

**CARIBBEAN DEVELOPMENT BANK**

**TWO HUNDRED AND SEVENTY-FOURTH MEETING OF THE BOARD OF DIRECTORS**

**TO BE HELD IN BARBADOS**

**DECEMBER 8, 2016**

**PAPER BD 112/16**

**COUNTRY STRATEGY PAPER 2017-2021 – COOPERATIVE REPUBLIC OF GUYANA**

The attached Country Strategy Paper outlines the assistance strategy of the Caribbean Development Bank (CDB) for the Cooperative Republic of Guyana over the period 2017-2021. It sets out the strategic direction for CDB's engagement and defines the parameters of its support. In developing the Country Strategy, CDB held intensive and extensive discussions with key government officials, as well as other stakeholders and development partners. The proposed Country Strategy responds to Guyana's development priorities and it seeks to maximise CDB's comparative advantage and optimise development effectiveness and impact through selective and focussed support.

2. Specifically, the proposed programme rests on the following three strategic pillars: *supporting inclusive social and economic development; supporting environmental sustainability; and promoting good governance*. In particular, the Strategy supports a programme of assistance that is designed to help achieve the following development outcomes: (a) increased competitiveness and productivity; (b) improved quality of, and access to, education and training; (c) strengthened social protection; (d) reduced vulnerability to natural disasters; and (e) improved governance and development planning. Gender equality, regional cooperation and integration, as well as energy and citizen security considerations, will be mainstreamed in CDB's interventions. An indicative resource envelope of one hundred and ninety-four million United States dollars (\$194 mn) has been estimated to support the programme of assistance over the strategy period. This includes an estimated \$65 mn (the equivalent of fifty-three point two million British Pounds) in grant funding from the United Kingdom Caribbean Infrastructure Partnership Fund.

3. The proposed Country Strategy is aligned with CDB's Strategic Objectives of supporting inclusive and sustainable growth and development, and promoting good governance. Considerable effort has also been undertaken to gauge impact by orienting the Strategy towards a Managing for Development Results framework.

4. The Board is asked to approve CDB's Strategy for Guyana for 2017-2021.



**CARIBBEAN DEVELOPMENT BANK**

**COUNTRY STRATEGY PAPER (2017-2021)**

**COOPERATIVE REPUBLIC  
OF  
GUYANA**

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Considered at the Two Hundred and Seventy-Fourth Meeting  
of the Board of Directors on December 8, 2016

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**DECEMBER 2016**

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## CURRENCY EQUIVALENT

Dollars (\$) throughout refer to US dollars (USD) unless otherwise stated.  
USD1.00 = GYD206.5

## ABBREVIATIONS

BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
BOG	-	Bank of Guyana
BOP	-	Balance of Payments
BOS	-	Bureau of Statistics
CALC	-	Climate Action Line of Credit
CBDRM	-	Community-Based Disaster Risk Management
CC	-	Climate Change
CDB	-	Caribbean Development Bank
CDC	-	Civil Defence Commission
CG	-	Central Government
CGA	-	Country Gender Assessment
CRSAP	-	Climate Resilience Strategy and Action Plan
CSME	-	Caribbean Community Single Market and Economy
CSP	-	Country Strategy Paper
CTCS	-	Caribbean Technological Consultancy Services
CVQ	-	Caribbean Vocational Qualifications
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
ECPA	-	Enhanced Country Poverty Assessment
EIB	-	European Investment Bank
EPA	-	Economic Partnership Agreement
EU	-	European Union
GBP	-	British Pound
GBV	-	Gender-Based Violence
GCCI	-	Georgetown Chamber of Commerce and Industry
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GII	-	Gender Inequality Index
GNI	-	Gross National Income
GOGY	-	Government of the Co-operative Republic of Guyana
HDI	-	Human Development Index
HDR	-	Human Development Report
IDB	-	Inter-American Development Bank
IMF	-	International Monetary Fund
km	-	kilometres
LCDS	-	Low-Carbon Development Strategy
M&E	-	Monitoring and Evaluation
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
mn	-	million
MPI	-	Multidimensional Poverty Index
MPs	-	Ministers of Parliament
MSMEs	-	Micro, Small and Medium-Sized Enterprises

MT	-	Metric Tonnes
NCS	-	National Competitiveness Strategy
NDCs	-	Neighbourhood Democratic Councils
NESP	-	National Education Strategic Plan
NGP	-	National Gender Policy
OCC	-	Office of Climate Change
OCR	-	Ordinary Capital Resources
ORM	-	Office of Risk Management
PAC	-	Protected Areas Commission
PCM	-	Project Cycle Management
PMAU	-	Poverty Measurement and Analysis Unit
PPAM	-	Public Policy Analysis and Management
PPPs	-	Public-Private Partnerships
PRSP	-	Poverty Reduction Strategy Paper
PSD	-	Private Sector Development
PSIP	-	Public Sector Investment Programme
PWD	-	Persons with Disabilities
RE	-	Renewable Energy
RMF	-	Results Monitoring Framework
SDF	-	Special Development Fund
SDG	-	Sustainable Development Goals
SWAPS	-	Single Window Automated Processing System
TA	-	Technical Assistance
TIPs	-	Trafficking in Persons
TVET	-	Technical and Vocational Education and Training
UG	-	University of Guyana
UK-CIF	-	United Kingdom-Caribbean Infrastructure Partnership Fund
UNDP	-	United Nations Development Programme
WB	-	World Bank

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**COUNTRY DATA: GUYANA**

<b>Item</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>PER CAPITA GROSS DOMESTIC PRODUCT (GDP)</b> (current market prices; GYD)	700,242	778,017	822,239	839,239	852,392
<b>GROSS DOMESTIC PRODUCT</b> GDP at Current Market Prices (GYD mn)	525,672	582,657	614,130	635,262	653,785
<b>SECTORAL DISTRIBUTION OF CURRENT GDP (%)</b>					
Agriculture	21.3	21.5	21.9	21.1	19.6
Mining and Quarrying	19.1	21.3	18.0	15.3	15.1
Manufacturing	3.8	3.6	3.7	3.8	6.7
Utilities	1.3	1.3	2.1	2.3	3.4
Construction	9.6	7.8	8.9	10.3	9.2
Transport and Communication	10.7	10.7	11.4	11.5	11.8
Hotels and Restaurants	0.0	0.0	0.0	0.0	0.0
Wholesale and Retail Trade	15.8	15.7	14.3	14.6	12.6
Financial and Business Services	5.1	5.2	5.9	6.1	5.8
Government Services	13.6	13.3	14.0	15.0	15.4
Other Service Activities	3.6	3.6	3.7	4.0	4.1
Less Adjustment for Financial Intermediation Services Indirectly Measured	3.9	3.9	4.1	3.8	3.7
GDP at constant 2006 Prices (GYD mn)	326,194	341,905	359,758	373,576	384,805
Annual Rate of Growth in GDP (%)	5.4	4.8	5.2	3.8	3.0
<b>MONEY AND PRICES (GYD mn)</b>					
Consumer Prices (av. annual % change)	5.0	2.4	0.9	1.2	(1.8)
Money Supply (M1; annual % change)	20.3	15.6	2.5	-6	-1.2
Total Private Sector Credit (annual % change)	19.9	20.1	14.5	9.1	6.2
<b>CENTRAL GOVERNMENT FINANCES (GYD mn)</b>					
Current Revenues	120,915.5	130,228.6	136,494.8	145,726.0	161,710.2
Current Grants	0.0	0.0	0.0	0.0	0.0
Current Expenditures	100,620.4	114,914.7	122,054.0	133,833.6	147,637.7
Current Account Surplus/(Deficit)	20,295.1	15,313.9	14,440.8	11,892.4	14,072.5
Capital Revenue and Grants	13,452.8	13,509.5	8,671.7	4,191.0	7,272.6
Capital Expenditure and Net Lending	50,116.3	56,441.8	50,144.5	51,013.7	30,664.9
Overall Surplus/(Deficit)	(16,368.4)	(27,618.3)	(27,032.0)	(34,930.3)	(9,319.8)
Overall Surplus/(Deficit) (% of GDP)	-3.1	-4.7	-4.4	-5.5	-1.4
<b>BALANCE OF PAYMENTS (GYD mn)</b>					
Merchandise Exports (f.o.b.)	1,129.1	1,415.5	1,375.9	1,167.7	1,170.0
Merchandise Imports (c.i.f.)	(1,770.5)	(1,996.7)	(1,847.9)	(1,791.3)	(1,474.9)
Current Account Balance	(372.2)	(366.7)	(425.3)	(331.3)	(144.2)
Capital and Financial Account	373.2	418.3	314.8	210.1	71.4
Net Errors and Omissions	(16.0)	(18.7)	21.8	58.7	(34.9)
Overall Balance	(15.0)	75.5	(74.0)	(67.9)	(57.6)
Change in Reserves () = Increase	(25.3)	(75.5)	74.0	99.0	57.5
<b>TOTAL PUBLIC DEBT (USD mn)</b>					
Total Public Debt	1,724.1	1,815.6	1,725.6	1,596.2	1,538.6
Domestic Debt Outstanding	514.0	457.0	479.1	379.8	395.6
External Debt Outstanding	1,210.1	1,358.6	1,246.5	1,216.4	1,143.0
Total Debt Service as % of Current Revenue	10.9	9.4	8.9	24.8	13.7
<b>AVERAGE EXCHANGE RATE</b> Dollar(s) per US Dollar	204.02	204.36	205.39	206.50	206.50
Data for 2015 are provisional.					

**COUNTRY DATA: GUYANA**

<b>Item</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>POPULATION</b>					
Mid-Year Population ('000)	750.7	748.9	746.9	756.95	767.0
Population Growth Rate (%)	(1.9)	(2.3)	(2.7)	1.3	1.3
Crude Birth Rate (per 1,000 people)	18.8	18.8	18.9	19.1	...
Crude Death Rate (per 1,000 people)	7.9	8.0	8.0	8.1	...
Infant Mortality Rate (per 1,000 live births)	33.5	33.3	33.0	32.6	32.0
<b>EDUCATION</b>					
Net School Enrollment Ratio (%)					
Primary	94.2	96.0	97.1	93.0	92.7
Secondary	83.1	84.8	89.7	81.1	79.4
Pupil-Teacher Ratio					
Primary	14.9	14.8	14.1	15.5	15.6
Secondary	20.9	21.9	21.4	20.9	20.3
<b>LABOUR FORCE</b>					
Unemployment Rate (%)	...	12.5	...	...	...
Male Unemployment Rate (%)	...	10.6	...	...	...
Female Unemployment Rate (%)	...	16.7	...	...	...
Participation Rate (%)	...	55.7	...	...	...
Male Participation Rate (%)	...	77.5	...	...	...
Female Participation Rate (%)	...	34.6	...	...	...
Youth Unemployment Rate (%)	...	24.0	...	...	...
<b>INDICATORS OF HUMAN DEVELOPMENT</b>					
<b>Item</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2014</b>
<b>HEALTH AND EDUCATION</b>					
Life Expectancy at Birth (years)	62.6	63.5	65.0	66.0	66.4
Male	59.7	60.0	62.1	63.7	64.2
Female	65.7	67.2	68.0	68.5	68.8
Dependency Ratio	0.88	0.65	0.67	0.62	0.61
Male	...	...	...	...	...
Female	...	...	...	...	...
Adult Literacy Rate (%)	...	...	...	...	87.5
Male	...	...	...	...	...
Female	...	...	...	...	...
Human Development Index	...	0.542	0.602	0.624	0.636
<b>HOUSING AND ENVIRONMENT</b>					
Households with piped water (%)	...	79.2	86.2	94.2	97.5
Households with access to flush toilets (%)	...	75.7	79.2	83.2	83.6
Households with electricity (%)	...	72.0	74.5	77.0	...
Disaster risk reduction progress ( 1-5 scale, 5=best)	...	...	...	4	...
... not available					
Data as at October 25, 2016					



**GENDER MARKER SUMMARY**

<b>Gender Marker</b>	<b>Analysis</b>	<b>Data</b>	<b>Engagement</b>	<b>Response</b>	<b>Score</b>	<b>Code</b>
	1	1	0.5	0.5	3.0	GM <sup>1</sup>

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<sup>1</sup> GM – Gender Mainstreamed: Country Strategy has potential to contribute significantly to gender equality, Appendix 1 provides details.

