

Country Partnership Framework

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MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

GUYANA

FOR THE PERIOD FY23-26

April 18, 2023

**Caribbean Country Management Unit, LCC3C
Latin America and the Caribbean Region**

**The International Finance Corporation
Latin America and the Caribbean Region**

The Multilateral Investment Guarantee Agency

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CURRENCY EQUIVALENTS

Currency unit = Guyanese Dollar (GYD)

US\$1.00 = 211.5 GYD

(Exchange rate effective as of April 5, 2023)

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ABBREVIATIONS AND ACRONYMS

AFC	Alliance for Change
APNU	A Partnership for National Unity
ASA	Advisory Services and Analytics
BoS	Bureau of Statistics
CARICOM	Caribbean Community
CCDR	Country Climate and Development Report
CDB	Caribbean Development Bank
CSA	Climate-Smart Agriculture
CEN	Country Engagement Note
COVID-19	Coronavirus Disease
CPF	Country Partnership Framework
DEMPA	Debt Management Performance Assessment
DPO	Development Policy Operation
EITI	Extractive Industries Transparency Initiative
EU	European Union
FIRST	Financial Sector Reform and Strengthening Initiative
FDI	Foreign Direct Investment
FY	Fiscal Year
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GRID	Green, Inclusive and Resilient Development
GNI	Gross National Income
HCI	Human Capital Index
HEIS	Hands-On Enhanced Implementation Support
HFPS	High Frequency Phone Survey
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HLO	High-Level Outcome
ICD	Integrated Conservation and Development
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
LAC	Latin America and Caribbean
LAYS	Learning-Adjusted Years of Schooling
LCDS	Low Carbon Development Strategy 2030
LFS	Labor Force Survey
MERCOSUR	Southern Common Market
MIGA	Multilateral Investment Guarantee Agency
NCD	Non-Communicable Disease
NDC	Nationally Determined Contribution
NRF	Natural Resource Fund
NSS	National Statistical System
OAG	Office of the Auditor General
O&G	Oil and Gas
OPHI	Oxford Poverty and Human Development Initiative
PHC	Population and Housing Census

PIP	Public Investment Plan
PLR	Performance and Learning Review
PPA	Performance and Policy Action
PPP	Public Private Partnership
PPP/C	People's Progressive Party/Civic
REDD+	Reducing Emissions from Deforestation and forest Degradation+
SCD	Systematic Country Diagnostic
SCI	Statistical Capacity Indicator
SDFP	Sustainable Development Financing Policy
SDR	Special Drawing Rights
SLA	Service Level Agreement
SLC-HBS	Survey of Living Conditions/Household Budget Survey
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
SORT	Systematic Operations Risk Rating Tool
SWF	Sovereign Wealth Fund
TA	Technical Assistance
TREES	The REDD+ Environmental Excellence Standard
TVET	Technical and Vocational Education and Training
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
US	United States
WBG	World Bank Group
WTO	World Trade Organization

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FY23-26 COUNTRY PARTNERSHIP FRAMEWORK FOR GUYANA

I. INTRODUCTION

1. **This Country Partnership Framework (CPF) for Guyana lays out the strategic direction for the World Bank Group (WBG) program of support envisioned for the 2023-2026 period.**¹ The High-Level Outcomes (HLOs) and objectives supported by the CPF are closely aligned with the development priorities identified in the Systematic Country Diagnostic (SCD) for Guyana published in November 2020, which discusses the key constraints and opportunities for green, inclusive, and sustainable growth in the context of recent oil and gas (O&G) discoveries in the country. The CPF is also closely aligned with the government’s development strategies, including the recently revised Low Carbon Development Strategy 2030 (LCDS), and priorities for a resilient recovery from the impacts of the Coronavirus Disease (COVID-19) pandemic. This is the first full WBG strategic framework in Guyana since 2012, reflecting a strengthening of the WBG program and relationship with the country after the Country Engagement Note (CEN) for the Fiscal Year (FY) 16-18 period.

2. **The CPF comes at a crucial time for Guyana following the discovery of significant offshore O&G reserves, the start of oil production in 2019, and the subsequent economic boom the country is currently experiencing.** Guyana’s gross oil resources are conservatively estimated at over 11 billion barrels,² among the largest globally in per capita terms, and its territorial waters remain largely unexplored. Given the magnitude of projected oil production and revenues, Guyana’s real Gross Domestic Product (GDP) growth is expected to average close to 31.6 percent between 2022-2026, pushing per capita income to over US\$34,000. The CPF will support the government’s efforts to ensure this growth translates into meaningful gains in well-being for the overall population, while strengthening governance in O&G to maximize the benefits from the discoveries. For this, Guyana seeks to improve its human capital, reduce poverty, and address inequality. Realizing and sustaining these gains will depend crucially on building the country’s institutional capacity to adequately manage oil revenues while maintaining economic stability, mitigate the risks of developing Dutch Disease,³ enable a more productive and innovative non-oil economy, and ensure environmental sustainability. Furthermore, the global commitment towards decarbonization means that the benefits of oil production could gradually diminish as greener sources of energy become more prominent, emphasizing the need for economic diversification. This context highlights the importance of laying the foundations for sustainable private sector-led growth.

3. **The COVID-19 pandemic has had a significant impact on Guyana, though the success of its national vaccination campaign has limited the health burden and the economy is recovering.** As of April 7, 2023, there have been 73,120 confirmed cases of COVID-19 (9.1 percent of the population) and 1,293 deaths (165.02 per 100,000 people).⁴ As of March 31, 2023, a total of 960,133 vaccine doses have been administered, leading to approximately 67.6 percent of the adult population being fully vaccinated and over 87 percent having received at least one dose of a vaccine.⁵ Despite a substantial expansion of total GDP caused by the start of oil production, pandemic-induced disruptions in the economy led to a decline

¹ The CPF sets out the partnership objectives agreed between the WBG and the national authorities. Within this country partnership, WBG broadly contributes to priority areas also reflected in the UN’s Sustainable Development Cooperation Framework for Guyana, consistent with its development mandate and country engagement approach, and coordinates closely with the UN and other development partners.

² World Bank Group (2020). A Pivotal Moment for Guyana: Realizing the Opportunities – Systematic Country Diagnostic.

³ Dutch Disease refers to a macroeconomic distortion where revenue flows from natural resources lead to real exchange rate appreciation or inflation, decreasing competitiveness of non-resource tradable sector while fueling demand for non-tradable goods.

⁴ Ministry of Health data.

⁵ <https://covid19.who.int/region/amro/country/gy> and Ministry of Health data. The total doses administered refers to all segments of the population, including adolescents and children below 11.

in non-oil GDP of 7.3 percent in 2020. Non-oil GDP partially recovered with 4.7 percent growth in 2021, though it remains below pre-pandemic levels.

4. **The overarching goal of the CPF program is to support Guyana’s economic transformation by contributing to green, resilient, and inclusive development (GRID).** The anticipated influx of oil revenues, if adequately managed, presents a unique opportunity to move towards a higher-productivity and diversified economy that generates jobs and is green, resilient, and inclusive. However, international experience shows that the oil sector can also pose serious challenges to good governance, economic management, political stability, social cohesion, and the environment. The CPF program aims to support Guyana in addressing these challenges by contributing to the following three HLOs: (i) improved human capital; (ii) more and better jobs; and (iii) enhanced climate and environmental resilience. The CPF outlines a highly selective program tailored to the institutional and absorptive capacity constraints of a small state such as Guyana, with a strong focus on building human capital and institutions based on the division of labor among development partners.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1 Country Context

5. **Guyana is a small state with abundant natural resources.** The country is endowed with extensive grasslands, tropical rainforests, deposits of gold, bauxite, diamonds, abundant water resources, and newly discovered O&G reserves off its Atlantic coast. Guyana is also part of the Amazon biome with approximately 85 percent of the country covered in forests, which serves as an important carbon sink and its sustainable management is critical for the global climate agenda. Resource-based development (agriculture and mining constituted the main economic activities prior to the discovery of oil) has created a limited number of jobs for its approximately 800,000 inhabitants.

6. **Guyana’s GDP per capita is rapidly increasing on account of oil production and the country is expected to remain one of the fastest growing economies with double digit growth rates in 2023 and 2024.**⁶ While, historically, Guyana’s GDP per capita was among the lowest in South America, extraordinary economic growth, averaging 31.7 percent over the last two years, brought real GDP per capita to over US\$11,052 in 2021, from US\$6,478.3 in 2019.⁷ Poverty has dropped significantly from close to 61 percent in 2006 to around 48 percent in 2019, but was still among the highest in the Latin America and Caribbean (LAC) region.⁸ Poverty rates are highest in the sparsely populated interior or hinterland, where communities have limited access to economic opportunities, healthcare, and public services. The country has historically experienced high emigration and brain drain, with 39 percent of all Guyanese citizens currently residing abroad and a large share of all Guyanese with a tertiary education having emigrated to countries in North America, Europe and the Caribbean.⁹ In late 2022, the government embarked on a national population and housing census that will provide more recent data on emigration trends. Revenues from oil production and exports are saved outside of the economy and, as of 2022, are funding a significant increase in government investments. This is in line with the Natural Resource Fund (NRF) Act of 2021 which established the country’s Sovereign Wealth Fund (SWF) and governs the allocation and use of O&G revenues.

⁶ 25.2 and 21.2, respectively, according to the World Bank Group Global Economic Prospects, 2023.

⁷ World Bank (2022) Macro-Poverty Outlook.

⁸ Measured as share of the population living below \$5.50 a day (2011 in Purchasing Power Parity (PPP)) and based on World Bank staff estimates based on the 2019 Guyana Labor Force Survey. Guyana was recategorized as upper-middle income in 2015, and as such a poverty line of \$5.50 per day in 2011 PPP, appropriate for countries at this income classification is used to monitor poverty. Countries used in the regional comparison include: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay. They were chosen based on availability of comparable poverty data, as published by the LAC Equity Lab, and ranged from lower-middle income to high income countries.

⁹ World Bank Group (2020), A Pivotal Moment for Guyana: Realizing the Opportunities - Systematic Country Diagnostic

7. **Guyana’s geographic location allows the country to benefit from integration with its Latin American neighbors and Caribbean islands and to access other export markets.** As a member of the Caribbean Community (CARICOM), Guyana shares a common external trade policy with other member countries. Guyana is also an associate member of the Southern Common Market (MERCOSUR) and has partial scope agreements with Brazil and Venezuela. A World Trade Organization (WTO) member since 1995, Guyana is party to a number of regional trade agreements including CARICOM-Canada, European Union (EU)-CARIFORUM States, United Kingdom (UK)-CARIFORUM States, and the Global System of Trade Preferences among Developing Countries. Guyana’s agricultural products enjoy duty-free access to the EU, Jamaica, the United States (US), and Mexico.¹⁰

2.2 Social and Political Context

8. **Guyana is a multi-ethnic and multi-religious society.** Guyana’s population is made up of Indo-Guyanese, Afro-Guyanese, Mixed-Guyanese, Amerindians, and other groups. Indo-Guyanese are predominantly engaged in the agricultural and business sectors while Afro-Guyanese are engaged mainly in services and the public sector.

9. **Guyana has the largest population of Indigenous Peoples (Amerindians) in the Commonwealth Caribbean.** According to the last census (2012), 10.3 percent of Guyana’s population identify as Amerindians.¹¹ Amerindian Guyanese live primarily in remote and inland rural areas, with limited access to proper infrastructure and modern-life facilities. According to official government statistics, 67 percent of Indigenous men are employed in forestry and mining activities. Most Indigenous women engage in subsistence farming and home care, though increasingly a greater portion are employed in the public sector working as teachers and community health workers, and as service providers to mining and logging operations. Poverty rates are higher among Indigenous communities.

10. **The political situation in Guyana is stable after a period of instability associated with the tabulation of the March 2020 national elections results.** The country’s political landscape is dominated by two large parties: the governing People’s Progressive Party/Civic (PPP/C) and the main opposition, A Partnership for National Unity (APNU) / Alliance for Change (AFC) coalition. Political affiliations have historically been divided along ethnic lines, though political parties have recently positioned themselves as ethnically inclusive, which has reflected in their membership and some changes in voting patterns. The previous government’s loss of a no-confidence motion in 2018 triggered a period of political uncertainty. Following the conclusion of numerous legal challenges to the no-confidence vote by the APNU/AFC coalition, and support from the regional and international community, national elections were held in March 2020. After a dispute of the vote tabulation process, further legal challenges and a national recount, Dr. Mohamed Irfaan Ali of the PPP/C was sworn in as the ninth President on August 2, 2020, and the country’s political environment stabilized.

2.3 Recent Economic Developments and Economic Outlook

11. **2020 marked the beginning of a decade of projected rapid economic growth fueled by the O&G sector.**¹² Prior to the discovery of oil, the country had experienced consistent, moderate economic growth averaging 3.6 percent per year over the previous decade. Two fields are now in operation, with another expected to come onboard by 2025. This is expected to sustain annual double digit real GDP growth rates over the medium term.

¹⁰ For analysis of Guyana’s trade framework see UNCTAD’s Trade Policy Framework, Guyana, A National Trade Strategy, UN 2021, available at https://unctad.org/system/files/official-document/ditctncd2020d3_en.pdf.

¹¹ UNICEF (2017). Study on Indigenous Women and Children in Guyana.

¹² Oil production in the first offshore oil field started in December 2019.

12. **The projected oil boom represents a great opportunity for Guyana, however, there is still need for reforms and investments.** The O&G sector will generate substantial fiscal revenues which will be deposited in the NRF with clearly defined rules for withdrawals, with a portion being made available for budgetary spending (see Box 1: Guyana’s NRF). This would allow Guyana to scale up public expenditures in key areas (including social sectors and infrastructure) to bring about a more conducive and enabling environment for private sector growth and economic diversification, as well as to reduce poverty, address spatial disparities, and boost shared prosperity. The 2021 NRF Act includes provisions that allowed the government to withdraw approximately US\$600 million or 7.2 percent of GDP from the NRF in 2022 to address public investment needs and crisis response. Cognizant of international best practices, it will be essential for Guyana to carefully manage the risks emanating from the inflows of oil revenues, as many resource-rich countries have suffered from the so-called “Dutch disease”— where large revenue flows from natural resources lead to real exchange rate appreciation and a loss of competitiveness of the non-oil economy and jobs.

Box 1. Guyana’s Natural Resource Fund

The Parliament of Guyana in December 2021 enacted the NRF Act, which established an SWF to manage the natural resource wealth accruing from the extraction and sale of Guyana’s O&G resources. The 2021 NRF Act, which replaced the 2019 NRF Act, is largely consistent with the Santiago Principles and aims to achieve intergenerational equity and economic and social development.

Revenues to the NRF consist mainly of petroleum revenues and investment profits. Petroleum revenues include (i) royalties payable by the holder of a petroleum license, (ii) government’s share of O&G profits, and (iii) income, capital, and property taxes levied on the companies or individuals undertaking production operations.

The 2021 NRF Act provides a clear legal framework with well-defined objectives. The NRF’s institutional arrangements and governance structure are fully elaborated, and its investment procedures and risk management systems are described in detail. On governance and reporting, the legislation establishes a Board of Directors (in place of the previous 22-member Public Accountability and Oversight Committee) with 3-5 members selected by the President. Members of the National Assembly and ministry employees are not eligible to serve on the committee. The Board of Directors has general responsibility for the management and direction of the Fund as distinct from the Minister of Finance under the previous Act. However, the Board of Directors will report to the Minister of Finance. The Central Bank will play a critical role in the operational and investment management of the NRF. The National Assembly, the Public Accounts Committee, the Central Bank of Guyana, the Board of Directors, the Public Accountability and Oversight Committee - which by design will exercise non-governmental oversight - and the Ministry of Finance are the key oversight bodies of the Fund. The Act requires monthly, quarterly, and annual reporting in terms of transparency and accountability. The annual report is required to be tabled in the National Assembly, and the Fund is subject to internal and external audits.

The 2021 NRF Act also introduced a new formula for withdrawal and transfer of funds to the Consolidated Fund, allowing the government to begin using its resources in 2022. A simple mathematical formula will be used to calculate withdrawals from the NRF, independent of the prevailing macroeconomic conditions as recommended in the previous Act.

Source: Natural Resource Fund Act and World Bank (2021 and 2022)

13. **Real GDP expanded by 57.8 percent in 2022.**¹³ The continued extraordinary expansion in economic activity reflected the scaling up of commercial crude oil production at the Liza Phase 1, which produced nearly 110,200 barrels/day in 2021, a 48.3 percent increase over 2020. Since the beginning of production under Liza Phase 2 in 2022, the production more than doubled reaching approximately 274,433 barrels per day by the end of the year.¹⁴ In parallel, non-oil GDP continued to recover from the impact of the pandemic, with economic activity expanding 4.7 percent. This was primarily attributed to recovery in mining & quarrying and construction as containment measures eased, and vaccination rates increased. Guyana experienced significant flooding in 2021, which impacted agricultural output in the first

¹³ World Bank Macro-Poverty Outlook, April 2023.

¹⁴ Liza Phase 1 and Phase 2 refers to the operation of two Floating Production Storage and Offloading vessels for the Liza oil field located in the Stabroek Block. The development of the Liza oil field has taken place in two separate phases.

half of the year. In this context, inflation increased to 4.8 percent in 2021 from 1.0 percent in 2020, reflecting higher food and medical care prices and supply chain constraints. Much of the price acceleration occurred in the second half of 2021.

