- 1.25 The general objective of the operation is to contribute to strengthen the country's immediate public health response to the COVID-19 emergency. The specific objective is to increase the country's availability and efficiency of financing to cover extraordinary public expenditures related to the COVID-19 emergency.
- 1.26 **Single Component.** The proposed operation comprises a single component of US\$22 million to structure an efficient financial coverage to fund, in a timely manner, the extraordinary public expenses that arise during the immediate public health response to the COVID-19 emergency. To determine the country's financing needs to address the public health emergency, the Bank analyzed the country's

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<sup>45</sup> For health workers and civil society organizations that provide services to vulnerable populations.

<sup>46</sup> Many of these to migrant populations and host communities in the hinterlands.

<sup>47</sup> The UNHCR has supported the provision of premanufactured housing units for migrant populations, as well as prefabricated building units to be used as quarantine and isolation facilities. It has also supported risk communications and other activities for refugees and migrants.

<sup>48</sup> Through UNFPA, who is also working with local NGOs to deliver GBV counselling remotely.

<sup>49</sup> As part of the monitoring and reporting of the project, information will be gathered about the number of beneficiaries receiving health services financed by loan resources. This will be used for PCR in order to provide additional information about the use of disbursed resources in the immediate health response to the COVID-19 emergency, in alignment with the WHO and PAHO guidelines for public emergency response, particularly with the pillars of the COVID-19 SPRP.

COVID-19 Strategic Preparedness and Response Plan and the complementarity of this operation with other Bank's interventions, as well as activities being directly financed by other bilateral and/or multilateral entities. The amount of the loan is within the limits established for the CCF COVID-19 (GN-2999-4).<sup>50</sup> The financial terms and conditions applicable to the loan resources are set out in the Project Summary.

- 1.27 **Beneficiaries.** Potential beneficiaries are the entire population of Guyana, in general, and the affected population that receives emergency assistance under the proposed coverage, in particular.

### C. Key results indicators

- 1.28 The expected impact of the proposed loan is to contribute to strengthen the country's immediate public health response to the COVID-19 emergency. At the impact level, the following indicators will be monitored in order to show the project's contribution towards the achievement of this general objective (¶1.25): (i) strategic areas of interventions, as per WHO guidelines, financed as part of the Guyana's COVID-19 Preparedness and Response Plan; and (ii) public expenditures executed for the implementation of Guyana's COVID-19 Preparedness and Response Plan.
- 1.29 In line with the project's specific objective (¶1.25), the expected outcome is a strengthened financing capacity of the country in terms of availability and efficiency to cover extraordinary public expenditures for COVID-19 immediate health response measures. To show improvements in the country's financing capacity in terms of availability and efficiency for the immediate public health response, the following indicators will be monitored: (i) the increase in the total amount of financial coverage available to the country to address the COVID-19 public health emergency response; (ii) the change in the spread between the financial cost of this loan and the financial cost of Guyana's long-term sovereign external commercial debt; and (iii) the speed of access to resources.
- 1.30 **Economic Analysis.** The economic evaluation (see [OEL #1](#)) of the project uses a cost-effectiveness analysis methodology that evaluates a scenario in which the full amount of the CCF loan is used for the COVID-19 emergency response.<sup>51</sup> The Net Present Value (NPV) of the cost of financing the IDB loan was compared to the NPV of the cost of issuing bonds, under the following assumptions: (i) the LIBOR rate set for the IDB loan; and (ii) the bonds issued on the international sovereign debt market have a 10-year maturity.<sup>52</sup> Both NPVs were calculated using a discount rate of 12%. The results show that the NPV of the CCF loan granted by the Bank is 38% of the cost of issuing debt, which makes it a much more

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<sup>50</sup> The country coverage limit is set at US\$90 million or 0.6% of the country's GDP, whichever is less. In the case of Guyana, the limit corresponds to US\$22 million.

<sup>51</sup> The proposed CCF loan operation delivers a financial coverage to the government for immediate response to the COVID-19 pandemic outbreak, that is efficient in terms of financial cost and how quickly the resources are disbursed to cover the immediate funding needs for emergency response. Consequently, the Economic Analysis aims to examine the efficiency of the financing arrangement provided by the Bank, through comparison with market-based financing alternatives that Guyana could choose to mitigate its contingent fiscal liabilities associated with the public health emergency.

<sup>52</sup> Since Guyana has no sovereign bond issuance and no sovereign credit rating by any major rating agencies, an estimation of country risk premium was used for the cost effectiveness analysis of the project (see [OEL #1](#)).



cost-efficient option. Lastly, it shows that even in the event of minimally probable variations in the main indicators, there is a wide range of values in which the IDB loan alternative remains the most cost efficient.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instrument

- 2.1 The proposed operation will be structured through an investment loan, which will be granted through the Contingent Credit Facility for Natural Disaster and Public Health Emergencies (CCF COVID-19)<sup>53</sup> (GN-2999-4) for a total amount of US\$22 million. All disbursements made will be charged to the Bank's Ordinary Capital (OC) regular resources and OC concessional resources, according to the concessionality blend established for the country (currently at 70% OC regular and 30% OC concessional).<sup>54</sup> The funds may either come from the regular lending program, available undisbursed balances of the investment loans already approved and identified in the Automatic Redirection List (ARL),<sup>55</sup> or a combination of these two options.
- 2.2 Contingent loans with COVID-19 coverage granted under the CCF have specific financial terms and conditions to provide adequate support to the country at the critical time of the health emergency, when public finances are doubly affected by a combination of the need for additional resources to meet extraordinary expenses and shortfalls in revenues due to a decrease in economic activity. The specific terms and conditions include the following: (i) the amortization period and grace period are calculated from the date of each disbursement; (ii) the Bank will only charge a one-time fee of 50 basis points (reviewed periodically) at the time of disbursement for each disbursement, which will be applicable on the disbursed amount only. This fee does not apply to the amounts disbursed from loans included in the ARL; and (iii) the period during which the resources are available for requesting disbursements is 270 calendar days from the WHO pandemic declaration on March 11th, 2020 (until December 6th, 2020).
- 2.3 **Eligible event.** This loan will only provide coverage for the COVID-19 pandemic outbreak, declared by the WHO on March 11th, 2020.
- 2.4 **Limit per each disbursement.** The maximum amount that may be made for each disbursement will be subject to the lower of the following limits: (i) the available

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<sup>53</sup> Section A of Document GN-2999-4 CCF Temporary Operational Provisions for the COVID-19 Outbreak.