## EXECUTIVE SUMMARY

1. This Country Strategy Paper (CSP) for the Cooperative Republic of Guyana (Guyana) covers the period 2017-2021, replacing the 2013-17 CSP. It coincides with the timing of the United Kingdom Caribbean Infrastructure Partnership Fund (UK-CIF) and the replenishment of the Special Development Fund (SDF 9) of the Caribbean Development Bank (CDB). It sets out the strategic direction for CDB's collaboration with Guyana over the strategy period and defines the parameters of its support. The proposed Country Strategy responds to Guyana's development priorities and is aligned with CDB's Strategic Objectives of: (a) supporting inclusive and sustainable growth and development; and (b) promoting good governance, as well as CDB's cross-cutting objectives of gender equality (GE), regional cooperation and integration, and energy security.

### **Country Context**

2. Guyana's development achievements in recent years have been steady. Human development indicators have generally improved and progress has been made in achieving the Millennium Development Goals (MDGs). However, poverty remains high by regional standards. While Guyana was not spared the negative impact of the global recession of 2008-09, economic growth recovered reasonably quickly thereafter. Nevertheless, Guyana remains reliant on exports of commodities and is intent on diversifying its economy. Challenges faced in achieving diversification revolve around a lack of competitiveness, reflecting inadequacies in infrastructure and institutions that facilitate and regulate businesses. Additionally, challenges relate to social issues, gender inequality and climate change (CC) effects. Against these are opportunities for the country to maximise its development potential in areas such as renewable energy (RE). Another opportunity relates to the possibility of Guyana becoming a significant hydrocarbon producer, but there are also risks associated with this and the process must be managed carefully. Guyana's priorities are to: (a) improve economic growth and competitiveness; (b) enhance social development; (c) promote environmental sustainability; and (d) improve governance.

### **Caribbean Development Bank in Guyana and Lessons Learnt**

3. CDB's engagement with Guyana spans more than four decades. CDB loans to Guyana amounting to two hundred and eighty-seven point four million United States dollars (\$287.4 mn), make Guyana CDB's sixth largest borrower. Guyana is also the recipient of the most grant funding from CDB after Haiti, with cumulative grant approvals amounting to \$45.6 mn as of June 30, 2016. At end-June 2016, Guyana's outstanding balances to CDB totaled \$144.3 mn. Lessons from previous country strategies with Guyana suggest that the following are important to maximising CDB's development impact: (a) a strong results monitoring framework; (b) active assessment of in-country capacity needs and addressing them; and (c) strong collaboration with other development partners.

### **Country Strategy 2017-2021: Proposed Pillars and Expected Outcomes**

4. CDB's support will maintain its focus on the areas that were identified in the 2013-17 CSP. Accordingly, the proposed Country Strategy rests on three pillars: *supporting inclusive social and economic development; supporting environmental sustainability; and promoting good governance*. The indicative programme of assistance has been designed to achieve the following outcomes: (a) increased competitiveness and productivity; (b) improved quality and access to education and training; (c) strengthened social protection; (d) reduced vulnerability to natural disasters; and (e) improved governance and development planning. The proposed programme will be delivered through a mix of direct financing and technical assistance (TA) that complements the efforts of other development partners. GE, as well as energy security considerations, will be mainstreamed in CDB's interventions. A Gender Marker

Analysis is included at Appendix 1. The Country Strategy has also undergone an extensive climate screening exercise, which is summarised at Appendix 2.

### **Resource Envelope**

5. A notional resource envelope of \$194 mn is proposed to support an indicative programme of assistance through 2021. This includes Guyana's allocation of about \$65 mn from UK-CIF, plus an indicative amount of \$35 mn from SDF 9, which is currently under negotiation. The resource envelope reflects the emphasis of the Government of the Co-operative Republic of Guyana, hereinafter referred to as the Government of Guyana (GOGY), that each intervention being financed with external resources must include a grant element of at least 35%.

### **Results Monitoring**

6. Programme accomplishments and sector outcomes will be monitored within a Results Monitoring Framework (RMF), which will identify: (a) the country's development objectives to which each of CDB's indicative interventions is aligned; (b) sector outcomes to which proposed interventions are expected to contribute; and (c) the performance indicators against which the results of the interventions will be measured. A mid-term review will be undertaken in 2019 to assess progress towards meeting expected outcomes, and to review the utilisation of the resource envelope within the context of possible changes to the country's fiscal circumstances, changed country priorities, or a changed operating environment. An end-of-strategy review will also be undertaken to assess overall performance and impact. Monitoring will be done by both CDB and the country's authorities.

### **Risks and Mitigating Actions**

7. The main risks that may affect the execution of the proposed Country Strategy are: (a) credit risk; (b) liquidity risk; and (c) operational risks. CDB has identified measures to help mitigate these risks, including: (i) closer fiscal monitoring; (ii) capacity building and institutional strengthening; and (iii) active engagement of development partners and wide stakeholder consultations.

## **1. COUNTRY CONTEXT**

### **OVERVIEW**

1.01 Guyana, with a total land area of about 215,000 square kilometres (km<sup>2</sup>), is the largest country in the English-speaking Caribbean, but its population of 747,884 (2012 Census) is small relative to its size. Guyana's development achievements in recent years have been steady. The human development indicators have generally improved, in line with 10 years of consistent economic growth. However, poverty remains high by regional standards, despite the progress made in achieving MDGs. While Guyana was not spared the negative impact of the global recession of 2008-09, growth picked up quickly after – increasing from 2% in 2008 to 5.4% in 2011. This was an exceptional performance relative to most other Borrowing Member Countries (BMCs) during the period. Nevertheless, Guyana remains reliant on exports of commodities and is intent on diversifying its economy. Challenges faced in achieving diversification revolve around a lack of competitiveness, reflecting inadequacies in infrastructure and institutions that facilitate and regulate businesses. Additionally, challenges relate to social issues, gender inequality and CC effects. Set against these are opportunities for the country to maximise its development potential in areas such as RE, and from careful management of its abundant minerals and natural resources, fertile agricultural lands and diverse ecosystems.

### **MACROECONOMIC CONTEXT**

#### **Recent Macroeconomic Performance and Prospects**

1.02 The economy grew every year between 2005 and 2015, at an average annual rate of 4.4%. This growth helped improve fiscal performance, which along with significant debt forgiveness, brought the debt-to-Gross Domestic Product (GDP) ratio down from a peak of over 600% of GDP in the 1990s to below 60% in 2007, and below 50% in 2014. In addition, GOGY's ability to keep debt at sustainable levels and its generally sound monetary policy have contributed to price stability.

1.03 There has been a recent slowdown in economic growth, from 5.2% in 2013 to 3.8% in 2014 and 3% in 2015. The economy grew by 2% in the year to the end of June 2016. The slowdown largely reflects a fall-off in mining output, as international commodity prices have declined. In 2014, growth in construction and other service industries helped to compensate for the downturn in mining. However, uncertainty during the six months between the proroguing of Parliament on November 11, 2014, and the General Election on May 11, 2015, had a dampening effect on confidence, which was reflected in a decline in private construction activity in 2015. At the same time, with the proroguing of Parliament delaying the presentation of the Budget that was constitutionally due in March to August 2015, the Public Sector Investment Programme (PSIP) was significantly curtailed, which also affected construction activity. Therefore, the economic growth recorded in 2015 was mainly driven by increased sugar and rice production, as well as moderate increases in various service industries. In the first half of 2016 increased activity in the mining sector, especially gold, was the main driver of economic growth, while declines were recorded in sugar and rice activity, partly due to drought.

1.04 The fall-off in commodity exports in 2014 and 2015 contributed to overall balance of payments (BOP) deficits and corresponding drawdowns on the foreign reserves of the Bank of Guyana (BOG). So far in 2016, Guyana has recorded a BOP surplus, largely resulting from increased gold exports and reduced imports and, therefore, foreign reserves have increased again. Reserve cover remains adequate and the exchange rate is stable. The general slowdown in economic activity has been reflected in a slight deterioration in commercial banks' asset quality, but the banking system remains relatively sound in terms of liquidity, capital adequacy and profitability.

1.05 Against the backdrop of slowing growth, and in a low-inflation context (with conditions even turning deflationary in 2015), monetary policy continued to focus on maintaining adequate levels of liquidity to support credit expansion and economic growth. With regard to fiscal policy, following a significant deterioration in 2014 in the Central Government's (CG) overall balance to -5.5% of GDP, the deficit shrank to 1.4% in 2015 in light of lower capital expenditure that year. The stock of debt remained relatively low, falling to approximately 48.6% of GDP as of December 2015.

1.06 Over the medium term, growth is expected to pick up with an expansion in PSIP and signs of increased private sector confidence. However, growth will remain dependent on rising prices of Guyana's export commodities. The transitioning to an economy that is self-sufficient in energy, or even a net exporter (either through green energy, hydrocarbons, or a combination of both), will require careful management to avoid consequences that have affected other countries in similar circumstances. In addition to environmental risks, there are economic risks such as "Dutch Disease", which can limit technological innovation, leaving the overall economy less competitive. In addition, mechanisms need to be put in place to ensure that the benefits of such activities are shared fairly throughout the economy and society.

1.07 On the fiscal front, the likely ramping up of PSIP in 2016 means that the fiscal deficit is likely to widen – the 2016 Budget Estimate is 4.7% of GDP. At the same time, continued efforts to secure concessional financing, as well as further debt relief, should help to contain the debt to sustainable levels. The debt-to-GDP ratio is, therefore, expected to remain relatively low, with the current budget estimate at 47.6%<sup>2</sup>. Guyana's economic outlook could be significantly affected by external and internal shocks. Should the global recovery be slower than presently anticipated, growth could be squeezed further, external pressures heightened and fiscal consolidation undermined. External debt is about 74% of total public debt. Nevertheless, the risk of debt distress is estimated to remain 'moderate' in the medium term<sup>3</sup>.

