

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**GUYANA**

**SUSTAINABLE HOUSING FOR THE HINTERLAND**

**PROPOSED REFORMULATION OF THE EXPANSION AND INTEGRATION  
OF THE BASIC NUTRITION PROGRAM**

**(GY-L1028; 2270/BL-GY)**

**LOAN PROPOSAL**

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<b>ABBREVIATIONS</b>	
CCA	Common Country Assessment
CDO	Community Development Officer
CH&PA	Central Housing & Planning Authority
DEM	Development Effectiveness Matrix
EDMI	Enumeration District Marginality Index
ENPV	Expected Net Present Value
ERR	Expected Rate of Return
ESA	Environmental and Social Analysis
ESMP	Environmental and Social Management Plan
ESMR	Environmental and Social Management Report
FSO	Fund for Special Operations
IDB	Inter-American Development Bank
IFMAS	Financial Management Accounting System
IFPRI	International Food Policy Research Institute
LCI	Living Conditions Index
OC	Ordinary Capital
OR	Operating Regulations
PEP	Pluriannual Execution Plan
POA	Annual Operational Plan
RDC	Regional Democratic Council
SDG	Sustainable Development Goals
TOR	Terms of Reference
UDHR	Universal Declaration of Human Rights

**PROJECT SUMMARY**  
**GUYANA**  
**SUSTAINABLE HOUSING FOR THE HINTERLAND - PROPOSED REFORMULATION OF THE EXPANSION AND**  
**INTEGRATION OF THE BASIC NUTRITION PROGRAM**  
**(GY-L1028; 2270/BL-GY)**

Financial Terms and Conditions				
<b>Borrower:</b> Cooperative Republic of Guyana				
<b>Executing Agency:</b> Ministry of Communities through the Central Housing and Planning Authority (CH&PA)				
Source (GY-L1028, 2270/BL-GY)	Original Loan Amount (US\$)	%	Reformulated Amount (US\$)	%
<b>IDB Ordinary Capital (OC):</b>	2,500,000	34	1,550,000	50
<b>IDB Fund for Special Operation (FSO):</b>	2,500,000	34	1,550,000	50
<b>Local:</b>	2,300,000	32	0	0
<b>Total:</b>	<b>7,300,000</b>	<b>100</b>	<b>3,100,000</b>	<b>100</b>
Project at a Glance				
<b>Project Objective/Description:</b> This reformulated proposal modifies the main purpose of the Expansion and Integration of Basic Nutrition Program. The aim of the reformulated program is to improve the livability of low-income families in selected communities of the hinterland through better access to housing, potable water, sanitation, and the promotion of women's empowerment.				
<b>Special conditions prior to the first disbursement:</b> The Borrower, through the Executing Agency shall present evidence of the approval of the reformulated program's operating regulations, in the terms previously agreed with the Bank (¶3.8).				
<b>Special condition of execution:</b> Prior to the first disbursement of Component 1 of the program, the Borrower, through the Executing Agency shall: (i) present evidence of the assignment of CH&PA staff to the implementation of the reformulated program; and (ii) obtain the Bank's non objection to CH&PA work plan for the execution of the reformulated program (¶3.4).				
<b>Exceptions to Bank Policies:</b> None.				
<b>The project qualifies for<sup>(a)</sup>:</b> SV <input checked="" type="checkbox"/> PE <input checked="" type="checkbox"/> CC <input checked="" type="checkbox"/> CI <input type="checkbox"/>				

<sup>(a)</sup> SV (Small and Vulnerable Countries), PE (Poverty Reduction and Equity Enhancement), CC (Climate Change, Sustainable Energy and Environmental Sustainability), CI (Regional Cooperation and Integration).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, Problem Addressed, Justification

- 1.1 **The original loan.** On December 11, 2009, in response to a request from the Government of Guyana, the Inter-American Development Bank (IDB) approved the Expansion and Integration of Basic Nutrition Program for US\$7.3 million (GY-L1028, 2270/BL-GY); including US\$5 million financed by the IDB,<sup>1</sup> whose main objective was to assist the government to implement priority areas of the national nutrition strategy by strengthening the implementation capacity of the Ministry of Health. The borrower was the Cooperative Republic of Guyana and the executing agency was the Ministry of Health. The loan agreement was signed on February 17, 2010 and the eligibility for the first disbursement was granted on July 23, 2010.
- 1.2 **Reformulation request.** In a communication dated August 4, 2014 the Minister of Finance requested the reformulation of loan 2270/BL-GY to modify its original objective and reassign the undisbursed balance of US\$3.1 million to a Sustainable Housing for the Hinterland Program (reformulated program).<sup>2</sup> The request was confirmed by the new authorities on June 22, 2015.<sup>3</sup> While key outputs were delivered under the original program, including, distribution of sprinkles to address maternal and child anemia, production of growth charts, training of health center staff, procurement of medical equipment such as scales and equipment for urine iodine analysis, only 48% of loan resources had been disbursed by 2014, due to two main reasons. First, following approval of the loan the government was of the view that the incentive coupon activity was too politically sensitive, and as such was no longer interested in implementing the incentive coupon activity under Component 1, which included development, administration and evaluation of a monetary incentive scheme (up to US\$30) for pregnant women to enroll for prenatal care during their first trimester. Second, program execution suffered from two staffing issues: (i) the coordinator of the maternal and child health unit of the Ministry of Health was responsible for the execution of the program, as well as the management of the 132 health centers in the country and as such, did not have the time or capacity to effectively coordinate the program; and (ii) the staff at the executing unit assigned to the program resigned in 2014 and was not replaced. As a consequence, the government indicated its preference to reformulate the program.
- 1.3 **The hinterland in Guyana.** Guyana is a natural-resource endowed and commodity-based economy, covering an area of 215,000 square kilometers and with a population of about 760,000 inhabitants.<sup>4</sup> Around 10% of the population lives in the hinterland<sup>5</sup> with the following characteristics. They suffer from high

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<sup>1</sup> US\$2.5 million with resources from Ordinary Capital (OC) and US\$2.5 million with resources from Fund for Special Operations (FSO).

<sup>2</sup> [Request for Reformulation of Loan 2270/BL-GY.](#)

<sup>3</sup> [Confirmation of Request for Reformulation by the new authorities.](#)

<sup>4</sup> [Map of Guyana.](#)

<sup>5</sup> The rural interior is made of Regions One, Two, Seven, Eight, and Nine.

poverty levels, with estimated poverty rates of 78.6%.<sup>6</sup> Agriculture serves as the main form of employment but income from this activity is unpredictable as residents depend exclusively on rain fed farming. Density levels are less than one person per square kilometer; compared to 139 persons per square kilometer in urban areas. The 185 indigenous communities of Guyana are mainly located in the hinterland with the largest concentration of Amerindians in regions one and nine. Most of the communities live on Amerindian common property lands, in very small, dispersed villages or on the margins of rural towns with populations of up to 5,000 inhabitants.

- 1.4 **Housing in the hinterland.** There is an urgent need to improve and expand access to affordable and sustainable housing solutions and services in the hinterland: 74% of the population in the hinterland lives in inadequate and overcrowded housing and 60% of the populations do not have access to safe drinking water.<sup>7</sup> Those issues are mainly originated by the remoteness<sup>8</sup> of the hinterland and the poverty levels of the population.
- 1.5 **Institutional framework.** The current housing policy in Guyana is characterized by a clear mandate to the Central Housing and Planning Authority (CH&PA) as the sole government agency for housing projects.<sup>9</sup> When intervening in the hinterland, the Amerindian Act of 2006 applies, as administered by the Ministry of Indigenous People's Affairs. The Amerindian Act gives Amerindian communities legal powers to manage and conserve their lands. Amerindian lands are owned collectively by the whole community (the village) and administered through a Village Council. The Village Council is elected by the community and is a recognized legal entity, with the power to regulate the access to and activities on the territory. The Ministry of Indigenous People's Affairs is present in the Hinterland through the regional development office, to whom the Community Development Officers (CDO) report. Finally, for each region in the country, the Ministry of Local Government and Regional Development, through its democratic councils monitors the implementation of government policies and programs.
- 1.6 **The hinterland housing subsidy.** The current hinterland housing subsidy was designed and implemented for the first time as a pilot (Hinterland Pilot) of the Second Low Income Settlement Program (2102/BL-GY).<sup>10</sup> The Hinterland Pilot

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<sup>6</sup> Poverty Reduction Strategy Paper, 2011-2015. The average moderate poverty line is G\$10,494 per month per male (or US\$1.75 per day).

<sup>7</sup> According to a 2009 IDB study of 321 households across eight Amerindian communities. Adequate housing is defined in Universal Declaration of Human Rights (UDHR) art. 25. It looks at issues of habitability (overcrowding, habitability, and hazardous conditions), accessibility to services (including water and sanitation), housing affordability (expenditures on housing), and security of tenure. For this reformulated program and this indicator, adequate housing is defined by the level of habitability (i.e. the characteristics of the structure of the house). Overcrowding is one of the Common Country Assessment (CCA) indicators: a household is overcrowded if there are more than two persons per room or less than 5 square meters of floor area are available per person.

<sup>8</sup> Region one falls within the coastal plain and Region nine is located in the highland region. Access to the communities is difficult and requires a one day trip by plane, car, and boat, in some cases.

<sup>9</sup> Housing Act, Chapter 36:20 and Town and Country Planning Act, Chapter 20:01.

<sup>10</sup> The Second Low Income Settlement Program was approved in December 2008 and closed in August 2015. The total amount of the program was US\$27.9. Details on execution arrangements can be found in the Operating Regulations (OR) of the current Housing in the Hinterland Pilot in GY-L1019, 2102/BL-GY. The OR will be updated for this new program, as part of reformulated program preparation.

