



Board of Executive Directors

For consideration

On or after 8 December 2020

PR-4854
24 November 2020
Original: English
Public
Simultaneous Disclosure

To: The Executive Directors
From: The Secretary
Subject: Guyana. Loan proposal for the project "Support to Safety Nets for Vulnerable Populations Affected by Coronavirus in Guyana"

Basic Information: Loan type Specific Investment Loan (ESP)
Borrower Co-operative Republic of Guyana
Amount up to US\$21,280,000
Source Ordinary Capital
Amount up to US\$9,120,000
Source Ordinary Capital Concessional

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Remarks: This operation is not included in Annex III of document GN-2991, "2020 Operational Program Report" nor in the respective update. In addition, its amount exceeds the ceiling established for Group D countries. Therefore, the operation does not qualify for approval by No-Objection Procedure, in accordance with Part III of document GN-1838-3.

Reference: DR-398-19(5/20), GN-1838-3(6/18), GN-2991-1(3/20), GN-2991-3(8/20), GN-2996(3/20)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

COOPERATIVE REPUBLIC OF GUYANA

**SUPPORT TO SAFETY NETS FOR VULNERABLE POPULATIONS AFFECTED BY
CORONAVIRUS IN GUYANA**

(GY-L1077)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Marco Stampini (SCL/SPH), Team leader; Jennelle Thompson (SCL/EDU), Alternate team leader; Luis Tejerina (SCL/SPH); Neili Bermúdez (SCL/SPH); Heidi Fishpaw (VPS/ESG); Ana Perez-Exposito and Natalia Aranco (Consultants); Sabine Rieble-Aubourg (SCL/EDU); Marle Dolores Reyes Pantoja (INE/WSA); Ivan A. Gaviria and Gregory A. Dunbar (VPC/FMP); Mario Gonzalez (SPD/SDV); Maria Sofia Greco (LEG/SGO); Leticia Ramjag and Victor Gauto (CCB/CGY); Laurence Telson (SCL/GDI).

In accordance with the Access to Information Policy, this document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

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REQUIRED ELECTRONIC LINKS	
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OPTIONAL ELECTRONIC LINKS	
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OEL#2	Operations Manual for Component 1
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OEL#4	References
OEL#5	Safeguard Policy Filter and Safeguard Screening Form

ABBREVIATIONS	
COVID-19	Coronavirus disease 2019, the disease caused by the 2019 novel coronavirus
FMP	IDB Operations Financial Management and Procurement Services Office
GDP	Gross Domestic Product
GPE	Global Partnership for Education
IDB	Inter-American Development Bank
LEG	IDB Legal Department
MOE	Ministry of Education
MHSSS	Ministry of Human Services and Social Security
PEU	Project Executing Unit
PEFA	Public Expenditure and Financial Accountability
PIU	Project Implementation Unit
UNICEF	United Nations Children's Fund
VAT	Value-Added Taxes
WHO	World Health Organization

PROJECT SUMMARY
COOPERATIVE REPUBLIC OF GUYANA
SUPPORT TO SAFETY NETS FOR VULNERABLE POPULATIONS AFFECTED BY CORONAVIRUS IN GUYANA
(GY-L1077)

Financial Terms and Conditions					
Borrower:			Flexible Financing Facility ^(a)		Concessional OC
Cooperative Republic of Guyana			Amortization period:	25 years	40 years
Executing agency:			Disbursement period:	2 years	2 years
Ministry of Human Services and Social Security (Component 1) and Ministry of Education (Component 2)			Grace period:	5.5 years ^(b)	40 years
Source	Amount (US\$)	%	Interest rate:	LIBOR-based	0.25%
IDB (Regular Ordinary Capital - OC):	21,280,000	70	Credit fee:	(c)	N/A
			Inspection and supervision fee:	(c)	N/A
			Weighted Average Life:	15.25 years	N/A
IDB (Concessional OC)	9,120,000	30	Currency of approval:	Dollars of the United States of America	
Total:	30,400,000	100			
Project at a Glance					
Project objective/description: The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objectives are to: (i) support minimum income levels for those affected by COVID-19 in the immediate period; and (ii) preserve the human capital of those affected by the COVID-19 crisis.					
Special contractual conditions precedent to the first disbursement of the loan proceeds for Component 1: (i) the approval and entry into effect of the corresponding Operations Manual in the terms and conditions previously agreed upon with the Bank; (ii) the appointment of a program coordinator, a procurement, and a financial specialist in accordance with the terms of reference previously agreed with the Bank ¶3.3.					
Special contractual conditions precedent to the first disbursement of the loan proceeds for Component 2: (i) the approval and entry into effect of the corresponding Operations Manual in the terms and conditions agreed upon with the Bank; and (ii) the appointment of a program coordinator in accordance with the terms of reference previously agreed with the Bank ¶3.3.					
Other execution-related special obligations: The financing of electricity bill credits under Component 1 shall be subject to the submission of evidence, to the satisfaction of the Bank, of a signed agreement with Guyana Power and Light Incorporated in accordance with the terms and conditions established in the respective Operations Manual ¶3.4.					
Exceptions to Bank policy: None.					
Strategic Alignment					
Challenges: ^(d)	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GD	<input checked="" type="checkbox"/>	CC	<input type="checkbox"/>	IC <input checked="" type="checkbox"/>

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and 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 relevant policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale.

- 1.1 **Macroeconomic and social context.** Guyana is a small, open, commodity-based economy which sustained positive economic growth for over a decade. Its population is approximately 785,000, with a Gross Domestic Product (GDP) per capita of US\$6,600 in 2019.¹ In 2019, GDP grew by 5.4%, higher than the Latin American and Caribbean average of 1.1% (excluding Venezuela). The sectors with the greatest growth rates in 2019 were mining and services, which grew by 10.6% and 4.2% respectively. Since 2015, Guyana has been the site of dozens of oil discoveries. Oil production began in December 2019 and is included under mining. Despite low oil prices, oil production is expected to drive GDP growth in the medium-term.
- 1.2 **COVID-19 pandemic.** On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. COVID-19 is a respiratory disease caused by the 2019 novel coronavirus or nCoV-2019. As of November 13, 2020, more than 52.8 million cases were reported worldwide, resulting in 1,295,580 deaths. The first cases in Latin America and the Caribbean (LAC) were reported in late February. Since then, the number of cases and deaths have risen quickly, reaching 11.8 million confirmed cases and 417,742 deaths, as of November 13. In Guyana, the first confirmed case was recorded on March 11, 2020. As of November 13, 2020, there have been 4,662 confirmed cases and 138 deaths.
- 1.3 **Public health response.** Authorities responded to the pandemic by implementing restrictive measures on movement promoting social distancing to contain the spread of the virus. On March 16, authorities closed schools, which was followed by closing the two international airports on March 19 to passenger traffic. The government also granted special powers to the Ministry of Health to prevent and control the disease's spread. On April 3, the authorities announced a month-long lockdown which included the following measures: (i) restrictions to remain in one's home; (ii) restrictions on social activities; (iii) a curfew between the hours of 6pm and 6am; and (iv) guidelines on social distancing and physical distancing protocols, among others. More recently, the government has highlighted the need to support the economy's recovery and allowed international travel and reopened the airport to commercial flights on October 12th. Additional measures include allowing outdoor dining in restaurants and reducing the curfew to the hours between 9pm and 4am. The government has put in place strict sanitary protocols and one of the measures includes the requirement to wear face masks.
- 1.4 **Population at risk.** The COVID-19 crisis negatively affected the living standards of nearly all people. Before the crisis, the poverty rate was estimated at 41.2% using data from the 2017 Labor Force Survey and a poverty line of US\$5.50 per day. This exceeded the Latin American and the Caribbean regional averages of 26.5% and 25.2%, respectively.² In April of 2020, the Bank conducted an online survey of 1,691

¹ International Monetary Fund - World Economic Outlook, October 2020.

² Beuermann and Schwartz (2018), editors. *Nurturing Institutions for a Resilient Caribbean*. IDB.

households to measure the socioeconomic effects of the COVID-19 crisis.³ This revealed that 71.6% of the households reported an income loss. The percentage of households with total income under the minimum wage increased from 13.9% in January 2020 to 44.7% in April 2020. The employment shock was unequal across gender, as 44.8% of women declared that they had lost their jobs compared to 36.6% of men. 45.6% of households reported eating less healthy meals than usual. Low-income households were particularly affected by changes in diet and food security: the week prior to completing the survey, 55.9% reported eating less healthy than normal and 31.4% went to bed hungry.⁴ Vulnerable groups include low income families, the elderly (the most vulnerable to the health consequences of COVID- 19), and individuals with disabilities (for whom social isolation can imply the loss of care services in addition to income).⁵

- 1.5 Vulnerable groups also include women, who suffered increased rates of intimate partner violence as an unintended consequence of the confinement measures. This shadow epidemic is likely to remain unreported as women are confined with potential abusers and other family members fear reprisals.⁶ Before the crisis, more women in Guyana reported to have experienced physical violence (35%)⁷ than in other Caribbean countries such as Trinidad and Tobago and Suriname (both at 27%),⁸ placing the country as having one of the highest rates of intimate partner violence in the region. Further, the demand for medical services to attend to COVID-19 cases are displacing services of routine care and attention, including those addressing gender-based violence.⁹ The cited IDB online survey found that 14.4% of respondents indicated an increase in domestic violence within their household since the beginning of the pandemic.
- 1.6 Finally, the COVID-19 pandemic will have a negative impact on learning, with potential long-term effects on human capital and inequality. The pandemic is directly impacting the education sector, both on the demand side (students and households, including those of migrant origin¹⁰) and on the supply side (educational centers,

³ The survey was conducted online for a period of two weeks. IDB-DT-45. Inter-American Development Bank. See [OEL#4](#).

⁴ See Garavito et al. (2020). "[The Caribbean Crisis : Results from an Online Socioeconomic Crisis](#)". IDB.

⁵ Persons with disabilities have high risk of mortality, morbidity, and poverty in the face of COVID-19. See: IDB. 2020 "Key measures to face the impacts of COVID-19 on people with disabilities: differences approach in times of pandemic". See [OEL#4](#).

