

PUBLIC DISCLOSURE AUTHORISED



COUNTRY STRATEGY PAPER 2013-17 – GUYANA
CORRIGENDUM

The following amendments are to be made to Paper BD12/13:

The attached Results Framework Matrix replaces the Results Matrix in the Guyana Country Strategy Paper 2013-17.

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RESULTS FRAMEWORK MATRIX

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
CDB STRATEGIC OBJECTIVE I: PROMOTING BROAD-BASED ECONOMIC GROWTH AND INCLUSIVE SOCIAL DEVELOPMENT				
Infrastructure Development	<ul style="list-style-type: none"> • Inadequate, outdated and poorly maintained infrastructure: <ul style="list-style-type: none"> - most roads are unpaved and in poor condition; and - high level of non-revenue water (NRW) and low access to treated water. 	<ul style="list-style-type: none"> • Basic Needs Trust Fund (BNTF) interventions in basic community access (e.g. roads, footpaths, bridges and drainage improvement) and water and sanitation systems enhancement. • Water Sector Enhancement Project. 	<ul style="list-style-type: none"> • Improved access to, and quality of, social and economic infrastructure based on the expressed needs of women and men in the target areas/communities: <ul style="list-style-type: none"> - 25% reduction in travel time to essential services in targeted communities. - Percentage of NRW in target area reduced from 65% to 45%. - Percentage of water samples from target area meeting national water quality standards at source increased from 0% to 95%. - 80% of households in targeted vulnerable communities with access to potable water within 15 minutes of walking (BNTF). 	<p>Risks:</p> <ul style="list-style-type: none"> • Delays in project implementation due to adverse weather/natural hazards and/or inadequate capacity. <p>Mitigation:</p> <ul style="list-style-type: none"> • Provision of technical assistance to GOGY by exposing core technical staff to the Bank's project cycle management training programme. • Enhanced supervision of project/programme activities by CDB staff.
	<ul style="list-style-type: none"> • Low sugarcane productivity and sugar yields on several Guyana Sugar Corporation (GUYSUCO) estates. 	<ul style="list-style-type: none"> • Road network; drainage and irrigation (D&I) infrastructure; and production and harvesting system improvements on selected GUYSUCO estates. 	<ul style="list-style-type: none"> • Sugarcane production in CDB intervention areas improved. <ul style="list-style-type: none"> - Average sugarcane yield per hectare (ha): Baseline – 45 tonnes/ha Target – 70 tonnes/ha 	<p>Risks:</p> <ul style="list-style-type: none"> • Unfavourable movements in price of sugar. • Unfavourable weather patterns (particularly rainfall). <p>Mitigation:</p>

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
				<ul style="list-style-type: none"> • GUYSUOCO will: <ul style="list-style-type: none"> (i) pursue opportunities for forward contracting; (ii) continue development of specialty sugars; and (iii) develop sugar cane varieties in line with expected weather patterns based on scenarios developed through climate impact modeling for Guyana.
Private Sector Development (PSD)	<ul style="list-style-type: none"> • Limited access to training and business development services; and lack of research and development and training facilities. 	<ul style="list-style-type: none"> • Caribbean Technological Consultancy Services (CTCS). 	<ul style="list-style-type: none"> • Improved private sector operations and development through training and capacity-building of women and men entrepreneurs. • Increased employment opportunities for women and men in the targeted sectors. 	<p>Risk:</p> <ul style="list-style-type: none"> • Inappropriate economic policies that impact credit delivery and expansion and/or policies to manage risk. <p>Mitigation:</p> <ul style="list-style-type: none"> • CDB and development partners continuous policy dialogue with Government on macroeconomic issues.
CDB STRATEGIC OBJECTIVE I: PROMOTING BROAD-BASED ECONOMIC GROWTH AND INCLUSIVE SOCIAL DEVELOPMENT				

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
Human Capital Development	<ul style="list-style-type: none"> • Skills mismatch between post-secondary and university graduates and the economic base of the country. • Inability to meet demand for skilled labour fuelled by increased investment in the country. • Insufficient skilled graduates to meet needs of emerging growth areas. • Limited access to facilities and utilities for delivery of competency-based curriculum. 	<ul style="list-style-type: none"> • Upgrading of technical institutes to support expansion of competency-based education and training and the implementation of Caribbean Vocational Qualifications (CVQs). • Establishment of new mini special-purpose centres to respond to demand in particular industries. • Establishment of centres to meet the needs of special emerging growth areas of the economy. • BNTF interventions in education and human resource development (HRD). 	<ul style="list-style-type: none"> • Improved quality of/access to technical and vocational education and training (TVET) by men and women. • Increased employment of skilled women and men graduating from the programme by industry. • Increased number of women and men accessing employment in non-traditional sectors. • Improved quality of/access to quality education (BNTF): <ul style="list-style-type: none"> - at least 10% increase in attendance/enrolment rates at improved institutes. 	<p>Risk:</p> <ul style="list-style-type: none"> • Delays in project implementation due to adverse weather/natural hazard events. <p>Mitigation:</p> <ul style="list-style-type: none"> • Enhanced supervision of project/programme activities by CDB staff. <p>Risk:</p> <ul style="list-style-type: none"> • Deterioration in macroeconomic conditions and adverse impact on public finances. <p>Mitigation:</p> <ul style="list-style-type: none"> • CDB and development partners continuous policy dialogue with Government on macroeconomic issues. <p>Risk:</p> <ul style="list-style-type: none"> • Misalignment of BNTF interventions with sector priorities and labour market demands. <p>Mitigation:</p> <ul style="list-style-type: none"> • Redesigning of process flow to strengthen coordination of programmes and linking interventions to labour market demands.
CDB STRATEGIC OBJECTIVE II: SUPPORTING ENVIRONMENTAL SUSTAINABILITY AND DISASTER RISK MANAGEMENT				

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
Environmental Planning and DRM to Support the Expansion of a Green Economy	<ul style="list-style-type: none"> • Low level integration of environment; DRM and climate change adaptation (CCA); and sector planning. • Sea defences in need of intervention due to coastal effects, exacerbated by climate change. 	<ul style="list-style-type: none"> • Country-focused activities and regional initiatives, including training and other capacity-building in the area of climate change for sector, national and project-level risk assessments, including gender impact assessments. • Construction of revetments and other coastal protection infrastructure and related institutional strengthening. 	<ul style="list-style-type: none"> • Enhanced protection and sustainable management of natural resources and reduced vulnerability to natural disasters based on the expressed needs of women and men in the communities. • Improved sea defence infrastructure in target area and reduction of man-made sea defences in critical or poor condition from an estimated 12 kilometres (km) to about 6 km. 	<ul style="list-style-type: none"> • DRM policies, plans and capacity strengthening interventions are not operationally and practically applied. <p>Risk:</p> <ul style="list-style-type: none"> • Deterioration in economic conditions with adverse impact on counterpart resources. <p>Mitigation:</p> <ul style="list-style-type: none"> • Increased allocation to maintenance being made under current sea defence strategy and GOGY has pledged continued focus on maintenance with support from development partners
CDB STRATEGIC OBJECTIVE III: PROMOTING GOOD GOVERNANCE				
Strengthening of Governance and Institutions	<ul style="list-style-type: none"> • Statistical capacity – constraints to data coverage and accessibility. • Weaknesses in project management. • Insufficient capacity to implement gender mainstreaming strategies. 	<ul style="list-style-type: none"> • Support the conduct of an independent poverty assessment in 2015/16. • Provide technical assistance (TA) to GOGY by exposing core technical staff to the Bank’s project management training programme with respect to project cycle management and managing for development results (MfDR), and the gender dimensions therein. • Assist with capacity-building to support the operationalisation of the country’s 	<ul style="list-style-type: none"> • Improved capacity for strategic policy management and coordination, including evidence-based, gender responsive, decision-making and leadership for promoting GE. 	<ul style="list-style-type: none"> • Potential donor coordination challenges must be managed proactively. <p>Risk:</p> <p>Lack of political will to support the enhanced status of the National Machinery for GE.</p> <p>Mitigation:</p>

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
		gender strategies through the provision of grant support under CDB's Gender Equality Policy and Operational Strategy (GEPOS).		<ul style="list-style-type: none"> Continuous policy dialogue with senior government officials and decision-makers in the regional debate on good practices and lessons learned for sustainable gender mainstreaming.
CDB STRATEGIC OBJECTIVE IV: FOSTERING REGIONAL COOPERATION AND INTEGRATION				
Strengthening of Governance and Institutions	<ul style="list-style-type: none"> Weak capacity to take advantage of opportunities arising from regional integration initiatives. 	<ul style="list-style-type: none"> Access to Caribbean Single Market and Economy (CSME) and the Economic Partnership Agreement (EPA) stand-by facilities. 	<ul style="list-style-type: none"> Enhanced capacity for implementation of policies and/or programmes that promote regional integration. 	<p>Risk:</p> <ul style="list-style-type: none"> Limited human and technical capacity. <p>Mitigation:</p> <ul style="list-style-type: none"> Continuous support by development partners aimed at building human resources and technical capabilities.

PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK

TWO HUNDRED AND FIFTY-FIFTH MEETING OF THE BOARD OF DIRECTORS

TO BE HELD IN BARBADOS

MARCH 21, 2013

PAPER BD 12/13

COUNTRY STRATEGY PAPER 2013-17 – GUYANA

1. The attached Country Strategy Paper (CSP) outlines the assistance strategy of the Caribbean Development Bank (CDB) for Guyana over the period 2013-17. The CSP evolved out of a consultative process which involved extensive discussions with country officials, as well as bilateral and multilateral development partners, in an effort to avoid duplication and promote improved development outcomes.
2. The proposed strategy is set within the context of Guyana's poverty reduction objectives, supported by its 'green-growth' agenda. The Strategy also reflects key development priority areas for the country. The CSP therefore seeks to: (i) promote broad-based economic growth and inclusive social development by helping to improve access to and the quality of social and economic infrastructure; support greater productivity in the agriculture sector; and improve the talent pool, particularly in the area of technical and vocational training; (ii) support environmental sustainability and disaster risk management; (iii) improve good governance by strengthening capacity for policy management, including gender responsive decision making; and (iv) foster the regional integration agenda by enhancing the country's capacity to implement policies and programmes that promote integration.
3. The Board is asked to approve CDB's Strategy for Guyana for 2013-17.



CARIBBEAN DEVELOPMENT BANK

**GUYANA COUNTRY STRATEGY PAPER
2013-17**

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Considered at the Two Hundred and Fifty-Fifth Meeting of the Board of Directors on March 21, 2013.

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MARCH 2013

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CURRENCY EQUIVALENT

Dollars (\$) throughout refer to United States dollars (USD) unless otherwise stated.
USD1.00 = GYD204.7

ABBREVIATIONS

€	-	Euros
%	-	per cent
£	-	pounds
ARPP	-	Annual Review of the Project Portfolio
bn	-	billion
BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
BOG	-	Bank of Guyana
BOP	-	Balance of Payment
BOS	-	Bureau of Statistics
CARICOM	-	Caribbean Community
CARTAC	-	Caribbean Regional Technical Assistance Centre
CARTFund	-	Caribbean Aid for Trade and Regional Integration Trust Fund
CAS	-	Country Assistance Strategy
CCA	-	Climate Change Adaptation
CCJ	-	Caribbean Court of Justice
CDB	-	Caribbean Development Bank
CEDAW	-	Convention for the Elimination of All Forms of Discrimination Against Women
CIDA	-	Canadian International Development Agency
CPI	-	Consumer Price Index
CSEP	-	Community Services Enhancement Project
CSME	-	Caribbean Single Market and Economy
CSP	-	Country Strategy Paper
CTCS	-	Caribbean Technological Consultancy Services
CVQs	-	Caribbean Vocational Qualifications
D&I	-	Drainage and Irrigation
DfID	-	Department for International Development
DRM	-	Disaster Risk Management
EC	-	European Commission
EDF	-	European Development Fund
EPA	-	Economic Partnership Agreement
ERP	-	Economic Recovery Programme
ETVET	-	Enhanced Technical and Vocational Education and Training
EU	-	European Union
FSAP	-	Financial Sector Assessment Programme
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GEPOS	-	Gender Equality Policy and Operational Strategy
GII	-	Gender Inequality Index
GNP	-	Gross National Product
GOGY	-	Government of Guyana
GOINVEST	-	Guyana Office for Investment
GRIF	-	Guyana REDD Plus Investment Fund

GUYSUCO	- Guyana Sugar Corporation
GWI	- Guyana Water Incorporated
ha	- hectares
HBS	- Household Budget Survey
HDI	- Human Development Index
HIES	- Household Income and Expenditure Survey
HIPC	- Highly Indebted Poor Country
HIV/AIDS	- Human Immunodeficiency Virus Infection/Acquired Immunodeficiency Syndrome
HRD	- Human Resource Development
ICT	- Information and Communication Technology
IDB	- Inter-American Development Bank
IHDI	- Inequality-adjusted Human Development Index
IMF	- International Monetary Fund
IPED	- Institute of Private Enterprise Development
km ²	- square kilometres
km	- kilometres
LCDS	- Low-Carbon Development Strategy
M&E	- Monitoring and Evaluation
MDGs	- Millennium Development Goals
MDRI	- Multilateral Debt Relief Initiative
MfDR	- Managing for Development Results
mn	- million
MOE	- Ministry of Education
MOF	- Ministry of Finance
NDCs	- Neighbourhood Democratic Councils
NESP	- National Education Strategic Plan
NPLs	- Non-Performing Loans
NRW	- Non-revenue Water
OCR	- Ordinary Capital Resources
PFM	- Public Financial Management
PPP-C	- People's Progressive Party-Civic
PPI	- Project Performance Index
PRAP	- Poverty Reduction Action Plan
PRSP	- Poverty Reduction Strategy Paper
PSD	- Private Sector Development
PSIP	- Public Sector Investment Programme
REDD	- Reduced Emissions from Deforestation and Degradation
RDC	- Regional Democratic Council
SBB	- Small Business Bureau
SBC	- Small Business Council
SBDF	- Small Business Development Fund
SDF	- Special Development Fund
SMEs	- Small and Medium-sized Enterprises
TA	- Technical Assistance
TVET	- Technical Vocational Education and Training
UG	- University of Guyana
UK	- United Kingdom
UN	- United Nations
UNDP	- United Nations Development Programme
US	- United States
WB	- World Bank

TABLE OF CONTENTS

COUNTRY DATA: GUYANA

EXECUTIVE SUMMARY

RESULTS MATRIX

- 1. DEVELOPMENT CONEXT: KEY ISSUES AND DEVELOPMENT CONSTRAINTS**
Macroeconomic Context
Social Context
Key Development Opportunities and Challenges
- 2. GOVERNMENT’S DEVELOPMENT STRATEGY**
Medium-term Development Strategy and Policy Agenda
Analysis of Government’s Strategy
- 3. CARIBBEAN DEVELOPMENT BANK’S PROPOSED ASSISTANCE STRATEGY:
2013-17**
Review of Previous Strategy
Strategic Focus of New Strategy and Expected Overall Outcomes
Priority Areas and Sectors and Linkages with Proposed Lending Programme
Resource Envelope
Donor Coordination
- 4. RISKS AND MONITORING AND EVALUATION**
Strategy Implementation Risks
Strategy Performance Monitoring

APPENDICES

- APPENDIX 1 - SELECTED MACROECONOMIC INDICATORS
- APPENDIX 2 - ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE
- APPENDIX 3 - PRIVATE SECTOR DEVELOPMENT
- APPENDIX 4 - GOVERNANCE AND INSTITUTIONAL DEVELOPMENT
- APPENDIX 5 - GOVERNMENT OF GUYANA SECTOR-SPECIFIC STRATEGIES/PLANS
- APPENDIX 6 - ASSESSMENT OF 2002-04 STRATEGY: IMPLEMENTATION MAY 2002 -
APRIL 2012
- APPENDIX 7 - DONOR PROGRAMMES IN GUYANA

MAPS OF GUYANA

COUNTRY DATA: GUYANA

	2007	2008	2009	2010	2011
PER CAPITA GDP (current market prices; \$)	461,413	510,981	536,789	591,428	675,757
GROSS DOMESTIC PRODUCT (GDP)					
GDP at Current Market Prices (\$mn)	352,152.0	391,505.0	413,113.0	460,072.0	525,671.0
Demand Components:					
Consumption Expenditure	364,685.0	425,978.0	406,944.0	471,415.0	558,234.0
Gross Domestic Investment	86,862.0	93,746.0	110,056.0	116,839.0	125,535.0
Exports of goods and non-factor services	(99,395.0)	(128,219.0)	(103,887.0)	(128,182.0)	(158,098.0)
Gross domestic savings ratio (%)	(3.6)	(8.8)	1.5	(2.5)	(6.2)
Sectoral distribution of current GDP (%)					
Agriculture	21.4	22.4	20.6	18.3	18.6
Mining & Quarrying	13.0	14.2	14.2	16.0	19.1
Manufacturing	7.5	8.3	7.7	6.8	6.5
Utilities	2.2	2.1	2.3	2.6	1.3
Construction	10.3	10.0	10.1	10.4	9.6
Transport & Communication	12.5	10.8	11.2	11.7	10.7
Hotels & Restaurants	0.0	0.0	0.0	0.0	0.0
Wholesale & Retail Trade	12.9	12.2	14.1	14.8	15.8
Financial & Business Services	5.0	5.4	5.3	5.3	5.1
Government Services	14.7	14.5	14.9	14.5	13.6
Other Services	3.5	3.3	3.3	3.5	3.6
Less Imputed Service Charge	3.0	3.2	3.6	3.9	3.9
GDP at Current Factor Cost (\$mn)	305,789.0	349,475.0	359,549.0	400,922.0	460,108.0
GDP at constant 1988 Prices (\$mn)	281,335.0	286,896.0	296,417.0	309,373.0	326,194.0
Annual rate of growth in GDP (%)	7.0	2.0	3.3	4.4	5.4
MONEY AND PRICES (\$ mn)					
Consumer prices (av. annual % change)	14.0	6.4	3.6	4.5	5.0
Money supply (M1; annual % change)	11.4	11.1	8.0	17.9	16.9
Total domestic credit(net)	44,988.5	59,775.5	47,222.3	55,446.5	93,981.2
Private sector (net)	64,050.4	78,322.0	80,497.6	96,726.8	119,473.8
Public sector (net)	(19,061.9)	(18,546.5)	(33,275.3)	(41,280.3)	(25,492.6)
CENTRAL GOVERNMENT FINANCES (\$ mn)					
Current Revenues	80,356.9	82,483.9	94,891.0	107,876.0	120,916.0
Current Grants	0.0	0.0	0.0	0.0	0.0
Current Expenditures	62,960.9	76,154.1	80,441.0	86,386.0	100,621.0
Current Account Surplus/ (Deficit)	17,396.0	6,329.8	14,450.0	21,490.0	20,295.0
Capital Revenue and Grants	11,136.0	17,029.1	17,275.0	11,780.0	13,453.0
Capital Expenditure and Net Lending	42,877.2	36,389.6	46,990.0	46,658.0	50,116.0
Overall Surplus/ (Deficit)	(14,345.2)	(13,030.7)	(15,265.0)	(13,388.0)	(16,368.0)
BALANCE OF PAYMENTS (USD mn)					
Merchandise Exports (f.o.b)	698.0	801.5	768.2	885.0	1,128.8
Merchandise Imports (c.i.f)	1,063.1	1,323.6	1,179.4	1,419.1	1,771.1
Trade balance	(365.1)	(522.1)	(411.2)	(534.1)	(642.3)
Net Balance on services account	(110.8)	(128.1)	(119.0)	(84.1)	(145.5)
Transfers (net)	286.8	328.8	299.6	370.8	414.6
Current Account Balance	(189.1)	(321.4)	(230.6)	(247.4)	(373.2)
Capital and Financial Account	168.7	308.5	454.0	339.2	374.4
Net errors and omissions	19.0	18.5	11.0	24.7	(15.2)
Overall Balance	(1.4)	5.6	234.4	116.5	(14.0)

(ii)

TOTAL PUBLIC DEBT (USD mn)

Total public debt	1,058.0	1,199.8	1,359.1	1,536.1	1,720.0
Domestic debt outstanding	339.9	365.7	426.1	493.2	514.0
Long term	80.5	65.1	60.4	36.1	31.1
Short term	259.4	300.6	365.7	457.1	482.9
External debt outstanding	718.1	834.1	933.0	1,042.9	1,206.0
Debt Service	31.0	20.5	17.5	28.7	39.9
Amortisation	15.8	9.9	7.8	16.9	26.9
Interest Payments	15.2	10.6	9.7	11.8	13.0
External debt service as % of exports of goods and services	3.2	2.9	4.3	5.8	...
Total debt service as % of current revenue	5.4	5.8	7.8	9.1	...