(total amount of US\$1 million) provided 208 subsidies (122 houses and 86 roofing units; including roofing, roof structure, and rainwater harvesting infrastructure) in region one (Whitewater, Arakouru, and Masara) and region nine (Kwatamang, Annai, and Manawain).<sup>11</sup>

- 1.7 **Lessons learned.** The Hinterland Pilot is the first governmental intervention in providing housing in indigenous communities. The Hinterland Pilot was evaluated at the end of its execution (November 2014).<sup>12</sup> The evaluation was a before and after comparison, using the baseline of 2009. The evaluation looked at changes in inadequate access to water and sanitation, poor quality of housing units, and overcrowding. The results showed that overcrowding was reduced from 100% of the population target to 46% in region one and from 40% of the population target to 0% in region nine; access to safe water improved from 16% to 100% in both regions; and the housing units complying with quality standards increased from 11% of the population target to 100%. Overcrowding is one of the Common Country Assessment (CCA) indicators: a household is overcrowded if there are more than two persons per room or less than 5 square meters of floor area are available per person. Inadequate safe water supply is an indicator of the Sustainable Development Goals (SDG) dedicated to water: there is safe water supply when there is access to piped water into dwelling, public standpipe, protected dug well, protected spring, or rainwater.
- 1.8 The design of the Hinterland Pilot took into account the low population density in the hinterland (houses are 200 meters minimum apart); the reliance of the population upon subsistence farming (half of the households lack a stable source of income); and the quality of transitory structures (the indigenous tradition includes building expertise, supported by the presence of local material). As a result, the execution of the Hinterland Pilot was characterized by: participatory design; self-built approach; the use of local materials; and off-the-grid water and sanitation solutions accompanied by training.
- 1.9 The evaluation of the Hinterland Pilot underscored lessons learned and confirmed the methodological principles of community participation: (i) hinterland communities have the ability to manage local development initiatives and must be involved in project design and implementation; (ii) the level of community organization is a direct determinant of speed and success of project planning and implementation; and (iii) the unique socio-cultural attributes of a community matters and must be embraced in project design.
- 1.10 The evaluation also highlighted areas of concern in the implementation of the Hinterland Pilot: (i) some beneficiaries expressed fear that their new house could be taken away, showing that the current arrangement to provide ownership security should be strengthened and better conveyed (addressed in the selection criteria of the sites, ¶1.13 and the activities under Component 1 and 2, ¶1.25); and (ii) the total amount of subsidies was split equally between the two regions of

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<sup>11</sup> Under the Hinterland Pilot, the subsidy for the house is US\$7,000 and the subsidy for the roof is US\$1,500.

<sup>12</sup> (i) [Quantitative Evaluation of Housing Indicators](#); (ii) [Pilot. Access to Sanitation indicators- Security of Tenure Indicators](#); (iii) [Structural Quality](#); and (iv) [Evaluation Pilot Water Roofing](#).

intervention although overcrowding is more prevalent in region one than in region nine, justifying that the allocation of subsidies in each region should depend on the prevailing issue in each area (addressed by using the participatory methods to assess the needs of each community ¶1.24).

- 1.11 **Reformulated program strategy.** The reformulated program is designed to reduce deficits in housing, potable water, and sanitation. The strategy for the reformulated program is based on two considerations: (i) it should follow the design of the Hinterland Pilot, involving the communities in the preparation and construction of the projects; and (ii) it must incorporate lessons learned from the Hinterland Pilot (see ¶1.7 to ¶1.10). The reformulated program will make the communities central in all phases of the development and construction of the projects. To do this, the reformulated program operates based on a systematic and participatory work method that starts with community mapping in each community to define the needs in housing, water and sanitation. The number of subsidies to be delivered in each community will be defined as a result of the community mapping exercise.
- 1.12 The reformulated program will offer two subsidies: (i) the full house replacement subsidy; and (ii) the roof replacement subsidy. Modifications from the Hinterland Pilot are: (i) in the case of the full house replacement subsidy, the staircase will be roofed; and (ii) in the case of both subsidies a pit latrine will be built and training will be provided to the families to accompany the construction and maintenance of the pit latrines, potable rain water harvesting, houses, and roofs.
- 1.13 **Beneficiary population.** The reformulated program can be justified in terms of demand. Estimates show that 491 or 45% of the households in the selected communities of region one and region nine could be eligible for the reformulated program.<sup>13</sup> It is expected that the reformulated program will attend the housing needs of approximately 428 or 87% of the households.<sup>14</sup> Selection of the regions and communities has been done by the government taking into account the following criteria: (i) the large concentration of indigenous people in region one and nine (29% and 25% respectively); (ii) the absence of land tenure issue;<sup>15</sup> and (iii) the organizational strength of the Village Council.<sup>16</sup> The selected communities are: (i) Whitewater, Haimakabra, Sebai, and Kamwatta, in region one; and (ii) Katoka, Kwatamang, Massara, Karasabai, Potarinau, Haiowa, Karodaranau, and Sand Creek, in region nine. The beneficiaries will be indigenous people.
- 1.14 Poverty indexes showed that region one and region nine are two of the poorest regions in the country.<sup>17</sup> Most of the people from the selected communities from both regions earn less than the minimum wage in Guyana, which is G\$35,000 per month (equivalent to US\$172). Unemployment is a major issue for

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<sup>13</sup> Estimates are based on community consultations done by the Village Councils in 2015.

<sup>14</sup> Approximately 3,500 people.

<sup>15</sup> The 2006 Amerindian Act provides for the transfer of land rights from the State to a designated Village Council. The Village Council is responsible for the allocation of land to residents.

<sup>16</sup> The organization strength of the Village Councils was gauged taking into account the decision process in place and the projects that the Village Councils have been carrying out lately.

<sup>17</sup> Two indexes were used to assess poverty level in the Environmental and Social Analysis (ESA): Living Conditions Index (LCI) and Enumeration District Marginality Index (EDMI).

the communities, due to limited economic activities outside the natural resources exploitative industries.

- 1.15 **Gender.** Focus group discussions and interviews were carried out at the closing of the Hinterland Pilot<sup>18</sup> to gauge the effect of the pilot on women's empowerment, defined as the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights.<sup>19</sup> The focus groups and interviews showed that none of the non-beneficiary women who lived in houses not owned by themselves or their spouses had a role in the design of the house they lived it, while, beneficiary women expressed being equally involved in the design and implementation of the pilot. These women reported feeling empowered as a result of their role in the design of their home. Beneficiary women saw participation in the design at four levels: being interviewed as part of the selection process; persisting in following the process through, despite the doubts expressed by their spouses; attending community meetings; and vocalizing ideas at community meetings.<sup>20</sup> Community leaders reported that beneficiary women of the Hinterland Pilot who received the subsidy through a contract with their name on it started to participate in community meetings and convince members of the community to participate in the construction of the houses. In the cases where only the woman's name was included on the document, it created some tensions and male spouses complained about the idea of the women being the lead persons in the process. As a result of the pilot, some beneficiary women reported having an increased role in decisions regarding expenditures. Beneficiary women attributed their increased role in household decision making regarding money to the role they played in the pilot.
- 1.16 **Rationale.** Program strategy lies on challenging issues that have been researched. The Mexican program Piso Firme (Firm Ground) showed that replacing dirt floors appears to be at least as effective as nutritional supplementation and has an impact on the reduction of gastro-intestinal diseases.<sup>21</sup> A number of studies point to access to safe water as a key to better child health, reducing for instance child mortality by 26% in the poorest areas in Argentina thanks to fewer infectious and parasitic diseases.<sup>22</sup> Lessons from international experience show the need for a focus on serving indigenous communities in order to properly internalize cultural aspects and guarantee the sustainability and use of solutions that will provide that guarantee.<sup>23</sup> Finally, a growing consensus in the development literature acknowledges that the

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<sup>18</sup> [Housing and Women's Empowerment. A Case Study of the Hinterland Housing Pilot Project in Guyana, Donell Bess-Bascom, 2015.](#)

<sup>19</sup> Malhotra A., S. Schuler, C. Boender. Measuring Women's Empowerment as a Variable in International Development, World Bank, 2002.

<sup>20</sup> The focus group discussions and interviews to community leaders carried out at the closing of the Hinterland Pilot showed that before the pilot women did not vocalize their opinions during community meetings and at the end of the pilot 40% of the beneficiary women did.

<sup>21</sup> Cattaneo et al. 2007. Housing, Health, and Happiness, World Bank Policy research Working paper 4214, April 2007.

<sup>22</sup> Cattaneo et al.; 2009. Jalan, Jyotsna and Ravallion, Martin, 2003. Does piped water reduce diarrhea for children in rural India?, Journal of Econometrics, Elsevier, vol.112(1). Galiani, Sebastian, Paul Gertler, and Ernesto Schargrodsky, 2005. Water for life: The impact of the privatization of water services on child mortality. Journal of Political Economy, vol.113, No.1.

<sup>23</sup> Perafán et al. 2005. Ethnic Engineering Guidelines. Inter-American Development Bank.

livelihoods of rural and urban households are vitally interconnected. Nevertheless, over the past decades, public resources have been concentrated in the urban sector, reinforcing the disconnectedness of urban and rural areas and widening the income gap between them.<sup>24</sup> Empirical evidence shows that public investment in rural infrastructure will yield the largest returns in terms of both growth and poverty reduction.<sup>25</sup> This implies the need at the operational level to create opportunities for the rural poor (and more so for the indigenous populations in the interior) to address issues, such as the remoteness of settlements, the low population density, and the very limited access to cash.

