

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	GUYANA/CCB - Caribbean Group
▪ TC Name:	Strengthening the Institutional Capacity of the State Asset Recovery Agency (SARA) in Guyana
▪ TC Number:	GY-T1155
▪ Team Leader/Members:	De Michele, Roberto (IFD/ICS) Team Leader; Valderrama Riano, Pamela; Santa Maria, Benjamin R; Catano Guzman, Mariana; De Simone, Francesco; Huapaya Nava, Mario Christofer (IFD/ICS); Liddell, Clevern Anneliese (CCB/CGY); Centeno Lappas, Monica Clara Angelica (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	29 Oct 2018
▪ Beneficiary:	State Asset Recovery Agency (SARA) if Guyana
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	\$ 200,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	30 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	Institutions for Development
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 **The objective of this TC is to provide technical assistance to Strengthening Financial integrity in Guyana (SARA) to ensure that its institutional design meets international best practices and to develop the necessary tools to manage the financial resources in an effective, efficient and transparent manner.** The main challenges that this TC aims to address include (i) limited institutional capacity; (ii) limited technical knowledge of its staff and; (iii) limited technological capacity to collect and analyze data.
- 2.2 Guyana, the only Anglophone country in Latin America, has significant amounts of natural endowments such as forests and agricultural lands. This wealth in natural resources make the country extremely attractive to irrational concessions of rural lands/illegal trading of forestry goods, gold and diamonds smuggling, and a target to criminal activities.
- 2.3 Guyana used to be a relatively secure nation, but currently is facing an upward organized crime challenge. Growth in large-scale illicit goods trafficking across the Atlantic Ocean to Europe is a local concern as it is fueling outbreaks of illicit drugs and gold smuggling gang-related violence, as highlighted in crime international reports (Insight Crime Report, 2014). According to this report, homicide rates seem to have increased from about 18 per 100,000 in 2010 to 20 per 100,000 in 2014. In addition, lack of transparency and reliable information are among the main reasons behind public

sector efficiency breaches in Guyana. For instance, the country lags behind the average of the Latin American and Caribbean (LAC) region in governance and corruption indicators. Regarding control of corruption, Guyana ranks in the bottom quarter of all countries included in the Worldwide Governance Indicators (WGI, 2017), and well below the average of LAC countries.

- 2.4 With regards to perceptions of corruption, Guyana presents a relatively high level of perception of high corruption in the public sector. The country received a score of 38 in the Transparency International's (TI) Corruption Perception Index (CPI) in 2017, which compares unfavorably with LAC's average of 41 points in the same year. Furthermore, irregular payments and bribes appear to be more likely to happen in Guyana than in the rest of the LAC region (2.9 for Guyana vs. 3.5 for the average of the LAC region in 2015).
- 2.5 Guyana's capacity to strengthen anti-money laundering mechanisms is in its early stages of development. Guyana completed its Money Laundering/Terrorist Financing (ML/FT) National Risk Assessment (NRA) in 2017 which highlights the overall country risk as high due to an extreme vulnerability in several sectors resulting mainly from illegal border crossings and weak law enforcement capacity. Regarding law enforcement capacity, it is worth noting this assessment revealed a Medium Low vulnerability rating in terms of the ability to prevent and combat ML. Weak capacity to investigate and prosecute financial crimes support this conclusion. Up until 2017, there has never been any successful prosecution of ML in Guyana.
- 2.6 In 2017 the State Assets Recovery Agency (SARA) was formed as an enforcement institution with the critical role to curb corruption and to recover unlawfully acquired state assets from public officers through civil proceedings. However, these functions are relatively new in the context of Guyana and non-enforcement and law enforcement officers are in the learning process of the methods of ML, investigation and prosecution of ML cases. In addition, data on all ML actions are currently recorded manually. Unless a database is consolidated in a central agency point for analysis, it will be very difficult to conduct preventive actions, track and monitor cases. While efforts are being made by this institution since its constitution, a long path remains for SARA to consolidate its mandate

III. Description of Activities and Outputs

- 3.1 This TC is organized under three components: i) capacity building and regulatory reforms, (ii) Training of SARA officials on recovery of assets topics (iii) IT capacity strengthening.
- 3.2 **Component 1 (US\$ 100,000): Capacity Building and Regulatory Reform:** The main purpose of this component is to strengthen the regulatory framework of SARA in compliance with international standards for this type of institution to shift towards a stronger implementation of the risk-based approach and to establish the appropriate organizational and operational rules to carry-out its mandate.
- 3.3 **Component 2 (US\$ 40,000): Knowledge and Training:** This component will train SARA staff on recovery of state assets and AML topics including investigations, asset tracing, freezing and seizing of assets, and the enforcement of foreign restraint orders and confiscation.
- 3.4 **Component 3 (US\$ 60,000): IT capacity strengthening:** This Component focuses exclusively in the evaluation and recommendation of information systems and processes to support the capacity of SARA. The activities under this component will seek the improvement of data analysis and the process of collection and maintenance of extensive information and statistics, in the terms established by international best practices. The results of the work will serve as input for the future acquisitions of software and hardware necessary for the adaptation of the country's systems to meet the requirements of the international standards.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1(US\$ 100,000): Capacity Building and Regulatory Reform	\$ 100,000.00	\$ 0.00	\$ 100,000.00
Component 2(US\$ 40,000): : Knowledge and Training	\$ 40,000.00	\$ 0.00	\$ 40,000.00
Component 3 (US\$ 60,000): : IT capacity strengthening	\$ 60,000.00	\$ 0.00	\$ 60,000.00

V. Executing Agency and Execution Structure

- 5.1 This TC will be executed by the Bank (HQ). The project team is led by IFD/ICS who will supervise the TC components.
- 5.2 Specifically, ICS will be responsible for the execution of this TC since it has:
(i) a proven track record in providing technical assistance on AML related areas and compliance with international standards, supported by extensive technical and operational expertise in the execution of projects of this kind in the region; and
(ii) experience in selecting consultants that are experts in these fields which is key for the successful of the activities part of the components proposed. In addition, execution by the Bank in this topic has proved to enhance information sharing among beneficiaries, allowing an efficient exchange of best practices by countries engaged in comparable reform processes.

VI. Project Risks and Issues

- 6.1 The principal risk associated with this project relates to sustainability. The TC is designed to enhance the institutional capacities of the SARA through assistance that will create medium- and long-term outcomes which will remain in the institution. Training, technical assistance, and knowledge sharing from experts will be fully documented to assure that key skills are available to all SARA staff as needed.
- 6.2 Additionally, the Project Team will maintain VPC and CCB abreast of developments, in order to ensure that the project is aligned with other Bank and country efforts in related areas.

VII. Environmental and Social Classification

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