AVERAGE EXCHANGE RATE

Dollar(s) per US dollar	204.00	205.00	204.30	203.75	204.16
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INTEREST RATES

Domestic Rate - Time Deposit	2.5	2.5	2.5	2.5	1.6
Domestic Rate - Saving Deposit	3.2	3.0	2.8	2.7	2.0
Prime Lending Rate (av. Annual)	14.7	14.5	14.5	14.5	14.0
Treasury Bill Rate (av. Annual)	4.4	4.8	4.5	3.6	2.5
Bank Rate (av. Annual)	6.5	6.8	6.8	6.3	5.5

POPULATION

Mid-Year Population ('000)	763.2	766.2	769.6	777.9	777.9
Population Growth Rate (%)	0.3	0.4	0.4	1.1	0.0
Crude Birth Rate	19.0	19.9	19.6	19.2	...
Crude Death Rate	6.6	6.5	6.2	6.4	...
Infant Mortality Rate	23.9	20.2	19.8	20.5	...

EDUCATION

Net Enrolment Rate					
Primary	...	85.0	78.0	76.0	...
Secondary	...	...	81.0	84.0	...
Pupil-Teacher Ratio					
Primary	26.0	26.0	26.0	25.0	...
Secondary	...	...	...	24.0	...

1970 1980 1991 2002 2011

INDICATORS OF HUMAN DEVELOPMENT**HEALTH AND EDUCATION**

Life Expectancy at Birth (years)	60.0	65.0	64.4	65.5	...
Male	58.0	...	...	...	...
Female	62.1	...	...	...	...
Dependency Ratio	1.03	0.81	0.64	67.0	...
Male	1.03	0.82	0.64	67.0	...
Female	1.02	0.80	0.64	66.0	...
Adult Literacy Rate (%)	98.5	...

HUMAN DEVELOPMENT INDEX

	0.679	0.680	0.708	0.725	0.633
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HOUSING AND ENVIRONMENT

Households with piped water (%)	55.7	68.6	60.8	77.1	...
Households with access to flush toilets (%)	26.3	29.0	30.5	41.5	...
Households with electricity (%)	...	69.0	71.6	...	...

Source(s): Bank of Guyana; Ministry of Finance;

Data for 2011 are provisional.

... not available

EXECUTIVE SUMMARY

1. Guyana has had a particularly challenging economic, social and political history. An extended period of inward-looking policies that started in the early 1970s culminated in a socio-economic crisis by the mid-1980s. Real Gross Domestic Product (GDP) declined by a cumulative 26 per cent (%) during the period 1980-89 and the poverty level reached as high as 65% in 1988. Far-reaching structural, fiscal, monetary and financial reforms, which started in 1989 with the Economic Recovery Programme (ERP) that the Caribbean Development Bank (CDB) played a key role in facilitating, together with substantial debt forgiveness, helped to reverse years of economic decline and stagnation. In recent years Guyana's impressive real GDP growth rates, which averaged 4.4% during the period 2006-2012, have out-performed several of its Caribbean counterparts. Indeed, Guyana has emerged from years of economic decline with improved macroeconomic fundamentals.

2. Notwithstanding significant progress, challenges abound. Although poverty levels have come down markedly, Guyana is ranked among the poorest countries in the Western Hemisphere based on per capita income levels. Social and economic infrastructure is still not adequately developed; the economy is still not sufficiently diversified or competitive, which increases its vulnerability to external shocks; and human resource capacity is lacking in several key areas. Against these challenges, however, are prime opportunities that, if well developed, can leapfrog Guyana to a higher level of socio-economic development. Guyana's heavy endowment of natural resources, its fertile agricultural lands, large tropical forest and strategic location have the potential to be potent development catalysts.

3. It is against this background that CDB's 2013-17 Country Strategy Paper (CSP) has evolved. The proposed strategy is shaped by three primary realities. First, the indicative areas of support represent those that are deemed priority and are consistent with the Government of Guyana's (GOGY) growth and development pillars as articulated in the third generation Poverty Reduction Strategy Paper (PRSP), as well as the Low Carbon Development Strategy (LCDS). The central policy thrust surrounds tackling poverty on a sustained basis by providing greater access to basic social services; improving the country's talent pool to take greater advantage of the emerging opportunities in the growing economy and enhancing competitiveness; and responding to the climate change^{1/} phenomena through coastline protection. Second, the Bank has chosen to support Guyana in areas where it already has a presence in an effort to reduce transactions costs and maximise development impact by building on important lessons learnt. Third, the Strategy is dimensioned to be consistent with GOGY's borrowing strategy. This requires a high degree of concessionality in an effort to balance the Government's development finance needs with the objective of improving its medium-term debt dynamics. However, given the high degree of concessionality set as a basis for contracting development finance, Guyana has access to a reduced pool of funds which is estimated at \$47.17 mn. The Strategy therefore supports a project mix that optimises the use of this envelope.

4. The Country Strategy focuses on critical development outcomes linked to CDB's strategic objectives as follows (see also Results Matrix):

- (a) Promoting broad-based economic growth and inclusive social development:
 - (i) improved access to and quality of social and economic infrastructure;
 - (ii) sustainable improvements in agricultural production and productivity;

^{1/} The PRSP recognises the need to fully articulate and reflect a gender equality (GE) dimension in climate change actions.

(ii)

- (iii) improved quality of and access to education and training; and
 - (iv) improved private sector operations and development through training and capacity-building.
- (b) Supporting environmental sustainability and disaster risk management (DRM):
- (i) enhanced protection and sustainable management of natural resources and reduced vulnerability to natural disasters.
- (c) Promoting good governance:
- (i) improved capacity for strategic policy management and coordination, including evidence-based, gender responsive, decision-making and leadership for promoting GE.
- (d) Fostering regional cooperation and integration:
- (i) enhanced capacity for implementation of policies/programmes that promote regional integration.

GE and environmental sustainability will be integrated as cross-cutting objectives of CSP interventions. The principal underlying objective is poverty reduction. Specific interventions in support of all these outcomes are expected to result in more sustainable pro-poor growth and development in Guyana.

5. The Bank will encourage results-based management in partnership with GOGY. Each intervention that flows from this strategy will include a results framework, which will identify the development objectives to which the interventions are aligned, the expected outcomes to which the interventions are expected to contribute and the performance indicators against which the results of the interventions will be measured. On past experience, implementation capacity, though improving, is considered a key risk to the strategy. Other risks include natural hazards and macroeconomic volatility. These risks will be monitored and mitigation measures will be appraised as required.

RESULTS MATRIX

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
CDB STRATEGIC OBJECTIVE I: PROMOTING BROAD-BASED ECONOMIC GROWTH AND INCLUSIVE SOCIAL DEVELOPMENT				
Infrastructure Development	<ul style="list-style-type: none"> • Inadequate, outdated and poorly maintained infrastructure: <ul style="list-style-type: none"> - most roads are unpaved and in poor condition; and - high level of non-revenue water (NRW) and low access to treated water. 	<ul style="list-style-type: none"> • Basic Needs Trust Fund (BNTF) interventions in basic community access (e.g. roads, footpaths, bridges and drainage improvement) and water and sanitation systems enhancement. • Water Sector Enhancement Project. 	<ul style="list-style-type: none"> • Improved access to, and quality of, social and economic infrastructure based on the expressed needs of women and men in the target areas/communities: <ul style="list-style-type: none"> - 25% reduction in travel time to essential services in targeted communities. - Percentage of NRW in target area reduced from 65% to 45%. - Percentage of water samples from target area meeting national water quality standards at source increased from 0% to 95%. - 80% of households in targeted vulnerable communities with access to potable water within 15 minutes of walking (BNTF). 	<p>Risk:</p> <ul style="list-style-type: none"> • Delays in project implementation due to adverse weather/natural hazards and/or inadequate capacity. <p>Mitigation:</p> <ul style="list-style-type: none"> • Provision of technical assistance to GOGY by exposing core technical staff to the Bank's project cycle management training programme. • Enhanced supervision of project/programme activities by CDB staff.
	<ul style="list-style-type: none"> • Low sugarcane productivity and sugar yields on several Guyana Sugar Corporation (GUYSUCO) estates. 	<ul style="list-style-type: none"> • Road network; drainage and irrigation (D&I) infrastructure; and production and harvesting system improvements on selected GUYSUCO estates. 	<ul style="list-style-type: none"> • Sugarcane production in CDB intervention areas improved. <ul style="list-style-type: none"> - Average sugarcane yield per hectare (ha): Baseline – 45 tonnes/ha Target – 70 tonnes/ha 	<p>Risks:</p> <ul style="list-style-type: none"> • Unfavourable movements in price of sugar. • Unfavourable weather patterns (particularly rainfall).

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
				<p>Mitigation:</p> <ul style="list-style-type: none"> • GUYSUCO will: <ol style="list-style-type: none"> (i) pursue opportunities for forward contracting; (ii) continue development of specialty sugars; and (iii) develop sugar cane varieties in line with expected weather patterns based on scenarios developed through climate impact modeling for Guyana.
Private Sector Development (PSD)	<ul style="list-style-type: none"> • Limited access to training and business development services; and lack of research and development and training facilities. 	<ul style="list-style-type: none"> • Caribbean Technological Consultancy Services (CTCS). 	<ul style="list-style-type: none"> • Improved private sector operations and development through training and capacity-building of women and men entrepreneurs. • Increased employment opportunities for women and men in the targeted sectors. 	<p>Risk:</p> <ul style="list-style-type: none"> • Inappropriate economic policies that impact credit delivery and expansion and/or policies to manage risk. <p>Mitigation:</p> <ul style="list-style-type: none"> • CDB and development partners continuous policy dialogue with Government on macroeconomic issues.

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
CDB STRATEGIC OBJECTIVE I: PROMOTING BROAD-BASED ECONOMIC GROWTH AND INCLUSIVE SOCIAL DEVELOPMENT				
Human Capital Development	<ul style="list-style-type: none"> • Skills mismatch between post-secondary and university graduates and the economic base of the country. • Inability to meet demand for skilled labour fuelled by increased investment in the country. • Insufficient skilled graduates to meet needs of emerging growth areas. • Limited access to facilities and utilities for delivery of competency-based curriculum. 	<ul style="list-style-type: none"> • Upgrading of technical institutes to support expansion of competency-based education and training and the implementation of Caribbean Vocational Qualifications (CVQs). • Establishment of new mini special-purpose centres to respond to demand in particular industries. • Establishment of centres to meet the needs of special emerging growth areas of the economy. • BNTF interventions in education and human resource development (HRD). 	<ul style="list-style-type: none"> • Improved quality of/access to technical and vocational education and training (TVET) by men and women. • Increased employment of skilled women and men graduating from the programme by industry. • Increased number of women and men accessing employment in non-traditional sectors. • Improved quality of/access to quality education (BNTF): <ul style="list-style-type: none"> - at least 10% increase in attendance/enrolment rates at improved institutes. 	<p>Risks:</p> <ul style="list-style-type: none"> • Delays in project implementation due to adverse weather/natural hazard events. <p>Mitigation:</p> <ul style="list-style-type: none"> • Enhanced supervision of project/programme activities by CDB staff. <p>Risk:</p> <ul style="list-style-type: none"> • Deterioration in macroeconomic conditions and adverse impact on public finances. <p>Mitigation:</p> <ul style="list-style-type: none"> • CDB and development partners continuous policy dialogue with Government on macroeconomic issues. <p>Risk:</p> <ul style="list-style-type: none"> • Misalignment of BNTF interventions with sector priorities and labour market demands. <p>Mitigation:</p> <ul style="list-style-type: none"> • Redesigning of process flow to strengthen coordination of programmes and linking interventions to labour market demands.

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
CDB STRATEGIC OBJECTIVE II: SUPPORTING ENVIRONMENTAL SUSTAINABILITY AND DISASTER RISK MANAGEMENT				
Environmental Planning and DRM to Support the Expansion of a Green Economy	<ul style="list-style-type: none"> • Low level integration of environment; DRM and climate change adaptation (CCA); and sector planning. • Sea defences in need of intervention due to coastal effects, exacerbated by climate change. 	<ul style="list-style-type: none"> • Country-focused activities and regional initiatives, including training and other capacity-building in the area of climate change for sector, national and project-level risk assessments, including gender impact assessments. • Construction of revetments and other coastal protection infrastructure and related institutional strengthening. 	<ul style="list-style-type: none"> • Enhanced protection and sustainable management of natural resources and reduced vulnerability to natural disasters based on the expressed needs of women and men in the communities. • Improved sea defence infrastructure in target area and reduction of man-made sea defences in critical or poor condition from an estimated 12 kilometres (km) to about 6 km. 	<ul style="list-style-type: none"> • DRM policies, plans and capacity strengthening interventions are not operationally and practically applied. <p>Risk:</p> <ul style="list-style-type: none"> • Deterioration in economic conditions with adverse impact on counterpart resources. <p>Mitigation:</p> <ul style="list-style-type: none"> • Increased allocation to maintenance being made under current sea defence strategy and GOGY has pledged continued focus on maintenance with support from development partners
CDB STRATEGIC OBJECTIVE III: PROMOTING GOOD GOVERNANCE				
Strengthening of Governance and Institutions	<ul style="list-style-type: none"> • Statistical capacity – constraints to data coverage and accessibility. • Weaknesses in project management. • Insufficient capacity to implement gender mainstreaming strategies. 	<ul style="list-style-type: none"> • Support the conduct of an independent poverty assessment in 2015/16. • Provide technical assistance (TA) to GOGY by exposing core technical staff to the Bank’s project management training programme with respect to project cycle management and managing for development results (MfDR), and the gender dimensions therein. 	<ul style="list-style-type: none"> • Improved capacity for strategic policy management and coordination, including evidence-based, gender responsive, decision-making and leadership for promoting GE. 	<ul style="list-style-type: none"> • Potential donor coordination challenges must be managed proactively. <p>Risk:</p> <ul style="list-style-type: none"> • Lack of political will to support the enhanced status of the National Machinery for GE. <p>Mitigation:</p>

Country Development Goals	Key Constraints	Caribbean Development Bank Interventions	Country Strategy Paper Outcomes and Indicators	Risks and Mitigation Measures
		<ul style="list-style-type: none"> Assist with capacity-building to support the operationalisation of the country's gender strategies through the provision of grant support under CDB's Gender Equality Policy and Operational Strategy (GEPOS). 		<ul style="list-style-type: none"> Continuous policy dialogue with senior government officials and decision-makers in the regional debate on good practices and lessons learned for sustainable gender mainstreaming.
CDB STRATEGIC OBJECTIVE IV: FOSTERING REGIONAL COOPERATION AND INTEGRATION				
Strengthening of Governance and Institutions	<ul style="list-style-type: none"> Weak capacity to take advantage of opportunities arising from regional integration initiatives. 	<ul style="list-style-type: none"> Access to Caribbean Single Market and Economy (CSME) and the Economic Partnership Agreement (EPA) stand-by facilities. 	<ul style="list-style-type: none"> Enhanced capacity for implementation of policies and/or programmes that promote regional integration. 	<p>Risk:</p> <ul style="list-style-type: none"> Limited human and technical capacity. <p>Mitigation:</p> <ul style="list-style-type: none"> Continuous support by development partners aimed at building human resources and technical capabilities.

1. DEVELOPMENT CONTEXT: KEY ISSUES AND DEVELOPMENT CONSTRAINTS

Macroeconomic Context

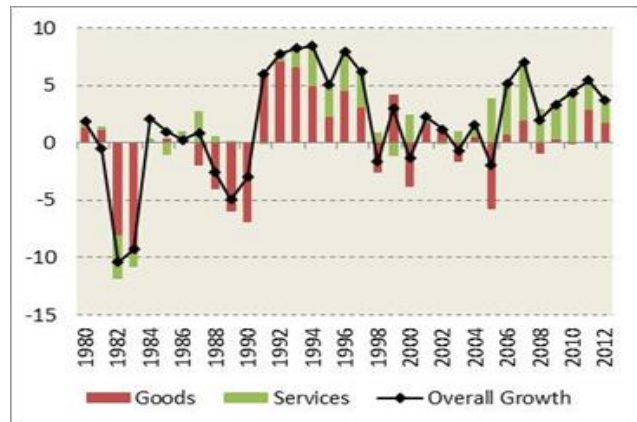
(a) Background

1.01 Guyana has not been spared the negative impact of the global recession of 2008-09, but after moderating to 2% in 2008, growth picked up to 3.3% in 2009 and 4.4% in 2010. This was an exceptional performance relative to most other borrowing member countries (BMCs) during the period. As most regional economies began a slow recovery in 2011, growth in Guyana accelerated to an estimated 5.4%, marking the sixth successive year of expansion. Preliminary estimates indicate that real GDP growth slowed to 4.3% in 2012. The slowdown reflected a shortfall in sugar production as first-crop production was 33.4% lower than in 2011 due to work stoppages and adverse weather conditions. However, non-sugar GDP continued to perform well and was buoyed by strong performances in mining and quarrying (14.8% growth), as well as services, including wholesale and retail trade, and transport and tourism, which registered overall growth of 3.9% compared with the corresponding period in 2011. The stronger performance of Guyana relative to other BMCs is largely explained by Guyana's non-reliance on tourism. While it is a key policy priority, diversification in Guyana has occurred more by expanding production to include additional primary products, than by shifting production to higher value-added goods and services. Thus, the goods-producing sector, comprising the agriculture, manufacturing and mining and quarrying industries, has traditionally been the principal driver of economic growth, although in recent years the services sector has frequently surpassed it in this regard (see Figure 1).