<sup>54</sup> GN-2442-57 "Proposal for the Allocation of Concessional Resources 2019-2020".

<sup>55</sup> The ARL is an alternative funding scheme exclusive of the CCF that includes the Bank's current investment loans with the country that have balances available for disbursements, which could be automatically redirected should an event occur (GN-2999-4, paragraph 4.12). The ARL was agreed among the Borrower and the Bank considering to the following criteria: (i) new priorities of the government in the context of the COVID-19 public health emergency; and (ii) projects' execution status and performance. When the disbursed funds come from loans listed in the ARL, the Bank will: (i) update project management systems to reflect the corresponding changes in selected loans; and (ii) keep the same blend of regular Ordinary Capital and Concessional Ordinary Capital lending provided at the time of approval of the original loans. It is worth to note that, as highlighted by OVE's report "Country Program Evaluation: Ecuador 2012-2017", the use of the ARL, in light of the emergency caused by the 2016 earthquake, contributed to address the country's new financing priorities and had a positive impact on the Bank's loan portfolio management.

undisbursed balance of this contingent loan; and (ii) the limit established for each disbursement method in the Operating Regulations (OR).

**B. Environmental and social safeguard risks**

- 2.5 In accordance with Directive B.13 of the Environment and Safeguards Compliance Policy (OP-703), this operation does not require classification. Since the resources that could ultimately be disbursed under this loan may only be used to finance extraordinary public expenditures incurred during the COVID-19 emergency response phase; and given that the MoF, as the Executing Agency (EA), ensures compliance with the country's environmental and social laws on the use of the resources, no adverse environmental or social impacts are expected. Moreover, the loan contract will include a negative list of the types of expenditures that may not be financed with the loan proceeds, such as permanent infrastructure.

**C. Other risks and key issues**

- 2.6 **Development risks.** Three development risks were identified and classified as high: (i) the first is related to disruptions on the global supply chain of COVID-19 inputs and supplies, which might delay and/or impair the response capacity to the pandemic (e.g., surgical gloves, face masks and respirators, ventilators, and diagnostic kits). High worldwide demand has created shortages and price increases for these products, which could impact the timing and costs of eligible items to be financed under the project; (ii) the second risk is related to potential shortages of health workers, particularly outside of Georgetown, where the country already faces a critical limitation of health personnel, which may be aggravated by a potential surge in the number of patients who need medical attention in regional hospitals and the disproportionate way in which the disease affects hospital staff; and (iii) the third risk is related to the adequacy of additional health facilities envisioned as part of the implementation of the country's COVID-19 SPRP. Due to the high concentration of population along the coastline, and particularly in Region 4, where the country's capital is located, Guyana is expanding health facilities' capacity in Georgetown. There is a high risk that the additional facilities, including those remodeled to become COVID-19 units, are not adequately adapted and do not comply with the technical requirements to provide appropriate health care to COVID-19 patients. On the other hand, this risk is also present in regional health centers which may not have the technical conditions and infrastructure needed to respond to the COVID-19 emergency.
- 2.7 To mitigate the first development risk (global supply chain disruption), coordination with public procurement agencies from LAC (through the Inter-American Government Procurement Network managed by the Organization of American States) is under way to evaluate available supply and demand, as well as current framework agreements. With support from international organizations such as PAHO, and the World Bank, work is also under way to identify available suppliers, with a special focus on domestic suppliers and/or those located in the LAC region. In addition, the procurement for the proposed loan will be supported by the hiring of a private procurement agent specialized in medical equipment supplies. Regarding the mitigation of the second risk (health worker shortage), the government will prepare a reallocation plan for human resources, in which it will explore different options, such as financial incentives for health workers to be

temporarily assigned to health regions outside of Georgetown. As mitigation for the third development risk (health facility adequacy), a technical assessment of the new facilities will be required to ensure that they meet appropriate conditions to provide healthcare needed for COVID-19 patients, according to the SPRP, including flood risk assessment for those located along the coastline. In relation to the regional hospitals, the government will present a report to the Bank with the type of equipment that will be installed, the requirements in terms of infrastructure, and whether the facilities comply with these requirements.

- 2.8 **Fiduciary risks.** Two fiduciary risks were identified and classified as high: (i) the first is related to limitations of the national financial accounting and reporting systems. There is a high risk of insufficient information on expenses or supporting documentation that could prevent certain expenditures to be financed by the loan from meeting the contractually stipulated eligibility criteria, including their proper identification, which would prevent the Bank from accepting them; and (ii) the second fiduciary risk is related to difficulties, delays and potential issues of integrity in procurement due to disruptions in the global supply chain of COVID-19 inputs and supplies, including interferences in air cargo transport, the highly specialized technical equipment required, inventory management, and limitations in national procurement systems in Guyana.
- 2.9 As mitigation measures of the two fiduciary risks (national financial accounting and reporting systems limitations and procurement challenges), the Bank will: (i) as part of the supervision activities of this loan, provide direct technical support to the MoF and the MoH to strengthen their executing capacity, including procurement, accounting and inventory management;<sup>56</sup> (ii) facilitate the hiring of an international specialized procurement agent to carry out international procurement of medical equipment and supplies;<sup>57</sup> (iii) encourage that local acquisitions be centralized via a single procurement unit to leverage procurement expertise developed in other Bank operations, and explore the possibility of using an e-procurement software platform; (iv) require an independent verification of the expenses financed by the project, conducted by a reasonable assurance audit firm (¶3.8); (v) complement the national Integrated Financial Management Information System (IFMIS) with an accounting software to allow reporting at the component and output levels; (vi) provide guidance in public procurement to mitigate integrity risks and reputational impact that will be included in the OR; and (vii) coordinate closely with corresponding authority responsible for overseeing procurement activities and processing internal approvals, including award of contracts that exceed thresholds established in the National Procurement Act.
- 2.10 **Public management and governance risk.** There is a medium risk associated with the managerial capacity of the public administration, including inefficient institutional arrangements and insufficient coordination within the government, which could lead to delays in execution and disbursed resources not being utilized within the stipulated period (¶3.7).
- 2.11 Regarding the mitigation measures of the public management and governance risk (managerial capacity), the Bank will underscore the importance of having in place

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<sup>56</sup> With support from TC [ATN/OC-15820-GY](#).