- 1.17 **The Government's sector strategy.** The reformulated program will contribute to the ten-point plan<sup>26</sup> for the hinterland, seeking to ensure that indigenous communities become thriving economic units in the country. The government conceives access to housing as a basic asset for protection and promotion that will support Amerindian socio-economic development. Housing is part of an integrated hinterland development plan that the government is designing in partnership with the indigenous people.<sup>27</sup>
- 1.18 **Strategic alignment.** The program will contribute to the lending priorities under the Report on the Ninth General Increase in the Resources of the IDB (GCI-9) (AB-2764) in terms of loans for: (i) small and vulnerable countries, by benefiting Guyana; (ii) poverty reduction and equity enhancement, by improving the basic living conditions of vulnerable and a less accessible population segment, the indigenous people in the Hinterland (see ¶1.13 and ¶1.14); and (iii) climate change, renewable energy and environmental sustainability initiatives, by improving the quality of sanitation services and access to fresh water.<sup>28</sup> It will also contribute to the products of: (i) new or upgraded water supply; and (ii) new or upgraded dwellings. The program is aligned with the sector strategies of Sustainable Infrastructure for Competitiveness and Inclusive Growth (GN-2710-5) and Sector Strategy Institutions for Growth and Social Welfare (GN-2587-2) by providing households with new water supply and new or upgraded dwellings.
- 1.19 Four sector frameworks are relevant to the reformulated program design and implementation as they reflect upon those strategies in: (i) targeting indigenous peoples, the reformulated program supports the Gender and Diversity Sector Framework (GN-2800); (ii) incorporating the use of low-cost technologies for water collection and sanitation, the reformulated program is aligned with the Water and Sanitation Sector Framework (GN-2781); (iii) replacing the dirt floors in remote areas, the reformulated program is positively influencing one of the marked gaps in health indicators as stated in the Health and Nutrition Sector Framework (GN-2735); and (iv) supporting the use of natural resources (water and wood) in a sustainable way, the reformulated program supports the

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<sup>24</sup> Beyond rural urban, by James Garrett, International Food Policy Research Institute (IFPRI), 2005.

<sup>25</sup> Rural and urban dynamics and poverty, by Shenggen Fan; Chan-Kang, Connie; and Mukherjee, Anit, International Food Policy Research Institute (IFPRI), 2005.

<sup>26</sup> Presented by the President of Guyana on August 19, 2015 at the opening of the Tosaos' conference.

<sup>27</sup> See the Manifesto, A partnership for national unity and alliance for change coalition, elections 2015.

<sup>28</sup> Current practices include the collection of contaminated water for drinking purposes and the overuse of pit latrines.

Agriculture and Natural Resources Management Sector Framework (GN-2709-2).

- 1.20 **Country strategy.** The IDB Country Strategy with the Cooperative Republic of Guyana 2012-2016 (GN-2690) focuses, among others, on addressing the indigenous populations' needs and particularities in a cross-cutting manner. The reformulated program is explicitly linked to this topic. The operation is included in the 2015 Country Programming Document.

**B. Objective, Components and Cost**

- 1.21 This reformulated proposal modifies the main purpose of the Expansion and Integration of Basic Nutrition Program. The aim of the reformulated program is to improve the livability of low-income families in selected communities of the hinterland through better access to housing, potable water, sanitation, and the promotion of women's empowerment.<sup>29</sup>
- 1.22 **Component 1. Delivery of the full house replacement subsidy for the hinterland (US\$2,509,200).** This component will cover the costs of design, construction, and supervision of construction to deliver the full house replacement subsidy in region one and region nine. Subsidies averaging the equivalent of US\$8,200 will be provided.<sup>30</sup> The communities design the housing solution during the participatory workshops in each region. For the sake of efficiency, for each region, the final solution is a blend of the housing solutions.<sup>31</sup> The subsidy includes the cost of material and labor for a 20 by 25 ft. house with bedrooms and common space, a zinc roof with rainwater collection (pipe and tank), and an improved pit latrine.
- 1.23 **Component 2. Delivery of the roof replacement subsidy for the hinterland (US\$219,600).** This component will cover the costs of design, construction, and supervision of construction to deliver the roof replacement subsidy in region one and region nine. Subsidies averaging the equivalent of US\$1,800 will be provided.<sup>32</sup> The subsidy includes the cost of material for a zinc roof of max 20 by 25 ft. with rainwater collection (pipe and tank), and an improved pit latrine.

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<sup>29</sup> Livability is defined as the set of basic characteristics that a living space must have to permit an adequate human development. It refers to issues of habitability (overcrowding, quality of building materials to protect from the elements and infections, and a space configuration that allows for different functions such as cooking, eating or sleeping); accessibility to basic services (including water and sanitation); housing affordability (expenditures on housing); property security and security of tenure. Some definitions also include access to jobs, transportation and education and health services. A space is more livable the higher it ranks in each of these dimensions. With this project we will be focusing on improving some of the conditions of habitability and all of the accessibility to basic services. Empowerment designates the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights.

<sup>30</sup> The subsidy covers the costs of building locally sourced materials, transportation costs, roofing material and rain harvesting system, and local labor for the house and the latrine.

<sup>31</sup> The communities work in small group to design and build a model of their ideal house. CH&PA uses those models to propose one blend house per region, respecting the cultural and economic specificities of each region.

<sup>32</sup> The subsidy covers the costs of roofing materials and rain harvesting system, transportation costs, and local labor for the latrine.

- 1.24 Based on the [need assessment of the selected communities in region one](#), the reformulated program will finance 132 full houses replacement subsidies and 36 roof replacement subsidies. The need assessment of the selected communities in region nine will be done as part of reformulated program's activities. It is estimated that the reformulated program will finance 174 full houses replacement subsidies and 86 roof replacement subsidies in region nine. For both subsidies, the beneficiaries will contribute in kind.
- 1.25 As part of the subsidy, the beneficiaries will receive training in house maintenance, purification of rainwater, and in building and maintaining pit latrines. The subsidy will be delivered through a contract to both head and spouse of the household.
- 1.26 The amount of the loan is not sufficient to meet the demand. Participation in the program conforms to selection criteria laid out in the Operating Regulations (OR) of the reformulated program. Participation is limited to the households with at least one of the following conditions: (i) special needs; (ii) overcrowding; (iii) risk that house collapses; (iv) serious difficulties to procure and store fresh water; or (v) lacking adequate toilet or without toilet.
- 1.27 Applications are evaluated and ranked based on needs and resources. Necessities are measured based on the answers to 10 questions: (i) is the head of the household a person with special needs; (ii) how many people are currently living in the house; (iii) what are the sources of income; (iv) what is the size of the sleeping unit; (v) how many rooms or division are there inside the sleeping unit; (vi) what are the conditions of the roof; (vii) what are the conditions of the wall; (viii) what is the condition of the framing and foundations of the house; (ix) where does the household get drinking water; and (x) what type of sanitation system does the household use. Resources are measured based on the answers to five questions: (i) how many adult people in the household can help building the house; (ii) are there at least two adult people in the household who could help gather and transport materials for construction; (iii) can adult household members commit to install the roof or build the house on their own; (iv) have any members of the household built a house in the past; and (v) is any member of the household a foreman, mason, carpenter, laborer.

### **C. Key Results Indicators**

- 1.28 Annex II describes in detail the [Results Framework](#) of the reformulated program. The main results it aims to attain for beneficiary households are: (i) to reduce the deficit of access to potable water in the selected communities of region one and nine, measured as the percentage of households in targeted communities without access to potable water; (ii) to reduce the deficit of access to an adequate sanitation solution in the selected communities of region one and nine, measured as the percentage of households in targeted communities without access to an adequate sanitation solution; (iii) to reduce the deficit of adequate housing i.e. external and internal walls, floor, and roof in the selected communities of region one and nine, measured as the percentage of households in targeted communities without access to adequate housing; (iv) to reduce overcrowding in the selected communities of region one and nine, measured as the percentage of overcrowded households in targeted communities; and (v) to

increase women’s empowerment in targeted communities, measured by the number of times women participate actively (vocalize ideas) in community meetings.<sup>33</sup>

- 1.29 The preparation of the reformulated program has been informed by a [cost-benefit analysis](#) to measure: (i) the economic viability of the program; and (ii) the risk profile of the program. The program is economically viable, with an Expected Net Present Value (ENPV) slightly above US\$ 100,000 and an Expected Rate of Return (ERR) of 4.72 percent.<sup>34</sup> The economic costs include the investment of the reformulated program (materials, labor, transportation, and management). The economic benefits were measured using the hedonic pricing method related to access to safe water and reduction of house overcrowding. The economic rate of return of 4.72 percent is positively assessed in light of the very low income level of the households located in the area of intervention, which systematically lowered the willingness to pay values and the significant underestimation of the benefits. Indeed due to a lack of data, only two economic benefits were assessed. The sensitivity analysis looked at the following risk variables: house and roof replacement costs overruns, overestimation of the willingness to pay for economic benefits, and overestimation of building costs to build collapsed houses outside the reformulated program. The analysis shows that the reformulated program is largely resilient to variations of all risk variable costs.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing Instruments

- 2.1 The total cost of the reformulated program is US\$3,100,000. The reformulated program is a blended operation, with 50% of the financing from the Fund for Special Operations (FSO) and the other 50% from Ordinary Capital (OC) resources. The financial conditions of the resources will remain the same as the ones defined in the original operation. An estimate of the breakdown of the reformulated program costs is given in Table 1.

