

PROGRAM INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: AB1048

Operation Name	Guyana Poverty Reduction Support Credit
Region	LATIN AMERICA AND CARIBBEAN
Sector	General public administration sector (30%); General education sector (20%); Health (20%); Water supply (10%); Private Sector Development (10%); Land Administration (10%).
Project ID	P078703
Borrower(s)	GOVERNMENT OF GUYANA
Implementing Agency	PCPMU
Environment Assessment	OD 4.01 applies? [] Yes [x] No
Date PID Prepared	August 13, 2004
Estimated Date of Appraisal Authorization	March 2, 2005
Estimated Date of Board Approval	May 24, 2005

1. Key development issues and rationale for Bank involvement

Although Guyana has made good progress on stabilizing the economy and implementing structural reforms within its overall PRSP framework, overall growth performance remains disappointing and the risk of Guyana for not achieving its MDGs remains high. To promote growth and reduce poverty, Guyana has to deepen and expand its policy reform agenda.

Under the PRSC I, the Government achieved the following specific measures:

- An HIV/AIDS strategic plan has been approved by the Cabinet, and a program monitoring unit has been established;
- An overall education strategy has been adopted and is being implemented;
- A new Policy Coordination and Program Management Unit has been established in the Office of the President;
- A new National Procurement Act has been passed by the National Assembly which will enhance transparency and accountability in national procurement matters;
- A general tax reform has been implemented;
- Financial management has been improved with the passage of the Fiscal Enactment Act of 2003;
- In the water sector, the two public water companies were merged into one entity, tariffs were adjusted, and a private operator was brought in to manage the new enterprise;
- In the sugar sector, an agreed plan to reduce costs by shifting production to a high-productivity area and the construction of a new sugar mill, along with a plan to limit salaries and reduce redundant workers, is being implemented.

The PRSC II intends to continue supporting the reform program initiated under the PRSC I, with the focus on social sectors, public sector management and private sector development.

2. Proposed objective(s)

The overall purpose of the credit is to provide programmatic support for the implementation of the country poverty reduction strategy, with the overall objective of reducing poverty and reaching the MDGs. The proposed credit offers benefits in creating the economic and institutional environment for the sustained implementation of reforms to accelerate growth, reduce poverty, and improve key social indicators.

3. Preliminary description

The reforms supported under this project will help to:

- Reduce poverty by improving the quality of human resources, via improved access to health, education and water supply services;
- Strengthen public financial management and improve governance, including enhanced transparency and accountability;
- Provide a better environment for private sector development, including improvements in land titling and administration, and forestry development; and
- Help maintain macroeconomic stability.

The actions fall into three broad groups: a) those aimed at reaching agreement on a plan or action program, to be implemented during subsequent phases (20 percent); b) those establishing a legal or regulatory framework for a sector (20 percent); and c) those creating institutional mechanisms for implementing policies or conducting operations (60 percent).

4. Environment Aspects

The credit is classified as an adjustment operation, and thus does not fall under OP 4.01, and does not require a Environmental Impact Assessment. The introduction of new Forestry Act will improve the regulatory framework for forestry development, taking account of environmental concerns and sustainability issues, as well as the rights of indigenous peoples. This legislation will be carefully reviewed during the preparation/appraisal process to ensure compliance with OP/BP 4.36 on Forests, and OD 4.20 on Indigenous Peoples.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
INTERNATIONAL DEVELOPMENT ASSOCIATION	9
Total	9

6. Contact point

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