⁶ UN-Women. Covid-19 in LAC. How to Incorporate Women and Gender equality in the management of the crisis response. <https://www2.unwomen.org/-/media/field%20office%20americas/documentos/publicaciones/2020/03/enbriefing%20coronavirusv1117032020.pdf?la=es&vs=0>

⁷ Guyana Women's Health and Life Experiences Report, 2019. Retrieved from <https://www2.unwomen.org/-/media/field%20office%20caribbean/attachments/publications/2019/guyana-womens-health-and-life-experiences-survey-report-2019.pdf?la=en&vs=4309>

⁸ National Women's Health Survey for Trinidad and Tobago, 2017. Retrieved from <https://publications.iadb.org/en/national-womens-health-survey-trinidad-and-tobago>; National Women's Health Survey for Suriname, 2019. Retrieved from https://publications.iadb.org/publications/english/document/National_Women%E2%80%99s_Health_Survey_for_Suriname_en.pdf

⁹ UN-Women. Covid-19 in LAC. How to Incorporate Women and Gender equality in the management of the crisis response. <https://www2.unwomen.org/-/media/field%20office%20americas/documentos/publicaciones/2020/03/enbriefing%20coronavirusv1117032020.pdf?la=es&vs=0>

¹⁰ The number of school-aged children in local communities has increased as a result of the influx of Venezuelan migrants, but only 17% have been able to enroll in schools (Government of Guyana, 2019).

teachers, and directors). Before the crisis, Guyana had achieved high levels of school attendance in primary and secondary levels. Net attendance rates for primary and secondary education were 91.2% and 72.4%, similar to the regional averages in Latin American and the Caribbean of 94.6% and 72.4%, respectively.¹¹ However, student learning outcomes were low and there were significant differences between the hinterland, riverine and coastal regions.¹² In the coastal areas, 61% of 6th grade students in 2019 achieved good results (defined as achievement of at least 30 out of 60 points) in English, compared with 48% of students in riverine areas and 36% in the hinterlands. In maths, these percentages were 46% in coastal areas, 32% in riverine areas and 20% in the hinterlands.¹³ Low internal efficiency was reflected in high repetition and dropout rates and inconsistent school attendance. The total closure of educational centers during the COVID-19 pandemic has resulted in more than 183,000 students out of school, from initial to secondary education. In the short and medium terms, prolonged discontinuity in the teaching and learning processes will have negative repercussions on dropout, promotion and learning, further affecting vulnerable students who are already at risk of being expelled by the system.¹⁴ Additionally, it could widen the socioeconomic learning gaps due to inequality in households.

- 1.7 Higher education continuity is also threatened. Enrollment rates were low before the pandemic, with only 12% of Guyanese youth enrolled in tertiary institutions, compared to an average of 15% in the English-speaking Caribbean and 35% in Latin America.¹⁵ This level of education not only contributes to human capital accumulation by providing advanced and specialized skills, it can also foster productivity and economic growth.¹⁶ However, tuition fees create a hurdle to enrollment: for approximately 20% of the students at the University of Guyana, the only way to pay tuition fees was to take on student loans.¹⁷ For these individuals, the pandemic increases the burden of making student loan payments and increases the risk of dropout.
- 1.8 **Government socioeconomic response.** The Government of Guyana established a National COVID-19 Task Force to coordinate the response to the crisis. On October 5, the government introduced a series of tax policy changes, including: the removal of the 14% Value-Added Taxes (VAT) on electricity and water, medical supplies, building and construction materials, inputs for the poultry sector, domestic travel, mobile phones, and both the VAT and import duties for machinery and equipment in sectors such as mining, forestry, agriculture, and manufacturing. Authorities estimate these measures would generate savings to the public of approximately US\$96 million.¹⁸ Additionally, the government planned to: (i) support

¹¹ CIMA - Centro de Información para la Mejora de los Aprendizajes, IDB.

¹² The hinterland and riverine areas account for 46% (421) of schools, 30% (3,051) of teachers, and 30% (51,734) students. Indigenous students account for 80% of students in the hinterland areas. Migrant population has concentrated mainly in the border hinterland areas (Region 1 and 7).

¹³ MOE administrative data, 2019.

¹⁴ Preliminary calculations by the Education Division of the IDB indicate a 17% increase in educational exclusion in the region: 1 million students will stop attending schools.

¹⁵ UNESCO Institute for Statistics.

¹⁶ Toivanen, O y L. Väänänen. 2016. "Education and invention". Review of Economics and Statistics 98 (2) May: 382-396.

¹⁷ Even though the University of Guyana is a public university, students have to pay tuition fees. The loans typically range from GY\$190,000 to GY\$600,000 (~US\$911 to US\$2,877). See [OEL#4](#).

¹⁸ <https://guyanachronicle.com/2020/09/08/20b-in-pockets-of-guyanese/>

the welfare of vulnerable households through extraordinary and temporary cash transfers, credits on utility bills, childcare subsidies for essential workers, and cash grants for individuals registering a business; (ii) support re-employment through training for small business initiatives in the cottage industry; (iii) expand the services in support of women victims of domestic violence; (iv) implement initiatives that guarantee the continuity of education through distance learning and, progressively, the safe reopening of schools. The government announced plans to obtain US\$60 million in loans from development partners which would potentially be used to fund these programs. Loan and tax relief measures are estimated to be approximately 3.1% of GDP in 2020, which is also the average for Caribbean countries.

- 1.9 **Rationale and strategy.** This operation supports part of the socioeconomic response of the Government of Guyana to the COVID-19 crisis. More specifically, it supports: (i) extraordinary cash transfers of the Public Assistance and Old Age Pension Service, both implemented by the Ministry of Human Services and Social Security (MHSSS); (ii) extraordinary electricity bill credits for vulnerable households; (iii) the services for women victims of violence, implemented by the MHSSS; and (iv) the efforts of the Ministry of Education (MOE) to ensure continuity of education. The pension was selected because of its universal coverage among older persons, which allows reaching a large number of households and a particularly vulnerable age group. The Public Assistance was selected because it reaches the households with lower income, and poor persons with disabilities, both particularly vulnerable to the effects of the current crisis. Electricity bill credits have been used in LAC countries (e.g., Bolivia, in operation 5039/OC-BO) to provide income support to vulnerable households, thanks to the possibility to identify the vulnerable through low levels of consumption. The services for women victims of violence are selected in order to reduce the gender consequence of the confinement, and allow women's full access to the cash transfers supported by the operation. Finally, the support to the continuity of education is particularly important to avoid long-term impacts of the pandemic on human capital and inequality. In the following paragraphs, we review these initiatives and programs in detail.
- 1.10 The Old Age Pension Service is the largest social program in Guyana, with 59,000 beneficiaries and a budget that amounts to 1.74% of GDP. It is a universal pension for all Guyanese citizens over the age of 65 who live in Guyana. It provides a monthly payment of GY\$20,500 (~US\$98) distributed on a yearly basis in the form of booklets of twelve coupons.¹⁹ Beneficiaries, or their authorized representatives, can cash up to three coupons at any one time at the Post Offices. For this service, an agency fee of 2% is paid to the Guyana Post Office Corporation. In the riverine and hinterland areas, where there is no Post Office, a designated representative from the community can cash-out the coupons. If booklets are not collected or cashed each year, the pensioner is taken off the registered list and can be reinstated by going through a re-verification process. The pension continues until the pensioner dies or is out of Guyana for 6 months or more in one calendar year. The MHSSS tracks cashed-out coupons, deaths, and migration data. Since all deaths are not recorded with the General Registrar's Office, information is received periodically from the funeral homes. A person is disqualified for receiving or continuing to receive a pension while an inmate of a public or charitable institution that provides board and lodging without charge (not including hospitals for up to three months), or while

¹⁹ The exchange rate used in this document and its Annexes is GY\$208.5 per ~US\$1.

serving a prison sentence. Cashed/paid coupons are returned to the Ministry for reconciliation with payment reports submitted by payment agents. As part of the COVID-19 crisis response, each beneficiary will receive one additional coupon for a value of GY\$20,500, following the usual operational cycle.

- 1.11 The Public Assistance is the second largest cash transfer program in Guyana, with 14,000 beneficiaries and a budget that amounts to 0.18% of GDP. It benefits two groups: (i) vulnerable families that have a family member with disability for over a year (as defined under the Disability Act 2010) or is incapacitated and unable to work; (ii) families that experience economic hardship. The benefit is directed to Guyanese citizens living in Guyana. The selection of the beneficiaries is based on a social evaluation by a case worker, who conducts an house visit, an interview, and a means assessment. The evaluation is then reviewed by the Poor Law Commission and the Local Board of Guardians, composed by community members and appointed by the Minister, who make the final decision. The program has low coverage, but it reaches the most vulnerable and exhibits even distribution across regions, with no sign of exclusion of the interior and indigenous population relative to the coastal areas.²⁰ The monthly benefit amounts to GY\$9,000 (~US\$43). Families with more children can receive up to three benefits, based on the assessment of the Probation and Social Services Officer. Beneficiaries with disabilities receive every year a booklet with 12 coupons; their eligibility is reviewed every five years. In contrast, low income beneficiaries without disabilities receive a booklet with 6 coupons; their eligibility is reviewed every six months. All coupons can be cashed monthly at the Postal Office or via direct payment to the beneficiaries in the interior. Currently, 76% of the beneficiaries are women and 43% are persons with disability. As part of the COVID-19 crisis response, each beneficiary will receive additional coupons for a value of GY\$50,000 (~US\$240), following the usual operational cycle. Additional beneficiaries that are experiencing economic hardship due to the COVID- 19 crisis may be temporarily included in the program, and receive the GY\$50,000 benefit.
- 1.12 To provide further support to vulnerable households, the Government has decided to provide a one-time GY\$50 (~US\$0.24) credit per KWH to 15,000 households that consume less than 75 KWH per month. The low level of consumption is used as a proxy for low income, and is the targeting mechanism.²¹ The credit will cover the full cost of each KWH of electricity for these households. It will appear on the beneficiaries' bill, and will be transferred directly from the MHSSS to Guyana Power and Light Incorporated, the national electricity utility company.
- 1.13 To tackle the increased rates of violence against women, the MHSSS has conceptualized the Survivors Advocates Program. This will help women victims of violence accessing the criminal justice system, agency referrals, emergency shelter, and financial support by the cash transfer programs implemented by the Government in response to the COVID-19 crisis. 35 individuals with previous experience in social work will be trained to offer emotional support and crisis

²⁰ The Poor Law Commission (Central Board) is empowered to hear grievances from applicants who are not satisfied with the decisions taken by the Local Board of Guardians (District Boards) and process urgent requests for Public Assistance.