## **SOCIAL CONTEXT**

### **Poverty, Human Development and Gender**

1.08 The most recent poverty study (2006) indicated that 36.1% of the population was living below the poverty line; a decrease from the 43.3% estimated for 1993<sup>4</sup>. An upcoming Enhanced Country Poverty Assessment (ECPA), expected to commence in 2017, will update social indicators. The 2006 Study showed that poverty was more prevalent in rural areas (74%) and among the Amerindian population (78%), compared to 19% in urban areas. In 2006, inequality was also relatively high with the Gini Coefficient of 0.35. Poverty in Guyana is multi-dimensional. Unemployment, low-paying occupations, low education levels, and inadequate access to basic social services are among the main correlates. Women and children tend to be impacted more severely by the effects of poverty and inequality in both the rural and urban areas. Other at-risk groups include: the aged; persons living in large households; the homeless; the disabled; and youth – especially unemployed or out-of-school young people.

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<sup>2</sup> The stock of debt at the end of June 2016 was 48.5%. External debt fell by 2.7% (\$31 mn) compared with June 2015, mainly reflecting a decline in bilateral debts owed to Venezuela (following termination of the PetroCaribe Agreement in 2015) and Trinidad and Tobago. This overshadowed the 11.3% increase in domestic debt. Guyana's debt service was lower overall, with external debt service declining by 49.6%.

<sup>3</sup> The International Monetary Fund (IMF) Article IV Report 2016.

<sup>4</sup> Although different methodologies were used to measure poverty, the trend shows a general decline in poverty since 1993. Sources include *The Guyana Poverty Reduction Strategy Paper*, p.5 <<http://finance.gov.gy/images/uploads/documents/prsp.pdf>>; *The Changing Nature of Poverty and Inequality in the Caribbean: New Issues, New Solutions* (2016), p.25 <<http://www.caribank.org/wp-content/uploads/2016/05/Study-The-Changing-Nature-of-Poverty-and-Inequality-in-the-Caribbean-New-Issues-New-Solutions.pdf>>; and *Guyana Public Expenditure Review* <<http://documents.worldbank.org/curated/en/541871468036335791/pdf/multi0page.pdf>> pp.ix, 2, 49.

1.09 Data from the 2015 Human Development Report (HDR)<sup>5</sup> provided a Multidimensional Poverty Index (MPI) for the country based on findings of a 2009 survey<sup>6</sup>. The HDR recorded an MPI of 0.03, where 7.8% of the population live in households that suffer from multiple deprivations in education, health and living standards. An additional 18.8% of the population was vulnerable to poverty, but only 1.2% was estimated to be in severe poverty. Guyana has experienced a recent improvement in its Human Development Index (HDI) score, from 0.629 in 2012, to 0.634 in 2013, and 0.636 in 2014. Guyana is placed at 124 out of 188 countries and territories, and ranks in the medium human development category.

1.10 The 2015 HDR indicated improvement in each dimension of the HDI – life expectancy at birth; expected and mean school years; and Gross National Income (GNI) per capita. However, there were gender imbalances in these scores. The HDR indicated an average life expectancy at birth of 66.4 years (64.2 for females and 68.8 for males); 10.3 expected years of schooling (11.2 for females and 9.4 for males); 8.5 mean years of schooling (8.9 for females and 8.0 for males); and a GNI per capita (2011 purchasing power parity) of \$6,522. In the case of GNI per capita, females earned \$4,164 on average, less than half that of the average male (\$8,804). Women are concentrated in the informal sector with no social security and benefits. According to the Committee on the Elimination of Discrimination Against Women there is persistent pay discrimination against women and a high proportion are engaged in unpaid family work<sup>7,8</sup>. The education sector contributes to this segmentation in the labour market, due to gender-based subject selection.

1.11 HDR's Gender Inequality Index (GII) assessed inequality in terms of three dimensions: reproductive health; empowerment; and economic activity<sup>9</sup>. Guyana attained a GII value of 0.515 and a rank of 114 out of 155 countries in 2014. Female participation in the labour market was 42.6%, compared to 80.5% for men. Meanwhile, 31.3% of parliamentary seats were held by women, despite 60.3% of adult women obtaining at least a secondary level of education, compared to 47.8% of men. For every 100,000 live births, 250 women die from pregnancy-related causes (compared to 168 for medium HDI countries on average), and the adolescent birth rate was 88.5 births per 1,000 women of ages 15-19 (twice the medium HDI country average).

1.12 There are also major concerns about gender-based violence (GBV). Statistics from the Ministry of Social Protection indicate that there were 2,644 reported cases alone in 2013<sup>10</sup>. Under-reporting seems to be prevalent. The Multiple Indicator Cluster Survey Report (2014) indicates that one in every ten women (9.6%) believed that a husband/partner is justified in beating his wife/partner. This belief is more

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<sup>5</sup> Briefing note for countries on the 2015 HDR, Guyana, HDR 2015, Work for Human Development.

<sup>6</sup> MPI is the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations.

<sup>7</sup> Human Rights Council, Working Group on the Universal Periodic Review, Twenty-first session, January 19-30, 2015. Compilation prepared by the Office of the United Nations High Commissioner for Human Rights in accordance with paragraph 15 (b) of the Annex to Human Rights Council Resolution 5/1 and Paragraph 5 of the Annex to Council Resolution 16/21, p. 10-11.

<sup>8</sup> This is enforced by occupational segregation on the labour market, according to the 2002 Population and Housing Census. Men work predominantly in agriculture, hunting, forestry and fishing, mining and quarrying, manufacturing, construction and transport, whereas more women work in education, human health and social work activities.

<sup>9</sup> GII is interpreted as the loss in human development due to inequality between female and male achievements in the three dimensions. Reproductive health is measured by maternal mortality and adolescent birth rates; empowerment is measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for women and men.

<sup>10</sup> Human Rights Council, Working Group on the Universal Periodic Review, Twenty-first session, January 19-30, 2015, National report submitted in accordance with Paragraph 5 of the Annex to Human Rights Council Resolution 16/21\*, Guyana, p.12.

than twice as common in the interior compared to coastal regions. It is also more prevalent among less-educated women and those from poorer households. Currently, GOGY provides shelters. However, there is limited psychosocial support provided to both victims and perpetrators of GBV.

### Education Profile

1.13 Education at the nursery, primary and secondary levels in Guyana is free and compulsory. With the assistance of CDB's Basic Needs Trust Fund (BNTF) Programme, GOGY has been expanding the net to include early childhood education by providing places and services at this level, especially in poor and vulnerable communities. At the basic education level, Guyana has achieved Universal Primary Education, with approximately 92,000 students enrolled in public institutions; but enrolment at the secondary level is currently around 85%, catering to approximately 68,000 students. Within the last decade, GOGY has expanded the decentralisation of its post-secondary offerings by providing additional technical institutes in communities outside of Georgetown. There are now 10 technical institutes located in 5 of the 10 regions of the country, which cater to approximately 5,000 students. The Ministry of Social Protection, through the Board of Industrial Training, provides technical and vocational training that has accredited Caribbean Vocational Qualifications (CVQ) status. The University of Guyana (UG) is the only public tertiary education institution in the country. It caters to approximately 6,500 students pursuing Associate, Bachelor's and Master's degree programmes. Students pay annual fees of approximately \$635, but programming is significantly subsidised by GOGY which provides capital and recurrent costs, including salaries of faculty.

1.14 According to the 2014-18 National Education Strategic Plan (NESP), the goal of education in Guyana is to increase learning achievement at all levels and across all sub-groups in the sector, as well as to decrease the difference in learning outcomes between all sub-groups, especially students in coastal and hinterland communities. To achieve these goals, there is a strong focus on promoting literacy and numeracy, and enhancing student participation and achievement in science and technology. In the absence of empirical data on enrolment until availability of the results of the latest census, NESP acknowledges that it is difficult to accurately determine Net Enrolment Rates, but there is a recognition that children with special educational needs and those from vulnerable populations who may be at risk for educational failure are significantly under-represented in the system.

## 2. KEY DEVELOPMENT PRIORITIES

2.01 GOGY’s medium-term development priorities are articulated in GOGY’s two budget statements of 2015 and 2016. The 2015 budget statement contextualised ‘Vision 2020’ under the heading of ‘The Good Life in a Green Economy’. According to that statement, Vision 2020 ‘envisions sustainable socio-economic development, good governance and human safety within a green economy.’ The 2016 budget statement further developed this Vision.

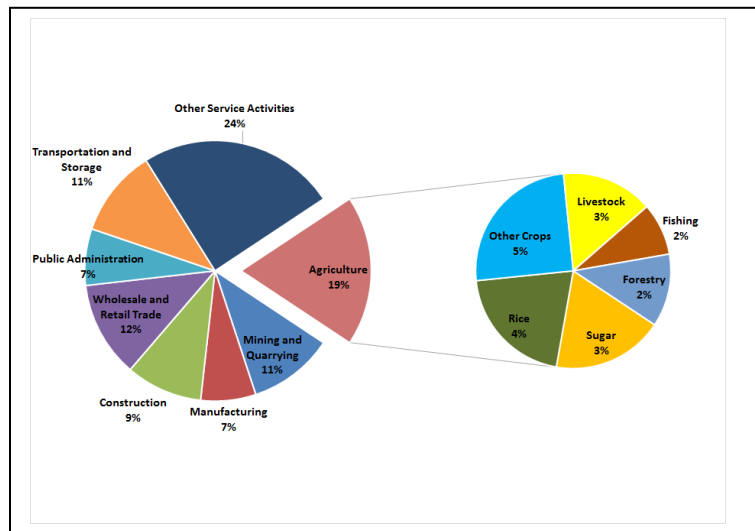
2.02 As yet, there is no medium-term development strategy in place for realising Vision 2020, but CDB will support GOGY in this regard, as well as in strengthening capacity to implement this vision. The Country Strategy includes TA to improve Guyana’s development planning capacity. A medium-term development plan would ensure consistency among the various sector plans, allowing outcomes to be realised in the most efficient manner. One example of this is making sure that the labour needs of the private and public sectors are met by education and training, therefore minimising the need to rely on imported labour. A development plan also would identify capacity issues and consider how to address them.

2.03 Based on discussions with stakeholders during the Country Strategy visits, the key development priorities identified by CDB are similar to those identified for the 2013-17 Country Strategy, which this CSP will supersede. They relate to: (a) improving economic growth and competitiveness; (b) enhancing social development; (c) promoting environmental sustainability; and (d) improving governance.

### **Improving Economic Growth and Competitiveness**

2.04 Agriculture remains the main productive activity in Guyana, accounting for 19% of GDP in 2015. The other main industry is mining and quarrying (11%), which is dominated by gold extraction<sup>11</sup>. By comparison, the tourism industry remains underdeveloped, and this is an area in which GOGY has been placing increasing emphasis. GOGY is also seeking to create development opportunities that will attract migration away from the coast and into the hinterland. In order to do this, start-up investments have to take place. In addition, local governments need to be empowered to encourage local development and diversification and provide decentralised socioeconomic services. To facilitate population shift, GOGY is planning an integrated, multi-sector urban development of selected communities. Additionally, four interior communities (Bartica, Lethem, Mahdia and Mabaruma) are slated for township. This is

**FIGURE 2.1: BREAKDOWN OF 2015 GDP  
(In 2006 Prices)**



<sup>11</sup> Construction is usually a significant sector. However, its contribution to GDP fell from 11% in 2014 to 9% in 2015 reflecting lower PSIP activity (see paragraph 1.03).



expected to support the development of village economies in hinterland regions, allowing them to become platforms for real growth.

