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## CURRENCY EQUIVALENTS

In 1988, Guyana introduced a floating exchange rate. Average exchange rates prevailing Guyana dollars (G\$) per US\$1.00, period average:

1989	27.1
1990	39.5
1991	111.8
1992	125.0
1993	130.2
1994	138.2
1995	141.9
1996	140.2
1997	143.6
1998	150.2
1999	176.2
2000	184.7

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**Fiscal Year:** January 1 – December 31

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**Tables:** Totals in tables may not always equal the sum of their components because of rounding.

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## GUYANA DATA PROFILE, 1996-2000

	1996	1999	2000
<b>POPULATION</b>			
Population, Total (mid year) ('000)	770.1	770.6	772.2
Population Growth (annual %)	0.5	0.5	0.5
Population density (people per square km)	3.58	3.58	3.59
Life expectancy at birth (years)	64.5	65	66
Urban population (% of total)	36	37.6	38.2
Rural population density(per sq. km of arable land)	111.6	108	105
<b>HEALTH</b>			
Fertility rate, total (births per women)	2.4	2.3	2.3
Mortality rate, infant (per 100,000 live births)	191	190	188
Mortality rate (per 1000 live births)	56	56	57
Malnutrition prevalence (% of children under 5)	19.1	12.8	13.5
<b>EDUCATION</b>			
Illiteracy rate (%)	1.4	1.4	1.4
School enrollment, primary (% of net)	94.7	96.6	96.6
School enrollment, secondary (% of net)	52	53	53
<b>ENVIRONMENT</b>			
Surface area (sq. km) ('000)	215	215	215
Forest area (sq. km) ('000)	169	169	168.8
Annual deforestation (% of change)	0.1	0.2	0.3
Freshwater resources per capita (cubic meters) ('000)	281.6	281.6	281.6
CO2 emissions (metric tons per capita)	1.2	1.2	1.2
Improved water source, urban (% of urban population with access)	90	92	92
Electric power consumption per capita (kwh) 'millions	347.3	443.2	476.9
<b>ECONOMY</b>			
GNI Atlas method (current US\$ million)	510.9	524.6	552.6
GNI per capita, Atlas method (current US\$)	750	760	750
GDP (current US\$)	590.1	593.6	596.9
GDP growth (annual %)	7.9	3	-0.8
Inflation	4.5	8.6	5.9
Agriculture, value added (% of GDP)	38.9	34.6	31.1
Industry, value added (% of GDP)	33.8	30	29
Services, etc., value added (% of GDP)	27.3	35.4	39.9
Export of goods and services (% of GDP)	101.2	99	102
Import of goods and services (% of GDP)	108.7	103.4	102.9
Gross capital formation (% of GDP)	52.8	45.3	46.3
Current revenue, excluding grants (% of GDP)	34.1	29.9	31.8
Overall budget deficit, including grants (% of GDP)	2.2	1.7	6.3
Money and quasi money (annual %)	16.7	12.1	10.9
<b>TECHNOLOGY AND INFRASTRUCTURE</b>			
Telephone mainlines(per 1,000 people)	59.8	64.03	71.7
Telephone average cost of local call(US\$ per three minutes)	3.42	3.48	3.69
Aircraft departures	183,000	191,000	195,000
<b>TRADE AND FINANCE</b>			
Foreign direct investment (US\$ million)	93	48	67.1
Total debt service(US\$ million) a_/	104.1	70	74
Aid per capita(current US\$)	169.5	29.68	47.84

a\_/ Includes HIPC

Source: Ministry of Finance; Bureau of Statistics; Bank of Guyana

## ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome	IPED	Institute of Private Enterprise Development
BDU	Business Development Unit	I-PRSP	Interim Poverty Reduction Strategy Paper
BEAM	Basic Education & Management Project	IT	Information Technology
BERMINE	Berbice Mining Enterprise	JAP GRNT	Japanese Grant
BNTF	Basic Needs Trust Fund	LCS	Living Conditions Survey
BOS	Bureau of Statistics	LDO	Local Democratic Organ
BOT	Build, Operate-Own	LEAP	Linden Economic Advancement Project
CARICOM	Caribbean Community	LINMINE	Linden Mining Enterprise
CBO	Community-based Organisations	LSC	Lands & Surveys Commission
CDB	Caribbean Development Bank	LSMS	Living Standards Measurement Survey
CH&PA	Central Housing & Planning Authority	MIS	Management Information Systems
CIDA	Canadian International Development Agency	MMA	Mahaica-Mahaicony Abary
CPCE	Cyril Potter College of Education	MMR	Measles, Mumps, Rubella
CTB	Central Tender Board	MOE	Ministry of Education
CSEC	Caribbean Secondary Education Certificate	MOHW	Ministry of Housing & Water
D&I	Drainage & Irrigation	MOU	Memorandum of Understanding
DCU	Donor Coordination Unit	NARI	National Agricultural Research Institute
DDB	District Development Board	NCERD	National Centre for Educational Resources Development
DFID	Department for International Development	NCLDO	National Congress of Local Democratic Organs
DPT	Diphtheria, Pertussis & Tetanus	NDC	Neighbourhood Democratic Council
E-HIPC	Enhanced Highly Indebted Poor Countries	NDS	National Development Strategy
EIU	Executive Implementation Unit	NFMU	National Frequency Management Unit
EPA	Environmental Protection Agency	NGO	Non-governmental Organization
ERP	Economic Recovery Programme	NIS	National Insurance Scheme
EU	European Union	NRC	National Review Conference
FIA	Financial Institutions Act	NTB	National Tourism Board
GDF	Guyana Defence Force	PAHO	Pan-American Health Organisation
GDP	Gross Domestic Product	PAP	Participation Action Plan
GEAP	Guyana Education Access Project	PCU	People's Cooperative Unit
GEC	Guyana Electricity Corporation	PEIP	Primary Education Improvement Programme
GITC	Guyana Industrial Training Centre	PFP	Policy Framework Paper
GNCB	Guyana National Cooperative Bank	PIU	Poverty Implementation Unit
GNNL	Guyana National Newspapers Limited	PNC	People's National Congress
GNP	Gross National Product	PPP/C	People's Progressive Party/Civic
GNS	Guyana National Service	PPFP	Privatisation Policy Framework Paper
GNSC	Guyana National Shipping Corporation	PRGF	Poverty Reduction Growth Facility
GOG	Government of Guyana	PRS	Poverty Reduction Strategy
GOINVEST	Guyana Office of Investment	PRSP	Poverty Reduction Strategy Paper
GPC	Guyana Pharmaceutical Corporation	PRSS	Poverty Reduction Strategy Secretariat
GPH	Georgetown Public Hospital	PSC	Private Sector Commission
GPL	Guyana Power & Light	PSIP	Public Sector Investment Programme
GPOC	Guyana Post Office Corporation	PSMP	Public Sector Modernization Project
GRDB	Guyana Rice Development Board	PSU	Public Service Union
GS&WC	Georgetown Sewerage & Water Commissioners	RAD	Roads Administration Division
GSC	Guyana Securities Council	RCS	Regional Consultation Supervisor
GTI	Guyana Technical Institute	RDC	Regional Democratic Council
GUM	Genito Urinary Medicine	SIMAP	Social Impact Amelioration Programme
GUYOIL	Guyana Oil Company	SPS	State Planning Secretariat
GUYSUCO	Guyana Sugar Corporation	SSN	Social Safety Net
GUYWA	Guyana Water Authority	SSRP	Secondary Schools Reform Programme
HFLE	Health & Family Life Education	STI	Sexually Transmitted Infections
HIES	Household Income and Expenditure Survey	STEP	Skills Training & Employment Programme
HIPC	Highly Indebted Poor Countries	TA	Technical Assistance
HIV	Human Immune Deficiency Virus	TB	Tuberculosis
ICT	Information & Communication Technology	UNDP	United Nations Development Programme
IDA	International Development Agency	US	United States
IDB	Inter-American Development Bank	USAID	United States Agency for International Development
IFAD	International Fund for Agricultural Development	VCS	Vector Control Service
IFI	International Financial Institutions	WTO	World Trade Organisation
ILO	International Labour Organisation		
IMCI	Integrated Management of Childhood Illnesses		
IMF	International Monetary Fund		

## 1

## INTRODUCTION

## A. Profile of Guyana

Guyana is a multi-racial country with an area of about 215,000 square kilometres and a population of about 747,000, or a population density of less than 4 persons per square kilometre. Because of massive emigration, the country's population growth in the past two decades has been marginal.

Bounded on the north by the Atlantic Ocean, on the east by Suriname, on the south and southwest by Brazil, and on the west and northwest by Venezuela, Guyana is the only English-speaking country in South America. The country consists of four types of landform. The first is the flat, coastal clay belt where most agricultural activity takes place, and which is protected by sea defences, as they lie about 1.4 meters below sea level. The second is the sand belt to the south of the coastal belt, which includes the intermediate savannahs. The third landform is an undulating, central peneplain, which comprises more than half of the country's area and in which is located lush, almost pristine, tropical forests and extensive mineral deposits. This landform stretches from the sand belt to the country's southern boundary and also encompasses the Rupununi Savannahs, which border Brazil. The fourth landform is the highlands, which are to be found in the midwestern area. This portion of the Guiana Highlands includes the Pakaraima mountain range.

Guyana lies wholly in the tropics and possesses an equatorial climate that is characterised by seasonal rainfall, high humidity, and small variations in temperature. There are two rainy seasons, which occur from May to June and from November to January. The average daily temperature is about 26.7 degrees Celsius.

The country is well endowed with natural resources, fertile agricultural land, diversified mineral deposits, and a large acreage of tropical forests. The economy is basically natural resource-based, with agriculture (mainly sugar and rice), bauxite, gold, and timber accounting for most of the output in the productive sectors. Hydroelectric potential is immense.

Guyana is divided into 10 administrative regions with varying population density and economic activities. Region 8 is the least populated with fewer than 6,000 people while Region 4, which includes the capital, boasts a population of almost 300,000. The low population density and difficult terrain in many regions make it costly to provide basic social services and develop infrastructure critical to support economic production.

## B. Origins of the Report

Despite its abundant resources, Guyana is one of the poorest countries in the Western Hemisphere with a per capita income of US\$770 in 2000. In recognition of the country's high incidence of poverty, in 1993 the Government sought assistance from the Carter Center to develop "homegrown policies" whose implementation would improve standards of living. The National Development Strategy (NDS) that emerged was deep in content and analysis. Its formulation was truly participatory. Over 200 professionals from Government and civil society, including NGOs, the business community and the University of Guyana, working in over 23 technical groups, were involved in producing this comprehensive document; the 6-volume NDS contains 42 chapters. During its preparation, and after the completion of the first draft in 1996, its formulators visited several regions of Guyana to learn the people's wishes, hopes and aspirations directly from them, and to obtain ideas for the solution of their local problems. The NDS was subsequently revised and updated in 1998 and 1999, by an independent group of members of civil society, tabled in Parliament in August 2000, and following the hiatus to accommodate preparations for elections, re-tabled in August 2001.

In October 1999, the Government organized a Business Summit with the private sector to chart a new course of rapid investment and growth in Guyana, with the twin goals of employment creation and poverty reduction. The objectives of that Summit were to identify the constraints that impede private sector development, and to seek a consensus on the measures to be put in place to accelerate private investment. The Summit formulated an action plan to advance the course of private sector development and subsequently established a joint Government-private sector unit to oversee its implementation.

In 2000, using the vast information available from the NDS and the Business Summit, the Guyana Government began the task of developing a Poverty Reduction Strategy (PRS) that would place sustained emphasis on policies and programs that would markedly reduce poverty. There were very good reasons for this. In a 1992 Living Standards Measurement Survey (LSMS), about 43 percent of the population was found to live below the poverty line. Although within a very short span of 8 years, absolute poverty levels had fallen by over a third, the Government found it imperative to develop a comprehensive strategy that would further reduce poverty by 50 percent by 2015.

The Government's Interim Poverty Reduction Strategy Paper (I-PRSP) was accepted by the Boards of the World Bank and the International Monetary Fund (IMF) in December 2000. A comprehensive public participation process to finalise the PRSP was then conducted until October 2001. The process was based on a plan which focused on face-to-face consultations and which was developed and adopted by large sections of civil society and the donor community. A Poverty Reduction Strategy Secretariat (PRSS) was established in the Office of the President to implement the Participation Action Plan (PAP).

The consultations were very successful. With active participation by a large cross-section of the population, significant issues not mentioned in the I-PRSP were discussed. Many of the issues and recommendations from the public consultations have been incorporated into PRSP. In addition, through prioritization of recommendations, the consultations have assisted in the sequencing of programs and reallocation of resources. In short, the public consultations have markedly helped to improve the content and substance of the PRSP.

## C. Structure of the Report

Following this introductory chapter, Chapter 2 is devoted to the analysis of poverty. The key questions addressed concern the trends, characteristics, causes and effects of poverty. Here is a large country with diverse natural resources. It is one of the Caribbean countries which had a highly educated population. In the 1970s, Guyana also had one of the highest per capita incomes in the Region. Although like many countries in the Caribbean, South East Asia, and Africa, it experienced the severe economic shocks that rocked the global economy and threw most developing

countries into a state a depression in the 1970s and early 1980s. Many of those countries, especially in the Caribbean and South East Asia, emerged from these shocks and began a steady and sustained growth that has resulted in improved living conditions for their people. What went wrong with Guyana? What was different in Guyana?

Public participation is the focus of the next chapter. Although the I-PRSP benefited from the public consultations related to the NDS and the Business Summit, the public was not directly consulted in the preparation of the document. To benefit from the experiences and wisdom of the population, the Government, in close collaboration with civil society, developed mechanisms to freely allow the public to contribute to the enrichment of the PRSP. First, Chapter 3 reviews the organizational and institutional framework that underpinned the participation process. Second, it discusses the implementation of the consultation plan, in particular, community, target group and regional consultations. Next, it presents the issues raised and recommendations proposed. The integration of the consultation results and the lessons learned are also discussed in the final section of this chapter.

Chapter 4 presents a program designed to reduce poverty over the medium-term. This program is informed by past experiences, recommendations from public consultations, and the government's own development agenda. It outlines the requirements for economic and social progress – the actions that must be taken to reduce poverty. The strategy is organised around interrelated requirements. First there is the urgent need to improve the economic and regulatory environment to create economic opportunities, particularly for the poor, and to generate sustained growth. Second, there is the need for good governance and participatory democracy at the community level. The third requirement is the construction and/or rehabilitation of complementing infrastructure to sustain growth, while the fourth is improving the delivery and quality of social services. The need to address regional pockets of poverty is also taken up in this section.

The macroeconomic framework and budgetary implications of the poverty program are addressed in Chapter 5. In particular, key assumptions that underpin projections of internal and external balances are clearly spelt out. The financing requirements are discussed, taking into account resource availabilities, resource uses and financing gaps. Priority allocations of resources to sectors and their justification are also discussed in this section, as are unit costs of the poverty program.

Chapter 6 deals with the key issues of program implementation, monitoring and coordination. The roles of government and civil society, as well as institutional and capacity constraints are outlined in this section. Measures to deal with capacity building, monitoring, reporting and coordination of the program are described.

Guyana's Poverty Reduction Program has also taken into account the present external and political environment. Even so, there are still risks that can affect the attainment of the targets set in the PRSP. This is taken up in the final chapter.



## 2

ANALYSIS  
OF  
POVERTY

Poverty is multi-faceted. It manifests itself in low and uneven levels of income and consumption, physical insecurity, poor health, low levels of education, disempowerment, high levels of unemployment, and social and geographical isolation. Understandably, different methodologies have been used to measure poverty. Box 2.1 provides a summary of some of these methodologies and their application to poverty measurement in Guyana. Until the 1993 household survey (see below), different methodologies were used to measure poverty by the Inter-American Development Bank (IDB), the Social Impact Amelioration Program (SIMAP), and the Pan-American Health Organization (PAHO). In the absence of any meaningful survey data, per capita income was used as a proxy to measure welfare.

**Box 2.1: Measurement and Trends of Poverty in Guyana**

There are at least four different ways of measuring poverty. There is the headcount approach generally used by the World Bank where standards of living are measured by household expenditures per capita. The second methodology, the Human Development Indicator, calculated by the United Nations Development Programme, is a composite measure of human development containing indicators representing three equally weighted dimensions of human development: longevity, knowledge, and income. The third methodology, the Integrated Poverty Index, the Basic Needs Index, and the Global Indicator of Access to Cumulative Social Development Index, calculated by the Pan American Health Organisation, is derived from a twofold classification of countries: five income class groups based on Gross National Product (GNP), adjusted for purchasing power parity and degree of access by the population to five aspects of social development: health, education, nutrients, sanitation, and economic resources. Of the data available, only the consumption-based measures currently provide sufficient information for analysis in Guyana.

There have been several attempts to quantify levels of poverty in Guyana over the last two decades. PAHO estimated that at least 50 percent of the population earned less than 55 percent of the mean income in 1971. Based on this distribution of income, it was estimated that approximately 38 percent of the population in 1971 fell below the poverty line. Boyd estimated that the poverty level had risen to include 65 percent of the population in 1988, and by 1989, taking into account the rapid worsening of inflation, that 75 percent of the population had incomes below the poverty line. The Ramprakash study in 1991 calculated that if receiving official nutritional requirements was the underlying criterion, an estimated 86 percent of the population would fall under the poverty line.

Both the 1993 and 1999 poverty surveys in Guyana used the headcount approach. However, these measurements have their limitations. To account for the inherent weakness in using either consumption or income data as the sole measure of welfare, the PRSP will also discuss other indicators of well being, such as nutrition, life expectancy, and mortality, to the extent possible.

The 1993 Household Income and Expenditure Survey (HIES)/Living Standards Measurement Survey (LSMS) carried out by the Government, with assistance from the UNDP and World Bank, used the headcount index to measure poverty. The survey showed that about 43 percent of the population lived below the poverty line, with 29 percent living in extreme poverty. The incidence of poverty was highest in rural areas, particularly in interior locations.

## A. The 1999 Living Conditions Survey

### 1. The Extent of Poverty in Guyana

In 1999, Guyana completed a Living Conditions Survey (LCS) to measure the impact of economic and social programs on poverty. The survey indicated a reduction in poverty levels. The proportion of the population living below the poverty line was found to be 35 percent with 19 percent living under conditions of extreme poverty. This represented a decrease of 19 percent in the incidence of absolute poverty levels and of 34 percent in the incidence of extreme poverty. Figure 2.1 shows the comparison of poverty levels in 1993 and 1999.

Figure 2.1: GUYANA - Absolute and Extreme Poverty, 1993 and 1999

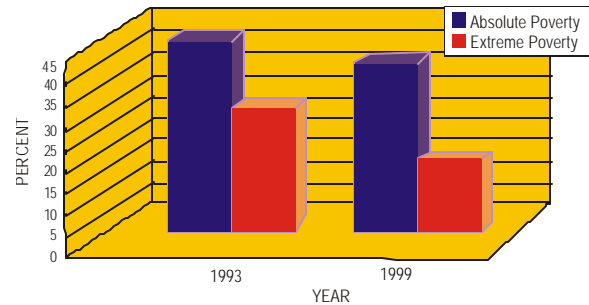


Table 2.1: Demographic and Economic Profile by Region

Region	Population	Area Sq. Km	Population Density	Main Economic Activities
1	18,294	7,853	2.3	Fruits (avocado, citrus), fishing, forestry, agro-processing (Heart of Palm)
2	243,139	2,392	18.0	Rice, coconuts, fishing, fruits
3	95,276	1,450	65.7	Rice, sugar, ground provisions, fishing
4	4294,493	862	341.6	Rice, sugar, forestry (St Cuthbert's), fishing, vegetables, livestock, poultry, processing, forest products, coconuts, craft
5	51,274	1,610	31.8	Rice, sugar, logging (Moraikobai), ground provisions, vegetables, fruit, coconuts, livestock
6	141,455	13,998	10.1	Rice, sugar, cattle, logging, vegetables, mining (bauxite), fruits,
7	14,682	18,229	0.8	Mining (gold), small scale farming, balata, ecotourism
8	5,574	7,742	0.7	Mining (gold, diamonds)
9	14,947	22,313	0.7	Livestock, craft, crop farming
10	1039,271	6,595	6.0	Mining, logging, farming (riverain area), bauxite, livestock

The survey also showed that poverty levels among all ethnic groups had declined.

Poverty had also fallen in urban and coastal areas, with Georgetown showing the highest reduction, while conditions in the rural interior had changed marginally.

As shown in Table 2.1, Guyana is divided into 10 regions, some of which are sparsely populated and remote. In four of the regions, the sample size used in the 1999 survey was too small and therefore the results contained relatively large margins of error. Caution is required in using the data to draw statistically valid conclusions about poverty profiles at the level of each of the ten regions. Nevertheless, the sample is large enough to make statistically valid conclusions at the broad geographical level. A comparison of the surveys at the broad geographical level appears in Table 2.2.

Table 2.2: Guyana Household Surveys, 1993 and 1999

Geographical Level	Sample Size		Poverty Headcount				Change					
	Households	Persons	Extremely Poor	Poor	Extremely Poor	Poor						
Georgetown	455	491	1,092	1,921	15.8	9.0	38.6	16.5	-8.6	*	-12.8	*
Other Urban	214	243	933	1,029	12.3	3.7	22.1	15.4	8.0	*	7.7	NS
Rural Coastal	998	1,225	4,494	5,109	27.9	18.8	45.2	26.7	-8.3	*	-8.5	*
Rural Interior	153	211	933	1,188	70.8	88.0	78.6	52.5	17.2	*	15.5	*
Guyana	1,316	2,131	7,294	9,245	29.7	21.3	43.2	28	-1.4	*	-6.2	*

\* Includes extremely poor

NS Chi-squared test using reported expansion factor and assuming a random sample. NS = not significant at 1% level or less

Regardless of the sample size, there is an inherent bias in using either consumption or income data as the sole measure of welfare. In part, this is because neither measure captures the significant progress that was made in improving health status, access to housing, education and public services, which are criti-

cal to one's standard of living. For example, many Amerindians who in the past did not have access to housing, water, health and education facilities now benefit from these basic services. To the extent that the surveys do not capture these improvements, they tend to exaggerate the prevalence and depth of poverty. Also, in comparing the welfare levels of households in the interior to those in other areas, adjustments were not made for the alternative consumption patterns and variations in the imputed value of certain items, further biasing the results.

## 2. Poverty Gap

The poverty gap measures the depth of poverty. As Table 2.3 shows, in Guyana, the gap diminished between 1993 and 1999. For the country as a whole, it fell from 16.2 percent to 12.4 percent. This means that there has been substantial progress in reducing both poverty and the depth of poverty. It also means that in order to reduce poverty, growth is the best option.

Table 2.3: Guyana Poverty Gap, 1993 and 1999

Region	1993 Gap	1999 Gap
Georgetown	8.7	5.4
Other Urban	6.3	3.0
Rural Coastal	14.4	11.3
Rural Interior	46.1	44.9
Guyana	16.2	12.4

Sources: Bureau of Statistics, 1999 GLCS and World Bank, 1994

## 3. Characteristics of the Poor

### a) Demographic characteristics of the poor

Most of the poor in Guyana live in rural areas. They are largely self-employed in agriculture or work as manual labourers. In urban areas, the incidence of the poor is highest among the unemployed and those working as domestic workers and in the construction sector. The proportion of poor households headed by women is similar to that of non-poor households, suggesting that female headship is not necessarily a cause of poverty. Similarly, the age of the head of the household seems not to have any bearing on poverty, the average age of the household head, at 43.6 years being fairly even across all welfare groups. One of the main differences among poor and non-poor households, however, is in the number of people living in the household. Households in the poorest quintile are likely to have two more people, both of them children, than those in the other quintiles. This means that poor households are not only larger, but that each wage earner in a poor household supports a larger number of dependent children.

### b) Geographic distribution of the poor

Poverty is very unevenly distributed throughout the country. The lowest incidence of poverty is in the urban areas, where fewer than one in six are poor, although there are urban pockets of poverty where the incidence is higher than the norm. The highest incidence is in the rural interior. The high incidence of poverty in the hinterland areas is largely the result of isolation. These areas are far removed from the hubs of economic activity and are thinly populated, with less than 10 percent of the total population.

Communications between the coastal areas, where most of the economic activities take place, and the interior are poor. Roads and telephones are practically non-existent and often the only means of communication are airplanes and riverboats. Consequently, prices are higher, choices more limited, and public services more costly to render. Moreover, well-remunerated job opportunities are scarce. Although in recent years, the mining and timber industries have provided job opportunities in the interior, this has also meant that several heads of household have had to spend extended periods away from home.

### c) Education and labour force participation

Levels of education among poor households are lower than those of the population as a whole. Less than 15 percent of the heads of poor households have completed a secondary or higher level of education. Educational attainment in rural areas, where many of the poor are located, is low. In the rural coastal regions, less than 14 percent of household heads have achieved a secondary or higher level of education as compared to 23 percent in Georgetown. The situation is worse in interior regions where less than 13 percent of poor households have received secondary educa-

tion. About 41 percent of households under the poverty line are employed in agriculture. Although for the other sectors the linkage between the type of employment and poverty is not that clear, in construction there is a substantial number of unskilled labourers who work for very low wages and fall below the poverty line, as do domestic workers and other types of domestic help (see above).

## B. The Causes of Poverty

Although no one factor, or group of factors, may be singled out as the cause and effect of poverty, the evidence in Guyana suggests that low and/or negative economic growth accounted for the pervasive and persistent level of poverty in the country. This, in turn, stemmed from (i) poor economic policies; (ii) poor governance; (iii) non-completing growth-oriented infrastructure; and (iv) deterioration in the quantum and quality of social services.

### 1. Poor Economic Policies

As a result of the “statist” policies adopted by the Government from the mid-1970s to 1989, GDP fell by 3.3 percent per year between 1982 and 1990, and per capita income plummeted from US\$600 to US\$350 in the same period. In addition, real interest rates were generally negative, gross international reserves were depleted, and Guyana increasingly relied on suppliers’ credit to finance its external trade. As economic difficulties mounted and external and internal balances deteriorated, the country was unable to meet debt service obligations, leading to the cessation of support from the International Financial Institutions (IFI). This, in turn, further deepened the economic crisis, depressing investments, employment and growth.

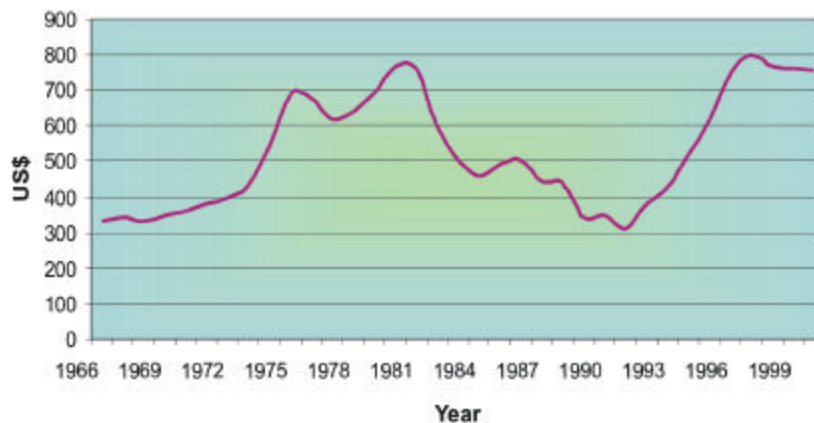
By 1988, the Government controlled over 80 percent of the total value of recorded imports and exports and 85 percent of total investment. Import cover was less than two weeks, and there was virtually no new domestic or foreign investment. The most dramatic reaction to the deterioration in living standards and the increase in poverty was the massive emigration of highly trained Guyanese to North America, the United Kingdom and other countries of the Caribbean.

To arrest the worsening social and economic conditions, Government introduced changes in the economy with the implementation of the Economic Recovery Program (ERP) in 1989. The key elements of the ERP were (i) liberalisation of the exchange and trade system; (ii) removal of price controls and subsidies; (iii) removal of restrictions on capital flows; and (iv) reforms in tax policy and administration. In spite of the implementation of these reforms, the economy continued to contract with GDP falling precipitously by 5 percent per year between 1989 and 1991 and inflation rising in excess of 100 percent in 1991.

In 1992, the Government accelerated the pace of economic and structural reforms. Measures were introduced to (i) strengthen and modernize the regulatory and supervisory framework of the Bank of Guyana; (ii) reform the financial sector; (iii) improve the legal and regulatory framework; and (iv) reform the judicial system and Deeds Registry. A new Companies Law was enacted, and actions were taken to establish regulatory frameworks for insurance and securities trading. An ambitious privatisation program was also implemented.

As a result, Guyana experienced sustained positive growth rates and single digit inflation. Real output grew at over 7.4 percent a year, allowing per capita income to increase from US\$380 to US\$750 between 1992 and 1996. This output trend was sustained by a buoyant international economic environment, underpinned by Guyana’s access to preferential markets and large inflows of private capital and led by growth in gold, rice, sugar and forestry. Over the past three years, however, economic growth has slowed due to exogenous factors including decline in commodity prices, unfavourable weather conditions and a difficult domestic political and industrial environment. Despite the rapid growth in per capita income over the last several years, Guyana still remains one of the poorest countries in the Western Hemisphere. Figure 2.2 shows the trend in per capita income over the last 25 years.

Figure 2.2: Guyana – Per Capita Income, 1966-2000



### Box 2.2: Local Government System at a Glance

The 1980 Constitution identified these levels of government:

- Supreme Congress of the People
- Parliament
- National Congress of Local Democratic Organs (NCLDOs)
- Neighborhood Democratic Councils (NDCs)
- People's Cooperative Units (PCU)

Under the Local Democratic Organ (LDO) Act 1980, Guyana was divided into 10 administrative regions, each with a local democratic organ known as the Regional Democratic Council (RDC). The RDC's primary duty is to ensure efficient management and development of its area, to develop leadership by example, to organize popular cooperation in respect of the political, economic, cultural and social development of its area, and preserve law and order. Each RDC elects one of its members to serve as member of the National Assembly. In addition, each RDC elects two of its members to the National Congress of Local Democratic Organs.

With the introduction of the LDO Act, the three tiers of constitutional provisions were used to legitimize and guarantee control of political power by the People's National Congress (PNC). The administrative apparatus of party paramountcy was made up of the linkages between Regional Councils, the NCLDO and the National Assembly.

The decision to hold local government elections gave rise to the introduction of the Neighbourhood Democratic Councils with demarcation of 129 areas into which were absorbed the previous Village Councils, District Councils, and County Authority.

Following the October 1992 general elections, the People's Progressive Party/Civic (PPP/C) Government approved 65 NDCs as the basis for the first local government elections. These elections took place in 1994, after an absence of 24 years. The impetus for strengthening local government was given concrete support by Ministerial Circular of October 1994, which delegated to the RDC, powers of supervision over the NDCs.

The new local government structure presently consists of 10 RDCs, 65 NDCs, 6 municipalities and 76 Amerindian Village Councils.

The Constitutional Reform in 2000 created provisions for the abolition of two tiers of the 1980 Constitution -- the Supreme Congress of the people and the NCLDOs - neither of which contributed to the effective participation of communities in the local government system.

Although the law requires that local government elections should be held every 2 years, the Government alone cannot hold these elections. Under the Carter Centre formula enshrined in the Constitution, both the government and the opposition political parties would have to agree by consensus on the mechanism for holding of local government elections. With the ongoing dialogue between the two main political parties, it is likely that local government elections will be held in 2002.

## 2. Poor Governance

The economic and political structures were discriminatory and undemocratic, and lacked adequate representation to support rapid growth and employment creation in the private sector. The key issues in poor governance centered around (i) a rigid and non-participatory system of local government administration; and (ii) weak regulatory and institutional systems.

### a) Non-participatory system of local government

In 1980, the Government through an Act of Parliament implemented a law that divided Guyana into ten administrative regions.

Accompanying the ten regions, the law also provided for five tiers of local administration (see Box 2.2). In practice, only Regional Administrations, sub-regional divisions and, to some extent, the People's Cooperative Units (PCUs) became operational.

The local government system also suffered from an inherent contradiction and underlying structural deficiency. From the outset, available human resources did not match the demand and needs of communities. Growing inefficiencies and declining delivery of services at all levels gave rise to negative political and social consequences at the community level.

Since 1992, Government has taken measures to promote the functioning of the market and democracy. The democratic process was institutionalised with the restoration of free and fair elections. In particular, local government elections were

held for the first time in over two decades in 1994. In addition, conditions of service were improved for the judiciary and facilities, including a Law library, were established. Furthermore, indigenous peoples were empowered by the creation of the Ministry of Amerindian Affairs. Equally important, changes were introduced to make Parliament a more deliberative body. These reforms are supported by the several pieces of legislation passed by the National Assembly. However, much more remains to be done to fully involve communities in the management of their own affairs.

b) Weak regulatory and institutional support

Until recently, the regulatory and institutional framework was not conducive to private sector initiative and development. Systemic deficiencies such as poor land administration, a weak public sector and inefficient tender and procurement systems acted as major constraints to economic growth, thereby exacerbating the persistence of poverty. In addition, the “critical mass” of necessary conditions, defined as the appropriate mix of land, credit, equipment and machinery essential for production, was largely absent.

In the public sector, the administration of state lands was poor. Official records for the most part were in disarray. Rents were at variance with market values. No clear criteria for the approval or denial of leasing applications for land existed. Procedures were extremely inefficient. Moreover, there was no land inventory database, and several institutions, often with weak management and overlapping legal mandates, acted as authorities, planners, or advisors in the utilization of land for forestry, mining, housing, and agriculture. There was little or no coordination.

**Box 2.3: The Privatisation Process in Guyana**

The privatisation of public enterprises began in 1989. The process lacked transparency and accountability and was managed in an *ad hoc* fashion. Indeed, the management of the privatisation process came under severe criticism in the World Bank’s Public Administration Reform study.

After the election of the PPP/Civic Government in 1992, a Privatisation Policy Framework Paper (PPFP) was tabled in Parliament in 1993. This paper was designed to improve the transparency and accountability in the privatisation of public enterprises. It sets out a 3-stage institutional structure consisting of the Privatisation Unit, the Privatisation Board and Cabinet.

The Privatisation Unit was structured as the technical secretariat reporting to the Privatisation Board. The Privatisation Board consisted of Ministers of Government, representatives of the Private Sector, the Trade Unions, and the Consumer Movement. Recommendations of the Board are subject to Cabinet’s approval.

Since the publication of the PPFP, more than 20 public enterprises have been privatised, bringing the total of public enterprises to 33. By the end of 2002, the Government would have privatised three of the remaining six entities. The only three commercial entities not earmarked for privatisation are GUYSUCO, GUYOIL and GNSC. Presently, these entities are undergoing structural reforms to improve their efficiency.

The Government’s privatisation program has been very innovative. Where Government has majority shares, it reserves 10% of the company for acquisition by employees. In addition, the evaluation process of bids has been expanded to allow participation by representatives of the various stakeholder groups.

Guyana’s privatisation program has been supported with technical assistance from the World Bank and the British Department for International Development (DFID). Over this period, the institutional capacity of the privatisation program has been strengthened. As a result, the privatisation process has been shortened.

As a result, the quality of services deteriorated, the quality and composition of public employment, particularly at the management and technical levels, became severely skewed and weakened; and financial management and control became over-centralized and ineffective. Perhaps not unexpectedly, there were overlapping jurisdictions and functional responsibilities. Furthermore, the legal procurement framework for goods, works, and services was deficient and outdated. The organisational structure for procurement at the Central Tender Board was also weak and inefficient, lacked transparency, and was governed by procedures that were often cumbersome.

In addition to these systemic problems, in the absence of an investment guide and code, there was nothing to inform potential investors of the existing incentive framework or of any guarantees for the protection of their investment, or of the procedures for the resolution of conflicts. On the contrary, restrictions on foreign currency, transfers of dividends and profits, and the inability of the Government to meet the foreign currency needs of the deposits of foreign investors at the Central Bank, created a perverse business environment.