**Table 1. Estimate and breakdown of reformulated program costs**

Components	Financing by IDB (US\$)
<b>Component 1. Delivery of the full house replacement subsidy for the hinterland</b>	<b>2,509,200</b>
Region one	1,082,400
Region nine	1,426,800
<b>Component 2. Delivery of the roof replacement subsidy for the hinterland</b>	<b>219,600</b>
Region one	64,800
Region nine	154,800
<b>Other expenses</b>	<b>371,200</b>
Salaries <sup>35</sup>	216,000
Logistics( includes costs of transportation to the hinterland)	100,000
Goods (includes costs of materials to bring to the hinterland for monitoring)purposes)	5,200
Monitoring and Evaluation	50,000
<b>TOTAL</b>	<b>3,100,000</b>

<sup>33</sup> The empowerment will be measured by the level of participation of women in community meetings.

<sup>34</sup> The discount rate is 3.7%.

<sup>35</sup> 20% top up salary (i.e., the IDB will finance 20% of their wages) for 12 specialists in CH&PA.

- 2.2 The disbursement period set in the original operation was four years, expiring on February 17, 2014. The disbursement period of the original operation was extended until December 30, 2015. The proposal of reformulation of the original operation is designing a reformulated program of four years and the original disbursement period will be extended to allow for the execution of the activities proposed in this reformulation. Table 2 contains a projection of the annual disbursements.
- 2.3 Year 1 disbursements will go toward the first investments in region one and the need assessment in region nine. Disbursements will peak in second year; mainly because the project cycles of region one and region nine will be under way. In the third year the midterm evaluation of the reformulated program will be carried out as investments in region one are phasing out. In the fourth and final year investments in region nine will culminate and the final evaluation will be implemented.

**Table 2. Disbursements**

IDB	Year 1	Year 2	Year 3	Year 4	Total
Total (US\$)	631,933	1,014,333	989,334	464,400	3,100,000
%	20	33	32	15	100

## **B. Environmental and Social Safeguard Risks**

- 2.4 In accordance with IDB's Environment and Social Safeguards Policy and the IDB's toolkit classification, the reformulated program is classified as Category B. The reformulated program will finance projects that, by their nature, will have net positive environmental and social impacts as they will improve the beneficiaries' quality of life through the improvement of housing conditions and access to potable water and sanitation. The reformulated program is designed to make sure that the communities are involved in decision making during the design and implementation of the projects. The reformulated program is in compliance with the Indigenous Peoples Policy (OP-765).
- 2.5 An [Environmental and Social Analysis \(ESA\)](#), has been carried out, which included the evaluation of the Hinterland Pilot, as well as the identification of the nature of the impacts, mitigation measures and management structure for this reformulated program.
- 2.6 The principal findings of the ESA are mentioned in the Environmental and Social Management Report (ESMR) and they include the following: (i) community organization and cohesion is a key element of social capital for reformulated program's success; (ii) costs of the houses vary community by community, due to the type of local materials, the ability of the Village Council to negotiate with the suppliers of the materials, and the building capacity of the beneficiaries; and (iii) the success of the Hinterland Pilot has created expectations in neighborhood communities. To address those findings, reformulated program design includes: (i) community organization and cohesion as a selection criteria for the communities; (ii) clear indications of the possible variance in costs for each subsidy in the operating regulations; and (iii) open and regular information sessions in each community.

- 2.7 The [Environmental and Social Management Plan \(ESMP\)](#) has been disclosed. The [ESMR](#) includes the impacts and risks related to construction works, and its respective mitigation measures.

### C. Fiduciary Risk

- 2.8 As part of reformulated program preparation, the IDB conducted an [Institutional Capacity Assessment](#). As a result of the analysis, the procurement risk of the project is deemed to be medium. CH&PA has successfully executed 2102/BL-GY, which was of a larger value and for similar activities. CH&PA has acquired the knowledge and experience to execute the expected activities under this reformulated program. One potential risk is identified: Materials for the houses will be purchased mostly locally and the works will consist in the assembling and building of the houses. The works will be executed by the beneficiaries, with support from contractors and laborers from the beneficiary communities. This implies a series of small contracts and difficulty in supervising procurement. This risk will be mitigated by the hiring of a new procurement officer, which should increase CH&PA's capacity to carry out procurement activities in accordance with the IDB's procurement policies. The newly recruited procurement officer will be trained in Bank procurement rules and procedures.

### D. Other Key Issues and Risks

- 2.9 The reformulated program has a medium non-fiduciary risk:
- a. **Public management and governance.** Medium. Elections in June 2015 brought changes in several ministries. Further changes (staff, policies, and agenda) could be expected as budget debate is underway. To mitigate this risk, the reformulated program is aligned with the priorities of the new government. Both the presidential candidate's manifesto 2015 and the budget proposal of the new administration (presented to the Parliament on August 15) make improvements to the availability and quality of housing in hinterland communities a priority.<sup>36</sup> This issue will be part of the continuous dialogue with the authorities during the implementation of the reformulated program.
  - b. **Reputation.** Medium. The reformulated program expands a pilot of US\$1 million to US\$3.1 million, venturing the reformulated program to more remoted communities in the hinterland. This expansion could create expectations from the neighborhood communities who would want to benefit from the activities. To mitigate this risk, CH&PA will carry out open information meetings in the communities to explain clearly the content and limitations of the reformulated program,
- 2.10 **Sustainability.** At the moment there is no indication from the Government that a housing program for the Hinterland will continue once this operation is fully disbursed. However, the sustainability of the project lays on the capacity of the

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<sup>36</sup> Presidential Candidate's Manifesto, Elections, 2015 and a fresh approach to the good life in a green economy, Guyana's budget, August 2015.

communities to maintain their new homes, water systems and pit latrines. As part of the reformulated program the beneficiaries are required to undergo a training workshop to learn how to build and maintain their houses, install the rain harvest water systems and build and replace their pit latrines. In addition, the beneficiaries learn important information regarding the materials to use and how to handle them. As a consequence, the beneficiaries not only acquire skills to build their homes, but also are trained to provide maintenance to their property on their own after the operation ends.

### 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 executing agency is the Ministry of Communities, through the CH&PA. CH&PA is aware of Bank's policies and procedures as it executed the Low Income Settlement Program (1044/SF-GY) and the Second Low Income Settlement Program (2102/BL-GY).<sup>37</sup> The latter confirmed CH&PA execution proficiency (see ¶1.5).
- 3.2 The Ministry of Indigenous People's Affairs will support CH&PA in engaging the Regional Democratic Councils and the Village Councils (see ¶3.6).<sup>38</sup>
- 3.3 The implementation of the reformulated program includes individual projects in two regions of the country, as well as coordination between communities, agencies, and local authorities. To support CH&PA, the reformulated program will finance up to 20% top up salary (i.e., the IDB will finance 20% of their wages) for 12 specialists to work fulltime on the reformulated program: two engineers, four community development specialists, two program managers, the finance director, a procurement specialist, an accountant, and the evaluation specialist. One of the specialists will be responsible for the environmental and social issues. CH&PA will ensure that the arrangements for implementation include clear responsibilities for the reformulated program's successful implementation. The chief executive officer of CH&PA reports directly to the Minister of Communities.
- 3.4 Prior to the first disbursement of Component 1 of the program, the Borrower, through the Executing Agency shall: (i) present evidence of the assignment of CH&PA staff to the implementation of the reformulated program; and (ii) obtain IDB's non objection to CH&PA work plan for the execution of the reformulated program.
- 3.5 CH&PA will be responsible for the environmental management of the reformulated program and will have specific responsibility for obtaining environmental clearance from the Environmental Protection Agency.<sup>39</sup>

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<sup>37</sup> The Low Income Settlement Program for a total of US\$30M and the Second Low Income Settlement Program for a total of US\$27.9M.

<sup>38</sup> Participation is a centerpiece of international law regarding indigenous people. It was proclaimed a right in the 2007 United Nations Declaration on the Rights of Indigenous Peoples (UN, 2007). Since the 2006 Amerindian Act, Amerindian villages in Guyana are self-governing through their Village Councils.

- 3.6 **Component 1 and 2.** Sites have been selected for reformulated program execution. Any additional site or change in site will have to meet the criteria laid out in the OR and would require the no objection of the IDB. CH&PA will be responsible for the: (i) validation of the selection of beneficiaries; (ii) tendering, contracting, and supervision of the building works; and (iii) provision of technical support during design and construction. CH&PA will be responsible for coordinating the process for granting security of ownership of the buildings to the beneficiaries. The Ministry of Indigenous People's Affairs, through the CDO will be responsible for: (i) providing support in the needs assessment; and (ii) coordinating the interaction with the communities.<sup>40</sup> The Village Councils will: (i) select the beneficiaries in accordance with criteria set out in the OR; (ii) recommend the contractors and clerk of works to CH&PA; (iii) negotiate prices for local materials; (iv) support the reformulated program with the use of community assets; and (v) organize community meetings for the monitoring of reformulated program execution. The Regional Democratic Councils (RDC) will be kept informed of the activities led in each region. Implementation of the activities will be coordinated and supervised by CH&PA. For the training activities, CH&PA will coordinate with the CDO of the Ministry of Indigenous People's Affairs and the Village Councils.
- 3.7 **Operating regulations and project cycle.** Reformulated program's implementation will be governed by a set of operating regulations covering the following topics: program objectives and components, executing actors and functions, projects cycles, terms and conditions for beneficiaries' participation, sites selections, application procedure, performance indicators and commitments, program monitoring, evaluation and results.
- 3.8 **Prior to the first disbursement, the Borrower, through the Executing Agency shall present evidence of the approval of the reformulated program's operating regulations, in the terms previously agreed with the IDB.**<sup>41</sup>
- 3.9 **Procurement.** Selection and hiring of consultants and procurement of works, goods, and services will be carried out in accordance with the Policies for the procurement of works and goods financed by the IDB (GN-2349-9) and for the Policies for the selection and contracting of consultants financed by the IDB (GN-2350-9). For each community to benefit from the reformulated program, CH&PA will prepare and submit to the IDB a draft general procurement notice as well as an [initial procurement plan](#).
- 3.10 **Financial management.** CH&PA will present the justification of advances in accordance with the IDB's Financial Management Guidelines (OP-273-6).

