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# **Building Effective Governments**

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Executive Summaries of the  
Caribbean Country Studies

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## **Guyana**



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## **Building Effective Governments**

Executive Summaries of the Caribbean Country Studies

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# Introduction

Improving public services, using resources efficiently, and managing state institutions effectively have been an ongoing concern of Latin American and Caribbean (LAC) governments since early in this century. Today, the authorities are paying close attention to the results obtained by their administrations. Citizens are demanding not only universality, but also quality in the services provided by the State.

To assess countries' institutional capacity to manage their public sectors efficiently, the Inter-American Development Bank (IDB) designed the PRODEV Evaluation Tool (PET). This instrument uses a managing for development results (MfDR) approach to analyze five pillars of the public policy management cycle: (i) planning, (ii) budgeting, (iii) public financial management, (iv) program and project management, and (v) monitoring and evaluation.

Each pillar has components that measure the maturity of institutional systems and their capacity to orient administrations toward obtaining results. These components, in turn, include indicators that measure specific aspects of management systems, which are subdivided into the minimum requirements that make up the basic unit of information gathering. The PET has 16 components, 37 indicators, and 142 minimum requirements; all of these are scored on a 0 to 5 scale, in which 5 is optimal. The ministries of Education, Health, Social Development, and Infrastructure carried out the analysis of sectoral management in the fourth pillar. However, for various reasons, in some countries, it was not possible to analyze all of these sectors.

This methodology was used to assess the situation in 24 LAC countries by comparing data obtained in 2007 to those obtained in 2013.<sup>1</sup> The cutoff date of the information for the first round was not uniform across countries, as the instrument was applied between 2007 and 2009. By contrast, the cutoff date of the reports for the second round was the same in all cases: December 31, 2012.

The information gathered was analyzed in the book entitled *Building Effective Governments: Achievements and Challenges for Results-Based Public Administration in Latin America and the Caribbean*. The present document is the executive summary of the "National Progress Report (2007–2013) on Institutional Capacity to Implement Managing for Development Results," which was prepared in each of the 24 countries covered in the study. The book, the annexes, and other information related to the study are available at: [www.iadb.org/gobiernosefectivos](http://www.iadb.org/gobiernosefectivos).

The editors wish to thank the authorities and public officials of the institutions that participated in this study for their collaboration and input. Without their contributions, this study could not have been carried out. Finally, with respect to the data reported in the figures, numbers expressed in hundredths were rounded up to decimals.

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<sup>1</sup> The countries included in this study are: Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Mexico, Panama, Paraguay, Peru, Surinam, Trinidad and Tobago, and Uruguay.

# Guyana

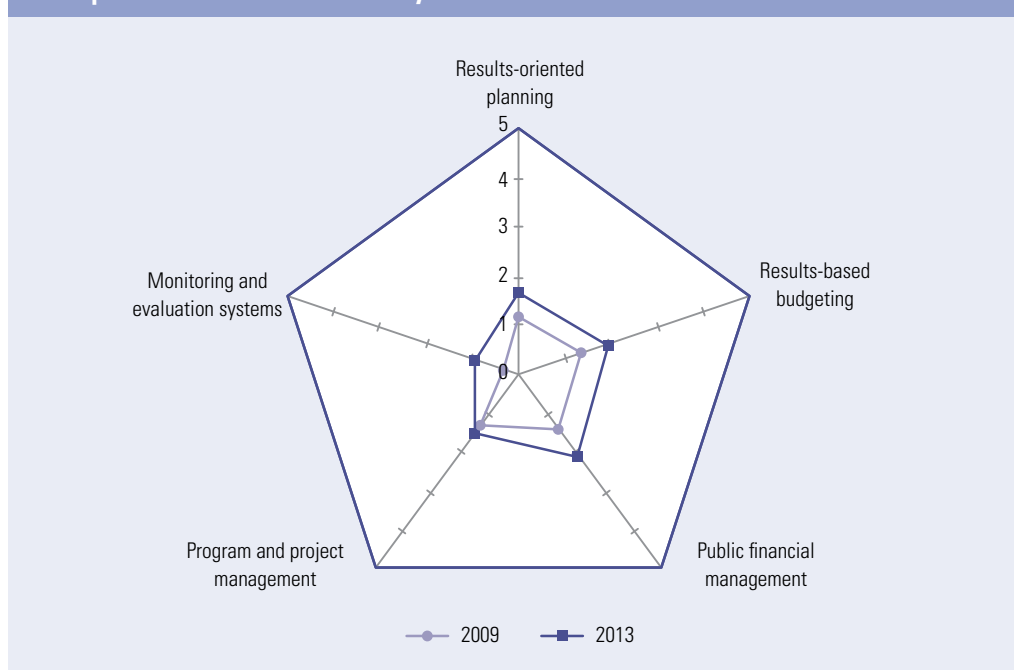
## Summary of Changes between 2009 y 2013