14. **The fiscal deficit was 10.2 percent of non-oil GDP in 2022.** Fiscal policy in 2022 focused on increasing capital investment to support non-oil economy growth and development while providing relief to citizens from the adverse impact of the pandemic and rising prices. Relief efforts to increase household incomes and reduce poverty included direct and indirect income support, with adjustments to the income tax threshold and a reduction in the fuel excise tax. In this context, total revenue peaked at 28.1 percent of non-oil GDP in 2022, while total spending approximated 38.3 percent of non-oil. The total public debt to GDP ratio is estimated to have declined to 23.3 percent of total GDP in 2022, 15.3 percentage points lower than in 2021.¹⁵

15. **Due to the increased spending on imports for Liza Unity, the current account deficit increased from 15 percent of GDP in 2020 to 20.5 percent of GDP in 2021.** Total payments for imports increased by 70.4 percent in 2021 due to the arrival of the Liza Unity - Guyana's second floating production storage and offloading vessel - and a significant increase in net service obligations. Earnings from exports rose by 65.8 percent in 2021 due to increases in both the volume and price of oil exports. The current account deficit was financed by foreign direct investment (FDI) and official and other private flows. In this context, the Bank of Guyana's external reserve position increased to US\$ 810.8 million at the end of 2021, up from US\$680.6 million at the end of 2020.¹⁶ Nevertheless, the reserve coverage ratio - at 1.3 month of imports of goods and services - remained below international accepted benchmarks. Notwithstanding, the government also had balances of US\$1,464 million in the NRF as of March 2023.

16. **Guyana is expected to remain one of the fastest growing economies in the world over the medium term as new oil fields are developed and production capacity expands.** Oil output is expected to quadruple by end-2023 and rise further as new fields are added – potentially including the Payara oil field in by the end of 2023 and the Yellowtail oil field by 2025. With non-oil GDP expected to grow at a rate of 7.0 percent, total annual GDP growth is expected to average close to 31.6 percent in real terms between 2022-2026. Global inflation is expected to remain elevated relative to recent history, Guyana being no exception, though, in the case of Guyana, gradually moderating over time - assuming effective sterilization of foreign exchange inflows from the NRF. Fiscal revenues are projected to increase in keeping with provisions in the new 2021 NRF Act that will allow for higher spending while keeping the fiscal deficit and public debt on a downward trajectory. As of December 2022, a total of US\$607.6 million has been transferred from the NRF to the government treasury. FDI inflows will remain strong, primarily in the oil and mining sectors, supporting the central bank's international reserves position.

17. **The economic outlook for Guyana faces downside risks.** Guyana faces well-known risks associated with resource-dependent developing economies including its limited diversification. This can be further exacerbated by its relatively weak institutional base. While transfers from the NRF to the budget will help contain fiscal imbalances, consideration should be given to the absorptive capacity of the economy. Notably, global experience has shown that rising expectations regarding anticipated O&G revenues may lead to overspending, over-borrowing or excessive depletion of SWFs in the reshaping of economic policy.¹⁷ Transfers to the budget, if not consistent with the capacity of the economy to absorb and to sterilize the proceeds, could result in the economy overheating. Furthermore, faster international policy actions towards a greener economy and associated shifts in global demand away from non-

¹⁵ For the fiscal accounts, the balances are recorded in percent of non-oil GDP. However, the stock of public debt is presented in percent of overall GDP. The difference in denominator explains the disconnect between the overall fiscal balance and the evolution of the public debt stock.

¹⁶ This does not include savings in the NRF.

¹⁷ This was the experience of Angola and Nauru.

renewables could lead to a faster-than-expected reduction in commercial production in Liza Phases 1 and 2, with adverse implications for the economy and public finances in the next decade. To mitigate this risk, the government is seeking to promote economic diversification to reduce dependence on the oil sector.

18. **There is also significant upside potential with additional discoveries and plants that may come on stream after 2023.** However, the realization of the upside oil potential and the associated O&G revenues will pose new policy challenges, including the need to ensure that the sizable asset portfolio is professionally managed, with market-based principles, transparency, and accountability in the allocation of investment funds. Equally important are improvements to the governance and systems for public finance and public investment management as more resources are transferred from the NRF to the budget. The government is addressing both of these challenges, including with World Bank support.

Table 1: Selected Macroeconomic Indicators and Projections (2019 – 2026)

	2019	2020	2021	2022e	2023f	2024f	2025f	2026f
Income and prices	Annual change unless otherwise indicated							
Real GDP growth (total)	5.4	43.5	20.0	57.8	25.2	21.2	28.2	25.5
Real non-oil GDP growth	4.3	-7.3	4.7	10.7	6.9	6.8	5.2	5.2
CPI Inflation	1.4	1.0	4.8	6.4	6.0	5.7	5.5	5.3
Fiscal Accounts	Percent of non-oil GDP, unless otherwise indicated							
Revenues	23.8	24.5	23.9	28.8	38.4	37.6	37.4	35.5
Expenditures	26.6	33.9	34.0	39.0	49.4	51.0	50.4	49.8
Primary Balance	-2.0	-8.6	-9.4	-9.6	-10.0	-12.4	-12.1	-13.3
Fiscal Balance	-2.8	-9.4	-10.1	-10.2	-10.9	-13.4	-13.0	-14.2
Public debt	Percent of GDP, unless otherwise indicated							
Debt	34.2	47.4	38.6	23.2	20.9	20.3	19.3	18.5
External	25.2	24.1	17.2	9.9	9.0	8.1	6.4	4.9
Domestic	8.9	23.2	21.4	13.4	11.9	12.2	12.9	13.6
Balance of Payment	Percent of GDP, unless otherwise indicated							
Current Account Balance	-54.6	-15.0	-20.5	42.3	29.6	27.7	16.9	25.4
Exports	34.6	51.0	60.1	79.8	80.1	79.7	80.4	84.8
Imports	99.3	77.6	93.9	33.7	46.5	28.6	33.4	20.8
Gross reserves in months of imports	1.3	1.9	1.3	2.3	2.0	4.1	3.9	5.9
Selected Monetary Accounts	Percent change, unless otherwise indicated							
Domestic credit of the banking system	7.9	2.5	9.0	10.2
Broad money	14.4	14.5	13.8	7.8
Memorandum items								
GDP (nominal, GYD billion)	1,079	1,141	1,690	3,207	3,650	4,100	4,947	5,978
Gross international reserves (USD million)	576	681	811	939	1,323	1,857	2,454	2,832
NRF asset stock (USD million)	...	198	608	1,426	2,305	3,776	6,673	12,093

Source: Government of Guyana, International Monetary Fund, and World Bank Staff estimates and projections

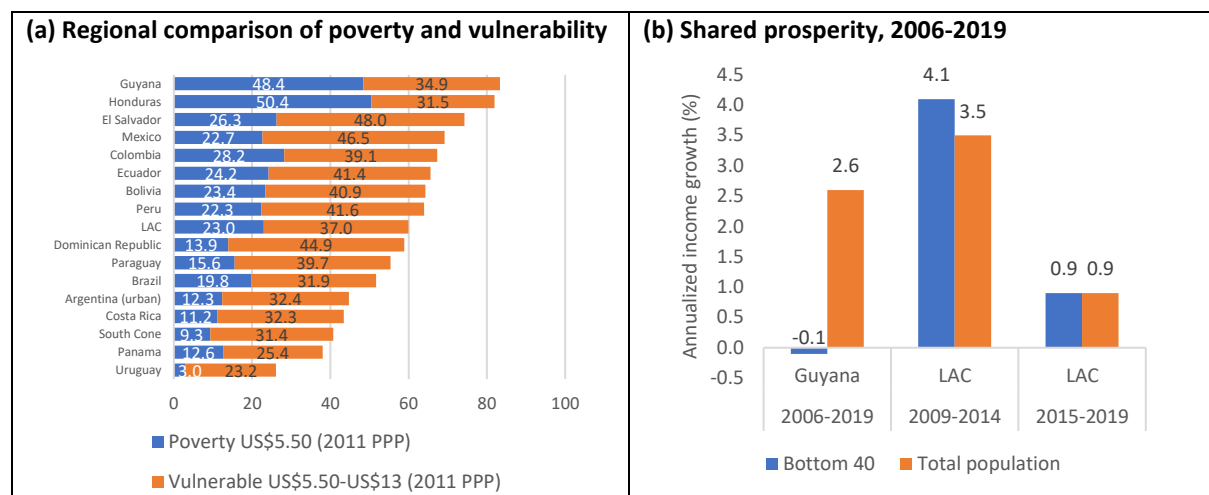
2.4 Poverty Profile

19. **Guyana has experienced a decline in poverty over the past decade from 60.9 percent in 2006 to 48.4 percent in 2019.**¹⁸ Notwithstanding these improvements, Guyana still lags behind its peers in the LAC region (Figure 1(a)). Moreover, inequality increased between 2006 and 2019, with the Gini coefficient

¹⁸ 2019 is the latest year with data available.

rising from 0.46 to 0.52, as incomes of the bottom 40 percent grew more slowly than those of the average Guyanese. This contrasts developments in the LAC region, where the income of the bottom 40 percent grew at higher rates than the average over 2009-2014 and at the same rate over 2015-2019 (Figure 1(b)). While recent data is not yet available, rising economic activity after 2020 may have resulted in increased employment and, as a result, contributed to a reduction in poverty.

Figure 1. Poverty and Shared Prosperity



Source: (a) World Bank LAC Equity Lab and World Bank staff estimates based on the Labor Force Survey 2019 for Guyana. (b) World Bank staff estimates based on the Labor Force Survey 2019 for Guyana and World Bank LAC Equity Lab for LAC.

20. **Spatial disparities remain, both in terms of income poverty and multidimensional poverty, particularly in Guyana’s interior.** In 2019, the latest year for which poverty data is available, 65.5 percent of the population in the interior lived below US\$5.50 a day, higher than in rural-coastal areas (at 44.5 percent) and urban-coastal (at 49 percent). The incidence of multidimensional poverty shows a similar pattern.¹⁹ At the national level, only 1.7 percent of the population were considered multidimensionally poor between 2019-2020.²⁰ In Guyana’s interior regions, however, this was the case for between 11 to 19 percent of the population (Figure 2(b)). Since 2020, the government has implemented a number of targeted initiatives including public and private sector wage increases, old age and disability benefits, post pandemic grants and incentives for SMEs to address poverty.

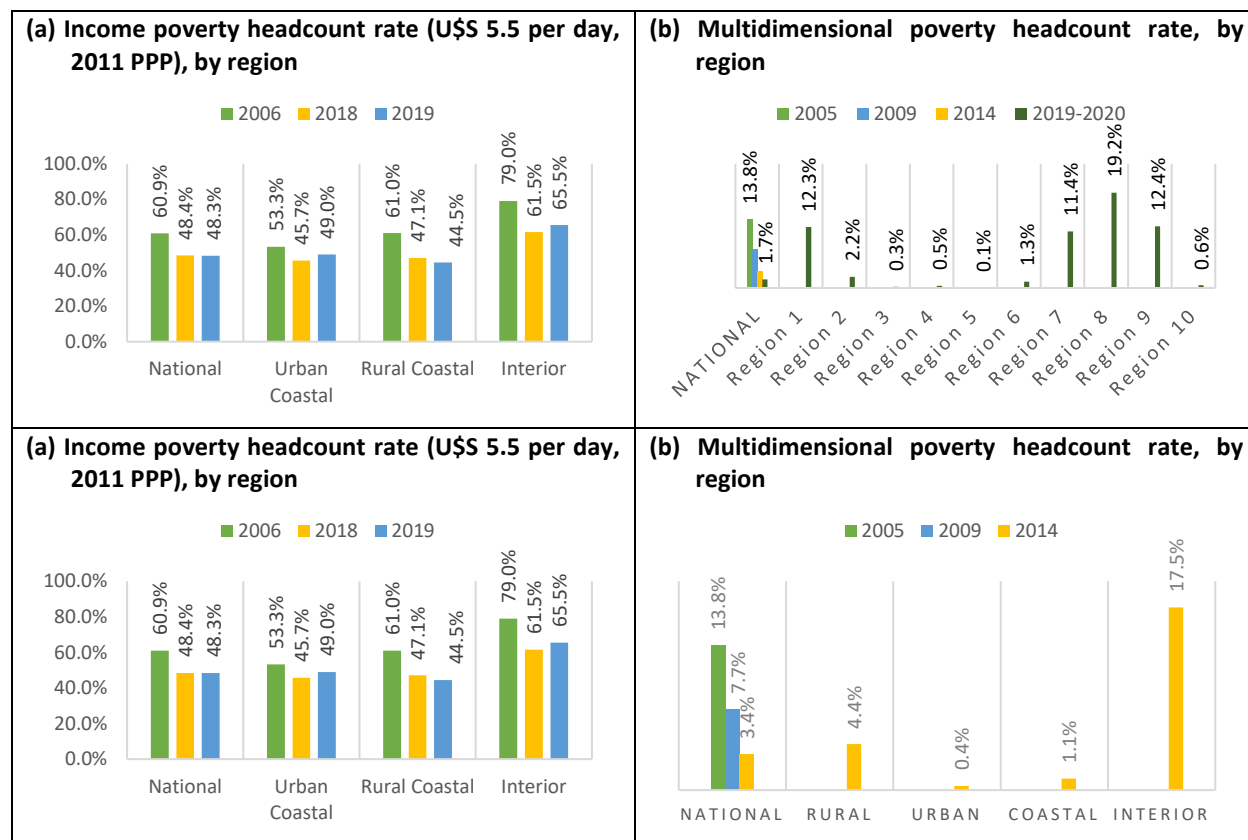
21. **The COVID-19 pandemic is expected to have contributed to an increase in poverty, although mitigated by government’s action.** Data from the World Bank – United Nations Development Programme (UNDP) LAC High-Frequency Phone Survey (HFPS) conducted in 2021 shows that in mid-2021 about half of households (47.3 percent) reported their total household income to be lower than before the pandemic. For the subsequent period until December of 2021, the majority of households (85.0 percent) either saw their income remain at the mid-2021 level or decline. The government’s response to the pandemic shock mitigated the impact on poverty. In 2020, the government introduced an unconditional emergency cash transfer which benefited almost 3 out of every 4 Guyanese households (74.2 percent) and provided among the highest coverage in the region. At the end of 2021, the survey showed about 4 in 10 households (41.8 percent) experiencing some type of food shortage within the 30 days preceding the survey, due to pandemic related impacts. The study also points to a severe reduction in children’s school attendance due to prolonged school closures (13 months) and limited access to virtual/distance

¹⁹ Multidimensional poverty is a complementary measure of income poverty. It considers non-monetary dimensions of poverty as the degree of deprivations in ten indicators grouped into three dimensions: education, health, and living standards. For details see Oxford Poverty and Human Development Initiative (OPHI) (2020): Global MPI Country Briefing 2020: Guyana (LAC), July.

²⁰ OPHI Country Briefs for Guyana, 2009 and 2020.

learning. While before the pandemic attendance was almost universal (96.3 percent), in mid-June, only 63.7 percent of children were attending school (in person or virtually). School attendance increased substantially over the second half of the year to 86.2 percent at the end of 2021, although still about 10 percentage points below the pre-pandemic level and below the LAC average (92.2 percent).

Figure 2. Income Poverty and Multidimensional Poverty, by Region



Source: (a) – World Bank staff estimates based on Household Budget Survey 2006, Labor Force Survey 2018 and 2019. (b) – OPHI Country Brief Guyana 2010, 2013, 2020 and 2022.

22. **Guyana has achieved gender parity in primary and secondary enrollment, with girls outperforming boys in tertiary enrollment, though equality in education does not translate into equality in economic opportunities.** The ratio of female to male enrollment in primary and secondary education was 1 in 2012, while at the tertiary level it was higher at 1.5.²¹ However, the Labor Force Survey (LFS) shows female labor force participation in Guyana to be considerably lower than male (41.7 percent in the third quarter of 2021, compared to 58.3 percent among men). Guyana’s female labor force participation rate in the formal economy is among the lowest in the LAC region and is also generally below countries with comparable income levels and the group of small states.²² Women also have higher unemployment rates at 18.4 percent in 2021 (third quarter), compared to 12 percent among men; and when they do

²¹ The Gender Parity Index (GPI) indicates parity between girls and boys. It is calculated by dividing female gross enrollment ratio in tertiary education by male gross enrollment ratio in tertiary education. A GPI of less than 1 suggests girls are more disadvantaged than boys in learning opportunities and a GPI of greater than 1 suggests the other way around.

²² Source: World Development Indicators. For comparability purposes, labor force participation rates were taken as modeled ILO estimates for the female population ages 15+. These are not directly comparable with national estimates.

work, their earnings are 15.7 percent lower than those of their male counterparts, after controlling for observable characteristics.²³

2.5 Main Development Challenges

23. **The anticipated influx of significant O&G revenues presents a unique opportunity to reduce poverty and move towards a higher-productivity and diversified economy that generates jobs and is green, resilient, and inclusive.** However, international experience shows that, without adequate institutions, regulation and transparency, the oil sector can also pose serious challenges to good governance, political stability, and social cohesion. The development of large-scale extractive industries in developing countries can erode the quality of governance and may even spark conflicts and polarization over control of resource revenues, particularly in countries with weaker institutions. Moreover, with the global movement towards decarbonization, this oil opportunity may face declining demand, emphasizing the need to invest in diverse economic opportunities.

