

1. Project Data:		Date Posted : 11/01/2007	
PROJ ID : P078703		Appraisal	Actual
Project Name :	Guyana Poverty Reduction And Public Management Operation	Project Costs (US\$M):	9.60 9.85
Country:	Guyana	Loan/Credit (US\$M):	9.60 9.85
Sector Board :	PO	Cofinancing (US\$M):	
Sector(s):	General public administration sector (70%) General agriculture fishing and forestry sector (15%) General education sector (5%) Health (5%) General water sanitation and flood protection sector (5%)		
Theme(s):	Public expenditure financial management and procurement (29% - P) Poverty strategy analysis and monitoring (29% - P) Education for all (14% - S) HIV/AIDS (14% - S) Biodiversity (14% - S)		
L/C Number:	CH216		
	Board Approval Date :		04/27/2006
Partners involved :	Closing Date :	03/31/2007	03/31/2007
Evaluator:	Panel Reviewer :	Group Manager :	Group:
Rene I. Vandendries	Helena Tang	Jaime Jaramillo	IEGCR

2. Project Objectives and Components:

a. Objectives:

The Poverty Reduction and Public Management Operation (PRPMO) supported Guyana's Government efforts to implement critical reforms in public sector management and poverty reduction programs identified in the PRSP and PRSP progress reports. First, the PRPMO sought to improve the transparency, accountability, and efficiency with which overall resources are utilized across the public sector. Second, the operation aimed to improve the Government's institutional capacity to monitor progress under the PRSP, evaluate the impact of poverty reduction programs, and improve the statistical information for poverty analysis and targeting. Third, the

PRPMO sought to support actions to strengthen environmental management and regulations to ensure the sustainable use of Guyana's natural resources .

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components (or Key Conditions in the case of DPLs, as appropriate):

The PRPMO was a single-tranche development policy operation, based on policy measures already implemented by the time of Board approval. The policy measures fell into three areas: (i) ensuring a sound macroeconomic framework; (ii) improving the quality, transparency and accountability of public sector management, through measures in the areas of the quality of the public investment program, auditing, fiduciary oversight, procurement, and monitoring and evaluation; and, (iii) improving the climate for environmentally sustainable development, through measures in the sugar, forestry and mining sectors .

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

As per IDA14 grant eligibility criteria, the PRPMO was on IDA grant terms in the amount of US\$ 9.6 million equivalent. There was no cofinancing or borrower contribution . On the other hand, technical assistance for the implementation of the reform measures supported by the PRPMO was provided by IDA through an ongoing Public Sector Technical Assistance Credit (US\$4.8 million), a Japanese Policy and Human Resources Development Grant (US\$595,000), and a Trust Fund for Statistical Capacity Building (US\$285,000). The project was approved on April 27, 2006 and closed on schedule on March 31, 2007.

3. Relevance of Objectives & Design:

The quality at entry of the Guyana PRPMO was rated as moderately unsatisfactory by QAG for several reasons, many of them having to do with relevance: questionable Government commitment as demonstrated by earlier slow progress on the PRSP program of reforms, weak poverty focus, the wrong lending instrument . In the ICR, the region convincingly argues that the objectives, design and implementation arrangements were highly relevant. The operation supported critical areas of the PRSP, i.e. stronger institutions, better governance, and environmental protection. The focus on institutional change and on a more limited set of reforms, as first steps to address poverty issues, was appropriate given the difficult political environment and the severely limited implementation capacity in Guyana. A less ambitious DPO rather than a PRSC was logical in the circumstances. In retrospect, Government commitment to this more limited set of reforms proved to be strong and the Government has shown interest in a follow-up operation. In addition, close cooperation with other donors was achieved and risks (the complex political situation, capacity constraints) were recognized and mitigated, among others through the provision of substantial TA .

4. Achievement of Objectives (Efficacy):

On the whole, satisfactory progress was made towards the operation's objectives .