1.02 As Figure 2 indicates, agriculture is still the main economic activity, accounting for around 25% of GDP. Guyana has attributes – extensive coastal plains, abundant supply of fresh water and relatively low labour costs – conducive to a vibrant agriculture sector. Consequently, successive administrations have closely aligned the country's development policy agenda with investments in agriculture, particularly sugar and rice. The other major industry, mining and quarrying, mostly consists of bauxite, gold and diamond. Thus, while growing in economic importance and receiving increasing policy emphasis, the services sector, particularly export services such as tourism, remains underdeveloped.

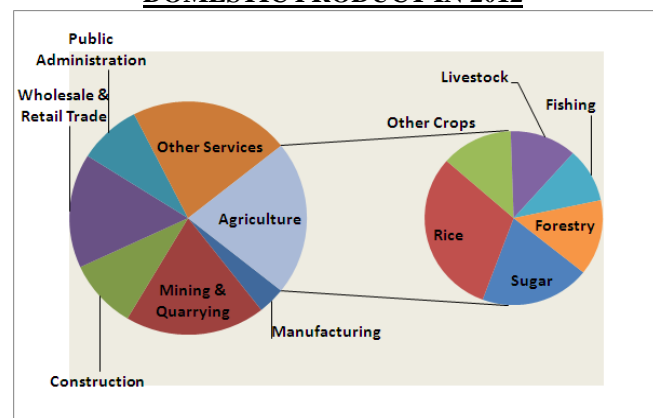
1.03 The financial system in Guyana is fully liberalised, adequately capitalised and profitable; but intermediation is low. Private sector credit as a proportion of GDP averaged 23.1% in 2006-2011 – much

FIGURE 1: REAL GROSS DOMESTIC PRODUCT GROWTH BY SECTOR (% CHANGE)



Source: United Nations (UN) statistics, CDB staff

FIGURE 2: INDUSTRY CONTRIBUTIONS TO GROSS DOMESTIC PRODUCT IN 2012



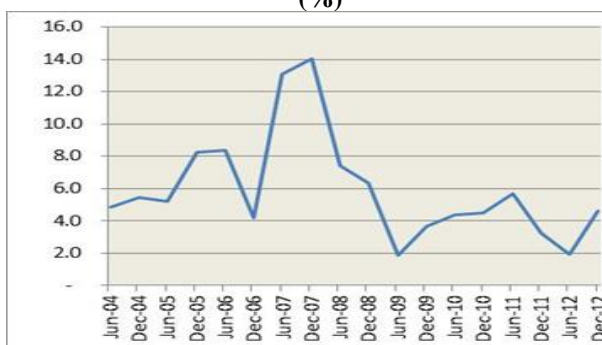
Source: Bank of Guyana (BOG), CDB staff calculations

lower than comparator countries^{2/} – and expanded by an annual average of nearly 20% in the years between 2006 and 2012, excluding 2009, when it slowed to 5.7% given uncertain economic conditions. Notably, in most years during this period there was double-digit growth in lending to key economic sectors such as manufacturing, agriculture, distribution and other services, as well as in mortgage loans. With strong credit growth resulting in broad money expansion, the Bank of Guyana (BOG) has generally engaged in open market operations to contain inflationary pressures emanating from both the broad money expansion and higher commodity prices. Liquidity levels have remained adequate and asset quality indicators have also remained stable. At the end of 2012, the ratio of capital to risk-weighted assets was 19.3%, well above the 8% minimum, while non-performing loans (NPLs) amounted to 5.9% of the total with 5.4% at the end of 2011, which was just above the 5% ceiling and low by historical standards. The stock market created in 2003 remains underdeveloped, with a small number of listed companies and low trading volumes.

1.04 Guyana relies heavily on commodity exports and imports the majority of its consumer and intermediate goods, with fuel as the main import. Together, exports and imports of goods and services account for over 100% of GDP, an indication of the high degree of openness of the economy.^{3/} On balance, Guyana's narrow export base and import dependence have offset the positive impact of remittances,^{4/} keeping the external current account in persistent deficits, which averaged -13.7% of GDP during the period 2006-2011. However, capital inflows have usually been more than sufficient to cover the current account shortfalls and a balance of payments (BOP) surplus was recorded in each year since 2006, with the exceptions of 2007 and 2011. Preliminary data suggests that the overall BOP registered a surplus (0.4% of GDP) in 2012.

1.05 Inflation has abated significantly from the 2007-08 spike triggered by the global food and oil price shock (see Figure 3). Inflationary pressures have decelerated somewhat over the last three years and reflected the reduction in global energy prices and the absence of domestic shocks, particularly in the agriculture sector, coupled with the application of prudent monetary policies.

FIGURE 3: CONSUMER PRICE INFLATION (%)



Source: BOG, Budget 2012, CDB Staff calculations

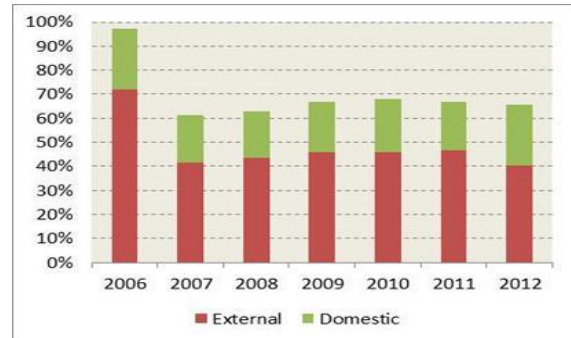
^{2/} 2006 Financial Sector Assessment Programme (FSAP) report. Low financial intermediation can be explained by rigidities in the supply of credit, which have resulted in significant loan concentration: the top 20 borrowers account for roughly a third of total loans. Credit rigidities include: difficulties in adequately assessing credit worthiness and problems in securing loan collateralisation due to inefficient land registration procedures.

^{3/} Exports and imports of goods and services were estimated at 138% in 2011, according to World Trade Organisation statistics.

^{4/} Remittances from the large Guyanese Diaspora have been a major source of foreign exchange, growing nearly nine-fold since 2000 and reaching a high of \$415 million (mn) (16.1% of GDP) in 2011.

1.06 The 2006 Household Budget Survey (HBS) estimates the labour force participation rates for men at 81%, against only 35% for women. The 2002 Census indicated workers concentration by sex and industry and by sex and occupation. Male-dominated industries include: construction (98%), agriculture, hunting and forestry (89%), transport, storage and communications (88%), and manufacturing (76%); while female-dominated industries include: private households with employment (78%), health and social work (77%), education (76%), hotels and restaurants (65%). Occupational concentration patterns indicate that men are over-represented among plant and machine operators and assemblers (95%), craft and related trades workers (90%), skilled agriculture and fisheries workers/farmers (87%), legislators, senior officials and managers (75%), and in elementary occupations (71%). Women are over-represented among clerks (67%) and technicians and associate professionals (60%).^{5/} There is gender balance among professionals, service workers, shop and market sales workers, further disaggregation of data may show micro segregation within the industries. The industry and occupational segregation patterns indicate a smaller range of opportunities for women in the labour market; this can be a factor contributing to their low participation rates.

FIGURE 4: COMPOSITION OF GUYANA'S EXTERNAL DEBT, 2012



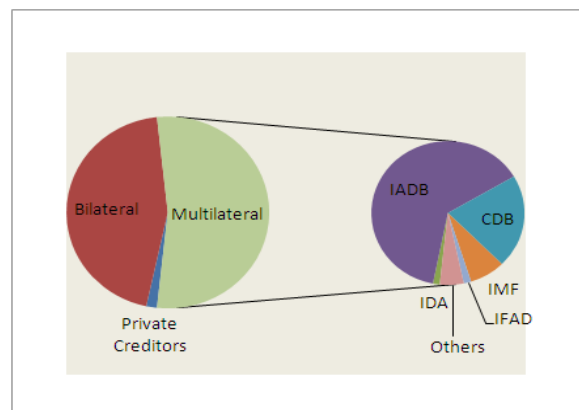
Source: GOGY

1.07 Unemployment levels declined from an estimate of 16.8% in the 1980 Census to an estimated 11.7% in the 2002 Census, while a HBS conducted in 2006 produced an estimate of 10.7% (9.2% for males and 14% for females).^{6/} Structural reforms geared at modernising traditional industries, as well as promoting small businesses and private investments, have gone a long way toward addressing the unemployment situation.

1.08 Similarly, fiscal reforms have improved the public sector's financial performance. From an annual average of 43.6% of GDP in the 1990s, the overall fiscal deficit has improved significantly to 4.2% of GDP during 2006-2011 and rising slightly to 4.8% in 2012.

1.09 Improved fiscal performance, in conjunction with substantial debt relief under the Highly Indebted Poor Country (HIPC), Multilateral Debt Relief Initiative (MDRI) and Paris Club arrangements, have led to a substantial reduction in debt ratios. By 2007, the external debt-to-GDP ratio was estimated at 40%, compared with a high of just over 600% in 1989, while the total debt-to-GDP ratio had fallen to the 60% international benchmark and, therefore, Guyana graduated from its 1997-initiated HIPC status. Although post-HIPC Guyana is still eligible for concessional funds, the World Bank's (WB) role, in particular the International Development Association, in financing Guyana's development has diminished considerably over time. The Inter-American Development Bank (IDB) and CDB, have taken over as Guyana's major

FIGURE 5: DEBT-TO-GDP RATIO (%)



Source: GOGY

^{5/} Percentages calculated based on data from 2006 Household Survey.

^{6/} Latest data available – unemployment is not systematically measured in Guyana.

multilateral partners (see Figure 4). Meanwhile, Venezuela accounts for nearly half of the bilateral debt, reflecting the impact of the PetroCaribe agreement, though China's share is growing.

1.10 At the end of 2012, Guyana's debt stock was 66% of GDP (see Figure 5), comprising external debt of 40.1% of GDP, with a low servicing cost (below 10% of revenue) on account of its highly concessional nature. The current debt sustainability assessment for Guyana points to only a moderate risk of debt distress. With a Country Policy and Institutional Assessment of 3.4 (medium performance), Guyana's debt metrics, under bound stress tests given its relatively high growth performance, suggest that the country's debt carrying capacity is relatively robust.

(b) Economic Outlook

1.11 The medium-term growth outlook is relatively optimistic.^{7/} The economy is forecast to grow by over 5% between 2013-15. Public sector investment will continue to be a key growth driver. Indeed, the 2012 budget maintained the focus of the previous budget on policy and financial support for infrastructure development. Significant outlay focused on improving roads and bridges, air and river transport, sea and river defences, D&I systems and access to housing, water, electricity and information and communication technology (ICT) services. Therefore, growth observed in the construction sector in recent years is likely to persist. Investment will also continue in traditional sectors, like agriculture, with a view to boosting productivity. At the same time, in partnership with the private sector, GOGY is pursuing a number of initiatives aimed at further diversifying the economy into non-traditional areas of activity such as tourism. Foreign direct investment and other external financing will also continue to contribute significantly to the development of both traditional and non-traditional sectors. Foreign inflows are anticipated in relation to large mining deals; offshore drilling by international petroleum exploration companies; and projects to develop alternative sources of energy such as hydropower and biofuel. All of these investments augur well for enhanced productivity, export-led growth, energy security, BOP equilibrium and domestic price stability over the medium-to-long term. The main downside risks to the growth outlook relate to the possibility of further delay in the global economic recovery.

Social Context

(a) Demography

1.12 From an all-time high of 790,000 in the 1980 census, the population declined by about 12% to approximately 724,000 in the 1991 Census. Since then the population increased to 751,223 in 2002. The latest estimate of 789,600 (mid-year 2011) suggests that this trend is continuing. Over 60% of the population is under 30 years of age and the percentage of persons 70 years is about 3.4% of the total population. Overall population density is low, averaging 3.6 persons per square kilometre (km²). However, approximately 60% resides in the urban communities along the narrow coastal strip, resulting in a density of 133 per km² in Region 4, in which the capital of Georgetown is located. In contrast, other areas, such as Region 9 in the rural hinterland have only about 0.3 persons per km². The age distribution of the population and the pattern of population distribution pose some challenges for the social and economic development of the country. In particular, the more populated areas facilitate the provision of physical and social infrastructure and social services, but the very high concentration of the population in the communities also raises housing, sanitation and other urban planning and development issues. In contrast, it is very costly for GOGY to provide essential infrastructure and services to the sparsely populated rural areas.

^{7/} Projections for key macroeconomic indicators are presented in Appendix 1.

(b) Human Development

1.13 The UN Human Development Index (HDI) moved from 0.699 in 1995 to 0.722 in 2000 and to 0.750 in 2005, but progress stagnated later with a reduction to 0.729 in 2007 and then to 0.633 in 2011. The indicators in Table 1 show that progress in key social indicators stagnated between 2007 and 2011. This suggests that while economic growth had been strong in recent years, this might not have translated into significant positive changes in socio-economic development overall.

TABLE 1: SELECTED SOCIAL INDICATORS

Indicator	2007	2009	2011
Life Expectancy (at birth years)	68.4	69.3	69.9
Infant Mortality Rate (per 1,000 live births)	19.3	10.8	14.4
Under-five Mortality Rate (per 1,000 live births)	22.3	14.3	17.9
Low Birth-weight babies (<2,500g) as a % of live births	11.6	10.1	N/A
Crude Birth Rate (per 1,000 persons)	19.8	18.9	18.8
Crude Death Rate (per 1,000 persons)	6.6	5.9	6.9
Net Migration ('000)	(10.8)	(6.4)	8.6
Reported Serious Crimes	3,428	3,356	3,583

Sources: Guyana Bureau of Statistics and Ministry of Finance (MOF)

1.14 The human development potential forgone because of inequality is indicated by the difference between the HDI and the Inequality-adjusted Human Development Index (IHDI).^{8/} Guyana shows an overall loss of 22.3%. In addition, the 2011 Gender Inequality Index (GII)^{9/} estimated score for Guyana (0.551) reflects a percentage loss in achievement across the three dimensions that arise because of gender inequality.^{10/} This suggests that the inequalities and gender disparities maybe a significant dimension, notwithstanding positive trends in economic growth.

1.15 The national Millennium Development Goals (MDGs) Reports prepared to date, (2003, 2007 and 2011) assess social and economic progress and the prospects for achieving the country's 11 targets under the first 7 MDGs. These targets are essentially the same as the global MDGs but with some of the indicators modified to suit local conditions. The 2011 Report indicates that the likelihood of achieving the MDGs by 2015 seems favourable for reducing hunger by 50%; achieving universal primary education; promoting GE and the empowerment of women; reducing under-five mortality; reversing the spread of the human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS); and ensuring environmental sustainability. Overall, the progress reports indicate that the prospects for achieving the targets are good in the areas of education, gender and the environment, but meeting targets related to health and poverty, areas in which gender inequalities are critical, is less likely.

^{8/} IHDI takes inequality into account across all three dimensions of the HDI by discounting the average value in each dimension according to the relevant level of inequality in a country. It can be expressed by a percentage.

^{9/} Reflects women's disadvantage in three dimensions – reproductive health, empowerment and economic activity. The GII shows the loss in human development caused by inequality between the respective achievements of men and women in these three GII dimensions.

^{10/} The United Nations Development Programme (UNDP). Caribbean Human Development Report 2012. The measurement of empowerment in the GII can be complemented by other indicators relevant to the context.

(i) *Education*

1.16 The education system in Guyana has undergone significant transformation in response to the development needs of the country in recent years. Progress has been made in increasing school enrolment and training of teachers.^{11/} This has resulted in the achievement of universal access at the primary level and a high degree of progress towards the achievement of universal secondary access. GOGY has commenced an enhanced programme of TVET to meet changing workforce needs.

1.17 Provision of the appropriate enabling environment for HRD is at the apex of the National Education Strategic Plan (NESP) 2008-2013, underpinning all of the priority areas outlined within the Plan. Central to the achievement of its education objectives has been investment in post-secondary education and training, with major interventions undertaken in the first four years of NESP, including the implementation of the CDB-sponsored Enhancement of TVET (ETVET) project, a critical aspect of such investment.

(ii) *Gender*

1.18 Another important goal for Guyana is the promotion of GE and the empowerment of women. Guyana is a signatory to the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Beijing Platform for Action. Access to education has improved and the number of women participating in the market has been increasing, albeit slowly (two-thirds of women of working age are classified as not engaged in any type of economic activity, compared to one-fifth of men (UNDP 2008). Moreover, women are increasingly being appointed to high decision-making positions.^{12/} Data gaps on gender balance/imbalance in decision-making at the community level, especially for traditional communities exist.

1.19 Threats to GE are addressed by five sub-units: (i) the Women's Affairs Bureau; (ii) the Domestic Violence Unit; (iii) Men's Affairs Bureau; (iv) the Women in GE Commission; and (v) the National Resources and Documentation Centre for Gender and Development housed in the Ministry of Labour and Human Services. In addition, the machinery for promoting GE in the country comprises a number of institutions and bodies that have a gender component in their mandates.^{13/} According to the latest country report to CEDAW, the investments in capacity for gender-related services focused on citizen's security (e.g. judiciary and police) and health (e.g. reproductive health, disaster relief and nutrition). There is little information about the overall coordination capacity of the gender mainstreaming machinery for the country or the systematic institutionalisation of GE by means of implementing a system-wide gender strategy.

1.20 Line ministries, as well as major sectors and programmes have engaged in long-term approaches to tackle the regional inequalities and structural barriers. However, gender analysis is rarely reflected on mainstream programmes and initiatives. For example, gender segregation in secondary education is not addressed;^{14/} the LCDS Paper is silent about the gender implications of the strategy itself; and the legal framework for the inclusion of the disabled and the migration policies fail to integrate a comprehensive gender approach.

^{11/}Gross secondary school enrolment increased to 100.7% in 2007 from 72% in 1985. Trained teachers in primary education as a percentage of total teachers rose to 57% in 2008 from 52% in 1999 (WB World Development Indicators, 2009). Pre-school enrolment moved to 49.2% in 2006, compared with 35.1% in 2000 (Guyana Multiple Cluster Survey, 2006).

^{12/}One of three Justices of Appeal is female; of a total of nine judges, four are females; and of an existing seventeen magistrates, nine are females.

^{13/}The Human Rights Commission; the Judicial, Police and Public Service Commission; the Police Complaints Authority; the Parliamentary Committee on Social Services; and administrative mechanisms to ensure stakeholder participation within ministries.

^{14/} Id.

1.21 The shadow reports discussed at the 52nd Session of the UN Committee on CEDAW (2012) highlight the factors that contribute to persistent, multi-dimensional discrimination against women and girls, specific ethnic groups, sexual minorities and disabled persons. However, further work on the collection, analysis and dissemination of updated and accurate data disaggregated by sex, age, race, ethnicity, geographical location and socioeconomic background is necessary for an accurate assessment of the multiple dimensions of gender inequalities.

(iii) *Environment*

1.22 Guyana is endowed with abundant natural resources and diverse ecosystems and encompasses some of the last large-scale tracts of tropical forest in the world. With its large surface area, small population and poor hinterland infrastructure, there has been limited pressure on its biodiversity and biological resources thus far, so these have remained more or less intact. It is estimated that 76% of its land area remains under forest, with much of this being primary forest with one of the slowest rates of deforestation in Latin America and the developing world and representing a large carbon store.