²¹ The coverage of the credit essentially depends on the budget and the percentage of the population with access to electricity in the country, which in 2018 was equal to 92% (source: World Development Indicators).

counselling across the ten administrative regions of Guyana. The focus of their work will include women in a situation of poverty and vulnerability, such as those that are targeted by the Public Assistance, women living in rural areas, women with disabilities, and all gender.²²

- 1.14 To ensure educational continuity while schools are closed, the MOE has channeled its efforts into providing home based and distance learning for students.²³ This includes providing interactive radio instruction in mathematics for grades 1-3;²⁴ development of some initial content for TV (115 lessons); broadcasting of learning programs, documentaries and educational films on the Education Learning Channel; expanding on-line learning opportunities through open source learning platforms; and updating MOE's website to include e-books for nursery, primary and secondary learners, and resources for parents. In addition, a consolidated curriculum which utilizes student-centered and inquiry-based learning methods has been developed for distance learning. This modified curriculum includes language, mathematics, sciences, and social studies.
- 1.15 Implementing distance and alternative learning for children has been challenging. While MOE has been expanding its on-line content, reaching children in vulnerable areas is difficult due to limited internet connectivity and a lack of digital devices.²⁵ Only 47.3% of households report having internet access at home and there are wide disparities between urban and interior areas of the country.²⁶ The situation is similar for computer access. While 52.1% of households in urban areas own a computer, ownership drops to 27.5% in interior regions of the country and is only 11.8% in Region 9. Access to TV and radio is much higher, with 83.1% of households reporting ownership of a TV and 57.1% of a radio.²⁷ Despite MOE's efforts, TV and radio educational content is limited – and not necessarily aligned with the new consolidated curriculum. In order to provide more learning opportunities for all students, especially those who live in riverine and hinterland areas,²⁸ educational content for TV and radio needs to be developed for all grade levels, particularly in language, mathematics, sciences, and social studies. In addition, worksheets and textbooks are needed to complement the content delivered by TV and radio and teachers need to be equipped with guides for the consolidated curriculum. These strategies are consistent with recent recommendations by UNICEF: to reach the most vulnerable children in developing countries, a combination of low and no tech modalities such as TV, radio and printed materials is most effective.²⁹ Moreover, there is evidence that mathematics learning improved in Guyana classrooms through

²² As a complement to the Survivors Advocates Program, the Ministry finances the operation of the Help and Shelter, a shelter for battered women operated by a local non-governmental organization. See [OEL#4](#).

²³ The academic school year is September - June.

²⁴ 1107/SF-GY (2002-2009), financed the development of interactive radio instruction for mathematics for grades 1 to 3.

²⁵ <https://publications.iadb.org/publications/english/document/CIMA-Brief-20-COVID-19-Are-We-Prepared-for-Online-Learning.pdf>

²⁶ 52% of urban households have internet access, however in interior regions only 24.1% of households have access.

²⁷ Multiple Indicator Cluster Survey (MICS) 2019/2020. UNICEF. The last available data on radio access is from 2014.

²⁸ Almost three-quarters (73.5%) of people in these communities live in poverty. Guyana Policy and Budget Institute. 2017.

²⁹ Guidance on Distance Learning Modalities: to reach all children and youth during school closures. UNICEF. 2020.

interactive radio instruction.³⁰ All of these efforts to ensure education continuity provide a bridge to instruction prior to the pandemic, provide opportunities for students to continue learning, and will facilitate the transition back to the classroom when schools re-open.

- 1.16 To provide a conducive learning environment in the aftermath of COVID-19, schools need to be retrofitted to provide safe and sanitary conditions.³¹ The MOE has allocated approximately US\$10 million to date for sanitization, fumigation and minor installation of sanitation hubs in schools. However, improved access to water supply is needed at many schools to ensure sufficient potable water, and to encourage frequent hand washing by students and teachers.³² 20% of nursery and primary schools and 9% of secondary schools do not have an adequate water supply.³³ Of critical importance are 16 dormitory schools³⁴ that are attended by students who live in remote communities as well 23 additional schools. These need installation of pressure pumps, storage tanks, adequate internal plumbing for direct access to water in key locations, and in some cases additional interventions³⁵ to ensure a reliable water supply. In addition, given the challenges involved in ensuring an adequate clean water supply in remote regions such as the hinterlands, the MOE is interested in piloting innovative approaches for water supply in schools, including atmospheric water generation,³⁶ especially in locations where the water supply source is significantly affected during the dry season. Selected schools will be also considered for a water conservation and reuse pilot project. While the health benefits for students and teachers of having a clean water supply in schools are obvious, studies show that learning is better in schools with potable water, proper sanitary conditions as well as adequate academic resources.³⁷
- 1.17 **Bank experience and lessons learned.** Several evaluations have shown that cash transfers are the most effective tool to redistribute income and support consumption in the region. The Bank has accumulated comprehensive experience in the design, implementation, and evaluation of cash transfer programs in 18 LAC countries.³⁸ It has also participated in successful responses to emergencies, e.g. the introduction

³⁰ Old Technology— New Experience: Teachers' and Pupils' Reactions to Interactive Radio Instruction (IRI) in Grade Two Mathematics Classrooms in Guyana. Peter Winz and Godryne Winz. Caribbean Journal of Education. September 2015.

³¹ S. Bos, L. Minoja and W. Dalaison. Strategies for School Re-openings during the COVID-19 Pandemic. IDB. 2020.

³² Handwashing is key to reducing COVID transmission and should be encouraged in schools through measures such as access to sufficient and safe water. S. Bos, L. Minoja and W. Dalaison - previously cited.

³³ Administrative data, MOE, 2020.

³⁴ Approximately 80% of the student population in these schools are indigenous students from hinterland and riverine communities.

³⁵ These include reservoirs, wells, and rainwater catchment systems.

³⁶ Atmospheric Water Generation (AWG) involves the condensation of water from ambient air by cooling it to below its dew point temperature. It has the potential to generate adequate amounts of drinking water for drinking purposes in schools in hinterland where water-scarcity issues make it challenging to ensure access to potable water. It has proven viable in tropical and coastal areas where temperature and humidity levels are typically high. Experimentally validated model for atmospheric water generation using a solar assisted desiccant dehumidification system. Energy Build., 77 (2014), pp. 236-246. See [OEL#4](#).

³⁷ Cuesta, A., Glewwe, AP. & Krause, AP. (2016). School Infrastructure and Educational Outcomes: A Literature Review, with Special Reference to Latin America. *Economía*, 17(1). 95-130. Duarte, J., Jaureguiberry, F. & Racimo, M. (2017). Sufficiency, equity and effectiveness of school infrastructure in Latin America according to TERCE. Report. Washington, D.C.: Inter-American Development Bank

³⁸ Ibarrarán et al. 2017. How Conditional Cash Transfers Work. IDB. <http://dx.doi.org/10.18235/0000746>

of the food component of Mexico's *Oportunidades* program during the 2009 financial crisis (2103/OC-ME, 2140/OC-ME, 2425/OC-ME). The lessons learned include that the enrollment of new beneficiaries can require time and extensive fieldwork (2937/BL-HO). This informed the design of the first component of this operation, that leverages existing cash transfer programs to support income of the vulnerable population. The first component also provides support to the most vulnerable families as a credit in their electricity bills, which has been a complementary mechanism in COVID-19 relief responses and was informed by a similar intervention supported by the Bank (5039/OC-BO).

- 1.18 Ensuring continuity in the response to assist women experiencing domestic abuse during the pandemic is one of the key recommendations outlined by UN-Women³⁹ in the management of the crisis responses. The IDB's experience with Ciudad Mujer in Honduras and El Salvador (3771/BL-HO and 2525/OC-ES) shows positive results from including the following elements in the implementation of integrated services to prevent gender based violence and attend to victims: (i) establishing interinstitutional protocols with relevant public institutions involved in assisting survivors of violence against women and their families; (ii) setting the role of case managers and training them to do the follow-up of high-risk cases; (iii) launching a community-wide awareness and prevention campaign to provide information about the services and increase support seeking behavior among violence survivors. These lessons are considered in the support of the Survivors Advocates Program in Component 1.
- 1.19 Ensuring educational continuity is key to preserving human capital. The last education loan for Guyana (1107/SF-GY) was finalized in 2009 and supported early childhood and primary education, including the development of interactive radio and distribution of printed materials to students and teachers. Lessons learned include the need to: (i) clearly define roles and responsibilities between the technical line units of the Ministry of Education and the Project Implementation Unit in order to avoid bottlenecks and delays in execution; and (ii) review standards for infrastructure and equipment to ensure that they withstand frequent use by students. These have been taken into account during the preparation of this operation: the Operations Manual for Component 2 clearly defines roles and responsibilities, and a review and update of protocols for the maintenance of water supply infrastructure is included in the Program budget. Lessons learned from other education projects include the importance of: (i) targeting to reduce gaps in educational access that can occur between different geographic areas (2293/OC-DR); (ii) ensuring ownership/buy-in by the counterpart (1695/OC-BH); and (iii) avoiding complex designs that can be slow to execute (1695/OC-BH). Component 2 takes these into account as it targets students in hinterland and riverine areas of Guyana; the activities to be financed were agreed with the Ministry of Education; and the project prioritizes activities that will facilitate education continuity while schools are closed and was designed to be executed within a 2 year period.
- 1.20 **Coordination with other Bank projects.** The IDB has been supporting the MHSSS through the Technical Cooperation grant "The Institutional Strengthening of Guyana Social Safety Net" (ATN/JF-16525-GY), which produced: (i) an assessment of

³⁹ UN-WOMEN. Covid-19 in LAC. How to Incorporate Women and Gender equality in the management of the crisis response. <https://www2.unwomen.org/-/media/field%20office%20americas/documentos/publicaciones/2020/03/enbriefing%20coronavirusv1117032020.pdf?la=es&vs=0>

alternative payment systems; (ii) a methodological report for poverty mapping; (iii) a social protection expenditure review; (iv) a social safety net reform strategy; (v) an institutional and organizational capacity strengthening plan. All these reports are currently under review by the Government, and are informing the design of this operation. This operation will be complemented with a new technical cooperation resources that will support the creation of a Monitoring and Evaluation unit within the MHSSS and the strengthening of the processes and information systems for the execution of the Ministry's cash transfer programs. In the education sector, the Bank is currently in coordination with the Government of Finland to provide teaching training for distance education to countries in the English speaking Caribbean.