Since the 1990s, the Government has taken steps to improve the regulatory and institutional framework. The Guyana Lands and Survey Commission was established to streamline the allocation of land titles, an In-

vestment Code was laid in Parliament to inform and protect potential investors, and civil service reforms were carried out in 1993 to rationalise the number of Government ministries. In addition, there were significant reforms in the regulatory framework. These included (i) the passage of the Financial Institutions Act (FIA); (ii) stricter prudential regulations; (iii) improved banking supervision; and (iv) the Money Laundering Act. As a result, a stable exchange rate and a viable financial sector were maintained.

Further, the Government took steps to improve the efficiency and the transparency of the privatisation programme (see Box 2.3), to reform the tender and procurement system and to improve public accountability (see Box 2.4). Towards this end, the Office of the Auditor General was strengthened and constitutional requirements on the auditing of public accounts were complied with. In addition, reforms and systems were introduced to improve the Ministerial, Regional and Central Tender Boards. In particular, public consultations were held with stakeholders to determine ways of improving the procurement system.

Although these reforms may have contributed to attracting investment, generating growth and reducing poverty, it is clear that to encourage more private sector investment, in the context of liberalisation and globalisation, significant structural and regulatory reforms will still be necessary.

### **3. Non-growth Complementing Infrastructure**

The deterioration in internal and external financial balances significantly reduced the resources available to maintain economic infrastructure, generate economic growth, and create employment. Since, over 70 percent of Guyana's population live in rural areas along a narrow coastal strip below sea level and are involved in agriculture, mining, fishing, and forestry, road and river transportation, and the maintenance of both sea defenses and drainage and irrigation (D&I) systems are critical to increased output. Yet, Guyana did not have the resources to maintain and/or rehabilitate its critical infrastructure. As a result, the transportation network fell into a serious state of disrepair, greatly increasing the cost of goods in Georgetown. It also made it costly for private entrepreneurs to operate, especially in the hinterland. The lack of maintenance made interior roads impassable, and the deterioration of ferry services made river transportation and river crossing in particular, a severe bottleneck to trade and economic production.

Frequent power outages forced businesses to operate high-cost generators. Companies that used water in industrial processes had to dig their own wells or truck water from central locations. The collapse of telephone services meant that it was very difficult to communicate within Guyana and overseas, forcing some businesses to operate entirely without telephones. Inadequate port facilities required expensive trans-shipment of goods to larger ports. The deterioration of the network of sea defences led to flooding of agricultural and residential land by sea water, which continues to threaten the coastal strip where most of Guyana's farmland lies.

Over the last decade, Guyana began to rehabilitate its economic infrastructure, including its road network, bridges,

#### **Box 2.4:**

##### **Guyana - Public Accountability and Tender Reforms**

Since 1992, the Government has undertaken fundamental reforms to correct many of the flaws in public accountability and in the tender and procurement system. Although the Constitution required that the Auditor General submit reports of public accounts to Parliament on an annual basis, this law was not complied with for more than 9 years. With a stronger commitment to public accountability, the new Administration in 1992 strengthened the Office of the Auditor General with increased allocation of resources. As a result, audited annual reports of public accounts have been submitted to Parliament since 1992.

In 1996, the Central Tender Board Secretariat was established and public consultations were held with contractors and consultants to find ways to improve the tendering and procurement system. As a result, the Government implemented a number of measures including (i) public opening of tenders; (ii) review and audit of the tender process by the Office of the Auditor General; (iii) nomination of independent evaluation teams; (iv) written evaluation reports; and (v) regular meetings of the tender boards.

In 2000, constitutional amendments required the establishment of a National Procurement Commission to oversee the operations of the Central Tender Board. The Secretariat of this Commission will be established in 2002 and the Procurement and Tender (Amendment) Bill will be tabled in Parliament by June 2002. Due to the constitutional reforms that took place in 2000, and the requirements for the establishment of the Public Procurement Commission, the Government, despite public consultations on the draft Procurement Act, could not present the Bill to Parliament. With the anticipated establishment of the Commission in 2002, legislation to support the work of this body will be submitted to Parliament by end-June 2002.

D & I, water systems, and sea defences. In tandem with these changes, more acres of land were brought under cultivation, resulting in the rapid expansion of rice and sugar production. This, in part, may explain the reduction of poverty between 1993 and 1999. Yet, to further reduce poverty to acceptable limits, it is crucial that infrastructure development is accelerated to sustain growth, especially in rural and hinterland communities.

#### 4. *Deterioration of Social Services*

Dwindling public sector resources led to a marked deterioration in public health and educational services and to a rise in poverty. In the health sector, several clinics and health centers lacked basic facilities, personnel, drugs and medical supplies, thereby denying many, especially the poor, access to health services, and forcing them to spend substantial portions of their income on private health care. In education, inequities in spending across and within regions and sectors; an exodus of trained teachers to the Caribbean and North America; and difficulties in stationing teachers at interior and rural locations affected quality, access, and enrolment and contributed to poverty in disadvantaged areas. Managers frequently cited the low educational levels in specialized skills as one of the constraints to their companies' development. Vocational training facilities, also, began to experience shortages of the teachers and equipment necessary to provide adequate training in technical skills. In the water sector, poor quality often resulted in the contamination and spread of water-borne diseases. This affected the poor and was one of the major causes of infant mortality. In addition, poor quality housing, often characterised by large-scale squatting, unfit dwellings, and deteriorating urban neighborhoods, deepened the persistence of poverty, especially among children.

A reorientation of the budget has led to greater emphasis on social services since 1993. Schools and health centers have been rehabilitated/constructed and housing schemes have been developed. In addition, there has been a tremendous increase in the availability of drugs and medical supplies, and in the allocation of learning materials. As a result, there is some improvement in key social indicators, as shown in Table 2.4.

But these successes are mixed. The number of households with access to water increased significantly and the level of immunization was raised markedly. In other key areas such as infant mortality, there was a marginal decline. Worse still, there are emerging areas such as HIV/AIDS that require quick and urgent attention.

In summary, the poverty profile points to a number of important factors for poverty reduction. First, the analyses suggest that economic growth is essential for poverty reduction. With per capita income of less than US\$3 per day, there is very little scope for income redistribution as a mechanism for poverty reduction. Second, they suggests the urgent need to redress the uneven spatial distribution. This is crucial in efforts to integrate rural and interior economies into the overall development framework. Third, the analyses make clear the importance of sound economic policies, complemented by economic and social infrastructures and regulatory and institutional reforms. Finally, the analyses suggest the importance of developing human resource capacity to formulate and implement programs.

Table 2.4: Guyana — Selected Social Indicators, 1990-1998

	1990	1991	1992	1993	1994	1995	1996	1997	1998
<b>Health</b>									
Infant mortality rate (per 1,000 births)	52.0	50.0	49.0	47.0	62.0	61.0	60.0	59.0	58.0
Under-5 mortality rate (per 1,000 children)	90.0	..	65.0	..	61.0	..	83.0	82.0	79.0
Low birth-wgt babies<less than 2500gms>	..	17.9	23.9	16.4	19.0	15.3	14.6	14.8	19.3
% of pop. with access to health services	87.0	..	88.0	88.0	88.0	88.0	88.1	88.5	89.2
1-year olds immunized against DPT	82.0	83.2	85.1	92.9	89.7	86.0	83.0	88.0	90.0
<b>Education</b>									
% of primary school entrants reaching Gr.6	82.0	80.0	82.2	83.0	84.0	83.1	83.0	83.1	83.2
Education as % of national budget	1.9	1.9	4.8	6.2	7.3	6.7	7.3	6.8	11.9

Sources: Statistics Bureau; Ministry of Education; Ministry of Health



## C. The Poverty Reduction Strategy Paper and its Nexus with the National Development Strategy

In recognition of the causes of poverty, the Government developed the NDS. The objectives of the NDS are to (i) achieve sustainable growth rates; (ii) reduce poverty; (iii) achieve geographical unity; (iv) ensure equitable geographical distribution of economic activity; and (v) diversify the economy. The achievement of sustainable growth is predicated on prudent economic policy and management, including the introduction of far-reaching reforms to enhance the business environment; good governance with inclusivity, participation, accountability and transparency; and development of strategic investments in the infrastructure sector to complement rapid private sector development.

In addition, although rapid and sustainable growth may reduce poverty, the NDS advocates comprehensive reforms in the social sector as essential for improving service delivery, especially to the poor, and providing opportunities for the future. The NDS thus envisions significant increases in resources to provide universal access to secondary education, health, water, housing and other social programs. Further, the NDS provides a thorough analysis and proposes comprehensive recommendations for improving the regulatory and institutional framework, laying out a broad legislative agenda critical to the successful implementation of economic and social programs.

Although the NDS enjoys widespread support from the public, political parties and the donor community, there are disagreements on some of its recommendations. The anticipated debate on the Strategy in the National Assembly will assist in producing a document that will be supported by all political parties and thereby secure its full implementation, regardless of the Government of the day. Already, Government is implementing several recommendations in the NDS and donor programming is being informed by this document.

The PRSP is directly linked to the NDS in the areas of economic policy, good governance, infrastructure development and improvement in social services with the objective of reducing poverty. However, the NDS has limitations which are addressed in the PRSP. The NDS is a strategy for development that spans a 25-year period and contains broad and general ideas of the way forward. However, it does not contain (i) an action plan for implementation; (ii) costing; (iii) financing requirements; and (iv) sources of financing. In contrast, financing is available for the implementation of programs in the PRSP, and the PRSP not only provides a strategy for poverty reduction in the medium term, it also sets priorities and develops an action plan for implementation.

Like the Policy Framework Paper (PFP) that it replaces, the PRSP will be revised every three years through a participatory process. With its 25-year horizon, the NDS will serve as a reference document for future PRSPs. However, to maintain the relevance of the Strategy, the NDS itself will go through a series of consultations and revisions on a periodic basis, to take into account emerging issues, lessons learned, changes in development orientation and overall economic progress in Guyana.

## 3

## PARTICIPATION AND POVERTY REDUCTION

Clearly, the formulation and implementation of policies and programs designed to reduce poverty cannot continue to be the purview of the Government alone. Given the multi-faceted nature of poverty, it is important that key stakeholders, in particular the poor, become involved in programs that would affect them. The essence of public consultations, therefore, is to help Government not only to identify the priorities of stakeholders but also to determine ways in which they can contribute to the reduction of poverty. This process of public consultations was launched on June 18, 2001.

Over 200 consultations, consisting of 109 community and 98 target group consultations, were conducted. This compares favourably with 72 consultations that were proposed in the Participation Action Plan (PAP) completed in May 2001. The consultations attracted over 8,400 participants with fairly broad representation from each of the 10 regions of Guyana. They enabled communities to share ideas on the nature, causes and effects of poverty and to make joint proposals for reducing it.

Owing to the breadth and depth of issues raised and openness of discussions and recommendations, the consultations yielded a better appreciation of the perspectives of stakeholders. They also imbued stakeholders with insights into their own role in bringing about change in their lives, as well as in monitoring development activities in their communities.

The success of the participation process is attributable to (i) a carefully designed organisational and institutional framework; (ii) widespread participation by members of Guyanese civil society; (iii) careful preparation and training conducted before the consultations; and, (iv) continuous adjustment during implementation of the plan in response to realities on the ground. Important lessons were learned that provide a guide for future consultations.

### A. Organizational and Institutional Framework

The strategy for public participation was predicated on encouraging broad engagement, involving key stakeholders in the consultation process, and, providing flexibility to civil society to drive the process. This strategy led to the creation and/or strengthening of four units to implement or monitor the participation process. These four units were the (i) Donor Coordination Unit (DCU); (ii) PRS Steering Committee; (iii) PRS Secretariat (PRSS); and (iv) Resource Teams.

#### 1. *The Donor Coordination Unit*

Government and donor relations are cordial. Nonetheless, the Government is committed to strengthening this relationship. Towards this end, a high-level committee consisting of representatives of donor agencies,

mission heads, and line ministers was established. Specifically, the DCU was charged with the following: (i) establishment of Thematic Groups, involving donors and line ministries to review, plan and develop project pipelines so as to minimise duplication of donor programs; (ii) review of the Participation Action Plan (PAP) and provision of continuous advice for its successful implementation; and (iii) strengthening of the capacity of line ministries to formulate policy and improve their data collection capabilities. In recognition of these functions, the donor community provided resources to implement the PAP. In addition, there is ongoing engagement to operationalise the Thematic Groups.

## **2. PRS Steering Committee**

The Government established a PRS Steering Committee comprising two representatives from Government and ten members of civil society drawn from the trade union movement, non-governmental organizations (NGOs), Amerindian groups, religious organizations, youth, women and the private sector. The Steering Committee provided advocacy for the PRS participation process. Its members participated in the public awareness program for the consultation process. They provided leadership to the consultation strategy by establishing the nature of, and agenda for, consultations, and identified the types of consultation activities, their locations and venues, and the schedule. They also monitored implementation of the consultation schedule, making recommendations for fine-tuning the process, as appropriate, in light of lessons learned. They also assisted in the analysis of reports emanating from the consultations, identifying areas where coverage of the issues was deemed inadequate as a meaningful input to the drafting of the PRSP. In some cases members of the Steering Committee also served as resource persons to the consultation process.

## **3. Poverty Reduction Strategy Secretariat (PRSS) and Participation Action Plan (PAP)**

The Government established a Poverty Reduction Strategy Secretariat (PRSS) to manage the participation process. The PRSS was tasked with developing and implementing the PAP with the active support of civil society.

In December 2000, the Executive Implementation Unit (EIU) at the Office of the President convened a workshop involving 25 representatives of civil society to design the PAP. The workshop was designed to broaden ownership of the process, foster on-going dialogue and collaboration between Government and civil society, and encourage stakeholder participation. The participants defined consultation as a multi-layered, multi-directional process which would lead to a common understanding of issues and a community-based set of solutions. They also identified stakeholder groups and constituents whose participation in the consultation process was deemed critical.

Furthermore, the participants identified the constraints to consultation in Guyana, highlighting the need to ensure that persons consulted represented a diversity of Guyanese across gender, race/ethnicity, culture, age, education, occupation and class. They also noted that the problem of functional literacy, the experience with consultation processes to date, the timing of the PRSP process and the degree to which people saw the process as being politically driven could pose significant challenges for implementation of a participation plan.

In summary, the preparatory workshop gave directions on social, political and physical conditions for creating an enabling environment for the PRSP consultation process. It also outlined strategies for engaging a wide cross-section of the populace and managing the process. It concluded its deliberations by emphasizing that following the consultations in all Regions, attention had to be paid to the involvement of community members in the monitoring and evaluation of initiatives arising out of the PRSP.

Following these workshops, the PRSS was established within the EIU to develop and implement the PAP, using the proposals of the preparatory workshop as inputs. The PAP detailed the organizational framework, operational mechanisms and resource requirements for effecting broad-based consultation. It also outlined the types of consultations: community, target group, regional and national; and how facilitators, rapporteurs and resource persons would be selected and trained. Resource materials were tested, a training program was designed, materials were developed for that program, and a communications strategy and feedback mechanism were defined. Finally, the PAP included

a calendar of events, and a budget for resources necessary to complete the PAP was attached to the plan.

The PAP went through a process of intense discussions both among the donors and civil society. Several changes were made to improve its scope and depth and Government, sections of civil society and the donor community adopted the final plan. Following this, donors committed resources towards its implementation.

To begin the public consultation process, the PRSS prepared information briefs including a summary of key issues and proposed solutions, organised orientation sessions for key stakeholders and conducted training sessions for the regional Resource Team. The PRSS also established eight regional Resource Teams to undertake community consultations and persons were trained to carry out consultations in the other two regions. In addition, the PRSS trained Resource Teams for target groups such as religious groups, Amerindian, youth, women and a bauxite union, and distributed relevant materials to communities, target groups, post offices, libraries, and health centers.

#### **4. The Resource Teams**

Following the 2-day training session in Georgetown, Resource Teams were assembled for Regions 2, 3, 4, 5, 6, 7 and 10. Each team comprised facilitators, rapporteurs, resource persons and Regional Consultation Supervisors (RCS). Specific terms of reference were developed for each group of team members. The Regional Consultation Supervisors were very instrumental in the success of the consultations because they mobilized communities and liaised routinely with the PRSS. The facilitators, rapporteurs and resources persons successfully set the tone of full and open discussions, encouraging maximum participation in each session.

The establishment of the Resource Teams allowed the PRSS to conduct consultations simultaneously throughout the country and assured consistency in the consultations and completion of questionnaires. One novelty was that in Region 9, the Touchaus or Amerindian village captains, offered to carry out their own consultations. The rationale was that they better understood the culture, the people, the topography and language. The PRSS agreed to train the Touchaus and sent a team to the region. In Regions 1 and 8 (also interior locations), teams from Georgetown conducted the consultations.

## **B. PRSP Consultations**

To assure a participation process that would lead to common understanding of the issues and the means of addressing them, the PAP adopted the proposal that the process of consultation should be multi-layered and multi-directional, with four types of consultation which together, would enable informed decisions and ownership of the process and outcomes through dialogue and iterative engagement of both organised groups and unorganised constituents. The first type, the community consultations, was organized by the PRSS with the help of community members and Resource Teams. The second type, target groups, involved organised groups building on existing networks to bring together their constituents to discuss the I-PRSP. Regional workshops enabled members of the representative assemblies, representatives of major groups, Government representatives and the general public to review the findings of the community and target group consultations. Finally, a national review conference NRC was held to bring representatives of target groups, regions and communities together. Table 3.1 presents a summary of community, target group and regional consultations.

### **1. Community Consultations**

On the advice of officials of the Regional Administration and various community representatives, the PRSS proposed conducting 72 consultations in the 10 Regions during the months of July and August. It intended that these consultations would enable residents of defined catchment areas to participate in the workshops, not only learning about Government's proposals for reducing poverty but making their own proposals on what they considered priority problems and possible solutions to those problems. At these consultations, participants identified problems and solutions

which they felt, should be the concern of the Central Government and/or the Regional Administration as well as those which could be addressed at the community and/or individual level.

As the plan for consulting the wider population of Guyana was implemented, the Resource Teams, community members and members of target groups requested that more consultations be held as a means of gaining greater participation. The PRSS accommodated these requests as far as possible. In the end, 108 community consultations were held.

## 2. Target Group Consultations

Target groups were invited to discuss the I-PRSP and the related issues during their regular meetings or specially organized meetings. These groups were encouraged to work both at the individual target group level and through networks to which they belonged. They were also requested to encourage their constituents to participate in the community consultations, particularly if they were unable to participate in a target group consultation.

Among the target groups, religious organisations fully embraced the consultation process. Of the 98 target group sessions, a total of 84 were held by religious organizations. Other target groups which conducted consultations included youth groups, the Guyana Volunteer Consultancy, a Farmers' Group, groups of persons with disabilities, sugar estates and a bauxite company. One Government agency, the Women's Affairs Bureau, met with its constituents, carried out an in-depth review of the I-PRSP and shared their perspectives. The consultations held by target groups allowed for sharing of ideas across region, in several cases. This helped to identify some issues which were common to target group members, as well as issues that were specific to their geographic locations.

## 3. Regional Consultations

The community and target group consultations generated far-reaching recommendations that would markedly assist in poverty reduction. Ten summary reports, one for each region, and comprising the results of community and target group consultations, were prepared and reviewed with the Resource Teams. At the end of the Community and Target group consultations, ten Regional Consultations were held to prioritize national issues on poverty reduction.

## 4. National Review Conference

To deepen the consultation process and provide feedback to the regions and communities on the final PRSP, each region selected five members to represent it at the National Review Conference (NRC) held on October 29, 2001. The purpose of the NRC was to (i) review with regional representatives the criteria for selection of issues and recommendations; (ii) demonstrate that regional priorities have been taken into consideration in the final PRSP; and (iii) review the mechanisms for implementation, monitoring and evaluation.

Table 3.1: Consultations Held Countrywide

Region	Community Consultations		Target Group Consultations Held	Total Target Group Consultations	Total Consultations in the Region	Community Consultations	Total Attendance	
	Proposed	Actual					Regional Consultations	All Consultations
1	3	3	None	-	3	199	28	227
2	4	12	6 Muslim 1 Mothers' Union	7	19	516	176	692
3	8	17	1 Christian 1 Hindu 9 Muslim 2 Estates	23	40	1,079	265	1,344
4	14	20	14 Christian 8 Hindu 10 Muslim 3 Youth 1 Farmer 1 Trainee 2 GVC 2 Disabled	41	61	2,219	166	2,385
5	8	16	1 Christian 4 Muslim	5	21	762	232	994
6	13	16	10 Muslim 10 Hindu	20	36	1,050	156	1,206
7	4	1	1 Mothers' Union	1	2	47	90	137
8	5	1	-	-	1	61	65	126
9	3	11	-	-	11 Includ. Regional	568	-	568
10	4	12	1 Linmine	1	13	516	241	757
<b>Total</b>	<b>72</b>	<b>109</b>		<b>98</b>	<b>207</b>	<b>6,893</b>	<b>1,425</b>	<b>8,436</b>

ation. This step in the consultation process was a key ingredient in developing consensus, transparency and credibility for future consultations.

### 5. *Participation and the Media*

During the lead-up to the regional consultations, the RCSs organised, with the support of the PRSS, call-in programs on local television stations. The purpose of these programs was to bolster interest and encourage larger attendance and more informed participation at regional consultations. In addition, the Resource Team members participated in programs aired on national television. After the regional consultations, the PRSS on the advice of the Steering Committee, organized a feedback program to report on the results of the consultations. The RCSs and members of the steering committee and PRSS organized television and radio programs through which regional constituents were informed of the outcome of the consultations. Through television call-in programs, members of the public interacted with the panel to learn more about the poverty reduction strategy. These programs generated a positive response from viewers and were therefore repeated in the interval before the NRC.

## C. Issues Arising From Consultations

The issues and recommendations in this section arise solely from the public consultations. The Government does not necessarily agree with all of the analysis of the issues and/or recommendations made. Needless to say, the public consultations generated intense discussions and covered several areas. The discussions did not only address issues in the I-PRSP; they also offered a broader and more inclusive definitions of poverty (see Box 3.1), and raised the risks of political uncertainties, skepticism about the intent of the process and the need for tangible outcomes in the shortest period of time. By all accounts, the process was taken seriously and the quality, and volume of information that emerged demonstrate this. The results of the consultations could be broadly grouped in five sectors as follows: (i) limited economic opportunities; (ii) poor governance; (iii) unmet expectations in education; (iv) inadequate delivery of health, water and sanitation services; and (v) underdevelopment of the housing sector.

### 1. *Limited Economic Opportunities*

The major underlying issue within the economic sector was the need to create more jobs. Among the key constraints identified were low commodity prices, inaccessible

#### Box 3.1: Perceptions of Poverty in Guyana

Poverty has different faces. It has an economic face, a social face and a psychological face. It ravages the lives of people, even stripping them of their dignity. It makes people feel underprivileged and leads to feelings such as frustration, helplessness and despair. Yet, not all persons who are poor have no vision of a better life. In fact, many know what is needed to help them change the tenor of their lives. What they would like to have is a say in the policies and programs designed to reduce poverty.

##### *Poverty's economic face*

- Joblessness
- Underemployment
- Lack of finances to satisfy the family's basic needs
- Inability to access loans for self-employment or job creation through lack of collateral
- Child labour

##### *Poverty's social face*

- High levels of illiteracy
- Ignorant and/or violent behaviour
- High levels of teenage pregnancy and single parenthood
- High level of substance abuse (drugs and alcohol)
- Large number of idle men and women

##### *Poverty's psychological face*

- Low self-esteem
- Lack of knowledge
- Lack of motivation to access vital information
- Feeling of hopelessness
- Dependency

##### *But what is poverty?*

Poverty is ....

- Only eating a piece of cake and having a soft drink on Christmas Day.
- Parents standing in line to collect used clothing and food hand-outs.
- Fathers/husbands leaving families for long periods while working out of the community.
- People buying substandard, expired goods because they are cheap.
- Being unable to send children to school
- Overcrowding in small dilapidated structures
- Frequent illness because of poor diet
- Sin, punishment, suffering, hardship.

markets, narrowness of the economic base, limited access to credit, and the use of labour from other communities to do contract work. The focus was therefore on the following areas: (i) low levels of manufacturing and value-added; (ii) constraints to agricultural production and productivity; (iii) underdevelopment of eco-tourism; and (iv) inequity of the tax system.

a) Low levels of manufacturing and value-added

Notwithstanding the abundant resources and opportunities for growth in the manufacturing sector, the general consensus was that there is an absence or inadequacy of processing facilities attributed to the difficult business and political environment and the high cost of capital. This contributes to high levels of waste and spoilage of agricultural produce and low levels of job creation.

In addition, there is an absence of legal/regulatory framework to support cottage industries and small businesses, many of which lack access to credit. Inaccessible markets, both local and foreign, for Guyanese products accrue from poor standards of product quality and packaging, dumping of foreign products, and inability of exporters to maintain and increase their share of foreign markets. As a result, there is no job security and, often, producers of inputs, especially farmers are paid uneconomic prices.

Unreliable power supply, the high cost of energy, and the absence of a deep-water harbour contribute to the high cost of production and the uncompetitiveness of Guyanese products in regional and international markets.

b) Constraints to agricultural production and productivity

The key issues discussed in the agriculture sector related to delays in granting of land titles, poor quality of extension services, high cost and misuse of pesticides, poor maintenance of drainage and irrigation systems, poor farm-to-market roads and high cost of capital equipment.

Long delays in granting land titles were responsible for difficulties in using land as collateral for loans. In addition, absentee landlords occupy large tracts of land while small farmers find it difficult to acquire and/or expand on their current land holding.

Farmers are in need of expert advice and support if they are to achieve higher yields and adopt appropriate agricultural practices. The number of extension officers in the system is inadequate and, in many instances, officers pay irregular visits to farms. In part, this is due to unavailability of transportation and accommodation. As a result, there is lower production and productivity, improper management practices for both crops and livestock and late identification of pest and disease outbreaks. In particular, acoushi ants pose a major problem for farmers, especially those in the hinterland areas. This leads to loss of income and increased poverty.

The poor state of the D&I systems contributes to severe flooding throughout the agriculture belt, resulting in destruction of many farms and livestock. These problems arise from poor management, low levels of maintenance, and sea defence breaches.

The absence of demarcation between crop and livestock pastures is found to be a key impediment to the coexistence of crop and livestock farmers. The destruction of rice and vegetable fields by roaming herds of cattle leads to loss of income by farmers.

The lack of equipment and machinery, for both farmers and loggers, is identified as another constraint to private sector development. Many farmers and loggers, especially in Amerindian areas, have no collateral and cannot access loans. Some borrow at high interest rates to purchase equipment and machinery, but due to their small acreages and/or lack of concessions, may be unable to service their loans, often leading them to bankruptcy or loss of property.

The state of farm-to-market roads was described as inadequate. In several instances, there was poor maintenance of roads and bridges. Although several of these roads may have been repaired recently, due to substandard construction work, overloading of vehicles and poor supervision of road use, these roads are impassable in the rainy season. Further, it is costly to transport produce from the hinterland areas to Georgetown or to external markets, and in many areas, access is simply non-existent. As a result, many farmers lose substantial income in the process, especially during the rainy season.

c) Underdevelopment of eco-tourism

Eco-tourism holds great potential for job creation and economic expansion in Guyana. However, the consensus from the consultation is that the sub-sector (i) is largely unorganized; (ii) faces limited international marketing; (iii) faces high cost of local travel; and (iv) is beset by an absence of skills within the industry.

d) Inequity in the tax system

Taxation policy was described as unfair. In particular, (i) a large portion of taxes from big business goes uncollected; (ii) property owners scarcely pay taxes; and (iii) tax rates are too high.

## 2. *Poor Governance*

Five main issues were identified as indicative of poor governance. These are the: (i) poor performance of the RDCs and NDCs; (ii) insecurity and inadequate access to justice; (iii) corruption and lack of accountability; (iv) discrimination; and (v) insufficient attention to decentralisation.

a) Poor performance of Regional Democratic Councils and Neighborhood Democratic Councils

The poor performance of RDCs and NDCs raised considerable concern. Several factors contribute to this state of affairs including (i) lack of consultation; (ii) poor communication; (iii) long delays in responding to problems; and (iv) unfulfilled expectations. Participants also mentioned the insensitivity of NDC officials to the plight of their communities; irregular and insufficient visits of Government officials to rural communities; and the long delay in and/or absence of local government elections. Further, concerns were expressed about inadequate supervision of programs; the non-involvement of the community in planning; poor leadership; slow intervention of Central Government in dealing with NDC issues; and interference by various political parties in community development projects.

b) Insecurity and adequate lack of access to justice

Personal and property security was also identified as an issue of concern. Institutional and political bureaucracy influences recourse to the law. It is affected by the recruitment policy and retention rate of police ranks; the absence of police outposts or stations in many communities; non-enforcement of existing laws to deal effectively with child abuse and domestic violence as well as limited support mechanisms to address these; slow justice administration, especially for the poor; and interference in the administration of justice.

There is frustration at the high level of crime and the inability of the security forces to deal adequately with criminals. There is a feeling that the legal system, with a backlog of cases, is biased against the poor, women, and children, who often cannot afford the high legal costs.

c) Corruption and lack of accountability

Participants identified corruption and the lack of accountability as problems. Manifestations of these were identified as irregular practices at the level of RDCs and NDCs, and improper awards of contracts; lack of transparency and accountability by public officials; inequitable distribution of house lots; and overspending and poor implementation of capital works.



#### d) Discrimination

There is a perception that the various political parties that control RDCs and NDCs practise discrimination along racial and political lines. These practices are with respect to land acquisition; jobs and benefits from development projects; and access to credit; there is also a perception of neglect of certain communities based on political affiliations.

#### e) Insufficient attention to decentralization

Participants also expressed concerns about the degree of central control and administration of programs and businesses in Georgetown, leading to discontent about undue centralization. Among the services which are centralized are (i) issuance of birth and death certificates; (ii) issuance of passports; (iii) issuance of land titles; (iv) processing and clearance of goods from customs; and (v) courier and other shipping services.

### **3. *Unmet expectations in education***

The public consultations on education were insightful and generated heated discussion. Poor conditions of service was cited frequently and were attributed to low wages, lack of accommodation for teachers especially in hinterland and some coastal communities, and absence of non-pecuniary incentives to retain trained teachers. In addition, teachers perform menial jobs such as cleaning of sanitary facilities and classrooms. As a result, there is high migration of trained teachers to the Caribbean and Africa. Also due to poor conditions of service, many schools are without social workers and counselors. There is therefore high a drop-out rate, especially at the primary and secondary schools levels, drug abuse among students, teenage pregnancy, suicide among youth, and indiscipline.

Overcrowding of schools was also seen as significant and results mainly from the lack of schools in several communities. This also forces children to travel long distances to schools. The lack of other teaching facilities, such as Science and Information Technology (IT) laboratories, contributes to low performance by students, particularly in rural communities. In other cases, there is little or no access to secondary education and outreach programs are limited in scope.

In addition, many families find it difficult to meet the cost of transportation, examination fees, other educational requirements, and provision of meals for their children. For example, the high cost of examinations, textbooks and other educational materials contributes to the high drop-out rates experienced in many communities. Many students end up providing assistance to their families outside of the classrooms. As a consequence, illiteracy rates seem high, especially in rural and hinterland communities.

Furthermore, many schools lack libraries while textbooks, school supplies, science equipment, and sports equipment are in perpetual shortage. Only a minority of schools has access to computers, and many students leave the school system without ever knowing how to turn on a computer. Despite sacrifices made by parents and students, the education system does not train students for jobs nor does it provide adequate alternatives for students who are less academically inclined.

### **4. *Inadequate delivery of health, water and sanitation services***

The consensus was that the poor working habits of health care personnel affect the quality of health care delivery. Reference was made to discrimination at hospitals, the hostile behaviour of some Medex, absence of medical personnel at health centers, especially during the night, and poor physical facilities. In addition, the lack of basic equipment and medical supplies in the health centers, poor sanitation at health facilities and a low level of maintenance of health installations result in many communities being under-served. Specifically, inadequate supplies of drugs, discrimination in the distribution of medical supplies, poor storage of medical supplies, and marketing and/or prescription of expired drugs at Government facilities contribute to the seeking of alternative sources of care. The combination of these factors often leads patients to travel long distances to seek medical care or pay exorbitant fees

to private practitioners who, in several cases, lack appropriate expertise.

Poor conditions of service also result in the migration and consequent shortages of medical personnel. This poses tremendous risks to patients and undermines Government investments in the health sector. Further, there are periodic outbreaks of infectious and other diseases, malnutrition, high levels of sexually transmitted infections (STIs) including HIV/AIDS, high levels of teenage pregnancy, drug abuse, especially among the youth, and unhealthy lifestyles.

With respect to the water sector, the three key issues identified were poor maintenance of water facilities; the poor quality of treated water; and insufficient access to potable water. The poor maintenance of water facilities results from poor contract work, low budgetary allocations, and inefficiencies in the operation of GUYWA. The poor quality of water is the result of low maintenance of drainage facilities, flooding, frequent damage to water mains, blocked drains, faulty pumps and lack of chemicals to treat raw water. In addition, many communities lack access to potable water and, in cases where there is access, supply is infrequent because of insufficient water pressure.

With respect to sanitation, the issues identified were inadequate dumpsites; absence of a national policy on garbage disposal; an insanitary environment; and poor maintenance of drains. Underlying these issues was recognition that latrines and burial sites are sometimes too close to rivers, there is little or no desilting of clogged drains, and defogging exercises do not take place on a regular basis.

### ***5. Underdevelopment of the housing sector***

With respect to housing, the key issues discussed included inadequate infrastructure. The absence of telephone lines in many housing schemes due to slow expansion of the development program of the local telephone company was raised. In cases where telephone lines are present, those living in poverty were discriminated against. Several communities have poor access roads and lack electricity and water.

Many claims were made about discriminatory practices in houselot distribution. The lack of transparency in the distribution system and the application of different standards to different people in the acquisition of housing lots warrant attention. In particular, housing lots are too expensive, making it difficult for the poor to own their own homes. In addition, existing lot sizes are too small making it difficult for the poor to undertake kitchen gardens to supplement their incomes. There is also a lack of recreational facilities for children in developing housing schemes. In several instances, provision is not made for the prompt development of social infrastructure in these schemes.

The consultations provided a number of recommendations to address many of the issues above. These recommendations appear in Table 3.2.