1.23 GOGY has made steady progress on the ‘Environmental Sustainability’ MDG. The 2011 MDG Progress Report indicates that Guyana has satisfied the target of integrating the principles of sustainable development into its national policies and programmes, with the development and approval of a range of environmental policies, strategies and plans for forestry, natural resources management, pollution control, disaster reduction and climate change.

1.24 Appendix 2 provides a fuller discussion of the context and progress in relation to environmental sustainability in Guyana.

(iv) *Health*

1.25 In health, several pieces of legislation have been enacted to modernise the sector and improve the quality of health care. In 2010, GOGY expended \$65.4 mn towards the implementation of the National Health Sector Strategy (2008-2012) and \$68.4 mn have been budgeted for the health sector in 2011. Life expectancy at birth was 67 years in 2007, compared with 62 years in 1985. Infants-under-five and maternal mortality rates have improved and there have been some gains in reducing malnutrition prevalence in children less than five years of age. Nonetheless, the provision of good quality health (as well as education) services tends to be hampered by the emigration of skilled personnel from these sectors.

(v) *Poverty*

1.26 The most recent Household Income and Expenditure Survey (HIES) concluded that, with 36.1% of the population living below the poverty line in 2006, the decline in poverty that occurred after the 1993 poverty study appears to have halted since 1999. In 1993, the poverty level reached a high of 43% but by 1999 had been reduced to 36.3%. Similarly, the extreme poverty level, which was 28.7% in 1993, declined to 19.1% during the six-year period. As in the previous studies, the 2006 Report indicated that poverty was more prevalent in rural areas, with the rural interior populated predominantly by Amerindians who had the highest levels of deprivation. Nineteen per cent of residents in the urban areas, as opposed to 74% of those residing in the rural interior, were living in poverty. As in 1999, 78% of the Amerindian population was living below the poverty line. This situation suggests that the key objective of the 2001 PRSP – to reduce the proportion of persons living below the poverty line to 31% by 2005 – was not achieved. It also indicates that, at best, households and communities did not advance much beyond the overall living conditions experienced in 1999.

1.27 Poverty in Guyana, as in other parts of the Caribbean, is multi-dimensional, with unemployment, low-paying occupations, low education levels, inadequate access to basic social services, and a lack of access to land, credit and infrastructure, identified as the main correlates. Low educational attainment, however, is probably the single characteristic with the strongest association to poverty. Poverty studies indicate that poverty rates decreased with increasing education levels, resulting in situations where the majority of the poor are not educated beyond the primary level, while a substantial proportion of the non-poor have at least a secondary level education. Other groups at risk of being poor include the aged, persons living in large households, the homeless, the disabled and youth — especially unemployed or out-of-school young people. As noted above, the Amerindian population living in the interior experience the highest vulnerability to deprivation. In addition, as noted by the CEDAW Committee, “the recent increase in pensions for women notwithstanding, women who did not contribute to the pensions system while working part-time, at home or performing other types of low-paid or unpaid work do not qualify to receive pensions”,^{15/} increasing their vulnerability to poverty during the senior years.

Key Development Opportunities and Challenges

1.28 Under-exploited opportunities include: (i) large pristine rainforest; (ii) abundance of natural resources and fertile agricultural lands; and (iii) strategic geographical location. However, several factors impede faster progress, including inadequate infrastructure; insufficient economic diversity coupled with binding constraints on PSD; high vulnerability to external shocks, including natural disasters, sea level rises and climate change; social challenges; and weaknesses in some areas of governance.

(a) Opportunities:

(i) *Fifteen Million Hectares of Pristine Rainforests*

1.29 Guyana’s LCDS, which aims to leverage environmental preservation to spur socio-economic development, could be its most important development tool. This strategy will see Guyana receiving substantial returns for reducing carbon emissions by avoiding deforestation and degradation. Guyana is the first country to have submitted a readiness plan for the new WB-administered Forest Carbon Partnership Facility and, as such, has already received and will continue to receive substantial financial transfers in return.

(ii) *Abundance of Natural Resources and Fertile Agricultural Lands*

1.30 Guyana is endowed with natural resources, not only minerals but also water. Hydroelectricity is a potential source of tremendous economic, social and environmental gains for the country and recently initiated oil exploration also indicates significant potential. Furthermore, Guyana has recently embarked on a programme to diversify its large agricultural base and has been aggressively pursuing market opportunities in the small farmer-dominated fruits, vegetables and fisheries subsectors. The country has access to the Caribbean Community (CARICOM) market and maintains an active trade in fish products with the United States (US). Further, Government has embarked on an aggressive programme geared at modernising the sugar industry, which should result in increased production with improved efficiency.

^{15/} CEDAW/C/GUY/CO/7-8 Committee. Concluding Observations of CEDAW: Guyana. July 2012.

(iii) *Strategic Geographical Location*

1.31 Guyana is strategically located between North and South America and shares a border with Brazil, a leading emerging market player. Guyana could potentially be the link through which the Caribbean expands its trade with Brazil and, through Brazil, with the rest of South America. Thus, Guyana has the potential to become a major trading hub for the Caribbean and the Americas.

(b) Challenges:

(i) *Inadequate Infrastructure*

1.32 Guyana's infrastructure is still inadequate due to the size and age of most of the infrastructure networks; the insufficiency of resources allocated to maintenance in the past; and the need to modernise institutions and systems to meet current and future demands. The application of modern and appropriate standards will also be key to the sustainability of future infrastructure investment. Indeed, only 21% of the road network is paved and, in the most recent assessment, 35% of the paved roads were classified as being in good condition, while the secondary and tertiary road networks are generally in poor condition. The improvement and expansion of the road network to improve trade linkages within Guyana and with neighbours, particularly Brazil and Suriname, continues to be a priority.

1.33 Investments that will improve the quality of water provided to customers will be essential for protecting public health and contributing to the achievement of outcomes expected from investment in other sectors, such as education. The reduction of NRW, improvement of water quality and increased coverage (new customers) are among the objectives that are vital for the sustainability of the operations of Guyana Water Incorporated (GWI). NRW is estimated at over 60% due partially to aging and deteriorating mains. Financial sustainability of GWI is dependent on a reduction in NRW and improvements to its commercial operations including increased energy efficiency. Approximately 84% of the population has access to improved drinking water sources and approximately 49% of the population has access to treated water. However, the approximate percentage of the population with access to improved drinking water masks significant differences among the coverage of urban and rural coastal areas and dispersed hinterland communities in Guyana. Many poor rural and hinterland communities in particular still do not have access to improved water sources and adopt such solutions as rainwater harvesting and fetching untreated water from canals and rivers. GOGY is expected to continue to target grant resources, principally through BNTF, in a scheduled approach to increase access to safe drinking water in these vulnerable communities.

1.34 Dynamic coastal processes, exacerbated by the effects of climate change, have heightened the importance of maintaining Guyana's sea defences. Approximately 70 km of sea defences require intervention over the next five years, 12 km of which are in poor or critical condition. Access to, and the price of, telecommunications is also a major problem, so too is the unreliability of electricity supply. Sub-standard transportation and telecommunication infrastructure, in particular, undermines Guyana's competitiveness, productivity and investment prospects.

1.35 Notwithstanding a natural resource base favourable to the development of a vibrant agricultural sector, output is relatively low by world standards due largely to inefficient production and transport infrastructure and systems. This is particularly evident in the vital sugar industry, where sugarcane productivity levels on several estates of GUYSUCO is sub-optimal. In recent years, GUYSUCO with the support of CDB and GOGY, has been able to achieve significant improvements in the efficiency of operations on selected estates. These improvements have largely been the result of investments in D&I infrastructure and mechanisation of production and harvesting systems. Expanding such investments to other estates is essential if the industry as a whole is to become globally competitive.

(ii) *Economic Concentration and Constraints to Private Sector Development*

1.36 Given the openness of the economy, the country is extremely vulnerable to changes in international market prices for its export commodities and its imports. Further, service exports are not adequately developed and the private sector is not sufficiently competitive and operates within a weak institutional context that constrains it from fully exploiting its potential, despite reforms^{16/} undertaken since 2004. Specifically, the absence of a comprehensive, integrated national policy framework designed to stimulate investment, industrial performance and commercial development is seen as one of the most significant impediments to PSD in Guyana. Other constraints identified by private sector stakeholders include: (i) restricted access to and high cost of credit for the retooling of manufacturing plants and small and medium-sized enterprises (SMEs); (ii) the absence of research and development, and training facilities for the manufacturing sector; (iii) acute scarcity of managerial capacity and a highly skilled, well qualified labour force due to migration; (iv) inadequate planning designed to integrate the technical/vocational education system to meet the needs of the private sector; (v) limited access to business skills training and business development services; (vi) the bureaucratic processes associated with regulatory approvals for private sector; (vii) high cost and unreliable power supply which has led most of the larger enterprises to invest in their own electricity generating facilities; (viii) high taxes on production (trade taxes added to corporate taxes); and (ix) inefficient trade logistics and inadequate port facilities which contribute to high transaction costs. Several of these issues are highlighted in WB’s “Doing Business” Report for 2012 (see Table 2), which ranked Guyana 114th of 183 countries overall for the ease of doing business. Moreover, the 2011-12 Global Competitiveness Report ranked Guyana 109th out of 142 countries in respect of international competitiveness. The results of these and other diagnostic and benchmarking exercises suggest that the reform and policy agenda needs to be broadened and deepened to improve the private sector business environment.

TABLE 2: RANKINGS ON EASE OF DOING

Sub-index/category	2012 Rank
Starting a Business	87
Dealing with Construction Permits	28
Getting Electricity	144
Registering Property	104
Getting Credit	166
Protecting Investors	79
Paying Taxes	115
Trading Across Borders	82
Enforcing Contracts	73
Resolving Insolvency	138

Source: WB Doing Business Website

<http://www.doingbusiness.org/data/exploreeconomies/guyana>

(iii) *High Vulnerability to Natural Disasters and Climate Change*

1.37 Guyana is also exposed to natural disasters, especially floods. Flooding is most prevalent in the coastal plains region which is 2.4 meters below sea level, hosts 90% of the population and where the bulk of the agricultural activity occurs. Risks associated with natural disasters are absorbed by the Government and agricultural producers, sometimes at substantial cost. The flood in 2005, for example, caused damages estimated at 60% of GDP. Guyana’s high susceptibility to natural disasters — compounded by the effects of climate change, as well as poor D&I — is a major source of its external vulnerability, undermining agricultural competitiveness and hard won gains in the fight against poverty.

1.38 Several deficiencies exist within the institutional framework for environmental management that need to be addressed. These include: implementing a solutions-based approach to issues; establishing performance criteria, standards and guidelines; capacity development; policy formulation; private/public sector participation and data management. Moreover, the establishment of effective protection arrangements against environmental and resource degradation requires, among other things; the specification of enforceable pollution standards; the development of appropriate land zoning strategies; the

^{16/}See Appendix 3 for a fuller discussion.

promotion of education and public awareness on all aspects of environmental management; and the development of legal mechanisms to promote compliance.

1.39 With respect to gender dimensions, a 2009 UNDP Report indicates that women in Guyana, due to their subordinate position politically, economically and socially, are more vulnerable to the effects of disasters. Yet, they are often more active in voluntary and informal community activities for disaster risk reduction, hence important agents of change. The Report also indicates that men are more likely to become ill during the disaster event, as social norms on masculinity and gender stereotypes often inhibit them from taking the necessary precautions. This illustrates the specific vulnerabilities women, men, girls and boys are subject to in case of disasters and the related impact in the economy. Therefore, gender differentials in the capacity to protect oneself and family members, the cost of income loss due to illnesses and injuries, as well as the loss of productivity due to increased responsibilities to care for the most vulnerable members in the communities need to be identified, documented and addressed.^{17/}

(iv) *Social Challenges*

1.40 A critical challenge to reducing poverty is the high cost of providing basic social services to residents in the sparsely populated rural areas, particularly in the Amerindian hinterland communities where poverty levels are among the highest in the country. The high proportion of youth and increases in the elderly population raise the challenge to cater to the economic and social needs of the youth and the application of appropriate social protection programmes that address the needs of the elderly.

1.41 In the education sector, quality and equity are major concerns. Regional disparities are high, as are student absenteeism, repetition and drop-out rates and the number of untrained teachers, especially in the hinterland (as much as 62% of teachers in the hinterland areas are untrained). There is also consistent loss of trained teachers to migration (10-18% annually). Moreover, students continue to perform poorly in specific areas, particularly English, Mathematics and the Sciences. Additionally, about 50% of schools are still in need of upgraded sanitary facilities and utilities and, at the secondary level, specialist rooms and laboratories need to be enhanced in order to meet minimum standards. Furthermore, despite the significant transformation the education system in Guyana has undergone in recent years, national statistics continue to indicate that a significant number of young people, especially males, remain unskilled and unemployed, particularly because they lack skills for sustainable employment. At the same time, increased investment in the country suggests a need for skilled labour in the long term and, while the economy is predominantly agriculture and natural resourced-based, the majority of graduates are in the fields of social sciences and humanities, which suggests some skills mismatch between graduates and the economic base of the country. Programmes at secondary and post-secondary levels therefore require greater relevance to labour market needs. Further, emerging areas of development, like tourism, highlight the gaps in existing programming when compared with national development needs. There are also concerns about the role of the University of Guyana (UG) in supporting the achievement of national development objectives.

(v) *Weak Governance and Other Institutional Fragilities*

1.42 Notwithstanding some critical reforms undertaken, the institutional framework remains relatively weak. Appendix 4 describes these reforms and provides a detailed analysis of the existing framework with supporting data, based on CDB's Governance Toolkit. A few issues emerge as key development challenges, particularly weaknesses in regulatory quality, corruption, government effectiveness and the rule of law. In particular, weaknesses have been observed in respect of GOGY's statistical capacity and project management capacity.

^{17/} UNDP. Enhancing Gender Visibility in DRM and Climate Change in the Caribbean: Country Assessment Report for Guyana. 2009.

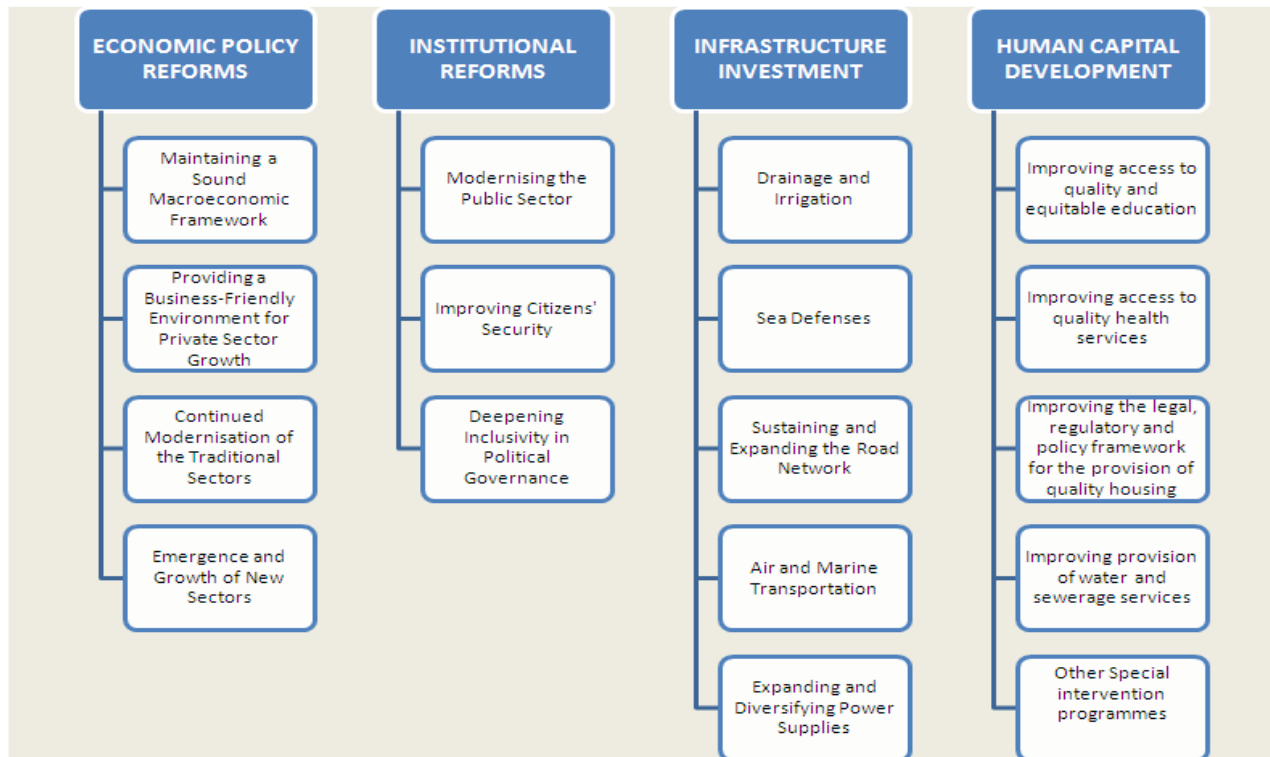
1.43 Previous gender assessments indicate concern on the lack of clarity of the National Machinery’s “authority, human and financial resources and capacity to ensure that GE policies are properly developed and fully implemented throughout the work of all ministries and government offices”.^{18/} The weak capacity to collect, analyse and disseminate sex-disaggregated data and qualitative information on the multidimensional features of GE is also an area of concern.^{19/}

2. GOVERNMENT’S DEVELOPMENT STRATEGY

Medium-term Development Strategy and Policy Agenda

2.01 Guyana’s core development thrust finds expression in two principal strategy documents. These are the country’s third-generation PRSP, as well as the innovative LCDS, both of which seek to guide the development agenda over the 2011-15 period. Together they provide an overarching, time-bound policy framework for various interlocking sectoral/thematic strategies and plans, which assists in attracting and managing resources for investment in the country’s development.

FIGURE 6: GUYANA'S POVERTY REDUCTION STRATEGY (2011-15) - KEY ELEMENTS



(a) Areas of Strategic Focus

2.02 As detailed in the schematic representation at Figure 6, the PRSP 2011-15 aims to: (i) promote broad-based private sector-led growth through economic policies and reforms; (ii) strengthen governance through institutional reforms; (iii) invest in socio-economic infrastructure; and (iv) enhance human capital through improved provision of critical social services. Further, the major cross-cutting element of the PRSP

^{18/} CEDAW/C/GUY/CO/7-8.Cit.

^{19/} Id.

is the pro-poor approach adopted throughout, in line with its ultimate goal of poverty reduction, which GOGY recognises as an important catalyst for development.

2.03 In its LCDS, GOGY has identified environmental sustainability and DRM as another cross-cutting, catalytic element in Guyana's socio-economic development. The key areas targeted for development are: (i) low-carbon economic infrastructure, including hydropower to reduce reliance on non-renewable energy sources; (ii) road development to improve access to non-forested land; (iii) upgrading sea defences to protect against future sea level rise; (iv) investment and employment in low-carbon economic sectors, including fruit and vegetable production, aquaculture and sustainable forestry and wood processing; and (v) investment in communities and human capital, thereby ensuring that indigenous communities and other citizens have improved access to health, education, renewable energy, clean water and employment, without threatening the sustainability of forest resources. Some of the projects linked to the LCDS are: (i) the provision of equity financing for the Amaila Falls Hydropower Project; (ii) support to the Amerindian lands demarcation process; (iii) rural electrification; (iv) financing for small and micro-enterprise development; and (v) support to the Amerindian Development Fund to finance indigenous community projects.