24. **Guyana has made progress in strengthening its institutional capacity and increasing transparency.** The constitutional reform in 2002 brought about new institutional bodies with key responsibilities, such as the Judicial Services Commission, Public and Police Service Commissions, and the Public Procurement Commission. More recently, Guyana strengthened its Anti-Money Laundering/Combating the Financing of Terrorism framework, successfully being removed from the Caribbean Financial Action Task Force and European Commission's money-laundering blacklists. The government has made strides in strengthening fiscal capacity and transparency and Guyana begun publishing quarterly debt bulletins in 2021 and has published a debt policy. The passage and subsequent amendments to the NRF Act set clear ceilings on withdrawals for budgetary spending, promote transparency in the management and use of oil resources, and establish the governance framework to achieve intergenerational equity and economic and social development in line with international standards. Additionally, Guyana has consistently ranked around the median (17/32) among Latin American and Caribbean countries on the World Justice Project's Rule of Law Index. Worldwide Governance indicators show Guyana having improved on control of corruption from 2016 to 2021, putting it in the 50th percentile globally and comparable to the rest of Latin American and the Caribbean.

25. **However, governance and institutional challenges pose risks to Guyana's ability to leverage its natural resource wealth to support sustainable development.** The effectiveness of Guyana's public institutions faces challenges such as lack of updated regulations, low levels of public trust, and poor quality of public services. Trust in institutions and rule of law also remained low, as well as measures of the government's effectiveness, including the quality of public services and their independence from political pressure. Despite recent improvements, Guyana's governance scores remain in the bottom half of the global ranking.²⁴ Guyana scores significantly low in regulatory quality - the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. Thus, it will be important to continue deepening efforts to promote transparency and accountability, encourage greater public engagement, foster more effective interagency collaboration and prudently manage the O&G revenues to ensure the responsible accumulation of foreign assets in the NRF.

²³ Unemployment rates come from the Guyana Labor Force Survey 2021 Third Quarter Bulletin. The gender pay gap is based on World Bank staff estimations based on the 2017 (fourth quarter) GLFS; Source: World Bank Group (2020), A Pivotal Moment for Guyana: Realizing the Opportunities - Systematic Country Diagnostic.

²⁴ Worldwide Governance Indicators, available at <http://info.worldbank.org/governance/wgi/>. Worldwide Governance Indicators are a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries, that are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms, and do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent, and are not used by the World Bank to allocate resources.

26. **Given the size of Guyana’s O&G resources relative to the non-oil economy, it will be important for the country to mitigate the risks of developing the so-called Dutch Disease.** O&G production is projected to dominate Guyana’s economy over the medium term, eclipsing traditional economic mainstays such as agriculture and gold and bauxite mining. Meanwhile, rising foreign-exchange inflows and increased public spending can alter the relative prices in domestic markets, especially between tradable and non-tradable goods. Meanwhile, limited job creation can put pressure on the government to replace income-generating activities with transfers and subsidies, which are subject to sustainability risks. To effectively mitigate the adverse macroeconomic impacts of resource exports, public investments and regulatory reforms are needed to promote sustainable employment growth and enhance economic competitiveness and diversification. Also, to protect the country’s pristine forests, development of the non-oil economy will have to be accompanied by efforts to strengthen green growth and the development of sectors based on renewable natural resources such as nature-based tourism, community forestry, climate smart agriculture and fisheries, renewable energy and sustainable value-added timber and non-timber forest products.

27. **High energy costs, limited availability of infrastructure, access to finance, skills and the business regulatory environment have been identified as binding constraints to competitiveness and diversification across all sectors.**²⁵ Energy costs in Guyana are among the highest in the region, rendering capital intensive or low-margin industries uncompetitive. Notwithstanding recent capital investments in physical and digital connectivity infrastructure, as well as the business environment surrounding trade logistics, more needs to be done to allow Guyana to realize its economic potential in areas including tourism, agribusiness, and environmentally friendly mining. Easy access to available finance reduces the dynamism of the private sector, particularly SMEs, in areas such as agriculture, services, eco-tourism, and innovation.

28. **The government has prioritized the modernization and upgrade of transport infrastructure to support its economic transformation and foster the mobility of goods and people.** Guyana’s transport infrastructure has traditionally been limited, with 80 percent of roads unpaved, and the network depending heavily on the reliability of bridges and culverts that serve a dense system of drains and canals along the coastal lowlands where most of the population lives. The limited number of all-weather connecting road networks from Georgetown to other parts of the country restrict the growth of the logistics industry and impacts growth in the tradeable sectors. For the agriculture sector, farms to market access, including road quality and other support infrastructure, need improvement despite recent investments in these areas. Similarly, limited and aged infrastructure pose challenges to the manufacturing sector, especially shipping operations. Investment in transport infrastructure is a priority for the country and the government has started to mobilize financing towards a more resilient and efficient road and bridges network.

29. **Guyana has opportunities for further realizing its trade potential with neighboring countries.** Guyana’s two main international land economic corridors to the South (Georgetown-Linden-Roraima/Brazil) and to the East (Georgetown-Skeldon-Paramaribo/Suriname) can be further developed. Guyana is connected to Brazil via the Takatu Bridge. However, 91 percent of the 559 km route from the Brazilian border to Linden remains unpaved. In response, the government has issued contracts to begin re-construction of bridges along the Linden-Lethem corridor and to commence construction of 121 km of highway from Linden to Mabura Hill as part of its plan to pave the entire corridor. On the East side, there is currently no land connectivity on the Suriname-Guyana economic corridor and crossing is made by ferry from Moleson Creek. The Governments of Guyana and Suriname have announced plans to build a bridge across the Corentyne river and the contract for its feasibility study was awarded and signed in April 2022.

²⁵ World Bank Group analysis on Guyana’s Prospects for Competitiveness and Diversification. Forthcoming publication.

The construction of this bridge will reduce connectivity constraints in the Guyana-Suriname economic corridor and could contribute to boosting trade, tourism, agriculture productivity and strengthen cooperation between the two countries.

30. **Guyana has the natural endowments and proximity to large markets to achieve its vision of becoming the “breadbasket of the Caribbean”.**²⁶ In addition, the sector retains a large footprint in terms of value-added (17 percent of GDP) and jobs (15.4 percent) and can serve as a counter-cyclical buffer against fluctuations in the O&G sector, as evidenced by its resilience to the contraction of the non-oil economy in 2020. However, the agri-food system requires modernization and reskilling to increase productivity, build climate resilience, and diversify to achieve its substantial potential. Guyana’s agricultural land and labor productivity is behind its regional peers,²⁷ though value-added per worker has been trending upward since the 1990s.²⁸ Traditional food systems are susceptible to increasing temperature and precipitation that lead to unpredictable floods and drought. Lastly, the export base remains narrow, with the continued dominance of traditional commodities like rice and sugar, vegetables and orchard crops.

31. **Guyana will need to further strengthen its digital economy readiness.** According to the United Nations (UN), Guyana scores poorly in e-government, ranking 123rd out of 193 economies in the Government Development Index and 153rd in the e-Participation Index. Use and acceptance of digital payments remains low, although through a recently established payments system infrastructure, Guyana has made advancements in digital payments. Lastly, critical networks, information systems, and online transactions are vulnerable to cyberattack, fraud, and natural disasters.

32. **Further investments in human capital are critical to ensure the benefits from the O&G sector on the broader economy are shared across Guyana’s entire population.** The country’s sparse population and remote communities of the interior reduce the rate of return on public investments and raise the cost of delivering basic services. The country’s human capital indicators are below the regional average and education and health indicators reveal deep disparities between regions. According to the 2020 World Bank Human Capital Index (HCI), a child born in Guyana today would only reach 50 percent of her productive potential had she enjoyed complete education and full health. Recent increases in public spending on health, education, and social protection are addressing this issue and will directly impact the productivity of the current and future workforce, influencing the ability of Guyanese workers to participate in the oil sector and related activities, as well as the economy’s capacity to sustain robust growth rates.²⁹

33. **The education sector in Guyana has made remarkable progress in the last 15 years in terms of access, though learning outcomes still need to be improved across all levels.** Guyana achieved 91 percent and 103 percent³⁰ enrollment at the Nursery and Primary levels, respectively, in 2022. However, the World Bank’s Harmonized Learning Outcomes, an international database that compares international and regional standardized achievement tests, places Guyana among the lowest scoring countries. Furthermore, according to the HCI, the average Guyanese student is expected to complete 12.2 years of schooling, but this is equivalent to only 6.8 years of learning when expressed in terms of Learning-Adjusted Years of Schooling (LAYS).³¹ This has been compounded by the impacts of the COVID-19 pandemic. Recent simulations indicate that, from the baseline of 6.8, Guyana risks losing 1.6 LAYS following a 13-month

²⁶ <https://barbadostoday.bb/2021/05/29/guyanas-president-asserts-breadbasket-label-in-call-to-eat-caribbean-food/>

²⁷ Dominican Republic, Jamaica, Suriname.

²⁸ World Bank Development Indicators 2019

²⁹ In 2023, the budgetary allocation for the education sector is US\$ 447.3 million (up 21 percent from 2022), for the health sector it is US\$ 402.3 million (up 12 percent from 2022) and for social protection it is US\$ 191.4 million (up 25 percent from 2022).

³⁰ The general enrolment rate can exceed 100 percent for reasons such as early or late entry, and/or grade repetition.

³¹ For definition and methodology see <https://www.worldbank.org/en/publication/human-capital#Data>

school closure as a result of the pandemic.³² To mitigate these impacts, Guyana has undertaken learning recovery initiatives to address the learning loss, including the implementation of the Learning Recovery and Enhancement Program and a diagnostics assessment implemented at all basic level and grades. Sector-wide activities such as intensifying initial teacher training, restructuring continuous professional development programs for in-service teachers, and enhancing school and district leadership are being undertaken to address the quality issue within the education sector.

34. Notwithstanding the improvements in the education sector, secondary school enrollment and completion rates in Guyana remain low. The secondary gross enrollment rate moved from 86 percent in 2014 to 68 percent in 2018 and the net enrolment rate declined from 76 percent to 61 percent over the same period.³³ According to the 2021 third quarter Guyana LFS, 56.2 percent of the Guyanese working-age population had not completed secondary education,³⁴ a high share compared to regional peers. Additionally, this proportion varies significantly among population subgroups. Addressing these education gaps will be critical for the country to be able to leverage O&G revenues to build a more productive and innovative non-oil economy.³⁵

35. Guyana's health outcomes have significantly improved during the last two decades, but limited access to quality healthcare, especially in the hinterland regions, comparatively low levels of health expenditures, and a shortage of qualified healthcare professionals continue to affect Guyana's health outcomes. Health outcomes remain below the average for LAC and upper middle-income countries. In 2019, the infant mortality rate was 24.4 per 1,000 live births (compared to a LAC average of 13.9 per 1,000 live births) and the under 5 mortality rate was 29.3 per 1,000 live births (compared to a LAC average of 16.3). Moreover, Guyana has the third highest prevalence of Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) among countries in CARICOM, ranks in the top five LAC countries with the highest tuberculosis incidence, and still faces serious malaria challenges. Furthermore, non-communicable diseases (NCDs) have become the major burden of morbidity and mortality for the population,³⁶ accounting for a total of 70 percent of causes of deaths in 2017. Health spending per capita is also low compared to other countries in the LAC region, at approximately US\$230 in 2017 compared to a LAC average of US\$685.³⁷ Lastly, the evidence suggests that Guyana is also facing gaps in terms of quality of health services and availability of basic inputs, including health personnel.

36. The COVID-19 pandemic had a deep impact on Guyana, highlighting the need to strengthen the health system's preparedness to handle public health emergencies. The vaccination program has substantially contributed to limiting the COVID-19 pandemic and associated infections and mortality rates have remained consistently low over the last year. Despite the efforts implemented since the beginning of the pandemic, the health system still needs to improve its capacity to prepare and respond to outbreaks. Based on the Global Health Security Index score for 2021 (30.8), Guyana is ranked 22nd out of 33 LAC countries and 20th out of 41 countries with a population of less than one million.³⁸ Relevant performance gaps are related to early detection and reporting, prevention, and the health system's capacity to treat the sick and protect healthcare workers.³⁹ Beyond the central level, there is a need to strengthen the capacity at the regional levels on key functions including surveillance, epidemiology, contact tracing, and laboratory systems. To address this, the government has recently invested in the

³² World Bank. 2022. Two Years After: Saving a Generation. © Washington, DC: World Bank.

³³ Education Sector Plan 2021-2025. Figures informing the ratios are based on the national census from 2012.

³⁴ At least 5 years of schooling at the secondary level.

³⁵ The World Bank has been Guyana's main development partner on the education sector through an investment programming spanning nursery to primary and most recently secondary and technical and educational vocational training (TVET), and will continue supporting Guyana's human capital/education sector as part of this CPF.

³⁶ *ibid*

³⁷ World Bank (2020). Current health expenditure per capita (current US\$) - Guyana, Latin America & Caribbean.

³⁸ <https://www.ghsindex.org/country/guyana/>

³⁹ <https://www.ghsindex.org/wp-content/uploads/2019/08/Guyana-1.pdf>

construction of six modern regional hospitals, instituted telemedicine services at numerous hinterland health facilities, and is pioneering the “One Health agenda” within LAC to further strengthen its prevention and preparedness systems.

37. **Guyana is among the countries most vulnerable to climate change.** Coastal flooding is a serious risk, as much of Guyana’s population and economic activity — especially agriculture — is concentrated in low-lying areas along the Atlantic coast. Ninety percent of the country’s population live on the narrow coastal plain that represents about 10 percent of the country’s area, much of which lies below sea level. Hence, research shows that the impact of rising sea levels and intensified storm surges in Guyana would be among the greatest in the world. The poor and other vulnerable groups such as Indigenous peoples are more highly exposed as they tend to live in ecologically fragile areas and poor-quality housing, and their livelihoods are primarily based on climate-sensitive natural resources such as agriculture and fishing. They also have limited ownership and access to resources or insurance to cope with shocks and strengthen resilience and climate change adaptation.

38. **Guyana will have to manage dual climate-change risks.** As a country that is highly vulnerable to climate change and climate-induced natural disasters, adaptation is at the core of its climate action. Pluvial flooding events have intensified over the last decade and the country was hard hit by severe rain floods in May-June 2021. Fiscal risks emanating from climate and natural disasters could derail growth and development efforts, calling for targeted public investment to build resilience. At the same time, Guyana faces an accelerated transition of the global economy away from carbon-intensive fuels to combat climate change. As such, the country will need to balance its development needs with the impacts of the global low-carbon transition and ensure that future growth trajectories incorporate social, economic and environmental concerns while creating an enabling environment for low-carbon and sustainable development.

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

3.1 Government Program and Medium-term Strategy

39. **The government has articulated a vision for “One Guyana” with diversity and inclusion at the center of national development.** The government’s vision is anchored in its LCDS, which promotes development and future growth for all Guyanese people through a balance across human, financial, physical and natural capital. The medium-term priorities in the government’s development agenda are to: (i) ensure a diversified and resilient productive sector built on large scale private investment, entrepreneurship at the medium and small business level, competitiveness through improved quality of public services, and a conducive business environment through reduced bureaucracy and use of technology; (ii) initiate investments in physical infrastructure – upgrading Guyana’s energy, transportation, digital, water and sanitation, and housing infrastructure on a low-carbon, non-polluting trajectory to ensure adequate energy supply at competitive costs, improve international connectivity, and unleash domestic production and productivity; (iii) establish world class social services ensuring that Guyanese citizens achieve greater health, education and other social outcomes, as well as providing services to regional and global clients; (iv) ensure respect for the constitution and rule of law based on good governance, access to justice and sound institutions; and (v) preservation of a safe and secure environment for all citizens and visitors.

40. **The government is taking an active role in coordinating the new activities of development partners, focusing the engagement of each partner on specific sectors to maximize efficiency and reduce transaction costs.** Like most small states, Guyana faces capacity constraints that are being further strained by the demands of managing a rapid economic transformation. By selectively focusing partner support on specific sectors, the government aims to enhance the country’s absorptive capacity for and maximize the impact of development assistance. The government has asked the World Bank to become the country’s

main partner in the area of human capital, with a focus on education. The World Bank is also expected to be the main multilateral partner supporting the governance of the O&G sector through the ongoing Petroleum Resources Governance and Management Project (P166730). The WBG will continue to collaborate closely with other development partners to ensure coordination of support programs (See Box 2 and Annex 4 for areas of engagement of other development partners).

Box 2. Activities of Guyana's Main Development Partners

Guyana's main multilateral partners are the Caribbean Development Bank (CDB), the EU, the Inter-American Development Bank (IDB), the Islamic Development Bank (IsDB), the United Nations and the World Bank. Major bilateral partners include Canada, China, India, the UK and the US.

The IDB is Guyana's biggest multilateral partner with investments amounting to more than US\$751 million. The health sector accounts for roughly 22 percent of the portfolio, with investments in maternal and child health. Energy is another important sector of support (US\$145.4 million), including investments in electricity and renewables such as photovoltaic systems and hydropower. Transport infrastructure follows with approximately 18 percent of the portfolio. Investments in education targeting infrastructure and education resources, including textbooks, are approximately US\$76.3 million. Other sectors include housing (US\$27.2 million), social services (US\$16.8 million), agriculture (US\$15.1 million), commerce (US\$15 million), public security (US\$12.5 million) and legal affairs (US\$8 million).