The macroeconomy improved considerably during 2006, compared with earlier years, and the medium-term outlook for sustained macroeconomic stability is positive . While concerns on external debt sustainability have been eased, longer-term risks remain. Preliminary results from the ongoing Public Expenditure and Financial Accountability (PEFA) assessment, being prepared jointly by the Bank, IDB and EU, suggest that public financial management improved considerably in the past few years . With regard to the Public Sector Investment Program, a methodology for selecting and ranking investment projects has been developed and is being implemented; feasibility studies for large projects (over US\$10 million) are being prepared and reviewed by the World Bank or IDB for economic, environmental and financial viability . There have also been important improvements in the auditing of public accounts . The first phase of a fiduciary oversight strengthening program (primarily agreements on plans of action) has been launched with bipartisan support, an important indication of borrower commitment. However, little progress has been made in actions to curtail the discretionary powers of public officials or to provide a framework for the disclosure of assets of public officials . In the area of procurement, a new legal and regulatory framework has been established, which provides Guyana with the means to make public procurement more efficient, competitive and transparent . The Government's ability to monitor and evaluate the impact of its poverty reduction strategy policies has been strengthened considerably :

a stronger Statistics Bureau, availability of census data, a Household Income and Expenditure survey, data on public spending as well as data on access to basic services . In the area of environmentally sustainable development, good progress has been made in the sugar sector, less so in forestry and mining . A sugar sector restructuring and modernization plan is being implemented . A new Forests Bill is expected to encourage the development and growth of forestry on a sustainable basis . A new Mining Bill is still being drafted .

5. Efficiency (not applicable to DPLs):

a. If available, enter the **Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :**

	Rate Available?	Point Value	Coverage/Scope*
Appraisal		%	%
ICR estimate		%	%

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

The outcome of this operation has to be seen as a first step towards laying the basis for an effective poverty-reduction strategy. The foundation has been laid for an improvement in the quality of public spending and public financial management. Systems and capacity are being built to improve monitoring and evaluation of poverty programs. The first steps are being taken towards strengthened environmental management to ensure the sustainable use of Guyana's natural resources, which are key sources of growth and also can provide benefits to the Amerindian population, among the poorest of the poor .

a. **Outcome Rating** : Satisfactory

7. Rationale for Risk to Development Outcome Rating:

The achievements of this operation remain subject to substantial risks . First, they are the very early stages of a reform effort where much remains to be done to ensure the desired ultimate outcomes . Second, the complexity of Guyana's socio-political environment remains a source of concern .

a. **Risk to Development Outcome Rating** : Significant

8. Assessment of Bank Performance:

The operation was prepared carefully with due attention to the country circumstances and risks involved . Complementary TA helped mitigate the risks and alleviate the severe capacity constraints . The Bank also coordinated well with other donors, especially the IDB and IMF and supervised implementation of the project intensely. The design of the operation relied on substantive Bank analytical work, including a Development Policy Review, a PER, CFAA and CPAR.

a. **Ensuring Quality -at-Entry**:Satisfactory

b. **Quality of Supervision** :Satisfactory

c. **Overall Bank Performance** :Satisfactory

9. Assessment of Borrower Performance:

In contrast to the weak economic management during the preceding years, the borrower implemented the

reforms in a timely manner and has continued with the program . Macroeconomic stability has been maintained. Notable also was the substantial effort made to find common ground with the opposition parties in order to start the difficult program of fiduciary oversight reform .

a. Government Performance :Satisfactory

b. Implementing Agency Performance :Satisfactory

c. Overall Borrower Performance :Satisfactory

10. M&E Design, Implementation, & Utilization:

The PRPMO supported measures to improve the Government's ability to monitor and evaluate the execution of its Poverty Reduction Strategy . Included among others were strengthening the Statistics Bureau (through TA), publication of 2002 Census data, completion of a Household Income and Expenditure Survey in 2007, preparation of a poverty report, regular publication of public spending accounts, and data on access to basic services.

a. M&E Quality Rating : Substantial

11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):

12. Ratings:	ICR	IEG Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Risk to Development Outcome:	Moderate	Significant	see paras. 7 and 15
Bank Performance :	Satisfactory	Satisfactory	
Borrower Performance :	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate .

13. Lessons:

Two primary lessons follow from this evaluation .

- First, in complex political conditions, reforms are more likely to be successful if administered in small doses.
- Second, in conditions of severely deficient capacities in the public sector, technical assistance and strong support from other donors are necessary conditions for reforms to be implemented successfully .

14. Assessment Recommended? ☐ Yes ☒ No

15. Comments on Quality of ICR:

This is a well-written ICR, providing all of the necessary information . One comment: the "risk" section (#9) discusses the risks that were associated with the operation's implementation, not the resilience to risk in the future.

a.Quality of ICR Rating : Satisfactory