### *Physical Infrastructure*

2.05 Underpinning growth in the productive sectors and spatial development away from the more populated coastal regions into the hinterland, is the need for adequate and climate-resilient infrastructure. Rehabilitation and/or expansion is required in the road network, existing airstrips and waterway infrastructure. Waterway investment is necessary to increase export capacity and help Guyana to become a major shipping hub and gateway into South America and the Caribbean, since the domestic market is not large enough to facilitate higher rates of sustainable growth.

2.06 Sustainable development requires access to safe sources of water. However, there are still challenges such as reliability of water supply. Non-revenue water as a share of total water produced is between 50% and 70% nationally, and more than 70% in Georgetown. This is either through water leakage or non-collection of payments due. Water coverage in the hinterland regions should increase to about 90% after the completion of some infrastructural improvement projects in 2016. High salinity of surface waters affects the coastal population, who must get their supply from underground sources. The provision of a reliable and affordable supply of potable water requires a comprehensive hydrogeological assessment of the aquifers, as well as an assessment of their future sustainability. Guyana Water Inc. needs to invest in improving the supply of potable water, and a more pertinent legislative and institutional framework for integrated water resource management is required.

### *Private Sector Development*

2.07 In addition to inadequate infrastructure, there are a number of constraints to private sector development (PSD) in Guyana. In particular, there is no comprehensive national policy designed to stimulate investment, industrial performance and commercial development. Other constraints include: (a) restricted access to, and high cost of, credit for micro, small and medium-sized enterprises (MSMEs), notwithstanding excess liquidity in the commercial banking system; (b) access to, and cost of, electricity; (c) limited access to business skills training and business development services, especially by MSMEs; and (d) an acute scarcity of highly-skilled, well-qualified labour and managerial capacity given migration patterns. Inefficient trade logistics, high cost of energy, unreliable telecommunication systems and weak supporting legislation, as well as inadequate port facilities, all lead to high transaction costs and reduced competitiveness.

2.08 Figure 2.2 summarises Guyana's overall ease of doing business ranking out of the 188 countries examined, as well as its ranking in key areas. Rankings are compared with CDB's other BMCs on average, and with Singapore. Guyana's latest ranking is 124, which is up from 140, reflecting some progress. In 2016 Guyana made registering property easier by increasing the transparency of the Lands and Survey Commission, and Guyana also improved access to credit information by expanding the coverage of the credit bureau<sup>12</sup>.

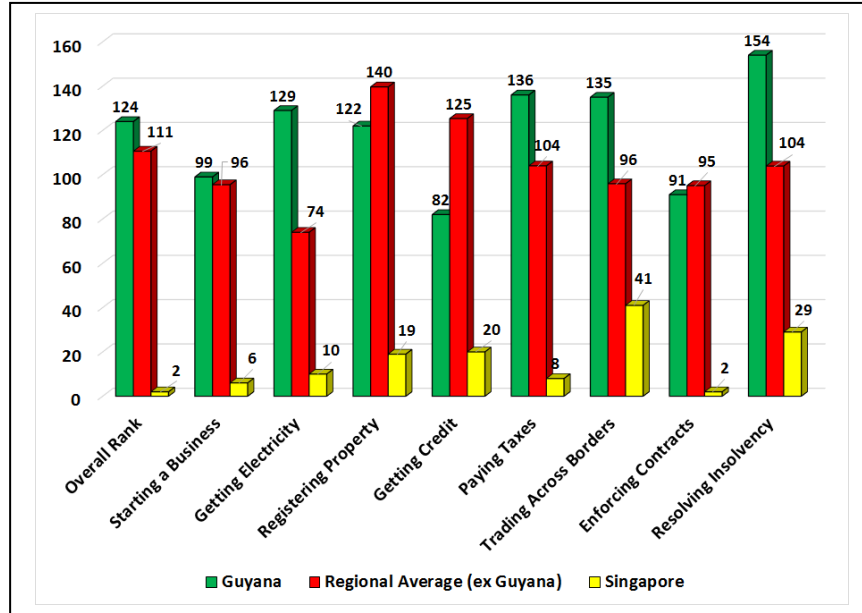
2.09 However, there is scope for improvement. On all but three of the indicators, Guyana ranks lower than the Region as a whole. In Guyana, it takes 18 days to start a business, compared with two in Singapore; 88 days to get a construction permit, but just 26 days in Singapore; and registering a property takes 75 days compared with 4.5 days in Singapore. Also, Guyanese electricity customers pay \$0.29 per kilowatt hour,

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<sup>12</sup> Source: Doing Business 2017.

while the rate is \$0.11 in Singapore. Paying tax is more time consuming and expensive in Guyana, as is exporting and importing.

**FIGURE 2.2: EASE OF DOING BUSINESS RANKING, 2016**



Source: World Bank (WB), Doing Business

2.10 GOGY is seeking to address these issues and, therefore, increase competitiveness. There has been a National Competitiveness Strategy (NCS) in place since 2006. More recently, the new government in 2015 set up a new Ministry of Business, with a strategic plan to address the ease of doing business, but also to: increase foreign direct investment; support the development and exports of value-added industry; increase the economic opportunities and capabilities of vulnerable groups; and expand the Ministry's capacity to develop and promote sustainable, business-friendly policies. The United Nations Development Programme (UNDP) is helping GOGY to implement the NCS, for example by supporting the development of policy to remove structural barriers that limit access to credit, training and business development opportunities for economically vulnerable groups.

### *Agriculture*

2.11 Despite having a natural resource base favourable to the agricultural sector, output is relatively low due largely to inefficient production and poor transport infrastructure. A severe drought affected the country in 2016, especially the coastal areas and Region 9. Agriculture and domestic water supplies were impacted with wells drying out. Existing rice and sugar crops were affected and future crops will also be impacted as planting was delayed and reduced. The Civil Defence Commission (CDC) coordinated the response effort across several sectors. Once studies on the impact of the drought have been undertaken, long-term drought management strategies, including policies and structural responses, will need to be developed.

## **Enhancing Social Development**

### *Education*

2.12 Within the last decade there has been a recognition that increasing emphasis must be placed on enhancing technical and vocational education and training (TVET) across the country. However, despite TVET's achievements, some inadequacies persist. For example, although the Council for TVET is certified to issue CVQ, UG is currently not positioned to assist in providing TVET graduates for supervisory and managerial positions. This is mainly due to insufficient suitably-qualified staff and inadequate facilities and resources. UG as the national institution of higher education in the country, has a significant role to play in human resource development for the economic and social advancement of the country, but its ability to achieve this is undermined by inadequacies in structure, staffing, financing, and facilities. Further, enrolment rates of women/girls surpass those of men/boys indicating that targeting of boys is a major challenge. GOGY, through its support for the establishment and functioning of the UG Transformation Task Force, has demonstrated its commitment to providing the resources to upgrade the entire UG system.

### *Social Challenges*

2.13 Poverty and inequality continue to be the main socio-economic development issues for Guyana and it will be necessary, in keeping with the Sustainable Development Goals (SDG) for the country to maintain specific objectives and programmes to address them. The significant disparities between the coastal and hinterland regions cross-cut the country's development agenda. The Amerindian population experiences the highest vulnerability to deprivation and is characterised by low levels of education attainment, larger household sizes than the national average, and generally poorer outcomes in health than other ethnic groups. It is costly for GOGY to provide essential infrastructure and basic human and social services to the sparsely populated rural areas where they live.

2.14 Deaths and injuries due to gun violence, as well as fear of victimisation, being highest in Guyana (47%)<sup>13</sup> render citizen security a critical concern. Citizens are vulnerable to exploitation and becoming potential victims of human trafficking, with women and children being affected the most. Another feature of citizen security is recidivism, a significant proportion of offenders (who are mostly young males) tend to be repeat offenders, posing a threat to security and peace.

2.15 The social inclusion of persons with disabilities (PWD), who make up 6.4% of the population, is critical as 15% never attended school; and 40% of the unemployed suffered jobs losses due to disability. Guyana also has the highest estimated suicide rate (44.2 persons per 100,000 in 2012) in the world, according to the 2015-2020 National Suicide Prevention Plan. There is a major discrepancy between women and men – the rate for men in 2012 was 70.8 per 100,000 and for women it was 22.1 per 100,000. Indo-Guyanese men account for 80% of cases, and these are concentrated in the coastal areas of the country. Further, addressing GE, particularly in education, labour market and participatory decision making, is vital.

## **Promoting Environmental Sustainability**

2.16 Guyana is extremely vulnerable to natural disasters, with 90% of the population and significant economic activity concentrated in the coastal plains that are subject to severe flooding during periods of high rainfall, an impact that is exacerbated by CC. Appendix 2 presents a detailed climate and disaster risk screening analysis. Since the 1960s, Guyana has observed marked increases in temperatures, sea levels and the frequency and intensity of extreme rainfall and drought events. During the drought in April 2015, potable water had to be trucked into communities in Regions 1 and 9.

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<sup>13</sup> HDR 2012.

2.17 Despite the action taken to build resilience to CC impacts and to enhance the capacity to adapt (mainly through interventions to drainage, irrigation and sea defence systems), the climate scenarios for Guyana<sup>14</sup> indicate that temperatures will increase and the sea level will continue to rise together with the height of storm surges. This, in turn, is expected to exacerbate adverse social, economic and environmental impacts. Sea level rise will likely have significant impacts far inland due to the salinisation of agricultural lands and the attendant reduction in productivity.

2.18 Disasters exacerbate gender inequalities, with women being more vulnerable. They are generally excluded from formal planning and decision-making in communities. Further, they do not have the resources to facilitate coping with disasters and their family responsibilities put a greater burden on them. Women tend to be more active in community activities related to disaster risk reduction (DRR). They are, therefore, vital agents in formal planning and decision-making around disaster risk management (DRM)<sup>15</sup>. CDC is currently heavily focused on building local-level capabilities; in particular, community-based disaster risk management (CBDRM) activities. Work with local authorities and communities across the country includes training in search and rescue and damage assessment.

2.19 Guyana's capacity to adapt to CC remains limited. The Office of Climate Change (OCC) in the Ministry of the Presidency has identified several key activities critical to enhancing the country's ability to deal with aspects of CC. With the recently announced Green Initiative of the President, which seeks to mainstream environmental and CC initiatives into development planning, both OCC as well as partner agencies of GOGY have to increase their capabilities and capacity in CC adaptation and mitigation.

### **Improving Governance**

2.20 Guyana does not currently have the capability for national planning that will promote integrated development at the national and regional levels. While some arrangements were implemented to address this deficit, such as the recently-expired Poverty Reduction Strategy Paper (PRSP) and the Low Carbon Development Strategy (LCDS), successive national budgets have not benefitted from an integrated medium-to-long term plan designed to facilitate sustainable growth and reduce poverty. Such a plan would provide overall guidance for the direction of future development, in particular in the interior. It would also underpin strategies for regional and municipal development, as well as sector strategies such as transport and waste management. It is also important to have sufficient resources and mechanisms in place to ensure effective delivery of the plan.

2.21 To facilitate population migration into the hinterland, GOGY is planning an integrated, multi-sector urban development of selected communities, starting with the four townships mentioned above. In order to make this transition as smooth as possible, local government needs to be empowered through capacity building, new financing models and decentralisation of selected socioeconomic services.

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<sup>14</sup> Using the outputs from several General Circulation Models.