The CDB portfolio in Guyana totals approximately US\$268 million, the majority of which is in the infrastructure sector (US\$178 million) for the construction of the Linden to Mabura road financed under the UK Caribbean Infrastructure Partnership Fund. Support is also provided to the water and sanitation sector (US\$27.2 million), for improvement of sea defense structures (US\$22.5 million), rural livelihoods interventions (US\$15.3 million), the education sector for TVET (US\$12.2 million), and the hospitality sector for a training institute (US\$11.7 million).

Guyana's newest multilateral partner is the IsDB, with a portfolio of US\$154.7 million. More than 75 percent is concentrated in the transport sector (US\$120 million) for the reconstruction of the Linden to Soesdyke highway. Approximately US\$14.7 million will finance geotechnical and topographic surveys and construction of small hydropower facilities at Moco and Kumu, and US\$20 million will support improved drainage infrastructure by financing mobile pumps and earth-moving equipment.

The United Nations system, through its Development Assistance Framework, contributes to the country's achievement of its commitments under the UN Global Agenda 2030 for Sustainable Development. The International Fund for Agricultural Development supports an investment of approximately US\$8.5 million in the agriculture sector focusing on local value chains and financing an investment fund for entrepreneurial agri-business ventures in hinterland/rural communities. Support from other UN agencies focuses on technical assistance (TA) across various sectors.

Source: Guyana Estimates of the Public Sector and World Bank (2022)

3.2 Proposed WBG Country Partnership Framework

A. Lessons Learned from Previous WBG Engagement

41. **The CPF incorporates lessons from the implementation of the FY16-18 CEN.** While Completion and Learning Reviews are not prepared for a CEN, the following lessons have been distilled from program implementation experience and discussions with the country team:

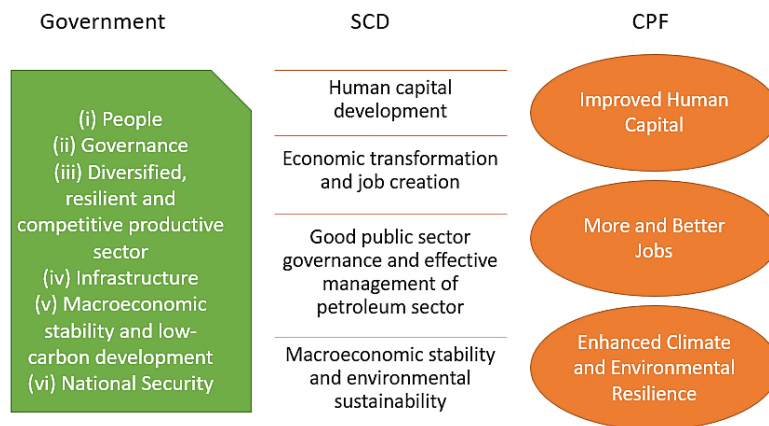
- **World Bank presence on the ground is critical to building a strong relationship with the government and engaging with key stakeholders, particularly in small states.** Limited in-country presence during CEN implementation contained opportunities for policy dialogue on key issues and regular follow-up on project implementation. For example, implementation of the critical Guyana Resources Management and Governance Project (P166730) stalled due to limited opportunities for high-level dialogue and implementation support, further constrained during the COVID-19 pandemic. In response to these challenges and the growing program, the Bank strengthened its in-country presence with the appointment of a Georgetown-based Resident Representative in March 2022 and additional operational and technical staff to support the engagement.

- **Institutional, technical and implementation capacity constraints underscore the need for high selectivity in the Bank’s engagement in small states, particularly when the existing capacity is stretched by the multiple demands of rapid economic transformation.** Hence, the World Bank will focus new engagements in a small number of sectors to maximize impact, while limiting to the extent possible the number of components, procurement packages, and government agencies involved in the implementation of new projects. One example of this approach is the prioritization of human capital as the key pillar of the World Bank’s new financing engagements during the CPF period. Expanded implementation support will also be provided, including through trust fund resources supporting project implementation and the use of Hands-On Enhanced Implementation Support (HEIS).
- **There are important lessons from international experience that could be applicable to Guyana’s O&G sector.**⁴⁰ One key lesson is that natural resource development outcomes are largely determined by the quality of governance structure and the public institutions responsible for sector management and oversight. At the early stage of the sector’s development, the new governance environment and the framework for its operationalization is critical. This includes (i) well-articulated sector policies; (ii) clear definition of the sector’s institutional structure including roles, responsibilities, checks and balance and coordination; (iii) a transparent regulatory framework; (iv) shared responsibility in the development of the contractual, fiscal and regulatory framework; and (v) transparent process for competitive award of contracts and licenses.

B. Stakeholder Consultations, Selectivity, and Flexibility

42. **The CPF draws on strategic consultations with key stakeholders carried out during the preparation of both the SCD and the CPF.** The consultation process included multiple discussions between WBG teams and the government, as well as with non-government institutions, private sector leaders, and development partners (Annex 5). A country opinion survey was also carried out in 2021 (Annex 6). A wide range of issues were canvassed, including the need to address governance and macroeconomic management challenges, the importance of quality jobs and developing a strong capable workforce, private sector engagement in the new economy and access to finance. The need to address spatial and ethnic disparities, the impact of climate change and the role of the WBG as a convener of policy dialogue with government on behalf of development partners were also raised.

Figure 3: Mapping Government and SCD Priorities to CPF HLOs



43. **The CPF adopts a selectivity approach grounded in the WBG’s potential to promote GRID in Guyana and the government-led division of labor among development partners, where the World Bank**

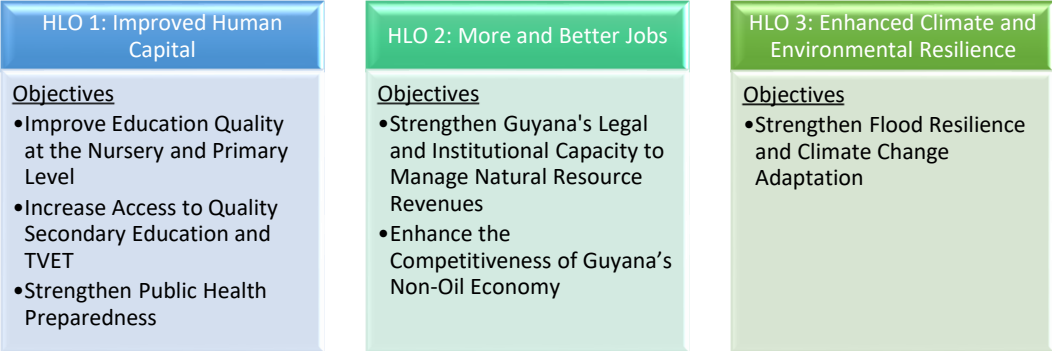
⁴⁰ The Systematic Country Diagnostic for Guyana provides an analysis of the international experience with natural resource wealth.

was selected as the main partner supporting human capital with a focus on education. Among the many constraints identified in the SCD, the CPF focuses more narrowly on areas where there is strong government demand for WBG engagement and where the WBG has a clear comparative advantage based on its experience, prior country engagement, lessons learned, and global expertise. New World Bank financing engagements during the CPF period will have a strong focus on building human capital, while the ongoing portfolio will continue supporting key country priorities in O&G sector governance management and climate adaptation and resilience. Government coordination of development partner support and regular WBG dialogue with multilateral and bilateral agencies will ensure complementarity with other areas supported by other development partners (See Annex 4). The CPF will remain flexible to enable engagement on evolving government priorities aiming to strengthen the inclusiveness and sustainability of Guyana’s economic transformation, as well as to respond to shocks in line with the WBG’s Global Crises Response Framework.

C. Overview of the World Bank Group Strategy

44. **The proposed CPF aims to support Guyana in achieving GRID and competitiveness as the country undergoes an economic transformation triggered by substantial O&G revenues.** The CPF is articulated in the following three HLOs: (i) improved human capital; (ii) more and better jobs; and (iii) enhanced climate and environmental resilience. CPF objectives contributing to these outcomes are closely aligned with the development priorities identified in the SCD, the government’s development strategies, and the priorities for resilient recovery from the impacts of the COVID-19 pandemic. In line with the government’s priority of promoting green growth outlined in the LCDS, low carbon development and climate resilience will be integrated across WBG interventions during the CPF period.

Figure 4: HLOs and Objectives Supported by the CPF



45. **HLOs supported by the CPF encompass the medium-term focus of WBG support to Guyana’s economic transformation.** HLO 1 on “Improved Human Capital” aims to (i) improve access to quality education across various levels by enhancing teaching practices, curricula, and investing in school infrastructure; and (ii) strengthen health preparedness and resilience to potential future health shocks, improve the quality of care and continue to support Guyana’s health response to the pandemic. HLO 2 on “More and Better Jobs” aims to support Guyana’s economic transformation by strengthening the government’s institutional capacity to manage rising natural resource revenues, while enhancing the competitiveness of the non-oil economy to promote sustainable private sector-led growth, job creation, and poverty reduction. HLO 3 on “Enhanced Climate and Environmental Resilience” encompasses support to climate change adaptation and resilience while promoting a development strategy that prioritizes green growth with inclusion of vulnerable groups.

46. **The government requested the World Bank to become the main development partner supporting the Human Capital agenda, with special emphasis on education.** The government has prioritized the strengthening of human capital among the Guyanese population as a key component for economic transformation. Labor skills gaps are a key constraint for the private sector, which faces challenges to obtain qualified workers, a situation that could worsen as the economy continues to grow with an expanding O&G sector. Moreover, quality education is key for all to share the benefits of growth and reduce poverty. Hence, one of the key challenges that the CPF seeks to address is improving access to quality education and skills, aiming to contribute to the goal of achieving universal secondary education enrollment and expanding technical and vocational training. On health, the CPF will support the strengthening of national health systems and implementation of a One Health Approach while continuing to support the country's recovery from COVID-19, pandemic preparedness and assessment of basic health care delivery.

47. **Efforts to improve the competitiveness and resilience of the Guyanese economy to achieve GRID will complement the CPF's engagement on the human capital agenda.** In addition to improved human capital, private sector job growth will require addressing the binding constraints to competitiveness, while enhanced capacity to prudently manage the oil revenues will be essential to translate natural wealth into inclusive and sustainable development. Also, a Country Climate and Development Report (CCDR) to be conducted during the CPF period is expected to inform future engagements to support the government's LCDS, promote green growth, and address climate change, which will be further specified at the CPF Performance and Learning Review (PLR) stage.

48. **The WBG will contribute to fostering intra-regional trade and integration within South American and CARICOM countries.** The Government of Guyana recently assumed a leadership role within CARICOM on the region's agri-food system agenda, including lead responsibility for agriculture, agricultural diversification and food security. With an ambitious target of reducing the region's food import bill by 25 percent by 2025, the government has committed to allocating up to 10 percent of its public expenditure to the agriculture sector. To support intra-regional trade and promote economic growth and job creation, the WBG will contribute to the development of transport infrastructure, trade facilitation and enhanced private capital mobilization.

49. **WBG engagement during the CPF period will tackle the IDA20 Special Themes and Cross-Cutting Issues.** CPF objectives linked to HLO 1 will aim to strengthen the country's *human capital* by investing in education and health. Objectives under HLO 2 will support *governance and institutions, technology adoption, and jobs and economic transformation* by strengthening the government's capacity to manage natural resource revenues and enhancing the competitiveness of the non-oil economy. Crucially, objectives under HLO 3 will help tackle *crisis preparedness* and *climate change* by enhancing flood resilience and supporting the implementation of the government's LCDS. Lastly, *gender* inclusion will be supported across all objectives through tailored interventions designed to address gaps in women's economic participation.

3.3 Objectives supported by the WBG Program

HLO 1: Improved Human Capital

Objective 1: Improve Education Quality at the Nursery and Primary Levels

50. **The CPF will continue supporting improved quality at the nursery and primary levels through the ongoing Guyana Education Sector Improvement Project (P159519).** The project is supporting a revision of the curriculum, defined both as the content students are expected to learn in each subject and grade level, and as the way in which that content is taught, with an emphasis on interactive, student-centered pedagogies, social inclusion, and approaches to tackle gender biases in learning materials and

curricula. The project also supports the development of a curriculum framework and teaching guides, teacher training, strengthening of national assessment capacity, and teaching and learning materials. The project will also contribute to the roll out of the new curriculum at the Primary level.

51. **In addition, the Guyana Education Sector Program Project (P174244) will support the government's efforts to address longer-term structural constraints in early childhood and primary education, while strengthening continuity of learning and learning recovery in the short- and medium-term.** The project aims to improve teaching and learning conditions in schools and homes through teacher training at the nursery level to improve pedagogy and delivery of the new curriculum, provision of accompanying materials to support learning, and parental education to support home-based learning. At the primary level, the project complements the Education Sector Improvement Project through a focus on use of technology to supplement teaching and support student learning in foundational skills in mathematics and literacy. This is supported through a tablet program and the development of smart classrooms in both rural and urban areas.

Objective 2: Increase Access to Quality Secondary Education and Technical and Vocational Education and Training (TVET)

52. **Guyana has significantly increased access to secondary education with the aim to achieve Universal Secondary Education (USE), though there is still space to improve access, quality and equity of secondary education.** Access to secondary education is constrained by the lack of spaces in General Secondary Schools. On the demand side, distance to school is cited as a key reason for non-enrollment. These challenges are exacerbated for students with disabilities, where financial and transport issues were cited as the most serious challenges, ahead of finding accommodating schools and attitudes of other students.⁴¹ A large proportion of teachers are unqualified or untrained, especially in rural areas, and availability/relevance of textbooks is limited. National assessments demonstrate low levels of learning at the secondary level. For example, the 2018 Caribbean Secondary Education Certificate Grade 11 exam showed only 49 percent of girls and 52 percent of boys attaining a passing grade in mathematics.⁴²

53. **The government is helping to respond to increased demand for TVET with support from development partners, including the World Bank and CDB.** A recent diagnostic study of the TVET sector⁴³ identified the following constraints as major bottlenecks to delivering labor market-relevant skills: (i) the fragmented institutional setting and weak coordination among different TVET providers; (ii) the urgency to implement the updated strategy and plan for the TVET sector to meet the needs of the new economy; (iii) the shortage of administrative TVET data (the system mostly uses anecdotal information on skills in demand and the employability of graduates), the absence of accessible information for the user (including students and employers) and a negative public perception of TVET; (iv) the insufficient involvement of private companies in the development of the sector; (v) the shortage of qualified TVET teachers and instructors; and (vi) the insufficient resources and availability of up-to-date equipment and learning material.

54. **During the CPF period, the Bank will support improved access to quality secondary education and TVET, and promote lifelong learning.** Through the ongoing Guyana Secondary Education Improvement Project (P147924), the Bank is strengthening the capacity of mathematics teachers nationwide through in-service training, improved teacher appraisal instruments, and piloting adaptive learning strategies such as the use of tablets and smart classrooms. The project is also helping to increase access to high-quality student places in the secondary sector through the construction of new General Secondary Schools. The Strengthening Human Capital through Education Project (P177741) will deepen

⁴¹ Guyana Out of School Children Study - September 2017, UNICEF

⁴² MOE, Guyana

⁴³ Working paper, World Bank 2022

support to the secondary education reform agenda through the delivery of teacher training on the new curriculum for grades 7-9, teacher and principal continuous professional development and certification, and financing of textbooks. The project will also support an education facilities strategy and construction and renovation of key General Secondary Schools to expand access to improved learning environments. Furthermore, the project aims to increase the provision of labor market-relevant skills in Guyana by strengthening the enabling environment for TVET, as well as supporting the improvement of skills and labor-market relevant TVET offerings. Different strategies will be considered to improve young women's transition from school to work and to encourage their participation in male-dominated fields. These include providing more information about non-traditional sectors, mentorships, work placements, female role models, among others.⁴⁴

55. An envisaged Education Strengthening Development Policy Operation (DPO) would support key reforms to enhance the country's policy framework for improved human capital. The DPO would focus on the education sector to support a reform program aimed at (i) recovering learning and schooling losses, and improving opportunities for all; and (ii) addressing structural challenges in the education sector to respond to the needs of the new economy. Details on the reforms to be supported are being discussed with the government and could include areas such as secondary school reform for the provision of parallel educational pathways to increase access to secondary education and to promote lifelong learning, establishment of a new TVET policy framework, improved tertiary enrollment, development of a comprehensive teacher policy, improved school financing mechanisms, strengthened education management information system review, and a greening strategy for schools.

Objective 3: Strengthen Public Health Preparedness

56. The CPF will continue to support the government's response and recovery from the COVID-19 pandemic through the Guyana COVID-19 Emergency Response Project (P175268). The project is supporting Guyana to prevent, detect, and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness. It focuses on the decentralization and strengthening of the regional laboratories and hospitals, and provides TA to support assessments, data collection, and training to strengthen institutional capacity for resilience and preparedness. The project will also continue providing capacity building for "One Health" aimed at increasing the resilience of the system—conducting two assessments (for human and animal health), establishing a multisectoral training program, and complementing recent efforts to establish a multisectoral National One Health Steering Committee.