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<sup>39</sup> Included in the OR.

<sup>40</sup> (i) Introducing the reformulated program to the communities; (ii) presentation of the selected beneficiaries at plenary meeting with each Village Council; (iii) signature of agreement between CH&PA, the beneficiaries and the Village Council on the requirements to participate in the program and the role of the Village Council.

<sup>41</sup> [Draft Operating Regulations](#).

- 3.11 **Auditing.** The Audit Office of Guyana will perform the financial audits of the reformulated program.<sup>42</sup> There is no cost associated. The audited financial statements of the reformulated program will be submitted to the IDB on an annual basis, within 120 days after the close of each fiscal year. The final audited financial report should be submitted within 120 days after the last disbursement.

## **B. Summary of Arrangements for Monitoring Results**

- 3.12 **Monitoring and reporting will be the responsibility of CH&PA.** The [Results Framework](#) will be the basic instrument for monitoring reformulated program's outputs and outcomes, and a [Monitoring and Evaluation Plan](#) was prepared to facilitate the process. Specific tasks include: (i) preparing annual operational plans and semi-annual progress reports documenting reformulated program implementation;<sup>43</sup> (ii) preparing and administering the reformulated program budget; (iii) updating implementation schedules and expenditure plans; (iv) documenting the bidding and contract administration process; and (v) monitoring indicators.

- 3.13 **Evaluation.** Independent consultants will prepare mid-term and final evaluations of the reformulated program, to verify the achievement of the outcomes and outputs outlined in the [Results Framework](#). Both evaluations will be contracted directly by CH&PA with the reformulated program's funds, according to the Terms of Reference (TOR) previously agreed upon by the IDB and CH&PA. The evaluation methodology will be reflective: it will measure the living conditions of the selected communities, before and after the intervention. The mid-term evaluation will take place when 40% of the funds are disbursed, while the final one will start when 90% of the project funds are disbursed. Both evaluations will also include a qualitative assessment of: (i) the appropriateness of the delivery model; (ii) overall beneficiary satisfaction with the process and the final product; and (iii) safeguards compliance. The final evaluation will include a section of lessons learned.

## **IV. RECOMMENDATION**

- 4.1 Pursuant to the provisions set forth in subsection B., paragraph 4 of the Operations Administration Manual OA-430 Substantial and Fundamental Changes to Operations, and based on the information and the analysis provided for in this document, Management recommends that the Board of Executive Directors approves by Short Procedure, the reformulation to the Expansion and Integration of Basic Nutrition Program (2270/BL-GY) as described in this document, pursuant to the provisions set forth in paragraph 3.29(c) of the document Regulations of the Board of Executive Directors of the Inter-American Development Bank (DR-398-17) and paragraph 6 of the List of matters to be considered by the Board via Short Procedure (CS-3953).

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<sup>42</sup> Bank Policy on the Audit of Projects and Entities (AF-100), Selecting and Contracting External Audit Services (AF-200), Guidelines for the Preparation of Financial Statements and Independent Audit Requirements (AF-300), and Terms of Reference for External Audits of Bank-financed Projects (AF-400).

<sup>43</sup> The POA should be submitted every 30th of November to plan the execution of the following year. The semi-annual progress reports should be presented within 30 days of the end of each semester.

Development Effectiveness Matrix			
Summary			
<b>I. Strategic Alignment</b>			
<b>1. IDB Strategic Development Objectives</b>		<b>Aligned</b>	
Lending Program	-Lending to small and vulnerable countries -Lending for poverty reduction and equity enhancement -Lending to support climate change initiatives, renewable energy and environmental sustainability		
Regional Development Goals			
Bank Output Contribution (as defined in Results Framework of IDB-9)	-Households with new or upgraded water supply -Number of households with new or upgraded dwellings		
<b>2. Country Strategy Development Objectives</b>		<b>Aligned</b>	
Country Strategy Results Matrix			
Country Program Results Matrix	GN-2805	The intervention is included in the 2015 Operational Program.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
<b>II. Development Outcomes - Evaluability</b>			
	Evaluable	Weight	Maximum Score
	8.6		10
<b>3. Evidence-based Assessment &amp; Solution</b>			
	9.3	33.33%	10
3.1 Program Diagnosis	3.0		
3.2 Proposed Interventions or Solutions	3.6		
3.3 Results Matrix Quality	2.7		
<b>4. Ex ante Economic Analysis</b>			
	10.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	4.0		
4.2 Identified and Quantified Benefits	1.5		
4.3 Identified and Quantified Costs	1.5		
4.4 Reasonable Assumptions	1.5		
4.5 Sensitivity Analysis	1.5		
<b>5. Monitoring and Evaluation</b>			
	6.5	33.33%	10
5.1 Monitoring Mechanisms	2.5		
5.2 Evaluation Plan	4.0		
<b>III. Risks &amp; Mitigation Monitoring Matrix</b>			
Overall risks rate = magnitude of risks*likelihood	Medium		
Identified risks have been rated for magnitude and likelihood	Yes		
Mitigation measures have been identified for major risks	Yes		
Mitigation measures have indicators for tracking their implementation	Yes		
Environmental & social risk classification	B		
<b>IV. IDB's Role - Additionality</b>			
The project relies on the use of country systems			
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Accounting and Reporting.	
Non-Fiduciary			
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment	Yes	By improving the quality of sanitation services and access to fresh water, the program promotes sustainable practices, as current practices include the collection of contaminated water for drinking purposes and the overuse of pit latrines that put pressure on the environment.	
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			
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan			

This reformulated proposal modifies the main purpose of the Expansion and Integration of Basic Nutrition Program. The aim of the reformulated program is to improve the livability of low-income families in selected communities of the hinterland of Guyana through better access to housing, potable water, sanitation, and the promotion of women's empowerment.

The project presents a complete problem diagnosis and rigorous causal evidence on the effectiveness of similar interventions in other countries. In terms of the results matrix, the results indicator that captures women's empowerment is not SMART and it is unclear how it is constructed. The economic analysis is solid and includes a detailed sensitivity analysis.

Although the project includes a monitoring and evaluation plan that follows the Bank's guidelines, the evaluation plan is based only on a before-and-after method where attribution analysis could be more challenging. The evaluation plan indicates how it will try overcome this issue for the main results indicators but a careful analysis will be necessary for the women's empowerment indicator. The risks identified are sound and include mitigation measures and metrics for monitoring.

## RESULTS MATRIX

<b>Project Objective:</b>	This reformulated proposal modifies the main purpose of the Expansion and Integration of Basic Nutrition Program. The aim of the reformulated program is to improve the livability of low-income families in selected communities of the hinterland through better access to housing, potable water, sanitation, and the promotion of women's empowerment. <sup>1</sup>
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### EXPECTED RESULTS

Results	Unit	Baseline <sup>2</sup>		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
<b>EXPECTED RESULTS</b>									
Reduce the deficit of access to potable water in the selected communities of Region One and Nine									
Percentage of households in targeted <sup>3</sup> communities without access to potable water	%	80	2015 for Region One 2016 for Region Nine	-	-	10	2020	Household-level surveys in selected communities of Region One and Nine – Mid-term and final evaluations	Adequate safe water supply is an indicator of the Sustainable Development Goals dedicated to water (SDG): there is safe water supply when there is access to piped water into dwelling, public standpipe, protected dug well, protected spring, or rainwater (# households without access to potable water/total households in targeted communities*100)

<sup>1</sup> Livability is defined as the set of basic characteristics that a living space must have to permit an adequate human development. It refers to issues of habitability (overcrowding, quality of building materials to protect from the elements and infections, and a space configuration that allows for different functions such as cooking, eating or sleeping); accessibility to basic services (including water and sanitation); housing affordability (expenditures on housing); property security and security of tenure. Some definitions also include access to jobs, transportation and education and health services. A space is more livable the higher it ranks in each of these dimensions. With this project we will be focusing on improving some of the conditions of habitability and all of the accessibility to basic services. Empowerment designates the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights.

<sup>2</sup> The need assessment of the selected communities in region one was completed in April 2015, as part of the reformulated program preparation. The need assessment of the selected communities in region nine will be done as part of the reformulated program activities. The value of the baseline indicated in this Result Matrix includes for region one the numbers of the needs assessment and for region nine an estimate based on the Hinterland Pilot. The Result Matrix will be updated once the team collects the results of the need assessment of the selected communities in region nine.

<sup>3</sup> The selected communities are: (i) Whitewater, Haimakabra, Sebai, and Kamwatta, in region one; and (ii) Katoka, Kwatamang, Massara, Karasabai, Potarinau, Haiowa, Karodaranau, and Sand Creek, in region nine.