<sup>57</sup> To be paid by the Borrower, may be eligible for loan financing.

an inter-institutional coordination and communication mechanism that convenes the MoF, the MoH and the designated representatives of other institutions and agencies responsible for public health emergency response. These measures, in addition to the country's COVID-19 Strategic Preparedness and Response Plan and the government's resolve to strengthen its preparedness and response capacity (§1.6-§1.7), will contribute to help mitigate all the identified project risks.

- 2.12 **Sustainability.** The financial coverage provided by this operation for the COVID-19 emergency response will strengthen the government's funding capacity to cover extraordinary public health expenditures needed to treat patients and slow the spread of the virus, therefore mitigating its impact on population and economic activity and contributing to a faster and more sustainable recovery. The interventions that could be financed under this coverage are included in WHO's Operational Planning Guidelines to Support Country Preparedness and Response to COVID-19. By contributing to strengthen the country's capacity to respond to this health crisis, this project will improve the level of preparedness of the health sector to confront future outbreaks, epidemics, and pandemics, including organizational capacity and knowledge, and staff experience.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 The borrower will be the Co-operative Republic of Guyana, and the EA will be the Ministry of Finance (MoF). Under the coordination of the MoF, the implementation of activities will be carried out by the government through the Ministry of Health (MoH) and the main public services providers, such as the RHDs, healthcare providers, the Georgetown Public Hospital Corporation (GPHC), and other relevant Ministries, such as the Ministry of Indigenous Affairs, in accordance with the country's preparedness and response plan and WHO's operational guidelines. Additionally, the MoF will be responsible for: (i) submitting the disbursement requests to the Bank; (ii) allocating the loan resources to the relevant sector agencies and institutions involved in the COVID-19 emergency response; (iii) coordinating the fiduciary, procurement, monitoring, and evaluation arrangements to safeguard the timely and adequate execution of resources; (iv) substantiating the use of loan resources to the Bank in accordance with the provisions established in the Loan Agreement and the [OR](#); and (v) ensuring the compliance with the objectives of the project.
- 3.2 **Coordination mechanism.** To ensure the timely use of loan resources, a coordination and execution mechanism, led by the MoF, will be established to enable the flow of funds to the MoH, the main public service providers, and other relevant institutions, such as RHDs, healthcare providers, such as the GPHC, and other relevant Ministries, such as the Ministry of Indigenous Affairs. This mechanism, as well as roles and responsibilities of the institutions involved, is detailed in the OR and must be put in place by the MoF immediately after the first disbursement of loan resources. This mechanism entails, minimally, the following processes: (i) planning and expense identification; (ii) technical review; (iii) monitoring and execution; (iv) fiduciary arrangements and review; and (v) eligibility and reporting.

- 3.3 **Special contractual conditions for general eligibility to request disbursements.** The special contractual conditions for general eligibility to request disbursements shall be that: (i) the borrower complies with the stipulations established in paragraphs (a), (b) and (c) of Article 4.01 of the General Conditions; (ii) the Operating Regulations ([OR](#)) have been approved and entered into force, with the operational aspects for the COVID-19 coverage, in the terms previously agreed upon with the Bank; (iii) the Bank has issued its no objection to the country's Prioritized Expense List; and (iv) the Bank has issued its no objection to the terms of reference for contracting the auditing firm that will carry out the independent verification of the use of disbursed resources. The OR contain all the operational provisions concerning the execution of the loan, including the request for disbursements and use of resources. The OR will also include the ARL. In accordance with the CCF-COVID-19 Operational Guidelines (GN-2999-6), the Borrower will have 30 days from the date of the entry into effect of the loan contract, or in an extended term mutually agreed by written upon the parties, to comply with this conditions.
- 3.4 **Special contractual conditions prior to each disbursement.** There are two specific contractual conditions that must be met before each disbursement: (i) within 270 calendar days following the WHO pandemic declaration on March 11th, 2020 (until December 6th), the borrower has submitted disbursement requests, indicating the amount(s) of the disbursement(s), if it/they will come from the regular program resources, from undisbursed available balances of the loans identified in the Automatic Redirection List (ARL) ([OR](#), Annex I), or a combination of both. In the case of ARL resources, the loan(s) in question and the respective amount to be used shall be identified.; and (ii) that any of the circumstances described in the Article of the General Conditions of the loan contract corresponding to Suspension of Disbursements has not realized. These contractual conditions were set for the execution of CCF loans with COVID 19 coverage in the Operational Guidelines approved by the Bank in 2020 (GN-2999-6).
- 3.5 Each disbursement under this loan will be made in accordance with the financial terms and conditions set out in the Project Summary, regardless of whether the resources come entirely or partially from the loans included in the ARL or the regular lending program.
- 3.6 **Eligible expenditures.** Loan proceeds may be used to finance extraordinary public expenditures incurred during the COVID-19 public health emergency. The types of eligible expenditures will comply with the requirements established in document GN-2999-4 (paragraph 4.20 c) and document GN-2999-6 (paragraph 2.23), namely: (i) they are not explicitly among the expenditures on the negative list included in the loan contract; (ii) they are legal under the laws of Guyana; (iii) they are included in the Prioritized Expense List agreed between the borrower and the Bank, which should be consistent with the WHO Operational Planning Guidelines to Support Country Preparedness and Response; (iv) they are effectively incurred and paid by the borrower within 270 calendar days from the WHO pandemic declaration; (v) they have followed the procurement, payment and registration processes in accordance with the borrower's regulations; (vi) they have verifiable, documented, and clearly registered acquisitions and payments; (vii) they have been adequately dimensioned and priced; and (viii) they have been

verified through a reasonable assurance audit. Examples of potential eligible expenditures are PPE, medical equipment and lab supplies, hygiene, sanitization, and disinfection of health institutions and public spaces (see Indicative List prepared by the Bank, [OEL #6](#)).