57. This project also supports the strengthening of quality-of-care, including through (i) improving the current monitoring and reporting system on service delivery for essential services through a survey of health care facilities to assess readiness and availability of basic services, as well as the quality of service delivery; and (ii) exploring opportunities for supporting and/or evaluating initial pilots of telemedicine interventions. These activities will inform policy makers on how to better target improvement interventions to increase health system resilience and augment the capacity of the Ministry of Health to regularly assess the availability of key inputs, including human resources, and the ability of facilities to deliver essential services. While focused on the response to the COVID-19 pandemic, all these interventions will also improve the system's ability to address other health emergencies—including those related to climate-induced diseases. An assessment of nursing education and practices will also be conducted to (i) strengthen alignment of nursing education in Guyana with international standards for professional nursing; (ii) promote an efficient, effective, and valid entry-to-practice assessment of nursing graduates; and (iii) contribute to increasing the rate of successful completion of entry-level professional nursing education programs in Guyana.

⁴⁴ Hammond, Alicia; Rubiano Matulevich, Eliana; Beegle, Kathleen; Kumaraswamy, Sai Krishna. 2020. The Equality Equation: Advancing the Participation of Women and Girls in STEM. World Bank, Washington, DC.

HLO 2: More and Better Jobs

Objective 4: Strengthen Guyana’s Legal and Institutional Capacity to Manage Natural Resource Revenues

58. **International experience highlights the pivotal role that good governance and robust public institutions play in achieving positive development outcomes in resource-rich countries.** Ensuring sustainable long-term growth and poverty reduction requires managing the O&G sector in a way that supports a diversified and inclusive economy. Countries with strong institutions have been more successful in managing natural resource wealth. Botswana, Chile, Norway, Malaysia and Tanzania managed to maintain relatively diversified economies, avoided excessive increases in public debt, and resisted an unsustainable expansion of public services. Meanwhile, countries with weak institutions have seen their growth rates fall short of expectations (See Annex 7 for select macroeconomic risks linked to oil revenues and key mitigation measures).

59. **A transparent and well-managed O&G sector would allow Guyana to reap the full benefits from the oil boom.** Current projections suggest that the O&G sector will account for 20-50 percent of GDP over the next decade and drive high economic growth, potentially bringing the country to high-income status. However, as a new O&G producer, Guyana must strengthen its policy, legal and regulatory frameworks and institutional capacity to maximize the benefits expected from the sector and minimize downside risks. Thus, to achieve its development vision, Guyana will need to strengthen its standards of effectiveness, transparency, and accountability in the management of resource revenues. Improving its broader fiscal, public sector and monetary institutions will also be important to mitigate macroeconomic risks.

60. **The CPF prioritizes the strengthening of Guyana’s institutions to prudently manage the O&G sector.** Through the ongoing Guyana Petroleum Resources Governance and Management Project (P166730), the CPF will: (i) support the updating of Guyana’s legal and regulatory frameworks for the governance and oversight of the sector as well as support stakeholder engagement and transparency; (ii) build the capacity of key institutions, including by drawing on international experts to provide general technical opinions, commercial advice, policy analysis, review of key documents, and deliver on-the-job training and peer mentoring to transfer knowledge and build long-term capacity; (iii) strengthen fiscal management to provide more effective control over public finances and enhance transparency and accountability of the budget formulation and execution, including by contributing to an integrated financial management system for more effective control over public finances, a well-functioning macroeconomic committee on fiscal issues related to O&G revenue management, and an effective investment committee handling the NRF’s investment strategy to manage financial risks; and (iv) support the adoption of Extractive Industries Transparency Initiative (EITI) standards. Though progress under the project was stalled for some time, implementation has seen renewed progress following a revised work program prepared by the government.

61. **The Bank will support stronger fiscal and debt management throughout the CPF period.** Performance and Policy Actions (PPAs) under the International Development Association (IDA) Sustainable Development Finance Policy (SDFP) framework will contribute to improved fiscal and debt management and transparency. The implementation of the FY22 PPAs has already helped to close five of the eight identified gaps on the public debt transparency heat map including periodicity, coverage (both domestic and external), time range, as well as increase the availability of information on recent loans. In FY23, Guyana will implement the following two PPAs that would address challenges related to debt transparency and fiscal sustainability as the country seeks to ramp up public investment: (i) PPA1: To inform assessment of fiscal risks, the Ministry of Finance assures the publication of audited financial statements for 2019, 2020 and 2021 for five of the most important State-Owned Enterprises (SOEs) with outstanding audits and that have previously required support from the budget. The audits will be

published by April 2023; and (ii) PPA2: To strengthen the efficiency of public investments, the Ministry of Finance has approved, by February 2023, a five-year public investment plan (PIP) for two priority sectors (agriculture and infrastructure), including key prioritization criteria, consistent with the newly approved public investment management framework. The World Bank will contribute to the government's implementation of the FY23 PPAs by providing TA to support monitoring and reporting on SOE performance and the preparation of the public investment management framework that will underpin the PIP.

Objective 5: Enhance the Competitiveness of Guyana's non-Oil Economy

62. **The WBG will support Guyana's non-oil economy to strengthen the inclusivity of growth, mitigate the risks of Dutch Disease, and create jobs.** Job creation in Guyana over the past decade has largely come from the public sector. Moreover, the natural resource sectors are capital intensive and employ only a small fraction of the labor force. Thus, enhancing competitiveness will be key to ensure Guyana becomes a dynamic economy that generates jobs and productivity growth.

63. **An integrated WBG program will focus on improving the conditions for private sector growth by helping to promote private investment in key areas, develop public private partnership (PPP) pilots, and foster entrepreneurship.** Guyana will need significant private investment and expansion of opportunities for entrepreneurs to set the stage for sustainable development in the non-oil economy. The financial sector in Guyana provides substantial intermediation, but intermediation spreads are high, long-term finance is poorly developed, and transactions remain predominantly cash-based. To promote entrepreneurship, innovation, and job creation, the International Finance Corporation (IFC) will pursue investments in well-managed local banks with a focus on SMEs. Special attention will be given to women entrepreneurs, who tend to face more constraints to grow their businesses. Where applicable, green financing mechanisms like carbon offsetting can be used in financial institutions. IFC will also continue to seek engagement with the government pertaining to the signed Memorandum of Understanding for PPP capacity building, and leveraging previous experience in PPP engagements in the Caribbean region and beyond. The Multilateral Investment Guarantee Agency (MIGA) will look for opportunities to provide its political risk insurance to scale up cross border investments into Guyana in support of high development impact projects in non-oil sectors that contribute to job creation. MIGA will utilize its Guarantee Facility under the IDA Private Sector Window as needed.

64. **The WBG will support the government with the development of transport infrastructure and economic opportunities.** Targeted investments in transport infrastructure could enhance agriculture productivity and competitiveness and support economic diversification. A comprehensive analysis of barriers for trade potential will include a review of sector policies, with special regard for climate resilience, and will support preparation of an investment and maintenance strategy. WBG support is being discussed with the government and could include: (i) diagnostic of trade barriers to untap the potential of Guyana's regional connectivity (Suriname/ Brazil); (ii) infrastructure diagnostic; (iii) infrastructure investments (including rehabilitation of main roads, critical point, access roads from production areas ("last mile"), parking areas, weighing stations, border crossing facilities); (iv) customs and trade facilitation improvements (including harmonization of sanitary and phytosanitary standards to safeguard agri-food trade); and (v) user and carrier services improvement (including logistics centers, storage facilities, cold chain facilities, marketplaces, and truck rest stops).

65. **The International Finance Corporation (IFC) will explore opportunities to crowd in private sector investments in key sectors of the non-oil economy, such as agribusiness, green financing, SME financing, infrastructure and education.** Guyana currently imports about 40 percent of its food, showcasing a

significant opportunity to diversify its economy and attract private investment in the sector.⁴⁵ Guyana is one of the few Caribbean countries with enough land to engage in large-scale agricultural production, and along with aquaculture, possesses significant export potential compared to the rest of the Caribbean region. IFC will seek to mobilize private capital to support Guyana to realize this potential in a sustainable manner. Also, IFC will seek to engage in transport infrastructure related investments and advisory services to modernize ports, roads, and other transportation infrastructure to sustainably bolster Guyana's international trade, create jobs, and incentivize private sector investment. Other infrastructure investments to support the country's economic transformation, including those addressing rural connectivity, air transport and electricity access, will be financed by the government with the support of other development partners. IFC will engage private sector players to explore opportunities within the digital space, in line with the findings of the Caribbean Regional Private Sector Diagnostic.⁴⁶

66. MIGA will seek to mobilize foreign private investments into strategic non-oil sectors of the economy with a focus on green, resilient and inclusive development. MIGA, in close collaboration with the World Bank and IFC, will explore opportunities to de-risk foreign investments in key non-oil sectors of the economy, including in support of PPPs and renewable energy projects, as well as projects in strategic areas such as climate finance, gender and sustainable infrastructure.

HLO 3: Enhanced Climate and Environmental Resilience

Objective 6: Strengthen Flood Resilience and Climate Change Adaptation

67. The CPF will support Guyana in managing natural disasters and climate change risks that could derail the country's development efforts. Coastal flooding is a serious risk for Guyana, as much of its population and economic activity—especially agriculture—is concentrated in low-lying areas along the Atlantic coast. Ninety percent of the country's inhabitants live on the narrow coastal plain, much of which lies below sea level. Research shows that the impact of rising sea levels and intensified storm surges in Guyana would be severe, exposing 100 percent of the country's coastal agriculture and 66 percent of the coastal urban areas to flooding and coastal erosion, with potential GDP losses exceeding 46 percent. Moreover, the degradation and destruction of mangroves⁴⁷ that provide improved coastal defenses, tourism opportunities, and fisheries food security has been aggravated by climate change, increasing the impact of storm surges on coastal areas. Coastal water and sanitation infrastructure is particularly at risk. The share of the population with sewer connections is very limited in Guyana, hence most wastewater is not treated, while septic tanks are the most common sanitation facilities and can be vulnerable to high floods, causing pollution and contamination. The combined effects of exposure to natural hazards and vulnerability of infrastructure also contributes to the inefficiency of the transport infrastructure especially the road network.

68. The ongoing Flood Risk Management Project will continue helping to reduce the risk of flooding in the low-lying areas of the East Demerara region, where about 40 percent of the country's population and administrative and commercial activities are concentrated. Overall, the project helps to reduce flood risks for a total estimated 150,000 people who reside in the Georgetown metropolitan area (about 19 percent of Guyana's population), including poorer local communities living in vulnerable neighborhoods. Reduced risk of flooding will be achieved through institutional strengthening for dam safety and improved flood modeling, as well as priority infrastructure works such as (i) reconstruction of critical sections of the East Demerara Water Conservancy dam, which prevents storm water from the inland area entering the

⁴⁵ Guyana Newsroom (<https://newsroom.gy/2021/12/07/guyana-imports-about-40-of-its-food-president-ali-targets-self-sufficiency/>)

⁴⁶ The Caribbean Regional Private Sector Diagnostic is a joint World Bank-IFC product covering twelve countries: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

⁴⁷ According to Global Mangrove Watch, the extent of mangroves in Guyana decreased by 6.09 km² between 1996 and 2016. In 2016, the area of mangrove habitat was 289.05 km², representing 37% of the coastline.

reclaimed coastal land; (ii) rehabilitation of pump stations to drain water into the Atlantic Ocean; and (iii) other drainage improvements in the Liliendal and Ogle drainage basins, including the repair and/or replacement of non-functional equipment and increasing culvert widths to improve the efficiency of the drainage system.

69. **The flood risk management agenda will continue to benefit from ongoing Bank TA, including on the preparation of a new drainage master plan for the Georgetown metropolitan area.** Analytical work supported by the EU Caribbean Regional Resilience Building Facility will help to identify priority flood-resilient investments in the metropolitan area of Georgetown and guide new opportunities for development and investment in green, resilient, and inclusive infrastructure. The study will also (i) help improve urban infrastructure planning to achieve resilience goals in Georgetown for the sustainable concurrence of the urban space with the natural environment; (ii) inform Georgetown’s planning strategy and the integration of green spaces with existing grey infrastructure; and (iii) forge an urban vision to identify infrastructure needs and investment opportunities for Georgetown. The World Bank will also explore the potential for disaster risk financing solutions to reduce the economic and fiscal impacts caused by flooding.

70. **The Amazon has been central to Guyana’s climate net positive contribution.** With the world’s second highest percentage of rainforest cover (85 percent), Guyana has maintained one of the lowest deforestation rates globally and commands important carbon stocks (19.5 GtCO₂eq). Ensuring protection of these forests and ecosystems is critical for the country’s adaptation and mitigation objectives. Guyana’s LCDS reflects an understanding of the importance and interconnectedness of (i) promoting economic growth and a sustainable, climate resilient approach to development; (ii) stimulating future growth using clean energy and non-deforesting economic activities; and (iii) protecting against climate change. Importantly, the LCDS also details the government’s interest in accessing market-based mechanisms for forest carbon and other climate services as a way to monetize the country’s positive contributions to global climate mitigation efforts. Guyana became the first country to be issued carbon credits under the Architecture for Reducing Emissions from Deforestation and forest Degradation+ (REDD+) Transactions program. In December 2022, Guyana was issued 33.47 million of the REDD+ Environmental Excellence Standard (TREES) credits for the period 2016-2022. Already, Guyana has sold 37.5 million credits (based on current and future issuances) to Hess Corporation for a minimum of US\$750 million between 2022-2032. The WBG engagement on climate agenda will be informed by a CCDR to be conducted early in the CPF period and delineated at the PLR stage, with a view to helping channel Guyana’s economic transformation in a sustainable and green manner.

3.4 Implementing the CPF

A. Portfolio Performance

80. **The Bank’s financing portfolio in Guyana has more than quadrupled since the start of the FY16-18 CEN period, increasing from US\$36 million in FY16 to US\$158 million in FY22.** Education (US\$87.53 million) and disaster risk management (US\$37.89 million) represent the largest sectors of the investment portfolio. Overall portfolio performance is strong, with disbursement ratios averaging over 25 percent since FY16 and 100 percent of projects closed since FY16 having obtained an Independent Evaluation Group (IEG) rating at or above moderately satisfactory in development outcomes. The main issues facing program implementation are a limited pool of skilled professionals to staff project implementation units and lengthy processes for procurement transactions. In addition to the lending portfolio, the Bank provides TA and capacity building support in several areas, including through trust funds, and conducts regular portfolio reviews jointly with the government to address implementation bottlenecks, incorporate emerging lessons, and maximize results.

B. Financial Envelope and Instruments

81. **The CPF will cover the IDA20 cycle (FY23-FY25) and Guyana’s IDA eligibility beyond IDA20 will be assessed at the PLR stage.** Guyana’s IDA20 indicative allocation⁴⁸ is Special Drawing Rights (SDR) 61.8 million (approximately US\$83.4 million equivalent, at current exchange rates).^{49,50} Under IDA20, Guyana is also eligible to access IDA’s Crisis Response Window, which can provide quick financing in the event of an emergency, the Private Sector Window and the Regional Window, subject to meeting the relevant criteria. Moreover, Guyana is eligible to access additional resources under IDA’s Scale Up Window, which makes available additional financing for high quality transformative operations with strong expected development impact. The proposed CPF lays out indicative areas of potential financing support, while noting the importance of maintaining flexibility to adjust them based on evolving country priorities and government demand.

Table 2. Indicative CPF Lending Pipeline

Project Name	Amount (Millions)	
	SDR	US\$ ⁵¹
Enhancing Policies for Human Capital Accumulation Development Policy Operation	25.9	35
Second Improving Human Capital Project	14.8	20
Guyana Improving Regional Transport Connectivity and Economic Opportunities Project	44.4-59.2*	60-80*

*Including potential Scale Up Window Resources

82. **CPF objectives will also be supported by strong analytical and advisory work.** Analytics such as the recently completed Competitiveness and Diversification Diagnostic, and forthcoming Poverty Assessment and CCDR will serve to inform the country’s reform agenda to be supported by envisioned policy lending. A robust program of TA is also envisioned to support the implementation of the LCDS and the broader green agenda. Guyana is subject to IDA’s SDFP and a program of TA and trust funded activities will contribute to achieving the PPAs.

C. Financial Management, Procurement, and Partnerships

83. **The fiduciary environment in Guyana continues to improve but some weaknesses in national systems remain.** The 2019 Public Expenditure and Financial Accountability assessment notes that the public financial management system in Guyana is considered robust but with notable weaknesses in aspects of fiscal risk management, multi-year budgeting, and financial reporting. Fiscal reporting has been a strong point, as government systems enable it to prepare consolidated financial statements in a timely manner, audited and submitted to Parliament within 9 months from the end of the financial year. The capacity of the Office of the Auditor General (OAG) to conduct external audits of government spending is adequate, and World Bank projects are audited by the OAG. While measures to enhance the transparency of public procurement are being implemented, the 2020 Auditor General Report identified weaknesses including (a) problems related to contract management; (b) non-compliance with the selection of

⁴⁸ Referenced IDA20 volumes are indicative. Actual performance-based allocations (PBA) will be determined annually and will depend on: (i) total IDA resources available; (ii) the number of IDA-eligible countries; (iii) the country’s performance rating, per-capita gross national income, and population; (iv) implementation of IDA’s Sustainable Development Finance Policy (SDFP); and (v) the performance and other allocation parameters for IDA borrowers.

⁴⁹ This amount is based on the April 5, 2023 exchange rate of SDR1 = US\$1.349930 (available at:

https://www.imf.org/external/np/fin/data/rms_sdrv.aspx). US\$ amounts are indicative and subject to change based on the exchange rate at the time of project negotiation.