Results	Unit	Baseline <sup>4</sup>		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
Reduce the deficit of access to an adequate sanitation solution in the selected communities of Region One and Nine									
Percentage of households in targeted communities without access to adequate sanitation solution	%	60	2015 for Region One 2016 for Region Nine	-	-	8	2020	Household-level surveys in selected communities of Region One and Nine – Mid-term and final evaluations	As per World Health Organization (WHO) adequate/improved sanitation facilities are those that safely prevent human contact with human waste (trap with a discharge system to a septic tank or a pit latrine, an improved pit latrine with ventilation, a pit latrine with an apron, or a composting toilet) (# households without access to adequate sanitation solution/total households in targeted communities*100)
Reduce the deficit of adequate housing i.e. external and internal walls, floor, and roof in the selected communities of Region One and Nine									
Percentage of households in targeted communities without access to adequate housing	%	50	2015 for Region One 2016 for Region Nine		-	7	2020	Household-level surveys in selected communities of Region One and Nine – Mid-term and final evaluations	Adequate housing is defined in Universal Declaration of Human Rights (UDHR) art. 25. It looks at issues of habitability (overcrowding, habitability, and hazardous conditions), accessibility to services (including water and sanitation), housing affordability (expenditures on housing), and security of tenure. For this reformulated program and this indicator, adequate housing is defined by the level of habitability (i.e. the characteristics of the structure of the house) (# households without access to adequate housing/total households in targeted communities*100)

<sup>4</sup> The need assessment of the selected communities in region one was completed in April 2015, as part of the reformulated program preparation. The need assessment of the selected communities in region nine will be done as part of the reformulated program activities. The value of the baseline indicated in this Result Matrix includes for region one the numbers of the needs assessment and for region nine an estimate based on the Hinterland Pilot. The Result Matrix will be updated once the team collects the results of the need assessment of the selected communities in region nine.

Results	Unit	Baseline <sup>5</sup>		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
Reduce overcrowding in the selected communities of Region One and Nine									
Percentage of overcrowded households in targeted communities	%	70	2015 for Region One 2016 for Region Nine		-	20	2020	Household-level surveys in selected communities of Region One and Nine – Mid-term and final evaluations	Overcrowding is one of the Common Country Assessment (CCA) indicators: a household is overcrowded if there are more than two persons per room or less than 5 square meters of floor area are available per person (#overcrowded households/total households in targeted communities*100)
Increase women's empowerment in targeted communities									
Percentage of empowered women in targeted communities	%	0	2015 for Region One 2016 for Region Nine		-	80	2020	Community Level Survey (will require the participation of an observer in community meetings in each targeted communities to obtain this information)	Empowerment designates the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights. In this program it will be measured by the level of participation of women in community meetings Total # of times members participate actively (vocalize ideas) in community meetings*100

<sup>5</sup> The need assessment of the selected communities in region one was completed in April 2015, as part of the reformulated program preparation. The need assessment of the selected communities in region nine will be done as part of the reformulated program activities. The value of the baseline indicated in this Result Matrix includes for region one the numbers of the needs assessment and for region nine an estimate based on the Hinterland Pilot. The Result Matrix will be updated once the team collects the results of the need assessment of the selected communities in region nine.

### PRODUCTS

Products	Estimated Cost (US\$)	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Final Goal	Means of verification
<b>Component I: Delivery of the full house replacement subsidy for the hinterland</b>									
New houses built with rainwater harvesting system and sanitation solution	Region One: 1,082,400 Region Nine: 1,426,800	#	0 in both Regions	Region One: 44 Region Nine: 0	Region One: 44 Region Nine: 58	Region One: 44 Region Nine: 58	Region One: 0 Region Nine: 58	Region One: 132 Region Nine: 174	Semiannual reports
Milestones									
Households trained in water purification methods	N/A	#	0 in both Regions	Region One: 44 Region Nine: 0	Region One: 44 Region Nine: 58	Region One: 44 Region Nine: 58	Region One: 0 Region Nine: 58	Region One: 132 Region Nine: 174	Semiannual reports
Households trained in house/roof maintenance techniques	N/A	#	0 in both Regions	Region One: 44 Region Nine: 0	Region One: 44 Region Nine: 58	Region One: 44 Region Nine: 58	Region One: 0 Region Nine: 58	Region One: 132 Region Nine: 174	Semiannual reports
Households trained in pit latrine construction and maintenance	N/A	#	0 in both Regions	Region One: 44 Region Nine: 0	Region One: 44 Region Nine: 58	Region One: 44 Region Nine: 58	Region One: 0 Region Nine: 58	Region One: 132 Region Nine: 174	Semiannual reports
Households with a contract showing that the subsidy benefits the head and the spouse <sup>6</sup>	N/A	#	0 in both Regions	Region One: 44 Region Nine: 0	Region One: 44 Region Nine: 58	Region One: 44 Region Nine: 58	Region One: 0 Region Nine: 58	Region One: 132 Region Nine: 174	Semiannual reports

<sup>6</sup> The contract delivers the subsidy. The contract is signed by the head of the household (both head and spouse), CH&PA, the Village Council, and the Ministry of Indigenous People's Affairs.

Products	Estimated Cost (US\$)	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Final Goal	Means of verification
<b>Component II: Delivery of the roof replacement subsidy for the hinterland</b>									
New roofs with rainwater harvesting system and sanitation solution	Region One: 64,800 Region Nine: 154,800	#	0 in both Regions	Region One: 12 Region Nine: 0	Region One: 12 Region Nine: 30	Region One: 12 Region Nine: 28	Region One: 0 Region Nine: 28	Region One : 36 Region Nine: 86	Semiannual reports
Milestone									
Households trained in water purification methods	N/A	#	0 in both Regions	Region One: 12 Region Nine: 0	Region One: 12 Region Nine: 30	Region One: 12 Region Nine: 28	Region One: 0 Region Nine: 28	Region One: 36 Region Nine: 86	Semiannual reports
Households trained in house/roof maintenance techniques	N/A	#	0 in both Regions	Region One: 12 Region Nine: 0	Region One: 12 Region Nine: 30	Region One: 12 Region Nine: 28	Region One: 0 Region Nine: 28	Region One: 36 Region Nine: 86	Semiannual reports
Households trained in pit latrine construction and maintenance	N/A	#	0 in both Regions	Region One: 12 Region Nine: 0	Region One: 12 Region Nine: 30	Region One: 12 Region Nine: 28	Region One: 0 Region Nine: 28	Region One: 36 Region Nine: 86	Semiannual reports
Households with a contract showing that the subsidy benefits the head and the spouse <sup>7</sup>	N/A	#	0 in both Regions	Region One: 12	Region One: 12	Region One: 12	Region One: 0	Region One: 36	Semiannual reports

### SECTOR INDICATOR

Products	Estimated Cost (US\$)	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Final Goal	Means of verification
Beneficiaries of improved housing solutions		#	0	Region One: 56 Region Nine: TBD	Region One: 56 Region Nine: TBD	Region One: 56 Region Nine: TBD	Region One: 0 Region Nine: TBD	428	Semiannual reports

<sup>7</sup> The contract delivers the subsidy. The contract is signed by the head of the household (both head and spouse), CH&PA, the Village Council, and the Ministry of Indigenous People's Affairs.

## PROJECT FIDUCIARY AGREEMENTS AND REQUIREMENTS

**COUNTRY:** Guyana

**PROJECT N°:** GY-L1028; 2270/BL-GY

**NAME:** Sustainable Housing for the Hinterland – Proposed Reformulation of the Expansion and Integration of the Basic Nutrition Program.

**EXECUTING AGENCY:** Ministry of Communities through the Central Housing and Planning Authority (CH&PA)

### I. EXECUTIVE SUMMARY

- 1.1 The general objective of the reformulated program is to improve the quality of life of low- income families in the hinterland through better access to housing which will be given through subsidies. This program is a reformulation of the loan 2270/BL-GY. The total estimated budget is US\$3,100,000; all of which will be financed by the IDB from the OC/FSO resources.
- 1.2 The Executing Agency (EA) is the Central Housing and Planning Authority (hereafter CH&PA) which falls under the Ministry of Communities. CH&PA previous experience in the execution of Bank financed operation. Indeed it successfully executed the operation Second Low Income Settlement Program (LO-2102/BL-GY), which was closed in August 2015. This operation came on the heels of the then just concluded Technical Cooperation (TC) Support for a Second Low Income Settlement Program (ATN/SF-10953-GY), closed in June of 2010.
- 1.3 Given the past experience with CH&PA, successfully executing operations of a similar nature (see above), given also the knowledge and experience gained by CH&PA, the fiduciary risk for the present operation is evaluated at medium. A further institutional capacity assessment will be conducted during the project approval cycle and the re-evaluation of the fiduciary risks will be conducted during execution as part of the fiduciary supervision plan. In any event, the fiduciary execution modalities defined in the present document will provide guidance and seek to ensure that all activities can be carried out in a promptly and in accordance with the applicable rules and procedures.
- 1.4 **Fiduciary Context of the country.** An Integrated Fiduciary Assessment, (IFA) was conducted in 2012/2013 which provided an update to the 2007 combined Public Expenditure and Financial Accountability (PEFA) performance measurement framework and OECD-DAC procurement assessment. The results of the 2012/2013 IFA, like the 2007 PEFA, concluded that Guyana's overall budget planning, accounting and reporting systems worked well; IFMAS (the financial and management accounting system used by the Government) operated consistently and reliably providing updated information about all elements of budget execution, and budget planning and reporting was being done in accordance with the cash basis of accounting and its standards. The Public Financial Management, (PFM) indicator scores from the 2012/2013, continued to show encouraging results with slight improvements in areas such as strengthened external audit function, budget preparation process, revenue administration etc. Notwithstanding, the IFA highlighted that attention needed to