2.04 In the context of the ongoing global policy discourse on financing CCA and mitigation, Guyana has the potential and opportunity for using its carbon assets to leverage resources to help finance its development programme. To this end, Guyana joined the UN's "Reduced Emissions from Deforestation and Degradation" (REDD) Programme as a pilot country in October 2010 and subsequently signed a Memorandum of Understanding with the Kingdom of Norway. This agreement could see Norway paying Guyana an estimated \$250 mn by 2015, for carbon sequestration services. The Guyana REDD Plus Investment Fund (GRIF), with WB acting as trustee, was established as the financial mechanism between the two countries. Efforts are underway to finalise the supporting monitoring, Reporting and Verification System, which will serve as the basis for determining payments going forward. Work has also commenced on the valuation of other ecosystem services from the forests. Guyana will use the payments it receives and any income earned on them to finance its LCDS.

2.05 A synthesis of the two strategies highlights GOGY's four main areas of strategic focus for the period 2011-15: (i) infrastructure development; (ii) PSD; (iii) social and human capital development; and (iv) strengthening of governance and institutions. Appendix 5 provides details of sector-specific plans in each of these areas. Poverty reduction and environmental sustainability/DRM are the major cross-cutting themes in these strategies.

Analysis of Government's Strategy

2.06 GOGY's plans and programmes, as articulated in the various strategies generally provide a relevant and responsive basis on which CDB can anchor its interventions, despite lacking a strong results focus and being subject to critical implementation risks.

(a) Relevance, Responsiveness and Results Focus

2.07 By and large, the areas of strategic focus and cross-cutting themes identified reconcile with the key development challenges facing Guyana, as well as commonly-accepted development levers such as poverty reduction and environmental sustainability, implying a high degree of strategic relevance. The LCDS, in particular, is considered by many in the international community to be a bold and innovative approach for a developing country to use in addressing the challenge of sustainable development. In addition, the PRSP has benefited from broad consultation with stakeholders and significant effort is being put into the development of formalised mechanisms for stakeholder participation through community forestry organisations under the LCDS, which in each case helps to enhance responsiveness.

2.08 However, data limitations may reduce the ability to measure the development impact of the various strategies, as in the case of the PRSP which does not speak to Gini Coefficients as a key indicator of income inequality and where more than five years have elapsed since the 2006 HIES that provided the quantitative analysis of poverty on which it was based. Also, even though GOGY has signalled its commitment to the attainment of universal access at the basic education level in NESP, data limitations impacting upon the determination of enrolment rates may hinder decision-making, particularly in secondary education. Furthermore, considerations of GE are largely overlooked. For example, there is little discussion on the gender dimensions of poverty in the PRSP and no discussion of gender in the LCDS. In addition, whereas the LCDS recognises the need to take the special challenges facing the Amerindian community into consideration, the issue receives only cursory treatment in the PRSP. The PRSP also fails to discuss income inequality and important relationships such as that between poverty and educational attainment.

2.09 Furthermore, GOGY's failure to translate its strategic plans into a detailed implementation agenda or cast them within a results-based framework may pose some challenges for sequencing of interventions/policy measures, as well as monitoring and evaluation (M&E).

(b) Risks and Challenges

2.10 Substantial amounts of resources have been committed to support and facilitate programmes and projects to meet these strategic priorities, particularly in respect of the LCDS. However, financing considerations and the budget process could have been more fully integrated with the strategic planning process, thereby minimising risks related to resourcing the strategies. A key risk has emerged in terms of the budget formulation process, which in 2012 became problematic when the Opposition used its parliamentary majority to cut several budgetary provisions, including some related to projects under the LCDS.

2.11 Guyana's large size and limited technical capacity is another serious binding constraint for effective implementation of the LCDS, as well as the wider management and protection of its natural resources. In 2012, the decision was taken to establish the Ministry of Natural Resources and Environment. The Ministry has responsibility for forestry, mining, environmental management, wildlife, protected areas planning, land use planning and coordination, as well as climate change. Although this will reduce some of the previous inefficiencies related to institutional fragmentation, much work remains to be carried out to ensure consistency and cohesion of policies and work programmes and the delivery of tangible results on the ground. GOGY will also need to significantly increase technical and managerial capacity to tackle the many competing interests in key sectors regarding the use and development of land and the need for protection of valuable biodiversity and ecosystem assets. In recognition of this, GOGY has taken steps to put in place a national parks and protected areas system and has established a National Parks Commission.

2.12 Capacity constraints also pose a major risk to successful implementation of infrastructure projects. In this regard, limited capacity of local government institutions is an area of critical concern. These agencies are vital stakeholders in the development, operation and maintenance of public infrastructure. Their capacity to generate revenue, manage resources, and to create and enforce by-laws consistent with their responsibilities should continue to be an area of urgent focus for GOGY.

3. CARIBBEAN DEVELOPMENT BANK'S PROPOSED ASSISTANCE STRATEGY: 2013-17

Review of Previous Strategy

3.01 The last formal CSP for Guyana covered the period 2002-04. The Strategy was primarily geared towards reducing the incidence of poverty within the context of sustained economic growth and development and focused on specific areas where the Bank was deemed as having a comparative advantage and where complementarities with other key development partners existed. A mix of loans and TAs was therefore proposed with the following objectives: (i) strengthening social and economic infrastructure, thereby enhancing competitiveness in key productive sectors; (ii) promoting PSD and economic diversification in an effort to enhance resilience and lessen the country's vulnerability to external shocks; and (iii) building capacity and strengthening institutions in critical sectors through training and other interventions in areas such as macroeconomic and project management. See Appendix 6 for the detailed review, which is summarised here.

(a) Design Process and Quality at Entry

3.02 The CSP predated CDB's adoption of the MfDR framework for strategic planning. As a result, the Strategic Plan at the time (2000-04) focused on operational outputs and outcomes of the Bank rather than the BMCs, which limited the extent to which the CSP assistance programme could be effectively aligned with CDB's strategic priorities. In the absence of a rigorous analysis beyond a brief summary of GOGY's Public Sector Investment Programme (PSIP), alignment with GOGY's strategic thrust was also relatively weak. Furthermore, the CSP did not include an M&E framework or a results matrix to track the programme's results against specific performance indicators, although the CSP summary matrix broadly identified the expected benefits associated with each proposed intervention.

(b) Strategy Utilisation

3.03 In all, \$56.4 mn (roughly two-thirds) of the indicative resource envelope of \$85.5 mn was approved for projects programmed under the CSP. Only 3 of the identified 12 TA grants were approved. However, in addition to the projects identified in the CSP, two loans were approved during the CSP period and three others were approved post-CSP, while four previously unidentified TA grants were approved post-CSP. Various factors influenced the approval of unidentified projects, including the protracted period in renewing the CSP, the occurrence of natural disasters which led to the approval of previously unidentified DRM projects and, the creation of the Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund), which provided an alternate source for financing PSD in the area of industry and trade.

(c) Portfolio Performance

3.04 According to CDB's Annual Review of the Project Portfolio (ARPP) 2012, Guyana's portfolio of capital projects under implementation during 2011 recorded a 'Highly Satisfactory' Project Performance Index (PPI) score of 6.1, compared to a score of 5.9 for the total portfolio. In addition, a PPI of 6.1 was calculated based on a weighted average of the scores for the capital projects approved for Guyana and under implementation during the 2002-2012 period. The performance indicators were especially high for 'Strategic and Policy Relevance', but lower for the 'Sustainability' criterion. This indicates that the projects were expected to achieve their stated national and sector objectives, in a resource-efficient or effective manner. However, the relatively lower 'Sustainability and Institutional Development' ratings reflect the impact of implementation delays and capacity constraints on the longevity of the realised outputs and outcomes after project implementation.

3.05 Systemic issues affecting project implementation include: weak implementation capacity, due to the lack of technical and managerial staff; long delays in the evaluation of bids; and low procurement thresholds, which aggravates timely decision making. At the end of 2011 one project was deemed 'at risk' (Community Services Enhancement) on account of an institutional strengthening component of the project which remain outstanding due to lack of capacity and little political will on the part of GOGY to implement. This component of the project was cancelled during 2012. The age of the project was 6.2 years.

(d) Development Impact/Results

3.06 Notwithstanding the challenges encountered in respect of strategy utilisation and project implementation, the outputs and outcomes associated with the projects undertaken during the review period are generally congruent with the strategic objectives and expected outcomes of the 2002-04 CSP.

(i) *Strengthening social and economic infrastructure*

3.07 The widening and rehabilitation of the East Bank and West Bank Demerara Roads improved the quality and increased the capacity of those sections of roadway, and has likely resulted in a reduction of average road user costs. However, the expansion in housing development and commercial activity within the area served by these roads has led to the traffic on these sections of the roadway matching or exceeding the projections made at the start of the strategy period. This has resulted in peak-time congestion and a diminution of the anticipated savings in travel time. The rehabilitation and upgrading of approximately 130 km of community roads was also financed during the period and, along with providing improved access to existing economic and social activities, the roads have stimulated other construction activity within the project communities.

3.08 The construction and rehabilitation of stellingen (docks) and markets have provided improved facilities for the movement of people and goods and to support employment in Regions 2 and 3. The sea defence works constructed at Profit-Foulis contributed to the protection of the agricultural and residential activities in the project area, but further erosion in areas adjacent to the project also highlighted the need for a more comprehensive and informed approach to the planning of sea defence activities.

(ii) *Promoting private sector development and economic diversification*

3.09 There was no CDB intervention to facilitate PSD in Guyana as envisaged under the Bank's 2002-04 CSP. Although there were extensive discussions and agreement regarding the need for TA to support the development of the tourism and manufacturing sectors, as well as the Tourism Demand Study and TA for the formulation of an industrial policy, they did not materialise. This suggests the need for closer monitoring of country strategy implementation at both the Bank and country level.

(iii) *Building capacity and strengthening institutions*

3.10 The ETVET project, designed to improve access and enhance the quality and effectiveness of TVET, provided two new fully equipped institutions, as well as enhanced resources and equipment for three existing institutions, capacity building for teachers, instructors and administrators, activities for improved governance of the sub-sector and assisted in the establishment of a framework for the further development of TVET in Guyana. With operations at the new institutes commencing in January and February 2012 respectively, to-date 361 students have registered. Fourteen have already gained employment and 155 are currently in work study programmes with industries. Principals at all of the institutes in the country have also received training in Jamaica.

(e) Lessons Learnt

3.11 The following key lessons learnt can be drawn from the experience of the previous country strategy:

(i) *Capacity constraints in the public sector cause delays in project implementation*

3.12 Limited project implementation capacity in key ministries resulted in project implementation delays and consequential difficulties for individual projects. To ensure maximum effectiveness, the Bank's proposed strategy for 2013-17 will take into account these capacity constraints in the design, structure and expected outcomes of its strategic interventions.

(ii) *Guyana's high external vulnerability and the unpredictability of resource inflows can significantly weaken the ability to pursue reforms*

3.13 An unfavourable external environment during the early years of the strategy period (events of September 11, 2001, falling commodity prices and global economic downturn) resulted in insufficient fiscal savings and or other incentives to implement the programme in a timely fashion. For the 2013-17 strategy, the Bank will design its interventions with realistic implementation time frames, taking due cognisance of the global macroeconomic risks.

(iii) *Country ownership and commitment are essential for programme success*

3.14 The preparation of the Country Strategy involved extensive discussions with GOGY and other key stakeholders regarding the constraints to economic development; GOGY's policy agenda; and medium-term strategy and development needs. Emanating from those discussions was a clear position by GOGY on the specific areas for the Bank's interventions. This lent itself to a relatively successful programme, notwithstanding the implementation bottlenecks.

Strategic Focus of New Strategy and Expected Overall Outcomes

3.15 The proposed strategy is shaped by three primary realities. First, the indicative areas of support represent those that are deemed priority and are consistent with GOGY's growth and development pillars as articulated in the third generation PRSP, as well as the LCDS. The central policy thrust surrounds tackling poverty on a sustained basis by providing greater access to basic social services; improving the country's talent pool to take greater advantage of the emerging opportunities in the growing economy and enhancing competitiveness; and responding to the climate change phenomena through coastline protection. Second, the Bank has chosen to support Guyana in areas where it already has a presence in an effort to reduce transactions costs and maximise development impact by building on important lessons learnt. Third, the Strategy is dimensioned to be consistent with GOGY's borrowing strategy. This requires a high degree of concessionality in an effort to balance the Government's development finance needs with the objective of improving medium-term debt dynamics. However, given the high degree of concessionality (minimum grant element of 35%) set as a basis for contracting development finance, Guyana has access to a reduced pool of funds. The Strategy therefore supports a project mix that optimises the use of this envelope.

3.16 The strategy will, therefore, focus on a few critical results areas linked to CDB's strategic objectives: (i) promoting broad-based economic growth and inclusive social development; (ii) supporting environmental sustainability and DRM; (iii) promoting good governance; and (iv) fostering regional cooperation and integration. Cross-cutting objectives include GE and environmental sustainability which will be integrated into the CSP interventions at all levels.

3.17 Across the project cycle, the Bank will ensure gender analysis elements and sex disaggregated data are duly incorporated in planning, implementation and M&E, and that the consultative processes include representatives of women and men from the communities involved.

Priority Areas and Sectors and Linkages with Proposed Lending Programme

(a) Promoting Broad-Based Growth and Inclusive Social Development

(i) Outcome 1: Improved access to, and quality of, social and economic infrastructure

3.18 Over the CSP period the Bank can support the development of critical infrastructure projects that add significant value to the country's poverty reduction focus by upgrading water systems. Any interventions involving the upgrading of transmission or distribution mains would be undertaken in areas in which the existing water supply is treated, or as components of projects that will increase the coverage of treated water. Projects will seek to focus on increasing access for/to the poorest communities and households; and employment in construction and rehabilitation projects will target women and men, as well as marginalised groups.^{20/} This outcome will be achieved through:

- (aa) Water Sector Enhancement Project: Infrastructure to contribute to GWI's efforts to improve operational and financial performance through NRW reduction and improved water quality; and
- (bb) BNTF Programme: sub-projects in basic community access and water supply enhancement.

(ii) Outcome 2: Increased agricultural production and productivity

3.19 CDB will support GOGY in its efforts to improve the efficiency and competitiveness of the sugar industry by financing investments aimed at upgrading production and harvesting systems and infrastructure on selected GUYUSUCO estates.

- (aa) GUYUSUCO Efficiency and Productivity Enhancement Project

3.20 Guyana is also expected to benefit from the results of several planned regional TA projects in the agriculture sector, including:

- (aa) research in protected agriculture;
- (bb) management of trans-boundary diseases;^{21/} and
- (cc) improving field productivity.^{22/}

^{20/} This relates in particular to BNTF supported interventions.

^{21/} Black Sigatoka and Red Palm Mite.

^{22/} Particularly of roots and tubers.

(iii) *Outcome 3: Improved quality and access to education and training*

3.21 To ensure that the education sector is responsive to the country's development needs, Guyana has embarked on a range of activities which it proposes to expand and consolidate over the next five-year period. CDB can seek to support GOGY in the following areas:

- (aa) further upgrading of technical institutes to support national expansion of competency-based education and training and the implementation of CVQs;
- (bb) establishment of new mini special purpose centres and/or satellite centres to respond to demand in particular industries and locations; and establishment of special centres to meet the needs of specific emerging growth areas of the economy;
- (cc) pursuit of a balanced/proportional gender and ethnic representation of trainees in skills development programmes, projects and sub-projects, based on labour market research; and
- (dd) implement BNTF sub-projects gears towards the rehabilitation and upgrading of basic schools to improve access to safe and child-friendly schooling and sub-projects in HRD to provide early stimulation and development for children from remote and underserved areas who may be particularly at risk for educational failure.

3.22 It is also recognised that in order to meet its development needs, the Ministry of Education (MOE) will require TA in the areas of data gathering and reporting; and policy development, especially with respect to early childhood development and inclusive education.

(iv) *Outcome 4: Improved private sector operations and development through training and capacity-building*

3.23 To support PSD, CDB can seek to support the efforts of GOGY to:

- (aa) improve access to credit by developing relationships with financial institutions and identifying opportunities for capacity building and intermediation of CDB's resources by eligible financial institutions; and
- (bb) provide training and capacity-building TA through its CTCS network to build private sector capacity in SMEs and SME clusters identified by the Institute of Private Enterprise Development (IPED); other financial institutions; SME agencies; and the Small Business Bureau (SBB).

(b) Supporting Environmental Sustainability and Disaster Risk Management

(v) *Outcome 5: Enhanced protection and sustainable management of natural resources and reduced vulnerability to natural disasters*

3.24 The Bank will seek to support efforts aimed at strengthening environmental sustainability and DRM, as well as CCA in three areas: (i) investments in the construction and rehabilitation of sea defence

infrastructure to improve climate resilience and DRM; (ii) strengthening incorporation of environment adaptation to climate change and DRM considerations into projects and TAs financed; and (iii) facilitate Guyana's benefit and participation from CDB's regional capacity building and resource mobilisation activities in the environmental sustainability thematic area.

- (aa) Sea Defence Infrastructure Programme: Construction and rehabilitation of sea defences at West Coast Berbice and other locations identified by GOGY;

(c) Promoting Good Governance

- (vi) *Outcome 6: Improved capacity for strategic policy management and coordination, including evidence-based, gender responsive, decision-making and leadership for promoting GE.*

3.25 CDB proposes to:

- (aa) support the conduct of an independent poverty assessment in 2015/16, that will provide indicators that would more accurately assess the country's progress in achieving the MDGs and will ensure responsiveness to the post-2015 agenda, including mainstreaming gender in the poverty assessment processes;
- (bb) provide TA to GOGY by exposing core technical staff to the Bank's project cycle management training programme; and
- (cc) assist with capacity-building to support the operationalisation of the country's national strategies on gender through the provision of grant support under CDB's GEPOS.

(d) Fostering Regional Cooperation and Integration

- (vii) *Outcome 7: Enhanced capacity for implementation of policies/programmes that promote regional integration*

3.26 Guyana will be eligible to access two newly-established, European Union (EU) funded, CDB-administered facilities — the CSME Stand-by Facility for Capacity-Building and the Caribbean Forum-EU EPA Stand-By Facility, which are intended to provide capacity-building to Caribbean states to assist them in achieving benefits from participating in implementation of CSME and EPA, respectively.

Resource Envelope

3.27 Table 3 outlines the interventions proposed in the Strategy that would be funded by GOGY through borrowings from CDB, which amount to a total indicative resource envelope of \$47.17 mn. This is a combination of \$35.9 and \$7.67 mn in loan and grant funding, respectively.^{23/}

^{23/} The loan funds are indicative and reflect assumptions with respect to country allocations under SDF 8. Moreover, the degree of concessionality for individual loans will be determined at the time of project appraisal.