- 1.21 In response to the Government's request for reprogramming of funds to the COVID-19 emergency, the IDB redirected US\$1.2 million from loan "Support to Maternal and Child Health Program" (3779/BL-GY) for the procurement of medical equipment and personal protective gear, and for communication activities. Additionally, dialogue with the Government confirmed resources for: (i) a policy based loan to strengthen fiscal policy and management to respond to the health and economic crisis caused by COVID-19; (ii) a loan under the Contingent Credit Facility for Natural Disaster and Public Health Emergencies, with the aim to strengthen the country's immediate public health response to the COVID-19 emergency.
- 1.22 **Coordination with other multilaterals and/or donor agencies.** Development partners meet monthly to discuss and coordinate the response to the COVID-19 crisis. The United Nations agencies have supported the country with water, sanitation and hygiene kits and food hampers. Additionally, the Global Partnership for Education (GPE) has given a US\$3.5 million grant to the MOE to support educational continuity during the pandemic, psychosocial services to children, teachers and parents, and the return to school in safe, protective learning environments. The World Bank has also supported the sector during the pandemic through the creation of mini interactive lessons for preschool, the development of an instrument to assess learning losses and the design of the consolidated curriculum. This operation complements and expands on these efforts.⁴⁰
- 1.23 **Strategic alignment.** The program is consistent with the Second Update to the Institutional Strategy (document AB-3190-2) and aligned with the challenge of Social Inclusion and Equality, through support for maintaining minimum levels of income and welfare for the populations most vulnerable to COVID-19 as well as preserving human capital through the continuity of educational services. It is aligned with the cross-cutting issues of: (i) Gender Equality and Diversity, because it contributes to addressing the problem of domestic violence against women through the Survivors Advocates Program and to providing fundamental income support to persons with disability through the Public Assistance; (ii) Institutional Capacity and the Rule of Law, because it contributes to the monitoring and evaluation capacity of the MHSSS, including the development of information systems that will increase transparency in social spending. The program will contribute to the Corporate Results Framework 2020-2023 (GN- 2727- 12) through the "student beneficiaries" indicator. It is aligned with the Strategy on Social Policy for Equity and Productivity (GN-2588-4) in the

⁴⁰ While GPE and World Bank funds have been used to develop some TV and radio content, the number of lessons that have been produced to date is limited. In addition, GPE funds have supported some minor repairs to water and sanitary infrastructure in schools.

areas of enhancing equity and supporting vulnerable populations. It is also consistent with the Social Protection and Poverty Sector Framework Document (GN- 2784-7), which underscores the importance of supporting vulnerable populations, particularly from external shocks, through responsive social protection policies. It is consistent with the Skills Development Sector Framework Document (GN-3012-3), which highlights the importance of ensuring that students have access to high quality and relevant learning opportunities. Finally, this program is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (GN-2996) by supporting the efforts to protect vulnerable populations through cash transfers.

B. Objectives, components, and cost

- 1.24 **Objectives.** The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objectives are to: (i) support minimum income levels for those affected by COVID-19 in the immediate period; and (ii) preserve the human capital of those affected by the COVID-19 crisis.
- 1.25 **Component 1. Protection using existing cash transfer programs (US\$14.85 million).** This component will finance extraordinary and/or regular cash transfers of the Old Age Pension Service and the Public Assistance. Enrollment of new beneficiaries, if needed, and payments will follow the standard procedures of these programs (see ¶1.10 and ¶1.11) as described in the corresponding Operations Manual. To allow the efficient and transparent execution of the cash transfer programs, this component will finance the creation of a Monitoring and Evaluation Unit within the MHSSS and the related information systems, including both software and hardware.
- 1.26 Recognizing the relevance of basic electricity services to avoid further aggravating socioeconomic inequalities of access, this component will finance electricity bill credits for vulnerable households consuming less than 75KWH per month (see ¶1.12). This component will also finance the training and salary of case workers assigned to the Survivors Advocates Program, who will help women victims of violence accessing the criminal justice system, agency referrals, emergency shelters, and facilitate their full access to the MHSSS cash transfer programs (see ¶1.13). Finally, a media campaign will be financed to clarify the temporary nature of the expansion of the cash transfers and the scope of the Survivors Advocates Program, incorporating the country's linguistic and cultural diversity.
- 1.27 **Component 2. Support for educational continuity in vulnerable populations. (US\$14.55 million).** This component will finance actions to mitigate the effects of school closures during the COVID-19 pandemic and prepare for their reopening. To support the continuity of students' scholastic activities, this component will finance the development of educational resources for radio and television. For those students in the hinterland and riverine areas where connectivity is low and most households do not have a computer or tablet to support on-line learning, having access to classes via TV and interactive radio is critical to ensure learning continuity. Based on the consolidated curriculum, classes of 30 to 40 minutes will be developed for the nursery level (preschool) through grade 11 to be broadcast on TV, and for

the nursery level through grade 9 to be aired on radio.⁴¹ Student worksheets will also be produced and distributed to students to accompany the interactive radio content.

- 1.28 This component will finance and distribute textbooks for language, maths, sciences and social studies to all students in primary and secondary schools in the hinterland and riverine regions of Guyana in order to support their learning experiences. The textbooks will complement academic content that is provided through the TV and radio lessons. In addition, curriculum guides for the consolidated curriculum will be distributed to teachers.
- 1.29 To ensure access to potable water, the component will finance water supply improvement solutions, including the installation of water pumps and storage tanks as well as plumbing installation and repairs for at least 23 schools and 16 dorm schools⁴² that serve vulnerable students in the hinterland, riverine, and rural coastal communities. Mechanisms to ensure sufficient water availability throughout the school year and minor repairs to sanitation infrastructure will also be implemented in the schools where this is needed. The list of schools to be intervened is included in the Operations Manual for this Component. In addition, the Program will finance an atmospheric water generator pilot in one of the hinterland schools.
- 1.30 Student loan relief will be financed for students at the University of Guyana.⁴³ This will reduce their debt obligation and enable them to continue their studies without interruption.
- 1.31 **Program administration, evaluation, auditing, and contingencies (US\$1 million).** This item will fund training and human resources in the MHSSS that are necessary to execute the cash transfers included in this operation. These will contribute to strengthening the MHSSS Welfare unit. It will also fund fees for key consultants engaged in program execution, audit and evaluation expenses, as well as contingencies.
- 1.32 **Beneficiaries.** The actions proposed in this operation will reach: 56,689 beneficiaries of the Old Age Pension Service; 9,467 beneficiaries of the Public Assistance; 15,000 beneficiaries of electricity bill credits; women victims of violence, including 350 beneficiaries of the Old Age Pension Service and the Public Assistance, who will receive the services of the Survivors Advocates Program; 146,784 students through the development of education content for TV and radio; 35,600 students, beneficiaries of textbooks and worksheets; and 1,765 beneficiaries of student loan relief.

C. Key results indicators

- 1.33 **Expected outcomes.** The program will support the provision of extraordinary income transfers to 100% of the beneficiaries of the Old Age Pension Services and Public Assistance, and to 33% of the households that consume less than 75KWH

⁴¹ The component will finance only the development of content.

⁴² The universe of dorm schools will be attended. The additional 23 schools that have been selected were identified as having the most critical water supply issues.

⁴³ The loan relief per student will be GY\$50,000 (US\$240) and will be used to reduce the outstanding loan balances of 1,765 students.

per month of electricity. It will improve learning opportunities through the distribution of curriculum guides to 80% of teachers and through improved access to potable water in 80% of dorm schools.

- 1.34 **Economic viability.** The interventions supported by this operation will complement the public health measures taken by the government, ensuring minimum levels of quality of life for the vulnerable population by supporting incomes and the continuity of education. A cost-benefit analysis was performed to evaluate the economic justification of the project. In the baseline scenario, the analysis estimates a Net Present Value of US\$17.8 million, robust to different assumptions regarding the discount rate and the fiscal multiplier effectiveness. This is a conservative analysis as it does not take into account the positive effects on human capital that result from the possibility of consumption smoothing nor the potential reductions of COVID-19 related mortality and morbidity (See [OEL#1](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This operation is a specific investment loan, as scope, costs and design are fully defined. The total of US\$30.4 million (Table 1) will be financed with the Bank's Ordinary Capital (OC) regular and concessional resources, according to the concessionality blend established for the country (currently at 70% OC regular and 30% OC concessional).⁴⁴ The operation will be disbursed during a two-year period.

Table 1: Estimated program costs (US\$ million)

Components (*)	2021	2022	IDB total	%
Component 1. Protection using existing cash transfer programs	13.750	1.100	14.850	48.85
• Public Assistance	6.954		6.954	22.88
• Old Age Pension Services	5.801		5.801	19.08
• Electricity Credit	0.270		0.270	0.89
• Survivors Advocates Program	0.216	0.100	0.316	1.04
• Media campaign	0.360		0.360	1.18
• MHSSS strengthening	0.149	1.000	1.149	3.78
Component 2. Support for educational continuity in vulnerable populations	6.459	8.091	14.550	47.86
• Development of educational resources	3.205	4.145	7.350	24.2
• Pedagogical materials	1.670	2.622	4.292	14.1
• Water supply improvement solutions	1.160	1.324	2.484	8.2
• Student loan relief	0.424	0	0.424	1.4
Program administration, evaluation, auditing, and contingencies	0.500	0.500	1.000	3.29
• (For Component 1)	(0.175)	(0.175)	(0.350)	(2.14)
• (For Component 2)	(0.325)	(0.325)	(0.650)	(1.15)
Total	20.709	9.691	30.400	100.00
Note (*): The values of the categories within each Component are indicative.				

⁴⁴ GN-2442-57 "Proposal for the Allocation of Concessional Resources 2019-2020".