**Table 3.2: Recommendations Identified During Consultations**

Economic Opportunities	<p><b>Manufacturing and Value-added</b></p> <ul style="list-style-type: none"> <li>✍ Develop export and industrial processing zones</li> <li>✍ Restructure local industries to attract foreign capital</li> <li>✍ Provide technical assistance to local industries to improve management, quality standards, and packaging</li> <li>✍ Develop a deep-water harbour</li> <li>✍ Develop legislation to support development of more cottage industries and small businesses</li> </ul> <p><b>Agricultural Production and Productivity</b></p> <ul style="list-style-type: none"> <li>✍ Accelerate processing of land titles</li> <li>✍ Improve extension services, providing adequate transportation for extension workers</li> <li>✍ Rehabilitate and maintain farm-to-market roads</li> <li>✍ Establish and enforce road use standards, especially in agricultural and mining areas</li> <li>✍ Review the D&amp;I systems before allocation of additional resources</li> <li>✍ Develop policy on demarcation of crop/livestock farming</li> <li>✍ Grant incentives for equipment and machinery depots throughout the country for agriculture and logging.</li> </ul> <p><b>Tourism</b></p> <ul style="list-style-type: none"> <li>✍ Increase Government involvement in promotion of tourism</li> <li>✍ Create a stable political and business-friendly environment</li> <li>✍ Conduct sustained training of personnel within the sector</li> </ul> <p><b>Tax Reforms</b></p> <ul style="list-style-type: none"> <li>✍ Broaden the tax base</li> <li>✍ Reduce tax rates</li> <li>✍ Ensure equity in the tax system</li> </ul>
Good Governance	<p><b>Local Government</b></p> <ul style="list-style-type: none"> <li>✍ Increase community involvement in the management of community affairs</li> <li>✍ Reform local government administration, re-establish village councils, and grant autonomy to communities to manage their affairs</li> <li>✍ Establish village and/or community project monitoring units</li> <li>✍ Ensure an open and transparent flow of information at the community level</li> <li>✍ Reform the procurement system and involve communities in contract awards</li> <li>✍ Hold local government elections at which leaders are directly chosen from their communities on a non-partisan basis</li> </ul> <p><b>Judicial Reform</b></p> <ul style="list-style-type: none"> <li>✍ Reform the Guyana Police Force</li> <li>✍ Reform the legal and judicial systems</li> <li>✍ Enforce laws dealing with child labour, child abuse and domestic violence</li> <li>✍ Strengthen community policing</li> </ul> <p><b>Accountability</b></p> <ul style="list-style-type: none"> <li>✍ Hold local government elections</li> <li>✍ Reform the procurement system</li> <li>✍ Enforce asset declaration by elected officials</li> <li>✍ Publish criteria for the distribution of house lots</li> <li>✍ Reduce the price of house lots</li> <li>✍ Involve communities in the monitoring of community projects</li> <li>✍ Develop mechanisms to withhold payment o to contractors for inferior works</li> </ul> <p><b>Discrimination</b></p> <ul style="list-style-type: none"> <li>✍ Continue, deepen and broaden dialogue between the two main political parties</li> <li>✍ Continue public awareness and educational programs on national unity by civil society and political parties</li> <li>✍ Pass and enforce legislation to deal with discriminatory practices, including discrimination against the disabled</li> </ul> <p><b>Decentralization</b></p> <ul style="list-style-type: none"> <li>✍ Decentralise essential services such as the issuance of birth and death certificates</li> <li>✍ Decentralise the passports and land titles</li> <li>✍ Decentralise customs clearance, courier and other shipping services to the regions</li> </ul>

Table 3.2: Recommendations Identified During Consultations (cont'd)

<b>Education</b>	<ul style="list-style-type: none"> <li>✘ Improve conditions of service for teachers, including higher wages, provision of non-pecuniary incentives such as house lots and duty free vehicles</li> <li>✘ Recruit social workers and provide similar conditions of service to assist in reducing dropout rates</li> <li>✘ Reintroduce religious studies, code of conduct for teachers and students, dress code</li> <li>✘ Construct and/or extend existing schools to address overcrowding</li> <li>✘ Develop a comprehensive program of school maintenance</li> <li>✘ Review and enforce school placement policy to ensure that children do not travel long distances</li> <li>✘ Provide dormitories for Amerindian students living away from home</li> <li>✘ Develop a policy for providing targeted subsidies to children from poor families to cover transportation, examination fees, and other costs related to education</li> <li>✘ Re-establish school feeding program to include the provision of hot lunches for students</li> <li>✘ Develop a national certification program of technical and vocational education, including skills training and basic education for school dropouts and out-of-school youth</li> <li>✘ Develop a national register of skilled and semi-skilled persons by community and region for use by contractors and other types of employers</li> <li>✘ Supply required textbooks, laboratory equipment, and other essential learning materials to students</li> <li>✘ Apply a cost recovery fee for textbooks issued to students, with students paying the full economic cost for mutilated or lost books</li> <li>✘ Provide vouchers for textbooks to children from poor families</li> </ul>
<b>Health, Water &amp; Sanitation</b>	<p><b>Health</b></p> <ul style="list-style-type: none"> <li>✘ Improve training and conditions of service of medical personnel, including non-pecuniary incentives</li> <li>✘ Develop a comprehensive maintenance program of physical facilities</li> <li>✘ Increase the allocation for drugs and medical supplies</li> <li>✘ Improve the distribution and storage of medical supplies, especially in rural and hinterland communities</li> <li>✘ Expand public education and sensitisation programs on preventable diseases</li> <li>✘ Recruit and retain social workers to provide counseling</li> <li>✘ Enforce the law on expired drugs and drug abuse</li> </ul> <p><b>Water</b></p> <ul style="list-style-type: none"> <li>✘ Drill wells in communities that lack access to potable water</li> <li>✘ Develop a national rehabilitation and maintenance plan</li> <li>✘ Increase the budgetary allocation to procure chemicals, pumps and other essential parts necessary to improve water infrastructure</li> <li>✘ Expand public awareness programs on home treatment of potable water and water conservation</li> </ul> <p><b>Sanitation</b></p> <ul style="list-style-type: none"> <li>✘ Develop a national policy on garbage disposal</li> <li>✘ Recruit and retain environmental officers</li> <li>✘ Enforce laws on environmental safety</li> <li>✘ Encourage communities to take the leadership role in improving their sanitary conditions</li> <li>✘ Increase resources to maintain drains, institute regular defogging and minimise other environmental hazards</li> </ul>
<b>Housing</b>	<ul style="list-style-type: none"> <li>✘ Develop physical infrastructure such as telephones, water, access roads, electricity and recreational facilities in new housing areas</li> <li>✘ Include the provision of schools, post offices, police outposts/stations and other essential services in housing development planning</li> <li>✘ Increase size and reduce price of house lots</li> <li>✘ Regularise squatter settlements</li> </ul>

## D. Regional Consultations and Prioritisation

The issues and solutions that emerged from the community and target group consultations are beyond Guyana's financial and human resource capacities. Therefore, priorities have to be set. However, to build credibility and institutionalize the process of consultation, Government chose to further consult the public to agree on regional issues and priorities, using community and target group summary reports. Specifically, the Regional consultations were designed to review the community and target group consultations by regions and prioritise issues and recommendations. Regional consultations were conducted in all the regions.

Table 3.3 provides a summary of priority solutions proposed by the regions.

## E. Integrating Recommendations from Public Consultation Into The PRSP

The I-PRSP was revised to include the analyses from the public consultations. Based on the priorities identified, sectoral allocations were also revised. The consultations further revealed several issues that are administrative and/or personal in nature and which provided important lessons to the Government (see Box 3.2); Although the resolution of these issues may not require financial resources, resolving them will boost confidence in public administration and involve communities in the monitoring of their programs. Arising from the issues raised and solutions proposed, and the fact that many of these solutions do not require substantial resources, detailed work programs are being developed with line ministries, RDCs, and local government bodies. In addition, mechanisms are being developed for communities to become involved in the implementation of their programs, pending legislative reforms in local government administration.

Most of the recommendations made concerned programmatic changes. Small business and cottage industries received proposals for more support in terms of regulations and credit availability. Information and communications technology was added to the agenda. More attention to agricultural extension services and machinery to support agriculture was suggested, as well as assistance to local industries to attract more foreign capital. In education, a change in the emphasis to provide more teachers and support to parents was also high in the list. More medical facilities and personnel in under-served areas and more attention to HIV/AIDS were also recommended, as were reform in housing to make land lots more easily available and more affordable. In addition, the special intervention strategies (Chapter 4) were changed to reflect development plans initiated in the regions during the consultations.

Table 3.3: Priorities Arising from the Regional Consultations

Goal	Priorities
Economic Growth	<ul style="list-style-type: none"> <li>• Maintain a stable macroeconomic framework</li> <li>• Create business-friendly environment</li> <li>• Support small businesses, cottage industries and eco-tourism</li> <li>• Explore and exploit natural resources</li> <li>• Develop IT-related exports</li> <li>• Rehabilitate and maintain farm-to-market roads and drainage and irrigation schemes</li> <li>• Construct deep-water harbour</li> <li>• Expand rural electrification</li> <li>• Broaden the tax base</li> <li>• Reduce tax rates</li> <li>• Ensure equity in the tax system</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Reform local government administration</li> <li>• Strengthen, deepen and broaden the dialogue between the two main political parties</li> <li>• Improve public accountability</li> <li>• Reform justice administration</li> <li>• Strengthen regulations and enforce laws on discriminatory practices</li> <li>• Promote and enhance fundamental human rights</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Reduce high levels of illiteracy including adult illiteracy</li> <li>• Reduce school drop-out rates</li> <li>• Improve physical facilities and reduce overcrowding</li> <li>• Introduce curricula reforms</li> <li>• Reduce high transportation and other education-related costs</li> <li>• Train and retain qualified teachers, social workers and ancillary personnel</li> <li>• Improve access to quality education</li> <li>• Provide targeted support to the poor</li> </ul>
Health	<ul style="list-style-type: none"> <li>• Improve access to quality health services</li> <li>• Increase drugs and medical supplies and improve storage facilities for drugs and medical supplies</li> <li>• Train, recruit and retain qualified health personnel</li> <li>• Reduce the incidence and prevalence of malnutrition</li> <li>• Increase public education in basic health practices</li> </ul>
Water and Sanitation	<ul style="list-style-type: none"> <li>• Improve access to potable water</li> <li>• Rehabilitate and maintain water infrastructure</li> <li>• Improve quality of water and management of water resources</li> <li>• Maintain drains and more regular defogging</li> <li>• Improve solid waste management</li> </ul>
Housing	<ul style="list-style-type: none"> <li>• Reduce bureaucratic inertia in the distribution of house lots</li> <li>• Set national standards and improve transparency in the allocation of land</li> <li>• Develop infrastructure in housing schemes</li> <li>• Regularise squatter settlements</li> <li>• Provide affordable housing finance</li> </ul>

### Box 3.2: Lessons Learned from Consultation Process

Several important lessons were learned about the role of public consultations, how communities should be selected, how much planning was necessary and what should be included in a public relations strategy.

#### **Level of community expectations increased because of public consultations and dialogues**

Consideration of strategies for poverty reduction raises people's expectations since the title, poverty reduction, connotes immediate actions or "instant gratification". It is clear from the experience of the community consultations that people living in poverty want change, are prepared to work for change and expect change to occur bringing with it immediate relief. This is so despite efforts to temper expectations. This puts enormous pressure on Government's ability to deliver services that require time, planning and resources. In addition, the macroeconomic framework of the IFIs remains the same, despite the increased resources required to effectively reducing poverty.

Further, the term poverty reduction adversely affects national pride as it is linked with bankruptcy and mismanagement at the local and international levels. It also affects personal dignity leading to a sense of hopelessness and despair. This is unnecessary because it is possible to achieve the same objectives embodied in the PRSP guidelines, both in content and substance, with a concept of a wealth creation strategy, and to do so without creating discord and high expectations. Nations and people believe that it takes time and sacrifice to create wealth. They recognize that wealth creation requires initiative, imagination and personal drive to attain these objectives.

#### **Community selection was very important and using a variety of approaches enabled more communities to be involved**

Consultations could only be effected in a sample of communities. To increase the opportunity of wider geographic coverage, communities were grouped into catchment areas. This sampling, of necessity, resulted in some communities not being the locus of the meetings. In some of those instances, members of communities opted not to participate because consultations did not take place in their physical site. In others, historic and ongoing community conflict erupted during the sessions. In yet others, community members felt discriminated against since their community was not selected as the location or could not be included at all. It is important, therefore, to utilize mechanisms that provide for community involvement which may not include a face-to-face process. People need to be reassured that their voices are valuable and their ideas may be shared through different means.

In the case of Guyana, people did have additional opportunities to express their views on television call-in programs. Special efforts were made to include participants in the regional consultation who were not targeted in the community and target group consultations. Resource persons and in some instances members of the Steering Committee, engaged in television and radio programs to report the priorities selected by their regions. This was not originally planned but it proved to be extremely useful as it allowed the regions to have feedback on their regional priorities. Additionally, people were informed that this was just the beginning of the process and that other opportunities are likely to be afforded them in future consultations.

#### **Highly participatory planning requires flexibility in implementation**

Involvement of civil society and the donor community is essential for reducing conflict and providing the basis for success of the consultation process. In Guyana, the PAP involved key stakeholders from the beginning, distributed background documents and provided face-to-face orientation sessions to a wide group of people. Consultation reports were made available throughout the process to stakeholders and donors and they were also posted on the PRSP website.

Continuous follow-up was made with identified target groups to solicit their participation. Training was provided to equip their personnel to consult their constituents and financial, material and human resources were put at their disposal. The degree of hands-on involvement was high; fortunately, this yielded good results in the main. In some instances, regardless of the efforts made, the partisan interests of the leaders of some stakeholder groups denied their constituents the opportunity to present their perspectives en bloc.

Equally important is understanding key stakeholders and providing them the opportunity to make their own decisions on the consultation process. As mentioned in the body of the text, a case in point was that in Region 9, the Touchaus (Amerindian village chiefs) made a convincing case for carrying out their own consultations. The PRSS provided all the logistical and other support needed. In the end, the Touchaus carried out more consultations than was planned by the PRSS and submitted a comprehensive report on their requirements. It is important to build on this progress in future consultations.

#### **Selection and training of resource persons is key**

Sometimes, participants at public consultations are very immotive. They may not have full understanding of Government programs and procedures and may lack adequate knowledge of budget constraints facing government. Most times, participants present their personal grievances. To minimise these require resource persons and especially facilitators who have thorough understanding of Government programs and constraints and can effectively steer consultations to address core policy issues and programmes.

#### **Public relations strategy is critical for community consultations**

A public relations strategy is critical to the consultation process. It should serve to sensitize the potential participants to the process, motivate them to participate in it, and disseminate the outcomes, helping to transformation of a culture of silence and inaction with respect to governance and decision-making into one of citizen participation and civic responsibility.

With respect to the consultation process in Guyana, the centralized public relations efforts fell short of the expectations. It failed to recognize the value of locally relevant strategies. What worked well was the use of more indigenous and well tried strategies such as the mobile public address system, the bell crier and house-to-house distribution of material and information.

## 4

# NATIONAL POVERTY STRATEGY

Over the past decade, Guyana implemented far-reaching policy and structural reforms that saw a steep reduction in its poverty levels. Real income increased 70 percent and with it, the general welfare of the population improved. Average household consumption, in real terms, went up by 12 percent per year. Expenditure of the bottom 20 percent of the population rose even faster. Access to education, health and water also showed marked improvement, particularly in Amerindian settlements where health centers and wells have been constructed.

In spite of these developments, poverty levels are still high. The recent public consultations confirmed many of the causes that continue to perpetuate poverty and provided recommendations to deal with the problems. Increasingly, the participants at consultations placed priority attention on growth through expanded economic opportunities and improved governance.

The data in Guyana also shows that economic growth is a necessary condition for reducing poverty. During the past 7 years, GDP increased cumulatively by about 37 percent while extreme poverty declined by 34 percent. This implies an elasticity of 0.7. Although this measure may be crude, it suggests two important things. First, there is a strong positive correlation between GDP growth and poverty reduction. Second, reducing extreme poverty by half will take less than 10 years with the implementation of the sound economic and social policies discussed in the following sections.

## A. Main Objectives of the Poverty Reduction Strategy

Past experience and the progress made thus far therefore suggests three interlocking approaches to poverty reduction. First, the restoration of growth rates to pre-1997 levels; second, improvements in social services; and third, the expansion and strengthening of social safety nets. Towards this end, the main goals<sup>1</sup> of Guyana's poverty reduction strategy will focus on: (i) sustained economic expansion within the context of a deepening participatory democracy; (ii) access to social services including education, health, water and housing; and (iii) strengthening, and where necessary, expansion of social safety nets. To achieve these goals, Guyana has adopted a Poverty Reduction Strategy that rests on seven pillars:

- broad-based, jobs-generating economic growth;
- environmental protection;
- stronger institutions and better governance;

<sup>1</sup> The International Development Goals to the year 2015 include reducing the incidence of extreme poverty by half; reducing by two-thirds the mortality rates for infants and children under five; eliminating gender disparity in education (2005); and implementing in all countries, by the year 2005, national strategies to reverse trends in loss of environmental resource by 2015.

- investment in human capital, with emphasis on basic education and primary health;
- investment in physical capital, with emphasis on better and broader provision of safe water and sanitation services, farm-to-market roads, drainage and irrigation systems, and housing;
- improved safety nets; and
- special intervention programs to address regional pockets of poverty

Clearly, these pillars are mutually reinforcing. The pursuit of sustained economic growth, in part, depends on an enabling business environment, good governance, facilitating infrastructure, and a trained labour force. A healthy work force, curriculum reforms and higher literacy rates are critical to meeting Guyana's development objectives. A stable political and industrial relations environment, anchored by practices of good governance, is key to attracting foreign investment, improving the business environment and building confidence in the political and economic systems. Sustained increase in agricultural production will not be possible without improvement in farm-to-market roads and extension services and maintenance and expansion of the drainage and irrigation system. Sustaining income generation at the lower end of production in agriculture, mining and fishery and creating jobs in the process will require a vibrant private sector that will take advantage of opportunities created by the Government and transform primary commodities into processed products. In all of this, consideration will be given to mainstreaming of gender, age and disability in the poverty programs. In summary, the strategy to reduce poverty is a package of interacting elements that need to be implemented simultaneously. Yet, for ease of presentation, components of the strategy are treated separately.

## B. Priorities of the Poverty Reduction Program

Given the limited human and financial resource constraints, it is important to set priorities. The public consultations recommended a menu of measures critical to economic expansion and poverty reduction. However, Guyana does not have all the resources to implement an over-ambitious program. The country still suffers from capacity and institutional constraints. Therefore, careful sequencing of programs is essential for effective implementation. In generating sustained growth, priority is placed on removing bureaucratic inertia through institutional and regulatory reforms, re-orienting the public sector to support private sector investment and improving infrastructure to complement economic growth. These reforms are crucial in removing the bottlenecks to production.

In the area of governance, priority is placed on participatory democracy at the community level, strengthening and deepening of the political dialogue between the two main political parties, and the strengthening of Parliament to conduct oversight supervision. The selection of these priorities is based on Guyana's recent and past experiences with political instability and its negative effects on investment; the strong desire of communities to become involved in programs that affect them; and Government's strong commitment to public accountability.

In the social sector, the emphasis is on access, relevance and equity. Yet, difficult choices were made, given the limited resource availabilities. In education, the priority is in improving the quality of education, and the conditions of service of teachers, reducing overcrowding, and providing targeted subsidies to the poor. In health, priority actions will include increasing access to quality health care by the poor, improving the conditions of service of health care personnel, taking measures to reduce the prevalence and incidence of STIs and HIV/AIDS, and reducing malnutrition. In water, the priority is improving the poor's access to and the quality of water. In housing, the priority is providing basic infrastructure in new schemes, accelerating the processing of land titles, and setting up a Revolving Low Income Housing Fund. To address the pockets of poverty, priority is placed on regions where extreme poverty levels are high and on programs that will support a sustainable livelihood. Given the reforms in the public sector including the restructuring of the sugar industry and potential sale of the two bauxite companies, priority is placed on expanding the social safety net to support displaced workers.



These priorities were selected on the basis of (i) the results of the public consultations; (ii) their economic and/or social rates of returns; and (iii) the opportunities that they offer to change the circumstances of the poor. Given capacity and institutional constraints, the implementation of these programs will be sequenced over a 4-year period from 2002-05. It is also important to note that this is a rolling program that will be revised and updated every three years in response to results and an improved database.

### **1. Economic Policies to Stimulate Growth**

Given the evidence of a strong positive correlation between growth and poverty reduction, income redistribution is not a viable option. Guyana's poverty reduction strategy must be predicated on broad-based, labor-intensive, economic growth. In this sense, Government policies to stimulate economic growth are the most important elements of Guyana's poverty reduction strategy.

Over the last decade, Guyana's economic growth took place in the context of a sound macroeconomic framework supported by institutional and regulatory reforms. The Government will build on this progress in its fight to reduce poverty. The goal is to concentrate on programs that generate quick supply and labour responses and support the private sector in making the investments that are critical for economic expansion and growth. In pursuit of this goal, Government will focus on (i) maintaining a stable macroeconomic framework; (ii) adopting sector policies to stimulate production; (iii) modernizing the traditional economic base; and (iv) providing systemic support for private sector development.

#### **a) Macroeconomic policies for economic growth**

For the last ten years, Guyana's record of macroeconomic management has been good. It has successfully managed monetary policies to maintain the stability of the exchange rate and inflation and contained fiscal deficits to a range where, for the most part, it deposited money into the banking system. The Government will build on this progress. To maintain a sound macroeconomic framework, Government will pursue prudent fiscal and monetary policies to further reduce the fiscal deficit and maintain price and exchange rate stability.

#### **i) *Fiscal policy***

Fiscal policy will aim at increasing public sector savings and reducing domestic indebtedness. In the area of revenue generation, Government will undertake a comprehensive review of the tax system with the objective of broadening the base and reducing rates. Specifically, it will undertake an analysis of the tax code and a review the current system of exemptions. Further, Government will undertake a far-reaching assessment of non-tax revenues and fees so as to bring them up to date. To support these efforts, it will put measures in place to improve tax collection and administration. In line with this, efforts will be made to staff the Guyana Revenue Authority to its full complement.

On the expenditure side, emphasis will be placed on (i) careful allocation of capital and recurrent expenditures, to improve transparency and enhance the impact on growth and social welfare; (ii) tighter controls and higher efficiency through the computerization of the public sector payroll; and (iii) rationalization and streamlining of the public sector. In addition, Government will improve the public accounting process through the strengthening of the Office of the Accountant General and implementation of program budgeting in Government ministries and agencies by 2004.

Further, Government will seek to implement a wages policy, working with unions to have a multi-year agreement. This will include monetary and non-monetary incentives and will improve predictability and avoid yearly conflicts. Further, emphasis will be placed on control of "Other Charges", in particular, telephone charges, electricity bills and stationery supplies. In addition, due to the restructuring of the public sector, including the bauxite industry, the Government will develop policies to provide targeted subsidies to displaced workers.

In addition, beginning in 2003, Government will carry out annual expenditure reviews in priority sectors, including health, education, water, housing and justice administration. These reviews will examine amounts of sectoral expenditures, and geographical and program allocations, and track the flow of resources from the line ministries to the Ministry of Finance. The reviews will further provide information on policies, mechanisms and instruments that will improve the efficiency and effectiveness of expenditure. The timing is based on the need to build capacity in many of the ministries.

*ii) Monetary policies*

Monetary policy will continue to aim at maintaining price stability and safeguarding the Bank of Guyana's external reserve position. Through technical assistance, the Bank of Guyana will review its domestic debt policy with the objective of retiring domestic bonded debts and thereby reducing domestic interest payments. In particular, the Government will support the Bank of Guyana to promote a reduction in interest rates and improve payment systems and the diversification of financial products. It will implement legislative reforms to lower economic risk and expand the availability of collateral as a way of bringing down interest rates.

In addition, the Bank of Guyana will strengthen its supervision department and ensure compliance with the Financial Institutions Act. Further, the Government will continue its implementation of the Securities Act (1998), which, will lead to the establishment of a stock exchange by June 2002. It will also establish the Insurance Regulatory Unit within the Ministry of Finance to assure prudent management of the insurance industry to support private enterprise and risk management.

b) Systemic policies to support private sector growth and poverty reduction

After several years of state intervention, Guyana's private sector remains embryonic. To ensure its rapid development and success keep pace with the rapidly changing external trade environment, Government's support is essential. Systemic support will be provided in (i) export promotion; (ii) investment promotion; and (iii) development and expansion of small business and cottage industries.

*i) Export promotion*

Given Guyana's limited market, the objective of the Government export promotion program will be to create conditions for the export sector to be an instrument for sustaining rapid and broad-based growth. This will require maintaining competitive exchange rate, eliminating trade barriers, and providing more effective export promotion services for Guyana's exports. In addition, Government, through Guyana Office for Investment (GOINVEST), will (i) provide information and company matching services; (ii) support local companies to participate in overseas trade fairs and domestic exhibitions; and (iii) coordinate industrial cooperation.

Further, (i) the National Bureau of Standards will be strengthened to enforce and maintain high environmental, hygienic, and production standards; (ii) technical assistance will be provided to firms to improve quality at the factory level; and (iii) information on WTO requirements regarding technical standards will be disseminated to the local private sector. To promote increased private sector participation in the economy, a stock market will be established to permit swifter and more transparent transactions for transfer of ownership/shares in local industries and facilitate the sale and transfer of shares from privatised public entities.

*ii) Investment promotion*

With a high debt burden, a nascent private sector, and low technological development, foreign private capital will be critical to the economic and social transformation of Guyana. To stimulate foreign investment, the Government will (i) work with stakeholders to improve political stability; (ii) improve infrastructure; (iii) accelerate judicial reforms; (iv) sign trade treaties with its major bilateral trading partners; (v) expand trade and investment promotion abroad; and (vi) strengthen GOINVEST to better facilitate investment. Contacts with external investors already established by the

Privatisation Unit under the on-going Government Public Enterprises Privatisation Program, will also be exploited to attract external capital and technological innovation to promote both industrial and financial services development.

*iii) Development and expansion of small businesses and cottage industries*

Since the 1989, more than 200 small businesses have been established, creating over 8,000 jobs in the process. Although many of the products such as craft, mixed crops, livestock, and manufactured goods are traded domestically, their export potential is high. While systemic support to the private sector will benefit small businesses and cottage industries, specific policies will also be adopted to give them prominence and to integrate them fully into the formal economy, given the potential for rapid job creation.

Towards this end, measures will be taken to (i) simplify the process of business creation through revisions of the Companies Act; (ii) accelerate registration and licensing procedures; and (iii) implement curricula reforms. In addition, Government will work with the Small Business Association, the Institute of Private Sector Development (IPED) and other stakeholders, to lay the Small Business and Cottage Industries Bills before the National Assembly. These Bills and their regulations will codify procedures to accelerate the rapid expansion of micro enterprise and small businesses in Guyana.

Further, there is strong evidence in Guyana that access to savings, services, and micro-loans has raised and stabilized the incomes of the poor. IPED and the Bank of Nova Scotia, in particular, have been successful in facilitating credit, providing training, and supporting the development of micro enterprises. This kind of intervention has been beneficial particularly to low-income women.

Loan criteria at IPED and the Grameen-type program at the Bank of Nova Scotia are low and technical and managerial support systems are well developed. To support these efforts, the capital base of IPED will be expanded to allow the institution to support small businesses and cottage industries and incentives will be granted to the Bank of Nova Scotia to expand its program. In addition, transparency of the system of access to credit at IPED will be strengthened and a monitoring unit will be established to review credit policies. To promote competition in financing small businesses and cottage industries, Government will support the creation and/or strengthening of NGOs to develop a revolving fund facility.

c) Expanding the economic base to benefit the poor

The opportunities for growth in manufacturing, agriculture, mining, and forestry are immense. Recent experience in other developing economies indicates that manufacturing can generate very rapid economic growth while employing substantial numbers of youth and women, who comprise a large portion of the poor. Development of agriculture can also contribute substantially to poverty reduction as many of the poor live in rural areas and are involved in agriculture. Transformation of this sector, therefore, would provide quick income-generating opportunities for the poor. Finally, Guyana's bio-diversity provides the country with a unique tourism product whose full potential remains to be realized. Government strategy in these sectors will be to support the private sector by removing constraints that impede progress and provide the infrastructure that stimulates production.

*i) Improving the environment for manufacturing*

The manufacturing sector provides a key link between domestic raw materials and international markets and can greatly assist the attainment of higher income levels among the poor. In Guyana, the availability of raw materials such as agricultural produce, wood, and precious metals provide a strong basis for the rapid expansion of this sector. In response to private sector requests, the Government will develop garment-manufacturing parks in strategic locations to stimulate production of manufactured goods and take advantage of Guyana's access to markets in the United States through the Enhanced Caribbean Basin Initiative. Further, Government will study the economic feasibility of building a deep-water harbour. The inadequacies of Guyana's current port facilities and harbours have been esti-

mated to increase the country's cost of production of exports by 30 percent.<sup>2</sup>

*ii) Eco-tourism and economic opportunities for Amerindians*

Guyana's pristine tropical rain forests, fauna and magnificent waterfalls have a tremendous tourism potential. However, they are not well known. The marketing of Guyana's forests will stimulate tourism and expand economic opportunities for Amerindians to market their art and crafts, thereby creating employment opportunities for the extreme poor. The Ministry of Tourism, Industry and Commerce in collaboration with the Tourism and Hospitality industry has developed an eco-tourism strategy to promote Guyana as a tourist destination point. Within the context of that strategy the Government will implement a number of measures to develop the sector.

First, in response to requests from the private sector, the Government will establish an autonomous National Tourism Board to license tourism operators and regulate, research, and develop tourism products. Second, guidelines will be put in place for the construction of lodges, and the establishment of buffer zones around interior lodges, in order to blend them into the environment and preserve the natural habitat. Third, the safety of tourists will be improved through better coordination with law enforcement agencies and tour operators. Finally, increased emphasis will be placed on (i) promotion of eco-tourism; (ii) collaboration between the major political parties and trade unions in creating a stable political and business-friendly environment; and (iii) sustained training of personnel within the sector to maximize Guyana's comparative advantage of eco-tourism within the Caribbean.

d) Restructuring and modernizing the traditional sector

World markets have always been important, as exports have been the principal engine of growth as well as the main source of foreign exchange for Guyana. Unfortunately, Guyana's preferential access to certain markets is likely to be eroded and exports are likely to encounter more intense competition. Sustained economic growth and poverty reduction, therefore, will depend on the ability of exporters to reduce production costs and develop new product lines. In line with these objectives, Government will redouble its efforts to support the restructuring of the tradition sectors.

*i) Modernizing the sugar industry*

The sugar industry continues to be an important contributor to economic growth. In addition to the sector's key role in generating exports, it is also a major source of rural employment. Following many years of declining production and profitability, the sugar industry went through a period of restructuring in field and factory rehabilitation. In addition, a private sector firm was contracted to manage the operations of GUYSUCO. In 1999, GUYSUCO's production reached 321,000 tons, the highest level in over two decades. Gains were achieved in both factory and field performance.

In the past, GUYSUCO was able to sell its sugar largely because of its access to preferential markets in the European Union, the United States, and the Caribbean. Even so, these markets did not absorb all of GUYSUCO's exports and the company had to sell about 15 percent of its production at much lower prices in world markets, sometimes incurring losses on its marginal sales. With global trade liberalization, access to preferential markets is likely to be further curtailed and Guyana will need to compete increasingly at world market prices.

In light of this, in 2001 GUYSUCO developed a strategy to modernize the industry and reposition itself both to profit from its comparative advantage as a competitive, low-cost, regional sugar producer and to reduce its production costs to be able to compete in international markets. In line with the recommendations of a cost-benefit analysis conducted recently, and as part of its overall strategy to improve its international competitiveness, GUYSUCO will (i) modernize and upgrade the Skeldon factory; (ii) sell unproductive assets; (iii) restructure management contracts; and (iv) continue discussions with trade unions to link wages and bonuses to productivity and profitability indicators.

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<sup>2</sup> See "Analysis of the effects on Guyana's export sector of changes in international markets, February 1996" by Amy Angel

*ii) Modernizing the agriculture sector*

As many of the poor live in rural areas and are involved in agriculture, transformation of this sector will provide quick income-generating opportunities for the poor. Removal of constraints that impede progress will also reduce poverty. The strategy to transform the agriculture sector to benefit the poor will centre on the following elements including (i) acceleration of conversion of leaseholds to freeholds; (ii) expansion of land size for agricultural activities, depending on type of activity; (iii) emphasis on the improvement of extension services; and (iv) improved drainage and irrigation services.

In addition, Government will strengthen the Guyana Rice Development Board (GRDB) to carry out rice research to increase yields, implement a pure-line seed paddy production program, and devote more resources to improvement of milling yields. Through extension services, Government will seek to improve the management and use of fertilizers and pesticides to both increase yields and protect the environment. In response to private sector requests, GRDB, in collaboration with the National Bureau of Standards, will impose strict quality standards on rice products for the export market, while the Government will work with the CARICOM Secretariat to enforce existing protocols.

*e. Developing new sectors to support growth*

Guyana offers advantages in mineral and human resources that will be tapped in the medium term. Over the same time period, the economic opportunities presented by its proximity to markets in North America and its strategic location as a gateway to the Caribbean and South America will be developed. Towards this end, Government will pursue and promote the (i) exploration and exploitation of mineral resources; and (ii) development of Information Technology.

*i) Exploration and exploitation of mineral resources*

Detailed geological surveys point to an abundance of mineral and other natural resources in Guyana. At present, about 35 percent of export proceeds come from bauxite, gold, and diamonds. While the fortunes of the bauxite industry are declining, due to high production costs and increase competition, focus will be placed on extensive marketing of Guyana's potential in other mineral resources. In line with this, Government will place concessions in all mineral categories under continuous review in an effort to attract investors.

*ii) Introducing information and communication technology*

The implementation of an Information and Communication Technology (ICT) Strategy or "Connectivity Agenda", will be another priority in diversification of the economy. It will be a pivotal tool to improve governance, accountability and transparency, generate employment – especially for women and youth - develop human resource potential, and strengthen national unity. ICT will facilitate E-transactions; increase public sector efficiency and transparency; and grant citizens access to public services by making them available online (E-Government). Through outreach programs, ICT will enable low-income individuals to gain access to the Internet. It will also promote E-exports such as outsourcing, and data processing, encourage economic diversification and create new jobs, particularly for the young; and establish network connectivity to lower unit costs and benefit from network externalities. To take advantage of the opportunities in this sector, Government will (i) introduce communication reforms; (ii) provide incentives for the development of informatics parks with a full complement of infrastructure; and (iii) support the provision of training in Information Technology.

*f) Protecting the environment*

Guyana is especially vulnerable to environmental pressures. Over three-quarters of the land area is forested and the ecosystem is generally fragile. The most populated area in the country, where 9 out of 10 Guyanese live, lies below sea level and is subject to flooding unless sea defences are protected. In addition, the economy is dependent on the exploitation of minerals and forest products which carries with it the risk of environmental degradation. To minimize the impact of environmental degradation, the Government's principal environmental policy objectives will be to (i)

enhance the quality of life without degrading or contaminating the environment; (ii) ensure sustainable use of natural resources for economic growth; and (iii) protect and conserve unique habitats, natural treasures and bio-diversity.

To achieve these objectives, Government's strategy will be to (i) enforce rigorously the provisions of the Environmental Protection Act; (ii) promote public awareness of the benefits of sound environmental policy; and (iii) involve local communities in developing programs to manage vulnerable ecosystems and conserve the resources of protected areas. In addition, the Environmental Protection Agency (EPA) will monitor and enforce standards for air emissions, effluent discharge, and noise levels of industries; ensure stricter compliance with environmental management plans, conduct regular environmental audits; and promote the training of adequate numbers of technicians to monitor adherence to legal environmental standards.

## **2. Good Governance and the Business Environment**

Good governance is essential for accountability, transparency and the restoration of confidence in the economic and political systems. Priorities in good governance are predicated on establishing a stable industrial and political environment; accountability and probity in national affairs; equal treatment for all; and stakeholder inclusion in managing the affairs of the state. To these ends, Guyana reformed its Constitution to enhance fundamental rights and the rule of law. Major modernization and decentralization efforts are already underway in the executive branch. The National Assembly has passed laws empowering it to oversee all areas of Government policy and administration, while reforms are underway to strengthen the institutional and regulatory framework. In summary, the key elements of priorities under good governance include regulatory and institutional reforms, public accountability, confidence building in the judicial and political systems, local government reforms and protecting fundamental human rights.

### **a. Institutional and regulatory reforms**

In improving institutional and regulatory reforms, emphasis will be placed on public sector modernisation; tender and procurement reforms; decentralisation of public services and improving the land development and allocation framework.

#### **i) *Public sector modernization***

Public sector expenditures account for about 42 per cent of GDP, with public investment accounting for about one-third of these expenditures. Efficient use of public monies, therefore, is a must if Guyana is to grow fast and improve social conditions. The Government is keenly aware of the need to improve the efficiency with which it uses taxpayers' money. To this end, it is modernizing the public sector. Far-reaching reforms will be undertaken to improve policy-making, project design, auditing, and tender and procurement.

The Ministry of Finance will be singled out for structural reforms so as to improve its capacity to formulate and implement policies. The State Planning Secretariat will be strengthened to improve project design, implementation and evaluation, both *ex ante* and *ex post*, to build project pipelines that will advance development and reduce poverty. The objective of these reforms will be to improve efficiency, complement private sector growth and improve the delivery of services to the public. These reforms will be done without necessarily increasing the wage bill, beyond the limits of inflation and productivity increase. Government has already eliminated redundant positions and reduced vacant positions in the establishment from over 25,000 to 12,000.