The 2013 evaluation found that Guyana had made modest advances in its MfDR implementation. The greatest progress made was in results-based budgeting and public financial management, followed by results-oriented planning. Little progress was seen in program and project management. The monitoring and evaluation systems pillar continued to be the country's weakest; however, these systems were being redesigned, and, if successfully implemented, they were expected to bring about significant progress in the future.

### Scores for Guyana on Each MfDR Pillar for the 2009–2013 Period

PILLARS	2009	2013
Results-oriented planning	1,2	1,7
Results-based budgeting	1,4	2,0
Public financial management	1,4	2,0
Program and project management	1,3	1,4
Monitoring and evaluation systems	0,3	0,9
<b>Average</b>	<b>1,1</b>	<b>1,6</b>

### Development of the MfDR Pillars in Guyana



### Progress on MfDR Implementation in Guyana

<b>Planning</b>	The Low Carbon Development Strategy 2009–2020 (LCDS), the Poverty Reduction Strategy Paper 2011–2015 (PRSP) and the National Competitiveness Strategy (NCS) were all formulated. A broad consultation process was carried out among civil society during the formulation of the LCDS, and three of its plans were submitted to the National Assembly.
<b>Budgeting</b>	Program-based budget structuring was introduced. The proposed budget was posted on the Internet, as was the approved budgeting legislation.
<b>Financial Management</b>	Over the last three years of the study period, the average deviation between the approved and implemented budgets decreased, and there were no extra-budgetary expenditures over the last two years. The National Assembly approved the budget in a timely fashion, the accounting system was in line with international standards, and the consolidated reports were audited within four months after the close of the fiscal year. The Internal Audit Division was created in the Ministry of Finance. The financial independence of the Audit Office of Guyana was bolstered.
<b>Program and Project Management</b>	The health and education sectors had sectoral plans.
<b>Monitoring and Evaluation Systems</b>	There was an action plan, and methodologies were being developed for implementing a government management monitoring and evaluation system. Some international standards were introduced for the production of statistics.

### Results-oriented Planning

COMPONENTS	2009	2013
<b>Results-oriented planning</b>	<b>1,2</b>	<b>1,7</b>
Strategic planning capacity	1,8	2,5
Operational planning	0,2	0,5
Participatory nature of planning	2,1	2,7

The country had long-term plans in different areas, such as the Low Carbon Development Strategy 2009–2020 (LCDS), which provided a framework for the Poverty Reduction Strategy Paper 2011–2015 (PRSP) and the National Competitiveness Strategy (NCS). Although the LCDS objectives and targets became action plans in the PRSP and the NCS, none of the strategies addressed the social aspects of development. Only the education and health sectors had sectoral plans, but the LCDS and the NCS used an intersectoral approach that provided a frame of reference for the development of plans in areas such as energy, tourism, and infrastructure. The Ministry of Finance was responsible for preparing the LCDS and the PRSP. The Project Cycle Management Division (PCMD) had recently replaced the Ministry's former planning secretariat for activities related to planning. Also, in the Office of the President there were two offices related to LCDS implementation: the Project Management Office, which coordinated investment strategy; and the Office of Climate Change, which focused on the alignment of LCDS intersectoral issues and the pursuit of multilateral and nongovernmental support. Since 2003, the Fiscal Management and Accountability Act and its regulations approved in 2004 had been the legal framework that regulated planning. One challenge for the country's strategic planning was that the targets of the LCDS and the PRSP were not annualized. The indicators for measuring progress toward the targets were only present in the PRSP; however, efforts were underway to develop indicators in the LCDS as part of the monitoring system.

As for operational planning capacity, neither the LCDS nor the PRSP defined programs for achieving objectives and targets or the entities responsible for their achievement. However, most of the actions included in these plans had funding in the national budget. Although there was no legal framework to promote the participation of civil society and the legislative branch in planning, the National Assembly contributed to the review of three draft plans related to the LCDS, and there was extensive consultation of civil society during its formulation.