TABLE 3: INDICATIVE RESOURCE ENVELOPE
(USD mn)

INTERVENTION	LOANS	GRANTS
Promoting Broad-based Growth and Inclusive Social Development		
(a) Water Sector Enhancement Project	8.00	
(b) GUYSUICO Efficiency and Productivity Enhancement Project	7.50	
(c) TVET Upgrade Project	7.00	
(d) BNTF 7 Support		6.15
(e) CTCS Support		0.42
Supporting Environmental Sustainability and DRM		
(a) Sea Defence Infrastructure Project	17.00	
Promoting Good Governance		
(a) TA to conduct a poverty assessment; project cycle management training; and gender analysis capacity building under GEPOS.		0.58
Fostering Regional Cooperation and Integration		
(a) Support for CSME and EPA implementation		0.52
TOTAL	39.50	7.67

3.28 BNTF under the Seventh Cycle (BNTF 7), approved on October 24, 2012, will directly address poverty in the outcome areas of basic community access, water supply enhancement and HRD. Under BNTF 7, the project in Guyana is estimated at \$7.095 mn. CDB will provide \$6.154 mn in grant funding from its Special Development Fund (SDF) 7 (Unified) resources; and GOGY approximately \$0.941 mn in local counterpart. The main components of the Guyana BNTF project are: (i) funding for sub-project interventions of \$5.616 mn with GOGY providing a counterpart amount of \$0.296 mn; and (ii) an amount of \$0.538 mn from CDB with GOGY providing approximately \$0.645 mn for project management support; institutional development; and M&E. Notional indicators are included in the results matrix for BNTF activities. These indicators will be refined on completion of the programming of funds by GOGY as part of start-up activities during the preparatory phase of BNTF 7 during the first to third quarter of 2013.

Donor Coordination

3.29 In addition to CDB, Guyana's key development partners include, among others: IDB; the European Commission (EC); Canadian International Development Agency (CIDA); the United Kingdom Department for International Development (DfID); WB; and the International Monetary Fund (IMF). The main activities of these agencies are outlined in Appendix 7 in terms of current and prospective programmes.

4. RISKS AND MONITORING AND EVALUATION

Strategy Implementation Risks

4.01 Based on the lessons of experience from implementing the previous Country Strategy, as well as the medium-term outlook, the following are deemed to be the main risks to the successful implementation of the proposed CSP 2013-17:

(a) Implementation Capacity and Governance

4.02 The extent to which the proposed strategy is successfully implemented hinges on the implementation capacity and good governance practices of various executing agencies. Based on lessons learnt, capacity constraints are a major impediment to effective and successful project execution. The Bank will take into account these capacity constraints, as well as governance best practices, in the design and expected outcomes of its proposed strategic interventions.

(b) Delays in Donor Support

4.03 The success of CDB's proposed interventions to a large extent depends on timely complementary support from other donors. Delays in donor support, as well as insufficient donor funding could adversely affect the successful implementation of CDB's proposed strategy. To mitigate this risk, the Bank will consult and coordinate closely with donors during the implementation of its proposed strategy.

(c) Exogenous Shocks

4.04 While the macroeconomic outlook is favourable, it is subject to significant downside risks given the country's vulnerability to external economic shocks and natural disasters. The Bank will therefore design its interventions taking these risks into account.

Strategy Performance Monitoring

4.05 CDB intends to adopt a logical framework that is results-oriented to monitor and evaluate CSP outcomes. A results matrix is included in the document which matches the strategic objectives and expected outcomes/results of the CSP with the country's key development challenges and goals to which the proposed interventions are aligned.

4.06 Implementation of the Strategy will be monitored on an ongoing basis by the Economist assigned to Guyana, with inputs from sector specialists and project coordinators as needed. A mid-term review of the CSP will be due 24 months after approval, at which time any changes to the Strategy necessary to maintain relevance, responsiveness and results orientation may be made. Once the CSP has expired, a final review will be conducted in order to distil lessons for incorporation into the CSP for the next cycle.

SELECTED MACROECONOMIC INDICATORS

Item	2008	2009	2010P	2011E	2012E	2013F	2014F	2015F	2016F
Real GDP (%)	2.0	3.3	4.4	5.4	4.3	5.5	6.0	5.7	3.7
Investment (% of GDP)	19.0	16.5	16.8	22.7	20.4	25.4	32.5	34.7	31.0
Inflation - end of period (%)	6.4	3.7	4.5	3.3	4.6	6.0	5.5	5.3	4.0
General Government fiscal balance (% of GDP)	(3.6)	(3.5)	(2.7)	(3.0)	(4.6)	(3.1)	(3.3)	(3.0)	(3.2)
General Government primary balance (% of GDP)	(1.9)	(1.9)	(1.0)	(1.5)	(3.4)	(1.7)	(2.0)	(1.8)	(2.0)
General Government Gross Debt (% of GDP)	61.6	64.9	65.3	65.2	60.4	60.0	58.0	58.0	56.3
Private sector credit (% Change)	21.8	5.7	19.0	19.9	9.3	9.4	10.7	10.8	7.8
Private sector credit (% of GDP)	22.8	22.8	24.4	25.6	25.6	25.6	25.6	25.6	25.6
External current account balance (% of GDP)	(13.2)	(9.1)	(9.9)	(13.6)	(14.0)	(17.6)	(23.2)	(22.3)	(19.4)
Nominal exchange rate/US\$	203.6	204.1	203.7	204.0	206.1	209.1	213.3	217.6	220.9
Memo:									
Nominal GDP (G\$ billion)	391.5	413.1	460.1	525.7	574.6	628.6	696.0	771.4	831.4

Sources: IMF World Economic Outlook (October 2012), Bank of Guyana and CDB

Notes:

- Investment or gross capital formation is measured by the total value of the gross fixed capital formation and changes in inventories and acquisitions less disposals of valuables for a unit or sector
- General Government includes central, state and local government units but not public corporations

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

Context

1. Guyana's 215,000 km² is endowed with abundant natural resources and diverse ecosystems and includes some of the last large scale tracts of tropical forest in the world. With its size, small population and poor hinterland infrastructure, there has been limited pressure on its biodiversity and biological resources and these have remained more or less intact. It is estimated that 76% of its land area remains under forest with much of this primary forest. Of this, 135,800 km² is classified as State Forest. The current rate of deforestation remains one of the slowest rates in Latin America and the developing world estimated between 0.02 – 0.06% loss over the period 1990 and 2009.

2. According to the National Biodiversity Action Plan, the mix of forest types in Guyana provides habitat for 6,300 plant species and 2,298 known animal species. In 2010, an estimated 2.3% of its land area enjoyed protected area status. This included the Kaieteur National Park 62,000 ha; the Iwokrama Wilderness Preserve (360,000 ha); and the Wai Wai - Konashen protected area (625, 000 ha) in Southern Guyana under the Amerindian Act. In 2011, GOGY enacted the Protected Areas Act and the Shell Beach (144,000 ha) and Kanuku Mountains (611,000 ha) were declared protected areas under the Act, significantly increasing the area enjoying protection to an estimated 6%. With its large store of carbon and wealth of natural resources, Guyana is considered a major provider of global environmental services.

Progress on Environmental Goals

3. With its wealth of natural resources it is not surprising that the country's economy is heavily dependent on the primary sectors: gold and bauxite mining, agriculture, forestry and fishing. Although, in general, development pressures related to the exploitation of these resources are considered relatively low, gold and diamond mining includes a significant element of small and medium scale operators using mercury^{1/} in their dredging operations, with the potential for significantly impacting the health of rivers, creeks and forested areas, as well as the health of the small Amerindian population living in these areas. With increasing international demand for some minerals, Guyana's gold, diamonds, bauxite, manganese and timber resources are attracting foreign investment interests. Onshore and offshore oil exploration activities are also ongoing. With growth in investment in the mining sector, there is potential for stakeholder conflict, as well as the need for a more strategic approach in the management of its natural resources and to establish management policies that reflect internationally accepted best practices.^{2/}

4. GOGY has made steady progress on the Environmental Sustainability Goal with respect to the MDGS (see Table 4). The 2011 Progress Report (UNDP 2011), indicates it has satisfied the target of integrating the principles of sustainable development into its national policies and programmes with the development and approval of a range of environmental policies, strategies and plans for forestry, natural resources management, pollution control, disaster reduction and climate change. The most notable of these is the 2009 LCDS.

5. The country has also made significant progress on the other performance indicators for access to basic services: water and sanitation. However, its size and the remoteness of many communities means that although overall coverage has improved, more work needs to be done to address issues of water quality and reliability and to improve housing quality and sanitation practices, particularly in remote hinterland communities.

^{1/} Guyana has adopted a policy to significantly reduce the use of mercury in the gold mining sector.

^{2/} A new ministry of natural resources is developing a sector strategy to mitigate this conflict.

TABLE 4: SUSTAINABILITY GOAL 7 2005-2010 (%)

Halve the Proportion of People Without Sustainable Access to Basic Needs	2005	2010
Access to an Improved Water Source (% of population)	83	93
Rural %	83	91
Urban %	83	98
Access to Improved Sanitation Facilities (% of Population)	70	81
Rural	60	80
Urban	86	85
Forest Area (% of Total Land Area)	85.7	76.7
Nationally Protected Areas (% of Total Land Area)	0.3	2.3

Data Source: Little Green Book, 2010 World Bank Publication

Climate Change and Disaster Risk Management

6. Guyana's current climate is primarily influenced by the El Niño Oscillation which, in its warm phase, causes Guyana to experience reduced rainfall, resulting in significant drought in some regions, while in the cold phase (La Niña) the country experiences increased and prolonged periods of rainfall. There is significant uncertainty over the likely changes in the El Niño Oscillation associated with climate change. However, observed climatic changes have been occurring with an increasing temperature trend of an estimated 0.07 degrees centigrade per decade. Changes in rainfall are less certain due to the influence of El Niño Oscillation although there is the suggestion of slightly negative median changes up to 2090s.

7. Guyana's coastal area is the low-lying delta of the Berbice, Mahaica, Demerara and Essequibo Rivers. This fertile coastal strip (77 km wide in the east and 26 km wide in the west) includes Georgetown the capital city and is home to 90% of the total population (est. 800,000) and an estimated 75% of its Gross National Product (GNP) producing activities. Most of this fertile coastal strip, composed of Amazon clay deposits is below the high tide water level resulting in a highly waterlogged topography. Coastal geomorphology is dominated by westward moving Guyana current that transports large mudbanks. The movement of these mudbanks creates a cyclic pattern of coastal erosion and accretion processes along the shoreline and are a contributory factor to very rapid and dynamic changes in coastal geomorphology and the impacts on the country's sea and river defence systems.

8. Agriculture and settlement in this coastal area have been accommodated by the establishment of an intricate D&I system consisting of a network of dams, canals and sluices designed in the early to mid-19th century. In addition, its shoreline is protected by 80 km of which are defensive structures that range from earthen banks to concrete walls. Both anthropogenic factors (poor maintenance of drainage, sea and river defence structures and the removal of mangroves), as well as natural processes associated with cyclic movement of mudbanks along the coast have resulted in significant deterioration and disrepair of the drainage and sea defence systems.

9. Climate model projections for this Region predict that sea level in the Region of Guyana is increasing at a rate of more than 10 millimetres per year, or 2-5 times faster than the global estimate. This rise coupled with increased extreme rainfall and storm surge events will likely exacerbate the population's vulnerability to flooding and the regular breaching of its already weakened sea defences. It should be noted that sea level rise will likely have significant impacts far inland due to the salinisation of agricultural lands and the attendant reductions in productivity compounded by due changing climatic conditions.

10. Despite being a net sink for greenhouse gas emissions, due to its large carbon store, its geography and historical settlement development have made it one of the most vulnerable countries to climate change. In a 2007 WB Policy Paper it was identified as one of the 10 countries most vulnerable to sea level rise associated with climate change.

11. Major hazards that affect Guyana include coastal and riverine flooding and drought; and recurrent features because of the influence of the El Nino Oscillation. There is also a moderate to high risk to fires, as well as industrial hazards associated with the mining industry. A 2008 UNDP study estimated that between 1988 and 2006 flood events resulted in more than \$663 mn in economic damage. The January 2005 floods in the coastal zone affected 25% of the population and resulted in economic loss estimated to be equivalent to 60% of its GNP; served to galvanise the country towards a more proactive approach for vulnerability reduction; and has seen the development of improved policies and strategies for vulnerability reduction with the support of its development partners. The replacement and maintenance of sea and river defence structures and drainage system will therefore continue to be a key investment priority, commanding a substantial portion of investment in its physical infrastructure investment programme.

PRIVATE SECTOR DEVELOPMENT

1. The private sector in Guyana is characterised by economic activities across the primary (agriculture, fishing and mining and quarrying), secondary (manufacturing, engineering and construction) and tertiary sectors (transportation, ICTs, commerce, tourism and business services). With the exception of some large-scale foreign-owned mining, forestry, tourism and communications interests and locally-owned construction, beverage and alcohol production firms, the private sector in Guyana is dominated by SMEs which are mostly domestically-owned and inward looking. Although small firms are unable to reap economies of scale, SMEs in Guyana make a significant contribution to employment creation and income generation in agriculture, agro processing, arts and craft, entertainment and transportation. In addition to SMEs, Guyana has a significant informal private sector comprised of artisans and persons engaged in petty trading and cottage industries.

2. The investment framework offers foreign and local investors equitable treatment and both have the right to establish, own and operate business enterprises and to engage in all forms of economic activity. The Guyana Office for Investment (GOINVEST) was established in 2004 as a semi-autonomous body under the direct purview of the Office of the President to provide investment promotion and facilitation services to foreign and domestic investors.

3. The Investment Act of 2004, provides the overarching regulatory and legislative framework for the protection of private investments in Guyana. The Act eliminates differential application of incentives between foreign and domestic firms; and allows, *inter alia*, for investments in all spheres of economic activity, the repatriation of profits and the hiring of foreign personnel who have the right to repatriate their net earnings, guarantee of intellectual and property rights of investors. With regard to the ownership of property, the Statutes of Aliens Act legislates that foreigners be treated the same as Guyanese in the ownership and disposal of all movable and immovable property. By statute, the regime of incentives extends to all private sector activity in Guyana and include zero-rate or waiver of Customs Duty and Consumption Tax on plant machinery and equipment, as well as raw materials and packaging used by manufacturers and small businesses; unlimited carryover of losses from previous years; accelerated depreciation on plant and equipment; full and unrestricted repatriation of capital, profits and dividends; and tax holidays primarily for investments in the tourism, mining and ICT sectors. Other important legislation enacted by GOGY includes the Small Business Act (2004) with a mandate of providing incentive regimes and support programmes for small businesses, which led to the establishment of the SBB and the Small Business Council (SBC); with the SBC acting as an oversight and advisory body to the SBB.

4. Under the National Competitiveness Strategy (2006) which is aimed at enhancing the competitiveness of Guyana's economy both in terms of reforms to institutions and initiation of policies, projects and programmes. GOINVEST is being reformed to improve its efficiency and effectiveness, including a review of the Investment Act to further reduce outstanding discretionary loopholes and revise GOINVEST's mandate. To date the "Doing Business in Guyana Guide" has been updated and disseminated and a review of the role of the Export Promotion and Investment Council is ongoing.

5. To complement government agencies, private sector organisations provide advocacy and business development services for members. In particular, the Private Sector Commission – an apex organisation – provides advocacy for all private sector organisations and business entities particularly in the areas of tax reform, trade transactions and redundant laws. Additionally, IPED promotes and encourages the development and growth of industry through the provision of supervised credit, (maximum loan size 20 million Guyana dollars (GYD 20 mn) or approximately \$100,000) business guidance and TA to medium-sized enterprises across Guyana.

GOVERNANCE AND INSTITUTIONAL DEVELOPMENT

Review of Institutions and Systems

(a) Political/Administrative System

1. Guyana gained independence from Britain on May 26, 1966, following centuries of colonial domination, first by the Dutch (from the late 16th Century until 1814), then by the British until independence. In 1970, Guyana became a Republic. The Republic is governed by an Executive President and a unicameral parliamentary legislature, with a National Assembly comprising 65 elected members and one representative from each regional district.

2. There are two main political parties in Guyana – the People’s Progressive Party and the People’s National Congress - that have historically been aligned with specific ethnic groups, namely persons of East Indian and African descent, respectively. In the 2006 election, the governing People’s Progressive Party-Civic (PPP-C) received a clear mandate and served the full five-year parliamentary term. General elections held on November 29, 2011 returned the PPP-C to power, but without a parliamentary majority, setting the stage for more consultative and consensus-driven decision making. The new dispensation performe entails greater involvement in decision making by opposition parties who collectively won 33 seats to the PPP-C’s 32. Of the 33 seats, 26 were won by the main opposition coalition formed in the run-up to the election – A Partnership for National Unity, which encompasses the People’s National Congress Reform, the Guyana Action Party, the National Front Alliance and Working People’s Alliance. The remaining seven seats were secured by the Alliance for Change.

3. The country also operates a system of local government based on 10 administrative regions, each of which is under the jurisdiction of a Regional Democratic Council (RDC). The City of Georgetown and five towns are administered by municipal councils. RDCs supervise activities delegated to the 65 Neighbourhood Democratic Councils (NDCs) and 76 Amerindian Village Councils, which have local administrative jurisdiction. The primary responsibility of RDCs is to manage the affairs of the Regions in respect of political, economic, cultural and social development, in a manner that ensures their efficient and equitable development. RDCs supervise activities delegated to NDCs and other local institutions in the Regions. NDCs are responsible for maintenance of secondary roads, dams, bridges and other structures in their areas. This is financed from local rates and taxes and subventions from the Central Government. Although the local government system helps to facilitate citizen participation in the development of the country, there is need for reform in order for it to broaden its participatory development function. Local government elections have not been held since 1994, raising questions with respect to effective governance and political inclusion.

(b) Legal System

4. Unlike most English-speaking countries in the Caribbean, which are based solely on the Common Law system, Guyana has a hybrid system that has been influenced by Dutch law, particularly in the area of land tenure. There are two types of laws in Guyana: (i) common law made by judges in court cases; and (ii) statute law, or law of the land, made by Parliament. The Constitution is the supreme law of Guyana. It outlines the branches of government and their powers, establishes qualifications and times for elections, lists basic human rights and sets up independent institutions to protect these rights. All laws made by Parliament must be consistent with the provisions of the Constitution. Enforcement of the law is carried out through a three-tier court system, which is made up of: (i) eight Courts of Summary Jurisdiction — commonly referred to as Magistrates Courts — responsible for criminal cases and small claims civil suits; (ii) the High Court, which has general jurisdiction in both criminal, civil and land

matters; and (iii) the Court of Appeals. The Court of Appeals was until recently the final court in Guyana; however, judicial appeals can now be taken to the Caribbean Court of Justice (CCJ).

5. There have been several reforms to the system in recent years, notably under the Justice Sector Reform Strategy 2006-2010. This programme sought to improve the quality, efficiency and efficacy of service delivery in justice sector institutions, promote more efficient interactions among justice institutions and improve access to justice for citizens. The programme encompassed reforms of organisation structures and mandates; staff training; review and reform of staff numbers and pay levels; improving equipment and infrastructure; creating greater autonomy and efficiency in the management, administration and financing of both the Judiciary and the office of the Director of Public Prosecutions and modernising management and administration systems. The programme complemented work to reduce the backlog of civil and criminal cases and the delays in the management and adjudication of cases through the design and implementation of new case flow management procedures.