In addition, Government will further strengthen the Office of the Auditor General to enable it to carry out its functions effectively. Towards this end, training in key areas of auditing will be provided on a continuous basis. In addition, Government will continue its drive to complete its privatisation program by 2002. Specifically, GNCB Trust has already been brought to the point of sale, while the corresponding date for GNCB is June 2002, and for LINMINE and BERMINE, December 2002. The three remaining public enterprises, GNSC, GUYOIL and GUYSUCO will be restructured and modernized.

*ii) Reforming the tender and procurement system*

In 2001, the National Assembly passed law establishing the Public Procurement Commission. Budgetary resources were allocated in the 2001 budget to establish the Secretariat of the Commission. The Public Procurement Commission will (i) monitor and review the functioning of all public procurement systems; (ii) promote awareness of the rules, procedures and special requirements of the procurement process; and (iii) safeguard the national interest in public procurement matters. (iv) monitor the performance of procurement bodies; (ii) approve procedures for public procurement; (iii) disseminate rules and procedures and recommend modifications to procurement agencies; and (vi) investigate complaints from the public.

With the establishment of the Commission, the Government will lay the Amended Tender and Procurement Bill in Parliament in 2002. The elements of the proposed amendment will include (i) the development of standard bidding documents; (ii) the revision of thresholds; and (iii) reforms of Regional Tender Boards. Simultaneous with these efforts, the public audit function will be strengthened to include more comprehensive operational performance audits of public sector programs.

*iii) Decentralizing public services*

The concentration of key public services in Georgetown is a source of major concern. Travel costs to Georgetown, especially from the hinterland and the more distant regions, are high, waiting time is costly, and frustrations are rife. To deal with these problems, key services to the public will be provided in the regions, including (i) issuance of birth and death certificates; (ii) issuance of passports; (iii) issuance of house lots and land titles; and (iv) processing and facilitation of exports. The Government will strengthen RDCs and support agencies to establish regional offices to carry out these functions.

*iv) Improving the land development and allocation framework*

The newly enacted Guyana Lands and Surveys Commission (LSC) Act established a new semi-autonomous land agency with the authority to manage all public lands and develop land use plans, policies and information systems. The same office will process all applications for agriculture, eco-tourism, and industrial and commercial development. A computerized land information data base is being developed to create and maintain up-to-date lease and land use records, facilitate rent billing and collection and facilitate the identification of available lands for development.

To accelerate land titling and land allocation and to minimise the perception of discrimination in land allocation, criteria and standards for evaluation and approval of land applications are being developed for immediate implementation. Legislation will be enforced against discriminatory practices, including gender and poverty bias in the allocation of land rights.

Pursuant to Government's decision to convert small parcels from leasehold to freehold, several land development schemes are being regularized, and eligible parcels are being converted to freehold status. In addition, for those parcels that do not qualify for freehold, a new standard agricultural lease has been developed and is being implemented to provide for 50 years duration, and rights of mortgage, renewal and inheritance.

The LSC has been given the mandate to develop land use plans and policies. To this end, a public land inventory is being made. A Geographical Information System is being developed that will be used as a tool for land use planning. The LSC has acquired professional land use expertise that will guide the development of plans and policies.

*b) Improving public accountability*

To improve public accountability, the National Assembly in 2001 passed a law establishing four National Assembly sectoral committees, dealing respectively with natural resources; economic services; foreign relations; and social services. These committees are responsible for the scrutiny of all areas of Government policy and administration.

This innovation is important for a number of reasons. First, Parliament will do more oversight. Second, the reforms provide a more inclusive form of Government where the parliamentary opposition plays an active role in governance. Third, the reforms will allow for better understanding of Government policy and effective implementation of programs. The Government will support these reforms by allocating resources for the effective functioning of these committees.

c) Building confidence in the political system

Since 1997, Guyana has faced difficult political problems stemming from pre- and post-elections disturbances. These uncertainties have affected business confidence and resulted in reduction of private sector investment. After the 2001 elections, the Government and the main opposition party agreed to a number of measures to restore public confidence in the political system. Six task forces that report directly to the President and the Leader of the Opposition were set up to deal with key issues of concern to the two main parties. These task forces address:

- local government reform to (i) ensure completion of the electoral reform process, (ii) monitor and guide the drafting, enacting and implementation of legislation granting greater autonomy to local governments, and (iii) recommend measures for continuing education programs on the new local government system;
- border and national security issues, namely, review of the status of Guyana's border and maritime issues and recommend short and long-term solutions;
- national policy of distribution of land and house lots to improve the system of the allocation of land and ensure that policies are being implemented in a fair and transparent way;
- bauxite industry resuscitation to examine available options, taking into consideration the prospects of the industry and its importance to the communities concerned;
- depressed communities; and
- radio monopoly and non-partisan Boards, i.e. the issue of Government monopoly of radio and the question of non-partisan Boards of Directors for the state-owned media and National Frequency Management Unit (NFMU).

Since these task forces came into being, political tensions have reduced significantly. To sustain this progress, Government is committed to working closely with all stakeholders to maintain peace and stability, which are essential elements for investment flows and economic growth.

d) Reducing crime and improving administration of justice

The spate of violent crime and the long delays in dispensing justice continue to be major concerns. To deal with these problems, the security agencies, in particular, the Guyana Police Force will undergo comprehensive reforms. In particular, more police ranks will be recruited and retained, police outposts/stations will be opened in several communities, increased resources will be allocated to training and forensic investigations and community policing will be supported.

To improve justice administration, assistance will be provided to (i) refurbish court facilities; (ii) further improve facilities at the Law Library; and (iii) introduce administrative systems and procedures to improve court records and transcripts; (iv) institute continuing education for the magistracy and judiciary; (v) review the emoluments of the magistracy and judiciary; and (vi) strengthen the independence of the judiciary. In addition, the Government will seek technical assistance for adjudicating the extensive backlog of cases. Further, laws will be amended and/or enforced and resources will be allocated to deal with child labour, child abuse and domestic violence.



### e) Reforming local government

Discontent with the performance of regional and local administration is high. There is general consensus that communities should elect their own officials to represent their interests in terms of program development, implementation and monitoring. Towards this end, the Government will (i) review current status of legislation and identify parliamentary action required to give direct representation to communities; (ii) assess the revenue base and propose a basis, with checks and balances, for fixing the rates and revenue collection system; (iii) examine human resources requirements for enhanced and effective local government administration, including terms and conditions of service; and (iv) strengthen information systems for planning, monitoring, evaluation and reporting of programs. In addition, local government elections will be held on a regular basis. Anti-corruption legislation which was passed in 2000 will be implemented, and the Office of the Auditor-General will be strengthened to enforce the provisions under the law.

### f) Protecting fundamental human rights

In view of the fact that Guyana is a multi-ethnic society with six ethnic groups, in 2000 Parliament passed a law to establish the Ethnic Relations Commission to promote racial harmony. In 2001, Guyana's Constitution was amended, in part to promote the enhancement of fundamental rights and the rule of law. Four independent Commissions were named: Human Rights, Women and Gender Equality, Indigenous Peoples, and the Rights of the Child. The Government will provide resources to establish and/or strengthen the Commissions to enable them to fully execute their functions. Table 4.1 presents selected functions of the Commissions.

**Table 4.1: Functions of Human Rights Commissions**

Commission	Functions
<b>Ethnic Relations</b>	<ul style="list-style-type: none"> <li>? provide for equality of opportunity between persons of different ethnic groups</li> <li>? promote the elimination of all forms of discrimination on the basis of race</li> <li>? discourage and prohibit persons, institutions, political parties and associations from promoting discrimination on the basis of race</li> <li>? promote education and training programs</li> </ul>
<b>Human Rights</b>	<ul style="list-style-type: none"> <li>? monitor and review legislation to ensure that individual rights are not violated</li> <li>? liaise with governmental and non-governmental organisations to address complaints</li> <li>? educate the public about their basic human rights</li> </ul>
<b>Women and Gender Equality</b>	<ul style="list-style-type: none"> <li>? promote issues related to the enhancement of the status of women</li> <li>? promote the integration of women's needs and interest and mainstreaming of gender issues</li> <li>? educate and monitor employers and the public on desirable employment practices to women</li> <li>? recommend and promote the implementation of legislation and the formulation of policies and measures that would enhance and protect the status of women</li> </ul>
<b>Indigenous Peoples</b>	<ul style="list-style-type: none"> <li>? promote and protect the rights of indigenous peoples</li> <li>? raise awareness of the contributions or, and problems faced by, indigenous people</li> <li>? promote empowerment of indigenous peoples, especially with regard to the village council in the local government system</li> <li>? make recommendations for the protection, preservation and promulgation of the cultural heritage and language of indigenous peoples</li> </ul>
<b>Rights of the Child</b>	<ul style="list-style-type: none"> <li>? promote the rights and interests of children</li> <li>? monitor compliance and make recommendations for the compliance with international conventions on the right of children</li> <li>? monitor, evaluate and make recommendations on policies, procedures and practices of organizations in order to promote the rights of children</li> </ul>

## 3. *Investment in Human Capital*

In addition to maintaining prudent fiscal and monetary policies and improving good governance, the Government's strategy for poverty reduction centres around investment in human capital. These investments will be made in both formal and non-formal education and primary health care, with a focus on preventive health care and increased attention to HIV/AIDS. The Government's strategy is to accompany these activities with investments in physical capital to provide better water, sanitation, and housing services.

### a) Education

The Government's goals for education are to reduce illiteracy rates, reduce drop-out and repetition rates, especially at the primary level, increase secondary school enrolment, and improve the quality and relevance of education for all Guyanese, espe-

cially children. To achieve these goals, the Government's strategy centers on (i) reforming the curriculum and expanding the teaching of Information Technology; (ii) increasing access to and attendance at secondary schools; (iii) increasing the number of trained teachers; (iv) complementing teacher's salaries with non-pecuniary incentives; (v) improving physical facilities to reduce overcrowding; (vi) targeting functional illiteracy among out-of-school youth; (vii) providing targeted support to the poor; and (viii) strengthening the Ministry of Education.

*i) Curricula reforms*

Advancements in technology, changes in the global market place, trends towards the free movement of labour, the need for better understanding among the diverse cultural and ethnic groups and the country's developmental thrust require a re-orientation of school curricula.

Curricula reforms will include (i) a pilot phase on the use of computers and the Internet in school instruction; (ii) greater emphasis on science and technology in primary and secondary schools; (iii) introduction of national aptitude tests in Mathematics and language arts; (iv) maintaining balance between academics and the development of technical/vocational skills in secondary schools; and (v) expanding skills training in partnership with the private sector. Health and Family Life Education (HFLE), with its emphasis on respect for diversity, pluralism, tolerance, and respect for democratic values and human rights, is also being introduced.

In addition, emphasis will be placed on (i) mastery of literacy and numeracy skills; (ii) aligning teacher training programs at CPCE and NCERD with the requirements of the new curricula; (iii) integrating modern technologies into teaching, learning and school administration; and (iv) improving student and teacher attendance and enhancing equity in access to education.

*ii) Improving access to and attendance at school*

As the target of universal primary education has been achieved, emphasis will be placed on expanding early childhood education, reducing repetition and drop-out rates in primary schools and increasing the secondary school enrolment ratio from about 53 percent in 1999 to 75 percent in 2004. Within this target, and given the fact that approximately 70 percent of the population lives in rural and interior areas, the increase in enrolment, especially at the secondary level, will favour children in those locations. Towards this end, more secondary schools will be constructed and/or rehabilitated, especially in under-served areas. School mapping and space utilisation exercises will be carried out to inform transition planning and system planning, aimed at guaranteeing equitable access across geographic regions.

*iii) Teacher training, ancillary personnel and emoluments*

There will also be a conscious effort to reverse the growth in percentage of untrained teachers. For this reason, the Government will implement measures to reduce student/trained teacher ratios from about 40:1 to 27:1 at primary and secondary schools. These measures will include (i) a review of the University of Guyana Diploma of Education Program to facilitate growth in the number of graduate trained teachers; and (ii) the expansion of distance education training centers to cover the 10 administrative regions. Further Government will work with the Guyana Teachers Union to seek ways of improving the conditions of service of teachers, including the provision of non-pecuniary incentives. This is essential for recruiting and retaining teachers.

In addition, social workers and other ancillary personnel will be recruited to (i) provide counseling to students; (ii) work with parents and students to reduce absenteeism; and (iii) provide other essential support to students. Other measures will be put in place to enforce discipline among students. Janitorial services will also be contracted.

*iv) Reducing overcrowding and increasing allocations for maintenance*

To reduce overcrowding in schools, Government will accelerate the implementation of the (i) Secondary School

Reform Programme (SSRP); (ii) Guyana Education Access Project (GEAP); and (iii) Basic Education and Management Project (BEAM). Over the last several years, the Government has rehabilitated over 300 nursery, primary and secondary schools. The Government's medium-term educational programme will continue to place emphasis on rehabilitation and construction.

To sustain this large number of facilities over the longer term, Government will allocate increased resources to maintenance. A school maintenance policy and strategy will be developed to establish guidelines for resource allocation, and preserve an improved learning environment for students over the longer term.

*v) Targeting functional literacy among out-of-school youth*

Government will build on the progress made in this area by supporting special education programs in Mathematics, language arts, skills training, and communication, self-development and leadership skills for out-of-school youth. This program will be pursued in partnership with the private sector and NGOs.

*vi) Targeted subsidies to the poor*

Clearly, providing high standards of education with fully equipped facilities will be costly. Parents are already paying fees for extra lessons, which have become the norm, and this adversely affects poor families. In many instances, students do not have the full complement of required textbooks. To overcome these problems, the Ministry of Education (MOE) will develop criteria for targeting poor families for vouchers covering assistance with textbooks, examinations costs and other education-related costs.

*vii) Skills Training and Employment Program (STEP)*

The Government will promote STEP to deepen its partnership with the private sector in job creation. Emphasis in skills training and upgrading will focus on three major groups: (i) youth with primary and/or secondary education; (ii) civil servants in the lower grades; and (iii) self-trained artisans and technicians. The private sector will identify areas of need and quantify the average number of persons required in each area per year. A number of training options will be pursued including employer-based, private sector-based and public sector-based training programs. Towards this end, Government will place priority on the establishment of technical/vocational institutes and on a National Skills and Employment Register disaggregated by community and region.

*viii) Strengthening of the Ministry of Education*

To improve the overall performance of the education sector, the MOE will adopt a more interactive management role. The Organisational Capacity Assessment for MOE completed in 1999 will define how this management role is assumed. Specifically, MOE will (i) develop an integrated resource management system that will enhance performance and accountability; (ii) implement strategies in four principal areas of management, including national strategic education policy, central ministry operational policy, regional education programs and improving management and functions of schools; and (iii) develop a human resource development program that will address the demand, supply, and placement of teachers as well as remuneration and benefits.

**b) Health**

Although spending has increased in recent years and the sector has seen significant improvements, it is quite clear that important reforms will have to be implemented to reduce the common causes of mortality and morbidity and to provide equitable opportunities for people to access those sanitary and social measures and services that would protect, promote and maintain or recover health, especially among the poor. To achieve these goals, Government will focus on improving (i) maternal and child health; (ii) the incidence rates of communicable diseases; (iii) management of chronic diseases; (iv) nutritional status; (v) access to mental health services; and (vi) access to quality health care.

*i) Maternal and child health*

Maternal and infant mortality and morbidity rates are too high, especially in poor communities. Government will implement the Integrated Management of Childhood Illnesses (IMCI) and promote the “baby friendly” programs, while working towards ensuring that all health care workers are suitably trained and all hospitals are certified for Baby-Friendly Hospital status. It will also provide counseling services and supplies to health centers, with special attention to hinterland areas; fully implement the Medical Termination of Pregnancy Act; expand the PAP smear program; and augment immunization programs to reduce the inequities that presently exist, in particular, in hinterland areas.

*ii) Communicable diseases*

The incidence rates of communicable diseases such as the vector borne diseases like malaria, dengue, filariasis, and leishmaniasis, as well as HIV/AIDS, TB, acute respiratory infections, hepatitis, and STIs are high. To redress this situation, Government will (i) invest in chemotherapy; (ii) increase supplies, equipment and human resources for the Vector Control Services (VCS); (iii) and augment community mobilisation and education to alleviate conditions that foster the spread of such diseases. In addition, Government will (i) increase access to voluntary counseling and testing services in all regions; (ii) improve and expand the availability of services for diagnosis, treatment and care of STIs; (iii) increase access to condoms; and (iv) increase school programs on sexual and reproductive health.

With specific reference to HIV/AIDS, Government will increase resources to (i) develop an up-to-date STIs, HIV/AIDS database; (ii) expand the program for reduction of mother-to-child transmission to all regions; and (iii) train social workers to provide community-based education and counseling, especially to the youth. Further, increased allocations will be provided to (i) procure drugs and/or support the manufacture of AIDS drugs in Guyana; (ii) sustain public awareness programs on HIV/AIDS; and (iii) increase access to anti-retroviral and other drugs and services to address HIV/AIDS. The AIDS ward at the GPH and the Mahaica Hospital will also be rehabilitated to accommodate patients with AIDS.

*iii) Chronic diseases*

Chronic diseases, such as diabetes, hypertension and cancer affect large numbers of persons and lead to debilitating complications such as nephropathy, neuropathy, cataracts and heart diseases. The inability of the current health system to treat special ailments such as hydrocephalus, spinal injury, and cardiac and kidney diseases affects the poor more than any other income group. The present arrangements under which patients are sent abroad for treatment are not only expensive and time consuming, but because of delays, often result in the death of some patients on the waiting list. To improve the current situation as regards patients needing treatment regionally, Government will seek to expand the number of regional medical facilities which offer treatment to Guyanese patients, and encourage the private sector to define what role it can play in supporting patients with special ailments and disorders.

In collaboration with the private sector and NGOs, Government will also establish and equip facilities to deal with ailments and disorders such as cancer, and orthopedic, kidney, and other diseases. Specialists in these fields will be encouraged to visit Guyana to provide treatment, an arrangement which will provide many benefits including (i) reducing waiting time and mortality; (ii) building local capacity within the health system to undertake similar procedures; and (iii) providing better post-operative care to patients.

To reduce the incidence of complications associated with diabetes, hypertension and certain types of cancer, programs to improve prevention, early diagnosis and management of these diseases will be implemented, especially in the health centers, health posts and regional and community hospitals. and community-based education programs will be conducted. The Government has also decided that greater efforts must be made to address eye problems. Thus, a special program to reduce the huge backlog of cataract cases to a level that the present treatment capacity can manage will be embarked on during 2002. In addition, efforts to establish a low-vision center will be continued. Finally the Government will work with the private sector and NGOs to establish a dialysis center in 2002, and the

cancer treatment centre will also be completed in 2002.

*iv) Nutritional status*

To improve the nutritional status, not only of women and children but of the entire population with emphasis on the poor, priority attention will be given to (i) expanding school feeding programs; (ii) expanding services to pregnant and lactating mothers below the poverty level; (iii) providing support to the elderly and pensioners; and (iv) providing assistance to families of workers displaced by public sector restructuring. The core elements of the nutrition project are being designed.

*v) Mental health*

The high incidence rates of suicide, street children, child abuse and domestic violence signify the degree of stress experienced in society. Government will (i) introduce community counseling centers; (ii) implement an aggressive anti-suicide program; (iii) provide facilities and services to street children; and (iv) support training and sensitisation programs on child abuse, domestic violence, parenting and stress management.

*vi) Access to quality health care*

To improve access to quality health care, particularly in hinterland areas, facilities will be upgraded to provide basic health services, including immunization, vaccination, blood and urine tests, and chest X-rays. Currently, many patients, at a very high cost, travel to the GPH to seek these simple and routine services. With upgraded facilities, trained medical personnel, including doctors, nurses and technicians, will visit health centers in interior and difficult-to-reach regions on a regular basis to provide primary care services and perform simple operating procedures. Maintenance of health facilities is key to access and the Government will review and develop a comprehensive maintenance program for health facilities throughout the country. Continuing education programs will be implemented to broaden the skills base of health care personnel.

Increased resources will also be allocated to the procurement of drugs and medical supplies and storage. A National Materials Management Agency has been established to rationalise and upgrade the procurement and distribution of drugs and health supplies throughout the sector. Reforms to tender and procurement will markedly reduce the delay often associated with the importation of drugs. In addition, the main drug bonds and stores of the major hospitals and health facilities will be computerized with modern inventory software; and the delivery of drugs and medical supplies outside of Georgetown will be undertaken in collaboration with the private sector. In addition, emphasis will be placed on improving storage facilities for medical supplies and drugs in health centers throughout the country and existing laws on sale of drugs will be enforced.

Government is also committed to improving the efficient use of resources in the health sector. Therefore, medical facilities that are currently underutilised may be closed, following evaluation. The savings generated will be mainly applied to establishing more health posts in remote areas, and more generally, to providing a fleet of ambulances and other transport facilities, improving radio, telephone, and other communication networks, and financing and expanding a program of rotating visits by medical practitioners, nurses and technicians.

#### **4. Infrastructure to support services**

The poor state of Guyana's social and productive infrastructure is an important factor contributing to poverty. As the consultation process pointed out, there is insufficient access to potable water, a lack which affects the poor more than the non-poor and contributes to the spread of disease. Guyana's sanitation infrastructure is also deficient with the poor often live in insanitary environments as a result of inadequate dumpsites for garbage, poor maintenance of drains, and poor placement of latrines and burial sites (too close to rivers). To address these problems, the Poverty Reduction Strategy includes components to increase investment in water, sanitation, and housing. In addition, to stimulate economic growth, it includes investments in basic infrastructure.

### a) Water

The Government's medium-term strategy in the water sector will be dedicated to improving the quality and delivery of services, ensuring good and effective regulation of the sector, and implementing a subsidy program to help poor households connect to the system and/or pay a portion of their monthly bill. Specifically, the objectives of the water sector will include (i) provision of access to safe water to 95 percent of the population; (ii) establishment of a Guyana Water Company to provide economies of scale; (iii) streamlining of the activities in the coastal zone with emphasis on treatment of raw water; and (vi) implementation of a comprehensive rehabilitation and maintenance plan.

In addition, more chemicals will be procured to treat raw water, maintain sanitary conditions in and around water conservancies, and the Ministry of Housing and Water (MOHW) will coordinate its program with the Drainage and Irrigation Department of the Ministry of Agriculture, as poor maintenance of D&I schemes is partly blamed for the contamination of water systems. MOHW will also mount public awareness programs to educate families to conserve and treat water.

Priority attention will be given to rehabilitation and maintenance of water infrastructure. In part, frequent damage to water mains due to old age, low water pressure, and low levels of maintenance compromise the quality and availability of water. To deal with these problems, the MOHW in collaboration with the water agency will prepare a multi-year comprehensive rehabilitation and maintenance program, for which an increased budgetary allocation will be granted.

To improve access to water, about 100 wells will be drilled, 50 windmills constructed and over 400 pumps installed in hinterland areas in the medium term. Pumping stations will also be rehabilitated and/or constructed in several hinterland areas. In addition, Government will rehabilitate over 150 minor water systems, involving the replacement of pumps and engines and refurbishment of electro-mechanical systems in rural areas. These improvements will bring immediate benefits to over 200,000 residents. In municipal areas, the focus of the water program will be the construction of additional ground storage tanks, and the drilling of new wells.

### b) Sanitation

The Government's goal in the sanitation sector is to improve the sanitary conditions of the population of Georgetown, and to reduce the current levels of environmental degradation through improvement in the quality and availability of the water supply and sewerage services. Consistent with this goal, two major activities will be undertaken: (i) rehabilitation of the sewer system including cleaning, repair and replacement of yard and street sewers, refurbishment and reconditioning of pump stations, and rehabilitation and extension of the existing outfall; and (ii) construction of a sludge pre-treatment facility, including a dumping station, a bar screen, a grit removal chamber, a 2-day storage facility. In addition, more environmental health officers will be recruited to enforce existing or amended laws on environmental safety. In the medium term, Government will design another project to deal with sanitary conditions in the coastal belt.

### c) Housing

Government's strategy in the housing sector will be to (i) strengthen shelter and land markets; (ii) expedite the divestiture of public land for sound residential settlement; (iii) accelerate squatter area regularization, where appropriate, and relocate squatters from land that is unsuitable for occupation; (iv) advance the institutional strengthening of CH&PA; (v) develop basic infrastructure in new housing areas; and (vi) develop long-term planning towards housing development. Consistent with this strategy, Government will develop and prepare over 50,000 house lots. In addition, the reorganisation of CH&PA and reforms at the Deeds Registry will be accelerated to streamline the processing of titles and other land related documentation. This will eliminate the long waiting time, the backlogs, and the duplication of effort that are now integral parts of land processing.

In addition, a policy framework paper on real estate development will be published in 2002. The paper will (i) lay out

the modalities and the roles of the private and public sectors in housing; (ii) examine financing instruments in the housing sector; (iii) consider reforms that will broaden and enforce compliance with payment of property taxes; and (iv) address the standardisation of buildings and materials, the accreditation of contractors and builders, and alternative building models, with the emphasis on cost reduction.

Further, emphasis will be placed on making housing affordable and accessible to low-income earners. In line with this, a Low-Income Housing Revolving Fund will be established to create the environment for competitive bidding by private contractors for the construction of various models of housing units, including 'shell' units: the emphasis will be on (i) low-cost construction and (ii) provision for the extension of housing units as household incomes increase.

Priority will also be given also to developing housing infrastructure in new housing areas. In particular, the MOHW will coordinate with other Government ministries, agencies and the private sector to construct access roads, lay water infrastructure, install telephone lines and electricity. Government will also allot land for development of facilities, including police outposts/stations, post offices, recreational facilities and other essential services.

### **5. Safety Nets**

The effective implementation of the growth strategy and equity enhancing measures described above should lead to increased income and reduced poverty. However, many of the poor are so far below the poverty line that improved prospects for employment or sizeable increases in their incomes will still leave them severely disadvantaged. Others, for reasons of age, disability, or illness, are unable to participate in the economy.

Taking these factors into account, the Government will design a social safety net (SSN) with the support of the donor agencies. The SSN will seek to (i) provide cash and other support to displaced workers while they seek other opportunities in the labour market; (ii) support to pregnant and lactating women; and (iii) targeted subsidies in electricity and water tariffs to the poor, including the elderly, pensioners, and people with disabilities. In addition, the SSN will provide vouchers for textbooks, examination fees and other education related costs for students of poor families. The Government will contribute budgetary support and strengthen the Ministry of Human Services and Social Security to carry out these functions. In addition, NGOs will be encouraged to support the implementation of this program.

### **6. Infrastructure to Support Growth**

The medium-term infrastructure strategy is to improve the maintenance, quality and coverage of sea defence, roads, and drainage and irrigation schemes. This is vital for reducing poverty and ensuring access to economic opportunities. Well-functioning infrastructure services can improve competitiveness and market access, which are key elements for generating income and employment.

The overall strategy for infrastructure development will evolve around the following principles. First, Government will consider the use of greater private sector involvement in the implementation of complicated infrastructure projects. Second, it will put together packages of sufficient size to make projects more attractive to international contractors, without excluding local bidders. Third, it will pursue the creation of joint ventures for public works to encourage the transfer of technology to the local construction industry.

#### **a) Sea Defences**

About 90 percent of the population live on the coastal strip, which accounts for less than 2 percent of Guyana's land area. The soil in this strip is fertile although most of it is below mean high tide level and exposed to flooding. Sea defences are therefore critical in protecting investments in agriculture, roads, communications, and water systems. The objective of the sea defense program in the medium term will be to reduce breaches, build local capacity to do maintenance and rehabilitation works, and increase community participation in the inspection and protection of the sea defence system. Increased budgetary allocations will complement donor support in maintenance and rehabilita-

tion works. The capacity of the construction industry will be improved through the training of local contractors and consultants in sea defence practices. In addition, greater reliance will be placed on local communities to monitor potential breaches and protect against the removal of materials of sea defence infrastructure.

#### b) Roads and River Transport

Road and river transport are by far the principal forms of transport in Guyana. Improving overall road maintenance, and rehabilitating farm-to-market roads, bridges, stellingings and ferries would lower transportation costs and integrate rural economies with that of Georgetown. It would also lengthen vehicle life, save foreign exchange in fuel and spare parts imports, and generate savings in travel time.

The Government will therefore continue to rehabilitate farm-to-market roads, bridges, stellingings and ferries and allocate increased resources to preventative maintenance. The capacity of the Roads Administration Division (RAD) of the Ministry of Public Works and Communications, and of the Ministry of Local Government, which is responsible for the maintenance of main roads, will also be strengthened. To sustain the maintenance and reconstruction programs, several options including user fees and the contracting-out of ferries to the private sector will be considered.

In addition, Government will rehabilitate the Mahaica-Rosignol road and reconstruct the Mahaica, Mahaicony and Abary bridges. The Berbice River Bridge will also be constructed through build-operate-own (BOT) arrangement with a private sector company. The Government will construct the access road leading to the bridge at Everton. This infrastructure development will open up the eastern portion of Guyana and generate economies of scale, in particular, with the increased trade between Guyana and Suriname and the restructuring of the Skeldon and Albion sugar factories.

Further, Government will work actively with its counterparts in Brazil and the private sector to study the economic feasibility of developing a deep-water harbour, a container port, and the construction of the Guyana-Brazil road. Guyana's strategic location vis a vis the Americas, particularly Brazil, offers natural advantages for the southern regions of Brazil to export and import goods through Guyana. The cost savings for Brazil are likely to be considerable while the job creation opportunities for Guyana and, in particular, the integration of the hinterland communities into the macro-economy cannot be overemphasized.

#### c) Drainage and Irrigation

The success of increased agricultural production in the rural economies will require the rehabilitation and improvement of (D&I) systems. Despite increased budgetary support to the D&I sector, the system is in a state of serious disrepair and neglect. This is attributable to (i) weak capacity to operate and maintain the system; and (ii) the overly complex and inefficient multi-layered legal and institutional structure regulating drainage, irrigation, and flood control.

To bring more land under cultivation, generate quick supply responses and benefit the poor in rural and interior locations, Government will implement the D&I rehabilitation master plan completed in 1998. The core elements of the plan include rehabilitation and maintenance of D&I canals, conservancy dams, kokers, sluices, and water pumps. To maintain D&I schemes, Government will establish Water Users Associations and charge them with responsibility of operation and maintenance of D&I work.

To improve the efficiency of the D&I system, Parliament enacted a new D&I Bill in 2000. Under the new law, a new Authority with wide powers over drainage, irrigation, and flood control activities are entrusted with the task of promoting the involvement of water users, local governments, and the private sector in D&I activities. Furthermore, responsibility is delegated to Water Users' Associations to provide services for the management, operation, and maintenance of the drainage and irrigation system, as well as flood control. In addition, Government will ensure an adequate and fair representation of water users and regional Governments on the Board of the new D&I Authority.



In the medium- to long-term, Government will implement the phase III of the MMA D&I systems between the Abary and Mahaica rivers, develop the Mahaicony Conservancy, and rehabilitate the Black Bush Polder and other regional drainage and irrigation schemes. Additionally, the Canje River will be dammed to facilitate improvements in flood control. The completion of these projects would bring over 600,000 acres of arable land under cultivation.

d) Rural electrification

Guyana's electricity system is relatively small with about 90 megawatts of installed capacity and a peak load of 67 megawatts. The system provides services to about 60 percent of the population, mostly along the coast. In 1999, the Government privatized the Guyana Electricity Corporation (GEC). The new company, Guyana Power and Light Company (GPL), is owned jointly by a consortium consisting of the Commonwealth Development Corporation of the United Kingdom, the Electricity Supply Board of Ireland and the Government of Guyana. GPL is under a private management contract.

GPL's business plan for period 2001-05 includes investments in the order of US\$93 million and emphasis on rehabilitation and expansion of generation capacity by about 40 megawatts, interconnection of its three separate systems, reinforcement of the transmission and distribution networks and connections of new customers. Although GPL's expansion program allocates US\$5 million for rural electrification of under-served areas, this is inadequate to meet unmet demand.

In recognition of this, Government will provide resources to expand and provide electricity to rural communities. Specifically, distribution lines will be extended by approximately 40,000 connections mainly in the coastal regions close to existing distribution grids. Least cost solutions will be applied and subsidies to consumers will be limited to a portion of investment costs, with tariffs fully covering operation and maintenance costs. Towards this end, studies will be done to assess the economic cost of the system (i.e., long-run marginal costs of electricity generation, transmission, and distribution) for different sub-systems, geographic regions, and consumer groups.

At present little or no information exists on current energy access and use patterns and the local energy resource endowment of hinterland areas thus, resources will be provided to evaluate economically and socio-environmentally viable options and requirements and sustainable institutional and financing schemes for hinterland electrification.

## ***7. Special Intervention Strategies***

Although the small sample size of the LCS makes it difficult to provide regional and other comparisons of poverty profiles, secondary sources of information indicate that poverty levels remained the same or showed marginal increases in Regions 1, 8 and 9 which are mainly populated by Amerindians. In Region 10, the dependency on bauxite and the prospect of privatisation are likely to increase the current high levels of unemployment. In addition to the general measures that have been proposed for the reduction of poverty, therefore, Government will adopt strategies specifically targeted to the unique needs of these regions.

a) The Barima-Waini Project, Region 1

A substantial proportion of the population in Region 1 falls below the critical poverty line. With a population density of 2.3 and a diverse and scattered settlement pattern, development intervention strategies in Region 1 will be costly. Nevertheless, Government will focus on improvements in economic opportunities, infrastructure, education and health as its key strategies in reducing poverty in this region.

In economic opportunities, extension services will be expanded; nurseries for peanuts developed; an agro-processing zone created; and a sawmill established, if economically feasible. In infrastructure, trails and bridges will be upgraded; water transportation provided; wells constructed and pumps installed in the main villages. In improving access to health care, emphasis will be placed on the procurement of mobile health vehicles that will visit villages and

settlements to provide care. In addition, the health facility in Kumaka will be upgraded and consideration given to the use of NGOs in providing health services on a commission basis.

In education, emphasis will be placed on training teachers and other educational personnel from local communities and existing facilities will be upgraded to cater for the increased enrolment of nursery and primary students. Given the small population in the region, it will be more cost-effective to grant scholarships to Amerindian students to attend secondary schools in Georgetown. Boarding facilities will therefore be constructed and/or upgraded to house Amerindian students during school periods in Georgetown, as well as at the secondary schools in the regions.

Water transportation will be improved through acquisition of small boats. This is crucial to assisting communities to transport their produce to markets in Charity.

To involve community participation in the monitoring of these programs, Government will work with the RDC and Village councils to establish District Development Boards to take the lead role in this process.

#### b) The Region 8 Development Project

As in Region 1, a substantial proportion of the population in Region 8 falls under the poverty line. With a population density of 0.7 it is very costly for Government to undertake infrastructural and other projects to support sustained growth in this region. Though farming and mining are the major occupations, because of the difficult terrain, this region is far removed from major economic activities. School enrolment ratios, compared to the rest of the country, are low; and access to health care is poor. Nevertheless, it is imperative that Government develop programs to create opportunities for income-generating activities while at the same time improving access to education and health services.

The Region 8 Development Project will consist of five components. These are (i) economic opportunities; (ii) infrastructure; (iii) education; (iv) health; and (v) water improvements. In economic opportunities, emphasis will be placed on plant nurseries; land distribution for farming purposes; provision of extension services. and the establishment of a sawmill, if economically feasible. In infrastructure, the focus will be placed on the upgrading of major trails and the rehabilitation of bridges throughout the region so as to link main Amerindian villages. In addition, Government will establish a Hinterland Power Generation Commission to determine, recommend and formulate an electricity plan for hinterland villages. In education, nursery and primary schools will be rehabilitated and upgraded throughout the region. In addition, consideration will be given to the construction of a Secondary School to deal with the overcrowding that is presently experienced in the region.

In the health sector, emphasis will be placed on prevention, education, and the upgrading of clinics in major settlements. In the area of prevention, school facilities will be used to immunize students against MMR, DPT and other infectious diseases. In addition, education will be provided on teenage pregnancy, STIs and HIV/AIDS. The Mahdia Health Center will be upgraded to facilitate simple medical procedures, laboratory tests, and X-rays. Priority attention will be given to training of personnel to staff health and educational facilities.