### Results-based Budgeting

COMPONENTS	2007	2013
<b>Results-based budgeting</b>	<b>1,4</b>	<b>2,0</b>
Program-based budget structuring	2,4	3,6
Medium-term budgeting perspective	2,3	2,7
Evaluation of spending effectiveness	0,8	1,1
Incentives for management effectiveness	1,0	1,0
Information dissemination	0,3	1,5

The expense budget contained program-based classifications, each of which had objectives, strategies, impacts (outcomes), and indicators. However, the impacts were not explicitly linked to the objectives of the National Plan. This made it difficult to monitor expenditures associated with the PRSP. The program-based structure had room for improvement since it was still being developed. As for a long-term budgeting perspective, although the country still had no fiscal responsibility law, since 2007 it had been formulating a three-year fiscal framework that projected income, expenses, GDP, inflation, debt, and spending capacity. The fiscal framework contained the main categories: economic, administrative, functional, and programmatic. It was updated annually, and the government was also in the process of adopting Public Finance Statistics standards. The fiscal framework was linked to annual budgeting.

There was no law that promoted evaluation of spending effectiveness, but the country was in the process of constructing performance indicators to measure results. There were no budget allocation mechanisms that provided incentives to efficiency and effectiveness in institutional management either, but the Ministry of Health and regional authorities in this area signed service agreements that pursued this objective. Finally, Guyana showed significant progress in disseminating budget information: the Ministry of Finance was publishing both the proposed budget and the approved budget on its website. Nonetheless, the presentation of the information could be improved to make it more easily understood by the public. The time before publication of the year-end budget report should also be reduced, as it was made public nine months after the report was issued.

## Public Financial Management

COMPONENTS	2009	2013
<b>Public financial management</b>	<b>1,4</b>	<b>2,0</b>
Budgeting and financial management	2,2	2,8
Procurement system	0,3	0,7
External and internal auditing	1,8	2,7

Over the last three years of the study period, there was improvement in the average deviation between the approved budget and the implemented budget: it went from 7 percent for the 2004–2006 period to 3.2 percent for the 2009–2011 period. The Ministry of Finance did not perform fiscal risk analyses related to direct obligations, even though it collaborated actively with the International Monetary Fund (IMF) in analyzing the sustainability of its debt to that organization, due to the country's high degree of vulnerability. The Ministry did analyze fiscal risk related to contingent liabilities, even though it did not have risk-mitigating mechanisms or instruments. Over the last two years of the study period, no unreported extra-budgetary expenditures were identified, and the fiscal reports included complete information on the income and expenses of donor-funded projects. In the last three years of the period, the National Assembly approved the budget before the beginning of each fiscal year. The accounting system was in line with international standards and guidelines, reflected the budget classifications, and was organized on a cash-flow basis. The time lag for presentation of the government's consolidated report, which contained complete information on income-expenses and assets-liabilities, was reduced to four months after the end of the fiscal year. This report was submitted to the Audit Office four months after the end of the fiscal year. The country was also using an integrated financial management system, whose standards were in line with international standards and included the budgeting, accounting, and treasury systems but not the investment and procurement systems. Furthermore, it included only the regional governments that were part of the central government, but not the municipal governments.

A Procurement Act was passed in 2003, the regulations for which were issued in 2004. However, at the time of the study, the Public Procurement Commission stipulated in the legal framework had not yet been formed to ensure that procurement would take place on efficient, transparent, and competitive terms. Nor had there been significant progress on the process for submitting and handling claims related to acquisitions or on the construction of an electronic procurement system for the State.

The Fiscal Management and Accountability Act (2003), the Audit Act (2004), and the Regulations for the Audit Act (2005) regulated internal auditing. The latter two were in line with INTOSAI standards. However, most of the ministries and government entities still had no internal auditing offices, even though the Ministry of Finance had recently created the Internal Audit Division, which was to be responsible for auditing those institutions that did not perform their own internal auditing. The legal framework that regulated external auditing was the Audit Act, and the responsible agency was the Office of the Auditor General, which had functional independence. Progress had also been made on its financial independence thanks to approval of its budget by the National Assembly's Public Accounts Committee, on which that office depends. External auditing standards were also in line with INTOSAI standards. The law requires the Audit Office annually to perform a complete audit of all central government organizations, in terms of income-expenses and financial assets-liabilities, but performance audits continued to be a challenge. Progress was being made on responses from the audited agencies, but there was still much room for improvement.

