

## TECHNICAL COOPERATION (TC) ABSTRACT

### GUYANA

#### I. BASIC INFORMATION

<b>Country:</b>	The Cooperative Republic of Guyana
<b>TC Name:</b>	Public Procurement modernization and Financial Management Strengthening in Guyana
<b>TC Number:</b>	GY-T1112
<b>Team Leader/Members:</b>	Leslie Harper (IFD/FMM), Team Leader; Leslie Ann Edwards, (CCB/CGY); Daniel Sanchez, (IFD/FMM); Ana Cristina Calderon, (IFD/FMM); Naveen Jainauth-Umrao (FMP/CGY); Emilie Chapuis (FMP/CGY); and Marina Massini (IFD/FMM).
<b>Type of TC:</b>	Client Support
<b>Name of Operation Supported by the TC:</b>	n/a
<b>Number Operation Supported by the TC:</b>	n/a
<b>Reference to request:</b>	<a href="#">IDBdocs#39074617</a>
<b>Beneficiary:</b>	Regional
<b>Executing Agency:</b>	Ministry of Finance
<b>Donors providing funding:</b>	TBD
<b>IDB Funding Requested:</b>	US \$740,000
<b>Local counterpart funding:</b>	--
<b>Disbursement period</b>	36 months
<b>Required start date:</b>	December 1, 2014
<b>Types of consultants:</b>	Individual and firms
<b>Prepared by Unit:</b>	IFD/FMM
<b>Unit of Disbursement</b>	CCB/CGY
<b>Responsibility (UDR):</b>	CCB/CGY
<b>Included in Country Strategy:</b>	Yes
<b>Included in CPD:</b>	Yes
<b>GCI-9 Sector Priority:</b>	Institutions for Growth and Social Welfare

#### II. JUSTIFICATION AND OBJECTIVES OF THE TC

- 2.1 **Justification:** Guyana's economic outlook remains strong on the back of its seventh year of economic growth in 2012. The country has maintained consistent economic progress since 2006 with real Gross Domestic Product (GDP) growth of 4.8% in 2012 and an average of 4.6% from 2006 to 2012.
- 2.2 The economy continues to expand at a steady pace, sustained by high prices for commodities, increased inflows of Foreign Direct Investment and sound macroeconomic management undertaken to enhance governance and improve the business climate.
- 2.3 The Bank, as part of the Highly Indebted Poor Country (HIPC) debt relief initiative, cancelled US\$356.5 million of Guyana's outstanding debt in 2007. This debt relief has contributed to improving the country's debt profile and helped Guyana to increase its capital expenditure, which in turn supported the higher growth rates and increased levels of spending focused on Guyana's poorest and most vulnerable people.

- 2.4 The Government of Guyana (GoG) has made the Low Carbon Development Strategy (LCDS) its main development strategy. The strategy aims to create a low deforestation, low carbon, climate resilient economy. Additionally, Guyana has engaged in a series of governance reforms during the period 2003-2011, yielding a significant improvement in the quality of public expenditure. The GoG plans to build on these gains with the implementation of the LCDS, which involves ambitious investments in infrastructure, private sector development, and responsible management of natural resources. In order to achieve these goals, the government has to significantly streamline the management and allocation of public resources as well as increase efficiency on public expenditure and procurement.
- 2.5 The Integrated Fiduciary Assessment carried out in 2013 has identified important reforms being carried out in the areas of procurement and PFM. It provides an outline of gaps and proposed measures to improve specific areas such as comprehensiveness of budget, payroll and cash management, accounting and public procurement operations.<sup>1</sup>
- 2.6 The proposed TC program will provide significant added value by providing a roadmap for procurement modernization, including strategic planning and introduction of electronic government procurement systems (e-GP). Additionally it will improve the GoG public financial management (PFM) by supporting the streamlining of processes and introduction of necessary technological upgrades.
- 2.7 The program is aligned with Country Strategy 2012-2016 (GN-2690), which prioritizes the area of public sector management in order to collaborate with the GoG in continuing to improve PFM, as this is a key element for achievement of the LCDS goals. In addition, the program is consistent with the "lending to small and vulnerable countries" target of the GCI-9. It also contributes to the number of public financial systems implemented or upgraded (budget, treasury, accounting, debt, procurement and revenue), result indicator for GCI-9.
- 2.8 **Objectives:** The objective of this program is to assist the GoG efforts to streamline the public expenditure cycle in Guyana by supporting modernization of two main areas: (i) public procurement; and (ii) PFM.
- 2.9 The program will provide the tools and expertise for the Ministry of Finance (MoF) to modernize public procurement and streamline the allocation and management of public resources.