To improve access to, and the quality of water, 70 wells will be sunk and 85 water pumps installed in major villages and settlements. Amerindians living in local communities will be trained to carry out some of these infrastructural works and to maintain them.

As in Region 1, to involve community participation in the monitoring of these programs, Government will work with the RDC and the Village Council to establish District Development Boards to take the lead role in this process.

c) Rupununi Development Project, Region 9

The Rupununi covers about 13,000 square miles of grassland savannahs in Region 9 and boasts a population of about 17,500. This area falls outside of the declared Forest Lands of Guyana. Its administrative center is Lethem, a town close to the border with Brazil. Principal activities include livestock farming, fishing, hunting, and cassava and peanut cultivation. The potential of commercial cashew nut production is now being studied.

The Rupununi Development project has three components. First, it will focus on poverty reduction mainly by connecting economic activities in this region to the market economy. In this context, Government will consider the feasibility of developing an export-processing zone; resuscitating the St. Ignatius Livestock station; establish plant nurseries; promoting exploration and exploitation of mineral resources; and supporting skills training. Other key aspects of this objective will be increasing access to health, education, and micro financing, and developing small infrastructure. In particular, emphasis will be placed on training local personnel to deliver health, education and other social services. Staffing of health posts and schools is key to improving quality of services in the region.

The second component will focus on strengthening institutions to better control, plan, and develop the use of natural resources. Human resource development will be the key element. The third component will be the development of the Guyana-Brazil road. This is aimed at developing a corridor from which interior communities will find access to the rest of Guyana. In addition, Government will work with Brazilian authorities to strengthen border controls and address other security issues.

Implementation of the Rupununi project will create thousands of jobs in construction, plantation farming, livestock development, mining and manufacturing. In addition, it will make it easier to post health, education and social sector workers to the region to facilitate training and improve the delivery of services.

To support project implementation, Government will work with the RDC to build on the work of the North Rupununi District Development Board. Towards this end, two more district development boards (DDB) will be established. Specifically, the DDBs will mobilize community participation in their area of jurisdiction to develop programs in collaboration with the RDCs and Village Councils.

d) Linden Economic Advancement Project, Region 10

Linden, in Region 10, a town with a population of over 35,000 people, was developed as a result of bauxite mining that prospered until the 1970s. However, adverse conditions in external markets and mismanagement of the bauxite operations contributed to a decline in production and the loss of market share. In 1991 the then Government signed a private management contract to run the operations of LINMINE. This resulted in the downsizing of employment from over 3,300 to about 1,400 workers. Since 1992, Government has been providing subsidies to maintain the operations of the mines and its workforce.

Although the OMAI gold mine, which came into operation in 1994, absorbed over 900 of Linmine's retrenched workers, it is most unlikely that this high rate of labour absorption will continue. Indeed OMAI has already begun the rationalisation and contraction of its work force. Meanwhile, Linmine has been offered for sale as part of the Government's privatisation program. However, the Government continues to find it difficult to a private buyer or a strategic investor. To mitigate the impact of these developments on the population, particularly in Linden and its environs, the Government will implement the Linden Economic Advancement Project (LEAP) in 2001.

LEAP, when completed, will revitalise the economy of Region 10. The core activities of the project include the establishment of a business development unit (BDU) for "hand holding" assistance; the development of a business incubator for start-up operations; the establishment of the Linden Economic Advancement Fund for revolving micro-credits; an inward investment facility to attract local and foreign investment; the delivery of technical and management training; the development of local capacity for economic planning, project design and implementation; and develop-

ment of economic infrastructure including roads to support growth.

The successful implementation of these components of the project will assist the local private sector in creating and expanding businesses; and through infrastructure development and technical training, encourage new investments and the opening up of economic opportunities. The project is expected to create over 1,000 jobs and train over 1,500 persons in marketable skills.

In addition, Government will develop new housing areas in Region 10 and work towards the resolution of the electricity problems currently affecting the region. This is a priority area as the success of LEAP and the privatization of Linmine depend on reliable supply of energy. Further, the region, in particular, riverain communities will benefit from the Government's water access program with the construction of wells in many communities.

e) Sustaining the Rural Economy and Competing in Global Markets

The development of agro-industrial estates is premised on the following factors. First, estates provide the ideal catalyst for accelerating the development of value-added products; and second, sustained improvements in income levels in rural areas are dependent on the speed with which outputs in key productive sectors are processed and packaged for international markets. Therefore, to establish a linkage between rural economies and the export market, and to stimulate increased value-added production, Government will establish industrial estates in Regions 2, 3 and 6 to advance the processing of local raw materials for exports. The development of these estates will yield several benefits. It will (i) provide markets for local raw materials and sustained income for rural farmers; (ii) minimise the mismatch between supply and demand of inputs; (iii) generate over 15,000 jobs in rural and interior areas; and (iv) reduce rural-urban migration. In addition, it will increase demand for secondary school places, and for accelerated development of technical vocational institutes and skills and leadership training.

## C. Comparison of I-PRSP and PRSP after Public Consultations

To the extent possible, many recommendations from the public consultations have been incorporated into the PRSP. Table 4.2 provides a comparison of the I-PRSP and the PRSP.

**Table 4.2: Comparison of I-PRSP and PRSP Strategy, Policy and Program**

Strategy, Policy or Program Issue	I-PRSP	PRSP	Difference between I-PRSP and PRSP
Targets in Strategy - Growth	Government will... maintain sound macroeconomic, trade and investment framework	Institutional and regulatory issues added to growth target some of which had previously been in governance section	Revised
Targets in Strategy - Governance	Improve business environment	Replaced by strengthened dialogue between the political parties, improved public accountability, justice administration reforms, and promoting fundamental rights and rule of law	New target
Policy & Program - Governance	No mention of local government changes	Government will strengthen Regional Development Councils (RDC), Neighborhood Development Councils (NDC) support regional offices, decentralize some services such as issuance of birth/death certificates, passports, house lots & titles, export facilitation	New
Policies to Stimulate Growth - Public Sector Reform	Good governance discussed public sector reform in terms of matrices and redundancies	Public service modernization described and text updated with recent actions such as eliminating redundancies	Revised
Policy & Program - Reforming Procurement	Procurement legislation to be laid in National Assembly	National Assembly passed law. Government will establish Public Procurement Commission and lay new Tender and Procurement Bill	Updated
Program - Expanding and Diversifying Economic Base	Components of diversification more narrowly defined	Expanding and diversifying economic base re-focused to include restructuring traditional sector, new product lines, reorienting public agencies to support private sector development	New
Program - Restructuring Sugar	Sugar modernisation suggested	Modernisation of sugar sector defined more	Updated
Program - New Product Lines and Exploration of Mineral Resources	Highlighted policies implemented	Exploitation of mineral resources discussed	New
Program - Information & Communications Technology (ICT)	No mention of ICT	ICT agenda defined including greater connectivity and e-Government	New
Program - Private sector promotion	Business environment improved	Systemic support to private sector development including export promotion, investment promotion, restructuring of companies, and development of small business and cottage industries. Provision of greater autonomy to GOINVEST and establishment of a Revolving Fund	Updated & new

Strategy, Policy or Program Issue	I-PRSP	PRSP	Difference between I-PRSP and PRSP
Program - Development and Expansion of Small Businesses and Cottage Industry	Facilitating credit to small business	More emphasis on support to small business through: simplify regulations governing cottage industries creation, improving registration, new bills to accelerate expansion of small businesses, credit and training for IPED and Grameen-type program, price and marketing information and technical support for small businesses	New
Program - Agricultural Technology	Not emphasized	Agricultural technology concentrated on farmers in D&I area along with regularization of land tenure and better land and water management	New
Program - Agricultural Extension	Calls for greater emphasis on extension in agriculture	Attaches extension services to improved D&I and maintenance of farm-to-market roads	Additional
Program - Manufacturing	Not emphasized	Technical assistance to local industries in quality control, packaging and management skills	New
Policy and Program - Health Facilities, Personnel and HIV/AIDS	Emphasis did not include these concerns	Underutilised medical facilities will be closed to enable more health posts established, more emergency equipment and ambulances and rotating medical professionals in remote areas	New
		Improving conditions of service and non-pecuniary incentives for medical personnel. Also, recruitment of social works for education for preventable diseases	New
		HIV/AIDS comprehensive strategy to be prepared by Government and donors, program emphasis on STI database, more social workers, drugs, more public awareness and rehabilitation AIDS ward at GPH and Mahaica Hospital	Revised
Program - Education Support to Poor Households	Emphasis on schools	Targeted subsidies including textbooks and vouchers for textbooks, exam costs, and other education-related costs	New
Program - Housing funds and Infrastructure	Not mentioned	Low income Housing Revolving Fund for competitive bidding for family units and housing infrastructure for new housing schemes	New
Rural Electrification	Not mentioned	Expand electricity to rural areas	New
Special Intervention Strategies		Linden, housing scheme	New
		Region 1, determining feasibility of a sawmill, and upgrading Kumaka health facility as well as dormitories in secondary schools in regions	New
		Rupununi development project revised on basis of Region 9 plan developed during consultations to include livestock station, plant nurseries, mineral exploitation and skills training	Revised
		Region 8 plan added new component for economic opportunities to include plant nurseries, land distribution for farming and more extension services. Also feasibility study for sawmill	Revised

## 5

## THE MACROECONOMIC FRAMEWORK AND BUDGETARY IMPLICATIONS FOR PRIORITY ACTIONS

This Chapter contains the budgetary framework of resource requirements associated with the priority actions defined in Chapter 4. The estimates to implement the action plan for poverty reduction are presented in the context of long-term macroeconomic and an overall public expenditure frameworks, taking into account the expected availability of resources over the period 2002 to 2010. To implement the poverty program, the Government will undertake a programming exercise with a 5-year time horizon and annual revisions reflecting updated projections of the macroeconomic framework and the global economy, and any adjustments that may be required.

### *a. Economic Growth Prospects*

An important factor in the successful implementation of the poverty program will be the creation of an economic policy framework conducive to restoring the international competitiveness of the domestic economy, generating sustained growth, creating employment and protecting the environment. As a result, Guyana's 10-year baseline macro-economic framework is based on the continuation of sound policies, deepened structural reforms, the pursuit of an ambitious social development agenda, in particular, in education and health, and the creation of job opportunities. It also takes into account a significantly less favourable external environment and a challenging domestic political situation. Based on this scenario, its main elements are summarized below:

- Average real GDP growth rate is projected at about 4 percent a year in 2002-06 and about 6.1 percent a year thereafter. Growth in the production of traditional crops is expected to pick up with the recovery of the agricultural sector due to increased production of sugar and rice. Growth in the non-traditional sectors, especially light manufacturing, expansion in gold and timber production, and development of new export-oriented industries will provide the impetus for continued high growth in the outer years.<sup>3</sup>
- Expansion in construction activity will be the key catalyst over this period as large investment projects are implemented. Investment by the public sector is projected to be particularly robust during 2002-05 because of the restructuring of the sugar sector and the sharp increase in the public investment program. Private sector investment is projected to increase sharply, principally in connection with new mining and timber projects to replace existing ones and the development of new growth areas such as ICT. As these projects are very capital-intensive, especially in the initial years, the improvement in the overall GDP growth rate is expected to lag somewhat.
- The wage bill will be limited to the expected rate of onflation and productivity increases.
- Inflation is projected to average about 5.3 percent per year during 2002-06, reflecting a moderate easing of monetary policy in support of the growth objectives. Thereafter, inflation is projected to grow at 5 percent on average over 2006-10.
- Interest on domestic debt at G\$3.9 billion or 2.8 percent of GDP is siphoning off much-needed resources to implement poverty reduction programs. However between 2002 and the end of 2005, this debt, which now stands at G\$32 billion or 23.4 percent of GDP, will be reduced by G\$12 billion, taking into account monetary policy.

3 See Chapter 4.

- In addition, the medium-term macroeconomic framework incorporates estimates for the structural reforms envisaged in the public service, bauxite sector and the sale of the government-owned bank, GNCB.
- The volume of exports is projected to grow at about 3.3 percent during 2002-06 and, thereafter, at an average annual rate of about 4 percent in the outer years, reflecting strong growth in the primary sectors of sugar, rice, gold, timber, and non-traditional exports.
- Import growth is projected at 5.2 percent between 2002 and 2006, attributable to the large public sector investment, including the restructuring and modernisation of GUYSUCO. After the completion of many of these key projects, the growth in imports is projected to decline to 2 percent in 2010.
- Net private transfers are projected to remain constant in real terms, while services are projected to benefit from lower interest payments and expansion in travel and communications services arising from eco-tourism activities.

Public savings are projected to increase from -3.1 percent of GDP in 2001 to 8.8 percent of GDP in 2006 and, thereafter, to steadily increase to 12.2 percent of GDP in 2010. Apart from generating the resources for the domestic component of investment, the restrained growth of public consumption envisioned in the strategy will also be necessary to establish and maintain viable macroeconomic balances. As implementation of sound policies continues, gross investment is projected to grow from 23 percent of GDP in 2001 to 26.2 percent of GDP in 2006. Public investment will take the lead role, with private sector investment catching up by 2003. Table 5.1 presents selected key economic indicators over the medium term.

Table 5.1: Guyana - Selected Economic and Financial Indicators

	2000	2001	2002	2003	2004	2005	2006	2010
	(Percentage change)							
<b>Production and prices</b>								
Real GDP (factor cost)	-0.7	1.3	3.5	3.8	4.3	4.8	5.0	7.0
Nominal GDP (market prices)	5.1	5.3	7.6	7.5	8.8	9.1	10.6	7.1
GDP deflator (factor cost)	3.6	5.1	4.4	3.3	4.0	4.1	5.8	4.4
Consumer prices (average)	6.1	3.5	5.5	5.5	5.5	5.0	5.0	5.0
Consumer prices (end of period)	5.8	4.5	5.5	5.5	5.3	5.0	5.0	5.0
Real GDP per capita	7.0	7.0	7.2	7.4	7.6	7.9	8.2	10.2
Exports of Goods (Volume)	-2.8	-3.5	0.3	3.3	4.1	4.6	4.2	3.7
Imports of Goods (Volume)	-1.0	3.5	7.4	8.1	8.1	1.2	1.3	2.0
	(In percent of GDP)							
<b>National accounts</b>								
Investment	22.3	23.0	30.9	33.3	32.5	30.4	26.2	26.8
Private sector	8.5	9.7	12.1	12.5	12.6	12.5	12.3	15.1
Public sector	13.8	13.3	18.8	20.8	19.9	17.9	13.9	11.7
National saving	7.0	3.0	8.0	7.5	6.3	7.9	7.2	14.6
Private sector	6.5	6.1	8.3	6.1	1.5	2.0	-1.6	2.4
Public sector	0.5	-3.1	-0.3	1.3	4.7	5.9	8.8	12.2
External current account balance (excluding transfers)	-15.3	-20.0	-23.0	-25.8	-26.2	-22.6	-19.0	-12.3
<b>Public sector</b>								
Revenue	34.6	32.6	33.4	34.9	35.8	35.9	37.2	36.2
Expenditure	48.4	49.1	52.5	54.4	51.1	47.9	43.6	35.7
Current	34.6	35.8	33.7	33.5	31.2	30.0	29.7	24.0
Capital	13.8	13.3	18.8	20.8	19.9	17.9	13.9	11.7
Saving	0.5	-3.1	-0.3	1.3	4.7	5.9	8.8	12.2
Overall balance (before grants)	-13.8	-16.5	-19.1	-19.5	-15.3	-12.0	-6.4	0.5
Grants (including HIPC relief)	7.7	9.4	10.9	10.5	9.9	9.2	8.6	2.6
Overall balance (after grants)	-6.0	-7.1	-8.2	-9.0	-5.4	-2.8	2.2	3.0
Net external financing	5.6	5.3	7.2	9.5	6.9	5.9	1.5	2.9
Net domestic financing	0.5	1.8	1.0	-0.5	-1.5	-3.2	-3.7	-5.9
	(Percentage change relative to broad money at the beginning of the year)							
<b>Money and credit (end of period)</b>								
Domestic credit of the banking system	4.9	6.3	-3.1	0.0	5.8	9.9	17.8	4.8
Public sector (net)	1.1	1.8	-8.5	-6.8	-2.4	1.2	-0.1	-1.2
Private sector	3.8	4.5	5.3	6.8	8.2	8.7	17.9	6.0
Broad money	10.9	8.3	6.0	7.5	8.8	9.1	18.5	5.4
<b>External sector</b>								
Overall balance of payments (%GDP)	9.4	-3.0	-6.6	-6.4	-6.6	-2.5	-3.4	-1.8
Import cover (months)	4.5	4.0	4.1	4.2	4.1	3.9	4.0	3.9
<b>Memorandum items:</b>								
Nominal GDP (G\$ billion)	130,012	136,928	147,304	158,332	172,312	188,042	208,033	312,417

Source: Government of Guyana

1/ Imports of goods and nonfactor services.



## B. Maintaining External Viability

An integral element of the long-term economic strategy is maintenance of a viable balance of payments. Based on the assumptions outlined above, the external current account deficit (excluding official transfers) will rise sharply from 20 percent of GDP in 2001 to an average 23.4 percent of GDP between 2002 and 2006. This reflects the high import content of the public investment program. By 2010, the deficit of the current account balance will decline to 12 percent of GDP.

The capital account is projected to improve due to increases in external flow, including program loans and grants in the early years. Project borrowing is expected to increase sharply during 2002-06. However, program loans are projected to decline precipitously in 2004. The terms on new financing are expected to be highly concessional (mostly on IDA terms). Because of the continued vulnerability of the new economy to external shocks over the medium term and the amortization of external debt, gross international reserves will be maintained at about 4 months of imports of goods and non-factor services during 2002 to 2006. Table 5.2 provides a summary of the balance of payments over the medium to long term.

Table 5.2: Guyana - Balance of Payments

(in millions of US dollars)

	2000	2001	2002	2003	2004	2005	2006	2010
<b>Current account (excl. official transfers)</b>	<b>-109.1</b>	<b>-146.3</b>	<b>-176.0</b>	<b>-206.1</b>	<b>-220.8</b>	<b>-201.4</b>	<b>-182.7</b>	<b>-158.2</b>
Merchandise trade (net)	-80.2	-98.1	-131.4	-162.8	-181.7	-165.4	-146.6	-127.0
Services (net)	-76.0	-94.2	-92.9	-93.6	-92.0	-92.1	-96.6	-98.0
<b>Capital and financial account</b>	<b>137.8</b>	<b>124.4</b>	<b>125.1</b>	<b>155.3</b>	<b>165.2</b>	<b>179.3</b>	<b>149.3</b>	<b>130.2</b>
Non-financial public sector (net)	59.0	89.9	87.1	108.3	85.2	85.3	45.3	32.2
<b>Overall balance</b>	<b>67.1</b>	<b>-22</b>	<b>-51</b>	<b>-51</b>	<b>-56</b>	<b>-22</b>	<b>-32</b>	<b>-23</b>
<b>Financing</b>	<b>-67.1</b>	<b>22</b>	<b>51</b>	<b>51</b>	<b>56</b>	<b>22</b>	<b>32</b>	<b>23</b>
BOG net foreign assets	-61.7	-1.9	-20.8	-20.7	-1.9	-24.1	-31.7	-18.8
Change in NFPS arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing	-5.4	32.0	25.0	25.0	25.0	25.0	23.0	14.8
<b>Overall financing gap</b>	<b>0.0</b>	<b>-8.2</b>	<b>46.6</b>	<b>46.5</b>	<b>32.5</b>	<b>21.1</b>	<b>41.1</b>	<b>27.0</b>
Remaining gap	0.0	15.8	46.6	46.5	32.5	21.1	43.1	37.0
<b>Gap to be filled by F-HIPC</b>	<b>0.0</b>	<b>15.9</b>	<b>30.0</b>	<b>30.0</b>	<b>30.9</b>	<b>29.2</b>	<b>31.7</b>	<b>25.1</b>
<b>Remaining gap (support for the PRS)</b>	<b>0.0</b>	<b>-0.1</b>	<b>16.6</b>	<b>16.5</b>	<b>1.6</b>	<b>-8.1</b>	<b>11.4</b>	<b>11.9</b>

Source: Government of Guyana

1/ In 1996, Guyana received a debt stock reduction on Naples terms from Paris Club Creditors, including Trinidad and Tobago.

In 1999, the same creditors provided a further debt stock reduction on Lyons terms.

For 1999, it is assumed that Non-Paris Club bilateral creditors provide similar debt relief.

2/ Debt forgiveness of future maturities is presented as a capital transfer and debt forgiveness of arrears and current maturities is captured under exceptional financing.

3/ Imports of goods and nonfactor services.

### 1. The External Financing Requirements

While the policies adopted should boost export prospects and contribute to the strengthening of the balance of payments, attainment of the objectives stated above will require substantial assistance to augment domestic resource mobilization. As shown in Table 5.3, gross external financing requirements are projected to amount to US\$1.4 billion over 5 years or about US\$272 million a year during 2002-06, if international reserves are maintained at 4 months of import cover. Available financing will amount to US\$905 or US\$181 million over the same period. This will leave a financing gap of US\$456 million or US\$91 million per year. About US\$288 million of the gap will be financed through debt restructuring, projected IMF purchases and concessional financing from IDA. In spite of this, between 2002 and 2006, the Government will have to secure extra financing of US\$170 million to meet its poverty reduction targets. This large gap, particularly in 2005 and 2006, is attributable to phasing out of program loans from IDB and IMF and large repurchases to the IMF.

Table 5.3: Guyana - External Financing Requirements, 2002-10  
(in millions of US dollars)

	2002	2003	2004	2005	2006	2010
<b>Financing requirements</b>	223	257	281	285	315	247
<b>External current account</b>						
Current account Deficit (net of official transfers)	176	206	248	230	211	176
NFPS amortization	26	30	31	31	72	52
BOG amortization	-8	-9	-8	24	22	9
of which: IMF	19	18	15	12	9	0
Gross reserves (increase = +)	29	30	10	0	10	10
<b>Available financing</b>	139	174	185	199	208	164
Official transfers	29	29	27	28	28	18
NFPS loans 1/	55	79	74	72	72	48
Private sector (net) 2/	38	47	80	94	103	93
Program loans	17	19	4	4	4	4
<b>Financing gap</b>	84	83	96	86	107	83
Net exceptional financing	67	67	68	41	45	38
Debt restructuring	30	30	31	29	32	25
Debt relief 3/	30	30	31	29	32	25
IMF PRGF (estimated)	25	25	25	0	0	0
<b>IDA PRSC (Estimated)</b>	12	12	12	12	13	13
<b>Remaining gap to filled by PRS</b>	17	16	29	45	63	45
<b>Memorandum items:</b>						
Import Cover Ratio (months)	4	4	4	4	4	4
Current account (in percent GDP)	-23	-26	-26	-23	-19	-12
GDP (U.S. dollars)	767	797	842	893	961	1291

Sources: Government of Guyana

1/ Excludes multilateral and bilateral balance of payments support, and includes short term capital flows.

2/ Includes net foreign investment, short-term credits, changes in net foreign assets of commercial banks, and errors and omissions of the balance of payments.

3/ Enhanced debt relief.

The financing gaps could be closed either by anticipated external support from bilateral and multilateral institutions or a reduction in the size of the poverty reduction program. Since the reduction of this program will not help Guyana to achieve its poverty reduction targets, Government will seek increases access to concessional financing from the multilateral and bilateral donors.

## C. The Resource Envelope 2002-10

Implementation of the poverty program, including programs and projects now being carried out, will cost US\$3.9 billion over 10 years or about US\$390 million per year. Of this amount, about US\$3 billion or 75 percent will come from domestic sources while the remainder will be externally financed. This suggests the need to double current revenues over the 10-year period.

However, between 2002 and 2006, total resources required to implement the poverty program will amount to \$2.1 billion or \$420 million a year. Of this, \$670.8 million or \$134.2 million per year will come from external financing. Thus, unless additional external financing is secured the Government will have to carry about three-quarters of the cost of its poverty program. This means that mobilisation of additional domestic and external financing is a must. This is crucial especially given the anticipated reduction in official grants and the phasing out of program loans in 2004. In this regard, resources from budgetary revenues will remain high at 35.2 percent of GDP<sup>4</sup>.

4 This represents the highest ratio of revenue to GDP of all HIPC countries.

The effort to mobilise revenues will include comprehensive reform of the tax system so as to substantially increase revenues beginning in 2004. In 2002, a tax study will be undertaken to identify ways to broaden the base, while in 2003, the findings of the study will be taken to public consultations and a program of action developed for implementation by 2004. The second component to mobilise revenues will focus on strengthening the capacity of tax authorities, through the recruitment and training of staff. The actions to be carried out are outlined in Chapter 4.

Specifically, with regard to domestic resources, the Government will be guided by a policy of non-recourse to the banking system to finance budget deficits. In addition, it will lower the high budgetary costs of Treasury Bill operations, by buying back these bonds as soon as possible, taking into account prevailing monetary policies.

**Table 5.4: Guyana - Poverty Reduction Budget Strategy**

(in millions of US dollars)

	2000	2001	2002	2003	2004	2005	2006	2010
<b>Total Budget Resources</b>	348.0	367.3	402.3	433.5	429.7	428.0	406.0	485.6
Domestic Resources	250.0	251.0	263.4	274.2	288.7	292.5	309.9	390.4
External Resources	98.0	116.3	138.9	159.3	141.0	135.5	96.1	95.2
<b>Use of Resources</b>	344.7	358.8	402.3	433.5	429.7	428.0	406.9	460.5
Current	246.4	261.6	258.3	267.5	262.2	268.0	273.2	309.4
Non-Interest	180.6	197.2	200.8	212.9	210.4	218.2	209.2	245.7
Capital	98.3	97.2	144.0	166.1	167.5	160.0	133.7	151.1
<b>Resource Gap</b>	<b>3.3</b>	<b>8.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.0)</b>	<b>25.1</b>
<b>Memorandum Items</b>								
Total Resources as a percent of GDP	48.9	50.3	52.5	54.4	51.1	47.9	42.2	37.6
Real growth in resources		2.9	4.4	3.6	(6.1)	(6.1)	(11.9)	(1.3)
Public Investment to GDP	13.8	13.3	18.8	20.8	19.9	17.9	13.9	11.7
Public Consumption to GDP	24.7	24.7	24.1	24.1	23.7	23.3	19.1	15.8
Public Savings to GDP	0.5	(3.1)	(0.3)	1.3	4.7	5.9	8.8	12.2
GDP mp (US\$)	712.1	730.7	766.8	797.4	841.5	892.8	961.1	1290.7

Source: Government of Guyana

The resource envelope presented in Table 5.4 is based on the long-term macroeconomic framework described above. It also incorporates key assumptions in the budget policy and other important sectors of the economy (monetary and external sectors), information on the likely timing of large projects, and the most recent forecast of the global economic environment.

*i) Resource Allocation for the Poverty Action Plan: 2002-06*

It is important for resources to be allocated to priority sectors that will generate growth and reduce poverty. Priority allocation of resources takes three factors into account:

- First, aggregate allocations take into consideration ongoing donor and government interventions and capacity and institutional constraints. Weight is thus given to priority recommendations from public consultations, and the systemic interventions that will impact significantly on poverty reduction.
- Second, costing for program activities is based on historical cost patterns, adjusted for inflation and exchange rate changes. It should be noted that implementation of many of the program activities is ongoing, either through donor assistance or through government financing.
- Third, large projects included in the Government's budget are donor funded. Therefore, as included in the budget, they take into account cost benefit analyses and environmental impact assessments.

Yet, within the context of competing needs, there are compelling reasons for the allocation of resources to a number of priority sectors. Tables 5.5 and 5.6 provide a summary of priority allocations in the medium term.

- (i) The allocation to support institutional and capacity building within the private sector is justified by its possible impact on job creation and thereby in poverty reduction. As noted earlier, the private sector in Guyana is nascent and unless support is given, it may be difficult to generate the required investments and secure the growth targets set forth in the medium term.

More important, such support will complement assistance given to the sector by donor agencies such as the European Union, USAID, and CIDA.

- (ii) In good governance, the allocation is justified by the need to implement the provisions of the Constitutional reforms and build checks and balances so as to create confidence in the political and economic systems.

- (iii) The allocation to economic infrastructure is justified by the need to support rural and hinterland communities that depend on drainage and irrigation, farm-to-market roads and improved sea defences to maintain and sustain their livelihoods. The allocation will complement other infrastructure investments from donor

agencies such as the IDB, CDB and the European Union and create opportunities for rural and hinterland communities to increase production and generate additional income.

(iv) The allocation to the social sectors is justified by the urgency of the need to improve access to and the quality of essential services such as water, health, education and housing, especially for communities in distant coastal and hinterland locations. This allocation is all the more justified by the finding that the incidence of poverty is higher in many of these communities.

As mentioned above, despite the progress that has been made in poverty reduction over the last several years, the incidence of poverty remains high in three regions, namely, Regions 1, 8 and 9. This means that either these regions did not ex-

**Table 5.5: Guyana - Budgeted Capital Spending in Priority Sectors**

(in millions of Guyana dollars)

	PRS INDICATIVE ALLOCATIONS					
	2000	2001	2002	2003	2004	2005
<b>Total Capital Public Spending 1/</b>	<b>17,949.9</b>	<b>18,217.6</b>	<b>27,671.2</b>	<b>32,975.1</b>	<b>34,303.4</b>	<b>33,699.4</b>
<b>Allocations to Priority sectors</b>	<b>9,565.5</b>	<b>11,172.4</b>	<b>20,354.2</b>	<b>21,185.7</b>	<b>22,724.3</b>	<b>23,821.5</b>
<b>Percent of Total Capital Program</b>	<b>53.3</b>	<b>61.3</b>	<b>73.6</b>	<b>64.2</b>	<b>66.2</b>	<b>70.7</b>
<b>Economic</b>	<b>3,309.7</b>	<b>4,383.8</b>	<b>11,474.3</b>	<b>11,920.0</b>	<b>12,926.0</b>	<b>13,445.1</b>
<i>Agriculture</i>	1,145.9	1,291.2	7,678.0	7,577.4	8,215.4	8,356.8
Extension Services	0.8	108.0	231.4	239.2	246.7	253.8
Drainage and Irrigation	1,086.1	1,088.0	1,730.1	1,878.7	2,012.9	2,160.7
Industrial Estates	40.0	54.2	218.2	287.0	298.7	310.6
Aquaculture	19.0	41.0	98.4	102.5	107.1	111.7
Guysuco Restructuring	-	-	5,400.0	5,070.0	5,550.0	5,520.0
<i>Transportation and Sea Defence</i>	1,806.8	2,440.6	3,391.8	3,907.5	4,237.5	4,572.0
Regional Roads	335.0	354.4	821.4	904.4	1,017.4	1,116.4
Dredging	80.0	85.0	436.4	474.7	495.1	536.9
Rehabilitation of Sea Defences	1,155.4	1,568.0	1,597.2	1,903.4	2,063.6	2,218.6
Hinterland Airstrips	1.2	165.0	155.0	219.9	226.8	233.4
Water Transport and Stevedores	235.2	268.2	381.7	405.6	434.6	466.5
Poverty Alleviation Program - Infrastructure	357.0	652.0	404.5	434.8	473.2	516.3
<b>Social</b>	<b>6,255.9</b>	<b>6,788.6</b>	<b>8,438.1</b>	<b>8,729.6</b>	<b>9,143.1</b>	<b>9,723.5</b>
<i>Health</i>	410.5	287.0	1,118.7	1,215.1	1,138.3	1,226.1
o/w Establish AIDS Hospital	-	-	57.6	99.3	102.4	105.3
Health Centers	75.0	40.0	450.7	469.3	530.2	572.7
PHG- Expansion Program	18.0	30.0	250.5	260.2	85.3	89.2
Poverty Alleviation Program - Health	138.0	161.0	147.3	158.3	172.3	188.0
<i>Education</i>	3,747.0	4,043.6	4,591.1	4,741.5	5,150.4	5,609.0
o/w Development of Textbooks	11.1	8.1	223.5	13.6	14.8	16.1
Rehabilitation of Technical/Vocational Schools	17.0	76.8	153.7	199.4	206.8	214.1
Poverty Alleviation Program - Education	791.0	767.0	736.5	633.3	689.2	752.2
<i>Water and Housing</i>	2,098.0	2,458.0	2,728.2	2,772.6	2,854.3	2,888.4
o/w Rehabilitation of Water systems	477.0	541.1	751.8	819.2	877.9	921.6
Sanitation Improvements	193.8	61.3	315.6	335.3	379.7	406.7
Housing sites development	485.2	583.0	761.0	809.3	888.8	975.6
Poverty Alleviation Program - Water Supply	156.0	548.0	147.3	158.3	172.3	188.0
<b>Special Intervention Projects</b>			<b>172.9</b>	<b>218.4</b>	<b>225.2</b>	<b>252.7</b>
Mahdia Development Project			96.1	119.1	122.9	147.4
Barima-Waini Project			76.8	99.3	102.4	105.3
<b>Governance</b>						
Institutional Strengthening			268.9	317.7	430.0	400.2

Source: Government of Guyana

1/ Non-Financial Public Sector

perience similar growth rates to those of the other regions, and/or that their unique characteristics require innovative ways of reducing poverty. In Region 10, as outlined above, the situation is different. It is clear that restructuring or sale of the bauxite factory will create major dislocations for workers. To deal with this situation, LEAP will minimise the impact of the sale and/or restructuring of the bauxite factory.

## D. Costing of Programs in Priority Sectors

**Table 5.6: Guyana: Budgeted Recurrent Spending in Priority Sectors**

(in millions of Guyana dollars)

	PRS INDICATIVE ALLOCATIONS					
	2000	2001	2002	2003	2004	2005
<b>Total Recurrent Public Spending<sup>1/</sup></b>	<b>32,976.7</b>	<b>36,960.5</b>	<b>38,577.6</b>	<b>42,261.9</b>	<b>43,077.0</b>	<b>45,960.6</b>
<b>Allocations to Priority sectors</b>	<b>12,554.7</b>	<b>13,968.9</b>	<b>17,778.5</b>	<b>18,863.4</b>	<b>21,041.9</b>	<b>22,981.6</b>
<b>Percent of Total Recurrent</b>	<b>38.1</b>	<b>37.8</b>	<b>46.1</b>	<b>44.6</b>	<b>48.8</b>	<b>50.0</b>
<b>Economic</b>	<b>143.4</b>	<b>151.5</b>	<b>546.7</b>	<b>591.6</b>	<b>824.9</b>	<b>881.4</b>
<i>Business Support Services</i>	143.4	151.5	546.7	591.6	824.9	881.4
Go-Invest	46.5	40.1	110.4	116.2	143.6	151.6
Private Sector Commission	0.0	0.0	19.2	19.9	20.5	21.1
Revolving Fund	0.0	0.0	230.5	238.3	266.2	294.9
Land Reform (LSC)	52.0	55.7	97.3	103.0	191.8	201.6
Bureau of Standards	44.9	55.7	89.3	114.2	202.8	212.4
<b>Social</b>	<b>12,333.0</b>	<b>13,719.0</b>	<b>16,778.1</b>	<b>17,759.5</b>	<b>19,662.7</b>	<b>21,523.6</b>
<i>Health</i>	4,584.0	4,934.0	6,135.0	6,396.6	7,058.3	7,683.1
Drugs materials and supplies	1,142.0	1,120.0	1,774.2	1,887.1	2,086.9	2,262.5
Maintenance	354.0	376.0	554.8	590.0	673.9	722.6
Training	127.2	119.4	240.2	254.2	311.9	352.5
External Medical Treatment	40.0	40.0	256.6	108.3	114.4	121.0
<i>Education</i>	7,102.0	8,180.0	9,314.5	9,899.9	10,989.3	12,083.2
Teaching Supplies	291.0	364.0	617.9	652.2	754.3	863.2
Textbooks	0.0	0.0	614.7	655.2	675.7	737.2
Maintenance	355.0	344.0	613.5	571.3	798.1	892.6
Training <sup>2/</sup>			153.7	158.8	204.8	252.7
Targeted Subsidies	0.0	0.0	96.1	119.1	143.3	168.5
<i>Water and Housing</i>	647.0	605.0	1,328.6	1,463.0	1,615.1	1,757.2
Materials and Supplies	.....	.....	249.7	258.1	266.2	294.9
Maintenance	.....	.....	345.8	417.0	491.4	526.6
<b>Governance</b>	<b>78.3</b>	<b>98.4</b>	<b>453.7</b>	<b>512.3</b>	<b>554.3</b>	<b>576.6</b>
Local Government	78.3	98.4	184.8	194.6	206.2	218.6
Parliamentary Select Committee	0.0	0.0	76.8	99.3	102.4	105.3
Judicial Reform	0.0	0.0	134.5	139.0	163.8	168.5
Human Rights and Justice	0.0	0.0	57.6	79.4	81.9	84.2

Source: Government of Guyana

<sup>1/</sup> Non-Interest

Unit costing of priority programs is presented in Annex 5. Examples of how estimates of costs were arrived at are as follows:

- ✎ In determining the unit cost of extension services, provision was made for a package which would effectively carry out program targets, comprising (i) critical mass of extension officers necessary to carry out extension work; (ii) minimum wages for the extension officers; (iii) transportation services; (iv) rehabilitation of quarters for extension services; and (v) materials and supplies.
- ✎ In the case of drainage and irrigation, the cost of 1000 feet of D&I maintenance work was used to calculate the amount of work that could be carried out in D&I rehabilitation.
- ✎ To arrive at the unit cost of textbooks, the minimum number of textbooks required per student per grade was multiplied by the total number of students in the school system to calculate the total resources required to meet the goal of providing textbooks for students. However, given the binding resource constraints, these numbers were significantly pared down, while allocation was provided to rehabilitate the Ministry of Education printery to begin the local development and printing of basic textbooks and exercise books, except books that have to be imported.