⁵⁰ As a Small State Gap Country, Guyana is subject to small economy terms (40-year credits) and receives 24 percent of its country allocation in the form of Shorter-Maturity Loans. In addition to the regular SUW for IDA20, Guyana could also access the SUW with SML terms.

⁵¹ US\$1 = SDR 0.740778.

procurement methods; (c) non-compliance with reporting provisions.

84. **The Bank will continue to support the strengthening of country systems to overcome the financial management, procurement and auditing challenges in project implementation.** The government has indicated interest in the use of country systems for financial management in project implementation. In this regard, the Bank may provide TA to assess and accelerate the use of country systems. The Bank will also continue to provide capacity development in procurement, financial management and disbursement procedures to agencies responsible for the implementation of Bank-financed projects.

85. **Partnerships will be critical in delivering results under the CPF.** Key partnerships including with the Global Partnership for Education, Early Learning Partnership, and Financial Sector Reform and Strengthening Initiative (FIRST) are being leveraged to strengthen the support to education and financial inclusion. The EU is a key partner working jointly with the Bank to advance the flood risk management and urban infrastructure resilience agendas. The WBG will continue its close collaboration and coordination with the UN system in Guyana.⁵² Bilateral partners such as Canada, the United Kingdom and the US will be engaged on cross sectoral issues such as climate, gender, citizen engagement and institutional capacity building. Partnering with the private sector is also a central element of the CPF strategy and the WBG will actively seek opportunities to collaborate with and support the private sector.

IV. MANAGING RISKS TO THE CPF PROGRAM

86. **The overall risk to achieving the objectives of the CPF is assessed as Substantial.** Four risk categories have been identified as having a high or substantial impact on the program if they materialize: (i) political and governance; (ii) macroeconomic; (iii) institutional capacity for implementation and sustainability; and (iv) fiduciary risk. Risks will be continually monitored throughout CPF implementation with mitigation measures to reduce impact. The PLR will also serve as an opportunity to adjust the program based on the assessed risk status.

Table 3: Risks to the CPF Program, Systematic Operations Risk Rating Tool (SORT)

Risk Categories	Risk Rating ⁵³ (H, S, M, L)
Political and governance	H
Macroeconomic	S
Sector strategies and policies	M
Technical design of project/program	M
Institutional capacity for implementation and sustainability	S
Fiduciary risk	S
Environmental and social risks	M
Stakeholders	M
Other	M
Overall	S

87. **Political and governance risks are rated high due to prevailing political economy challenges and potential risks to good governance, political stability, and social cohesion.** Poverty and ethnic fragmentation complicate Guyana’s politics and heighten risks to social and political stability. Despite improvements in some indicators of governance (freedom of expression and control of

⁵² The WBG’s Country Partnership Framework for Guyana sets out the partnership objectives agreed between the WBG and the national authorities. Within this country partnership, the WBG broadly contributes to priority areas also reflected in the UN’s Sustainable Development Cooperation Framework for Guyana, consistent with its development mandate and country engagement approach, and coordinates closely with the UN, Guyana and other development partners.

⁵³ H=High, S=Substantial, M=Moderate, L=Low

corruption), governance scores remain in the bottom half of global rankings. Left unaddressed, governance gaps can lead to rent-seeking as well as to social unrest and instability. These risks will be mitigated by supporting the transparent and inclusive management of oil revenues, policy dialogue, and incorporating institutional strengthening across the World Bank program.

88. **Macroeconomic risks are rated substantial.** Guyana will need to manage the risks emanating from the sudden influx of oil revenues. Given that the transfer to the budget is independent from the economy's absorptive capacity, it is critical to strengthen the domestic financial system to manage the large inflows from overheating the economy, generating Dutch Disease effects, and barring the achievement of CPF objectives. Also, Guyana is now highly vulnerable to oil-related shocks. Furthermore, oil production has environmental consequences that must be carefully considered, and the sector may face additional risks in the medium term as the world transitions away from carbon dependence. To mitigate these risks, Guyana will maintain an operational SWF to mitigate the imbalance between the resource inflow and the absorptive capacity of the emerging productive sector, as well as to invest part of oil revenues for the benefit of future generations.

89. **The risks related to institutional capacity for implementation and sustainability are rated substantial.** Like in most small states, Guyana's public sector capacity is limited and weak coordination among government entities poses important implementation challenges, particularly in the context of the ongoing economic transformation and expanding portfolio. Bureaucratic decision-making systems result in delays in service delivery, despite measures toward delayering that have been introduced as part of public administration modernization efforts. To mitigate this risk, the World Bank will focus new engagements in a select number of sectors to reduce transaction costs, increase support for implementation including through HEIS, continue to provide training for project staff, and use TA to support improvements in institutional policies.

90. **Fiduciary risks are rated substantial.** Guyana will need to further strengthen its fiduciary environment to minimize the risks that legal procedures may be circumvented. The expected increase in oil revenues, coupled with weak coordination among government entities, could potentially exacerbate these risks. To mitigate them, the Bank will support the government in strengthening the country's fiduciary systems through capacity building activities in the areas of procurement, financial management and disbursement procedures to agencies responsible for the implementation of World Bank-financed projects.

Annex 1: Guyana CPF Results Framework

High-Level Outcome 1. Improved Human Capital		
<p><i>The Bank's Human Capital Index (HCI) estimates that a child born in Guyana will still only be 50 percent as productive as she could be if she had enjoyed full education, health, and nutrition. Thus, strengthening health and education is central for the well-being of Guyana's population and a key pathway to encourage investment and achieve sustainable and inclusive development.</i></p>		
High-Level Outcome Indicator	Data Source	Current Value
Human Capital Index (HCI)	World Bank staff calculations based on the Human Capital Project methodology	0.5
Learning adjusted years of schooling	World Bank staff calculations based on the Human Capital Project methodology	6.8
Adult mortality (percentage of 15-year-olds who survive to age 60)	World Bank staff calculations based on the Human Capital Project methodology	0.77
<p>High Level Outcome Description</p> <p>Rationale: Guyana faces several human capital constraints. The Bank's Human Capital Index (HCI) estimates that a child born in Guyana will still only be 50 percent as productive as she could be if she had enjoyed full education, health, and nutrition. This productivity gap was further exacerbated by the COVID-19 pandemic. Adequate levels of health and education are central to the well-being of the population and an important element to encourage investment and achieve sustainable and inclusive growth and development. However, access and quality of health and education services vary by region and for specific groups. One of the main challenges of the education system is to provide the same learning opportunities to all students. In addition, considering the oil boom and all the secondary effects that are expected to impact the economy, Guyana's human capital stock suffers from shortages in both available skills and quantity of workers. In the public health sector, inadequate access to quality healthcare, relatively low levels of health expenditures, and low supply of qualified healthcare professionals continue to affect Guyana's health outcomes. Limited availability of recent data hinders a more detailed analysis, but the overall picture indicates that poor health, low education, and insufficient social safety nets impose an important burden on poor and vulnerable households. The public provision of quality basic social services becomes central in this context.</p> <p>WBG engagement: The World Bank aims to make substantial contributions to human capital development during the CPF period. In the education sector, the World Bank's three ongoing operations contribute to curriculum reform and capacity development of teachers nationwide at all levels, the improvement of general secondary school enrolment rates in targeted regions, and improvement in teaching practices and student achievement in mathematics at the secondary level. The Bank's engagement also includes improving the learning environment of the University of Guyana's Faculty of Health Sciences. In the health sector, the Bank will continue to support the government's response to threats posed by COVID-19 and strengthening of the public health system to address other health emergencies, including those related to climate-induced diseases.</p> <p>Knowledge gaps: Guyana is considered data deprived. Lack of data in Guyana's public sector is a significant constraint to evidence-based decision-making. A deficiency of data and information has adverse effects on different dimensions of public sector performance: policymaking, particularly on planning, performance, monitoring, and evaluation. The last estimate of the poverty rate based on a household survey was 36.1% in 2006. According to the World Bank's Statistical Capacity Indicator, in 2015 Guyana's overall score was 40 percent.</p> <p>SDGs associated: SDG 1 – No Poverty; SDG 2 – Zero Hunger; SDG 3 – Good Health and Wellbeing; SDG 4 – Quality Education; and SDG 5 – Gender Equality.</p>		

Objective 1. Improve Education Quality at the Nursery and Primary Levels		
Intervention Logic		
<p>Rationale for the CPF Objective and WBG engagement: Guyana’s education sector has made remarkable progress in access at the nursery and primary level in recent years. access to nursery (pre-primary) is relatively high, with an 88 percent net enrollment rate (NER) in 2018. Moreover, Guyana has achieved near-universal primary education enrollment, with an NER of 92 percent in 2018. Completion of primary education is also high: 93% of children entering the first grade of primary school eventually complete the last grade. In spite of the excellent enrolment rates, access to and quality of education remain unequal. The results from both national and regional assessments show that learning outcomes differ among student groups by region, with students from coastal areas scoring higher than students from the hinterland, where the majority of the population is indigenous peoples. Over the last five years, the proportion of students gaining passes in the National Grade Six Assessment has notably improved. However, more than 50% of students still do not pass (attain 50% and above) in core subjects. Regional differences in test scores are significant: 42% of students in the coastal areas scored above 50%, compared with only 18% of students in the hinterland. The quality of education at the nursery and primary levels is constrained by limited qualified teachers. Thirty-one percent of Guyana’s 1,700 nursery teachers remain untrained, with a much higher proportion of untrained teachers (53 percent) in remote areas. At the primary level, the lack of qualified teachers is even more pronounced in areas where students are already vulnerable, which further exacerbates inequities.</p> <p>Lessons Learned and New Knowledge: The World Bank’s longstanding engagement in the education sector has yielded important lessons for the program going forward. One key lesson learned relates to teacher training. It is important to ensure that training is not a one-off event, but rather teachers are trained and supported over a longer time period through ongoing coaching and mentoring, and continuous professional development. Close collaboration with the National Center for Educational Resource Development, the institute responsible for all training, is critical for adequately integrating teacher training and mentorship support.</p> <p>WBG Ongoing and Planned Support: Ongoing education support in the nursery and primary sector will focus on integrated curriculum reform including teacher training and provision of learning materials. The World Bank will support the piloting of the revised curriculum which seeks to improve student achievement at the nursery, primary and secondary levels.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 1. Increase in the percentage of pilot school teachers meeting standards in student-centered teaching practices at the primary level (disaggregated by gender): Baseline: 7 percent (2018) Target: +15 percent (2026)</p>	<p>Number of teachers trained at the primary level: Baseline: 0 (2018) Target: 1,417 (2024)</p> <p>Percentage of students using educational technology at the primary level (Grade 4 pilot schools): Baseline: 0 percent (2021) Target: 60 percent (2024)</p>	<p>Financing <i>Ongoing</i> Education Sector Improvement Project (P159519) Education Sector Program Project (P174244)</p>
<p>Indicator 2. Percentage of school teachers meeting standards in student-centered teaching practices at the nursery level: Baseline: 0 percent (2021) Target: 20 percent (2026)</p>	<p>Number of teachers trained at the nursery level: Baseline: 0 (2021) Target: 2,200 (2024)</p>	
Objective 2. Increase Access to Quality Secondary Education and TVET		
Intervention Logic		
<p>Rationale for the CPF Objective and WBG engagement: The level of education of the working-age population in Guyana is low for a middle-income country. The 2018 Guyana Labor Force Survey found that 8 percent of the working-age population does not have any formal education and about 51 percent of the Guyanese workforce aged 25 to 34 did not complete secondary education with only 5 percent having completed a formal TVET qualification. At the secondary level, the net enrolment rate declined from 76 percent to 61 percent and presents significant differences in enrolment by sex with 59% for males and 65.6% for females. Access to secondary education is constrained by the lack of spaces in general secondary schools and distance to school is cited as a key factor in non-enrollment. The country continues to experience a shortage of qualified teachers, particularly in mathematics and science, at the secondary level. This is especially</p>		

acute in rural areas and hinterland communities. The current labor market relevance of the skills that graduates develop is limited. A lack of emphasis on the use of technology and mathematics in the secondary school sector leaves the young workforce unprepared for employment, particularly for the emerging O&G sector. In this respect, Technical Vocational Education and Training (TVET) has an important role in equipping graduates with labor market-relevant competencies. The TVET sector is constrained by fragmentation in institutional setting and coordination among providers, updated strategy and plan for the sector, shortage of qualified teachers and instructors and insufficient resources and availability of up-to-date equipment and learning material. In 2018, 46.8 percent of the female youth population were not in education, employment, or training, compared to 24.8 percent of males, indicating misalignment of skills and/or gender-based discrepancies in the labor market.⁵⁴ Support for lifelong learning and employability is therefore critical and can be achieved by providing alternative/additional pathways for continuous education.

Lessons Learned and New Knowledge: A key lesson learned during the implementation of the World Bank supported interventions in the education sector relates to procurement and environmental and social safeguards in construction. Challenges with contractor compliance with environment, health and safety requirements has informed the need to emphasize criteria for compliance during the bidding process. Further, early initiation of the design process for construction of schools is crucial to mitigate impacts on project timelines. The Bank’s engagement in the sector will continue to be informed by key analytics, including a recently completed Public Expenditure Review and will seek opportunities to increase data on student access, retention and certification, in particular at the tertiary level, to lay the groundwork for future reforms.

WBG Ongoing and Planned Support: Ongoing education support in Guyana is expected to: (i) improve the capacity of teachers nationwide; (ii) increase general secondary school enrollment rates; and (iii) improve the learning environment of the University of Guyana’s Faculty of Health Sciences. Ongoing support strengthens teaching and institutional capacity, along with incorporating the implementation of technology-assisted learning in mathematics. Planned support will contribute to strengthening of the TVET sector and improvements in tertiary enrollment and promotion of lifelong learning.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 3. Percent of secondary students enrolled in General Secondary Schools (GSS) increased in Regions 3 and 4: Baseline: 87 percent (2014) Target: 94 percent (2026) (with males accounting for 50% of the increase)</p>	<p>Number of additional and enhanced student places created in General Secondary Schools during the CPF period: Baseline: 0 (2022) Target: 5,600 (2024)</p>	<p>Financing <i>Ongoing</i> Secondary Education Improvement Project (P147924) Improving Human Capital through Education Project (P177741)</p>
<p>Indicator 4. The percentage of secondary school teachers meeting standards in student-centered teaching practices (using Teach at the secondary level): Baseline: Baseline data using Teach at the secondary level to be collected with Bank support for the first time in 2023 and will be available at PLR stage. Target: Baseline + 20 percent (2026)</p>	<p>Teachers trained and having benefitted from CPD including at least one coaching and mentoring session at the secondary level (number): Baseline: 0 (2022) Target: 1,928 (2024)</p>	
<p>Indicator 5. Youths completing a new or enhanced TVET program in priority sectors (disaggregated by gender): Baseline: 0 (2022) Target: 3,600 (2026)</p>	<p>Secondary TVET curricula and related materials reviewed and updated to include socio-emotional competences and facilitates online learning: Baseline: 0 (2022) Target: 35 (2024)</p>	<p>Financing <i>Ongoing</i> Improving Human Capital through Education Project (P177741) <i>Indicative</i></p>

⁵⁴ World Bank, 2021. Guyana Country Gender Scorecard

		Enhancing Policies for Human Capital Accumulation (P180216)
Objective 3. Strengthen Public Health Preparedness		
Intervention Logic		
<p>Rationale for the CPF Objective and WBG engagement: The coronavirus disease (COVID-19) pandemic has significantly impacted Guyana’s population and economy. The health system’s capacity to effectively address preparedness and response to outbreaks is limited. Guyana scores 31.7 on the Global Health Security index ranking in 24 out of 33 in LAC and 18 of 41 of countries with a population of less than one million.⁵⁵ Gaps remain in prevention, detection, and reporting, as well as in the general health system’s capacity to treat the sick and protect health workers. In addition, training for and measures to increase retention of qualified health workers will strengthen quality of care and delivery of services which can lead to increased health outcomes thereby contributing to a reduction of adult mortality. The COVID-19 pandemic is expected to have contributed to increased poverty and inequality, as low-income households were more severely affected by job and income losses. The impact of COVID-19 highlights the need to strengthen the health system’s preparedness to respond to public health emergencies.</p> <p>Lessons Learned and New Knowledge: Strengthening the capacity of laboratories and relevant staff for pandemic response has positive spin-off effects and knowledge transfer gains for the rest of the public health sector. The capacity developed and the equipment provided can be utilized beyond the needs of the COVID-19 pandemic. The Bank will support a survey of health care facilities to assess readiness and availability of basic services, and quality of service delivery.</p> <p>WBG Ongoing and Planned Support: The World Bank will continue to support the prevention, detection and response to COVID-19 and to strengthening of the public health system. The support is expected to: (i) strengthen the capacity of laboratories; (ii) support screening, surveillance, and improve contact tracing; (iii) equip healthcare facilities for more effective treatment and care of patients; and (iv) to support affordable and equitable access to COVID-19 vaccines. In addition, the World Bank will support capacity development for “One Health,” assessment of nursing capacity and financing the purchase of equipment to support simulation training for nurses to improve skills in diagnosing and treating patients with chronic conditions who are more at risk.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 6. Population vaccinated with Bank support, which is included in the priority population targets defined in the national plan, total and disaggregated by gender: Baseline: 0 percent (2021) Target: 39 percent (2026)</p>	<p>Regions with the Logistic Management Information System available and functional: Baseline: 0 (2021) Target: 10 (2024)</p>	<p>Financing <i>Ongoing</i> COVID-19 Emergency Response Project (P175268)</p>
<p>Indicator 7. A One Health Platform is established and functioning and is supporting implementation of priority interventions as identified in key multisectoral assessments (e.g., JEE/VEE, PVS): Baseline: No (2022) Target: Yes (2026)</p>	<p>Completion of the Joint External Evaluation/Voluntary External Evaluation and Performance of Veterinary Service assessments: Baseline: 0 (2022) Target: 2 (2024)</p>	<p>Financing <i>Ongoing</i> COVID-19 Emergency Response Project (P175268)</p>

⁵⁵ Global Health Security Index (2019) GHS Index Country Profile for Guyana. Retrieved from <https://www.ghsindex.org/country/guyana/>

High-Level Outcome 2. More and Better Jobs

Guyana's economic transformation creates an opportunity for the country to move towards a higher-productivity and diversified economy that generates quality jobs and green, resilient and inclusive development. Efforts to improve the competitiveness of the Guyanese economy and achieve green and inclusive growth will require strengthening institutional capacity to prudently manage the oil revenues while addressing binding constraints to private sector development and diversification of key non-oil sectors.