- 3.7 The Bank will recognize up to 100% of the cost of eligible expenditures effectively incurred and paid by the Borrower from the day on which the WHO declared the COVID-19 outbreak a pandemic, and up to 270 calendar days. In all procurement related matters, this operation will be governed by the provisions set forth in the policy document of the CCF (GN-2999-4). The borrower will use its national laws on the procurement of goods and the contracting of works and services applicable to extraordinary fiscal expenditures in cases of public health emergencies (see Annex III).
- 3.8 **Reasonable assurance audit.** After the disbursement of loan resources, the Bank will require an independent verification of the expenses financed by the project, conducted by a reasonable assurance audit firm or the Supreme Audit Institution, acceptable to the Bank, to assess the compliance with the criteria for expenditure eligibility set in the Loan Agreement and the OR. The EA will be responsible to carry out this activity and bear the costs of hiring an audit firm, in accordance with the Operational Guidelines for CCF loan with COVID-19 coverage (GN-2999-6).<sup>58</sup>
- 3.9 **Rationale for using resources.** The borrower, through the MoF, will substantiate the use of disbursed resources through a Consolidated Report on the Adequate Use of Resources, to be submitted to the Bank no later than March 11th, 2021, that is, within a period of 365 calendar days following the WHO pandemic declaration on March 11th, 2020. Such report must be accompanied by the final report of the reasonable assurance audit firm.
- 3.10 Once the Consolidated Report on the Adequate Use of Resources has been presented, and based on the final audit report, the Bank will determine the total amount of eligible expenditures. In the event that there are unjustified or ineligible expenses, the Bank may require the borrower to reimburse the amount found to be ineligible for financing.

## **B. Summary of arrangements for monitoring results**

- 3.11 **Monitoring and evaluation.** The project will use the existing monitoring tools of CCF operations, as established in the operational provisions for the COVID-19 outbreak approved by the Bank's Board of Executive Directors (GN-2999-4). These tools are the results matrix and the Monitoring and Evaluation Plan, which include a set of impact, outcome, and output indicators for the regular monitoring of the execution of loan resources. Given the nature of the CCF, and as indicated in the Monitoring and Evaluation Plan, the most appropriate evaluation methodology for the CCF operations with COVID-19 coverage is an ex-post, cost-effective analysis. The evaluation would focus mainly on assessing whether the financing conditions of the resources provided by the Bank are efficient for the country.

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<sup>58</sup> The costs associated with hiring the auditing firm are eligible for loan financing. The hiring of the audit firm should be carried out within 45 days after the first disbursement of the CCF loan.

| Development Effectiveness Matrix   |   |   |
|--|---|---|
| Summary  |   | GY-O0006  |
| I. Corporate and Country Priorities  |   |   |
| 1. IDB Development Objectives  |   |   |
| Development Challenges & Cross-cutting Themes  | -Social Inclusion and Equality                |   |
| Country Development Results Indicators   | -Beneficiaries receiving health services (#)* |   |
| 2. Country Development Objectives  |   |   |
| Country Strategy Results Matrix  |   |   |
| Country Program Results Matrix   | GN-2991-3                                     | The intervention is included in the 2020 Operational Program.   |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program)  |   | The country faces financial liquidity constraints that limit its capacity to close gaps in preparedness and response to the COVID-19 pandemic. This project will provide financing to cover extraordinary public expenditures during the emergency response phase, which is critical to ensure a quick implementation of measures to control the pandemic outbreak and save people's lives. See main document, paragraphs 1.16 - 1.19 |
| II. Development Outcomes - Evaluability  |   | Evaluable   |
| 3. Evidence-based Assessment & Solution  |   | 9.6   |
| 3.1 Program Diagnosis  |   | 3.0   |
| 3.2 Proposed Interventions or Solutions  |   | 3.6   |
| 3.3 Results Matrix Quality   |   | 3.0   |
| 4. Ex ante Economic Analysis   |   | 10.0  |
| 4.1 Program has an ERR/NPV, or key outcomes identified for CEA   |   | 2.2   |
| 4.2 Identified and Quantified Benefits and Costs   |   | 3.3   |
| 4.3 Reasonable Assumptions   |   | 1.0   |
| 4.4 Sensitivity Analysis   |   | 2.2   |
| 4.5 Consistency with results matrix  |   | 1.4   |
| 5. Monitoring and Evaluation   |   | 8.5   |
| 5.1 Monitoring Mechanisms  |   | 2.5   |
| 5.2 Evaluation Plan  |   | 6.0   |
| III. Risks & Mitigation Monitoring Matrix  |   |   |
| Overall risks rate = magnitude of risks*likelihood   |   | High  |
| Identified risks have been rated for magnitude and likelihood  |   | Yes   |
| Mitigation measures have been identified for major risks   |   | Yes   |
| Mitigation measures have indicators for tracking their implementation  |   | Yes   |
| Environmental & social risk classification   |   | B.13  |
| IV. IDB's Role - Additionality   |   |   |
| The project relies on the use of country systems   |   |   |
| Fiduciary (VPC/FMP Criteria)   | Yes   | Financial Management: Budget, Treasury, External Control.<br><br>Procurement: Information System, Price Comparison, Contracting Individual Consultant.  |
| Non-Fiduciary  |   |   |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:                            |   |   |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project |   |   |

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

**Evaluability Note:** The operation GY-O0006, for USD22,000,000, is part of the Bank's operational response to the COVID-19 Pandemic, Contingent Loan for COVID-19 Public Health Emergency. The general objective of the operation is to contribute to strengthen the country's immediate public health response to the COVID-19 emergency. The specific objective is to increase the country's availability and efficiency of financing to cover extraordinary public expenditures related to the COVID-19 emergency.