B. Environmental and social risks

- 2.2 In accordance with Directive B.3 of the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703), the Operation has been classified as Category "C" as it will not finance any major physical infrastructure and is not expected to cause any significant or moderate negative environmental or social impacts. To ensure availability of potable water in schools, there will be minor water interventions, including installation of pumps, storage tanks, and adequate internal plumbing, at schools throughout the country, some of which are in indigenous territory or would benefit indigenous communities. A basic environmental and social management plan will need to be prepared as part of conditions prior to bidding. The plan will include an evaluation of water availability (to ensure no other water users are negatively impacted) and the potential need for treatment, mitigation measures for any negative impacts identified, and a stakeholder engagement process with the local communities. Additionally, television and radio content as well as printed materials will be distributed to students throughout the country, including indigenous students. During the execution of the operation, the Executing Agency of Component 2 will work with local committees to ensure the sociocultural appropriateness of the learning content provided.
- 2.3 Rural and indigenous communities may be less likely to possess identity documents, and often have less access to computers, internet or smartphones, or electricity bills which may be required to apply to government assistance programs being financed by the operation. Thus, there is some risk of exclusion from these programs being financed by the operation. However, during preparation the executing agency for Component 1 confirmed that social workers work directly with indigenous communities and leaders to ensure their access to apply to and benefit from the programs. During implementation, the work of social workers with indigenous communities and leaders to ensure their access to government assistance programs should be monitored. The inclusiveness of the operation, including the government assistance programs being financed, will be monitored as part of the semi-annual progress reports.
- 2.4 To ensure that there are no moderate to significant impacts and risks associated with the operation, the Executing Agency shall not finance activities that are likely to cause significant negative environmental and/or social impacts (Category A) or likely to cause moderate negative environmental and/or social impacts (Category B). They shall for instance not engage in activities that entail: (i) involuntary physical or economic resettlement; (ii) moderate or significant negative impact on indigenous people; (iii) damage to cultural sites or critical cultural sites; (iv) negative impact on protected areas or RAMSAR⁴⁵ sites; or (v) the use of invasive species.

C. Fiduciary risks

- 2.5 The overall fiduciary risk is medium as indicated in Annex III. Specific risks include: (1) low capacity for executing fiduciary management aspects of Bank-financed operations; (2) low capacity to ensure execution objectives are met within stipulated

⁴⁵ A RAMSAR site is a wetland site designated to be of international importance under the Ramsar Convention, an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.

timeframe, 3) poor documentation on expense reporting to ensure eligibility of expenses, (4) lack of clear assignment of roles and responsibilities in executing units, and (5) COVID-19 related difficulties, delays and potential procurement issues due to disruptions in the global supply chain. The individual evaluation of risk with regards to the fiduciary capacity of the Executing Agencies is considered low for the MOE and medium for the MHSSS. To mitigate the risks identified a fully staffed PEU will be established within the MHSSS and a Program Coordinator and Procurement Assistant will be hired at the MOE to bolster its existing PIU staff complement. Off-the-self accounting software will be procured for the MHSSS and used by Project at each executing agency. All Project Staff will receive training and coaching in IDB's fiduciary policies and operations manuals will be developed for each component. Each operations manual will incorporate, among other things, the key roles and responsibilities and process flows, particularly in respect of all forms of cash transfers.

- 2.6 The execution risk is medium given that while the existing executing unit for MOE is well-established and experienced, the executing capacity for the MHSSS will be strengthened through Bank support and training to designated personnel on Bank policies and procedures as it relates to procurement management. Systems for core MHSSS processes, including cash transfers, which use existing structures, will be documented in the Operations Manual for Component 1, recommendations from the Audit Office of Guyana are being implemented in consultation with the Ministry of Finance,⁴⁶ and potential risks identified in its internal controls over these processes addressed to minimize impact on project execution.

D. Other key risks and issues

- 2.7 **Crowding during the pandemic.** An inherent reputational risk of cash transfers implemented during the COVID-19 pandemic lies in the potential for outbreaks due to crowding related to program applications and payments. To mitigate this risk, the MHSSS has implemented the following measures: (i) separation of payments by alphabetical order to spread recipients over the five working days of the week; (ii) inclusion of 100 additional locations for payments; (iii) direct deposit of payments for people who already have bank accounts; (iv) social distance guidance for post offices; and (v) communications through social media, newspapers, and radio to ensure that beneficiaries are aware of program rules and reduce the need to visit program offices to obtain information.
- 2.8 **Maintenance of water supply solutions.** The Regional Democratic Councils are responsible for repairs and maintenance of schools and budget for these expenses on an annual basis. To ensure adequate maintenance of equipment such as water pumps and water storage tanks, a review of existing manuals and protocols will be undertaken, and these will be updated as necessary and a detailed maintenance schedule will be prepared for each school.
- 2.9 **Sustainability.** The extraordinary transfers and utility credits are short-term interventions and are not designed to become a permanent component of the country's social safety net. A campaign will be designed and implemented to clearly communicate to the population the temporary nature of the intervention. In addition,

⁴⁶ These include pre-numbered tamper evident holographic labels which correspond with the coupon number; separate contractors for the coupons and holographic labels, reconciliation of "cashed" coupons with the Ministry's approved list.

the operation will support information systems in the MHSSS that will provide a useful platform for shock responsive social protection, to respond to similar situations in the future, whether health emergencies or natural disasters. In the same manner, the TV and radio content to be developed for education will enable the Ministry of Education to ensure continuity of services during future crises. Finally, the human resources of the MHSSS Monitoring and Evaluation Unit and Survivors Advocates Program will be absorbed in the organization chart of the Ministry and funded with the regular Government budget.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The Borrower is the Cooperative Republic of Guyana. The program will be executed by the MHSSS through its Project Executing Unit (PEU) and the MOE through its Project Implementation Unit (PIU). MHSSS will be responsible for Component 1 and MOE will be responsible for Component 2. The PEU in the MHSSS will include a full-time program coordinator who will manage and oversee the activities of the project, a procurement specialist who will be in charge of procurement activities under the loan, a financial specialist who will keep track of all financial transactions in accordance with the Operations Manual for Component 1 and Central Government requirements, a monitoring and evaluation specialist, and a program assistant. Personnel for the PEU will be initially hired through resources from technical cooperation ATN/JF-16525-GY and later absorbed with resources from the loan. The PIU in the MOE is an existing unit that includes a Project Coordinator, Financial Specialist, Procurement Specialist, Assistant Procurement Specialist, as well as others. It is currently executing a World Bank project and two grants from the Global Partnership for Education. An institutional analysis confirmed that the PIU has the capacity to assume the execution of Component 2 of this operation. Nonetheless, to facilitate execution, the operation includes financing for an additional procurement assistant and other human resources for implementation.
- 3.2 **Execution and administration.** The responsibilities of the executing units, for each of their respective components, include: (i) preparation of the implementation plan; (ii) financial administration, accounting, and preparation of budgets and disbursement requests; (iii) preparation of procurement plan and procurement of consultancy services, including the selection and hiring of the external audit firm; (iv) preparation of biannual monitoring reports for which the structure will be agreed with the Bank and financial statements; (v) monitoring of project activity progress. These responsibilities will be fully articulated in the respective Operations Manuals.
- 3.3 **Special contractual conditions precedent to the first disbursement of the loan proceeds for Component 1. The executing agency will submit to the Bank evidence of: (i) the approval and entry into effect of the corresponding [Operations Manual](#) in the terms and conditions previously agreed upon with the Bank; (ii) the appointment of a program coordinator, a procurement, and a financial specialist in accordance with the terms of reference previously agreed upon with the Bank. Special contractual conditions precedent to the first disbursement of the loan proceeds for Component 2. The executing**

agency will submit to the Bank evidence of: (i) the approval and entry into effect of the corresponding [Operations Manual](#) in the terms and conditions previously agreed upon with the Bank; and (ii) the appointment of a program coordinator in accordance with the terms of reference previously agreed with the Bank. These conditions are necessary to guarantee adequate project execution. Prior Bank experience has shown that having key staff on board at the beginning of a project helps to facilitate start up activities, and having a detailed operations manual helps the executing unit to better organize itself.

- 3.4 **Other execution-related special obligations.** The financing of electricity bill credits under Component 1 shall be subject to the submission of evidence, to the satisfaction of the Bank, of a signed agreement with Guyana Power and Light Incorporated in accordance with the terms and conditions established in the respective Operations Manual. This condition is necessary because the Bank should ensure that the terms and conditions stated in the corresponding Operations Manual are included in the agreement to be signed between the MHSSS and the Guyana Power Light Incorporated.
- 3.5 **Retroactive financing.** The Bank may retroactively finance eligible expenditures made by the borrower prior to the loan approval date for cash transfers in Component 1, and pedagogical materials, production of educational content, water supply improvements and debt forgiveness to holders of student loans in Component 2, up to US\$6.08 million (20% of the loan amount), provided that requirements substantially similar to those established in the loan contract were met. In the case of transfers, the Bank will request that an assurance review be performed before accepting the expenditures as eligible for reimbursement. Such expenditures must be incurred after April 3, 2020, when the Government implemented the first lockdown. Even though this predates the project officially entering the pipeline (GN- 2259-1), authorization of the retroactive financing on an exceptional basis is justified, given the circumstances surrounding the global emergency. Given the unpredictability and rapid evolution of the pandemic and its economic consequences on the vulnerable population, it is considered consistent with the project development objectives to retroactively recognize these expenses.
- 3.6 **Procurement.** The project expects few acquisitions, which are included in the procurement plan. The procurement processes will be conducted with the Policies for the Acquisition of Goods and Works Financed by the IDB (GN-2349-15) and the Policies for the Selection and Contracting of Consultants financed by the IDB (GN- 2350-15), or the policies in force at the time of execution, as well as the Financial Management Guidelines for projects financed by the IDB (OP-273-12).
- 3.7 **Special procurement measures.** Pursuant to the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996 paragraph 4.2 and Resolution DE-28/20), the following special procurement measures will apply to both components: (i) goods, works and services originating from or rendered by suppliers, contractors, consultants and service providers from non-member countries of the Bank shall be eligible for procurement activities; (ii) procurement agents and specialized agencies when contracted by the Borrower may apply their procurement policies; and (iii) the international consolidated contracting and the adherence to already-signed procurement contracts may be used as methods for

the procurement of goods and services, as the case may be. These Special Measures are set to expire on April 7, 2021.

- 3.8 **Disbursements.** Disbursements will be made to each Executing Agency independently. The main modalities will be the Advance of Funds, based on liquidity needs; and the Reimbursement of Payment to the Borrower to address retroactive payments. Other modalities may be considered, as appropriate, in keeping with the provisions of the Financial Management Guidelines for IDB financed Projects (OP- 273-12) or the guidelines in effect at the time of program execution, and the Fiduciary Agreements and Requirements (Annex III).
- 3.9 **Audit.** The type of financial report considered most suitable will be annual audited financial statements of the Program to be submitted by each Executing Agency to the Bank within 120 days (that is, by April 30th) following the close of the respective fiscal year (which runs from January to December) and within 120 days of the last disbursement date. An Assurance engagement will be implemented for the cash transfer programs supported by the operation. This will include also the retroactive financing if applicable. The audit engagement will be conducted by a Bank-eligible independent audit firm. The scope and related considerations will be governed by the Financial Management Guidelines (OP-273-12); the Guide for Financial Reports and Management of External Audits and applicable International Standard on Auditing issued by INTOSAI or IAASB. Audit and assurance engagement costs will be financed with project resources.