(c) Public Financial Management

6. The institutional framework for Public Financial Management (PFM) as it is today has been strengthened significantly by reforms adopted from around 2003. These reforms established new legislation and regulations, created new institutions where necessary, streamlined and re-engineered existing treasury and budgetary processes and procedures and introduced operational and regulatory enhancements. Presently, key pieces of legislation and regulations include the Fiscal Management and Accountability Act, as well as the Audit Act, Procurement Act, Customs Duties (Amendment) Order No. 2 and Fiscal Enactments (Amendment) Act No. 2 which promotes fiscal discipline and have precipitated improved fiscal outcomes. Some of the newly created institutions involved in PFM are the Guyana Revenue Authority, the Office of the Auditor General and the National Procurement and Tender Administration Board. Critical new PFM systems include an integrated financial management information system and oversight mechanisms such as operating rules for the Public Accounts and Economic Services Committees of Parliament.

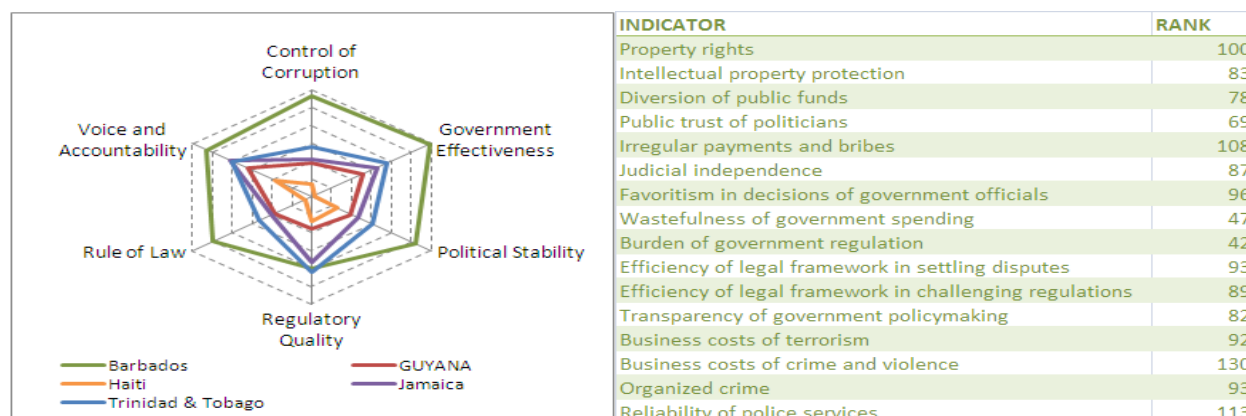
(d) Statistical Capacity

7. Statistics produced for Guyana are broadly adequate for surveillance purposes in terms of coverage. The Bureau of Statistics (BOS) has done considerable work to strengthen the national accounts, including the rebasing of GDP to 2006 prices, with TA from the Caribbean Regional Technical Assistance Centre (CARTAC). In January 2010, BOS also adopted a new HIES and launched a new Consumer Price Index (CPI) series, reflecting more items in the basket and revised weights. BOS is also responsible for compiling and disseminating social statistics and has benefited from TA provided by IDB in this area. Labour market information is presently not systematically collected; although BOG produces estimates of growth in public and private sector employment. The fiscal authorities have made progress in implementing IMF recommendations to improve compilation of Government Finance Statistics and adopt the methodology of the Government Finance Statistics Manual (2001). BOG has likewise made significant progress in improving the quality of monetary statistics, especially as regards institutional coverage, and provides excellent and timely coverage of financial prudential indicators.

Governance Toolkit Analysis

8. Notwithstanding the laudable reforms undertaken, the institutional framework remains relatively weak. The radar chart below provides a snapshot of Guyana's outcomes relative to regional comparators based on six key governance elements taken from WB's Governance Database. *Voice and accountability* is the only area in which Guyana approaches regional averages, whereas it underperforms in respect of *government effectiveness, rule of law, regulatory quality, control of corruption* and *political stability*.

The adjacent table shows Guyana’s ranking out of 142 countries on related indicators from the World Economic Forum’s Global Competitiveness Index 2011-12.



9. *Voice and accountability* measures the extent of citizens’ participation in government selection, as well as freedom of expression, freedom of association and press freedom. In this regard, the various institutions and mechanisms necessary for ensuring government accountability are mostly in place: workers are entitled to union representation and have freedom to strike. Efforts are ongoing to improve civil society engagement and representation of minorities and other vulnerable groups, especially the Amerindian community.^{1/} However, the failure to hold local government elections since 1994 is a significant issue to citizen participation in local government selection.

10. *Government effectiveness* speaks to the quality of public services; the quality of the civil service and its degree of independence from political pressures; the quality of policy formulation and implementation; and the credibility of Government's commitment to such policies. *Regulatory quality* is a related measure that refers to the ability of Government to formulate and implement sound policies and regulations that permit and promote PSD. In respect of these two elements of governance, some of the critical issues relate to relatively centralised decision-making processes which can fuel perceptions of non-transparency of government policymaking (on which Guyana ranked 82nd of 142). Statistical capacity is also an issue in relation to ‘government effectiveness’ and ‘regulatory quality’, as the weaknesses in government agencies’ ability to collect, store and disseminate statistical information of sufficient quality in a timely manner limits GOGY and its development partners’ capacity to make evidence-based decisions and coordinate effectively in strategic policy management. Indeed, capacity constraints in the collection and dissemination of current social and economic data have had an adverse impact on GOGY’s ability to effectively monitor and evaluate its development outcomes, with negative implications for the continued flow of resources from development partners. Another area affecting ‘government effectiveness’ and ‘regulatory quality’ relates to GOGY’s project management capacity. In particular, implementing agencies have struggled to establish and maintain adequate arrangements for monitoring the performance of projects during their implementation and at the start of their operation. Inadequate coordination and communication among GOGY agencies and other key stakeholder agencies involved in projects also contributes to delays.

11. *Rule of law* measures the extent to which agents have confidence in and abide by the rules of society; the quality of contract enforcement, the police and the courts; as well as the likelihood of crime and violence. Guyana compares unfavourably on the protection of intellectual and other property rights, judicial independence, efficiency of the legal framework and the reliability of police services.

^{1/} For example, the creation of the Amerindian Village Councils.

GOVERNMENT OF GUYANA SECTOR-SPECIFIC STRATEGIES/PLANS

1. The achievement of Guyana's development goals will require that there is alignment and harmonisation between this overarching framework and key sector strategies, as well as annual budgets over the period. In recognition of this need, various sector strategies have been nested within or otherwise mapped to the four areas of focus in the LCDS and PRSP.

(i) Infrastructure Development

2. The continuing development of the country's infrastructure has been identified by GOGY as an essential pillar to support increased trade in goods and services within Guyana and with neighbouring countries. GOGY has attached priority to the development of road links with Brazil and Suriname and the development of a deepwater harbour in Berbice to benefit from economic activity expected to be generated through the implementation of the Initiative for the Integration of the Regional Infrastructure of South America. Reduction in transport costs and travel times are among GOGY's objectives with regard to its existing road network, together with improved maintenance and enhanced road safety. GOGY anticipates that increased agricultural productivity will be achieved by improving access to farms and markets through upgrading the road infrastructure serving agricultural communities.

3. GOGY's strategy with regard to the supply of potable water includes the ongoing expansion and upgrading of the infrastructure such that the population is provided with increased access to adequate quantities of safe potable water. Improvements to the wastewater management infrastructure in Georgetown will contribute to enhanced sanitation in the capital. Improved water management is also seen as necessary for improved agricultural productivity and for flood risk reduction. With support from WB through the Global Environment Facility, the improvement of drainage in the watershed served by the East Demerara Water Consultancy is being initiated through the collection of data, the creation of hydraulic models, and the development of an infrastructure plan under the Conservancy Adaptation Project that is being implemented through the Ministry of Agriculture.

4. Due to Guyana's geography and the situation of most of its social and economic activities along the coastal plain, ensuring the adequacy of sea and river defences is critical to the sustainability of those activities in the medium term. In 2009, GOGY developed a policy framework for the Sea and River Defence Sector. Strengthening the legislative frameworks and the institutional capacity of the Works Services Group to achieve GOGY's strategic objectives is being accomplished with the aid of development partners. The enhancement of its data acquisition and processing capabilities and the conduct of a comprehensive condition survey of the natural and man-made sea defences now provides GOGY with a suitable baseline for implementing its construction, rehabilitation and maintenance programme over the period 2013-17.

(ii) Private Sector Development

5. In its medium-term strategic outlook, Government will focus on the modernisation and diversification of production and development of an enabling environment for the private sector. GOGY is focused on improving the legislative framework, investment in infrastructure and creating a business environment for enabling private sector-led investment and growth. Government is seeking to enact legislation to fully liberalise the telecommunications sector in order to enhance the platform for the expansion of the ICT sector. Reforms relating to the passage of the Business Names (Amendment) Bill and the Electronics Transaction Bill to facilitate business registration on their anniversary date and on-line business transactions, respectively, are being contemplated. Other reforms for upgrading the capacity of GOINVEST to a one-stop shop for the delivery of permits and business licenses are also being pursued.

6. The establishment of a Commercial Court in 2007 sought to expedite the judicial process involving the business sector and GOGY intends to focus over the medium term on increasing the complement of judges and other staff to expedite the adjudication of business matters. In addition, institutional strengthening is planned to improve the efficiency of government agencies (including Customs Authority and Deeds Registry) responsible for regulating key areas of business activity.

7. With regard to the extractive industries, the strategy focuses on encouraging and facilitating exploration and investment in the petroleum sector and in the production of manganese, uranium and other rare earth elements. Government's strategy also seeks to encourage and facilitate agricultural diversification, large-scale investments in traditional and new food crops and providing infrastructure and training of farmers. Having regard to Guyana's comparative advantage in agricultural production, there is also a focus on expanding agri-business opportunities in fresh fruit and vegetables, livestock, aquaculture, soya beans and cashew nuts, and providing the necessary business and export support services. In the tourism sector, Government is pursuing the development of an international hospitality brand (Marriott Hotel) under a public-private partnership investment and is seeking to promote and market Guyana as a bird-watching, yachting and cruise ship destination at international trade shows.

8. To further contribute to business competitiveness, GOGY aims to further develop the ICT sector by expanding its investment in high-speed fibre-optic cable infrastructure from Lethem to Georgetown to facilitate high-speed wireless and universal access, build human resource capacity and advance its e-government action plan.

9. Recognising the importance of SMEs to economic development, Government plans to boost opportunities for SMEs through training, capacity building and access to financing. In the 2012 Budget, an amount of GYD22 mn (equivalent to \$110,000) was allocated for the administration of SBB and \$1.7 mn for the activation of the Small Business Development Fund (SBDF). It is anticipated that SBDF will facilitate the operation of the collateral guarantee scheme and provide assistance to SMEs and other business persons with viable business ideas. However, more resources would be required if SMEs are to capitalise on the opportunities that are being created, especially in the areas identified for agricultural diversification.

(iii) *Social and Human Capital Development*

10. The eight areas of priority set out in NESP over the five-year period 2008-2013 are designed to advance GOGY's education agenda. In addition to universal secondary education, the areas of priority include the provision of quality education; teacher education; TVET; inclusive education; school health, nutrition and HIV/AIDS; educational leadership; and M&E. With the assistance of CDB, GOGY has begun to address the needs in TVET. Two new technical institutes have been constructed, some existing institutions have received upgraded resources and equipment and significant capacity building and institutional strengthening have been effected. GOGY has also received assistance from WB to address its plans for teacher training and universal secondary education. Currently, MOE is conducting national consultations to inform the development of a policy for inclusive education.

(iv) *Strengthening of Governance and Institutions*

11. GOGY has been pursuing comprehensive reform to bring much-needed reinvigoration into local government entities from 1994, when local government elections were suspended to facilitate this process. However, due to difficulties in arriving at consensus by the governing and the opposition parties in Parliament, the reform measures have not yet been approved. GOGY has indicated that, notwithstanding this delay, it remains committed to resuming local government elections, as it is an important aspect of the country's democratic system. They also indicate that local government elections are essential to produce a

more effective local administration and as such are urgently needed for replenishment of the leadership of the NDCs and municipalities under a new local government system.

12. In an effort to address the challenges involved in collecting and disseminating information in Guyana, GOGY has embarked on an e-Governance project that involves the laying of fibre-optic cable, construction of a modern data centre; and other infrastructural provision to facilitate the electronic delivery of government services and information to the public, precluding the need for hinterland or far-off residents to travel long distances to access the same.

ASSESSMENT OF 2002-04 STRATEGY: IMPLEMENTATION MAY 2002-APRIL 2012

Design Process and Quality at Entry

1. The CDB CSP for the period 2002-04 was primarily geared toward reducing the incidence of poverty within the context of sustained economic growth and development. Therefore, the Strategy sought to dovetail the Bank's poverty reduction and growth promotion mandates with the development needs of Guyana. The Strategy also focused on specific areas where the Bank was deemed as having a comparative advantage and where complementarities with other key development partners existed. A mix of loans and TAs was therefore proposed with the following objectives: (i) strengthening social and economic infrastructure, thereby enhancing competitiveness in key productive sectors; (ii) promoting PSD and economic diversification in an effort to enhance resilience and lessen the country's vulnerability to external shocks; and (iii) building capacity and strengthening institutions in critical sectors through training and other interventions in areas such as macroeconomic and project management.

2. The indicative resource envelope totalled \$85.5 mn, the bulk of which (\$83 mn) was allocated to four capital projects to develop infrastructure in the areas of rural development, roads, HRD and agriculture. The remaining \$2.5 mn was earmarked for 12 TAs aimed at strengthening governance and institutions.

**TABLE 5: COUNTRY STRATEGY PAPER INDICATIVE PROGRAMME
AND RESOURCE ENVELOPE (2002-04)**

Project	OCR	SFR	TOTAL
<i>Capital Projects</i>	37.70	45.30	83.00
Secondary Towns Infrastructure Multi-Project	8.00	10.00	18.00
Road Improvement and Maintenance Project	14.00	16.00	30.00
TVET	4.70	5.30	10.00
Skeldon Sugar Modernisation	11.00	14.00	25.00
<i>Technical Assistance</i>	0.00	2.50	2.50
Development of Civil Works		0.15	0.15
Establishment of a Coastal Zone Management System		0.25	0.25
Preparation of an Industrial Policy		0.10	0.10
Establishment of a Training Programme		0.10	0.10
Preparation of a Tourism Market Demand Study		0.10	0.10
Preparation of a Strategic Plan for the Intermediate Savannahs		0.25	0.25
Programme Design Management and Implementation		0.15	0.15
Establishment of a Training Programme - Guyana Revenue Authority (GRA)		0.30	0.30
Public Sector Reform		0.40	0.40
Establishment of a Training Programme (Ministry of Tourism, Industry and Commerce)		0.10	0.10
Institutional Strengthening (Ministry of Home Affairs)		0.50	0.50
Capacity Building for Amerindian Village Management		0.10	0.10
Total	37.70	47.80	85.50

3. Generally, the design of the CSP reflected significant efforts to ensure relevance and responsiveness by identifying and prioritising the key development challenges to inform the assistance programme, which was also coordinated with the work of other donors to minimise duplication of effort and capitalise on areas of complementarity. However, the CSP's preparation predated CDB's adoption of the MfDR framework for strategic planning. As a result, the strategic plan at the time (2000-04) focused on operational outputs and outcomes of the Bank rather than the BMCs, which limited the extent to which the CSP assistance programme could be effectively aligned with CDB's strategic priorities. In the absence

of a rigorous analysis beyond a brief summary of GOGY’s PSIP, alignment with GOGY’s strategic thrust was not sufficiently robust. Furthermore, the CSP did not include a M&E framework or a results matrix to track the programme’s results. While the CSP summary matrix broadly identified the expected benefits associated with each proposed intervention, the lack of specific performance indicators against which to chart progress is further indication of the CSP’s lack of a results focus.

Strategy Utilisation

4. The Bank approved five loans and three TA grants for Guyana amounting to \$65 mn during the strategy period, while \$40 mn in loans and grants (three loans, four grants and one combination loan/grant) were approved post-CSP, for a total of \$105 mn across both periods (see Table 6). However, measuring CSP utilisation goes beyond examining the extent to which the programmed resources were utilised to look at whether the resources were utilised for the intended purposes and led to the intended results. A secondary but still important consideration is whether the resources were deployed within the CSP timeframe.

**TABLE 6: LOANS AND GRANTS APPROVED (GROSS) – CSP PERIOD
VS. POST-CSP PERIOD**

Approval Date	Project	Loan	Grant	Total
11-Oct-01	Establishment of Coastal Zone Management System		336,000	336,000
4-Oct-02	Tourism Market Survey and Action Plan		104,300	104,300
10-Oct-02	Institutional Strengthening of the GRA		300,000	300,000
14-Feb-03	CCJ	8,800,000		8,800,000
12-May-03	(Third) Road Improvement and Maintenance Project	19,102,000		19,102,000
17-Jul-03	Skeldon Sugar Modernisation	28,367,146		28,367,146
11-Dec-03	Secondary Towns Development – TA	683,000		683,000
3-Mar-04	Reconstruction of Sea Defences (2 nd loan)	7,350,000		7,350,000
Total CSP Period		64,302,146	740,300	65,042,446
31-Jan-05	Natural Disaster Management (Severe Flooding)	500,000		500,000
14-Jul-05	Community Services Enhancement Project (CSEP)	13,580,000		13,580,000
13-Oct-05	CSEP: Urban Management and Administration		100,000	100,000
10-Dec-08	Enhancement of TVET	7,500,000		7,500,000
15-Sep-09	Single Window Automated Processing System for Trade Transactions		874,500	874,500
15-Sep-09	Establishment of the Competition and Consumer Protection Commission		746,225	746,225
22-Jul-10	Community Roads Improvement Programme	16,292,000	158,000	16,450,000
17-Mar-11	Enhancement of the Regulatory Framework for UG		250,000	250,000
Total Post-CSP		37,872,000	2,128,725	40,000,725
Grand Total		102,174,146	2,869,025	105,043,171

5. In this regard, \$56.4 mn (roughly two-thirds) of the indicative resource envelope of \$85.5 mn was approved for projects programmed under the CSP. Only three of the expected 12 TA grants were approved. In some cases where programmed TAs did not materialise, this may reflect the disbanding of CDB’s Technical Cooperation Unit that would have identified (and would have been responsible for appraising) several of the TAs proposed for the establishment of training programmes. In the case of the TA for the preparation of an Industrial Policy, the anticipated request for assistance never materialised, which could be attributed to changing priorities and lack of coordination between the line ministry and MOF. In addition

to the three programmed TA grants, the TA loan component of the Secondary Towns Development Multi-Project (later renamed CSEP) was also approved during the CSP period, to finance preparatory work such as preparation of designs and bid documents, as well as a related TA grant, although the latter was approved post-CSP. The CSP's high level of utilisation therefore reflects the relatively large size of the capital programme, which mostly materialised as programmed in terms of the realisation of the identified projects within the original timeframes and resource allocations. Of the four capital project loans proposed, two (Third Road Project and Skeldon Sugar Modernisation) were approved during the CSP period and two (Enhancement of TVET and the capital component of Secondary Towns Development/CSEP) were approved post-CSP. Table 7 sets out the amounts approved relative to the CSP allocation for individual projects.