The loan proposal presents a solid diagnosis of the problem, as well as a review of international evidence. The proposed solution is an appropriate response to the problems identified in the proposal and its contributing factors. The results matrix is consistent with the vertical logic of the project, presenting adequate indicators at the level of outcomes and impacts. The outcome indicators are appropriately defined to measure the achievements of the project's specific objective. The impact indicators reflect the contribution to the final health ("Strategic areas of interventions, as per WHO guidelines, financed as part of the Guyana's COVID-19 Preparedness and Response Plan", and "Public expenditures executed for the implementation of Guyana's COVID-19 Preparedness and Response Plan") objective of the operation.

The project has an ex-ante cost-effectiveness analysis and a monitoring and evaluation plan in line with DEM guidelines and the characteristics of contingent loans. The economic analysis shows that the operation is efficient with a Net Present Value of the loan granted by the Bank that is 38% the cost of the next likely alternative, which makes it a much more cost-efficient option. The monitoring and evaluation plan proposes an evaluation that seeks to assess the efficiency of the operation with an ex post cost-effectiveness analysis. This will be complemented with a reflexive evaluation (before and after) to assess improvements in the impact and outcome indicators.



## RESULTS MATRIX

|                           |  |
|---------------------------|--|
| <b>Project Objective:</b> | The general objective of the operation is to contribute to strengthen the country's immediate public health response to the COVID-19 emergency. The specific objective is to increase the country's availability and efficiency of financing to cover extraordinary public expenditures related to the COVID-19 emergency. |
|---------------------------|--|

## EXPECTED IMPACT

| Indicators  | Unit of Measure | Baseline       |      | Year 1 | End of Project | Source/Mean of Verification                   | Observations  |
|---|-----------------|----------------|------|--------|----------------|---|---|
|   |                 | Value          | Year |        |                |   |   |
| <b>General objective:</b> Contribute to strengthen the country's immediate public health response to the COVID-19 emergency.                    |                 |                |      |        |                |   |   |
| Strategic areas of interventions, as per WHO guidelines, financed as part of the Guyana's COVID-19 Preparedness and Response Plan. <sup>1</sup> | Number          | 3 <sup>2</sup> | 2020 | 6      | At least 6     | Ministry of Finance<br><br>Ministry of Health | These strategic areas refer to eight pillars suggested by the WHO: (i) country-level coordination, planning, and monitoring; (ii) risk communication and community engagement; (iii) surveillance, rapid response teams, and case investigation; (iv) points of entry; (v) national laboratories; (vi) infection prevention and control; (vii) case management; and (viii) operational support and logistics. |
| Public expenditures executed for the implementation of revised Guyana's COVID-19 Preparedness and Response Plan.                                | US\$ million    | 5 <sup>3</sup> | 2020 | 27     | 27             | Ministry of Finance<br><br>Ministry of Health | Public expenditures executed for the implementation of the country's revised COVID-19 Preparedness and Response Plan, as per WHO guidelines.  |

<sup>1</sup> Given the nature of the CCF, the prioritized expense list and the specific activities financed with loan resources will be determined during the execution period. As part of the monitoring and reporting of the project, information will be gathered about the execution of disbursed resources corresponding to each pillar financed by the CCF loan for the immediate health response to the COVID-19 emergency, including the number of beneficiaries receiving health services financed by loan resources.

<sup>2</sup> It is assumed that with a very limited amount of resources available, and no additional sources of financing, the country would focus expenses in national laboratories, infection prevention and control, and case management, while not being able to fully finance and implement the other strategic areas included in the SPRP.

<sup>3</sup> An estimated of public expenditures to be executed by the government without the CCF financial coverage, assuming a US\$5 million loan by the World Bank.



## EXPECTED OUTCOMES

| Indicators  | Unit of Measure | Baseline         |      | Year 1               | End of Project               | Source/ Means of Verification | Observations  |
|---|-----------------|------------------|------|----------------------|------------------------------|-------------------------------|---|
|   |                 | Value            | Year |                      |                              |                               |   |
| <b>Specific objective:</b> Increase the country's availability and efficiency of financing to cover extraordinary public expenditures related to the COVID-19 emergency.                        |                 |                  |      |                      |                              |                               |   |
| <b>Indicator 1:</b> Availability: Increase in the country's total financial resources to cover extraordinary public expenditures for immediate public health response to the COVID-19 pandemic. |                 |                  |      |                      |                              |                               |   |
| Amount of total financial coverage available to the country to address the COVID-19 public health emergency response.   | US\$ million    | 5 <sup>4</sup>   | 2020 | 27                   | 27                           | Ministry of Finance           | The indicator shows the total amount of financing available to the country to address emergency expenses caused by COVID-19 pandemic. This amount includes the financing provided by the CCF and other resources of financing for the COVID-19 public health emergency response, that is a World Bank loan. |
| <b>Indicator 2:</b> Financial cost: Available financial coverage is efficient in terms of financing cost.   |                 |                  |      |                      |                              |                               |   |
| The spread over LIBOR for the IDB loan compared to the spread for Guyana's long-term sovereign external commercial debt.  | Basis points    | 368 <sup>5</sup> | 2020 | Differential spreads | Greater than or equal to 157 | IDB Finance Department        | The financial cost of the IDB loan compared to the financial cost of Guyana's long-term sovereign external commercial debt will be monitored.   |
| <b>Indicator 3:</b> Speed of access: Available coverage is efficient in terms of how quickly the country can access to the resources to cover the potential emergency needs.                    |                 |                  |      |                      |                              |                               |   |
| Speed of access to resources.   | Days            | 25 <sup>6</sup>  | 2020 | 20                   | At most 20                   | IDB Finance Department        | The indicator will measure the number of days between the activation of the coverage (date the country fulfills the contractual conditions for general eligibility to request disbursements) and the value date of the first disbursement.  |

<sup>4</sup> This amount corresponds to existing financing for the country prior to the approval of the proposed operation. It does not include in-kind donations from bilateral donors as the purpose of this indicator is to measure the available liquidity of the country to face extraordinary public expenditure to respond to the emergency.