B. Summary of implementation arrangements

- 3.10 **Monitoring.** The MHSSS and the MOE, as executing agencies, will be responsible for implementing the monitoring and evaluation plan (See [REL#1](#)). In light of the crisis, the main monitoring tools for this program will be the results matrix and the procurement plan. The main sources of information for monitoring the outcome and output indicators for Component 1 will be administrative records from the PEU in the MHSSS, and for Component 2 administrative records and surveys from the PIU in the MOE. The main reporting tool will be the Progress Monitoring Report, which will use the program's semiannual reports as its main sources of information.
- 3.11 **Evaluation.** Given the nature of this operation, program evaluation will assess the contribution to the specific objectives to support minimum income levels and preserve human capital for those affected by COVID-19 in the immediate period. To that end, a "before and after" analysis will be performed, using information from available time series on results indicators. Two consultancies have been budgeted as part of the Administrative component of this operation to carry out this analysis at the end of the Program, one focused on the support to minimum income levels and the other on human capital. For the purpose of attributing the observed results to program interventions, the quantitative analysis will be supplemented with a review of the theory of change supported by relevant evidence of the effectiveness of similar interventions in comparable contexts. Finally, a process evaluation of Component 2 will be carried out.

Development Effectiveness Matrix		
Summary		GY-L1077
I. Corporate and Country Priorities		
1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Students benefited by education projects (#)	
2. Country Development Objectives		
Country Strategy Results Matrix		
Country Program Results Matrix		The intervention is not included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		Section I.A. Paragraph 1.9.
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.3
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		2.7
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		7.0
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		4.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		
Environmental & social risk classification		C
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.
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-L1077, for US\$30,400,000, is part of the Bank's operational response to the COVID-19 Pandemic, Support for Vulnerable Populations Affected by Coronavirus. The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objectives are to: (i) support minimum income levels for those affected by COVID-19 in the immediate period; and (ii) preserve the human capital of those affected by the COVID-19 crisis.

The loan proposal presents a solid diagnosis of the problem, as well as a review of international evidence. The proposed solutions are 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 output and outcomes. The outcome indicators are appropriately defined to measure the achievements of the project's specific objectives.

The economic analysis shows that the operation is efficient with a Net Present Value of US\$17.8 million. In a context of high uncertainty, the analysis considers the benefits associated with the multiplier effect on the economy from the spending of beneficiary families of the Old Pension Service and the Public Assistance Program, who benefit from the extraordinary transfers, as well as the families with low energy consumption that receive support to cover electricity bills. A second set of analysis considers the benefits associated with returns to education from the multiple actions implemented under the education component geared to provide continuity of education through distance learning.

Given the nature of this operation, the monitoring and evaluation plan proposes to carry out a reflexive evaluation (before and after) using the information from available time series on the outcome indicators, specifically, the coverage of transfers and supports for electricity consumption among the target population, and the number of students who benefit from distance learning lessons, as well as textbooks and worksheets to support the continuity of their education, among others.

RESULTS MATRIX

PROJECT OBJECTIVE:	The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objectives are to: (i) support minimum income levels for those affected by COVID-19 in the immediate period; and (ii) preserve the human capital of those affected by the COVID-19 crisis.
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EXPECTED OUTCOMES

Indicator	Unit of measure	Baseline	Baseline year	Final target (2022)	Means of verification	Comments
Specific objective 1. Support minimum income levels for those affected by COVID-19 in the immediate period						
Beneficiaries of the Old Age Pension Service that receive extraordinary support as part of the strategy to counter the impacts of COVID-19	Percentage of individuals	0	2020	100%	Final report from PEU, based on administrative system to track beneficiaries and payments	Numerator: number of individuals receiving extraordinary transfers from the Old Age Pension Service. Denominator: number of individuals receiving the Old Age Pension Service in March 2020 – pre-COVID-19 (56,689).
Beneficiaries of the Public Assistance program that receive extraordinary support as part of the strategy to counter the impacts of COVID-19	Percentage of individuals	0	2020	100%	Final report from PEU, based on administrative system to track beneficiaries and payments	Numerator: number of individuals receiving extraordinary transfers from the Public Assistance program. Denominator: number of individuals receiving the Public Assistance program in March 2020 – pre-COVID-19 (9,467).
Households that consume less than 75KWH per month which receive extraordinary credit support as part of the strategy to counter the impacts of COVID-19	Percentage of households	0	2020	33%	Final report from PEU, based on Guyana Power and Light Incorporated information system	Numerator: number of households receiving extraordinary electricity credits. Denominator: number of households consuming less than 75KWH per month in September 2020 (44,809).
Women beneficiaries of Old Age Pension Services or Public Assistance Program who receive support from the Survivors Advocates Program	# of women	0	2020	350	Final report from PEU, based on SAP data to track support to women beneficiaries	Number of women beneficiaries of Old Age Pension Services or Public Assistance Program that receive support from the Survivors Advocates Program with one or more of the following issues: (i) immediate crisis intervention for survivors of domestic and sexual violence; (ii) liaison with the criminal justice system; (iii) safe dwelling or alternative safe shelter as necessary; (iv) review of eligibility to receive MHSSS transfer programs.
Specific Objective 2. Preserve the human capital of those affected by the COVID-19 crisis						
Public school students (Nursery to 11th grade)	# of students	74,795	2020	146,784		<ul style="list-style-type: none"> Gender Monitoring - indicator will be disaggregated by boys and girls.

who benefit from distance learning lessons (Radio or TV) aligned with the consolidated curriculum	# of boys	37,406	2020	73,392	Survey report conducted by the PIU	<ul style="list-style-type: none"> • CRF Indicator. • The Final Target is equivalent to 80% of the total student population in the country. • The lessons cover language, mathematics, sciences and social studies. • A survey will take place to measure the results. • The consolidated curriculum is an abridged version of regular curriculum, focused on priority subject areas.
	# of girls	37,389	2020	73,392		
Students in public primary and secondary schools in the hinterland and riverine areas benefitted with new textbooks	# students	8,324	2020	35,200	Final report from PIU that documents signed receipt of textbooks delivered to each student	<ul style="list-style-type: none"> • Gender Monitoring - indicator will be disaggregated by boys and girls. • The Final Target is equivalent to 80% of the total student population in the hinterland and riverine areas. • The textbooks cover Math, Language, Science, and Social Studies.
	# of boys	3,994	2020	17,600		
	# of girls	4,330	2020	17,600		
Students in public primary and secondary schools in the hinterland and riverine areas benefitted with worksheets	# students	8,324	2020	35,200	Final report from the PIU detailing the distribution of worksheets	<ul style="list-style-type: none"> • Gender Monitoring - indicator will be disaggregated by boys and girls. • The Final Target is equivalent to 80% of the total student population in the hinterland and riverine areas. • The worksheets will accompany the educational radio content.
	# of boys	3,994	2020	17,600		
	# of girls	4,330	2020	17,600		
Teachers in public primary and secondary schools benefitted with curriculum guides	% of teachers	0%	2020	80%	Final report from PIU that documents signed receipt of curriculum guide delivered to each teacher	<ul style="list-style-type: none"> • The curriculum guides are for the consolidated curriculum. • The guides will be distributed to teachers at a national level.
Students in public tertiary education with student loans, benefitted with loan relief in the 2020-2021 academic year.	% of students	0	2020	100%	Official letter from the Student Loan Agency to each student confirming their loan relief	<ul style="list-style-type: none"> • The student loans are granted through the Student Loan Agency. • The number of students represents 100% of the students enrolled in the University of Guyana with student loans. • The University of Guyana is the only public university.
Public dorm schools in the hinterland, riverine or coastal rural areas with improved access to potable water	% of dorm schools	0%	2020	80%	Final report from PIU detailing the schools and measures carried out to improve access to potable water	<ul style="list-style-type: none"> • This refers to dorm schools managed by the Ministry of Education in the hinterland, riverine and rural coastal areas.

OUTPUTS

Output	Unit of Measure	Baseline	Baseline year	2021	2022	Final target (2022)	Means of verification	Comments
Component 1. Protection using existing cash transfer programs								
Transfers paid to beneficiaries of the Old Age Pension Service during the COVID-19 crisis	# of transfers	0	2020	59,000	0	59,000	Bi-annual program report to the Bank, based on administrative system to track beneficiaries and payments	<p>The target is cumulative.</p> <p>Only transfers funded by the operation are counted.</p> <p>Number of transfers (disbursed as part of the response to the COVID-19 crisis) paid to beneficiaries of the Old Age Pension Service. The primary focus are extraordinary payments of current beneficiaries.</p> <p>“Gender tracking” (reported by male/female gender of the beneficiaries)</p>
Transfers paid to beneficiaries of the Public Assistance program during the COVID-19 crisis	# of transfers	0	2020	29,000	0	29,000	Bi-annual program report to the Bank, based on administrative system to track beneficiaries and payments	<p>The target is cumulative.</p> <p>Only transfers funded by the operation are counted.</p> <p>Number of transfers (disbursed as part of the response to the COVID-19 crisis) paid to beneficiaries of the Public Assistance program. The primary focus are extraordinary payments of current beneficiaries.</p> <p>“Gender tracking” (reported by male/female gender of the beneficiaries)</p>
Electricity utility credits to households that consume less than 75KWh per month during the COVID-19 crisis	# of credits	0	2020	15,000	0	15,000	Bi-annual program report to the Bank, based on Guyana Power and Light Incorporated information system	<p>The target is cumulative.</p> <p>Only credits funded by the operation are counted. Number of credits for electricity bills paid to households that consume less than 75KWH per month during the COVID-19 crisis.</p>
Communication campaign about the program implemented	# of campaigns	0	2020	1	0	1	Bi-annual program report to the Bank	<p>The target is not cumulative.</p> <p>The campaign includes information on the cash transfers, on the electricity credits, and on the Survivors Advocates Program.</p>
Training course for Survivor	# of courses	0	April 2020	1	0	1	Bi-annual program report to the Bank	<p>The target is not cumulative.</p>

Advocates implemented								
Number of case workers contracted for the Survivor Advocates Program within the MHSSS	# of individuals	0	April 2020	35	35	35	Bi-annual program report to the Bank	The target is not cumulative.
Information system for MHSSS for monitoring and evaluation of cash transfer programs	# of information systems	0	2020	0	1	1	Bi-annual program report to the Bank	The target is not cumulative. The system will help monitor the delivery of extraordinary and regular cash transfers of the Public Assistance Program and the Old Age Pension Service.