<sup>15</sup> UNDP (2009): Enhancing Gender Visibility in DRM and CC in the Caribbean Country Assessment Report for Guyana.

[http://reliefweb.int/sites/reliefweb.int/files/resources/E5D3D452323901708525771F00618BF8-Full\\_Report.pdf](http://reliefweb.int/sites/reliefweb.int/files/resources/E5D3D452323901708525771F00618BF8-Full_Report.pdf).

2.22 In addition, Guyana's development agenda requires the production of reliable and timely social and economic data sets. GOGY recognises that capacity constraints in the collection of current social and economic data have had an adverse impact on its ability to effectively monitor and evaluate its development outcomes. Notably, the country will need robust poverty and living conditions data in order to address poverty and inequality. Similarly, there is insufficient gender disaggregated data. GE is an important goal for Guyana. However, GOGY's ability to produce a national gender policy (NGP)<sup>16</sup> is hampered by this lack of gender disaggregated data.

2.23 Furthermore, improving the development effectiveness of both bilateral and multilateral assistance will require that Guyana expands capacity in relation to all phases of the project cycle, including identification, appraisal, implementation, monitoring and evaluation (M&E), and the mainstreaming of cross-cutting themes such as gender, environmental sustainability and governance. Such capacity will be needed in CG, but also in revitalised local government in order to maximise the benefits of decentralisation.

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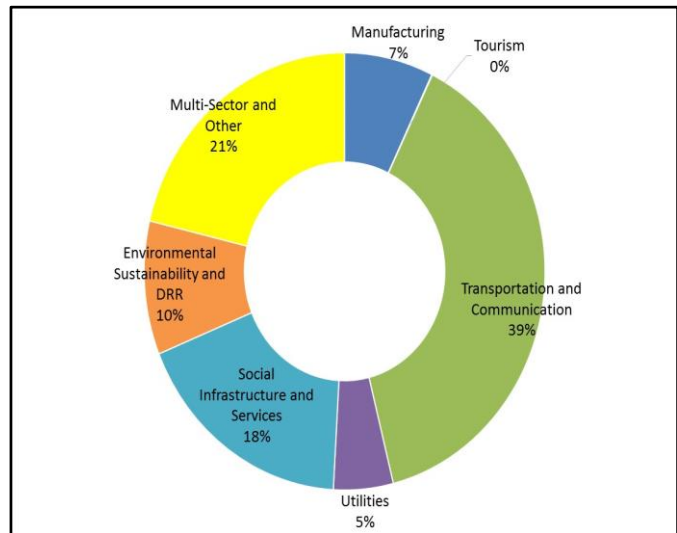
<sup>16</sup> Guyana is in the process of elaborating a NGP.

### **3. CURRENT PORTFOLIO, REVIEW OF COUNTRY STRATEGY 2013-17 AND LESSONS LEARNT**

#### **Current Portfolio**

3.01 CDB remains one of Guyana's most important development partners, accounting for over 20% of the country's multilateral debt stock. Over the period 1970 to June 30, 2016, CDB approved \$287.4 mn in loans, representing 6.5% of CDB's total approved lending and making Guyana CDB's sixth largest borrower. Guyana is also the recipient of the most grant funding from CDB after Haiti (which benefits from a special set-aside), with cumulative grant approvals amounting to \$45.6 mn as of June 30, 2016. As Figure 3.1 shows, transport and communication; multi-sector and other; social and infrastructure services; and environmental sustainability and DRM have accounted for the largest shares of CDB's lending to Guyana.

**FIGURE 3.1: DISTRIBUTION OF LOAN, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) 1970 TO MAY 31, 2016 (%)**



3.02 CDB's cumulative disbursement amounted to \$231.9 mn at end-June 2016 (of which \$59.2 mn was from the Ordinary Capital Resources [OCR]), while Guyana's cumulative repayments to CDB were \$87.6 mn. Outstanding balances totaled \$144.3 mn as of June 30, 2016. Historically, net resource flows on loans to Guyana have been negative, as repayments have outstripped disbursements and they have been relatively small, given the concessional terms of the lending. The current portfolio has projects under implementation in the Transport and Communication and DRM sectors. Guyana's portfolio performance was rated as *Highly Satisfactory* in the 2015 Annual Project Performance Report.

#### **Review of Country Strategy 2013-17**

3.03 The 2013-17 Country Strategy was designed to achieve seven outcomes: (a) improved access to, and quality of, social and economic infrastructure; (b) increased agricultural production and productivity; (c) improved quality and access to education and training; (d) improved private sector operations and development through training and capacity-building; (e) enhanced protection and sustainable management of natural resources and reduced vulnerability to natural disasters; (f) improved capacity for strategic policy management and coordination, including evidence-based, gender responsive decision-making and leadership for promoting GE; and (g) enhanced capacity for implementation of policies/programmes that promote regional integration. GE and environmental sustainability were cross-cutting themes of the Strategy.

3.04 The original CSP resource envelope amounted to \$47.8 mn, of which approximately \$39.5 mn was earmarked for capital loans and the remainder for grants. Most of the capital loans have been approved. The \$8 mn originally earmarked for the water sector was reallocated to the Sea and River Defence Project (Paper BD 84/13) at the request of GOGY. Designed to protect communities from flooding and other CC-related effects, the Project is due to commence implementation in 2016. The Loan for the Sugar Industry Mechanisation Project (Paper BD 95/14 – \$7.5 mn) was approved in December 2014, although

this was subsequently cancelled in 2016. GOGY requested reprogramming of funds towards the West Coast Demerara Project which had been approved (Paper BD114/12 – \$34 mn), and is now underway. Regarding the project to enhance TVET, all activities under this project have now been completed. The only capital item outstanding from the original CSP envelope is the follow-up TVET Project – Skills Development Employability Project (\$11.7 mn) – which is due to be presented to CDB’s Board of Directors for its consideration in December 2016. It will address the evolving educational needs of the country.

3.05 The BNTF and Caribbean Technological Consultancy Services (CTCS) grant-funded programmes remain under implementation. Grants of \$6.1 mn were approved under BNTF between 2013 and 2015, with over 90% focusing on improvements in education, water supply and access. Lessons learned have been applied to BNTF 7. Guyana has also benefited from the Caribbean Community Single Market and Economy (CSME)/Economic Partnership Agreement (EPA) implementation support.

3.06 With regard to other grants programmed under the CSP, these will form part of wider regional TA initiatives that have recently been approved, such as the Public Policy Analysis and Management (PPAM) and Project Cycle Management (PCM) training programmes.

### **Lessons Learnt**

3.07 Although it is too early to assess the 2013-17 Country Strategy’s efficiency, efficacy and impact, it is performing well on:

- (a) *Strategic Relevance:* the interventions identified in the CSP remain relevant to the country’s development needs, even allowing for the new Government’s change of emphasis in some areas.
- (b) *Sustainability:* country ownership of the strategy has remained strong. GOGY has been willing to engage with CDB on the CSP, recognising the strategic relevance outlined above.

3.08 In addition, CDB notes the importance of being flexible to GOGY’s needs. Discussions with GOGY showed a built-in flexibility in the 2013-17 CSP, when GOGY was able to reallocate funds from the water sector to sea defenses.

3.09 Based on the performance of the 2013-17 Country Strategy, three key lessons have emerged. Going forward there needs to be:

- (a) A robust RMF to assess the performance of the Country Strategy.
- (b) Continuous assessment of the capacity building needs of executing agencies, and active engagement with decision-makers in country to be aware of changing priorities and newly identified needs.
- (c) Strong donor coordination.

#### **4. CARIBBEAN DEVELOPMENT BANK'S COUNTRY STRATEGY, 2017-2021**

##### **Focus of New Strategy and its Proposed Contribution to Country Outcomes**

4.01 The Strategy is based on: (a) dialogue with key policymakers and stakeholders, and consistency with GOGY's development priorities; (b) consideration of development partners' activities in the country; and (c) consistency with GOGY's borrowing strategy. It is consistent with CDB's Strategic Objectives of promoting broad-based economic growth and social development, and enhancing environmental sustainability. GE, as well as energy security and citizen security considerations, will be mainstreamed in CDB's operations. The Strategy rests on three pillars: (i) supporting inclusive social and economic development; (ii) promoting environmental sustainability; and (iii) promoting good governance, which will guide specific sectoral interventions aimed at achieving particular development outcomes.

##### **Pillar I: Supporting Inclusive Social and Economic Development**

###### *Expected Outcome 1: Increased Competitiveness and Productivity*

4.02 CDB will focus on climate resilient interventions that catalyse development within the hinterland, by improving connectivity and reducing logistics costs both within the country and with Guyana's neighbours. In doing this, CDB will support infrastructure investment through UK-CIF. Proposed UK-CIF interventions include:

- (a) waterfront construction and sea defences rehabilitation in the Georgetown area, which, as well as having local benefits, will improve river transport connectivity into the Stabroek market; and
- (b) construction of a road from Linden to Mabura Falls, plus construction of a bridge over the Essequibo River, which will complement other projects in connecting Georgetown with Brazil by road.

Both of these interventions will complement container and cruise ship port development, which GOGY is discussing with the European Investment Bank (EIB).

4.03 CDB will also support development in the interior through other catalytic infrastructure enhancements, such as upgrades to aerodromes and airstrips, and bridge construction at Wismar. In addition, CDB will support improvements in the water sector to increase reliability and coverage.

4.04 CDB will help GOGY in implementing recommendations emerging from its DRM Plan for the Agriculture Sector 2013-18. The first such intervention will be a Crop Vulnerability Assessment that will increase understanding of the effects of CC and climate vulnerability on production and productivity of key crops. CDB will also give consideration to follow-on studies, as well as any infrastructure needs (such as roads, irrigation and drainage) in the sector.

4.05 CDB, through the CTCS Network, will seek to strengthen the coordination and M&E of CTCS activities in Guyana through an established formal relationship with the Georgetown Chamber of Commerce and Industry (GCCCI). GCCCI, in collaboration with other organisations responsible for MSME development throughout the country, will receive institutional strengthening support to deliver improved business support services to MSMEs. Additionally, MSMEs will receive capacity-building support and TA from interventions identified by GCCCI that align with GOGY's priority sectors for development and the



needs of the MSME sector. In addition, CDB will support a study to assess the demand for development financing in Guyana.

4.06 The foregoing will be complemented by regional programming in standardisation, conformity assessment systems and improvements in quality infrastructure in value chains (under the Regional Cooperation and Integration allocation of the SDF) to improve Guyana's implementation of, and access to, CSME and the Caribbean Forum-European Union (EU) EPA. CDB will also support the next stage of the Single Window Automated Processing System (SWAPS) Project, which will reduce the time and costs associated with processing exports and imports.

*Expected Outcome 2: Improved Quality and Access to Education and Training*

4.07 To ensure that the education sector is responsive to the country's development needs, Guyana has embarked on a range of activities that have begun to achieve success and, therefore, proposes to expand and consolidate over the next five-year period. CDB will support GOGY in the following areas:

- (a) interventions to develop and enhance the skills available to support the emerging tourism and hospitality industry;
- (b) construction and/or upgrade of infrastructure at UG to provide facilities for the development and expansion of programming to address specific needs in the economy; and
- (c) institutional strengthening and capacity building at UG to provide enhanced structures for effective operation of the university, and appropriately trained staff to deliver an advanced level of programming.