High-Level Outcome Indicator	Data Source	Current Value
Employment to population ratio	Bureau of Statistics, Labor Force Survey	42.4 percent
Proportion of workers in informal employment	Bureau of Statistics, Labor Force Survey	48.45 percent

High Level Outcome Description

Rationale: As a new O&G producer, Guyana lacks the policy, legal and regulatory frameworks and institutional capacity needed to maximize the benefits expected from the sector and create inclusive and sustainable growth that creates jobs. The quality, frequency and timely dissemination of data is inadequate to support policy-making and implementation of national development priorities. To effectively mitigate the adverse macroeconomic impacts of resource exports, public investments and regulatory reforms are needed to promote sustainable employment growth and enhance economic competitiveness and diversification. While a significant contributor to GDP, the O&G sector employs only a small fraction of the labor force, hence the need to increase competitiveness and diversify the non-oil economy. Private sector development is constrained by a number of factors including gaps in various regulatory frameworks, poor access to credit, limited stock and density of physical and digital connectivity infrastructure, as well as the business environment surrounding trade logistics. Guyana's domestic transport infrastructure is underdeveloped, and the mobility of goods and people is constrained by the poor condition and maintenance of the road network. Lastly, lagging productivity, a narrow export base and vulnerability to climate impacts constrain the development of the agriculture sector.

WBG engagement: The World Bank Group program will support Guyana's economic transformation by strengthening the governments institutional capacity to manage rising natural resource revenues and support the implementation of data-driven policies that will address underlying constraints to competitiveness and diversification thereby creating a jobs-intensive, sustainable economy. TA and advisory support will (i) address legal and regulatory frameworks for the governance and oversight of the sector including the establishment and operationalization of the regulatory Petroleum Commission, (ii) build the capacity of key institutions through provision of technical expertise and training, and (iii) strengthen fiscal management to provide more effective control over public finances. In agriculture, the World Bank will deepen its knowledge in the sector to lay the groundwork for potential future investments particularly as it relates to activities to foster private sector growth including investments in (i) rural infrastructure, climate-smart agriculture technologies and digital agriculture services, (ii) supply chain logistics, trade policy and regulatory framework to strengthen market linkages and (iii) training for farmers and entrepreneurs in the agriculture and agro-processing industries. The IFC will seek to catalyze investments in infrastructure and connectivity including modernization of ports and roads. WBG support could also include rehabilitation of roads and critical access points from productive areas, and enhancements to customs and trade facilitation. Technical support will be provided for PPP type investments, for example, leveraging IFC's experience engaging in PPP projects in the Caribbean region and beyond (for example, Jamaica and Haiti). MIGA will look for opportunities to provide its political risk insurance to promote foreign investments in non-oil sectors which support a green, resilient, and inclusive development. Key partnerships will be fostered with other IFIs, for instance, the IDB around statistical capacity strengthening. Relationships with well-managed local banks will be developed to facilitate financial intermediation.

Knowledge gaps: The WBG will seek to invest in new areas of engagement including in infrastructure and connectivity. Knowledge gaps exist in understanding these sectors. Guyana's data coverage, periodicity and dissemination remain inadequate. The SLC-HBS which monitors poverty and employment and PHC are dated more than a decade. Further, statistical coverage of the natural resources sector is limited.

SDGs associated: SDG 8 – Decent Work and Economic Growth, SDG 9 – Industry, Innovation and Infrastructure, SDG 11 – Sustainable Cities and Communities, SDG 12 – Responsible Consumption and Production

Objective 4. Strengthen Guyana’s Legal and Institutional Capacity to Manage Natural Resource Revenues		
Intervention Logic		
<p>Rationale for the CPF Objective and WBG engagement: As a new O&G producer, Guyana lacks the policy, legal and regulatory frameworks and institutional capacity needed to maximize the benefits expected from the sector and create jobs-intensive, sustainable growth. The quality, frequency and timely dissemination of data is inadequate to support policy-making and implementation of national development priorities.</p> <p>Lessons Learned and New Knowledge: Continuous engagement on reforms and TA to support implementation were pivotal to the success of the policy agenda during the last WBG program. In addition, collaboration with bilateral partners was instrumental in boosting implementation support capacity. The World Bank will continue its close engagement with the government and will strengthen its ability to respond to client needs. Collaboration with international and local partners will be central to the implementation of the CPF program.</p> <p>WBG Ongoing and Planned Support: The Guyana Petroleum Resources Governance and Management Project will (i) support the updating of Guyana’s legal and regulatory frameworks for the governance and oversight of the sector—notably the establishment and operationalization of the regulatory Petroleum Commission, (ii) build the capacity of key institutions, (iii) strengthen fiscal management to provide more effective control over public finances and enhance transparency and accountability of the budget formulation and execution, (iv) support the adoption of EITI standards.</p> <p>Key Risks and Mitigation: Government capacity and an oversized public investment program will challenge the implementation of key reforms. Additionally, the political pressure to expedite benefits to the general population could see key reforms being delayed. To mitigate these risks, the Bank will strengthen engagement with government on priority areas, increase capacity building support throughout the CPF period including through Hands-On Expanded Implementation Support, and provide TA and advisory support for implementation.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 8. Establishment and operationalization of the regulatory Petroleum Commission: Baseline: No (2022) Target: Yes (2026)</p>	<p>Development and approval of Petroleum Commission regulations: Baseline: No (2022) Target: Yes (2024)</p>	<p>Financing <i>Ongoing</i> Petroleum Resources Governance and Management Project (P166730)</p> <p>Knowledge <i>Indicative</i> Country Climate and Development Report</p>
<p>Indicator 9. Legal and regulatory acts for the O&G sector informed by the Bank and submitted to the National Assembly: Baseline: 0 (2021) Target: 5 (2026)</p>	<p>Stakeholder consultations conducted on new legislation for oil and gas sector: Baseline: 0 (2021) Target: 8 (2024)</p>	
<p>Indicator 10. Strategic Environmental and Social Assessment (SESA) report on Guyana’s oil and gas sector completed and results published: Baseline: 0 (2021) Target: 2 (2026)</p>		
<p>Indicator 11. Annual report of the Natural Resource Fund laid before the National Assembly by the MOF: Baseline: 0 (2022) Target: 4 reports (one annually) (2026)</p>	<p>Number of MOF staff trained to support the operationalization of the Natural Resource Fund: Baseline: 0 (2021) Target: 4 (2024)</p> <p>EITI reports published and made publicly available, in accordance with internationally recognized transparency standards: Baseline: 1 (2022) Target: 4 (2024)</p>	

Objective 5. Enhance the Competitiveness of Guyana’s non-Oil Economy

Intervention Logic

Rationale for the CPF Objective and WBG engagement: Given the magnitude of the O&G revenues relative to the non-oil economy, Guyana faces substantial risks of developing Dutch disease. Traditionally, job creation in Guyana has largely come from the public sector as limited competition in the private sector inhibited its growth. Private sector development is constrained by a number of factors including gaps in various regulatory frameworks, poor access to credit, limited stock and density of physical and digital connectivity infrastructure, as well as the business environment surrounding trade logistics. Guyana’s domestic transport infrastructure is underdeveloped, and the mobility of goods and people is constrained by the poor condition and maintenance of the road network. The continued increase in climate impacts will necessitate investments in agriculture to promote resilience. Significant barriers remain including limited knowledge of new practices, poor access to information, and limited financial and insurance services. These are compounded by the infrastructure and connectivity deficit which contribute to lagging agriculture productivity. Addressing these binding constraints to sustained economic development will depend on how well Guyana can implement a competitiveness and diversification agenda and invest in key non-oil sectors. By supporting knowledge and investments in the non-oil sectors, including addressing barriers to access to finance for the private sector and improving transport infrastructure, ongoing and planned WBG interventions will contribute to increased productive and innovation in those sectors leading to increase in quality and better paying jobs.

Lessons Learned and New Knowledge: A recently completed diagnostic on competitiveness and diversification contributed to the identification and prioritization of critical investments to address constraints to private sector development. Similarly, a forthcoming Caribbean Regional Private Sector Diagnostic, which includes Guyana, sheds light on the structure of the private sector and the cross-cutting issues to private sector growth and could help inform IFC’s interventions in the country to foster the non-oil economy. The WBG will continue to deepen its knowledge and engagement on competitiveness and diversification across critical sectors of the economy. A possible new knowledge product could be an infrastructure assessment on regional connectivity to inform soft components of an infrastructure investment operation. The Bank will conduct an assessment of policy reform options simulating the economic, farm sector, and environmental impacts of agricultural support options aligned with government policy objectives to better inform decision making.

WBG Ongoing and Planned Support: Investment financing could increase access to digital connectivity, including in schools, and technical and advisory support for sector reforms including in telecommunications. In agriculture, activities to foster private sector growth include investments in (i) rural infrastructure, climate-smart agriculture technologies and digital agriculture services, (ii) supply chain logistics, trade policy and regulatory framework to strengthen market linkages and (iii) training for farmers and entrepreneurs in the agriculture and agro-processing industries. IFC will seek to catalyze investments in infrastructure and connectivity including modernization of ports and roads. The WBG will support the development of the Guyana-Suriname economic corridor with infrastructure diagnostics, rehabilitation of roads and critical access points from productive areas, and enhancements to customs and trade facilitation. Technical support will be provided for PPP type investments, for example, leveraging IFC’s experience engaging in PPP projects in the Caribbean region and beyond (for example, Jamaica and Haiti). MIGA will look for opportunities to provide its political risk insurance to promote foreign investments in non-oil sectors which support a green, resilient, and inclusive development. Financial intermediation will be pursued with local banks to increase access to credit for SMEs. Key partnerships will be fostered with other IFIs, for instance, the IDB around statistical capacity strengthening. Relationships with well-managed local banks will be developed to facilitate financial intermediation.

Key Risks and Mitigation: Competing demands will impact on the government’s ability to prioritize interventions. The World Bank will support with TA and advisory services to aid government in sequencing of interventions to address critical development objectives.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 12. Number of MSMEs with access to financial services through WBG interventions disaggregated by gender: Baseline: 0 (2022) Target: TBD</p>	<p>Approval and adoption of a National Financial Inclusion Strategy: Baseline: 0 (2021) Target: 1 (2024)</p> <p>Policy to increase usage of digital financial services adopted: Baseline: 0 (2021) Target: 1 (2024)</p>	<p>Knowledge <i>Ongoing</i> Guyana FIRST Increasing Financial Inclusion (P176082) Memorandum of Understanding for PPP Capacity Building (IFC)</p> <p><i>Indicative</i> Guyana Coconut Upstream Seed (IFC)</p>

<p>Indicator 13. Additional population of beneficiary communities of WBG interventions able to access a local market by motorized transport within 60 minutes Baseline: 0 (2022) Target: TBD</p>		<p>Financing <i>Indicative</i> Guyana Improving Coastal Infrastructure and Economic Opportunities Project</p> <p>Knowledge <i>Indicative</i> Country Climate and Development Report Infrastructure Diagnostic</p>
<p>High-Level Outcome 3. Enhanced Climate and Environmental Resilience</p>		
<p><i>Guyana is among the countries most vulnerable to climate change, with coastal flooding posing serious risks as much of Guyana’s population and economic activity is concentrated in low-lying areas along the Atlantic coast, much of which lies below sea level. Thus, strengthening disaster resilience and climate change adaptation is a key component of Guyana’s development agenda.</i></p>		
<p>High-Level Outcome Indicator</p>	<p>Data Source</p>	<p>Current Value</p>
<p>Annual damages and losses from natural disasters (percentage of GDP)</p>	<p>Office of Climate Change</p>	<p>60 percent</p>
<p>Percent reduction in number of hours taken for flood waters to dissipate after a one in 5-year rainfall event.</p>	<p>National Drainage and Irrigation Authority</p>	<p>24 hours</p>
<p>High Level Outcome Description</p> <p>Rationale: Guyana is well endowed with natural resources and extensive tropical forests that cover more than 80 percent of the country. It is one of the top countries in the world in terms of forestry coverage, which place the country’s forestry system as one of the most important carbon sinks in Latin America. However, the development of the oil industry can have a negative impact on the environment in the absence of a strong legal and institutional framework. In addition, the country’s exposure to adverse weather events means it will need comprehensive measures for climate change resilience. With 90% of the population and 75% of the main economic activities concentrated on the low-lying coast, Guyana is particularly vulnerable to the negative effects of climate change on its economy, human livelihoods, and ecosystems.</p> <p>WBG engagement: Ongoing Bank engagement aims to reduce the risk of flooding in the low-lying areas of East Demerara, with the primary focus on upgrading critical sections of the East Demerara Water Conservancy, strengthening institutions relevant to flood risk reduction, and supporting flood modeling – namely, hydraulic and hydrological flood modeling. Additional engagements focus on improving Urban Resilience of Coastal Cities in the Caribbean through Resilient Infrastructure and Urban Planning.</p> <p>Knowledge gaps: Important knowledge gaps and risks to Guyana emerge as it battles with building climate resilience on one hand and the development of its O&G sector and its likely consequences on the other. The establishment of an oil refinery presents new considerations into the present mix. Previous projects highlighted the need for improved monitoring of social and poverty indicators and the utility of establishing a technical baseline for hydrologic systems. Data on hydrology established under the Climate Adaptation Project has been useful in understanding the risks of flooding in Region 4.</p> <p>SDGs associated: SDG 7 – Affordable and Clean Energy, SDG 13 – Climate Action, SDG 14 – Life Below Water, SDG 15 – Life On Land</p>		
<p>Objective 6. Strengthen Flood Resilience and Climate Change Adaptation</p>		
<p>Intervention Logic</p>		
<p>Rationale for the CPF Objective and WBG engagement: Guyana is very susceptible to rising sea levels and flooding because most of the population (90%) lives on the Coastal Plain which lies approximately 0.5 to 1 meter below mean sea level and relies on old infrastructure. The coast is also relatively flat, which favors the rapid accumulation of rainfall-runoff, and which makes natural drainage into the ocean very difficult. In addition, the construction industry has not yet incorporated in a disciplined manner, measures to adapt to and mitigate the effects of climate</p>		

change. Pluvial drainage systems, especially in the metropolitan area, are deficient in capturing and evacuating water, which is basically done through pumping systems and locks towards the river or the ocean.

Lessons Learned and New Knowledge: Disaster risk management activities in the Caribbean have benefited from regional exchanges. Knowledge sharing is mutually beneficial for Guyana and other countries within the Latin America and Caribbean group. Given that the climate change adaptation and flood resilience agenda is likely to be pursued by other donors, improved donor coordination becomes a cornerstone for successful implementation and minimal duplication of efforts. In light of major planned infrastructure investments, the World Bank will undertake the development of a technical foundation for a drainage masterplan of future interventions, with a prioritized investment package for reduction flood risk in the greater Georgetown metropolitan area. This will be complemented by a study for improving urban infrastructure planning including development of a risk/vulnerability map for key assets and infrastructure. A policy framework for ecosystem services will be developed to support the move toward market mechanisms for ecosystem services under the Low Carbon Development Strategy 2030. Further, the Bank will prepare a Country Climate and Development Report to help inform country development priorities in a manner that integrates climate and development.

WBG Ongoing and Planned Support: Ongoing Bank engagement aims to reduce the risk of flooding in the low-lying areas of East Demerara, with the primary focus on upgrading critical sections of the East Demerara Water Conservancy, strengthening institutions relevant to flood risk reduction, and supporting flood modeling – namely, hydraulic and hydrological flood modeling. A proposed project for improving resilient through nature-based solutions for coastal protection and urban drainage would strengthen Guyana’s response to climate change.