Output	Unit of Measure	Baseline	Baseline year	2021	2022	Final target (2022)	Means of verification	Comments
Component 2. Support for educational continuity in vulnerable populations								
Lessons for TV and Radio, consistent with the consolidated curriculum, covering Math, Language, Science, and Social Studies, developed for TV and Radio	# of lessons	115	2020	1,970	3,547	5,632	Semester report from the PIU detailing the lessons that have been finalized	Nursery to 9th grade will be benefited with TV and Radio lessons, grades 10th to 11th will be benefited with TV lessons.
<i>TV (nursery to 11th grade)</i>		115	2020	1,075	1,882	3,072		
<i>Radio (nursery to 9th grade)</i>		0	2020	895	1,665	2,560		
Textbooks for primary and secondary covering Math, Language, Science, and Social Studies, delivered to community centers or schools in the hinterland and riverine areas	# of textbooks	0	2020	70,000	70,000	140,000	Signed receipt of textbooks delivered to community centers or schools	Textbooks will be delivered to community centers and schools for further distribution to students in the hinterland and riverine areas.
Worksheets to accompany radio content, delivered to community centers or schools in the hinterland and riverine areas	# of worksheets	0	2020	100,000	180,000	280,000	Signed receipt of worksheets delivered to community centers or schools	Worksheets will be delivered to community centers and schools for further distribution to students in the hinterland and riverine areas. 8 worksheets per student will be delivered.
Teacher curriculum guides, delivered to community centers or schools	# of curriculum guides	0	2020	4,000	4,100	8,100	Signed receipt of curriculum guides delivered to community centers or schools	Curriculum guides will be delivered to community centers and schools for further distribution to teachers.
Loan relief plan for tertiary students approved by Ministry of Finance	Plan	0	2020	1	0	1	Plan from the Student Loan Agency detailing the amount of debt reduction for each student	The tertiary students are enrolled at the University of Guyana. Student loans are used to pay tuition fees.
Loan reliefs granted for tertiary education students in the 2020-2021 academic year.	# of loan reliefs	0	2020	1,765	0	1,765	Report from the Student Loan Agency detailing the loan relief granted to each student	The tertiary students are enrolled at the University of Guyana. The relief will be a one-time reduction in the loan balance that will be done in the academic year 2020-2021.

								Student loans are used to pay tuition fees.
Public schools and public dorm schools the in hinterland, riverine areas, or rural coastal areas, that receive support to allow students and teachers access to drinking water	# of schools and dorm schools	0	2020	0	39	39	Survey report conducted by the PIU	
Atmospheric water generator pilot implemented in school in hinterland area	# of pilots	0	2020	0	1	1	Final report of results, findings and recommendations presented to MOE authorities	<p>Atmospheric Water Generation (AWG) involves the condensation of water from ambient air by cooling it to below its dew point temperature.</p> <p>AWS has the potential to generate adequate amounts of drinking water for drinking purposes in schools in hinterland where water-scarcity issues make it challenging to ensure access to potable water.</p>

Country: Guyana **Sector:** SPH/EDU **Project Number:** GY-L1077 **Year:** 2020
Co-financing: N/A **Co-execution:** Yes

Fiduciary Agreements and Requirements

(Prototype II- COVID-19)

Executing Agencies: Ministry of Human Services and Social Security (MHSSS)
Ministry of Education (MOE)

Project Name: Support to Safety Nets for Vulnerable Populations Affected by Coronavirus in Guyana

I. Executing Agency Fiduciary Context

1. Use of Country System in the Project¹

Budget	<input checked="" type="checkbox"/>	Reporting	<input type="checkbox"/>	Information System	<input type="checkbox"/>	National Competitive Bidding (NCB)	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	Internal Audit	<input type="checkbox"/>	Price Comparison	<input type="checkbox"/>	Advanced NCB	<input type="checkbox"/>
Accounting	<input type="checkbox"/>	External Control	<input checked="" type="checkbox"/>	Individual Consultancy	<input type="checkbox"/>	Consultancy Firm	<input type="checkbox"/>

Applicable National Laws:

Public Financial Management (PFM) is the responsibility of the Ministry of Finance supported by the Audit Office Guyana, the Public Accounts Committee of the National Assembly, the Public Procurement Commission, the National Procurement Tender Administration Board and the Public Service Commission.

The regulatory framework for PFM is captured in the following legislative and procedural documents – the Constitution of the Co-operative Republic of Guyana, 1980 Title 8 – Finance, Articles 217 – 224; the Fiscal Management and Accountability Act No. 20 of 2003; Fiscal Management and Accountability Regulations No. 11 of 2004; the Audit Act; Stores Regulations of 1993; The Procurement Act 2003; The Procurement (Amendment) Act 2019; Procurement Regulations; Public Service Rules; Circulars and other Instructions; and, the AGD Financial Management and IFMIS Manuals.

2. Executing Agency Fiduciary Capacity

The Project will be implemented by the MHSSS for **Component 1 – Protection Using Existing Cash Transfer Programs**, and the MOE for **Component 2 – Support for educational continuity in vulnerable populations**. The evaluation of the fiduciary capacity of the Executing Agencies is considered low for the MOE and medium for the MHSSS. This is based on the status of public financial management informed by the results of the 2019 PEFA assessment, IDB's knowledge of the executing agencies, and the fiduciary assessments conducted during the design of the operation using core aspects of the Institutional Capacity Analysis Platform (PACI) methodology that was complemented by several virtual interviews with key staff of the respective Ministries, and the PIU within the MOE that is presently executing projects funded by other multilaterals and the heavily manual nature of the core functions of the MHSSS. The MOE, though not having a direct relationship with the Bank since 2009, has adequate project execution experience, fiduciary structures and clean audit assessments of its execution of other loan and

¹ Any system or subsystem that is subsequently approved could be applicable to the operation, in accordance with the terms of the validation conducted by the Bank.

grant programs funded by the World Bank and GPE, still in execution. The current organizational structure of MHSSS and its limited experience with Bank-financed operations presents a main fiduciary risk, resulting in the medium risk classification. While the MHSSS is currently executing ATN/OC-16525-GY, it still lacks the requisite fiduciary capacity to implement the scope of the loan program defined in Component 1. Although Component 1 contemplates a small number of procurement activities, the MHSSS will require close fiduciary support in order to achieve the capacity creation and strengthening initiatives planned within this component. The implementation of its cash transfer programs have not been without challenges based on reviews of its audited accounts and the lack of documented procedures. A fully staffed PEU will be required in the MHSSS to ensure execution objectives are achieved within the timeframe of the Program.

3. Fiduciary Risk and Mitigation Actions

Fiduciary Risk: High ☐ Medium ☒ Low ☐

Risk	Mitigation Plan
Possible delays and errors in fiduciary management (procurement and financial) due to lack of experience and knowledge in executing the fiduciary management aspects of a Bank-financed investment loan.	<ol style="list-style-type: none"> 1. Provide training and guidance on IDB financed operations and fiduciary policies and procedures to mitigate fiduciary process integrity risks and reputational impact, and to streamline the timely execution of all fiduciary activities (financial management and procurement); 2. Direct fiduciary support to MHSSS and MOE will be provided to strengthen their executing capacity. 3. The design of a project operation manual (POM) which seeks to provide adequate guidance and mitigation measures to discharge all fiduciary duties in accordance with the Banks's rules and procedures of existing and new fiduciary and procurement teams and document processes when they are missing;
Lack of adequate installed capacity to ensure execution objectives are met within stipulated timeframe and to support capacity building at the MHSSS.	For the MHSSS, resources of GY-T1120 will be initially used to hire the following personnel (i) Project Coordinator; (ii) Project Accountant; (iii) Procurement Officer; (iv) Monitoring and Evaluation Officer; and, (v) Administrative Procurement and Finance Officer. Loan resources will be used to hire an Assistant Procurement Officer for the MOE and all PEU positions of the MHSSS will subsequently be absorbed under the loan.
Considering the limitation of the national financial accounting systems, there is a risk of insufficient information on expenses or supporting documentation that prevent certain expenditures financed by the loan from meeting the contractually stipulated eligibility criteria, and ability to report at the component and activities levels.	In addition to the installed capacity planned, the national Integrated Financial Management Information System (IFMIS) will be complemented by Executing Agencies' use of an off-the-shelf accounting software to allow reporting at the component and output levels. Its acquisition, customization, and training support for the MHSSS will be funded under GY-T1120 while the MOE will use its existing QuickBooks accounting software.

Lack of clear assignment of roles and responsibilities impairing project execution	POM to be developed, incorporating an Organizational Structure for each Executing Agency with defined and elaborated roles and responsibilities of the PEU (MHSSS) and PIU (MOE) and coordination with other key functionaries involved in execution for operations and financial management, reporting, risk management, communication strategy, records management and performance monitoring and supervision. The core process flows for the cash transfer programs will also be documented and incorporated.
Risk related to difficulties, delays and potential procurement issues due to disruptions in the global supply chain of COVID-19, including interferences in air cargo transport, demand on local supply markets, and availability of international consultants	Encourage that local acquisitions be centralized with MOE's PIU to leverage procurement expertise developed in other multilateral operations presently in execution and explore the possibility of using an existing Procurement Agent contract presently in use by Government on another Bank-financed operation where the PEU has recently confirmed its satisfaction with the performance of the Procurement Agent. The contract document was vetted by the IDB team prior to implementation and permits the use of other sources of funding via a service order mechanism the Government can use to buy other goods, as needed.