All of these interventions will be designed to address gender inequalities in the education system.

4.08 With regard to students with special educational needs, CDB could consider supporting the Ministry of Education's Special Education Work Plan as part of the Guyana Education Sector Plan 2014-18, to: improve access to education and educational outcomes (learning achievements); address internal efficiency (attendance, repetition and dropout rates); and provide school-to-work transition services.

*Expected Outcome 3: Strengthened Social Protection*

4.09 In addition to the assistance being given through BNTF to address development priorities in the hinterland, other specific support will be:

- (a) TA to conduct an ECPA to include multidimensional measures of poverty – MPI – in order to update the country's social and poverty indicators. As part of this, CDB will consider providing support for the Bureau of Statistics (BOS) to establish a Poverty Measurement and Analysis Unit (PMAU), with the requisite expertise to undertake regular social and poverty surveys, and to monitor changes in agreed SDG indicators; and
- (b) CDB will support GOGY in enhancing citizen security through initiatives to address vulnerabilities associated with trafficking in persons (TIPs).

4.10 CDB will also consider support for initiatives to reduce the incidence of recidivism; capacity building for vulnerable groups (men, women and PWD); local economic development initiatives to broaden the economic base of the communities and expand income-earning opportunities for the youth; and social communication/public education campaigns and community strengthening to help address the high suicide

rates. Other support will be in interventions to strengthen citizen security and the governance capacities of municipalities and Neighbourhood Democratic Councils (NDCs).

## Pillar II: Promoting Environmental Sustainability

### *Expected Outcome 4: Reduced Vulnerability to Natural Disasters*

4.11 CDB will continue to support GOGY's efforts to improve environmental governance, reduce environmental degradation and increase climate resilience. The proposed waterfront development in Georgetown (see above) will include rehabilitation of sea defences. CDB will also support GOGY's efforts to access additional resources for environmental management and CC mitigation and adaptation from global financing mechanisms, such as the Adaptation Fund. In addition, CDB will seek to access EIB's Climate Action Line of Credit (CALC), which can help finance CC-related public and private sector projects. Subject to resource availability, the CALC tranche can be used to finance up to 50% of the project cost to a maximum of \$12.5 mn. CALC funds are provided at a significantly subsidised interest rate.

4.12 CDB will support CDC and its CBDRM Programme. CDC has designed training programmes for the Regional Democratic Councils and the Regional DRM System. Training for these persons will be very important to carry on the work previously started. In addition, there is the roll-out of Regional DRM plans. Additional areas of assistance include:

- (a) Development of a water management policy and plan to assist with drought management.
- (b) Institutional capacity strengthening of CDC.
- (c) Expansion of CDC's Volunteer Programme.

4.13 CDB would also consider support for: (a) institutional capacity strengthening in OCC (in the Office of the Presidency); (b) the development of a national CC policy, and the implementation of the Guyana Climate Resilience Strategy and Action Plan (CRSAP) 2016; and (c) support for the Protected Areas Commission (PAC).

4.14 Given the different roles of women and men in DRM, a gender focus of all of the projects should be included. Including women in formal planning and decision-making will be a central requirement.

## Pillar III: Promoting Good Governance

### *Expected Outcome 5: Improved Governance and Development Planning*

4.15 CDB has already approved TA to GOGY to review the institutional framework for development planning in Guyana as a precursor to the anticipated support for GOGY to translate its evolving Vision 2020 into a results-oriented, gender-mainstreamed national development strategy and, where required, support sector strategies. CDB stands ready to assist in planning the transition to an economy that is self-sufficient in energy. CDB will also support capacity building in local government, to effectively provide decentralised services that will assist multi-sector urban development of communities.

4.16 CDB will support improved capacity for evidence-based decision-making; for example, carrying out a country gender assessment (CGA), producing a NGP, and strengthening the capacity for sex-disaggregated data collection in responsible administrative units. CDB will provide TA to build the capacity of technical staff in the public sector through its PPAM and PCM training programmes, as well as

training in Managing for Development Results (MfDR). CDB will also support training for Members of Parliament (MPs) in the scrutiny of public expenditure.

4.17 In addition, CDB offers capacity building and other TA to GOGY in the area of public-private partnerships (PPPs). Several large development projects identified as priorities by GOGY could be funded by PPPs. However, embracing this approach requires the supporting legal and regulatory framework and ongoing training of staff in the public sector agencies involved in these transactions.

### **Indicative Resource Envelope**

4.18 The Strategy is dimensioned to be consistent with GOGY's borrowing strategy, which requires a high degree of concessionality in order to balance the Government's development needs with the objective of improving medium-term debt dynamics. A notional resource envelope of \$194 mn is proposed for the period 2017-2021 to support the Strategy's indicative programme of assistance. The envelope includes Guyana's grant allocation of approximately \$65 mn from UK-CIF, plus an indicative amount of \$35 mn from SDF 9, which is currently under negotiation. The UK-CIF permits co-financing with loan resources<sup>17</sup>. SDF resources can potentially be blended with OCR to increase financing while taking into account GOGY's policy requirement that each externally-funded intervention must include a minimum grant element of 35%. Table 4.1 provides a breakdown of the estimates.

### **Implementation Plan and Results Monitoring**

4.19 The RMF in Appendix 4 will be used to monitor and assess development results. It identifies the: country's development objectives to which each of CDB's indicative intervention(s) is aligned; sector constraint(s) to be addressed; expected outcomes to which the proposed intervention(s) are expected to contribute (including GE); and performance indicators against which the results will be measured. For strategic purposes, RMF is pitched at the sector level; however, the project level RMF will be specified during project design. Monitoring of the Strategy will be done by both CDB (primarily the Economics Department) and country authorities. CDB's engagement will be focused on promoting mutual accountability for results and fostering open and frequent policy dialogue with GOGY. Strategy implementation will be monitored through annual country portfolio reviews, as well as a mid-term review in 2019. The mid-term review will assess progress towards meeting expected sector outcomes, in addition to assessing portfolio progress and utilisation of the resource envelope within the context of possible changes to the country's fiscal circumstances. An end-of-strategy evaluation will also be undertaken to assess its contribution to sector outcomes.

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<sup>17</sup> Guyana's UK-CIF allocation is fifty-three point two million British Pounds (GBP53.2 mn) or \$64.6 mn as at November 2, 2016. Co-financing with OCR of up to 50% of total costs is permitted. The 50% relates to the GBP/\$ exchange rate at the time that the Memorandum of Understanding was signed. In the case of Guyana, the rate was \$1.41. Therefore, up to \$75 mn can be co-financed.

**TABLE 4.1: CARIBBEAN DEVELOPMENT BANK'S INDICATIVE LENDING AND TECHNICAL ASSISTANCE PROGRAMME TO GUYANA, 2017-2021\***

(\$'mn)

	<b>Loan</b>	<b>Grant</b>	<b>Total</b>
<b><i>Outcome 1: Increased Competitiveness and Productivity</i></b>			
Waterfront renewal in Georgetown, including Stabroek Market.			
Linden – Mabura Falls Road Rehabilitation and Bridge Construction	74.00*	65.00*	139.00*
Rehabilitation of aerodromes and airstrips, bridge construction at Wismar	15.00	0	15.00
Studies to support the agriculture sector	0	0.20	0.20
Water supply improvements	17.00	0	17.00
SWAPS	2.00	0	2.00
Support for the private sector through CTCS	0	1.00	1.00
<b><i>Outcome 2: Improved Quality and Access to Education and Training</i></b>			
Hospitality Training Institute	6.00	0	6.00
Support for UG	5.00	0.50	5.50
<b><i>Outcome 3: Strengthened Social Protection</i></b>			
BNTF interventions in basic community access.	0	6.00	6.00
Support for ECPA (BOS)	0	0.25	0.25
Enhancing citizen security (TIPs)	0	0.15	0.15
<b><i>Outcome 4: Reduced Vulnerability to Natural Disasters</i></b>			
Rehabilitation of sea defences as part of Georgetown waterfront development	Included above*	Included above*	Included above*
Support for CDC's CBDRM Programme; capacity building in OCC, EPA and PAC	0	1.00	1.00
<b><i>Outcome 5: Improved Capacity for Strategic Policy Management and Coordination</i></b>			
Development planning and support for local councils	0	0.35	0.35
CGA and production of NGP	0	0.20	0.20
Support for PPAM and PCM	0	0.25	0.25
Public expenditure scrutiny training for MPs	0	0.10	0.10
<b>Total</b>	<b>119.0</b>	<b>75.0</b>	<b>194.0</b>

\*UK-CIF.

## **5. RISK ANALYSIS AND MITIGATION**

5.01 There are a number of risks associated with this strategy. These risks can be categorised under the headings of: financial, operational. Various risk mitigation measures have been established to manage these risks within tolerable levels through a framework of measurement, monitoring and control policies, procedures and processes. The financial risks to CDB include the impact on its outlook and financial health from lower-than-expected loan targets, approvals and disbursement. This can be caused by factors including stronger-than-expected fiscal performance and weak implementation capacity of GOGY, among others leading to reduced demand.

5.02 CDB's Office of Risk Management (ORM) has overall responsibility for the establishment and oversight of CDB's risk management framework. The ORM policies are established to identify, analyse and monitor the risks faced by CDB, to set appropriate risk limits and controls, and to ensure adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and CDB's activities. The primary risks encountered by CDB are as follows:

- (a) *Credit Risk* – the risk of financial loss to CDB if GOGY or counterparty to a financial instrument fails to meet its contractual obligations that arise principally from the loans and advances to customers and investments.
- (b) *Liquidity Risk* – the risk that GOGY may encounter difficulty in meeting obligations associated with its financial liabilities or responsibilities that are settled by cash or another financial asset. With respect to this strategy, the concern would be largely in relation to the availability of counterpart contributions that would normally be required from the borrowers for the financing of projects by CDB. Prudent liquidity risk management requires GOGY to maintain sufficient cash and short-term marketable securities, and monitor future cash flows to ensure that adequate liquidity is maintained.
- (c) *Operational Risks* – emanating from the execution of business activities and relating to the potential loss or damage to reputation from failed or inadequate internal processes, people and systems, or from external events. It is the risk arising from direct or indirect loss or damaged reputation attributable to fraud, human error, processes or technological internal controls.

5.03 Table 5.1 summarises these risks as they relate to Guyana, as well as CDB's proposed mitigation measures.

5.04 Other measures to help mitigate these risks include: (a) greater focus on economic diversification in the CSP, especially with respect to tourism; (b) quick response to address the socioeconomic effects of natural hazards; (c) significant degree of concessional funding sufficient to be able to lighten fiscal burden; and (d) active engagement of development partners and wide stakeholder consultations.

