

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	GUYANA/CCB - Caribbean Group
▪ TC Name:	Policy and Project Implementation Support
▪ TC Number:	GY-T1140
▪ Team Leader/Members:	MOSQUEIRA MEDINA, EDGARDO (IFD/ICS) Team Leader; RUSSELL, MARIKO (IFD/ICS) Alternate Team Leader; LEON, JAVIER (IFD/ICS); ROJAS GONZALEZ, SONIA AMALIA (IFD/ICS); PORRUA VIGON, MIGUEL ANGEL (IFD/ICS); WILLIAMS, DERISE AVIONE (CCB/CGY); GONZALEZ, MELISSA MARIA LAURA (IFD/ICS); JAIME RAMIREZ, MARGIE-LYS (LEG/SGO); CABRAL BERENFUS, FLORENCIA ALEJANDRA (IFD/ICS); LAFUENTE, MARIANO (IFD/ICS)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	11 Apr 2017
▪ Beneficiary:	Office of the President
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 145,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	12 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Institutnl Capacity of State
▪ Unit of Disbursement Responsibility:	INSTITUTIONS FOR DEVELOPMENT
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 Enhance the management of Guyana's Public Sector Investment Programme (PSIP), leading to a more efficient, transparent and effective execution of investment projects, with emphasis on those financed by external resources.
- 2.2 An effective public investment system is a critical vehicle for promoting economic growth and development. In Guyana, the Public Sector Investment Programme (PSIP) plays a crucial role to ease development bottlenecks, raise productivity, help integrate remote regions, and promote diversification and job creation. The PSIP represents approximately 8.3% of GDP in 2017 and is equivalent to 28% of total expenditures. Financing by multilateral organizations and other external sources represent 62% of the programme. Despite its importance, the government's performance in the management of the PSIP offers important room for improvement. In 2015, the low rate of implementation was highlighted as one of the main challenges for not meeting economic growth targets, with capital expenditures only adding to 5.7 percent of GDP, which represented 20% of total expenditures. In 2016, the Government identified again the slow pace of implementation of the PSIP as a crucial factor that reduced the real growth rate from 4.4 percent to 2.6 percent. Capital expenditures represented 21% of total expenditures, and PSIP under-execution was estimated in US\$ 76 million, or 25% of the expected amount. In addition to its negative effect on economic growth, the under-execution of the PSIP

also has a negative impact on future economic growth. Given that Guyana qualifies for concessional financing, the availability of resources by international organizations at low rates is determined by the country's implementation performance. Thus, lower project execution leads to lower investment financing at favorable terms.

- 2.3 The PSIP is currently constrained at the operational and policy levels. At the operational level, the information submitted by the project executing agencies is insufficient to support decision making about the viability of new proposals. Likewise, it cannot support informed decisions concerning possible duplication. Information limitations do not allow the recurrent cost implications of new project proposals to be properly factored into decision-making. Further, the PSIP is stymied by the inability of ministries to effectively implement externally funded development projects. Finally, the dual system in place (approval of the National Procurement and Tender Administration Board as well as that of the Cabinet) also leads to more delays. A sample of this weak management is the fact that procurement processes for goods and works and for consultancies in Guyana take, on average, over 50% above the times established in the guidelines. At the policy level, without viable systems for macro-economic performance monitoring and medium term forecasting, the linkage between budgeting and economic planning is affected and timely decision-making is not possible in critical areas like coordination of fiscal and monetary policy and debt management. These two groups of challenges occur in a context where stronger transparency mechanisms are needed for procurement processes, and where the final objective of achieving the development objectives of investment projects needs to be emphasized as the first priority. There is an urgent need for enhancing the capacity to deliver the government's investment projects for the benefit of Guyanese citizens. The proposed TC will explore options, mechanisms and methodologies that can catalyze improved implementation of the PSIP, through modern management techniques and adequate institutional arrangements.

III. Description of Activities and Outputs

- 3.1 Diagnostic, recommendations and action plan for enhancing PSIP execution
- 3.2 **Component I: Management Model for an effective execution of the PSIP.** Diagnostic, recommendations and action plan for the implementation of a management model that enhances PSIP execution, with emphasis on those financed with external resources

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Management Model for an effective execution of the PSIP	\$ 145,000.00	\$ 0.00	\$ 145,000.00

V. Executing Agency and Execution Structure

- 5.1 IDB. Innovation for Citizen Services Division IFD/ICS.
- 5.2 The government has requested the Bank to execute this technical cooperation to ensure a more dynamic execution. This is particularly important considering that poor project execution is the main problem that this project expects to address.

VI. Project Risks and Issues

- 6.1 The main risks are: (I) lack of collaboration by the different project execution units; (ii) weak follow up of recommendations to be identified in the exercise. The TC will mitigate these risks by: (i) ensuring a methodology that promotes wide participation by stakeholders, listening to issues as perceived by the front line; and (ii) the design of recommendations which promote on-the-ground presence and take into account the current situation in Guyana.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".