### III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 **Component I: Public Procurement modernization.** This component will provide support to improve efficiency and value for money in public procurement through strategic planning and introduction of e-GP. The component will include the following activities: (i) strategic planning for the introduction of e-GP; (ii) training in modern procurement operations and tools; and (iii) Proposal for Procurement Act and regulations update.
- 3.2 **Component II: Public Financial Management strengthening.** This component will provide key technical assistance needed to streamline the allocation and financial

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<sup>1</sup> Integrated Fiduciary Assessment, 2013. A team of staff from the Ministry of Finance (MoF) and three external consultants jointly conducted the assessment during May-June and November 2012 using the Public Expenditure and Financial Accountability (PEFA) assessment methodology and the Methodology for Assessing Procurement Systems (MAPS). A workshop on the IFA was held on February 7, 2013.

management of public resources. The component will finance the following activities: (i) improvements on comprehensiveness and transparency of budget; (ii) strengthening of accounting and reporting; and (iv) improvements to payroll, cash and pensions management.

- 3.3 **Component III: Technological updates to expenditure systems.** This component will provide funding to support upgrading and implementation of technological platforms for expenditure systems. The component will finance the following activities: (i) IT solution for public procurement; (ii) enhancements to the procurement portal; (iii) improvement of IFMAS modules on budgeting, cash management and payroll; and (iv) overall improvements in interoperability of expenditure systems.

**Table 1: Indicative Results Matrix**

Indicators	Unit of measurement	Baseline		Goals		Means of verification
		Value	Year	Value	Year	
Competition, value for money and controls in procurement	PEFA Score	D+	2013	C+	2016	Indicator PI-19
Effectiveness of payroll controls	PEFA Score	C+	2011	B	2016	Indicator PI-18
Composition of expenditure out-turn compared to original approved budget	PEFA Score	C+	2013	B	2016	Indicator PI-12
Predictability in the availability of funds for commitment of expenditures	PEFA Score	C+	2013	B	2016	Indicator PI-16

- 3.4 The total amount of funding needed to achieve the expected outputs is \$740,000 with no local counterpart funding.

**Table 2: Indicative Budget**

Activities	IDB/Total Funding
<b>Component I: Public Procurement modernization</b>	
Strategic planning for e-GP implementation	\$ 70,000
Training program	\$ 150,000
Proposal for updates to regulations and procurement Act	\$ 30,000
<b>Sub-total</b>	<b>\$ 250,000</b>
<b>Component II: Public Financial Management strengthening</b>	
Improvements on budget reporting	\$ 30,000
Review of accounting reporting standards	\$ 30,000
Business Process Analysis for payroll, pensions and cash management	\$ 50,000
<b>Sub-total</b>	<b>\$ 110,000</b>
<b>Component III: Technological updates to expenditure systems.</b>	
IT solution for procurement	\$ 150,000
Improvements to IFMAS	\$ 100,000

Interoperability	\$	50,000
Change management and awareness campaigns	\$	50,000
<b>Sub-total</b>	<b>\$</b>	<b>350,000</b>
Evaluation	\$	20,000
Contingencies	\$	10,000
<b>Sub-total</b>	<b>\$</b>	<b>30,000</b>
<b>Total</b>	<b>\$</b>	<b>740,000</b>

#### IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 The Ministry of Finance will be the executing Agency of this program. All contracts will be carried out in accordance with the “Policies for the Procurement of Goods and Works Financed by IDB” (GN-2349-9), and “Policies for the Selection and Contracting of Consultants Financed by the IDB” (GN-2350-9).

#### V. MAJOR ISSUES

- 5.1 There is a risk that the activities could be delayed or limited in scope given the lack of adoption of new tools and support from public officials. This risk will be mitigated by (i) training programs; (ii) change management strategy; and (iii) awareness campaigns.
- 5.2 There are no integrity clauses or special intellectual property agreements that need to be included in TC agreement.

#### VI. ENVIRONMENTAL AND SOCIAL STRATEGY

- 6.1 No negative environmental impact is anticipated from this technical cooperation. Based on the Safeguard Policy Filter Report, the project does not require a classification or further environmental or social actions. Based on the Safeguard Screening Form this technical cooperation has been classified as category “C”.

#### VII. ANNEXES

Annex I – Request Letter	<a href="#">IDBdocs#39074617</a>
Annex II – Terms of Reference	<a href="#">IDBdocs#38864732</a>
Annex III – Procurement Plan	<a href="#">IDBdocs#38864764</a>