**TABLE 5.1: RISK ASSESSMENT AND MITIGATION MEASURES**

<b>Risk Type</b>	<b>Description of Risk</b>	<b>Mitigation Measures</b>
Credit	Macroeconomic shock or unforeseen circumstances impair GOGY's ability to meet its debt obligations and could pose threat to the degree to which the CSP may be implemented.	GOGY debt has fallen significantly in recent years. It is expected to be less than 47% of GDP in 2016, well below the 60% level. GOGY is conservative in its approach to debt, with a preference for concessionary borrowing with a grant element of at least 35%. Credit risk is therefore likely to be low. The Mid-term Review will provide an opportunity to reassess the CSP, as well as Guyana's growth and fiscal prospects.
Liquidity	GOGY has insufficient liquidity to meet debt service obligations to CDB and to provide counterpart contributions.	This risk is likely to be small, due to the concessional nature of GOGY's debt. GOGY has consistently recorded a current surplus in recent years. Ratios of debt service to government revenues and to exports remain below recommended thresholds. CDB will continue to monitor these ratios with GOGY. The Mid-term Review provides an opportunity to reassess the CSP, as well as Guyana's liquidity position.
Operational	Implementation capacity constraints.	GOGY acknowledges the need to improve implementation capacity. Support during the CSP period from CDB (such as through improved development planning, and PPAM and PCM training) will strengthen project implementation capacity in various ministries. Relevant TA will identify further capacity needs.
Operational	CC and weather-related natural disasters.	GOGY is involved in ongoing efforts to mainstream Disaster Risk and Recovery, and is working with various development partners, including CDB. The CSP will provide support to reduce vulnerability to such events, in particular through support to CDC and through CC considerations in all interventions.

### **Coordination of Development Partners**

5.05 Active donor coordination is important to increase the likelihood of achieving meaningful development results. CDB will pursue an active engagement strategy with relevant partners in the areas/sectors of its interventions in order to avoid duplication and optimise its development support. This will include partaking in donor coordination meetings that are organised in country. Areas for possible collaboration will be actively pursued. CDB has already spoken with EU about collaborating on coastal protection and on some gender interventions. Appendix 5 summarises the current activities of development partners. The Inter-American Development Bank (IDB) is Guyana's main development partner, with 65% of its current portfolio in the energy and roads sector. It also has programmes covering housing and citizen security. Other partners include the: UNDP; WB; Department for International Development (UK); IMF; Islamic Development Bank; and Caribbean Regional Technical Assistance Centre.

**GENDER MARKER ANALYSIS**

<b>CRITERIA</b>	<b>SCORE</b>	<b>DESCRIPTION/CODE</b>
Analysis	1	Social and gender analysis conducted at CSP preparation and incorporated in CSP document.
Data	0.5	Sex-disaggregated data included in the analysis and in the baselines and indicators and targets of the RMF.
Engagement	1	Consultations with gender-relevant stakeholders undertaken during preparation.
Response	0.5	Gender-responsive outcomes, outputs and indicators included. (But not for each outcome).
<b>TOTAL</b>	<b>3.0</b>	<b>Code: GM</b>

**CLIMATE AND DISASTER RISK SCREENING ANALYSIS**

**Basic Project/Programme Information**

<b>Project Title:</b> Country Strategy Paper <b>Country:</b> Guyana <b>Sector:</b> Multi-Sector
<b>Country Objectives and Brief Description:</b> To identify the overall risk to priority sectors identified as critical to meeting the country's CSP goals and priorities, based on climate and geophysical hazards and sector potential impact, but adjusted for the sector's institutional readiness and for the challenges and opportunities presented by the larger development context.
<b>Project Cost:</b> N/A

**Summary of Climate and Disaster Risk Screening**

**A. Context**

The Cooperative Republic of Guyana, located on the South American continent lies 1° 9° N latitude and 56° 62° W longitude, is bounded between Venezuela to the west, Brazil to the south, and Suriname to the east, with the Atlantic ocean to the north. The country's landmass is approximately 83,000 square miles with a coastline 434 km long and a continental shelf extending to about 724 km. A portion of Guyana's territory lies within the boundaries of the Amazon Basin, where three of its main rivers (the Essequibo, the Demerara and the Berbice) emerge<sup>1</sup>.

Guyana is divided into four main national regions:

- (i) low coastal belt;
- (ii) hilly sand and clay;
- (iii) interior savannahs; and
- (iv) forested highlands.

The coastal plain lies on the northern edge to the country facing the Atlantic Ocean. The coastal plain is topographically flat, with its width approximately 77 km to the east of the Essequibo River and 26 km to the west. The area consists of mainly clay and is approximately 2 metres below sea level. The coastal plain is about 6% of the country's area, and is where 90% of the administrative, industrial, agricultural and residential activities are concentrated. The hilly and sand clay region, which is located just after the coastal plain, is mostly covered in dense vegetation and occupies approximately 25% of the total landmass. This region is sparsely populated and is where most of the country's bauxite is extracted. The interior savannahs are populated by mostly indigenous peoples and accounts for 6% of the total landmass. The forested highlands are mostly covered in dense forest and are approximately 63% of the total landmass consisting of four major mountains, the Kanuku, Pakaraima, Imataka and Acarai, varying in elevation<sup>2</sup>.

**B. Sectors**

Agriculture

The agriculture sector in Guyana is one of the main economic contributors to the national GDP and foreign exchange earnings of the country. Annually the Agriculture Sector employs 30% of the country's labour force and generates 40% of export earnings. Historically, sugarcane has been the main export crop since the colonial period and has since maintained its hierarchy in the Agriculture Sector. Sugarcane has contributed 15% to the national

<sup>1</sup> Guyana's Second National Communication in Response to its Commitments to UN Framework Convention on CC, 2012.

<sup>2</sup> DRM Plan for the Agriculture Sector (2013-18), 2013.



GDP between 1994-2004, and still continues to contribute producing 2,460,171 metric tonnes (MT) in 2013. The second main contributor in the Agriculture Sector is rice, which in 2013 generated 823,800 MT. Regarded as a thriving sector, rice continues to be an important contributor the GDP. In 2007, sugar and rice generated approximately \$137 mn and \$55 mn, respectively, in export earnings. Other crops produced include: corn, cassava, bananas, citrus and yams. These crops, however, are mainly produced for domestic consumption.

### Transport

The characteristics of Guyana's Transport Sector make it vulnerable to climate and weather-related hazards. This stems from the concentration of infrastructure along the coast and rivers, and the inadequate maintenance of roads and bridges. Guyana's transport system consists of road, marine and air transport. In 2014, the sector "Transport and Storage" contributed 6.7% of GDP. Guyana has a 3,995-km road network, which serves a national fleet of more than 80,000 vehicles. The public transport system is dominated by privately-owned mini buses in urban areas, and these connect urban centres with rural areas. Mass transport systems are poor and barriers toward enhancing the system include: limited integrated land use planning; cost-effectiveness issues due to a limited population to serve; and commuter preferences for private cars. New public transport systems will require expanded roadway capacity, modern terminals and roadside infrastructure such as parking bays and bus stops, and developing such infrastructure will require significant investment.

### Water

Guyana is an Amerindian word reputed to mean "the land of many waters". It is believed that Guyana was so called because of its abundant volumes of water from numerous rivers. The country's major rivers include the Essequibo, Demerara and Berbice, which all run from the Brazilian border in the south to Guyana's coastline in the north and empty into the Atlantic Ocean. Ground water and surface water are replenished seasonally based on rainfall patterns throughout the year. The El Niño and La Niña events affect water supply on a yearly basis and can affect the recharge rate of both ground and surface water supplies.

The water sector is vulnerable to the effects of CC by two main climate-related threats:

- (i) Extremes in rainfall with excess leading to flooding; and lack of rainfall leading to water deficit.
- (ii) Flooding deriving from sea level rise and storm surges could lead to saline intrusion in aquifers.

The projected decrease in precipitation and increase in temperature, along with increasing demand for water, are likely to place significant stresses on the Water Sector, making it especially vulnerable to the impacts of CC. The likely increases in evaporation and evapo-transpiration, as well as reduced precipitation, will affect groundwater recharge rates. As sea level rises, coastal alluvial aquifers will be reduced in size, the thickness of the water lens will diminish and water quality will deteriorate. These coastal aquifers and reservoirs will be susceptible to salt water intrusion and inundation.

### Forestry

Forest ecosystems are vulnerable to a range of climate parameters and hazards, including incremental changes in temperature and rainfall, sea level rise, flooding, soil erosion and ground instability, wildfire, and pests and diseases. Anticipated impacts of CC on biodiversity include shifting of ecosystem boundaries, change in natural habitats, and sharp increases in extinction rates for some species.

Forests, and the insects, birds and animals they support, are sensitive to the slow, creeping change in temperature and precipitation patterns over the longer term. Mean annual temperatures are projected to increase by: 0.4°C to 2°C by the 2030s; 0.9 to 3.3°C by the 2060s; and 1.4 to 5.0°C by the 2090s. The largest increases in temperature are projected for the southern portion of the country. Trends in annual rainfall are more uncertain, with different models projecting a wide range of possible changes – both decreases and increases in rainfall amounts. However, ensemble median values of change by the 2060s are consistently negative for all seasons and emissions scenarios. Projections vary between -34% to +20% by the 2090s, with ensemble median values of -18% to -4%. Changes in temperature and water resources, through shifting rainfall amounts and timing, are likely to impact the tolerance

thresholds of many tree species and associated ecosystems. This may result in some species thriving in a changing climate, whereas others will be unable to cope and may decline in number.

**C. Exposure<sup>3</sup>: Brief description of Hazards likely to affect the CSP<sup>4</sup>**

<u>Hazard</u>	<u>Description<sup>5</sup></u>
<p>The hazards listed below are the significant ones for the country:</p> <ul style="list-style-type: none"> <li>(i) Extreme Temperature.</li> <li>(ii) Extreme Precipitation and Flooding.</li> <li>(iii) Drought.</li> <li>(iv) Sea-Level Rise.</li> <li>(v) Strong Winds.</li> </ul>	<p>Climate models project that temperatures will continue to increase and that sea levels and the height of storm surges will rise. Projections also indicate that average annual precipitation will decrease and that the proportion of heavy rainfall events will increase. This, in turn, is expected to exacerbate adverse social, economic and environmental impacts and act as an additional stress factor on systems with vulnerabilities derived from non-climate drivers.</p>

**D. Sensitivity<sup>6</sup> of Sectors (if known) or Overall Project**

<u>Key Sectors in CSP</u>	<u>Sensitivity to CC and Natural Hazards</u>
<ul style="list-style-type: none"> <li>(i) Agriculture.</li> <li>(ii) Education.</li> <li>(iii) Transport.</li> <li>(iv) Water.</li> <li>(v) Forestry.</li> </ul>	<p>The Forestry Sector was rated a low sensitivity to climate variability and CC. The Transport and Water sectors, on the other hand, were assessed as being moderate to highly sensitive to the potential impacts of climate variability and CC. Extreme precipitation and flooding posed the main threat for the Transport sector. For the Water and Agriculture sector, drought was assessed to be the main area of concern.</p>

**E. Adaptive Capacity**

Overall, the priority sectors in CSP have a low adaptive capacity to potential impacts of CC. While several policies and strategies have been developed, none of the sectors have taken a comprehensive approach to incorporating CC considerations into their daily practices, and a national coordinated effort is required for an effective implementation.

**F. Climate and Disaster Risk Assessment Summary**

The priority sectors in the CSP have varying levels of vulnerability to climate variability and change, ranging from low vulnerability in the Forestry sector to moderate vulnerability in the other sectors. Due to the large percentage of commercial agricultural and economic activity concentrated in the coastal area, coastal resources are also highly vulnerable to CC impacts, in particular sea level rise. Adaptive capacity in all sectors is at a low level, even with the history of past interventions such as LCDS. Guyana has already started to take action to build resilience to change impacts and to enhance capacities to adapt. GOGY has committed to a green economy to sustain economic prosperity, environmental security and social well-being. Guyana has also made progress in implementing adaptation and resilience building actions, principally through interventions to the drainage, irrigation and sea defence systems, to reduce the risks of flooding.