- be paid to the internal control environment, internal audit, payroll control and procurement control among others. To date, confirmations from the Borrower on the results of the 2012/2013 IFA as well as 2007 PEFA remain outstanding. The Bank's Guide for the Use of Country Systems (GUS) Assessment was also conducted in 2013; this is yet to be finalized. The Auditor General's Office (AOG) is currently eligible to audit all Bank-financed TC and loan operations deemed to be of low or medium complexity and risk. This was based on an assessment of the capacity of the AOG undertaken by the Bank in 2011 and the continued institutional strengthening support given by the Bank to the AOG. On the procurement side, a modern legislative and regulatory framework exists for procurement but the Public Procurement Commission (PPC), a key element of the system, is not yet in operation. In addition, the other main weaknesses identified related to the supervision of statutory bodies, public procurement and internal audit and control.
- 1.5 For this operation, the Bank is recommending either: (i) the use of the national accounting system, Integrated Financial Management Accounting System (IFMAS), or any other system acceptable to the Bank, for the financial administration of the project; and (ii) for external control, a firm of independent public accountants acceptable to the Bank or the auditor general of Guyana.
- 1.6 To date, the public procurement activities are carried out in accordance with the 2003 Procurement Act. The procurement act is the legislative framework that establishes the rights, obligations and responsibilities of all parties in the procurement procedures. It sets out procedures for the control of the public procurement to ensure that public funds are used in the most cost effective manner. It also provides the basis for improving regulatory, oversight of operations, and compliant management functions. The procurement act created the National Procurement and Tender Administration Board (NPTAB) as a temporary body until the formation of the Public Procurement Commission (PPC), and reaffirmed the constitutional role of the PPC to oversee the purchasing of goods and services and the execution of works by public institutions and ensure they are carried out in a fair, equitable, transparent and competitive manner. Methodology for Assessing Procurement Systems (MAPS) assessments of the national system have been performed in 2007 and 2013. The results are not yet endorsed by the Government of Guyana (GoG). In the meantime, the Bank seeks to bring adequate support to the procurement function for all operations in execution, though, among others, continuous capacity building and all other relevant actions to ensure that procurement activities are carried out in a way that support the prompt execution of the operation and in accordance with the Bank's rules and procedures.

## **II. EXECUTING AGENCY'S FIDUCIARY CONTEXT**

- 2.1 The CH&PA comes under the Ministry of Communities, and is headed by a chief executive officer. For the recently concluded loan operation, 2102/BL-GY, the CEO was supported by the following employees/positions of the CH&PA: a finance director, an accountant, an assistant accountant and engineer Personnel. Under the present loan and as informed by the CEO, a procurement officer will also join the team to ensure timely and quality execution of the present loan.

- 2.2 Using 2102/ BL-GY, the recently concluded loan, as a benchmark, taking into account institutional visits, execution delivery and pace, as well as the Audited Financial Statements (AFS), the financial management arrangements revealed low to medium financial management risks, with a satisfactory system of internal controls in place, inclusive of adequate segregation of duties. The EA for the operation GY-L1028 will be the CH&PA. Based on the lessons learnt from the previous loan executed by this EA, the personnel of the accounting department had a reasonable degree of technical expertise.
- 2.3 CH&PA, as a budget agency, uses the financial management and accounting system of the country, or the IFMAS. As an extension to this, and along with the Bank's mandate to strengthen and increase the use of country systems, the loan 2102/BL-GY, was declared a pilot operation for the introduction of the Bank's portfolio to use the IFMAS. This operation and activity implementation received detailed attention in its design and execution phase, from the Bank, the borrower and the Audit Office of Guyana. Herein, an operations manual for bank funded operations using IFMAS as its accounting system was developed. The successful implementation of IFMAS as a pilot using the loan 2102/BL-GY provided the platform for successive bank funded operations to continue.
- 2.4 CH&PA is mandated to be audited by the Audit Office of Guyana (AOG). CH&PA uses the IFMAS, as previously mentioned. In light of the successful implementation of 2102/BL-GY, it is recommended that this program use IFMAS for the financial management and accounting of the reformulated program.
- 2.5 As far as the procurement function is concerned, it is considered that CH&PA has acquired the knowledge and capacity to execute procurement related activities. For the new operation, and according to information received by the CH&PA, the project team will be reinforced by a procurement officer, who will strengthen the CH&PA capacity to execute the expected processes, knowing that, based on the procurement plan for the operation, the said activities will not be complex in nature. Additionally, Section VI of the present annex proposes an operational framework to ensure that all procurement duties are discharged in the most efficient manner and in keeping with the Bank's procurement policies. The Bank will provide assistance and training to the new procurement officer which should also contribute to mitigating the risks in the procurement area.

### **III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS**

- 3.1 Project Team developed a preliminary Risk Mitigation Matrix that was discussed with the EA. This matrix outlines the necessary mitigating actions to be taken with the CH&PA. The Bank and the CH&PA will undertake joint reviews of the Matrix on a yearly basis, and introduce necessary additional mitigating actions as a result of such reviews.
- 3.2 As mentioned above, CH&PA has successfully executed the previous operation which was of a larger value and for similar activities. CH&PA has acquired the knowledge and experience to execute the expected activities under this new financing facility. Additionally, CH&PA informed that a new procurement officer would be recruited which should increase the agency's capacity to carry out procurement activities in accordance with the Bank's procurement policies.

Based on the above, the level of risk for procurement activities is estimated to be medium. As a mitigation measure, the newly recruited procurement officer will be trained in Bank procurement rules and procedures. Also, given the nature of the procurement activities to be completed and given also the execution mechanism established in Section VI below, it is expected that the general level of risk will be kept at its minimum and that the operation will execute in a prompt and efficient manner while keeping with the Bank's procurement policies.

#### **IV. ASPECTS TO BE CONSIDERED IN THE SPECIAL CONDITIONS OF CONTRACT**

- 4.1 Prior to the first disbursement, the Borrower, through the Executing Agency shall present evidence of the approval of the reformulated program's operating regulations, in the terms previously agreed with the IDB. Prior to the first disbursement of Component 1 of the program, the Borrower, through the Executing Agency shall: (i) present evidence of the assignment of CH&PA staff to the implementation of the reformulated program; and (ii) obtain IDB's non objection to CH&PA work plan for the execution of the reformulated program.
- 4.2 **Type of funds to be used by EA.** The type of funds to be used are established in the following manner: (i) reimbursement of actual expenses: the effective rate of exchange on the date of payment of each expenditure, as published by the Central Bank of Guyana; and (ii) reporting on accounts (Advance of Funds): the effective rate of exchange used in the conversion of the currency of the operation to the local currency.
- 4.3 **Financial Statements and Reports, Audited or Unaudited.** The EA is responsible for: (i) semi-annual financial reports of the program to be included in the semi-annual progress report which will be submitted by the CH&PA to the Bank; (ii) annual financial statements of the project including a special audit of the subsidies, audited by the AOG are to be submitted to the Bank within 120 days at the end of each fiscal year, beginning with the fiscal year in which the first project expenditures are incurred; and (iii) a final financial audit report of the program is to be submitted by CH&PA within 120 days after the date of the last disbursement.

#### **V. FIDUCIARY ARRANGEMENTS FOR PROCUREMENT EXECUTION**

- 5.1 **Procurement Execution.** Procurements for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (GN-2349-9), of March 2011; and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9), of March 2011, and with the provisions established in the loan contract and this PP. In addition, for all projects, the borrower is required to prepare and submit to the Bank a draft general procurement notice as well as an initial procurement plan which will be updated in accordance with the applicable sections of the policies and the loan agreement.
  - a. **Procurement of Goods, Works, and Non-Consulting Services.** The sector specialist is responsible for the review of all technical specifications for the operation.

- b. **Procurement of Consulting Services.** The borrower is responsible for preparing and implementing the project, and therefore for preparing the Terms of Reference (TOR), short lists, selecting the consultants, and awarding and subsequently administering the contract. The sector specialist is responsible for the review of all corresponding TOR and other technical documents.
- c. **Selection of Individual Consultants.** Individual consultants are employed on assignments for which: (i) teams of personnel are not required; (ii) no additional outside (home office) professional support is required; and (iii) the experience and qualifications of the individual are the paramount requirement. Individual consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the borrower. Individual consultants may be selected on a sole-source basis with due justification in exceptional cases. This is to be carried out in accordance with Section V (Selection of Individual Consultants) of GN-2350-9 paragraphs 5.1-5.4.
- d. **Recurring Expenses.** Include payment of utilities and other office operating expenses of the CH&PA, if any.
- e. **Advance Contracting/Retroactive Financing.** No advance contracting is foreseen under the present operation.
- f. **Domestic Preference.** Determining whether it is appropriate and necessary to use domestic preference in the evaluation of bids should be guided by Appendix 2 of GN-2349-9 Par. 1-6.
- g. **Exception to Bank Procurement Policies.** The operation does not foresee any exception to the Bank's procurement policies.
- h. **Sole Source Selection and/or Direct Contracting.** The execution of the program does not foresee direct contracting.

## 5.2 Country Threshold

Table (US\$) <sup>1</sup>			
International Competitive Bidding Threshold <sup>2</sup>			Consulting Services
Works	Goods		International Short List
>1,000,000	>100,000		>100,000

<sup>1</sup> Amounts for ex post and ex ante review are applicable based on the capacity of the EA and complexity of procurements. These amounts may be adjusted by the Bank, as capacity is improved, and/or procurement complexity varied. [Página web del Banco](#)

<sup>2</sup> When procuring simple works and common goods and their amount is under the International Competitive Bidding thresholds, Shopping may be used. When procuring complex works and non-common goods with amounts under the NCB range, Shopping shall be used.