<sup>5</sup> See [Analysis of Economic Viability](#).

<sup>6</sup> The baseline consists of the average time that regular IDB investment loans with Guyana required to make the effective first disbursement after activating the coverage (fulfilling the contractual condition for general eligibility to request disbursements).

# OUTPUT

| Indicator  | Unit of Measure | Baseline | Year 1 | End of Project |
|--|-----------------|----------|--------|----------------|
| <b><u>Single Component:</u> Bank's financing to cover extraordinary public expenses that arise in the emergency caused by COVID-19 pandemic.</b> |                 |          |        |                |
| Financial coverage available provided for the CCF Loan.  | US\$ Millions   | 0        | 22     | 22             |

Country: GUYANA

Sector: CMF / SPH

Project No.: GY-O0006

Year: 2020

## Fiduciary Agreements and Requirements (CCF-COVID-19)

**Executing Agency:** Ministry of Finance (MoF)

**Project Name:** Contingent Loan for COVID-19 Public Health Emergency

### I. Executing Agency Fiduciary Context

#### 1. Use of Approved National Systems in the Project

|   |  |  |   |
|---|--|--|---|
| <u>Budget</u> <input checked="" type="checkbox"/>   | <u>Reports</u> <input type="checkbox"/>        | <u>Accounting</u> <input type="checkbox"/>                   | <u>Information Systems</u> <input type="checkbox"/> |
| <u>Treasury</u> <input checked="" type="checkbox"/> | <u>Internal Audit</u> <input type="checkbox"/> | <u>External Controls</u> <input checked="" type="checkbox"/> |   |

#### Applicable Nationals Laws:

The Fiscal Management and Accountability Act (2003) (FMAA) and Regulations (2004); The Procurement (Amendment) Act (2003); and The Ministry of Finance Circular No. 2/2020 dated March 16, 2020 related to the government's response to COVID-19.

#### 2. Executing Agency Fiduciary Capacity

Both the MoF and MoH have experience working with the Bank. Currently the MoF is in the process of closing two (2) Technical Cooperation (TC) programs, ATN/OC-14815-GY and ATN/OC-15939-GY, while the MoH is actively executing loan 3779/BL-GY. Given the Bank's ongoing experience working with these ministries and having regard to the fiduciary assessment of the MoH ([ICAS-MOPH 2016](#)), the Bank considers there will be adequate capacity to undertake the scope of this CCF program in keeping with the mitigation measures proposed. Notwithstanding, the Bank will directly support any additional capacity needs of the Program to ensure its efficient execution.

#### 3. Fiduciary Risk and Mitigation Actions

**Fiduciary Risk:** High ☒; Medium ☐; Low ☐

| Risk  | Risk level | Mitigation Plan   |
|---|------------|---|
| Due to limitations of the national financial accounting and reporting systems, there is a high risk of insufficient information on expenses or supporting documentation that could prevent certain expenditures to be financed by the loan from meeting the contractually stipulated eligibility criteria, including their proper identification, which would prevent the Bank from accepting them. | High       | <ol style="list-style-type: none"> <li>1. Direct technical support to the MoF and MoH to strengthen their executing capacity, including procurement, accounting, and inventory management.</li> <li>2. Hiring of an international specialized procurement agent to carry out international procurement of medical equipment and supplies.</li> <li>3. Encourage that local acquisitions be centralized via a single procurement unit to leverage procurement expertise developed in other Bank operations, and explore the possibility of using an e-procurement software platform.</li> <li>4. Require an independent verification of the expenses financed by the project,</li> </ol> |

| Risk  | Risk level  | Mitigation Plan   |
|---|-------------|---|
|   |             | <p>conducted by a reasonable assurance audit firm.</p> <p>5. Complement the national Integrated Financial Management Information System (IFMIS) with an accounting software to allow reporting at the component and output levels.</p>  |
| <p>Risk related to difficulties, delays and potential issues of integrity in procurement due to disruptions in the global supply chain of COVID-19 inputs and supplies, including interferences in air cargo transport, the highly specialized technical equipment required, inventory management, and limitations in national procurement systems in Guyana.</p> | <p>High</p> | <p>1. Direct technical support to the MoF and MoH will be provided to strengthen their executing capacity, including inventory management.</p> <p>2. Hiring of an international specialized procurement agent to carry out international procurement of medical equipment and supplies.</p> <p>3. Encourage that local acquisitions be centralized via a single procurement unit to leverage procurement expertise developed in other Bank operations, and explore the possibility of using an e-procurement software platform.</p> <p>4. Provide guidance in public procurement to mitigate integrity risks and reputational impact that will be included in the Operating Regulations.</p> <p>5. Coordinate closely with corresponding authority responsible for overseeing procurement activities, and processing internal approvals, including award of contracts that exceed thresholds established in the National Procurement Act.</p> |

## II. Aspects to Be Considered in the Special Conditions of the Contract

|   |
|---|
| <p><b>Special Contractual Conditions prior to Eligibility:</b></p> <ul style="list-style-type: none"> <li>• <b>Bank no-objection to the Priority Expenses List presented by the Borrower.</b></li> <li>• <b>Terms of Reference, which has the Bank's no-objection for the Assurance Engagement to perform the independent verification of the use of the resources disbursed.</b></li> </ul> <p><b>Exchange Rate for Justification of Expenses.</b> For the purposes of Article 4.10 of the General Conditions, the Parties agree that the applicable rate shall be indicated in subsection [(b) (ii)] of said Article. For the purpose of determining the equivalence of expenses incurred in Local Currency from the Local Contribution or the reimbursement of expenses from the Loan, the agreed exchange rate shall be the exchange rate prevailing on the date of payment at which the Borrower, the Executing Agency or any another natural or legal person to whom the power to make expenses has been delegated, makes the respective payments in favor of the contractor, supplier or beneficiary established by the Central Bank of Guyana, for operations to purchase US Dollars.</p> |
|---|

**Audit Report.** The Borrower, through the Executing Agency, shall submit to the Bank, within a maximum period of 365 calendar days counted from the WHO pandemic declaration, i.e. by March 11, 2021, a Final Reasonable Assurance Report issued by the independent auditing firm or the Audit Office of Guyana<sup>1</sup>, contracted in accordance with the terms of reference previously agreed with the Bank.