## Program and Project Management

COMPONENTS	2009	2013
<b>Program and project management</b>	<b>1,3</b>	<b>1,4</b>
Ex ante evaluation and prioritization of investment projects	0,7	0,7
Medium-term sectoral vision	3,6	2,3
Sectoral management of goods and services	0,9	1,5
Sectoral information systems	0,7	1,4

### *Ex ante Evaluation and Prioritization of Investment Projects*

The Ministry of Finance, through its PCMD, was responsible for conducting ex ante evaluations of investment projects. However, there was no law to regulate this area. The PCMD was using project prioritization matrices, but there was no catalog of social prices or methodologies that differentiated between types of evaluations based on the scale of the investment projects. There were no reports of cases in which ex ante evaluations were being performed on projects funded with national public sector funds, but they were performed on projects funded with international credits.

### *Sectoral Management*

**Education:** The 2008–2013 Education Strategic Plan, formulated with the participation of teachers, donors, and parents, was still being applied. This plan was consistent with the LCDS and the PRSP and established annual and multi-annual targets. Annual objectives and costs were also defined in the programs that were part of the budget. Those responsible for each program were also identified, even though no performance contracts were being signed and there were no incentives to recognize or reward the achievement of organizational results. Efforts were underway to create an explicit MfDR strategy, and the improvement of services was based on the use of international standards of educational quality. Several instruments were being used to learn user opinions on the quality of services, and the findings were used to introduce improvements. Educational statistics were available, and the Department of Planning of the Ministry of Education conducted surveys related to quality of services. Even though the findings were incorporated into the information system, their use was limited. Reports on management results were not presented.

**Public Health:** The National Health Sector Strategy 2008–2012 was being updated to 2020, with a first stage to 2015 consistent with the LCDS and the PRSP. The annual plans defined objectives and costs of sectoral services, but they did not include multi-annual objectives and costs. Each budget program identified the office responsible for its implementation, but performance contracts were not being signed and there were no mechanisms to encourage the achievement of organizational results. Despite the fact that there was no explicit MfDR strategy, a results-oriented approach was being used to update the National Strategy to 2020. Since 2008, the sector had had a strategy for improving the quality of services, even though information was gathered only periodically on the quality of the food products, beverages, medicines, and water consumed in the country on the basis of testing done by the Food and Drug Department. The mechanisms for civil society consultation had not improved, and no changes were seen in the sectoral information systems, which were limited to statistical newsletters on health



care. However, the use of indicators related to service delivery costs had improved: they were being updated annually and included in the budget program implementation reports. Reports on management results were not presented.

**Social Development:** The Ministry of Labor, Human Services and Social Security was formulating a sectoral plan. The annual plans defined annual objectives and costs of sectoral services, but not multi-annual objectives and costs. Performance contracts were not signed, and there were no incentives to encourage the achievement of organizational results. There was no explicit strategy for improving the quality of services, even though information was collected on the quality of some of them, such as those provided by the Child Care and Protection Agency. Even though social statistics were available, they did not cover all of the Ministry's services. Just as in the other sectors, the indicators related to the costs of delivering services were updated annually and included in the reports on program implementation. No reports were being presented on management results.

**Infrastructure:** With advising from the Ministry of Finance, the Ministry of Public Works was preparing a medium-term sectoral plan. The annual budget plan identified the programs to be implemented, their objectives, the offices responsible for them, and the costs. No performance contracts were being signed, nor were there incentives tied to the achievement of results. As part of the Ministry's restructuring, a strategy to improve the quality of services was being pursued. There was no information system, and the data were managed by the different areas of the Ministry. No reports were being presented on management results.

## Monitoring and Evaluation Systems

COMPONENTS	2009	2013
<b>Monitoring and evaluation systems</b>	<b>0,3</b>	<b>0,9</b>
Monitoring of government management	0,1	0,8
Statistical information systems	1,4	1,9
Evaluation of government management	0,0	0,6

In 2011, the Ministry of Finance prepared a strategy and an action plan for institutionalizing the monitoring and evaluation of government management. A pilot stage of the plan was being implemented, and the methodologies were being designed.

The Bureau of Statistics administered the statistical information system and conducted population censuses every ten years and household surveys with emphasis on living conditions every four or five years. The periodicity of surveys and censuses was quite variable. Efforts were being made to improve the production and reliability of statistics, and international standards had been introduced, such as those of the European Union's statistical office and of the IMF. However, no progress was seen in the use of statistical information in formulating strategic plans.