Key Risks and Mitigation: Fiscal risks emanating from climate and natural disasters could derail the growth and development efforts, calling for targeted public investment to build resilience. At the same time, Guyana faces an accelerated transition of the global economy away from carbon-intensive fuels to combat climate change. As such, the country will need to balance its development needs with the impacts of the global low-carbon transition and ensure that future growth trajectories incorporate social, economic and environmental concerns while creating an enabling environment for low-carbon and sustainable development.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 14. Area with reduced exposure to flooding in the East Demerara: Baseline: 13,000 hectares (2020) Target: 32,000 hectares (2026)</p>	<p>Area provided with new/improved irrigation or drainage services: Baseline: 7,864 hectares (2020) Target: 13,379 hectares (2024)</p>	<p>Financing <i>Ongoing</i> Flood Risk Management Project (P147250)</p> <p>ASA <i>Ongoing</i> Improving Urban Resilience of Coastal Cities in the Caribbean through Resilient Infrastructure and Urban Planning (P172740)</p>
<p>Indicator 15. Number of people benefiting from reduced flood risk/protected from flooding: Baseline: 90,000 (2020) Target: 150,000 (2026)</p>	<p>National strategy for disaster risk financing approved: Baseline: No (2022) Target: Yes (2024)</p>	<p>Financing <i>Ongoing</i> Flood Risk Management Project (P147250)</p> <p><i>Indicative</i> Guyana Improving Coastal Infrastructure and Economic Opportunities Project</p> <p>ASA <i>Ongoing</i> Improving Urban Resilience of Coastal Cities in the Caribbean through Resilient Infrastructure and Urban Planning (P172740) Caribbean Disaster Risk Financing TA</p>

		Caribbean Disaster Risk Financing and Sector Analysis TA (P170576) Knowledge <i>Indicative</i> Country Climate and Development Report Sustainable Agriculture and Forestry Policy Assessment (P180080)
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Annex 2: Selected Indicators* of Bank Portfolio Performance and Management

As of Date 04/05/2023

Indicator	FY20	FY21	FY22	FY23
Portfolio Assessment				
Number of Projects Under Implementation ^a	5.0	6.0	6.0	6.0
Average Implementation Period (years) ^b	4.0	4.2	4.4	5.1
Percent of Problem Projects by Number ^{a,c}	0.0	0.0	16.7	16.7
Percent of Problem Projects by Amount ^{a,c}	0.0	0.0	13.2	13.2
Percent of Projects at Risk by Number ^{a,d}	0.0	0.0	16.7	16.7
Percent of Projects at Risk by Amount ^{a,d}	0.0	0.0	13.2	13.2
Disbursement Ratio (%) ^e	22.4	22.4	14.5	34.4
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	31	1
Proj Eval by IEG by Amt (US\$ millions)	411.0	34.2
% of IEG Projects Rated U or HU by Number	26.7	0.0
% of IEG Projects Rated U or HU by Amt	23.5	0.0

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 3: Operations Portfolio (IBRD/IDA and Grants)
As of Date 04/05/2023

Closed Projects **39**

IBRD/IDA*

Total Disbursed (Active)	79.75
of which has been repaid(1)	2.71
Total Disbursed (Closed)	451.95
of which has been repaid	184.53
Total Disbursed (Active + Closed)	531.70
of which has been repaid	187.24
Total Undisbursed (Active)	64.46
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	64.46

Active Projects

Project ID	Project Name	<u>Last ISR</u>			<u>Original Amount in US\$ Millions</u>					<u>Difference Between Expected and Actual Disbursements^a /</u>	
		<u>Supervision Rating</u>		Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
		<u>Development Objectives</u>	<u>Implementation Progress</u>								
P175268	Guyana COVID-19 Fast Track Operation	S	MS	2021	0.0	12.5		0.0	4.3	-0.4	3.2
P177741	Guyana Human Capital Project	S	S	2022	0.0	44.0		0.0	32.3	-5.6	0.0
P159519	GY Education Sector Improvement	MS	MS	2017	0.0	13.3		0.0	4.5	4.4	0.7
P147250	GY Flood Risk Management	MS	MS	2014	0.0	37.9		0.0	11.8	-11.8	-3.0
P166730	GY Petroleum Resources Governance & Mngt	MU	MU	2019	0.0	20.0		0.0	11.6	6.1	0.0
P147924	GY Secondary Education Improvement	MS	MS	2014	0.0	23.5		0.0	0.0	-12.4	1.5
Overall Result					0.0	151.2		0.0	64.5	-21.8	1.2

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Annex 4: Mapping of Other Development Partners Activities in Guyana

Development Area	CDB	CDF	Global Fund	IDB	IFAD	IsDB	FAO/IICA	PAHO/WHO	UNDP	UNFPA	UNICEF/UNESCO	Canada	China	EU	Germany	India	Kuwait	Norway	UK	US
Governance/Institutions	X								X			X							X	X
Public Financial Management				X										X						
Statistical Capacity				X								X								
Transport/Infrastructure						X							X			X	X		X	
MSME Business Development				X															X	
Access to Finance				X																
Competitiveness & Diversification				X								X							X	
Digital Connectivity				X					X									X		
Agriculture and agricultural services		X		X	X		X													
Education				X							X	X								X
Skills Development	X									X										X
Health			X	X				X		X		X	X			X			X	X
Gender-based Violence										X		X		X						
Flood Risk/Resilience	X					X												X	X	X
Environment/Natural Resource Management									X				X	X	X				X	
Rural Livelihoods Development	X											X		X				X		X
Community-Based/Eco-Tourism/Tourism Development	X													X						

Annex 5: Summary of Consultation Discussions with Key Stakeholders

Introduction

The World Bank Group (WBG) is developing a new Country Partnership Framework (CPF), in collaboration with the Government of Guyana. The CPF will outline the WBG's support for Guyana's development over the next four years (2023-2026). The CPF is aligned with the national development priorities identified in the Low Carbon Development Strategy 2030 and the United Nations Sustainable Development Goals, and focuses on areas that will have the greatest impact on eliminating poverty and promoting shared prosperity for all in Guyana. Consultations with stakeholders were held December 12-13, 2022. The stakeholder groups included were development partners, representatives of the private sector and civil society organizations. The objective of these consultations was to seek the views of a wide range of stakeholder groups on Guyana's key development challenges and the areas where the WBG should concentrate its support, so that this support has the greatest possible impact in promoting inclusion, sustainable poverty reduction, and shared prosperity in Guyana.

The format of the consultations was as follows: The World Bank team opened with a presentation outlining the CPF process, lessons learned from the last CPF, as well as the proposed areas of focus for the upcoming CPF. The proposed CPF High Level Outcomes (HLOs) are: (1) improved human capital, (2) more and better jobs, and (3) enhanced climate and environmental resilience. After a brief presentation on the proposed CPF, participants discussed a few key questions posed by the Bank team. A summary of the input and feedback received is provided below:

Date	Session	Location	Attendance
12/12/2022	Consultation Meeting with International Development Partners	World Bank Guyana Country Office	9
12/12/2022	Consultation Meeting with Private Sector Community	World Bank Guyana Country Office	9
13/12/2022	Consultation Meeting with Civil Society Organizations	The Marriott Hotel	14
		Total	32

Summary of consultation meeting with Development Partners World Bank Country Office Guyana, December 12, 2022	
Areas of discussion	Key points raised
In your view, what should be the principal objective/s of the World Bank's engagement in Guyana?	<ul style="list-style-type: none"> There was general agreement that the principal objectives identified in the proposed CPF are aligned with national and international development priorities and complements ongoing engagements of other partners in Guyana. It was noted that the World Bank has established a strong program around education, flood risk management, energy and extractives and health, and should continue to deepen its engagement in the context of the oil and gas sector realities.
What are your views on the areas of engagement identified by the World Bank Group and Government of Guyana: (i)	<ul style="list-style-type: none"> There was general agreement that the three HLOs are important to Guyana's present development trajectory. World Bank engagement in human capital development needs is critical and needs to be strategic. Support targeted to the TVET sector

<p>Improved Human Capital, (ii) More and Better Jobs, (iii) Enhanced Climate and Environmental Resilience?</p>	<p>is welcomed and complements government and other partners who are working in the sector. It will be key, for ensuring strategic alignment, to analyze current programming, identify challenges and gaps and tailoring interventions to address them.</p> <ul style="list-style-type: none"> • While the HLOs and objectives address important priorities, objectives and activities related to governance, macro-economic/fiscal and strengthening of statistical capacity for policymaking were identified as gaps that need to be addressed and are critical for sustainable, inclusive growth.
<p>What are the main risks likely to impede the implementation of the World Bank Group’s support to Guyana and how can these be mitigated?</p>	<ul style="list-style-type: none"> • Institutional capacity for implementation including cumbersome procurement processes, limited qualified personnel and timeliness of decision-making process. Government coordination and ability to contribute to programming will be critical to addressing absorptive capacity challenges. • In light of the new oil wealth, increased crime and potential for civil unrest were noted as likely risks, given similar experiences in other countries. • Macroeconomic stability and extreme weather events were also identified as risks that could impede program implementation. • The increasing cost of infrastructural development was highlighted. Given the boom in the construction industry, availability and cost of materials, skilled labor and quality contractors will pose a challenge. • It was noted that the program straddles an election period which could pose a challenge to implementation as there is reduced engagement around this time and change in priorities/personnel following national elections.
<p>Based on priorities identified, what opportunities do you envisage for collaboration and coordination, including at the sector level?</p>	<ul style="list-style-type: none"> • There was general agreement that scope for collaboration exists. There are many opportunities for collaboration and partnership, particularly around the human capital agenda, agriculture, private sector development, climate resilience, and the digital agenda. The partners also noted the potential for regional collaboration around CARICOM thematic priorities such as connectivity, food security, and trade.
<p>Summary of consultation meeting with Private Sector representatives World Bank Country Office Guyana, December 12, 2022</p>	
<p>Areas of discussion</p>	<p>Key points raised</p>
<p>In your view, what should be the principal objective/s of the World Bank’s engagement in Guyana?</p>	<ul style="list-style-type: none"> • There was general agreement that the principal objectives identified in the proposed CPF are aligned with the needs of the country and reflect discussions being had within the business community.
<p>What are your views on the areas of engagement identified by the World Bank Group and Government of Guyana: (i) Improved Human Capital, (ii) More and Better Jobs, (iii) Enhanced Climate and Environmental Resilience?</p>	<ul style="list-style-type: none"> • The discussion around human capital development focused on the gap in availability of skilled workers to fill roles in the private sector. Attractive compensation in the oil and gas industry has left a vacuum in other sectors such as forestry and tourism. Availability, accessibility (particularly for women and those in rural communities) and relevance of training opportunities were identified as important for realigning the TVET sector to address current and future needs. There should be consideration for childcare and stipend to support participation in

	<p>trainings. There is a great urgency to fill the skills gap, and reform in the TVET sector should consider how to make the sector more appealing including through early awareness and education, particularly opportunities for career growth. Addressing the skills gap also means that theoretical learning should be coupled with practical skills and hence apprenticeship should be central to skill development. Skills development need also to be localized so that there are linkages between training offerings and industries being developed in order for the community to take advantage of opportunities.</p> <ul style="list-style-type: none"> • Transport infrastructure (including faster, more efficient and safe options) is critical to the creation of more and better jobs as accessibility issues for jobs that are outside of local communities pose a challenge to addressing the unmet needs in the private sector. Connectivity to remote parts of the country will open up opportunities for trade and eco-tourism. • Education and awareness around environmental issues is critical for supporting efforts aimed at mitigating impacts and building resilience. It is important for the general population to understand the impact on the economy and are part of the reform efforts. Government and community led initiatives around climate events and preparation for such are needed. In the context of the rising demands in the construction industry, it is important that environmental considerations are mainstreamed and that basic building codes are updated and enforced as a way to steer development in the right path.
<p>What are the main risks likely to impede the implementation of the World Bank Group’s support to Guyana and how can these be mitigated?</p>	<ul style="list-style-type: none"> • Partnerships will be critical to addressing challenges as potential for overlap could be a risk. • Change in demand in the construction sector will impact on infrastructure projects and therefore timelines should be realistic and factor in these new developments. • Citizen engagement and involvement of the private sector and civil society is important.
<p>Summary of consultation meeting with Civil Society Organizations World Bank Country Office Guyana, December 13, 2022</p>	
<p>Areas of discussion</p>	<p>Key points raised</p>
<p>In your view, what should be the principal objective/s of the World Bank’s engagement in Guyana?</p>	<ul style="list-style-type: none"> • There was general agreement that the objectives identified in the proposed HLO were relevant for Guyana and that the World Bank should continue to strengthen its engagement in these key areas.
<p>What are your views on the areas of engagement identified by the World Bank Group and Government of Guyana: (i) Improved Human Capital, (ii) More and Better Jobs, (iii) Enhanced Climate and Environmental Resilience?</p>	<ul style="list-style-type: none"> • Views around the need to clearly define inclusiveness and sustainability were expressed. The interdependence needs to be highlighted as sustainability cannot be achieved without inclusivity. • Disability inclusion was raised as a concern, particularly as it relates to access to educational opportunities. • To address the labor shortage in technical skills, early career guidance is needed to increase awareness of opportunities in non-traditional job areas. Early awareness can increase attractiveness of TVET sector opportunities.

	<ul style="list-style-type: none"> • The World Bank is in a position to further support the engagement on the climate agenda by bringing its knowledge and analytics to clarify the potential environmental impacts and what is needed to respond to these challenges. Citizen awareness of their own impact on climate resilience is necessary, as well as education around climate resilient technologies to support climate adaptation. • It is important that there is engagement around how the Bank deals with issues of corruption and discrimination in awarding of contracts in its operations. • Climate-related interventions need to have realistic timelines based on research and good practices as impact tend to be realized over a longer time period.
<p>What are the main risks likely to impede the implementation of the World Bank Group's support to Guyana and how can these be mitigated?</p>	<ul style="list-style-type: none"> • Limited knowledge and public awareness about World Bank Group's engagement in the country could impact on the effectiveness of interventions including around citizen engagement in national development issues. • With increased economic activity, issues of traffic congestion and lack of traffic management and planning will further impact on productivity which can affect program implementation.

Annex 6: Findings of the Guyana Country Opinion Survey

A Guyana country opinion survey in FY21 invited 301 stakeholders to provide their opinions on the WBG's work, of which 111 stakeholders (37 percent) responded. The largest number came from employees of ministries and other government agencies (25.2 percent), followed by the private sector (25.2 percent), and NGOs/Community Based Organizations (21 percent). Other respondents included development partners, representatives of media and academia. Overall, the FY21 survey findings suggest that there is a positive outlook about the direction of the country with over 50 percent of respondents thinking that the country is moving in the right direction, and over 80 percent agree that economic opportunity is increasing or staying the same.

Survey Results

- **Development Priorities.** A third of the stakeholders surveyed point to education (30 percent) and natural resource management (28 percent) as the top development priorities in the country, followed by equality of opportunity (20 percent), public sector governance/reform and health and healthcare system (18 percent), agriculture and rural development, and job creation/employment (17 percent). Crime and violence (16 percent) and transport (14 percent) were also identified as important priorities for the country's development.
- **WBG Role.** The areas that stakeholders believe would most benefit from WBG support include poverty reduction (29 percent) and other areas that were identified as major contributors to poverty reduction including education (27 percent) and job creation/employment (25 percent). Other important areas for WBG's focus include public sector governance/reform (21 percent), anti-corruption (21 percent), health and healthcare system (20 percent) and natural resource management (18 percent).
- **Perceived Value and Effectiveness of the WBG's Work.** Overall, stakeholder views of WBG's operations and engagement in the country are positive. The WBG is seen as a trustworthy, relevant, respectful, long-term partner that effectively collaborates with the government, helps to achieve development results, and influences the development agenda in Guyana. The WBG receives relatively lower ratings for collaboration with civil society, flexibility in terms of changing country circumstances, and staff accessibility. The top perceived WBG weakness in the country is "Not enough public disclosure of its work" (34 percent). Stakeholders indicated that the WBG should engage more effectively with civil society (26 percent), increase the level of capacity development in the country (26 percent), and provide more adequate data/knowledge/statistics/figures on Guyana's economy (18 percent) to bring greater value to the country.

Annex 7: Oil Revenues – Macroeconomic Risks and Risk Mitigation

Risks	Country Examples	Mitigation Measures
Borrowing prior to production	<ul style="list-style-type: none"> • Ghana • Mozambique 	Adopt appropriate debt management and macroeconomic policies.
Management of the oil sector by state-owned enterprises heightens fiscal risks	<ul style="list-style-type: none"> • Saudi Arabia • Trinidad & Tobago • Ecuador • Venezuela 	Build capacity to identify, assess and monitor fiscal risks arising from contingent liabilities.
Fiscal expansion following production	<ul style="list-style-type: none"> • Equatorial Guinea • Timor-Leste 	Divert a share of fiscal resources to a sovereign wealth fund.
Mismanaged response to economic cycle	<ul style="list-style-type: none"> • Brazil 	Enact fiscal rules to stabilize output volatility.
Unproductive expansion of public investment	<ul style="list-style-type: none"> • Angola 	Improve the appraisal and selection process for public investment projects.
High impact, low frequency environmental disaster	<ul style="list-style-type: none"> • Australia, US, Canada, Kuwait 	Build capacity to identify and monitor risks arising from O&G sector
Unsustainable expansion of public consumption (e.g., pension programs)	<ul style="list-style-type: none"> • Brazil • Nigeria 	Target increases in public consumption to benefit poor households.
The creation of extrabudgetary funds with inadequate oversight	<ul style="list-style-type: none"> • Angola • Nauru • Malaysia 	Monitor fiscal risk through implicit and explicit government guarantees.
Real exchange-rate appreciation erodes the competitiveness of the nonoil economy	<ul style="list-style-type: none"> • The Netherlands in the 1970s and others that experienced so-called “Dutch disease” 	Sterilize capital inflows through price-based or capital-control policies.

Source: World Bank Group (2020). *A Pivotal Moment for Guyana: Realizing the Opportunities – Systematic Country Diagnostic*