### III. Arrangements and Requirements for the Procurement Execution

#### Exceptions to Policies and Guides:

- Purchase of goods, works and services by MoF via the EASiBUY e-procurement software platform shall be permitted for use if accepted by the government, and shall adhere to all fiduciary provisions provided herein.
- MoF, via letter dated May 18, 2020, requested the use of third-party procurement assistance to expedite the acquisition of medical supplies and equipment, and specifically requested the use of Crown Agents (see Procurement Agents section below).

|  |  |
|--|--|
| <b>Expenses incurred before the commencement of the Contract</b> | <ul style="list-style-type: none"> <li>• Reimbursement of eligible expenses since the declaration of Pandemic COVID-19 by the WHO shall be permitted provided that proper documentation of all procurement procedures used to acquire goods and services purchased prior to the commencement of the contract (e.g. tendering, selection, award and contracting) is submitted to the Bank, audit firm and/or the AOG for review of reimbursement eligibility and adherence to the provisions of the Procurement Act of 2003.</li> </ul> |
| <b>Procurement Agents</b>  | <ul style="list-style-type: none"> <li>• Crown Agents Limited, a UK based Firm, providing procurement agent services to MoH under Bank-funded operation 3779/BL-GY shall be contracted as requested by MoF to support procurement execution of the proposed CCF program.</li> </ul>  |

#### Operating Expenses: ☒

The Borrower will seek support for increments to the salaries of Public Servants; exceptional incentives for first responders directly involved in the COVID-19 response, as well as certain operating expenses such as maintenance of works and equipment, transportation of patients and other operating expenses to support the national response to the COVID-19 Pandemic. This category of expenditure is not expected to exceed 5% of the approved loan amount.

#### Domestic Preference: ☐

Does not apply.

**General Project Supervision Method in Procurement:** Consistent with the provisions established in the CCF policy document, the acquisition of goods, works and services financed by CCF operations with

<sup>1</sup> The AOG has expressed a willingness to support this operation. The AOG currently audits more than 80% of the active loan portfolio and all the technical cooperation projects being executed by the Central Government; as well as other lending operations being financed by other International Development Partners. As current Chair of CAROSAI, the AOG is very active in the region supporting the development of other Supreme Audit Institutions through various bilateral interventions. Both, the 2019 SAI-PMF and PEFA reports, speak favorably of the AOG, its independence and strong technical capacity. It has also adopted ISSAI and INTOSAI auditing standards to govern its work with audit plans and strong staff development programs. One private audit firm currently supports IDB portfolio and this is specific to the co-financed operations with the European Commission that are being executed by water and electricity companies, respectively. The scope of their work is limited to a financial audit of the project. Consequently, private audit firms have limited experience working with the public sector and the Bank and there does not appear to be any added advance in pursuing an open tender.

|  |                                       |
|--|---------------------------------------|
| COVID-19 coverage will be subject to the Borrower's own rules and regulations on the acquisition of goods, works and emergency services, as dictated by applicable local laws and regulations. |                                       |
| <b>Supervision Method:</b> Ex post.  | <b>For:</b> Verification of Expenses. |

#### IV. Arrangements and Requirements for the Financial Management

|   |   |
|---|---|
| <b>Programming and Budget</b>               | <ul style="list-style-type: none"> <li>The FMAA and its regulations are the main legal instruments for budget preparation and execution. While the Chart of Accounts is not GFS compliant, it will not unduly affect the ability of the Borrower to report on the expenditures of the Program. A dedicated Budget Line with sufficient Fiscal Space allocation will be required to allow use of the CCF Loan.</li> </ul>  |
| <b>Treasury and Disbursement Management</b> | <ul style="list-style-type: none"> <li><b>Disbursement Mechanism.</b> Manual processing of Disbursement Requests is currently in effect for Guyana. However, efforts will be made to transition the Country to an e-disbursement platform in the short to medium term.</li> <li><b>Disbursement Methods.</b> The Executing Agency, through the Program Implementation Unit, may submit disbursement requests within the time limits established for this operation under the following modalities: (i) Advances of Funds to finance future eligible expenses up to a limit of 35% of total approved coverage. (ii) Reimbursements of expenses to the Borrower for payments made with its own resources for eligible expenses incurred since the declaration of the pandemic by WHO, up to 100% of the total approved coverage. Expenses presented for reimbursements must fall within the approved Prioritized List of Expenses. The Borrower's own resources shall exclude expenditure from other Bank-financed operations or of other multilateral financing entity. (iii) Direct Payments made by the Bank to third parties on behalf of and at the request of the Borrower, for amounts agreed between the Borrower and the Bank. This modality will be restricted to transactions that are substantial in nature.</li> <li><b>Designated Account.</b> In order to manage advance of resources, the Bank and the Borrower will agree, prior to the Advance of Funds request, the designation of an account at the Central Bank of Guyana or an equivalent account acceptable to the Bank to manage and identify the use of funds disbursed.</li> <li><b>Justification of the Fund Advance.</b> In order for the Borrower to request a new Advance of funds, it must justify to the Bank at least 70% of the total accumulated balances of unjustified advances outstanding. This threshold is justified given the various uncertainties with the global supply chain for medical supplies including Protective Personal Equipment (PPE). Additionally, given the relative price setting position of suppliers in this market, greater flexibility is considered necessary to improve the possibility for an optimal outcome for the Borrower, a developing country whose purchasing power, relative to that of larger nations, does not command more favorable terms.</li> <li><b>Eligibility of Expenses.</b> Expenses have been incurred (paid; or the good or service delivered or installed, as applicable) within the maximum period of 270 days (from March 11, 2020 to December 6, 2020).</li> <li><b>Projection of Prioritized Expenses.</b> The Borrower will submit to the Bank a projection of financial need and eligible expenses prioritized in accordance with the amount of advance requested and based on the cash flow model provided by the Bank. The Bank will conduct a preliminary review of the information provided, in accordance with the applicability criteria in relation to the Prioritized Expenses List,</li> </ul> |