II. Aspects to be considered in the Special Conditions of the Contract

<p>Exchange rate for justification of expenses: For the purposes of Article 4.10 of the General Conditions, the Parties agree that the applicable rate shall be that 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>
<p>Audit: The type of financial report considered most suitable will be annual audited financial statements of the Program to be submitted by each Executing Agency to the Bank within 120 days (that is, by April 30th) following the close of the respective fiscal year (which runs from January to December) and within 120 days of the Last Disbursement Date. An Assurance engagement may also be considered for the Cash Transfer aspects of the Program. The audit and Assurance engagements will be conducted by a Bank-eligible independent audit firm. The scope and related considerations will be governed by the Financial Management Guidelines (document OP-273-12); the Guide for Financial Reports and Management of External Audits; and applicable International Standard on Auditing issued by INTOSAI or IAASB. Audit and assurance engagement costs will be financed with project resources.</p>

III. Agreements and Requirements for Procurement Execution

Exception to the Policies and Guides:

No exceptions are provided for to the Bank's policies.
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Retroactive Financing and/or Advanced Procurement²	The Bank may retroactively finance eligible expenditures made by the borrower prior to the loan approval date for cash transfers in Component 1, and pedagogical materials, production of educational content, water supply improvements and debt forgiveness to holders of student loans in Component 2, up to US\$6.08 million (20% of the loan amount), provided that requirements substantially similar to those established in the loan contract were met. Such expenditures must be incurred after April 3, 2020, when the Government implemented the first lockdown. Even though this predates the project officially entering the pipeline (GN-2259-1), authorization of the retroactive financing on an exceptional basis is justified, given the circumstances surrounding the global emergency. Given the unpredictability and rapid evolution of the pandemic and its economic consequences on the vulnerable population, it is considered consistent with the project development objectives to retroactively recognize these expenses.
Procurement Agents	The existing Procurement Agent contract presently in use by Government of Guyana on other Bank-financed operations can be used in this operation, as needed.
Direct Contracting	The following direct contracting are authorized: None

Operational Expenses: <input checked="" type="checkbox"/> The resources of the loan may be used to support operational expenses of the PEU and PIU respectively. These expenses will be limited to utility bills, advertising costs, transportation, maintenance of works and equipment, and possible increments to staff of the respective executing agencies who are directly involved in Program execution. This category of expenditure is not expected to exceed 0.5% of the approved loan amount.	National Preference: <input checked="" type="checkbox"/> Not Applicable
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General Procurement Supervision Method of the Project: All procurement processes will undergo ex-ante review.
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Thresholds by Country for COVID-19 Prototype operations: www.iadb.org/procurement
(See “Tools for Borrowers” under “Other Resources” tab)

IV. Agreements and Requirements for Financial Management

Programming and Budget	The budget preparation process begins each year with the budget call whereby the MOF distributes a circular outlining the timeline and required forms to be completed by each ministry, department, and agency. It ends with the tabling of the national Budget Estimates in Parliament by September 30. The respective Executing Agencies will liaise with the MoF to have a Budget Line established in the National Estimates. The Borrower has committed to allocate, for each fiscal year of project execution, adequate fiscal space to guarantee the
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² In accordance with the retroactive financing policy, expense recognition and early procurement GN-2259-1, or the equivalent policy that was in effect at the time of the operation.

	execution of the project based on information contained in the corresponding project execution plan. Given the aggregated level of the budget execution report at the National level, each Executing Agency will establish a unique Chart of Accounts within its Off-the-Shelf accounting system to facilitate reporting at the Component and Activity levels.												
Treasury and Disbursement Management	<p>The disbursement mechanism. 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.</p> <p>Disbursement Methods: The Executing Agencies may submit disbursement requests, within the disbursement period, under the following modalities:</p> <p>(i) Advances of Funds to finance future eligible expenses supported by the Program’s plans based on a Planning Horizon of six (6) months. Justification of the Fund Advance. For the Borrower to request a new Advance of funds, each Executing Agency must have justified to the Bank at least 80% of the total accumulated balances of unjustified advances outstanding.</p> <p>(ii) Reimbursements of expenses to the Borrower for payments made with its own resources for eligible expenses as previously defined. 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. To request disbursements from the Bank, the following forms and supporting documents shall be submitted.</p>												
	<table><tr><th>Type of Disbursements</th><th>Mandatory Forms</th><th>Optional Forms/ Information that may be requested by the IDB</th></tr><tr><td>Advance of Funds</td><td>Disbursement Request Financial Plan Reconciliation of Bank Resources (for subsequent Advances)</td><td>List of commitments/ physical and/or financial progress reports</td></tr><tr><td>Reimbursements of payments made</td><td>Disbursement Request/ Project Execution Status/ Statement of Expenses/ Reconciliation of Bank Resources</td><td>List of commitments/ physical and/or financial progress reports</td></tr><tr><td>Direct Payment to Supplier</td><td>DPS Cover Letter Disbursement Request/ Supplier Declaration Form Supplier’s Tax Invoice (approved for payment by the Borrower’s Representative) Proof of Acceptance of Underlying Deliverable triggering the requested payment</td><td>List of commitments physical/financial progress reports/evidence that goods/services have been satisfactorily received</td></tr></table>	Type of Disbursements	Mandatory Forms	Optional Forms/ Information that may be requested by the IDB	Advance of Funds	Disbursement Request Financial Plan Reconciliation of Bank Resources (for subsequent Advances)	List of commitments/ physical and/or financial progress reports	Reimbursements of payments made	Disbursement Request/ Project Execution Status/ Statement of Expenses/ Reconciliation of Bank Resources	List of commitments/ physical and/or financial progress reports	Direct Payment to Supplier	DPS Cover Letter Disbursement Request/ Supplier Declaration Form Supplier’s Tax Invoice (approved for payment by the Borrower’s Representative) Proof of Acceptance of Underlying Deliverable triggering the requested payment	List of commitments physical/financial progress reports/evidence that goods/services have been satisfactorily received
	Type of Disbursements	Mandatory Forms	Optional Forms/ Information that may be requested by the IDB										
	Advance of Funds	Disbursement Request Financial Plan Reconciliation of Bank Resources (for subsequent Advances)	List of commitments/ physical and/or financial progress reports										
	Reimbursements of payments made	Disbursement Request/ Project Execution Status/ Statement of Expenses/ Reconciliation of Bank Resources	List of commitments/ physical and/or financial progress reports										
Direct Payment to Supplier	DPS Cover Letter Disbursement Request/ Supplier Declaration Form Supplier’s Tax Invoice (approved for payment by the Borrower’s Representative) Proof of Acceptance of Underlying Deliverable triggering the requested payment	List of commitments physical/financial progress reports/evidence that goods/services have been satisfactorily received											
<p>Designated Bank account. As part of the national Treasury Single Account (TSA), for the receipt of loan resources, and the management of advances of loan 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. Each Executing Agency will liaise with the MoF to have these accounts established and banking instructions communicated to the Bank as regards their designation and management inclusive of specimen signatures of custodians.</p> <p>The MHSSS is currently designated as a Non-Sub Accounting Unit within the Public Sector architecture. Consequently, all payments instructions are vetted</p>													

	by the Accountant General's Department. The POM will establish clear process flows for the Procure-to-Pay cycle to mitigate delays in settling contractual obligations to suppliers. Payment Vouchers will be produced at least in duplicates with an original copy retained by the MHSSS to mitigate loss in transit given the physical separation of the MoF and the MHSSS.
Accounting, Information System and Report Generation	<p>Each Executing Agency will establish and maintain a project financial management system that is founded on the principles of legality, integrity, economy, efficiency, effectiveness, and transparency. Financial Reporting informed by source documents will be done in accordance with the cash-based International Public Sector Accounting Standards (Cash-IPSAS). The FreeBalance supported IFMIS will be complemented by the QUICKBOOKS accounting software, currently used the MOE, to allow reporting at the Component and output levels. Executing Agencies are also expected to conform to 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. The IFMIS is also being updated to allow capture of all transactions related to the Pandemic under a Group Header PANDEMIC.</p> <p>It is expected that the accounting and reporting system of the project will, on a cash basis: (i) facilitate the recording and classification of all financial transactions according to source of funding and categories of investment; and (ii) provide information related to, planned versus actual financial execution of the project, commitments made under the project, the financial plans, financial statements, performance reports and any other reports that may be required from time to time by the key stakeholders or the Bank.</p> <p>The management of each Executing Agency will assume the responsibility for designing and implementing a sound system of internal controls for their respect component of the project.</p>
External Control	For each fiscal year during project execution MHSSS and MOE will be responsible to produce annual Audited Financial Reports of the Program and one final Audited Financial Report at the end of the Program, audited by the by an approved Independent Public Accountant, under Terms of Referenced previously approved by the Bank.
Financial Supervision of the Project	The financial supervision plan of the project, to be informed of the current and future assessed risk of the Project and will focus on: (i) activities related to the implementation and follow-up of arrangements and systems being implemented for the fiduciary management of the project; (ii) follow-up on the implementation status of risk mitigating measures; Review of amounts claimed in Disbursement Requests (ii) compliance the contractual conditions of the loan contract as well as (iv) the local regulatory and fiduciary legislative frameworks. Disbursements, except for Direct Payments to Third Parties , will be reviewed on an Ex Post basis.

V. Information relevant to the operation

Policies and Guides applicable to the operation

Financial Management	Procurement
<ul style="list-style-type: none"> • <u>GN-2811 [OP-273-12]</u> 	<ul style="list-style-type: none"> • <u>GN-2349-15</u> • <u>GN-2350-15</u>

	<p><u>GN-2349-16 & GN-2350-16 [OP-272-3]</u></p> <ul style="list-style-type: none"> • Special procurement measures. Pursuant to the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996 paragraph 4.2 and Resolution DE-28/20), the following special procurement measures will apply to the Project: (i) goods, works and services originating from or rendered by suppliers, contractors, consultants and service providers from non-member countries of the Bank shall be eligible for procurement activities; (ii) procurement agents and specialized agencies when contracted by the Borrower may apply their procurement policies; and (iii) the international consolidated contracting and the adherence to already-signed procurement contracts may be used as methods for the procurement of goods and services, as the case may be. Special Measures are set to expire on April 7, 2021.
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Records and Files

All records and files will be maintained by the respective EA, according to accepted best practices and to the general guidelines that will be provided by the Bank at the initial training of the fiduciary staff. All records must be kept for seven (7) years beyond the end of the operation's execution period. It is also recommended that the EA's develop an electronic filing system to mitigate loss of physical records. Correspondence with the Bank are expected to observe the Bank Record Management policies.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Guyana. Loan ___/BL-GY to the Co-operative Republic of Guyana
Support to Safety Nets for Vulnerable Populations Affected
by Coronavirus in Guyana

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 project "Support to Safety Nets for Vulnerable Populations Affected by Coronavirus in Guyana". Such financing will be chargeable to the Bank's Ordinary Capital (OC) resources in the following manner: (i) up to the amount of US\$9,120,000, subject to concessional financial terms and conditions ("Concessional OC"); and (ii) up to the amount of US\$21,280,000, 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 ___ 20__)