To the extent possible, the same rationale was used in calculating the unit cost of priority programs.

## 6

IMPLEMENTATION,  
MONITORING  
AND  
COORDINATION

Guyana's poverty reduction program represents a major thrust in the Government's development agenda for the medium term. Successes in attaining the program targets will depend on effective implementation, monitoring and coordination.

## A. Implementation of the Poverty Program

The institutional framework of the implementation of the poverty program will rest on four pillars. The first pillar will be the Central Government, with emphasis on line ministries and agencies; the second, the Regional Democratic Councils; the third, the Neighbourhood Democratic Councils; and the fourth, the Village Councils<sup>5</sup>. At the core of implementation will be the development of a multi-year poverty action plan based on the PRSP. The poverty program will also include several issues that were addressed at the public consultations but not included in the final PRSP.

### 1. *The Role of Government*

The involvement of communities in planning, monitoring and coordinating development programs is crucial to the successful implementation of the PRSP. In the past, the two main agencies involved in poverty programs in Guyana, the Social Impact Amelioration Program (SIMAP) and the Basic Needs Trust Fund (BNTF), adopted bottom-up approaches with broad-based participation in the design and implementation of poverty programs. Specifically, these agencies, at the request of communities or of NGOs acting on behalf of communities, provided grant funds for projects in a wide range of sectors in all regions. Communities contributed 25 percent of the cost of the project, usually in the form of labor, and many of the grants were oriented to the construction or rehabilitation of infrastructure.

Through this strategy, SIMAP and BNTF were able to reach several regions and localities where the poor live. Despite these achievements, targeting continues to be a real problem, particularly in interior regions. The difficulty in relation to interior regions reflects higher transportation and transaction costs and other problems of implementing and maintaining projects in Amerindian communities.

The Government will build on the strengths of SIMAP and BNTF to reach the poor. To this end, SIMAP III will be implemented to accelerate initiatives to reduce poverty and the poverty map will be revised to take account of the 1999 Living Conditions Survey and the 2002 population census. Greater autonomy will be given to NDCs and Village Councils to

5 The idea of Village Councils, where communities choose their leaders on a non-partisan basis, will be part of the local government reform program that will be proposed to Parliament.

formulate and implement projects up to a given threshold. Close collaboration will also be forged between project participants, technical advisors and funding agencies to improve the development of community responsibility and to discourage external donor dependence.

In addition, line ministries will be responsible for the implementation of their programs, and emphasis will therefore be placed on institutional and capacity building within ministries in the context of the Thematic Group (see below).

## ***2. Role of Amerindians in Community Development***

Since 1993, several initiatives have been taken to integrate Amerindians into the mainstream of national life. Among these were the establishment of the Ministry of Amerindian Affairs and the creation of the Amerindian Development Fund. In addition, the Amerindian Skills in Community Development project was launched in 1994 to promote sustainable development in selected Amerindian communities by increasing their capacity to identify, formulate, manage, monitor, and evaluate sustainable community development activities and projects.

The project was undertaken after careful research and used the participatory research approach which enabled Amerindians not only to conduct the actual surveys but also to contribute to their design and the analysis of the data collected. Government will build on this progress and involve the fuller participation of Amerindians in the development of their communities. As part of this, Government, through SIMAP III, will finance small projects designed and implemented by Amerindians communities, based on specific eligibility criteria and operating regulations.

## ***3. Empowering Communities***

Local government elections will take place in 2002. The reforms under the local government law will allow communities to directly choose their representatives. These elected officials will play a key role in the planning, implementation and monitoring of projects within their communities. To support the work of local councilors and engender active community participation in village affairs, provision will be made for the establishment of committees on public works, environment and sanitation, drainage and irrigation, education, water and health.

In addition, local councils will be strengthened to increase tax collection and improve management of their resources so as to complement Central Government spending in these communities. Towards this end, Government will support institutions and agencies involved in adult education to (i) train and prepare community members and (ii) build institutional capacity at the local level to assist councilors to effectively carry out program implementation functions.

While local government reforms and elections will significantly increase community involvement, success will depend on well-designed programs with quantitative benchmarks for monitoring and strict adherence to transparency and accountability. The Government is in the process of developing legislation to give communities more say in their development. More important, the Government will consider the allocation of block sums to communities to implement their programs.

This will require Government to take immediate actions to (i) address capacity building at all levels; (ii) conduct local government elections and empower communities; and (iii) design clear lines of responsibility for the various organs of Government and agencies that will be involved in program implementation. At present, vacancies for technical and professional staff are high and widespread throughout the entire Government apparatus. The situation at the regional and community levels is even worse. Therefore, in the short term, emphasis will be placed on technical assistance while the Public Service Modernisation Program (PSMP) is accelerated to streamline and modernise the public sector. Training at the regional and community levels will be carried out to support communities in the performance of their functions.

## B. Monitoring

Monitoring indicators provide a basis for the analysis of the impact of proposed programs on poverty reduction. Efficient monitoring and evaluation will depend on establishing an appropriate balance between input, access, output and outcome indicators. This is so, because poor performance of output and outcome indicators may reflect various problems in program design and implementation or external shocks.

Inputs may not have been delivered, indicating poor implementation, or inputs may have been delivered but without yielding the intended output, indicating inadequate program design. It is also possible that output may not lead to the desired development outcomes. In addition, cognizance needs to be taken of time lags in reaching outcomes. Generally, it takes several years after the implementation of social programs before the impact on output indicators (immediate goals) becomes measurable<sup>6</sup>. For these reasons, a combination of indicators including input, access, output and outcome will be utilised in measuring the progress of implementation of the PRSP. The usefulness of the monitoring will depend on the (i) quality of data; (ii) relevance of indicators; and (iii) monitoring strategy that will be adopted.

### 1. Data Availability and Program Monitoring

Systems for data collection, collation and analysis are poor throughout Government agencies and ministries, in particular, in the social sector ministries. There is no standardization of forms for data collection; no obligation to collect data, especially in hinterland and rural communities; and limited infrastructure and personnel. In addition, there is poor coordination among the central ministries and the several Project Executions Units (PEUs) set up to implement donor-funded projects. Even within ministries, Management Information Systems (MIS) units are weak and the work programs do not have any sense of urgency in collecting, collating and analyzing key data critical to monitoring programs on a national basis. These problems are compounded by a poorly staffed, poorly-equipped Bureau of Statistics (BOS), lacking in expertise, that is unable to coordinate data collection functions in line ministries. The paucity of data is amply demonstrated in the Guyana Data Profile.

Dealing with these problems will require coordinated efforts by Government and the donors. In particular, it will require assessing baseline data, fully understanding the constraints, and providing resources to build capacity at the national, regional and community levels. This is crucial to improve the coverage, timely delivery and quality of data.

With support from the donor community, some progress has been made. In February 2001, the BOS conducted a baseline survey which sought to determine what data are available, their periodicity, and sources, as well as the requirements of stakeholders. The results of the survey showed that while there is general availability of data, in most instances, collection and periodicity are irregular. With the support of the donor community, Government in June 2001 established Thematic Groups with donors in health, education, water, and housing. Among the functions of the Thematic Groups is dealing with the data issue through medium to long-term institutional and capacity building support.

Through the implementation of the ICT project, Government will utilize E-Government to advance its data collection and collation functions. With respect to data, E-Government will be designed to (i) create and sustain an electronic communications environment; (ii) ensure countrywide access to information; and (iii) develop standard formats for data collection.

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6 Psacharopoulos (1994) gives an example of a World Bank-supported education project which took one year to be designed, justified and accepted from appropriate funding, three years to supply facilities and to develop and supply improved teaching materials and six years for the first students to graduate. The objectives of the program were to contribute to economic growth, alleviate poverty, improve school quality and provide the labour market with appropriate skills.



In addition, the BOS will be strengthened to carry out its functions, specifically in the coordination of the collection of social sector data across ministries and PEUs. In particular, the unit for surveys will be strengthened, more staff will be recruited, and equipment will be upgraded. The Government will also seek technical assistance, with immediate effect, to assist in capacity building at the BOS. Towards this end, Government will initiate a comprehensive household and expenditure survey biannually beginning in 2002. These surveys, which will become part of the work program of the BOS, will generate statistical information essential in monitoring progress on PRSP implementation, complement other data sources, and improve regional, gender and general poverty profiles.

## 2. Relevance of Indicators

In the short-term, Government will upgrade its indicators to monitor its poverty programs while it implements its medium- to long-term strategy to expand coverage and quality of data. Staff will be trained and equipment provided to assist ministries to generate and improve the quality of the PRSP monitoring indicators. Table 6.1 provides a summary of indicators that will be used to measure progress on implementation of the poverty strategy.

Table 6.1: Guyana - Quantitative Goals of the Poverty Reduction Strategy

	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>OUTCOME</b>									
Population below the national poverty line (%)	..	..	35.1	35.1	34.9	34.0	33.1	32.2	31.4
<b>Enrolment and literacy</b>									
% of primary school entrants reaching Grade 6	82.1	83.2	83.4	83.4	83.5	84.6	85.7	86.9	88.2
Repetition rate (secondary)	14.2	13.3	13.0	12.9	12.6	12.3	11.2	10.1	9.5
Student/trained teacher ratio (primary)	55:1	55:1	54:1	54:1	53:1	53:1	52:1	50:1	48.2
Student/trained teacher ratio (secondary)	35:1	36:1	36:1	37:1	36:1	35:1	34:1	33:1	31.5
Gross nursery school enrolment	70	79	86	87	87	88	90	91	93
Gross primary school enrolment	105	109	110	110	107	105	102	100	100
Gross secondary school enrolment	65	68	60	62	65	68	70	72	74
% Trained teachers in secondary schools	56	57	56	55	56	57	60	62	64.5
% Trained teachers in primary schools	50	51	50	49	49	52	55	58	61
Number of CSEC passes	57.3	37.2	46.9	46.7	51.4	52.5	55.5	58	62
<b>Health and nutrition, sanitation</b>									
Infant mortality rate (per 100,000)	59	58	58	57	56	50	47	45	42
Maternal mortality rate (per 100,000)	190	190	190	188	187	170	150	145	130
1 year olds immunised against measles	82.0	93.3	85.0	88.9	90.2	93.3	95.5	97.1	97.1
1 year olds immunised against DPT	88.0	90.0	83.0	85.6	88.2	90.2	90.8	91.3	92
% of population with access to health service	88.5	89.2	89.8	90.4	90.5	92.5	93.7	93.8	94.0
% of population with access to adequate sanitation	88.5	88.3	88.3	88.4	89.2	89.4	90.1	92.1	93.2
Number of reported cases of AIDS	115	222	237	248	227	225	220	210	205
Reported cases of AIDS among women (15-45 cohort)	--	45	74	95	112	100	98	95	88
<b>Water</b>									
% of population with access to safe water	90.0	90.0	92.0	92.0	93.2	94.1	95.0	96	97.5
% of population with access to treated water	34.6	42.7	49.3	53.3	56.2	59.1	60.5	61.8	62.3
Domestic households connected to water system a_	45,000	50,400	57,960	65,000	68,200	71,500	73,400	75,000	78,000
Distribution network constructed (kilometers) a_/	200	210	230	230	250	263	275	278	280
<b>Housing</b>									
House lots distributed	1,730	7,684	6,544	22,735	3,500	4,750	6,200	6,000	6,200
Land/House titles distributed	359	98	570	1,750	2,015	5,200	10,200	12,000	15,500
<b>Land distribution</b>									
Agricultural leases	98	114	143	210	220	250	310	330	345
Business leases	68	74	86	97	105	110	122	140	150

The selection of these indicators, in part, reflects the priorities in the PRSP, availability and quality of data, and the periodicity of data. The indicators also take into account the capacity and institutional constraints that were outlined earlier. The indicators are also a mix of inputs, access, and outcomes. Clearly, while the monitoring of inputs will be possible from the start of the program, progress on access is more likely in the medium term and outcomes in the long term. The performance indicators are achievable both within the resource ceilings and capacity constraints.

### 3. *Monitoring Strategies*

The monitoring strategy will involve (i) coordinating and reviewing the implementation status of the poverty program; (ii) tracking poverty expenditures; and (iii) involving communities in program monitoring.

#### a) Strengthening the PRSS to coordinate the poverty reduction program

As the poverty program involves multi-sector activities and diverse functions, monitoring program implementation will involve coordinating poverty programs among the various agencies including line ministries, the State Planning Secretariat, SIMAP, the BOS, RDCs and NDCs, Village Councils, other government agencies and private sector organizations. The PRSS, therefore, will be retained and strengthened to coordinate and monitor poverty programs across ministries and agencies.

There are two reasons for this. First, Government entities are faced with inherent difficulties in coordinating activities across line ministries, and among government, donor agencies and NGOs. Second, the multi-sector nature of activities in the poverty program requires horizontal communication to accommodate and adjust, rather than the vertical lines of communication associated with line ministries. In addition, based on the outcome of the consultations a 2-year poverty reduction action plan is being designed for line ministries, RDCs and Village Councils. This bridging plan will incorporate issues raised in the consultations, particularly those that could be addressed with very minimum resources.

#### b) Tracking poverty reduction expenditures

A tracking mechanism that includes both ordinary and enhanced HIPC resources will be expanded to follow up on poverty expenditures in the national budget. Budget codes for identifying poverty-related expenditures were developed with the World Bank included in the PRSP as Appendix C. Such tracking of expenditures will include periodic analysis of the benefit of public spending and of the effectiveness of sectors in utilizing funds earmarked for poverty reduction. In some instances, monitoring will also involve information on key inputs needed in sectors to deliver services effectively – teachers and books in education, or drug supplies in health care facilities. It will also include continued monitoring of and public debate on the composition of expenditures.

#### c) Community and NGO participation in poverty programs

Communities will be involved not only in the monitoring of community-related programs but also in planning and implementation. Through local government reforms, communities will elect their own representatives. With the election machinery in place, Government will work with other political parties to hold local government elections in 2002. The amendments to the Constitution that were passed in 2000 give broad functions to local government bodies. Such functions will be given effect to allow communities to participate in the management of their own affairs. The Government will encourage the establishment of committees within communities to monitor implementation of programs.

#### d) Community consultations for assessing progress in poverty reduction

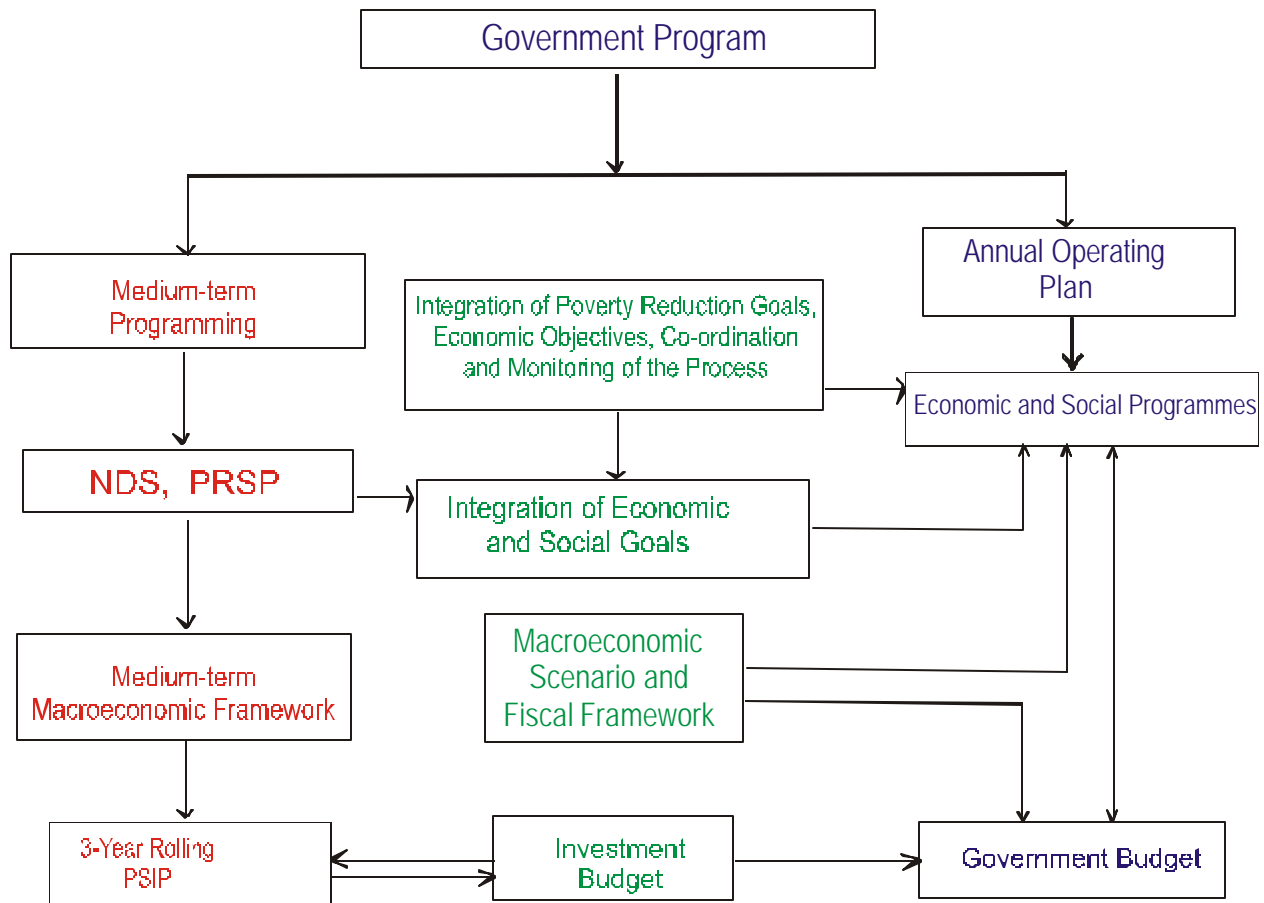
In mid-2003, Government will hold public consultations to review the progress on the implementation of the PRSP. NDCs, RDCs, and Village Councils will be asked to comment on progress as well as target groups in civil society. In addition, through call-in programs on the radio and TV and community and regional consultations, a common set of indicators will be reviewed and changes recommended based on progress achieved. A revised program will be planned for the next phase of the PRSP.

### 4. *Donor Coordination Strategy*

The Government will continue to collaborate with the donor community on progress towards implementation of the PRSP and effective functioning of the Thematic Groups through regular meetings of the Donor Coordinating Unit. The involvement of donors in particular sectors will minimise duplication of donor programs and improve efficiency

in the use of donor resources. It will also provide appropriate support to build capacity, and review the status of implementation of the PRS.

## Poverty Reduction Planning Framework



## 7

# RISKS OF THE STRATEGY

A central component of the PRSP consultations with civil society was the need to guarantee the long-term sustainability of the strategy. Successful implementation of the PRS presumes a set of initial favorable conditions. These include, among others, achievement and maintenance of a national consensus on the strategy, the capacity to implement the program within a framework of good governance with citizen participation, the achievement of higher economic growth rates, and improved external economic and political environments. Put another way, a number of internal and external factors could put the success of the strategy at risk. Some of these can be influenced by Government and by other forces in society; others are exogenous to the domestic situation.

## A. National Consensus

The consultation process with civil society has had a breadth and depth never seen before in Guyana, establishing a positive momentum for a process of dialogue that can continue to be consolidated and strengthened as a mechanism for examining and finding solutions to the many challenges facing the country. However, it is possible that a sufficient degree of consensus may not have been reached to implement the PRS in a sustainable manner, especially with respect to the speed and depth of the reforms in economic and social areas, or the significant reallocations of public resources that are needed. Of particular importance in this regard will be the stance taken by opposition parties and the labor unions in engaging the Government in a constructive dialogue to move the process forward.

To minimise this risk, the strategy contemplates the establishment of an institutional framework with broad participation of the various actors of society through which to develop a continuous strengthening of dialogue as a means of reconciling differences of opinion. It is not possible to reach a *total consensus*, partly because of the lack of sufficient national and external resources to address all demands but also because of deep-seated mistrust in the body politic. Nevertheless, disagreements can be minimized, based on joint efforts by the Government and organized civil society, so that the PRS can be seen as a long-term national program that transcends political or private interests.

## B. Implementation Capacity

There is some concern within some sections of civil society and the international community regarding the country's capacity to fully implement the poverty program. This concern is based on Guyana's historically limited implementation capacity which reflects a number of factors, in particular, (i) inadequate human resources in the technical, managerial and administrative fields; and (ii) a still weak legal and institutional framework that does not yet guarantee sufficient transparency in contracting and implementing public works and services.

To minimise the risks associated with low implementation capacity, the strategy contemplates faster and deeper institutional reforms in all areas including tender and procurement reform; significant and well-focused investments to train the necessary human capital; and modernization of the public service.

## C. Availability of External Resources

For many years, Guyana will continue to depend largely on international aid to finance a rapid and sustained process of social and economic development and poverty reduction. If external resources, including debt relief under the HIPC Initiative, are not forthcoming at the level expected, the objectives and goals of the PRS will not be totally achieved. Therefore, to minimise the risk of not attaining programme goals, Government will collaborate with donors in order to secure resources for the implementation of the poverty programme.

## D. Developments in the World Economy

Globalisation presents both new opportunities and threats to Guyana. Full participation in the world economy is an essential element for achieving the PRS targets. However, given the openness of the Guyanese economy, participation also means that the domestic economy must face several risks, such as world recessions, financial crises, dramatic swings in the prices of key export and import commodities, and lack of appropriate access to key markets. At present, these risks are clearly apparent, as expectations of growth in the short term are increasingly limited by factors such as the deceleration of the G-8 economies, on which Guyana is highly dependent, and a deterioration of the external terms of trade, especially due to the drastic and persistent fall of export prices and the Euro.

Guyana cannot control these external threats. However, the country can minimize their effects by maintaining sound macroeconomic policies, sector policies that encourage the production of export products, and a relatively high level of foreign exchange reserves that helps mitigate the impacts of an unfavorable international environment. In this connection, the PRS proposes a series of measures directed to achieving the development of sectors of high productive potential, within a framework of macroeconomic viability.

## E. Natural Disasters

The topography of Guyana renders it vulnerable to natural risks. As this document has made clear, most of the country's key investments are in low lying areas and are protected by intricate systems of sea defences. Frequent and uncontrolled breaches due to unanticipated high tides will adversely affect sugar, rice and other agricultural production. In addition, unfavourable weather such as too much rain or drought can affect agricultural production. These risks, if they occur, will negatively impact on growth and poverty reduction targets.



**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
Enhance macroeconomic framework	Maintain prudent fiscal policy	Improve revenue collection	Undertake comprehensive review of tax system Broaden the tax base Reduce tax rates Revise and update fees Complete staffing of Revenue Authority and strengthen regional revenue offices Provide resources to Revenue Authority to effectively carry out its functions	Tax study completed by end June 2002 Stakeholders' workshop on study completed by end September 2002 Recommendations of study incorporated in 2003 budget Recruitment of staff completed	June 2002 September 2002 March 2003 June 2002	GOG/USAID/IMF/ World Bank  GOG
		Improve expenditure controls	Complete the computerisation of public service payroll including pension, daily, weekly, monthly payees and issue administrative directive to end wage payments outside the computerised system Institute program budgeting in all Government ministries and agencies, using action plan developed by GEMP Limit public sector wages to inflation and productivity increases Develop tighter controls and accountability of non-wage and non-interest expenditures	Pension payroll computerised Regional payrolls networked by September 2001 Program budgeting for public sector implemented by 2003 Agreement on wage policy and programs to improve industrial relations reached with Public Service Union Systems including internal audits to determine efficiency of spending developed and reported on a quarterly basis.	Done March 2003 December 2002 June 2003	IDA provided support for this task  CIDA/GOG
	Maintain prudent monetary policy and integrity of the financial system	Maintain price and exchange rate stability	Continuously review monetary policy to accord with private sector investment Continuously review domestic debt policy to reduce fiscal burden on government Review and update monetary programming to provide accurate forecasting	Link monetary aggregates to private sector credit, investment and interest rates Set targets to reduce domestic debt Provide quarterly reports on monetary aggregates and link to private sector investment	June 2003 March 2002 - Ongoing	IMF
		Strengthen the financial system	Implement provisions of FIA Strengthen Banking Supervision Department of BOG to carry out its functions Present annual banking supervision audits	Submit quarterly reports on status of financial institutions and provide recommendations for action Banking supervision institutional strengthening agreed to by IDA/IDB implemented	Ongoing November 2001	IDB DFID

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
Regulatory and institutional framework	Encourage and/or support private sector to raise local financing for investment	Establish stock market	Establish the Guyana Securities Council (GSC) Establish the Guyana Securities Dealers Association Procure equipment and human resources to operationalise stock exchange	Members of the GSC appointed and a Secretariat established Board of GASCI appointed and a Secretariat established Work programs for GSC and GADSCI developed Equipment for operationalisation of stock exchange procured and installed and staff recruited	December 2001 December 2001 December 2001 June 2002	DFID
		Develop private development bank	Complete concept paper on modalities of establishing a private development bank Grant incentives for the establishment of development bank	Private sector concept paper submitted (Done) Administrative order on incentives issued	Done Done	N/A
	Improve efficiency of the public sector in delivery of services	Modernise the public sector and restructure the public sector	Rationalise roles, responsibilities and outputs of ministries and government agencies Establish clear lines of reporting Review job descriptions, work programs and conditions of service	Assessments of ministries and agencies completed Action plan of program implementation developed Monitoring targets agreed upon	December 2001 September 2002 March 2003	IDB
		Improve framework for land development	Establish an autonomous land agency Process all land applications in one office Computerise land information Develop transparent mechanisms in land distribution Regularise squatter holdings Convert leasehold to freehold	Legislation passed establishing autonomous land agency Standards/criteria for land distribution published Targets set for reducing squatter holdings Targets set for accelerating leasehold to freehold title	Done January 2002 June 2002 September 2002	IDB/GOG
		Reform tender and procurement	Establish Public Procurement Commission Lay amended tender and procurement bill in Parliament Implement provisions of amended tender and procurement bill	Members of Commission appointed and Secretariat established Monitorable indicators set on tender and procurement implementation Evaluation criteria for tenders published	January 2002 June 2002 September 2002	GOG/E-HIPC
			Decentralise public services	Strengthen regional administrations and agencies to provide basic services such as the issuance of birth and death certificates and passports.	Number of services delivered by regional administrations and agencies increased Resources allocated to strengthen regional governments and agencies Quarterly feedback from communities in regions through PRSP reports	January 2003 March 2002 June 2002 - Ongoing



**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
Modernise the traditional economic base	Restructure and modernise the sugar industry	Increase efficiency of the sugar industry to deal with erosion of preferential market access	Modernise and upgrade the Skeldon factory Restructure management contracts Limit investments in the Demerara estates to routine operations and maintenance Continue discussions with unions to link wages and bonuses to productivity and profitability indicators	Studies agreed to in the action plan completed Targets set for reducing cost of production over the medium term Tender for the construction of the Skeldon factory Increased resources allocated to research and development	December 2001 January 2002 December 2001 March 2003	DFID/GUYSUCO/CDB
	Modernise the agriculture sector	Increase efficiency of agriculture production with emphasis on exports	Strengthen NARI to carry out research for higher yielding and pest resistant seed varieties Improve extension services to the agriculture sector Seek technical assistance to support research and development efforts Use diplomatic and other mechanisms to expand and maintain markets	Rice yields per acre Export volumes and sales of agricultural produce National Bureau of Standards Reports on enforcement of standards of exportable produce	January 2003 January 2004 November 2002 - ongoing	E-HIPC/GOG
Expand the economic base to support the poor	Improve the environment for manufacturing	Respond and consider private sector requests for support	Develop garment manufacturing parks to take advantage of Enhanced CBI Review feasibility studies of building deep port harbour with private sector support	Commitment obtained from private investors before construction of parks Volume of exports on quarterly basis Employment created on semi-annual basis to sustain program	Open Open Open	IDA IDB Government of India E-HIPC
	Develop new product lines	Package and market Guyana's vast mineral and fossil resources abroad Develop Information Technology business	Grant concessions to oil and mineral prospecting, exploration and exploitation companies Constantly review incentives in the mining sector to make investments attractive Liberalise the communications sector Accelerate IT training Develop Information Technology parks in response to private sector request Promote Guyana as a destination for outsourcing and e-exports	Number of concessions granted Actual investments Employment and foreign exchange contributions Information Technology Authority set up Competitive bidding included in documents for IT connectivity Number of firms expressing interest Volume of exports Number of jobs created (employment creation)	December 2002 October 2004 October 2005 June 2003 June 2002 December 2002 December 2003 December 2003	GOG E-HIPC GOG IDB GOG

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
	Accelerate development of eco-tourism	Develop comprehensive strategy for eco-tourism development in response to private sector demands	Establish an autonomous National Tourism Board to promote and regulate the industry Provide training for jobs within the tourism industry Establish guidelines for the preservation of environment Support private sector to improve security for tourists	Number of new businesses created in the sector Number of jobs generated Contributions to foreign exchange	January 2003 June 2003 March 2004	GOG E-HIPC
Support private sector development	Aggressively support private sector to expand and maintain markets	Strengthen institutional support for investment and export promotion	Provide information and company matching services Support local companies to participate in overseas trade fairs and domestic exhibitions Work with unions and political parties to maintain stable political and industrial relations Grant autonomy to GOINVEST and expand its functions	GOINVEST strengthened both in equipment and staffing Regular market briefs disseminated for Guyana's main exports Increase in investments and- output and exports in the medium term	September 2002 December 2002 December 2004	GOG E-HIPC
	Develop and expand small businesses and cottage industries	Implement specific policies to integrate small businesses and cottage industries into the formal economy	Enact Small Business and Cottage Industries Act Simplify the process of business creation and registration Support competition in micro-credit financing	Revised Small Business and Cottage Industries Bill laid in Parliament Public consultations on integration of formal and non-formal economies completed	June 2002 September 2002	GOG E-HIPC
	Enhance framework for eco-tourism development	Promote Guyana's eco-tourism internationally	Establish an autonomous National Tourism Board Set guidelines for eco-tourism development in order to protect and preserve the natural habit Reform school curriculum to reflect the potential of eco-tourism	Personnel appointed to the Board Work programs for the Board agreed upon Guidelines approved	September 2002 March 2003 March 2003	GOG E-HIPC
Improve good governance	Implement Constitutional reforms to improve public accountability	Establish the committees on (i) Natural Resource; (ii) Economic Services; (iii) Foreign Relations; and (iv) Social Services	Establish Secretariats for these committees Provide oversight supervision to work of Government Allocate resources to the functioning of these committees	Staff for committees recruited Equipment procured for the functioning of offices Number of hearings of committees	June 2002 June 2002 September 2002	GOG E-HIPC

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**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
	Enhance confidence building measures to sustain political and economic stability	Continue political dialogue between Government and the main opposition party	Expedite the work program of task forces Implement recommendations Continue to search for new areas where government and opposition can work together	Frequency of press releases from bilateral meetings Speed with which recommendations are implemented Assessment of general sense of feeling and security Number of expressions of interest and actual investment taking place	Ongoing December 2001 June 2002 June 2004	GOG E-HIPC
	Improve justice administration	Introduce far-reaching reforms in judiciary and law enforcement agencies	Refurbish court facilities Improve facilities at the Law Library Develop administrative systems and procedures to improve records and transcripts Institute continuing education for the magistracy and judiciary Implement Police reforms Seek technical assistance to help adjudicating cases	Reduction in backlog of cases Reduction in crime rates Additional staff recruited for Guyana Police Force Improved conditions of work Improved performance of members of the Guyana Police Force	June 2003 June 2003 December 2002 March 2002 January 2003	E-HIPC
	Reform local government	Grant direct representation to communities to choose their own leaders	Review status of local government laws and make amendments to give direct representation to communities Review NDCs and RDCs and make them more accountable Grant autonomy to reformed local government systems to plan and implement programs within set limits Strengthen information systems in communities Set mechanisms within reformed system to improve accountability and transparency Require communities to establish working committees in public works, education, health water and sanitation and good governance Strengthen the capacity of community members to govern	Legislative reforms on local government system completed Local council elections conducted Dissemination of information on programs by community leaders on quarterly basis Declaration of assets by elected officials before entering and/or demitting office Audited accounts of local government bodies. Established and functioning committees	June 2002 December 2002 Ongoing Ongoing Ongoing January 2003	E-HIPC

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
Improve infrastructure to support growth	Maintain stability of sea defence infrastructure and incursions in the most productive land areas	Rehabilitate and maintain sea defence infrastructure	Develop sea defence maintenance strategy Seek technical assistance to provide industry specific support to the private sector to undertake large sea defence projects Elicit community involvement in sea defence protection	Increased expenditure in sea defence maintenance work Increased number of raining and workshops on techniques of sea defence maintenance Reduced number of breaches	September 2002 December 2002 September 2002	E-HIPC
	Expand air, road and river transportation network	Maintain and improve infrastructure to support productive activities	Rehabilitate and maintain bridges and farm to market roads Develop a national road maintenance program Set minimum road standards Rehabilitate and improve stellings, vessels Rehabilitate hinterland airstrips	More community participation in monitoring road use and road maintenance Fewer complaints on use of water systems National road maintenance program implemented	Ongoing November 2002- Ongoing November 2003-Ongoing	E-HIPC
Improve access, coverage and quality of health care, especially to the poor	Expand and improve drainage and irrigation schemes	Improve capacity to carry out expanded D&I project	Implement the D&I Act Set up a new Board of Directors with private sector participation to manage D&I schemes Seek community participation in managing water resources Undertake continuous dredging of water systems to minimise flooding and poor functioning of the D&I schemes Develop and implement regular and routine D&I maintenance program	Members of Board appointed and equipped to implement their functions Reduced flooding in farming areas Measurable increase in agricultural output	December 2002 November 2002 June 2003 March 2002	E-HIPC
	Provide electricity to underserved areas	Expand power distribution lines to rural areas	Implement rural electrification program Complete studies on least cost solutions and provide targeted support to poor families Focus connections to more populated areas Evaluate sustainable ways of developing and connecting power to hinterland communities	40,000 rural households over 3 years connected Workshops on options of providing power to hinterland communities organised	September 2004 August 2002	IDB
Improve social conditions by creating access to health services	Improve access, coverage and quality of health care, especially to the poor	Expand preventative care and reduce the incidence of other frequently occurring diseases	Mount regular immunisation and other programs to contain malaria, MMR and other infectious diseases Defog malaria-infested areas, especially in hinterland locations on a regular basis	Begin appropriation to purchase equipment, drugs, materials Lower incidence of malaria, STIs, HIV and other infectious diseases, lower mortality rates	June 2002 March 2003	E-HIPC E-HIPC