TABLE 7: AMOUNTS APPROVED AS A PERCENTAGE OF AMOUNTS PROGRAMMED FOR PROJECTS IN THE COUNTRY STRATEGY PAPER

Project	Programmed (\$mn)	Approved (\$mn)	Ratio (%)
Secondary Towns Infrastructure Multi-Project/CSEP	18.0	14.4	80
Road Improvement and Maintenance Project	30.0	19.1	64
Skeldon Sugar Modernisation	25.0	28.4	113
Establishment of a Coastal Zone Management System	0.3	0.3	134
Institutional Strengthening of the GRA	0.3	0.3	100
Preparation of a Tourism Market Demand Study	0.1	0.1	104
Sub-Total (CSP Period)	73.7	48.9	85
TVET	10.0	7.5	75
Total	83.7	56.4	84

6. In addition to the ones identified in the CSP, two other loans were approved during the CSP period — the CCJ Loan and Reconstruction of Sea Defences 2nd Loan. The first was part of a regional TA loan to finance the operations of the CCJ, which has contributed to the strengthening of the governance framework in Guyana. The second sought to reconstruct sea defences following a breach that resulted in damage to crops, livestock and property from coastal flooding. Three additional capital loans were approved post-CSP. One was for natural disaster management, triggered by the massive flooding in 2005, while the other two were community-based projects aimed at improving the governance systems, infrastructure and quality of basic services provided in several communities (Community Roads Improvement Programme and Secondary Towns/CSEP).

7. With regard to the four TA grants approved post-CSP, one represented the grant counterpart of the Community Roads Improvement capital project. Two others were aimed at establishing a competition commission and an automated processing system for trade transactions under the CDB-administered CARTFund created in March 2009, which seeks to help Caribbean countries boost growth and reduce poverty through trade and regional integration. The fourth was aimed at enhancing the regulatory framework at UG.

8. In sum, as Table 8 underscores, the occurrence of natural disasters led to the approval of previously unidentified capital projects for disaster management both during and after the CSP period, while the creation of the CARTFund, which was not in existence at the time the CSP was prepared, provided an alternate modality for financing PSD in the area of industry and trade. The other unidentified projects approved were generally in line with the strategic focus of the CSP on capacity-building and institutional strengthening.

TABLE 8: APPROVED VS. PROGRAMMED AMOUNTS BY STRATEGIC AREA/SECTOR

Strategic Objective/Sector	Programmed	Approved	Difference
Infrastructure Development	83.00	93.37	10.37
Rural Development	18.00	14.26	(3.74)
Roads	30.00	35.39	5.39
Education	10.00	7.50	(2.50)
Agriculture	25.00	28.37	3.37
Environment/Disaster Response	-	7.85	7.85
Private Sector Development and Economic Diversification	0.55	1.73	1.18
Industry and Trade	0.10	1.62	1.52
Tourism	0.20	0.10	(0.10)
Agriculture	0.25	-	(0.25)
Capacity Building and Institutional Strengthening	1.95	9.94	7.99
Project Management	0.30	0.26	(0.04)
Environment/Disaster Response	0.25	0.34	0.09
Macroeconomic Management	0.30	0.30	-
Governance	1.10	9.05	7.95
Total	85.50	105.04	19.54

Portfolio Performance

9. With regard to the loan portfolio for Guyana, as at April 2012, cumulative disbursements on the loans approved during the CSP period amounted to \$60.5 mn, while disbursements on loans approved after 2004 totalled \$22.9 mn. Of the five loans programmed in the CSP, only the Secondary Towns/CSEP TA loan had been fully disbursed as at April 2012, but the Secondary Towns/CSEP capital loan, Third Road Project and Skeldon Sugar Modernisation had undisbursed balances of less than 10% of the amounts approved, while more than two-thirds of the TVET enhancement project had been disbursed.

10. Notably, CDB's ARPP for 2010 identified Guyana among the seven BMCs recording the longest times from Board approval to loan effectiveness, singling out the TVET Enhancement loan that was approved in December 2008 and signed in April 2009, but did not become effective until conditions precedent were satisfied in May 2010. It was indicated that this project was delayed because the Project Management Unit took a long time to be established. Nevertheless, according to the ARPP, Guyana's portfolio of capital projects under implementation during 2010 recorded a 'Highly Satisfactory' PPI score of 6.2, which was the fourth highest score among CDB's BMCs for that year. In addition, a PPI of 6.1 was calculated based on a weighted average of the scores for the capital projects approved for Guyana and under implementation during the 2002-2012 period, as indicated in Table 9, the performance indicators were especially high for 'Strategic and Policy Relevance', but lower for the 'Sustainability' criterion. This indicates that the projects were expected to achieve their stated national and sector objectives, in a resource-efficient or effective manner. However, the relatively lower 'Sustainability and Institutional Development' ratings reflect the impact of implementation delays and capacity constraints on the longevity of the realised outputs and outcomes after project implementation.

**TABLE 9: PROJECT PERFORMANCE INDEX SCORES FOR PROJECTS
APPROVED SINCE 2002**

Project Title	Strategic Relevance	Poverty Relevance	Efficacy	Cost Efficiency	ID Impact	Sustainability	PPI Score
Skeldon Sugar Industry Modernisation	7.5	6.5	7.0	6.0	-	5.5	6.6
Third Road Project	7.5	6.5	6.0	7.0	-	5.0	6.3
Community Services Enhancement Project	7.0	8.0	5.0	7.0	2.0	3.0	5.2
Enhancement of TVET Community Roads	8.0	7.0	5.5	6.0	6.5	5.5	6.3
Improvement Programme	7.0	6.0	6.0	5.0	6.0	5.0	5.9
Weighted Average Score	7.4	6.7	6.1	6.2	2.1	4.9	6.1

11. Despite the generally high PPI scores, some projects had been flagged “at risk” as at April 2012. In Secondary Towns/CSEP, for example, the infrastructure works had been substantially completed by the end of 2009 and 96% of the loan had been disbursed. However, only one of four consultancies under the Institutional Strengthening component was completed and, at the end of December 2010, the National Development Corporation and project management staffing was determined to be inadequate to facilitate implementation of the remaining institutional strengthening components of the project. Project management personnel were to be assigned, along with an adequate number of suitably qualified and experienced staff, to permit the implementation of the remaining institutional strengthening components.

12. In addition to loans, the BNTF programme has been a major component of CDB’s Guyana portfolio. During the period of review, 2002-2012, GOGY implemented the BNTF 5 and 6 projects. The BNTF 5^{1/} project is practically complete. The BNTF 6 Programme, approved on July 24, 2008, is currently under implementation and provides for a holistic approach to poverty reduction. The Poverty Reduction Action Plan (PRAP) developed under BNTF 5 was revised to strategically align BNTF 6 within the framework provided by PRSP 2008-2012 for Guyana, which targets the needs of the poor in a systematic way. Table 10 shows the grant amounts approved under BNTF 5 and 6 programmes within the various categories during 2003-2012 period. Over the period 2003-2012 the major investment (82%) occurred in three sectors in poor vulnerable communities, *viz*: water supply improvement (33.85%), education enhancements (26.46%) and improvement in access (21.44%). The remaining 18% was programmed in health (9.37%), skills training and enhancement (5.24%), productive-related infrastructure (markets) (3.31%), day-care facilities (0.30%) and for maintenance (0.03%).

^{1/}BNTF 5 in Guyana was scheduled to be implemented from April 2002 to December 2007, but was initially extended until December 2011 as a result of additional funding received through the execution of a Contribution Agreement between CIDA and CDB on March 24, 2003. The Terminal Disbursement Date has been further extended to December 31, 2012 due to additional resources becoming available from exchange rate gains.

**TABLE 10: BASIC NEEDS TRUST FUND GRANT FUNDING APPROVED TO GUYANA
2002-2012**

Sector/Sub-sector	2003/4	2005	2006	2007	2008	2009	2010	2011	2012
Access - Roads and Footpaths	705,842	295,520	109,280	1,117,416	75,370	632,136	501,874	962,044	149,400
Maintenance								6,400	
Education Facilities	867,522	1,448,160	4,000	268,000		1,077,884		1,683,973	263,420
Day care Facilities									64,000
Water Supply Systems	1,106,292	775,784	959,560	788,640		1,704,784	1,311,498	156,320	378,493
Health Facilities	709,064	427,600		304,000				319,053	228,000
Production-Related Infrastructure	189,772			396,000			116,928		
Skills Training			173,788		49,200	381,880	394,536	112,000	
Total	3,578,492	2,947,064	1,246,628	2,874,056	124,570	3,796,684	2,324,836	3,239,790	1,083,313

Source: BNTF – Social Sector Division/CDB

13. At August 31, 2012, 100% of resources were committed for BNTF 5 and the project was 99% disbursed. In addition, BNTF staff and key stakeholders benefitted from training in MfDR in March 2010, which introduced the specific application of MfDR concepts and approaches to the BNTF programme.

14. BNTF 6 effectively commenced in 2010 and, under this Project, some 85% of resources were committed and 17% disbursed by the same period. The pipeline of sub-projects identified by GOGY in its PRAP for BNTF 6 was informed by the PRSP, findings of the HBS (2006), and sector plans and strategies for the period. The PRAP outlined that BNTF resources would be employed to support outcomes which: (i) enhance the productive capabilities of the poor; (ii) improve access to basic community infrastructure; (iii) enhance human development through education and training; and (iv) facilitate the resilience of micro, small and medium-sized enterprises to enhance the well-being of the vulnerable population. One approach taken to achieve these outcomes was to engage individuals and communities as stakeholders in the development process. The BNTF 6 project built on the training conducted in participatory community development methods by using BNTF resources to promote and support institutional capacity of the BNTF office staff, participation and partnership capabilities of beneficiaries and stakeholders, and synergies towards more comprehensive, sustainable and strategic approaches to BNTF development interventions.

15. Systemic issues affecting the implementation of all projects include: weak implementation capacity, due to the lack of technical and managerial staff; inordinate delays in the evaluation of bids; and low procurement thresholds, requiring frequent ministerial decisions.

(a) Building Capacity and Strengthening Institutions

16. Notably, the ETJET project, designed to improve access and enhance the quality and effectiveness of TVET, provided two new fully equipped institutions, as well as enhanced resources and equipment for three existing institutions, capacity building for teachers, instructors and administrators, activities for improved governance of the sub-sector and assisted in the establishment of a framework for the further development of TVET in Guyana.

Lessons Learnt

17. Drawing from the experience of the previous country strategy interventions and based on the review of the current portfolio, the following are the key lessons evinced:

(a) Capacity Constraints are Widespread Across the Public Sector

18. Limited project implementation capacity in key ministries resulted in project implementation delays and consequential difficulties for individual projects. To ensure maximum effectiveness, the Bank's proposed strategy for 2013-17 will take into account these capacity constraints in the design, structure and expected outcomes of its strategic interventions.

(b) Guyana's High External Vulnerability and the Unpredictability of Resource Inflows Can Significantly Delay Project Implementation

19. An unfavourable external environment during the early years of the strategy period (events of September 11, 2001, falling commodity prices and global economic downturn) resulted in insufficient fiscal savings and/or other incentives to implement the programme in a timely fashion. For the 2013-17 strategy, the Bank will design its interventions with realistic implementation time frames, taking due cognisance of the global macroeconomic risks, which still remain on the downside even if the global recovery is underway.

(c) Country Ownership and Commitment are Essential For Programme Success

20. The preparation of the Country Strategy involved extensive discussions with GOGY and other key stakeholders regarding the constraints to economic development, GOGY's policy agenda, medium-term strategy; and development needs. Emanating from those discussions was a clear position by GOGY on the specific areas for the Bank's interventions. This lent itself to a relatively successful programme, notwithstanding the implementation bottlenecks. Once again, the Bank's strategy for 2013-17 will ensure country ownership and commitment by engaging in extensive discussions with GOGY and other key stakeholders on the critical development needs over the medium term.

DONOR PROGRAMMES IN GUYANA

(a) The Inter-American Development Bank

1. The Inter-American Development Bank is Guyana's most important development partner, accounting for an estimated 63.4% of total multilateral lending to Guyana in 2011. IDB's assistance to Guyana includes loans and technical co-operations that support operations in infrastructure; economic growth; governance and public sector reform; and social sector development. IDB's current assistance strategy (2008-2012) focuses on three main pillars: (i) strategic infrastructure investment, focusing on energy and road infrastructure; (ii) enhanced competitiveness, focusing on export diversification and improving the business climate (including improved citizen security); and (iii) social development for growth, focusing on poverty alleviation and improved access to basic services, nutrition and poverty monitoring. IDB has also been playing a key role in the area of climate change as an implementing partner under GRIF, with responsibility for institutional strengthening through the development of a GRIF monitoring mechanism, as well as assisting GOGY in the identification of projects aligned to the LCDS.

2. While operations in the areas related to the 2008-2012 Strategy will continue, IDB is currently in the process of formulating its assistance strategy for the 2012-16 period. Preliminary indications are that the priority areas for intervention will be in line with the strategic priorities in GOGY's LCDS: (i) sustainable green energy; (ii) natural resources management; (iii) PSD; and (iv) public sector management, with Amerindian populations being addressed in a cross-cutting manner. The resource envelope available for the strategy period is, however, likely to be significantly reduced.

(b) The European Commission

3. The 10th European Development Fund's (EDF) assistance to Guyana for the period 2008-2013 totals 51 mn euros (€). EC's cooperation strategy for the period has two main purposes: (i) to support Government's policy in the area of coastal zone management; and (ii) to assist Government to achieve a more effective implementation of its PRS within the framework of macroeconomic stability. In the area of coastal zone management, EC's strategy aims for the following results: (i) rehabilitation of critical sea defences; (ii) effective donor coordination on the part of Government; and (iii) ownership of interventions embraced by Government. To speed up the pace of poverty reduction in Guyana, EC's strategy aims for the following key results, among others: (i) further progress made in PFM reform; (ii) the development of a medium-term policy and expenditure framework for the Ministry of Housing; (iii) update of the sector policy of the Ministry of Health; and (d) increased life expectancy in the Regions.

4. However, a large proportion of the 10th EDF allocation was uncommitted as at August 2012, which may affect the size of the allocation under the 11th EDF currently being negotiated. Preliminary indications are that the main areas of focus going forward will be sea defences, transport infrastructure —e.g. culverts and bridges, but not roads— and governance. In addition to its EDF allocation, Guyana also benefits from sugar accompanying measures, for which €165 mn have been allocated for the period 2007-2013, with €75 mn drawn down of the €90 mn first-tranche (2007-2010) maximum, while a maximum of €72 mn is available for the second tranche over 2011-13.

(c) The Canadian International Development Agency

5. CIDA no longer engages in significant bilateral activity in Guyana. It is therefore in the process of winding up projects in the areas of sustainable mining (environmental management and re-vegetation of mined-out sites), health (diabetic foot care), security (establishment of a family court) and PFM (contributing to funding of TA projects such as the development of a new Integrated Fiduciary

Assessment). Its interventions in Guyana now mainly form part of its regional programme for the Caribbean under its Sustainable Economic Growth Strategy, which aims to stimulate long-term economic growth and a more integrated regional economy, while addressing the security risks that crime and natural disasters pose to prosperity. Under this strategy, Guyana is benefiting from regional programmes such as: CARICOM Education for Employment, where CIDA is twinning the Linden Technical Institute with a Canadian college and the MOE is partnering through the TVET Council, to help build capacity and to develop mining-related programmes that are industry-driven; and the Caribbean Leadership Project, that aims to train senior managers in the public sector of Guyana. Guyana also benefits from regional initiatives to build capacity in local government and work with MSMEs to help them get bank access, as well as CIDA contributions to various agencies working in the area of disaster risk reduction.

(d) The United Kingdom Department for International Development

6. Like CIDA, DfID no longer maintains a bilateral programme with Guyana, apart from specific work in the area of agricultural diversification. Aid to Guyana now forms part of DfID's 75 mn pounds (£) regional programme for 2011-15, which focuses on three key areas: (i) wealth creation; (ii) security and governance; and (iii) climate change. With DfID's citizen security programme in Guyana completed, the country mainly benefits from the climate change and wealth creation programmes. The former assists in preparing for and reducing the risk from climate change and disasters, while the latter includes: (i) business environment reforms (through DfID's contributions to COMPETE Caribbean - £10 mn); (ii) assistance in implementing trade agreements (through DfID's contributions to CARTFund - £10 mn); and (iii) macroeconomic policy advice and training (through DfID's contributions to CARTAC - £4 mn).

(e) The International Monetary Fund

7. Since the last Poverty Reduction and Growth Facility credit ended in 2005, the IMF's interventions in Guyana have mainly taken the form of TA by CARTAC. Recent CARTAC assistance (up to October 2011) has been in the areas of: (i) financial sector supervision (banking supervision and credit bureau development); (ii) PFM (strengthening of internal controls and business processes, as well as capacity building); (iii) statistics (rebasement of national accounts and revision of CPI; and (iv) revenue administration (assessment of Tax and Customs information technology systems).

(f) The World Bank

8. Reflecting the limited allocation of IDA resources for Guyana, current WB-financed projects in Guyana are relatively small. In 2011, WB accounted for an estimated 1.4% of the total multilateral lending to Guyana. WB's CAS for the period 2009-2012 (no current plans for renewal) rests on two main pillars: (i) strengthening environmental resilience and sustainability; and (ii) improving education quality and social safety nets. In the area of strengthening environmental resilience and sustainability, the CAS aims to achieve the following outcomes: (i) protected and sustainably managed pilot forest areas; and (ii) improved ability on the part of Government to reduce exposure to natural disasters and climate change risks. To date support has been mainly through the Guyana Conservancy Adaptation Project to develop technical tools for issues associated with catastrophic flooding and CCA. With respect to improving education quality and social safety nets programmes, the strategy aims to contribute to an improvement in teacher training, institutional capacity and service delivery both in terms of educational services and social protection programmes. In this regard, WB is supporting a pilot project in M&E, with a focus on gathering and validating of data. WB is also supporting expansion of secondary education through: the Education for All Fast Track Initiative, which will terminate in December 2012; the Guyana Teacher Education Project to enhance capacity and programmes at the Cyril Potter Teacher Education College,

which runs until 2015; and UG Science Project, designed to enhance Science facilities at UG, which has not yet commenced.

TABLE 9: DONOR MATRIX

Strategic Area	Specific Intervention	Donor Support
Infrastructure	Roads, bridges, sea and river defences Sugar modernisation	CDB, IDB CDB
Private Sector Development	Improving business climate	CIDA, CDB, IDB
Social Development/HRD	Safety nets Education Health (HIV/AIDS) Housing Water and sanitation, rural electrification	DfID, CDB CDB, CIDA, WB CIDA, IDB, WB IDB DFID, IDB, WB
Environmental/DRM	Coastal zone management Avoided deforestation	CDB, EC IDB, WB
Governance/Institutional Strengthening	PFM strengthening and reforms Financial sector reforms Statistics Budgetary support Improving government effectiveness Justice sector reform	CARTAC, IDB, IMF, WB CARTAC, IMF, IDB CARTAC, IDB EC CIDA, DFID IDB

MAPS OF GUYANA