5.3 **Main Procurement Activities.** The initial [Procurement Plan \(PP\)](#) for the operation cover the first 18 months of project execution. The on-line [Electronic Procurement Execution System](#) (known by its Spanish acronym as SEPA) introduced in Guyana in 2010 will be used for the publication and updates of the PP during project execution. It is expected that the EA will use the SEPA program for management of its procurement activities. The PP will be updated annually or whenever necessary, or as required by the Bank. The initial PP for the operation lists all procurement activities foreseen under this operation. The acquisition of goods and works will be conducted in several price comparisons that will be approved as indicated in Section 5.4 below. The procurement plan is based on the operation’s geographical and technical specificities. As indicated in the procurement plan, the loan will acquire US\$530,000 in works and US\$2,097,000 in goods in the operation’s geographic sphere of influence, namely region 1 and 9. The execution of the works as listed in the attached procurement plan will consist in the assembling and building of the houses. Based on the Operation’s Regulations which will be updated to ensure that the specifics of the present operation are taken into consideration, the works will be executed by the contractors and laborers from the beneficiary communities. The table below includes the list of the main procurement activities for this loan. The procurement is consolidated per activity and that each activity will be sub-divided in several processes which will follow the Bank’s applicable thresholds and Policies as indicated in Section 5.4 below.

**Main Procurement Activities<sup>3</sup>**

Region	Activity	Description	Procurement Method	Estimated Amount US\$	Comment
Region 1	Supply of Hardware Material	132 houses and 36 roofs and sanitary solutions	Price Comparison for Goods	312,000	Multiple price comparisons, in accordance with Section 5.4 below
Region 9	Supply of Hardware Material	200 houses and 50 roofs and sanitary solutions	Price Comparison for Goods	710,000	Multiple price comparisons, in accordance with Section 5.4 below
Region 1	Supply of Lumber	132 houses and 36 roofs and sanitary solutions	Price Comparison for Goods	602,000	Multiple price comparisons, in accordance with Section 5.4 below
Region 9	Supply of Lumber	200 houses and 50 roofs and sanitary solutions	Price Comparison for Goods	320,000	Multiple price comparisons, in accordance with Section 5.4 below
Region 1	Construction of Houses and Roofs	132 houses and 36 roofs and sanitary solutions	Shopping	215,000	In accordance with the Operation’s Manual
Region 9	Construction of Houses and Roofs	200 houses and 50 roofs and sanitary solutions	Shopping	315,000	In accordance with the Operation’s Manual

<sup>3</sup> All line items will be divided in several price comparisons that will be conducted in accordance with the applicable thresholds (see Par. 6.10 of the present Annex) and submitted to the supervision modalities as defined in Par.6.12 of the present Annex.

- 5.4 **Procurement Supervision.** The supervision modalities for this operation are tailored to keep with the most efficient execution mechanism while ensuring compliance with the applicable procurement rules and procedures. Under the present loan, procurement activities that (i) are not complex in nature; (ii) do not exceed US\$25,000; (iii) will be conducted directly in the project's geographical sphere of influence will be subject to ex post review provided that all the following cumulative conditions are met: (i) the procurement activity to be carried out is explicitly listed in the approved and updated procurement plan in SEPA; (ii) all technical specifications and/or terms of reference are validated by the Sector Specialist prior to launching the process; (iii) the procurement activity is executed in compliance with the Bank's policies, including the thresholds, and recommendations on filing for price comparison; (iv) the EA submits a copy of all support documentation for each process upon signature of the contract for the Bank's ex post no-objection; and (v) all modifications to the present arrangement are subject to a prior written agreement between the EA and the Bank. All other procurement activities will be subject to ex-ante review by default. Given the EA's experience, knowing also that the Bank was informed that the execution team will include a procurement specialist, the Bank does not anticipate specific challenges and the general level of risk is evaluated as medium. Also, amounts for ex ante and ex post review are applicable based on the EA's capacity to execute complex procurement processes. Amounts and supervision modalities may vary as capacity increases. The evaluation of capacity and the level of risk may vary during the project's execution depending on the findings of the regular supervision activities that will be conducted during the project's lifespan. The Executing Agency and the Bank will update the Operating Regulations to include the above and ensure that the operation is executed in accordance with the Bank's procurement rules and procedures.
- 5.5 **Records and Files.** All records and files will be maintained by the EA, according to accepted best practices, and be kept for up to three (3) years beyond the end of the operation's execution period. It is also recommended, and yet not mandatory, that the Executing Agencies developed electronic filing so as to avoid losing all paper files.
- 5.6 **Financial Management.** Financial statements and reports, audited or unaudited: (i) semi-annual financial reports of the program are to be included in the semi-annual progress report which will be submitted by the CH&PA to the Bank; (ii) annual financial statements of the project including a special audit of the subsidies, audited by the AOG are to be submitted to the Bank within 120 days at the end of each fiscal year, beginning with the fiscal year in which the first project expenditures are incurred; and (iii) a final financial audit report of the program is to be submitted by CH&PA within 120 days after the date of the last disbursement.
- 5.7 **Programming and Budget.** The borrower has committed to allocate, for each fiscal year of project execution, adequate fiscal space to guarantee the unfettered execution of the project; as determined by normal operative instruments such as the Annual Operating Plan and the Procurement Plan (PP).
- 5.8 **Accounting and Information Systems.** It is expected that IFMAS accounting system will facilitate the recording and classification of all financial transactions,

provide information related to planned versus actual financial execution of the project, the financial execution plan for the next 6 months that will be attached to each request for Advance of Funds, annual Financial Statements, performance reports, and any other reports, financial or otherwise, audited or unaudited, that may be required from the Bank from time to time.

**5.9 Disbursements and Cash Flow.** The Bank will supervise the creation of an Advance of Funds, using the Advance of Funds methodology:

- a. Whenever resources from the financing are requested through an advance of funds, they will be deposited into a special account, established exclusively for the project at the Central Bank of Guyana.
- b. Required resources from this special account can be transferred to another bank account in a commercial bank, denominated in Guyana dollars to be utilized for payment of expenditures in local currency.
- c. The Executing Agency (EA) commits to maintaining strict control over the utilization of the Advance so as to ensure the easy verification and reconciliation of balances between the EA's records and IDB records (WLMS1).
- d. Eligible expenditures, authorized by the Project Team Leader/Coordinator and incurred prior to the approval of this project will be reimbursed to the borrower, in accordance with current Bank policy.
- e. The project will provide adequate justification of the existing advance of funds balance, whenever 80% of said balance has been spent (see paragraph 3.2 for justification). Advances will normally cover a period not exceeding 180 days and no less than 90 days. In order to request disbursements from the Bank, the EA will present the following forms and supporting documents:

Type of Disbursement	Mandatory Forms (*)	Optional forms/ information that can be requested by the IDB
Advance	Disbursement Request/ Financial Plan	List of Commitments Physical/Financial Progress Reports
Reimbursements of Payments Made	Disbursement Request/ Project Execution Status/ Statement of Expenses	List of Commitments Physical/Financial Progress Reports
Direct Payment to Supplier	Disbursement Request Acceptable Supporting Documentation	List of Commitments Physical/Financial Progress Reports

(\*) Generally, supporting documentation for justification of advances and reimbursement of payments made will be kept at the office of the EA. Disbursements' supporting documents may be reviewed by the Bank on an ex post basis. These reviews do not entail a blanket approval, based on the samples reviewed, of the whole universe of expenditures.

**5.10 Internal Control and Internal Audit.** The management of the project will assume the responsibility for designing and implementing a sound system of internal controls for the project.

- 5.11 **External Control and Reports.** For each fiscal year during project execution, CH&PA will be responsible to produce semi-annual financial reports for the project, annual audited financial reports of the program and one final audited Financial Report at the end of the program, audited by the AOG. In addition, for each fiscal year during project execution.
- 5.12 **Financial Supervision Plan.** Financial supervision will be developed based on the initial and subsequent risk assessments carried out for the project. Financial, accounting and institutional inspection visits will be performed based on our risk assessed, covering the following: (i) review of the reconciliation and supporting documentation for advances and justifications; (ii) compliance with procedures; (iii) review of compliance with the lending criteria; and (iv) ex post review of disbursements.
- 5.13 **Execution Mechanism.** CH&PA will be the EA and will manage the advance of Funds; CH&PA will be responsible for, among other things: (i) preparation of required project reports; (ii) monitoring product, output and outcomes achievement using established indicators; (iii) preparation and submitting disbursement request to the Bank and justification of expenses; (iv) preparation of annual financial program expenses; (v) ensure compliance with all aspects of the Operating Manual (OM); and (vi) maintain adequate documentation filing system.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/15

Guyana. Amendment to Loan 2270/BL-GY  
Sustainable Housing for the Hinterland - Proposed Reformulation of the Expansion and  
Integration of the Basic Nutrition Program

The Board of Executive Directors

RESOLVES:

1. To approve the reformulation of the Expansion and Integration of the Basic Nutrition Program, approved by the President of the Bank on December 11, 2009, for the utilization of the available resources of such operation, to support the financing of the Sustainable Housing for the Hinterland - Proposed Reformulation of the Expansion and Integration of the Basic Nutrition Program, in accordance with the terms and conditions referred to in Document PR-\_\_\_\_\_. The available resources for the reformulation in the amount of up to US\$1,550,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, correspond to a parallel loan within the framework of the multilateral debt relief and concessional finance reform of the Bank.

2. 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, to amend loan contract 2270/BL-GY, according to this Resolution.

(Adopted on \_\_\_\_\_)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/15

Guyana. Amendment to Loan 2270/BL-GY  
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(Adopted on \_\_\_\_\_)