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
		Provide medical care to HIV/AIDS-related patients	Rehabilitate the Mahaica Hospital and convert into Nationals AIDS Centre Develop an up-to-date STI, HIV/AIDS database Recruit and train social workers to provide counselling in communities Encourage manufacturing of HIV/AIDS drugs Develop and implement a sustained public awareness programs in STI, HIV/AIDS	Lower incidence and prevalence of HIV Lower number of reported cases of AIDS	December 2003 December 2003	E-HIPC
		Improve medical facilities and conditions of service for medical personnel	Broaden functions of doctors, nurses and dieticians in health centres to include basic training and education of personal hygiene Upgrade health centres and clinics in rural and interior locations with X-ray machines, laboratory facilities and screening equipment, radio and telephone communications and generators Develop a rotating scheme of visitation for specialised doctors and nurses to provide expert services to people in rural and interior locations on regular basis Review allowances and fringe benefits of health personnel stationed in interior and rural localities Provide non-pecuniary incentives to retain medical personnel	Lower patient/doctor and patient/nurse ratios Infant and maternal mortality rates Lower number of patients attending Georgetown Public Hospital	September 2004 June 2004 June 2004	E-HIPC
		Improve procurement and delivery of drugs and medical supplies	Introduce market principles in the procurement and delivery Computerise the national drug bond and stores at GPH and other regional hospitals Ensure regular delivery of medical supplies and drugs and storage systems in rural and hinterland communities	National Materials Management Agency established Regular reports from regional and district hospitals, health clinics about the state of medical supplies and drugs	September 2003 September 2003-Ongoing	E-HIPC
		Improve efficiency in the use of health services	Review medical facilities throughout the country Close/sell facilities that may no longer be necessary Reduce number of patients on waiting list Seek and sign contracts with at least 3 regional hospitals in CARICOM to provide specialised services especially to the poor	Lower number of patients on waiting lists for overseas care Comprehensive report on medical facilities and an action plan for implementation submitted	September 2002 January 2003	E-HIPC

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
	Provide comprehensive solution to the special ailments that could not presently be treated in Guyana	Upgrade facilities at the Georgetown Public Hospital to handle treatment of these special ailments  Recruit on contract, on a regular basis, international experts to visit Guyana to perform the specialised service	Determine core areas of highest frequency of specialised ailments Determine the feasibility of creating new departments and upgrading equipment and facilities Recruit, train and assign nurses and doctors to these departments to work with experts and to provide post-operative care Seek assistance from donor agencies, WHO, NGOs and national medical associations of renowned experts in special areas of need	Needs assessment completed  Transparent standards of eligibility criteria developed and published in papers	October 2002  June 2002	E-HIPC
Develop human resource development	Improve coverage, performance of students in first and second cycles	Reduce repetition rates in primary schools and increase enrolment in secondary schools	Reduce drop-out rates in primary schools Recruit and retain counsellors/social workers especially in secondary schools Introduce curricula reforms to make education more relevant to Guyana's development and requirements at the work place Place emphasis on literacy and numeracy mastery Integrate modern technologies into teaching, learning, and school administration	Lower number of drop-outs  Lower repetition rates at primary schools  Higher enrolments at secondary schools  Higher number of schools with computers and other learning technologies	September 2003 June 2003 January 2003 January 2003  January 2005	E-HIPC
		Reduce overcrowding in schools and increase enrolment	Build nursery schools Rehabilitate/reconstruct primary schools Rehabilitate/reconstruct secondary schools Develop and implement a comprehensive school maintenance program	Lower teacher/pupil ratio Smaller class sizes  Number of schools rehabilitated	June 2003 September 2003 June 2003	IDB IDA
		Train, recruit and retain trained teachers and social workers	Increase growth in teacher training Accelerate in-service training for untrained teachers Improve conditions of service of teachers and social workers including the use of non-pecuniary incentives	Trained teacher to pupil ratio at 27:1  Improved student test scores Reduced drop-out rates Reduced number of untrained teachers by 50 percent	September 2004 June 2004 October 2004 May 2005	E-HIPC

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
		<p>Improve aptitude in Mathematics and English Language</p> <p>Provide required textbooks to students and implement cost recovery</p>	<p>Institute National Standards Aptitude test in Mathematics and Language Arts</p> <p>Develop clear guidelines for student promotion</p> <p>Charge students textbook fees on an annual basis</p> <p>Conduct study to determine students eligible for targeted subsidies</p> <p>Target students from poor families and give them vouchers to rent books and exempt them from examination fees</p> <p>Charge full cost for lost or mutilated books without exception</p>	<p>Reduced functional illiteracy</p> <p>Improved Mathematics and English Language test scores</p> <p>Increased number of textbooks in schools</p> <p>Study on targeted subsidies completed</p> <p>Number of targeted students receiving subsidies</p>	<p>January 2004</p> <p>January 2004</p> <p>January 2003</p> <p>January 2002</p> <p>January 2004</p>	<p>GOGIE – GIPC/IDB/DFID</p> <p>E-HIPC</p>
		<p>Establish a school feeding program</p>	<p>Provide breakfast and hot lunches for primary and secondary school students</p> <p>Implement cost recovery</p> <p>Provide vouchers for students of poor families</p> <p>Use local produce and engage local communities to cater</p> <p>Institute strict hygienic and environmental standards</p>	<p>Lower drop-out rates</p> <p>Improved test scores</p>	<p>September 2002</p> <p>June 2002</p>	<p>E-HIPC</p>
		<p>Establish school transportation system</p>	<p>Work with donors to acquire school buses</p> <p>Develop maintenance workshops and recruit technicians to maintain vehicles</p> <p>Implement cost recovery making exceptions for children from poor families</p>	<p>Number of school buses</p> <p>Higher level of punctuality at schools</p> <p>Lower drop-outs</p>	<p>September 2003</p> <p>June 2003</p> <p>July 2004</p>	<p>E-HIPC</p>
<p>Improve efficiency in the quality and delivery of water supply</p>	<p>Ensure good and effective regulation of the sector</p>	<p>Create Guyana Water Company to replace GUYWA and GSWC</p>	<p>Merge GUYWA and GWSC</p> <p>Rationalise and streamline staffing for operational efficiency</p> <p>Develop system and database and improve billing and collection of water rates</p> <p>Revise water rates to meet operational costs</p>	<p>Legislation to establish the Guyana Water Company passed</p> <p>Board of Directors to manage the autonomous agency established</p> <p>Revised water rates published</p>	<p>June 2002</p> <p>September 2002</p> <p>June 2003</p>	<p>E-HIPC</p>

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
	Expand access and quality of water	Expand water services to rural and especially interior locations	Connect communities to water systems Construct water wells Install windmills and water pumps Develop national water maintenance plan and implement it Procure chemicals to treat raw water Develop systems to protect the integrity of water reservoirs/conservancies Improve co-ordination of the water agency and the D&I, Department of Ministry of Agriculture	Higher population with access to potable water  Households connected to water Distribution network connected	September 2004  January 2004	E-HIPC/EU/DFID
Accelerate housing development	Support families to own homes	Strengthen shelter and land markets, and facilitate potential homeowners	Develop and prepare housing schemes with infrastructure development for distribution Implement the National Building Society Amendment Act Streamline the operations of the Deeds Registry Issue policy framework paper on real estate development with clear guidelines Establish Low-Income Housing Revolving Fund Minimise perception of discrimination in house lots allocation	Number of house lots distributed Land and house titles distributed Higher mortgage loans approved Number of new homeowners accessing Revolving Fund  Criteria for house lots allocation published	June 2002 June 2002 June 2003  December 2003  June 2002	IDB
		Rationalise the divestiture of public land for sound residential settlement	Complete cost/benefit analysis of public land proposed for divestiture Develop master plan of housing schemes including schools, banks, post offices and other social services and enforce compliance by developers	Public workshop to discuss master plan held Recommendations from workshop implemented	October 2002 January 2003	E-HIPC/IDB
		Accelerate squatter area regularisation	Determine optimum number of residential buildings in squatting areas Identify areas for relocation Organise workshop with squatters and agree on selection criteria Relocate squatters Issue land titles before relocation Develop basic infrastructure in regularised squatting areas Review penal code on squatting and enforce compliance with the law	Reduced squatting  New housing schemes Agree on location for squatters  Number of cases prosecuted	October 2003  October 2004  December 2004  June 2003	E-HIPC/EU/IDB



**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
	Improve basic sanitation	Reduce the current level of sanitary degradation	Rehabilitate sewer systems Construct sludge pre-treatment plant Construct garbage disposal plants Recruit environmental officers to enforce existing/amended laws on environmental safety	Cleaner environmental surroundings Regular reports on status of program implementation published Number of persons prosecuted for violating the law	June 2002/ongoing September 2003 January 2003	IDB E-HIPC
Directly target poverty and empowering communities	Reduce poverty gap	Secure additional funding for SIMAP and BNTF	Request additional financing from donors to directly assist the poor Build provisions in loan agreements to allow the communities to develop their own projects within agreed financial and eligibility thresholds Continue to provide support to pregnant and lactating mothers Develop a new poverty map Evaluate the performance of SIMAP and BNTF in reaching the poor and introduce reforms if necessary	Loan agreements signed Number of communities applying to use SIMAP and BNTF resources for community development New poverty map published Number of pregnant and lactating mothers receiving support	June 2002 March 2002 June 2002 August 2003	IDB
	Reform social security contributions	Review actuarial studies of ILO Determine the options of increasing social security benefits and provide recommendation for reforming the MIS	Reconcile two studies Implement recommendations Expand coverage of contributors	Studies reconciled Number of new contractors	September 2002 June 2003	IDB
Carry out institutional strengthening	Strengthen sector agencies/ministries	Improve capacity of NIS/Planning Units to monitor/evaluate program	Determine data gaps essential to improve monitoring of PRSP indicators in line Ministries Establish/strengthen planning skills in line Ministries Establish/strengthen MIS in Planning Units and set out clear functions Develop and implement work programs of thematic groups	Quarterly/annual montitable indicators data generated Quarterly/annual reports on progress of PRSP implementation generated	January 2002 - ongoing November 2002 - ongoing	E-HIPC/IDB

**GUYANA**  
**POLICY AND PERFORMANCE MATRIX, 2002 - 2005**

POLICY AREA	OBJECTIVES AND TARGETS	STRATEGIES AND MEASURES	REQUIRED ACTIONS	MONITORING INDICATORS	TARGET DATES	SOURCE OF FINANCING
Target regions with extreme poverty	Develop special intervention projects	Target specific areas essential in improving economic and social welfare	Expand agricultural support services Develop seed nurseries Rehabilitate St. Ignatius Livestock Station Provide farming implements Provide boats to facilitate marketing of farm produce Rehabilitate trails, bridges, and other modes of transportation Train persons in communities in teaching, health care, and other social services	Increased food/livestock production Higher enrolment in schools Number of jobs (wage earners/self employed)	October 2003 September 2004 September 2004	E-HIPC
		Revitalise economic activities in Region 10	Implement the LEAP project Develop new housing schemes Resolve electricity problems Expand access to water in riverain areas Rehabilitate key roads to support productive sector	1000 jobs created over 3 years Number of house lots and titles Number of wells dug Allocation to road rehabilitation increased	June 2003 June 2003 January 2003 June 2003	EU E-HIPC
Improve policy analysis in ministries and agencies	Improve data collection and coverage throughout Government system	Strengthen line ministries and government agencies	Develop standard formats for data collection, especially social sector data Strengthen management information systems Assign statisticians and MIS personnel in regions to collect economic and social data Co-ordinate data work and institutional strengthening with donors Define more clearly the role of the Thematic/Working Groups	Staff located in regions and provided with equipment Quality and coverage of data improved Quantitative targets expanded Regular feedback provided from Thematic Groups to Donor Co-ordination Meetings	December 2002 August 2003 September 2003 January 2002 - ongoing	E-HIPC
		Strengthen the Poverty Reduction Strategy Secretariat	Retain co-ordinator of the PRSS and recruit two support staff Monitor poverty reduction work programs of NDCs, RDCs and line ministries Prepare quarterly implementation status Assist communities in collaboration with SIMAP and BNTF in developing poverty reducing programs	Work programs completed and disseminated to stakeholders Communities and ministries visited to follow-up Follow-up workshops to get community reactions to poverty programs organised	April 2002 June 2002/ongoing November 2002	E-HIPC
Ensure effective implementation of poverty reduction strategy	Co-ordinate poverty reduction strategies to minimise duplication					

## APPENDIX 2A: GUYANA OPERATIONS OF THE NONFINANCIAL SECTOR

(in percent of GDP unless otherwise stated)

	2000	2001	2002	2003	2004	2005	2006	2010
<b>Revenue</b>	<b>34.6</b>	<b>32.6</b>	<b>33.4</b>	<b>34.9</b>	<b>35.8</b>	<b>35.9</b>	<b>37.2</b>	<b>36.2</b>
Central Government	31.8	31.9	31.1	31.5	32.0	31.9	31.1	32.0
Tax revenue	29.3	28.5	28.6	28.9	29.4	29.1	28.4	29.8
o/w Import related revenue	11.9	11.0	11.1	11.5	11.8	11.3	10.5	8.7
Income taxes	12.3	12.3	12.3	12.3	12.4	12.7	12.7	15.0
Non-Tax Revenues	2.5	1.7	1.8	1.8	1.8	2.1	2.0	1.3
Public enterprises	2.8	0.7	2.2	3.4	3.8	4.0	6.1	4.2
Total Revenue	35.7	32.4	32.1	27.1	27.0	26.8	28.0	23.1
Current Expenditure	32.9	31.6	29.8	23.7	23.2	22.8	21.9	18.9
<b>Expenditure</b>	<b>48.4</b>	<b>49.1</b>	<b>52.5</b>	<b>54.4</b>	<b>51.1</b>	<b>47.9</b>	<b>43.6</b>	<b>35.7</b>
Current expenditure	34.6	35.8	33.7	33.5	31.2	30.0	29.7	24.0
Noninterest current expenditure	25.4	27.0	26.2	26.7	25.0	24.4	23.1	19.0
o/w Personal emoluments	11.0	11.5	11.1	11.2	10.9	10.8	10.5	9.0
Other goods and services	6.3	6.4	5.9	5.9	5.9	5.9	5.7	5.2
Cost of Structural Reform	0.0	0.0	0.0	1.9	0.6	0.5	0.0	0.0
Interest	9.2	8.8	7.5	6.8	6.2	5.6	6.7	4.9
External (pre-hipc)	5.3	5.2	4.3	4.1	3.8	3.6	4.0	2.9
Domestic <sup>1/</sup>	3.9	3.6	3.2	2.8	2.4	2.0	2.7	2.1
Capital expenditure and Net Lending	13.8	13.3	18.8	20.8	19.9	17.9	13.9	11.7
Central Government	12.2	11.2	14.9	17.5	16.6	14.9	12.4	11.0
State Corporations and NIS	1.6	2.1	3.9	3.3	3.3	3.0	1.5	0.7
o/w On lending to Guysuco	0.0	0.0	2.6	2.2	2.2	2.0	0.0	0.0
<b>Current balance</b>	<b>0.0</b>	<b>-3.2</b>	<b>-0.3</b>	<b>1.3</b>	<b>4.7</b>	<b>5.9</b>	<b>7.5</b>	<b>12.2</b>
<b>Overall balance before grants</b>	<b>-13.8</b>	<b>-16.5</b>	<b>-19.1</b>	<b>-19.5</b>	<b>-15.3</b>	<b>-12.0</b>	<b>-6.4</b>	<b>0.5</b>
Grants	7.7	9.4	10.9	10.5	9.9	9.2	8.6	2.6
HIPC relief	4.3	6.6	7.2	6.9	6.6	6.1	5.7	1.1
Other	3.4	2.8	3.8	3.6	3.2	3.2	2.9	1.4
<b>Overall balance after grants</b>	<b>-6.0</b>	<b>-7.1</b>	<b>-8.2</b>	<b>-9.0</b>	<b>-5.4</b>	<b>-2.8</b>	<b>2.2</b>	<b>3.0</b>
Total financing	6.0	7.1	8.2	9.0	5.4	2.8	-2.2	-3.0
Net Foreign Financing	5.6	5.3	7.2	9.5	6.9	5.9	1.5	2.9
Net Domestic Financing	0.5	1.8	1.0	-0.5	-1.5	-3.2	-3.7	-5.9
<b>Memorandum items</b>								
Original HIPC Relief	4.1	4.4	3.3	3.1	3.0	2.8	2.4	1.1
O-HIPC related current social sector spending	9.5	9.9	11.6	11.2	11.0	10.8	10.8	10.8
O-HIPC related capital social sector spending	5.0	7.0	5.4	4.2	3.5	3.4	3.4	3.4
Enhanced HIPC Relief	0.3	2.2	3.9	3.8	3.7	3.3	3.3	1.9
Nominal GDP at Market prices (G\$m)	130,012.0	136,927.8	147,303.8	158,332.2	172,311.7	188,041.5	208,033.4	312,416.6

Source: Government of Guyana

## APPENDIX 2B: GUYANA - BALANCE OF PAYMENTS

(in millions of US dollars)

	2000	2001	2002	2003	2004	2005	2006	2010
<b>Current account (excl. official transfers)</b>	<b>-109.1</b>	<b>-146.3</b>	<b>-176.0</b>	<b>-206.1</b>	<b>-220.8</b>	<b>-201.4</b>	<b>-182.7</b>	<b>-158.2</b>
<b>Merchandise trade (net)</b>	<b>-80.2</b>	<b>-98.1</b>	<b>-131.4</b>	<b>-162.8</b>	<b>-181.7</b>	<b>-165.4</b>	<b>-146.6</b>	<b>-127.0</b>
Exports (f.o.b.)	505.2	509.5	525.4	553.5	597.4	637.7	677.1	816.9
<i>of which: Bauxite</i>	76.4	70.5	72.7	74.9	77.1	79.3	79.3	83.8
<i>Sugar</i>	118.7	119.0	111.8	117.1	125.0	132.6	140.4	166.4
<i>Rice</i>	51.8	55.0	59.9	68.4	76.8	86.7	95.9	126.0
<i>Gold</i>	120.3	128.0	136.0	135.8	147.5	155.0	160.9	174.1
<i>Timber</i>	17.3	18.0	18.9	22.8	26.9	28.4	30.7	44.0
Re-exports	2.5	2.5	2.5	2.7	2.8	3.0	3.2	3.9
Others	118.2	116.5	123.6	131.7	141.4	152.6	166.7	218.8
Imports (c.i.f)	585.4	607.6	656.8	716.3	779.2	803.1	823.6	943.9
Capital goods	131.6	133.7	162.5	174.9	190.6	196.3	198.6	220.0
Consumer goods	164.4	167.0	178.7	197.2	213.8	220.9	227.9	264.0
Fuel and lubricants	121.0	130.0	132.8	142.4	156.1	159.9	163.9	176.9
Other intermediate	168.2	170.9	182.8	201.8	218.7	226.0	233.2	270.1
Miscellaneous	0.2	6.0	0.0	0.0	0.0	0.0	0.0	13.0
<b>Services (net)</b>	<b>-76.0</b>	<b>-94.2</b>	<b>-92.9</b>	<b>-93.6</b>	<b>-92.0</b>	<b>-92.1</b>	<b>-96.6</b>	<b>-98.0</b>
Nonfactor services	-23.9	-40.9	-41.5	-43.6	-44.6	-44.0	-45.4	-51.3
Factor services	-52.1	-53.3	-51.4	-49.9	-47.5	-48.1	-51.2	-46.7
<b>Net private transfers</b>	<b>47.0</b>	<b>46.0</b>	<b>48.3</b>	<b>50.2</b>	<b>53.0</b>	<b>56.2</b>	<b>60.5</b>	<b>66.8</b>
<b>Capital and financial account</b>	<b>137.8</b>	<b>124.4</b>	<b>125.1</b>	<b>155.3</b>	<b>165.2</b>	<b>179.3</b>	<b>149.3</b>	<b>130.2</b>
<b>Capital account 1/2/</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>
<b>Financial account</b>	<b>137.8</b>	<b>124.4</b>	<b>125.1</b>	<b>155.3</b>	<b>165.2</b>	<b>179.3</b>	<b>148.3</b>	<b>125.2</b>
Non-financial public sector (net)	59.0	89.9	87.1	108.3	85.2	85.3	45.3	32.2
Net official transfers	13.4	36.5	28.8	28.8	27.0	28.2	28.2	18.2
Net official borrowing	43.0	53.4	58.3	79.5	58.2	57.1	17.1	14.1
Project loans (incl. Guysuco)	36.7	40.3	55.2	78.5	73.5	72.4	72.4	48.5
Program loans	30.1	40.4	29.2	31.2	16.0	16.0	17.0	17.2
Restructured stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization	-23.7	-27.2	-26.1	-30.2	-31.3	-31.3	-72.3	-51.6
Scheduled amortization	-23.7	-27.2	-26.1	-30.2	-31.3	-31.3	-72.3	-51.6
Other (non-arrears)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other public sector (net) (incl. Guysuco)	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private sector (net)	78.7	34.5	38.0	47.0	80.0	94.0	103.0	93.0
Change in NFA of commercial banks	1.6	-5.1	-17.0	-8.0	-5.0	0.0	0.0	0.0
Other short term flows/Trade credits	10.0	-6.0	1.0	0.0	0.0	0.0	0.0	-7.0
Foreign direct investment (net)	67.1	45.6	54.0	55.0	85.0	94.0	103.0	100.0
of which: sales of assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Errors and omissions</b>	<b>38.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>5.0</b>
<b>Overall balance</b>	<b>67.1</b>	<b>-22</b>	<b>-51</b>	<b>-51</b>	<b>-56</b>	<b>-22</b>	<b>-32</b>	<b>-23</b>
<b>Financing</b>	<b>-67.1</b>	<b>22</b>	<b>51</b>	<b>51</b>	<b>56</b>	<b>22</b>	<b>32</b>	<b>23</b>
BOG net foreign assets	-61.7	-1.9	-20.8	-20.7	-1.9	-24.1	-31.7	-18.8
Assets (increase -)	-29.7	25.8	-29.1	-30.0	-10.0	0.0	-10.0	-10.0
Reserve assets	-29.7	25.8	-29.1	-30.0	-10.0	0.0	-10.0	-10.0
Liabilities	-32.0	-27.7	8.4	9.3	8.1	-24.1	-21.7	-8.8
Of which: use of IMF credit (net)	-10.9	-16.3	16.4	17.3	16.1	-16.1	-13.7	0.0
Change in NFPS arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional financing	-5.4	32.0	25.0	25.0	25.0	25.0	23.0	14.8
Debt relief (original HIPC from 1999)	0.0	32.1	25.0	25.0	25.0	25.0	23.0	14.8
<b>Overall financing gap</b>	<b>0.0</b>	<b>-8.2</b>	<b>46.6</b>	<b>46.5</b>	<b>32.5</b>	<b>21.1</b>	<b>41.1</b>	<b>27.0</b>
Remaining gap	0.0	15.8	46.6	46.5	32.5	21.1	43.1	37.0
<b>Gap to be filled by F-HIPC</b>	<b>0.0</b>	<b>15.9</b>	<b>30.0</b>	<b>30.0</b>	<b>30.9</b>	<b>29.2</b>	<b>31.7</b>	<b>25.1</b>
<b>Remaining gap (support for the PRS)</b>	<b>0.0</b>	<b>-0.1</b>	<b>16.6</b>	<b>16.5</b>	<b>1.6</b>	<b>-8.1</b>	<b>11.4</b>	<b>11.9</b>
<b>Memorandum items</b>								
Gross international reserves	297	271	300	330	340	340	350	390
(months of imports) 3/	4.5	4.0	4.1	4.2	4.1	3.9	4.0	3.9
Interest on reserves	9.4	9.5	9.5	10.5	11.2	11.4	11.5	12.9
Exports of goods and nonfactor services	684.5	674.2	695.8	728.3	778.1	825.8	871.0	1036.1
Imports of goods and nonfactor services	788.6	813.1	868.6	934.7	1004.4	1035.3	1063.0	1214.4
Exports of goods and services	96.1	92.3	90.7	91.3	92.5	92.5	90.6	80.3
Imports of goods and services	110.8	111.3	113.3	117.2	119.4	116.0	110.6	94.1
Current account (in percent of GDP)	-15.3	-20.0	-23.0	-25.8	-26.2	-22.6	-19.0	-12.3
Overall balance (in percent of GDP)	9.4	-6.3	-6.6	-6.4	-6.6	-2.5	-3.6	-2.6
Terms of trade (percentage change)	-7.9	4.2	2.1	1.1	3.0	0.2	0.6	-0.8

## APPENDIX 2C: REAL OUTPUT AND PRICES

	2000	2001	2002	2003	2004	2005	2006	2010
<b>National Output</b>								
Nominal GDP at Market Prices	130,012.0	136,927.8	147,303.8	158,332.2	172,311.7	188,041.5	208,033.4	312,416.6
Nominal GDP at Factor Cost	108,086.0	115,079.8	124,343.2	133,379.5	144,725.0	157,973.2	175,599.2	280,231.0
Real GDP at Factor Cost	5,385.7	5,457.4	5,646.1	5,861.8	6,115.3	6,410.3	6,733.6	8,703.0
(Annual percentage change)								
Nominal GDP at Market Prices	5.1	5.3	7.6	7.5	8.8	9.1	10.6	7.1
Nominal GDP at Factor Cost	2.8	6.5	8.0	7.3	8.5	9.2	11.2	11.7
Real GDP at Factor Cost	(0.7)	1.3	3.5	3.8	4.3	4.8	5.0	7.0
Agriculture	(9.1)	0.1	3.2	4.4	4.8	4.9	6.1	0.0
Sugar	(14.9)	(0.2)	3.2	5.0	5.0	5.0	8.2	0.0
Mining and Quarrying	5.9	(3.2)	2.4	2.5	3.4	3.7	3.8	0.0
Bauxite	11.7	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0
Gold	2.8	6.1	3.5	3.5	4.8	5.1	5.2	0.0
Manufacturing	(11.7)	4.0	3.7	3.8	6.0	6.0	8.0	0.0
Construction	6.6	4.0	6.0	9.0	7.0	8.0	7.0	0.0
Services	6.7	2.7	3.5	2.6	3.3	4.1	3.5	0.0
<b>Prices</b>								
Consumer Prices (avg)	6.1	3.5	5.5	5.5	5.5	5.0	5.0	5.0
Consumer Prices (end-pd)	5.8	4.5	5.5	5.5	5.3	5.0	5.0	5.0
GDP Deflator (market prices)	5.9	3.9	4.0	3.5	4.3	4.1	5.3	0.1
GDP Deflator (factor cost)	3.6	5.1	4.4	3.3	4.0	4.1	5.8	4.4
Terms of trade	(7.9)	4.2	2.1	1.1	3.0	0.2	0.6	(0.8)
Export unit value	(1.0)	4.5	2.8	2.0	3.6	2.0	1.9	0.3
Import unit value	7.5	0.3	0.6	0.9	0.6	1.9	1.3	1.1
Partner country CPI (end period):	2.6	2.3	2.0	2.2	2.2	2.2	2.2	2.1
<b>Memo</b>								
Nominal GDP market price US\$	712.1	730.7	766.8	797.4	841.5	892.8	961.1	1,290.7
Population Growth	0.3	0.3	2.4	2.8	3.3	3.8	4.0	5.9
Real Output per capita (G\$S)	7.0	7.0	7.2	7.4	7.6	7.9	8.2	10.2
Real Growth in Output per Capita		0.3	2.4	2.8	3.3	3.8	4.0	5.9

Source: Government of Guyana

## APPENDIX 2D: GUYANA MONETARY SURVEY

(In billions of Guyanese dollars; end of period)

	2000	2001	2002	2003	2004	2005	2006	2010
<b>I. Bank of Guyana</b>								
<b>Net foreign assets 1/ 2/</b>	<b>19.8</b>	<b>23.0</b>	<b>25.6</b>	<b>32.4</b>	<b>35.5</b>	<b>36.5</b>	<b>39.7</b>	<b>54.2</b>
Foreign assets	54.6	53.8	58.6	66.6	70.6	72.6	76.8	95.7
Foreign liabilities	34.8	30.8	33.1	34.1	35.2	36.1	37.1	41.5
<b>Net domestic assets 1/</b>	<b>-5.3</b>	<b>-7.5</b>	<b>-9.1</b>	<b>-14.8</b>	<b>-16.3</b>	<b>-15.5</b>	<b>-14.8</b>	<b>-18.1</b>
Net credit to public sector	-37.4	-38.5	-42.9	-46.4	-44.9	-41.4	-35.6	-21.3
Liabilities to commercial banks	-15.3	-13.9	-13.5	-14.0	-15.3	-16.2	-19.2	-27.8
Other items net (including valuation adjustment) 1/ 3/	47.4	46.5	45.4	44.0	42.3	40.6	38.6	29.5
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Currency in circulation</b>	<b>14.5</b>	<b>15.5</b>	<b>16.4</b>	<b>17.7</b>	<b>19.2</b>	<b>21.0</b>	<b>24.9</b>	<b>36.1</b>
<b>II. Banking System</b>								
<b>Net foreign assets 1/</b>	<b>22.8</b>	<b>27.1</b>	<b>33.0</b>	<b>41.7</b>	<b>46.1</b>	<b>47.4</b>	<b>50.9</b>	<b>66.7</b>
Bank of Guyana	19.8	23.0	25.6	32.4	35.5	36.5	39.7	54.2
Commercial banks	3.0	4.0	7.4	9.3	10.6	10.9	11.2	12.5
<b>Net domestic assets 1/</b>	<b>62.6</b>	<b>65.5</b>	<b>65.1</b>	<b>63.7</b>	<b>68.6</b>	<b>77.8</b>	<b>97.5</b>	<b>148.8</b>
Domestic credit	32.9	38.3	35.4	35.4	41.5	52.9	75.2	137.0
Public sector	-25.9	-24.3	-32.1	-38.8	-41.3	-39.9	-40.0	-48.6
Bank of Guyana	-37.4	-38.5	-42.9	-46.4	-44.9	-41.4	-35.6	-21.3
Commercial banks	11.6	14.2	10.8	7.6	3.6	1.5	-4.4	-27.3
Central government	15.4	16.5	16.5	16.5	16.5	16.5	16.5	16.5
Public enterprises and other	-3.9	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3	-2.3
Private sector	58.7	62.6	67.5	74.2	82.8	92.8	115.2	185.5
Other items (net) 1/ 3/	29.8	27.2	29.7	28.3	27.1	24.9	22.4	11.8
<b>Broad money 4/</b>	<b>85.4</b>	<b>92.5</b>	<b>98.1</b>	<b>105.4</b>	<b>114.7</b>	<b>125.2</b>	<b>148.4</b>	<b>215.5</b>
Narrow money	24.8	26.5	28.1	30.2	32.9	35.9	42.5	61.8
Of which								
Currency in circulation	14.5	15.5	16.4	17.7	19.2	21.0	24.9	36.1
Time and savings deposits	60.6	66.0	70.0	75.2	81.8	89.3	105.9	153.7
<b>(Percentage change from end-period a year ago)</b>								
Domestic credit	12.9	16.5	-7.5	-0.1	17.4	27.5	42.0	7.7
Public sector	3.3	6.1	-32.2	-20.8	-6.4	3.5	-0.3	-5.3
Private sector	5.2	6.6	7.9	9.9	11.7	12.0	24.1	7.0
Currency in circulation	8.0	6.9	6.0	7.5	8.8	9.1	18.5	5.4
Broad money 4/	10.9	8.3	6.0	7.5	8.8	9.1	18.5	5.4
<b>(Change relative to broad money at the beginning of the 12-month period)</b>								
Net foreign assets	14.6	5.0	6.4	8.9	4.1	1.1	2.8	2.1
Net domestic assets	-3.6	3.4	-0.4	-1.4	4.7	8.0	15.7	3.3
Domestic credit	4.9	6.3	-3.1	0.0	5.8	9.9	17.8	4.8
Public sector	1.1	1.8	-8.5	-6.8	-2.4	1.2	-0.1	-1.2
Private sector	3.8	4.5	5.3	6.8	8.2	8.7	17.9	6.0
Other items (net)	-8.5	-3.0	2.7	-1.4	-1.1	-1.9	-2.0	-1.4
<b>Memorandum items:</b>								
Income velocity of broad money 5/	1.6	1.6	1.5	1.6	1.6	1.6	1.6	1.5
Gross official reserves (US\$ millions)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	295.8	280.9	300.0	330.0	340.0	340.0	350.0	390.0

Sources: Government of Guyana

1/ For 1997 and 1998, adjusted for transfer of foreign liabilities from the central bank to the central government.

2/ The reduction in 1999 in the central bank's liabilities to the CARICOM Clearing Facility under the HIPC Initiative has been incorporated in the net foreign assets and other domestic liabilities of the Bank of Guyana.

3/ Including losses associated with exchange rate changes and operational losses of the central bank.

4/ Including deposits denominated in U.S. dollars.

5/ Nominal GDP at market prices divided by the average stock of money (measured as the simple average of the current period stock and the stock 12-months earlier).

6/ Ratio of commercial banks' deposits with the central bank to required reserves.

## PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2001

(G\$ million)							
PROJECT	EXPENDITURE 2000			LATEST ESTIMATE 2001			
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	
NET PSIP	20,419.3	8,334.0	12,085.3	18,034.2	7,983.2	10,089.9	
TRANSFER	1,200.0	-	1,200.0	2,600.0	-	2,600.0	
TOTAL PSIP	21,619.3	8,334.0	13,285.3	20,634.2	7,983.2	12,689.9	
CENTRAL GOVERNMENT	16,707.8	8,334.0	8,373.8	17,990.6	7,983.2	10,007.3	
PUBLIC CORPORATIONS	4,911.5	-	4,911.5	2,682.6	-	2,682.6	
<b>ECONOMIC SERVICES</b>	<b>6,118.1</b>	<b>325.0</b>	<b>5,793.1</b>	<b>4,146.1</b>	<b>394.0</b>	<b>3,752.1</b>	
<b>AGRICULTURE, FORESTRY &amp; FISHING</b>	<b>Source</b>	<b>5,568.5</b>	<b>325.0</b>	<b>5,243.5</b>	<b>394.0</b>	<b>3,551.9</b>	
Agri. Sector Loan	IDB	106.0	100.0	6.0	54.0	51.6	24
Administrative and Management	IDB	0.0	0.0	0.0	28.7	28.7	0.0
Agri. Development (Regions)	LOCAL	5.0	0.0	5.0	10.0	0.0	10.0
Agri Development (GDF)	LOCAL	5.0	0.0	5.0	5.5	0.0	5.5
Agri Equipment (Regions)	LOCAL	4.0	0.0	4.0	0.0	0.0	0.0
Agri. Sector Hybrid Loan	IDB	240.0	130.0	110.0	300.1	200.0	100.1
Aquaculture Development	LOCAL	12.0	0.0	12.0	26.4	10.3	16.1
Artificial Insemination / NDDP	LOCAL	5.0	0.0	5.0	6.5	0.0	6.5
Drainage & Irrigation (Regions)	LOCAL	248.0	0.0	248.0	238.6	0.0	238.6
Geodetic Surveys	LOCAL	8.0	0.0	8.0	9.0	0.0	9.0
GRDB - Capital Works	LOCAL	15.6	0.0	15.6	15.0	0.0	15.0
Mards Rice Milling Complex	JAPGRNT	1.4	0.0	1.4	0.0	0.0	0.0
Guyana School of Agriculture	LOCAL	7.0	0.0	7.0	7.2	0.0	7.2
GUYSUICO - Capital Works	LOCAL	4,154.2	-	4,154.2	2,300.0	-	2,300.0
Mahaica-Mahaicony-Abary Project	ITALY	23.0	0.0	23.0	35.0	0.0	35.0
Intermediate Savannahs	OAS	30.0	20.0	10.0	17.1	9.6	7.5
Marine Development	LOCAL	20.0	0.0	20.0	27.0	0.0	27.0
National Agri. Research Institute (NARI)	LOCAL	10.0	0.0	10.0	53.5	35.5	18.0
National Land Registration	LOCAL	18.0	0.0	18.0	18.0	0.0	18.0
New Guyana Marketing Corporation	LOCAL	0.5	0.0	0.5	3.0	0.0	3.0
Rehab. of Drainage & Irrigation Areas	LOCAL/EHIPC	575.0	0.0	575.0	625.0	0.0	625.0
Extension Services	LOCAL/EHIPC	0.8	0.0	0.8	108.0	0.0	108.0
Rural Support Project	IFAD	80.0	75.0	5.0	58.3	58.3	0.0
<b>MANUFACTURING</b>		<b>40.0</b>	<b>0.0</b>	<b>40.0</b>	<b>54.2</b>	<b>0.0</b>	<b>54.2</b>
Industrial Development	LOCAL/EHIPC	40.0	0.0	40.0	54.2	0.0	54.2

## PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2005

(G\$ million)

PROJECT		BUDGET 2000			BUDGET 2001		
		TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL
<b>MINING</b>							
Dredging	LOCAL/EHIPC	80.0	0.0	80.0	106.0	0.0	106.0
Linden Mining Enterprise	LOCAL	31.5	0.0	31.5	40.0	0.0	40.0
Berbice Mining Enterprise	LOCAL	398.1	0.0	398.1	0.0	0.0	0.0
<b>ECONOMIC INFRASTRUCTURE</b>		<b>5 608.7</b>	<b>3 285.8</b>	<b>2 322.9</b>	<b>3 813.8</b>	<b>1 741.6</b>	<b>2 072.3</b>
<b>POWER</b>							
Power Extension (Regions)	LOCAL	11.5	0.0	11.5	6.8	0.0	6.8
Power Generation	LOCAL	16.0	0.0	16.0	16.0	0.0	16.0
Power Plant	LOCAL	0.0	0.0	0.0	3.6	0.0	3.6
<b>TRANSPORT &amp; COMMUNICATION</b>		<b>3 768.1</b>	<b>1 830.1</b>	<b>1 938.0</b>	<b>2 410.9</b>	<b>660.7</b>	<b>1 750.2</b>
Administration & Supervision	LOCAL	4.0	0.0	4.0	24.7	22.5	2.2
Air Traffic Service	LOCAL	0.0	0.0	0.0	2.3	0.0	2.3
Black Bush Polder Road	LOCAL	15.0	0.0	15.0	15.0	0.0	15.0
Bartica/Issano/Mahdia Road	LOCAL	15.0	0.0	15.0	40.5	0.0	40.5
Bridge Rehabilitation	IDB	179.2	128.8	50.4	299.2	215.7	83.5
Demerara Harbour Bridge	LOCAL	30.0	0.0	30.0	50.0	0.0	50.0
Dredging/Pilot Launching	LOCAL	80.0	0.0	80.0	85.0	0.0	85.0
Essequibo Coast Road	IDA/LOC	667.0	548.0	119.0	108.1	19.5	88.7
Ferry Services	EU	90.0	0.0	90.0	44.5	40.0	4.5
Guyana Oil Company	LOCAL	107.2	0.0	107.2	119.2	0.0	119.2
Georgetown/Soesdyke/Rosignol Road	IDB	740.0	540.0	200.0	132.1	123.3	8.8
GNNL - Capital Works	LOCAL	5.9	0.0	5.9	2.1	0.0	2.1
GNSC - Capital Works	LOCAL	53.2	0.0	53.2	39.2	0.0	39.2
GPOC - Capital Works	LOCAL	8.2	0.0	8.2	2.2	0.0	2.2
GBC	LOCAL	30.4	0.0	30.4	4.5	0.0	4.5



## PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2005

(G\$ million)

PROJECT		BUDGET 2000			BUDGET 2001		
		TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL
Hinterland Airstrip	LOCAL/EHIPC	15.0	0.0	15.0	18.0	0.0	18.0
Land Transport	LOCAL	25.4	0.0	25.4	27.2	0.0	27.2
Internal Audit	IDB	8.8	8.8	0.0	5.8	5.8	0.0
Land Development (Regions)	LOCAL	25.0	0.0	25.0	1.9	0.0	1.9
Land & Water Transport (Regions)	LOCAL	21.6	0.0	21.6	11.8	0.0	11.8
Land Transport	LOCAL/EHIPC	6.7	0.0	6.7	28.1	0.0	28.1
Mabura/Lethem Road	LOCAL/EHIPC	40.0	0.0	40.0	25.0	0.0	25.0
Miscellaneous Roads	LOCAL	440.0	0.0	440.0	550.0	0.0	550.0
Navigational Aids	LOCAL	20.0	0.0	20.0	20.0	0.0	20.0
Reconditioning of Ferry Vessels	LOCAL	50.0	0.0	50.0	60.0	0.0	60.0
Reconditioning of Ships	LOCAL	50.0	0.0	50.0	65.0	0.0	65.0
Regional Airport Project	EU	23.5	20.0	3.5	19.1	18.0	1.1
Road Maintenance Fund	LOCAL	40.0	0.0	40.0	50.4	0.0	50.4
Roads (Regions)	LOCAL/EHIPC	237.5	0.0	237.5	229.0	0.0	229.0
Soesdyke/Linden Highway	CDB	639.5	584.5	55.0	235.9	215.9	20.0
Stellings & Wharves	LOCAL	60.0	0.0	60.0	55.0	0.0	55.0
Urban Roads & Drainage	LOCAL	40.0	0.0	40.0	40.0	0.0	40.0
<b>WATER</b>		<b>1 813.1</b>	<b>1 455.7</b>	<b>357.4</b>	<b>1 376.6</b>	<b>1 080.8</b>	<b>295.7</b>
East Demerara Water Conservancy	IDB	300.0	250.0	50.0	143.0	122.0	21.0
Georgetown Remedial & Sewerage Proj.	IDB	173.6	159.0	14.6	56.3	55.5	0.8
Solid Waste Project	IDB	19.8	18.0	1.8	5.0	5.0	0.0
Pure Water Supply - GDF	LOCAL	5.0	0.0	5.0	2.9	0.0	2.9
Pure Water Supply - New Amsterdam	EU	143.0	125.0	18.0	48.0	30.0	18.0
Rural Water (Hinterland)	LOCAL/EHIPC	20.0	0.0	20.0	15.0	0.0	15.0
Water Supply Technical Assistance/Rehab	CDB/EU/IDA	1098.7	903.7	195.0	1053.4	868.4	185.0
Water Supply - Regions	LOCAL	53.0	0.0	53.0	53.0	0.0	53.0

**PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2005**  
(G\$ million)

PROJECT	BUDGET 2000			BUDGET 2001		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL
<b>GENERAL PUBLIC SERVICES</b>	<b>4,525.6</b>	<b>1,379.0</b>	<b>3,146.6</b>	<b>7,634.3</b>	<b>2,021.1</b>	<b>5,652.2</b>
<b>ADMINISTRATION &amp; PLANNING</b>	<b>1,946.5</b>	<b>38.0</b>	<b>1,908.5</b>	<b>3,622.0</b>	<b>277.4</b>	<b>3,344.5</b>
Administration & Management	32.0	0.0	32.0	42.0	0.0	42.0
Buildings	5.6	0.0	5.6	21.0	0.0	21.0
Buildings - Administration	4.5	0.0	4.5	12.7	0.0	12.7
Bureau of Standards	15.0	0.0	15.0	2.5	0.0	2.5
Director of Public Prosecution	2.0	0.0	2.0	2.2	0.0	2.2
Equipment	17.0	0.0	17.0	3.7	0.0	3.7
Furniture & Equipment	31.1	0.0	31.1	39.2	0.0	39.2
Government Buildings	102.7	0.0	102.7	85.5	0.0	85.5
Guyana National Service (GNS)	10.0	0.0	10.0	0.0	0.0	0.0
Hydrometeorological Services	2.2	0.0	2.2	3.2	0.0	3.2
Expanded Economic Opportunities Proj.	0.0	0.0	0.0	273.2	270.0	3.2
Caricom Resource & Management Program	24.0	18.0	6.0	0.0	0.0	0.0
Loan to Public Corporation	1,200.0	-	1,200.0	2,600.0	-	2,600.0
Minor Works	25.0	0.0	25.0	13.0	0.0	13.0
Office & Residence of the President	3.0	0.0	3.0	12.9	0.0	12.9
Office Equipment	0.0	0.0	0.0	4.4	0.0	4.4
Office Equipment and Furniture	0.0	0.0	0.0	1.8	0.0	1.8
Office Furniture and Equipment	0.0	0.0	0.0	0.8	0.0	0.8
Office of Ombusman	0.0	0.0	0.0	0.4	0.0	0.4
Parliament Office	5.0	0.0	5.0	6.0	0.0	6.0
Public Service Appellate Tribunal	2.0	0.0	2.0	2.0	0.0	2.0
Public Service Commission	2.0	0.0	2.0	2.2	0.0	2.2
Public Utilities Commission	0.0	0.0	0.0	1.2	0.0	1.2

## PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2005

(G\$ million)

PROJECT		BUDGET 2000			BUDGET 2001		
		TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL
Secondary Infrastructure	IDA/LOCAL	0.0	0.0	0.0	2.1	0.0	2.1
National Insurance Scheme	LOCAL	42.6	0.0	42.6	0.0	0.0	0.0
Student Loan Fund	LOCAL	350.0	0.0	350.0	475.0	0.0	475.0
Supreme/Magistrate Court	LOCAL	35.0	0.0	35.0	5.5	0.0	5.5
Stengthening the Registry	LOCAL	32.0	20.0	12.0	8.5	7.4	1.1
Teaching Service Commission	LOCAL	3.8	0.0	3.8	1.0	0.0	1.0
<b>CONTRIBUTION TO INTERNATIONAL AGENCIES</b>		75.0	0.0	75.0	360.0	0.0	360.0
Caribbean Development Bank	LOCAL	45.0	0.0	45.0	180.0	0.0	180.0
Inter-American Investment Corporation	LOCAL	0.0	0.0	0.0	180.0	0.0	180.0
Inter-American Development Bank	LOCAL	30.0	0.0	30.0	180.0	0.0	180.0
<b>PUBLIC SAFETY</b>		190.1	0.0	190.1	117.4	0.0	156.4
Agri. Equipment - Prisons	LOCAL	7.2	0.0	7.2	1.1	0.0	1.1
Buildings - Prisons	LOCAL	25.0	0.0	25.0	12.5	0.0	12.5
Comm. Equipment - Fire	LOCAL	1.9	0.0	1.9	3.5	0.0	3.5
Equipment & Furniture - Police	LOCAL	9.0	0.0	9.0	5.5	0.0	5.5
Equipment & Furniture - Fire	LOCAL	1.0	0.0	1.0	1.0	0.0	1.0
Equipment (Home Affairs)	LOCAL	1.0	0.0	1.0	0.5	0.0	0.5
Equipment - Police	LOCAL	28.0	0.0	28.0	30.0	0.0	30.0
Fire Ambulances & Stations	LOCAL	18.0	0.0	18.0	10.0	0.0	10.0
General Registrar Office	LOCAL	4.1	0.0	4.1	5.0	0.0	5.0
Land & Water Transport - Fire	LOCAL	17.0	0.0	17.0	0.0	0.0	39.0
Land & Water Transport - Prisons	LOCAL	12.2	0.0	12.2	25.0	0.0	25.0
Land & Transport Equipment - Police	LOCAL	20.0	0.0	20.0	4.5	0.0	4.5
Other Equipment - Prisons	LOCAL	5.7	0.0	5.7	4.5	0.0	4.5
Police Stations & Buildings	LOCAL	35.0	0.0	35.0	7.5	0.0	7.5
Tools & Equipment - Fire	LOCAL	5.0	0.0	5.0	6.8	0.0	6.8

## PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2005

(G\$ million)

PROJECT	BUDGET 2000			BUDGET 2001			
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	
<b>OTHER FIXED INVESTMENT</b>	2,313.9	1,341.0	973.0	3,535.0	1,743.7	1,791.2	
Basic Needs Trust Fund	CDB	117.4	100.0	17.4	150.0	130.0	20.0
Corentyne & Essequibo (Sea Defense)	IDB	915.0	776.0	139.0	750.0	646.0	104.0
Emergency Works (Sea Defense)	LOCAL/EHIPC	325.0	0.0	325.0	650.0	0.0	650.0
Essequibo & West Demerara	EU	60.0	60.0	0.0	8.6	7.1	1.5
EL Nino Project	IDA	446.3	400.0	46.3	955.2	613.7	341.5
GO-Invest	LOCAL	30.0	0.0	30.0	1.3	0.0	1.3
Guyana Revenue Authority	LOCAL	5.7	0.0	5.7	85.0	0.0	85.0
GUYOIL - Capital Works	LOCAL	107.2	0.0	107.2	158.3	0.0	158.3
NGO Support Programme PL480	USAID	7.0	0.0	7.0	58.7	0.0	58.7
Poverty Programme	LOCAL/EHIPC	235.3	0.0	235.3	250.0	0.0	250.0
Sea and River Defense	LOCAL	10.0	0.0	10.0	10.0	0.0	10.0
West Coast Berbice (Sea Defense)	CDB	55.0	5.0	50.0	458.0	347.0	111.0
<b>SOCIAL SERVICES</b>	<b>5,367.0</b>	<b>3,344.3</b>	<b>2,022.7</b>	<b>5,040.0</b>	<b>3,826.6</b>	<b>1,213.4</b>	
<b>EDUCATION</b>	<b>3,061.4</b>	<b>2,262.3</b>	<b>799.2</b>	<b>3,056.7</b>	<b>2,551.9</b>	<b>504.8</b>	
Adult Education Association	LOCAL	0.1	0.0	0.1	0.6	0.0	0.6
Building - National Library	LOCAL	25.0	0.0	25.0	12.0	0.0	12.0
Burrows School of Arts	LOCAL	3.0	0.0	3.0	2.0	0.0	2.0
Carnegie School of Home Economics	LOCAL	2.0	0.0	2.0	2.9	0.0	2.9
Critchlow Labour College	LOCAL/EHIPC	1.2	0.0	1.2	1.7	0.0	1.7
Development of Text Books	LOCAL/EHIPC	11.1	0.0	11.1	9.5	0.0	9.5
Furniture & Equipment	LOCAL	35.0	0.0	35.0	14.2	0.0	14.2
Furniture & Equipment - Education	LOCAL	0.0	0.0	0.0	2.3	0.0	2.3
G.I.T.C	LOCAL/EHIPC	3.0	0.0	3.0	3.0	0.0	3.0
G.T.I	LOCAL/EHIPC	10.0	0.0	10.0	45.0	0.0	45.0

## PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2005

(G\$ million)

PROJECT		BUDGET 2000			BUDGET 2001		
		TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL
Linden Technical Institute	LOCAL/EHIPC	10.0	0.0	10.0	5.0	0.0	5.0
Museum Development	LOCAL	8.0	0.0	8.0	4.5	0.0	4.5
National Archives	LOCAL	1.0	0.0	1.0	2.1	0.0	2.1
National School of Dance	LOCAL	1.0	0.0	1.0	1.0	0.0	1.0
New Amsterdam Technical Institute	LOCAL	3.5	0.0	3.5	3.5	0.0	3.5
Nursery, Primary & Secondary Schools	LOCAL	75.0	0.0	75.0	45.0	0.0	45.0
Other Equipment	LOCAL	2.4	0.0	2.4	1.5	0.0	1.5
Primary Education Project	IDB	1,558.0	1,430.0	128.0	1,909.4	1,763.4	146.0
President's College	LOCAL	5.7	0.0	5.7	5.8	0.0	5.8
Resource Development Centre	LOCAL	11.0	0.0	11.0	4.5	0.0	4.5
Guyana Basic Education Training	CIDA	150.0	150.0	0.0	27.6	27.5	0.1
School Buildings (Regions)	LOCAL	226.1	0.0	226.1	55.0	0.0	55.0
School Furniture & Equipment	LOCAL	20.0	0.0	20.0	8.1	0.0	8.1
School Furniture ( Regions)	LOCAL	35.0	0.0	35.0	8.5	0.0	8.5
Guyana Education Access Project	DFID	220.0	220.0	0.0	255.0	255.0	0.0
Secondary Reform Project	IDA	539.4	462.3	77.1	559.6	506.0	53.6
University of Guyana -- Berbice	LOCAL	90.0	0.0	90.0	45.0	0.0	45.0
University of Guyana - Turkeyen	LOCAL	15.0	0.0	15.0	23.0	0.0	23.0
<b>HEALTH</b>		<b>316.4</b>	<b>80.0</b>	<b>236.4</b>	<b>126.0</b>	<b>18.6</b>	<b>107.4</b>
Buildings - Health	LOCAL	32.0	0.0	32.0	12.5	0.0	12.5
Buildings- Health (Regions)	LOCAL/EHIPC	110.4	0.0	110.4	65.0	0.0	65.0
Equipment (Regions)	LOCAL/EHIPC	38.9	0.0	38.9	4.3	0.0	4.3
Equipment - Health	LOCAL	17.7	0.0	17.7	9.3	0.0	9.3
Furniture & Equipment	LOCAL	1.5	0.0	1.5	5.2	0.0	5.2

**PUBLIC SECTOR INVESTMENT PROGRAM, 2000-2005**  
(G\$ million)

PROJECT		BUDGET 2000			BUDGET 2001		
		TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL
Furniture & Equipment - Health	LOCAL	25.9	0.0	25.9	2.4	0.0	2.4
Technical Assistance	IDB	<u>90.0</u>	80.0	10.0	<u>27.3</u>	18.6	8.7
<b>SIMAP</b>		<u>1,107.1</u>	<u>950.0</u>	<u>157.1</u>	<u>938.0</u>	<u>775.0</u>	<u>163.0</u>
Simap - Phase II	IDB	1,107.1	950.0	157.1	938.0	775.0	163.0
<b>HOUSING &amp; COMMUNITY SERVICES</b>		882.0	52.0	830.0	919.3	481.1	438.2
Amerindian Development	LOCAL	65.0	0.0	65.0	55.0	0.0	55.0
Low Income Settlement	IDB	64.0	52.0	12.0	505.2	481.1	24.1
Building -- Cultural Centre	LOCAL	7.5	0.0	7.5	8.2	0.0	8.2
Infrastructure Development & Building	LOCAL	650.0	0.0	650.0	175.0	0.0	175.0
Infrastructure Development	LOCAL	4.0	0.0	4.0	20.0	0.0	20.0
Infrastructure Development (Regions)	LOCAL	6.0	0.0	6.0	4.5	0.0	4.5
Land Development (Regions)	LOCAL/EHIPC	48.0	0.0	48.0	28.0	0.0	28.0
National Trust	LOCAL	2.0	0.0	2.0	2.9	0.0	2.9
Youth and Sports	LOCAL	13.5	0.0	13.5	82.0	0.0	82.0
Tourism Development	LOCAL	22.0	0.0	22.0	38.5	0.0	38.5

Source: State Planning Secretariat

PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005												
PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL
ECONOMIC SERVICES												
MANUFACTURING												

**PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005**

PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL

MINING

ECONOMIC INFRA-STRUCTURE  
POWER

TRANSPORT & COMMUNICATION



**PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005**

PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL

WATER

**PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005**

PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL

GENERAL PUBLIC SERVICES

ADMINISTRATION & PLANNING

**PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005**

PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL

PUBLIC SAFETY

**PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005**

PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL

OTHER FIXED INVESTMENT

SOCIAL SERVICES  
EDUCATION

**PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005**

PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL

HEALTH												
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**PUBLIC SECTOR INVESTMENT PROGRAM, 2002-2005**

PROJECT	BUDGET 2002			BUDGET 2003			BUDGET 2004			BUDGET 2005		
	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL	TOTAL	SPECIFIC	LOCAL

SIMAP

HOUSING & COMMUNITY SERVICES

SPECIAL INTERVENTION PROJECTS

INSTITUTIONAL STRENGTHENING

## APPENDIX 4A: TRACKING POVERTY REDUCING PUBLIC SPENDING

	DIVISION/AGENCY CODE	EXPENDITURE/PROJECT CODE	RATIONALISATION
<b>Economic Services</b>			
Agr Sector Loan	Div 508	13002	Infrastructure support
Agri Development (Regions)	Region	13001,17001,19001	Technical support to small farmers
Artisanal Fishery	Div 512	12004-6	Aquaculture development
Drainage and Irrigation (Regions)	Regions	13001,13004	Maintenance of infrastructure
Rehab of D& I Areas	Div 508	13003	Maintenance of infrastructure
MMA III	Div 510		Maintenance of infrastructure
El Nino Emergency Rehabilitation (D&I)	Div 502	13008	Maintenance of infrastructure
- Flood Protection Programme	Div 502	13008	Protection of vulnerable rural communities
Rural Support Programme	Div 508	17011	Infrastructure maintenance and technical support to small farmers
Rural Support Programme	Div 509	17001	Infrastructure maintenance and technical support to small farmers
AgriSector Hybrid Programme	Div 508	13005	Maintenance of all weather farm to market roads
Extension Services	Div 508	17019	Technical support to small farmers
Crops and Livestock support services	Agency 21: 02	231	Technical support to small farmers
New Guyana Marketing Corporation	Div 508	33006	Business support services
National Dairy Development Programme	Div 508	17009	Technical support to dairy production
National Agriculture Research Institute	Div 508	17004	Technical support to small farmers
Industrial Development	Div 528 :Div 529	45001	Private sector development
Tourism Development	Div 528 :Div 529	41001	Support to the Tourism sector
Intermediate Savannahs -AgriProj	Div 508 -33005	33005	Promotion of agro-industrial development
Infrastructure Development	Div 522-19001	19001	Rural infrastructure support
Go-Invest	Agency 01:01,22:01	231	Private sector development
Go-Invest	Div 528	47002	Business support services
	Div 501	34005	Business support services
Environmental Protection Agency	Agency 01:01	231	To ensure sustainable development
Sea Defence	Div 519: Div 537	15001	Maintenance of infrastructure
Dredging	Div 520	14010	Maintenance of infrastructure
<b>Power</b>			
Power Extension	Div 531:537:539	26003	Improve access to electricity
Power Generation	Div 522	26003	Improve access to electricity
<b>Transport and Communication</b>			
Air Transport Project	Div 517	16001	Improve transportation efficiency
	Div 520	16006	
Regional Airport Project	Div 520	12008	Maintenance of infrastructure
Hinterland Airstrip	Div 520	14009	Improve interior access to services and markets
Miscellaneous Roads	Div 520	14007	Maintenance of infrastructure
Road Maintenance Fund	Div 521	14013,14004	Maintenance of infrastructure
Roads (Regions)	Div 520	14001,4,5	Improve rural access to services and markets
	Regions	14001-2	Improve rural access to services and markets
Essequibo Coast Road	Div 521	14001	Improve interior access to services and markets
Urban Roads and Drainage	Div 520	14008	Maintenance of infrastructure
Bridges (Regions)	Div 520	14006	Improve rural access to services and markets
	Regions	11001	Improve rural access to services and markets
Stellings	Div 520	16003,26001	Improve transportation efficiency
Water Transport	Div 520	27001,3,5	Improve transportation efficiency
	Div535:537:539	24002	Improve rural access to services and markets
<b>Water and Sanitation</b>			
El Nino Emergency Rehab -GSWC	Div 501	13008	Provision of basic social services - water
- GuyWa	Div 501	13008	Provision of basic social services - water
Water Supply (Regions)	Div 539:540	28001	Provision of basic social services - water
Solid Waste Disposal	Div 522	36001	Provision of basic social services - sanitation
East Demerara Water Conservancy	Div 508	13004	Provision of basic social services - water
<b>Education</b>			
Guyana School of Agriculture	Div 508	17005	Technical training
Guyana National Service	Div 501	51002	Technical training, empowerment
Youth Initiative programme	Div 526	45009	Job creation, youth empowerment
Youth Training	Agency 54:02: 44:05		Youth empowerment
Human Services - Proq 2,(excl pensions)	Agency 43:02		Support of social safety program

## APPENDIX 4A: TRACKING POVERTY REDUCING PUBLIC SPENDING

Development Projects			
Amerindian Development	Agency 01:04		
Amerindian Development	Div 501	14015	Support for vulnerable communities
Minor Works	Div 501	17001	Community development
Project Development and Assistance	Div 522	19005	Community development
GT Municipality Improvement Program	Agency 03:01	221	Infrastructure maintenance
Urban Development Programme	Div 522 : 527	19003	Maintenance of urban public works
Linden Economic Advancement Prog.	Div 526	45011	Support for vulnerable communities
Rupununi Development Project	Div 526		Support for vulnerable communities
Mahdia Development Project	Div 526		Support for vulnerable communities
Barima-Waini Project	Div 526		Support for vulnerable communities
Institutional Strengthening			
Deeds Registry	Div 514	15002	Business support service
Auditor General	Div 505	44001	Business support service
Bureau of Standards	Div 528 ; 529	47003	Business support service
Bureau of standards	Agency 22:01	231	Business support services
Bureau of Statistics	Div 526	26001	Data processing, monitoring outcomes
Public Sector Modernisation	Div 501	34007	Institutional strengthening
Public Administration Project	Div 501	34004	Institutional strengthening
Justice Improvement Programme	Div 514	15001	Improving confidence in justice system
Project Support Programme	Div 526	45010	Support for development projects
Housing			
Land Development (Regions)	Regions	19001	Development of housing schemes
Land Registration	Div 508	33003	Facilitating basic social service -housing
Geodetic Surveys	Div 508	33002	Development of housing schemes
Lands and Surveys Commission	Div 508	33006	Institutional strengthening
Land Reform (Lands and Surveys)	Agency 21:05		Private sector development
Governance			
Sectoral Committees	Agency 07		Improvement in public accountability
Sectoral Committees	Div 505	25003	Accommodation and equipment for sectoral committee
Constitutional Commissions	Agency 07		Promote and enhance fundamental rights
Task Forces	Agency 01:05		Build confidence in political system
Guyana Police Force	Agency 51:02		Reduction in crime
Guyana Police Force	Div 507		Increased crime prevention in vulnerable communities
Legal Affairs	Agency 52		Improvement in justice administration
Legal Affairs	Div 514	15001,12002	Improvement in justice administration/judicial facilities
Local Government Reform	Agency 13		Decentralisation of program implementation and monitoring
Local Government Reform	Div 527		Infrastrure support to local government reform



## APPENDIX 4A: TRACKING HIPC RELATED SOCIAL SPENDING

	AGENCY NAME	AGENCY/COA CODE 1/
<b>EDUCATION 1/</b>		
<i>Current expenditure</i>	<i>Ministry of Education and 10 Regional Education Programmes and</i>	
<i>Of which:</i>	<i>Ministry of Culture Youth and Sport -Programme 2- Culture</i>	
Teaching supplies		COA 120
Maintenance		COA 142-143,150,164,182,183
Salaries		COA 101 -107
<i>Capital expenditure</i>		
	PEIP	Div 542
	Ministry of Education	Div 543
	SSRP	Div 544
	Region 1	Div 531 -12003,25003
	Region 2	Div 532 -12002,25001
	Region 3	Div 533 - 12001,25003
	Region 4	Div 534 -12001,25001
	Region 5	Div 535 - 12003,25001
	Region 6	Div 536 - 12002,25001
	Region 7	Div 537 - 12001,25003
	Region 8	Div 538 -12001, 25001
	Region 9	Div 539 -12001,25004
	Region 10	Div 540 - 12002,25001
	Culture	Div 541
<b>HEALTH 1/</b>		
<i>Current expenditure</i>	<i>Ministry of Health, Georgetown Public Hospital and 10 Regional</i>	
<i>Of which:</i>	<i>Health Programmes</i>	
Drugs, materials, and supplies		COA 120
Maintenance		COA 142-143,150,164,182,183
Salaries		COA 101 -107
<i>Capital expenditure</i>		
	Health and Labour	Div 515
	Health	Div 516
	Region 1	Div 531 -12001,25005
	Region 2	Div 532 -12001,26002
	Region 3	Div 533 - 12002,25001
	Region 4	Div 534 -12003,25003&4
	Region 5	Div 535 - 12004,25003
	Region 6	Div 536 - 12003,25003
	Region 7	Div 537 - 12002,26001
	Region 8	Div 538 -12003, 25004
	Region 9	Div 539 -12002,25005
	Region 10	Div 540 - 12003,25003
<b>HOUSING &amp; WATER</b>		
<i>Current expenditure</i>	Ministry of Housing and Water	Agency 45
Salaries		
<i>Capital expenditure</i>		
	Ministry of Housing and Water	DIV 523
	Water Supply Improvement Project	Div 524
	Georgetown Remedial and Sewaerage Project	Div 525
<b>POVERTY ALLEVIATION PROGRAMS 2/</b>		
Education	SIMAP	Div 503+Div546
Health	BNTF	Div 526 – 19001
Water supply	Student Loan	Div 526 - 44003
Infrastructure	Poverty Programmes	Div 526 – 44006
Other	I-EHIPC	

1/ COA -Chart of Account-recurrent expenditure line item codes

2/ Breakdown is derived from agency reports to State Planning Secretariat

Appendix 5: GUYANA - UNIT COSTS AND INDICATIVE AVERAGE ANNUAL BUDGETS OF SELECTED POLICY ACTIONS

(in Guyana dollars)

PRIORITY POLICY AREA	JUSTIFICATION	POLICY ACTIONS	INPUT	QUANTITY	AVERAGE UNIT COST	PROJECTED UNIT COST	AVERAGE ANNUAL COST	SOURCE UNIT
<b>SOCIAL SECTOR</b>								
<b>HEALTH</b>								
Primary Health Care	Improve performance level (mortality)	Reduce under-five mortality (mortality)	Regional training for the STEEP/Access	16	200,000	3,200,000	3,200,000	Ministry and Child Health Unit (MCH)
			Maintain and improve health and communication	24,000	15,000	360,000,000	360,000,000	Ministry of Health
			Buy equipment	100	40,000	4,000,000	4,000,000	Ministry of Health
			Buy equipment	200	30,000	6,000,000	6,000,000	Ministry of Health
			Buy equipment	100	25,000	2,500,000	2,500,000	Ministry of Health
			Add resources to new & existing District Health Training Centres	200	40,000	8,000,000	8,000,000	Ministry of Health
			Staff	100	2,000,000	200,000,000	200,000,000	Ministry of Health
			Operating Cost	100	5,000,000	500,000,000	500,000,000	Ministry of Health
			Construction	100	1,000,000	100,000,000	100,000,000	Ministry of Health
			Supply 200 health items/centres	200	50,000	10,000,000	10,000,000	Ministry of Health
Government of Guyana and supply for	The handling and distribution of supplies	Increasing availability of supplies	Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
Regional and Communal Health & Work	Increasing availability of supplies	Improving availability of supplies	Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health
			Supply 200 health items/centres	1,000	20,000	20,000,000	20,000,000	Ministry of Health

Appendix 5: GUYANA - UNIT COSTS AND INDICATIVE AVERAGE ANNUAL BUDGETS OF SELECTED POLICY ACTIONS

(in Guyana dollars)

PRIORITY POLICY AREA	JUSTIFICATION	POLICY ACTIONS	Input	Quantity	Average Unit Cost	PROJECTED UNIT COST	AVERAGE ANNUAL COST	SOURCE/UNIT	
HEALTH	Improving the quality of health care and reducing the burden of disease	Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance	Acquisition of health services with quality assurance	200	10,000	200,000	20,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
			Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health	
Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Health				
HEALTH HSAB total	24,000,000,000								
	EDUCATION	Improving the quality of education and increasing access to education	Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance Acquisition of health services with quality assurance	Acquisition of health services with quality assurance	200	10,000	200,000	20,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
				Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education
Acquisition of health services with quality assurance				300	10,000	3,000,000	30,000,000	Ministry of Education	
Acquisition of health services with quality assurance	300	10,000	3,000,000	30,000,000	Ministry of Education				
EDUCATION HSAB total	24,000,000,000								

Appendix 5: GUYANA - UNIT COSTS AND INDICATIVE AVERAGE ANNUAL BUDGETS OF SELECTED POLICY ACTIONS

(in Guyana Dollars)

PRIORITY POLICY AREA	JUSTIFICATION	POLICY ACTION	INPUT	Quantity	Average Unit Cost	AVERAGE ANNUAL COST	SOURCE UNIT
Teacher Training	Improving the quality of educational delivery through a reduction in the attrition to formal teacher ranks	Expand distance training programme	Class and Transport	500	9,000	4,500,000	Regional Budget
			Trainers fees	50	5,000	250,000	
			Computer Support Equip	25	400,000	10,000,000	
			Supplies	20	10,000	2,000,000	
			27	49,000	1,330,000		
Community Education	Community based health and development projects	Expand on existing	Health Extension Programme	4	1200,000	4,800,000	Govt. Primary Schools Act
			Teacher Salaries	4	2,000,000	8,000,000	
			Training Materials and Equipment etc.	3	2,500,000	7,500,000	GOVERNMENT SCHOOLS Act
			Programme				
Community Education	Community based health and development projects	Expand on existing	Computer	500	200,000	100,000,000	MOEET Programme Act
			UPS/Printer	200	85,000	17,000,000	
			ITP	20	8,000	1,600,000	
			Travel (to Site)	3	6,000,000	18,000,000	
			523	6,085,000	137,600,000		
Technical Education	Expanding access to quality technical training	Expand distance training programme	Class and Transport	3	3,000,000	9,000,000	
			Trainers Training	3	10,000,000	30,000,000	
			Equipment/Supplies	3	10,000,000	30,000,000	
			Computer Support Equip	30	400,000	12,000,000	
Technical Education	Expanding access to quality technical training	Expand distance training programme	Class and Transport	20	1200,000	24,000,000	
			Trainers Training	20	1,000,000	20,000,000	
			Equipment/Supplies	20	1,000,000	20,000,000	
			Computer Support Equip	20	1,000,000	20,000,000	
Housing	Improving access to basic social services	Priority action to improve status of the poorest (renting by the poorest only - 2000 houses)	Design	100	20,000	2,000,000	
			Design and planning	50	2,000,000	1,000,000,000	
			Access	100	1,000,000	100,000,000	
			House Extension (rentable)	50	2,000,000	1,000,000,000	
			200	4,000,000	1,102,000,000		
<b>HOUSING total</b>							1,102,000,000
<b>SOCIALS EFFORT TOTAL</b>							1,339,600,000

**Appendix 5: GUYANA - UNIT COSTS AND INDICATIVE AVERAGE ANNUAL BUDGETS OF SELECTED POLICY ACTIONS**

(in Guyana Dollars)

PRIORITY POLICY AREA	JUSTIFICATION	POLICY ACTIONS	PROJECTED UNIT COST	Quantity	Average Unit Cost	AVERAGE ANNUAL COST	SOURCE UNIT
<b>ECONOMIC INFRASTRUCTURE</b>							
<b>Agriculture</b>							
	Improving services, opportunities and productivity for poor small and medium scale agricultural entrepreneurs	Extension Services	100	200	50,000	10,000,000	Capital Budgetary Programme, MDA
		Subsidies	100	100	80,000	8,000,000	
		Training	20	20	4,000,000	80,000,000	
	Transportation (Regional level)	Transportation	20	20	300,000	6,000,000	
		Logistics	20	20	300,000	6,000,000	
		Oil Fuel	2	2	3,000,000	6,000,000	
	Grain and Oil Mills/Flour Mills (Regional level)	Feed Crops (Regional level) and Transportation	40	40	300,000	12,000,000	
		Support Services	40	40	1,000,000	40,000,000	
	Industrial Production (Regional level)	Industrial	10,000	10,000	3,000	30,000,000	
		Energy	200	200	3,000,000	600,000,000	Regional Budget 2001
<b>Transportation</b>							
	Investment in transport	Regional Roads	100	100	5,000,000	500,000,000	
		Regional Roads/Inter-Regional Roads	40	40	20,000,000	800,000,000	
		Regional Roadside Amenities	3	3	80,000,000	240,000,000	
<b>Transportation Sub-total</b>							
						3,000,000,000	
<b>ECONOMIC SECTOR TOTAL</b>						<b>8,292,590,000</b>	
<b>TOTAL</b>						<b>8,292,590,000</b>	

1. Values are shown in parentheses after the unit of the corresponding budgeting year. If a year is indicated in parentheses it will be understood that the unit will be the same as that of the base year.