|  |   |
|--|---|
|  | and in proportionality to the allocation of resources requested. Where necessary, the Bank will propose modifications to the Borrower.  |
| Accounting, Information Systems, and Reports | <ul style="list-style-type: none"> <li>The Executing Agency , through the MoH, will maintain all financial and administrative records of the Program, which are to be made available to the AOG or independent audit firm for auditing. The FreeBalance supported IFMIS will be complemented by the QUICKBOOKS accounting software, currently used under 3779/BL-GY, to allow reporting at the component and output levels. The IFMIS is also being updated to allow capture of all transactions related to the Pandemic under a Group Header PANDEMIC. This position has been further strengthened by Ministry of Finance Circular No. 2/2020 dated March 16, 2020 that mandates Budget Agencies to record in separate and dedicated ledgers all expenditures related to the government's response to COVID-19. It is further understood that the Director of Budgets, in consultation with the Accountant General and the Auditor General, is in the process of implementing refinements to the IFMIS to support an audit trail and reporting at the national level on the government's overall response to the COVID-19 pandemic.</li> <li><b>Documentation and Recording of Expenses.</b> To be declared eligible, payments must be made (paid), recorded and documented in accordance with the FMAA and its regulations.</li> <li><b>Records.</b> Financial transactions for which COVID-19 funding is being requested shall be duly recorded so as to guarantee that they have not been or will not be presented by the Borrower to receive financing from other Bank operations and / or to other multilateral financing bodies.</li> <li><b>Definition of Accounting Line Items.</b> The EA, through the Program Implementation Unit, will define the specific budget line items within the IFMIS for the recording of COVID-19 emergency related expenditures.</li> <li><b>Statements of Expenses.</b> The Borrower shall, prior to the request for reimbursement, submit to the Bank a Statement of Expenses for eligible payments made corresponding to the amount requested, and based on the reporting model that will be provided by the Bank. Items included in the Statement of Expenses should be sufficiently detailed to allow the Bank to discern the expenses incurred and, facilitate the audit of expenses that will be conducted by the AOG.</li> <li><b>Declaration of Expenses Financed with Own Resources.</b> The Borrower will include in the request for reimbursement, a declaration letter signed by the Executing Agency, expressly indicating that the expenses to be reimbursed by the Bank were financed exclusively with its own resources.</li> </ul> |
| External Controls                            | <ul style="list-style-type: none"> <li><b>Audit Report.</b> A Reasonable Assurance Report will be requested from the Borrower. The Borrower shall contract the services of an independent audit firm or the AOG during the execution of the loan to carry out independent verification of the use of resources. The selected firm or the AOG shall express a conclusion, with a reasonable level of assurance, as to whether the expenses submitted by the Borrower sufficiently comply with the policies, procedures, characteristics, records and supporting documents, in order to be declared eligible in accordance with the provisions of the Loan Agreement and applicable policies.</li> <li><b>Terms of Reference (ToR).</b> The Borrower and the Bank will agree on the terms of reference for the Reasonable Assurance Engagement. The ToR and the associated Bank's no objection will constitute a condition prior to eligibility to request</li> </ul>   |

|   |   |
|---|---|
|   | <p>disbursements. The independent audit firm or the AOG must be eligible to conduct the reasonable assurance review of Bank-financed operations. The costs associated with hiring the independent audit firm or the AOG are eligible for loan financing.</p> <ul style="list-style-type: none"> <li>• <b>Deadline for Contracting.</b> The Borrower will finalize the contracting of the audit no later than Forty- five (45) days after the First Disbursement.</li> <li>• <b>Final Report.</b> The independent audit firm or the AOG will issue the Final Assurance Report on the justification of the use of the resources within 365 calendar days following WHO pandemic declaration of COVID-19. It is mandatory that the Borrower includes the Assurance Report as part of the final justification of the use of resources to be presented to the Bank.</li> </ul> |
| <b>Financial Supervision of the Project</b> | <ul style="list-style-type: none"> <li>• Mindful of the nature and purpose of the operation in responding to an emergency and of its short execution period, the Financial Supervision will focus on assessing compliance with the financial contractual conditions of the Loan; supporting to the Assurance Review Process; reviewing of disbursement requests; and contributing to the development of the Project Completion Report.</li> </ul>   |

## V. Information Relevant to the Operation

### Policies and Guides Applicable for the Operation

| <b>Financial Management</b>   | <b>Procurement</b>   |
|---|--|
| <ul style="list-style-type: none"> <li>• OP-2011-1</li> <li>• GN-2999-4</li> <li>• OP-273-12</li> </ul> | <ul style="list-style-type: none"> <li>• OP-2011-1</li> <li>• GN-2999-4</li> </ul> |

### Records and Archives

|   |
|---|
| <p>To complement the national records, the Executing Agency, through the MoH, will use the Records Management system that supports the Procure-to-Pay Cycle. The system is already used under Loan 3779/BL-GY and will be expanded to support the proposed operation. The Borrower will ensure measures are implemented to allow retention of Program records in keeping with the FMAA.</p> |
|---|



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_\_/20

Guyana. Loan GY-O0006 to the Co-operative Republic of Guyana  
Contingent Loan for COVID-19 Public Health Emergency

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 Co-operative Republic of Guyana, as borrower, for the purpose of granting it a financing to cooperate in the execution of the Contingent Loan for COVID-19 Public Health Emergency. Such financing will be chargeable to the Bank's Ordinary Capital (OC) resources, subject to the availability of resources from the Automatic Redirection List or from the Bank's regular lending program with the Co-operative Republic of Guyana, in the following manner: (i) up to the amount of US\$6,600,000, subject to concessional financial terms and conditions ("Concessional OC"); and (ii) up to the amount of US\$15,400,000, subject to financial terms and conditions applicable to loan operations financed from the Bank's regular program of OC resources ("Regular OC"), as indicated in the Project Summary of the Loan Proposal, and subject to the Special Contractual Conditions of said Project Summary.

(Adopted on \_\_\_\_ 2020)