<sup>3</sup> The presence of people, livelihoods, species or ecosystems, environmental services and resources, infrastructure, or economic, social, or cultural assets in places that could be adversely affected by a hazard.

<sup>4</sup> A physical process or event (hydro-meteorological or oceanographic variables or phenomena) that can harm human health, livelihoods, or natural resources

<sup>5</sup> CRSAP 2015; GOGY.

<sup>6</sup> The degree to which a system, asset, or species may be affected, either adversely or beneficially, when exposed to climate variability or change, or geophysical hazards.

Despite these strides, Guyana still requires an overarching framework for planning and implementing climate resilience actions so as to achieve the Government's 'Vision 2020' for a green economy. GOGY has approached CDB to assist in building the capacity of OCC, the national body responsible for CC Adaptation actions. This request is being facilitated via a TA under the African Caribbean and Pacific/EU/CDB Natural DRM Project. In addition, GOGY is seeking to implement CRSAP which aims to provide a comprehensive and overarching framework for adapting and building resilience to CC impacts. CRSAP builds on the work that has been undertaken in Guyana over the years and identifies key climate risks and priority resilience building actions. It has identified four priority activities:

- (i) *Building Climate Resilient Agricultural Systems*: by improving water management; developing climate-proof sustainable farm systems; and building the adaptive capacity of the sector to reduce the vulnerability of farmers (in particular small-to-medium scale).
- (ii) *Sea Defence Enhancement and Maintenance*: through coordinated and complementary actions of mangrove development and restoration, and rebuilding the most critical sea and river defences in low-lying coastal areas.
- (iii) *Public Health Adaptation to CC*: through strengthened national DRM (with specific reference to health) and early-warning response systems; enhanced access by communities to clean water, sanitation facilities and food hygiene; reduced impacts of water-borne diseases; increased human and physical sectoral capacity; and increased public awareness.
- (iv) *Strengthening Drainage and Irrigation Systems*: by improving the capacity of the network, starting with the most critical areas; and upgrading the existing drainage and irrigation system, with a focus on the Agriculture sector, institutional strengthening of the National Drainage and Irrigation Authority, and development of a training curriculum on drainage and irrigation.

These initial activities correspond with initiatives identified by CDB as part of the assistance package going forward, and will build a base that will assist GOGY in achieving its development goals.

**G. Overall Risk Assessment Rating (None/Low/Moderate/High) – Moderate:**

Based on the foregoing assessments, the overall climate risk assessment rating for Guyana is moderate across the chosen sectors. The promised education climate assessment review reveals that the Education sector is most vulnerable to riverine and flash flooding caused by extremes in rainfall, with excess rainfall leading to flooding and lack of rainfall to droughts. Flooding deriving from sea level rise and storm surges would only affect schools in close proximity to the coastal areas. The floods will cause damage to the school plant, as well as restrict access to the school. Schools in the interior have varying vulnerabilities based on location and will also be more impacted by increased temperatures and reduced rainfall, especially if they are not near to water bodies. Though the impact can be significant, the overall potential is rated moderate.

**Climate Disaster Risk Screening Tool Summary for Guyana**

	Agriculture		Natural Resource Management		Water		Transport	
	Historical/Current	Future	Historical/Future	Future	Historical/Future	Future	Historical/Future	Future
	<b>Potential Impact</b>							
Extreme Temperature	Yellow	Orange	Yellow	Orange	Yellow	Yellow	Yellow	Orange
Extreme Precipitation and Flooding	Orange	Orange	Yellow	Yellow	Yellow	Orange	Yellow	Orange
Drought	Orange	Red	Yellow	Yellow	Orange	Red	Orange	Orange
Sea Level Rise	Orange	Yellow	Orange	Orange	Orange	Orange	Orange	Red
Storm Surge	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Strong Winds	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Tsunami	Yellow	X	Yellow	X	Yellow	X	Yellow	X
<b>Overall Sector Potential Impact</b>								
	Orange	Orange	Yellow	Yellow	Yellow	Orange	Yellow	Orange
<b>Institutional Response</b>								
	0-Minimal		0-Minimal		0-Minimal		0-Minimal	
<b>Preliminary Sector Impact</b>								
<b>Development Context Considerations</b>								
	Gender inequity: Increases Risk.	(i) Conflict: Increases Risk. (ii) Legal Enforcement: Increases Risk. (iii) Urbanisation: Increases Risk.		(i) Financial Resources: Increases Risk. (ii) Pollution: Increases Risk.		Urbanisation: Increases Risk.		
<b>Overall Sector Risk</b>								
	Orange		Yellow		Orange		Orange	

<b>Key:</b>				
<b>Insufficient Understanding</b>	<b>No Potential Impact</b>	<b>Low Potential Impact</b>	<b>Moderate Potential Impact</b>	<b>High Potential Impact</b>

**SELECTED MACROECONOMIC INDICATORS**

<b>Item</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Real GDP Growth (%)	3.8	3.0	4.0	3.9
Inflation, Period Average (%)	1.2	(1.8)	1.1	1.5
Overall Fiscal Balance after Grants (% of GDP)	-5.5	-1.4	-5.5	-5.5
Public Sector Gross Debt (% of GDP)	51.8	48.6	47.6	52.3

Sources: CDB, BOG and IMF.

## INDICATIVE RESULTS MONITORING FRAMEWORK

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
<b>PILLAR I: INCLUSIVE SOCIAL AND ECONOMIC DEVELOPMENT</b>					
Increasing Competitiveness and Productivity	<ul style="list-style-type: none"> <li>i. Inadequate, outdated and poorly maintained infrastructure:                             <ul style="list-style-type: none"> <li>(a) road transport network fragmented, inadequate and in poor condition;</li> <li>(b) underdeveloped national air and river transport, hindering hinterland development and better communication with the rest of the country; and</li> <li>(c) potable water infrastructure requiring updating, improvements and expansion.</li> </ul> </li> <li>ii. Low gender mainstreaming capacity of line ministries involved in infrastructure works.</li> <li>iii. Low agricultural productivity and yields.</li> <li>iv. Impact of extreme weather events on agriculture.</li> <li>v. Limited access to training and business development services; and lack of research and development and training facilities.</li> </ul>	<ul style="list-style-type: none"> <li>i. Improved access to, and quality of, climate resilient social and economic infrastructure, based on the expressed needs of women and men in the target areas/communities.</li> <li>ii. Increased agricultural production and productivity, which is climate proof.</li> <li>iii. Improved private sector operations and development.</li> </ul>	<ul style="list-style-type: none"> <li>i. 100% of investment projects using appropriate tools to effectively address environment, CC, energy efficiency and DRR considerations during project design and implementation.</li> <li>ii. Ministries and contractors involved in energy and infrastructure works are gender sensitised by 2021.</li> <li>iii. Increase in Agriculture sector's Real GDP by 2022. <i>Baseline 2017.</i></li> <li>iv. Increase in MSME Sector's contribution to GDP by 2022. <i>Baseline 2017.</i></li> <li>v. Increase in skilled women and men employed in industry by 2022. <i>Baseline 2017.</i></li> </ul>	<ul style="list-style-type: none"> <li>i. Rehabilitation of selected aerodromes, stelling and new bridge construction at Wismar.</li> <li>ii. Georgetown waterfront development, including sea defence rehabilitation.</li> <li>iii. Road upgrade between Linden and Mubara Falls, plus bridge.</li> <li>iv. Rehabilitation and improvements of selected water supply infrastructure.</li> <li>v. Gender sensitisation training (Human Immunodeficiency Virus Infection/Acquired Immunodeficiency Syndrome and GBV) of ministries and contractors involved in infrastructure works</li> <li>vi. BNTF interventions in basic community access (e.g. roads, footpaths, bridges and drainage improvement) and water and sanitation systems enhancement.</li> <li>vii. Gender-sensitive climate vulnerability assessment of the agricultural sector.</li> <li>viii. CTCS support for PSD.</li> <li>ix. TA to assess potential demand for development finance by female and male entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>i. GOGY finances sufficiently robust.</li> <li>ii. Sufficient capacity to take forward interventions.</li> <li>iii. Feasibility studies completed on time with clear recommendations.</li> <li>iv. UK-CIF projects delivered in timely manner.</li> </ul>

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
<b>PILLAR I: INCLUSIVE SOCIAL AND ECONOMIC DEVELOPMENT</b>					
Improved Quality and Access to Education and Training	<ul style="list-style-type: none"> <li>i. Insufficient skilled graduates to meet needs of emerging growth areas.</li> <li>ii. Insufficient skilled teachers and instructors to adequately prepare students to contribute to social and economic development.</li> </ul>	Improved quality of/access to higher education by men and women.	<p>Increase in suitably qualified graduates in hospitality, and in supervisory and management roles, by 2025.</p> <p><i>Baseline 2017.</i></p>	<ul style="list-style-type: none"> <li>i. Gender sensitive intervention to develop and enhance the skills available to support tourism and hospitality.</li> <li>ii. Constructing and/or upgrading of infrastructure at UG to provide facilities for the development and expansion of programming to address specific needs in the economy.</li> <li>iii. Institutional strengthening and capacity building at UG to provide enhanced structures for effective operation of the university, and appropriately trained staff to deliver advanced level of programming.</li> </ul>	<ul style="list-style-type: none"> <li>i. Feasibility studies completed on time with clear recommendations.</li> <li>ii. GOGY finances sufficiently robust.</li> <li>iii. Sufficient capacity to take forward interventions.</li> <li>iv. Existing complementary projects proceed accordingly.</li> </ul>

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
<b>PILLAR I: INCLUSIVE SOCIAL AND ECONOMIC DEVELOPMENT</b>					
Strengthened Social Protection	<ul style="list-style-type: none"> <li>i. Limited availability of data for adequate targeting of interventions.</li> <li>ii. TIPS, particularly of women and children, and particularly in the hinterland.</li> <li>iii. High level of recidivism, particularly among young males.</li> <li>iv. Limited social and economic inclusion of PWD.</li> <li>v. High level of suicide, particularly among Indo-Guyanese in coastal communities.</li> </ul>	Amelioration of social issues that fuel crime.	<ul style="list-style-type: none"> <li>i. Improved evidence base for tackling various dimensions of poverty, by 2018. <i>Baseline 2017.</i></li> <li>ii. Reduction in number of TIPS cases by 2021. <i>Baseline 2017.</i></li> </ul>	<ul style="list-style-type: none"> <li>i. ECPA.</li> <li>ii. Citizen security TA, to address TIPS.  Possible assistance:</li> <li>iii. Recidivism.</li> <li>iv. Capacity building for vulnerable groups (men, women and PWDs).</li> <li>v. TA to strengthen the Social Committees of municipalities and NDCs in areas related to community security.</li> <li>vi. Local economic development initiatives.</li> <li>vii. Social communication/public education campaigns and community strengthening to address high suicide rates.</li> </ul>	<ul style="list-style-type: none"> <li>i. GOGY finances sufficiently robust.</li> <li>ii. GOGY actively bids for TA funding.</li> <li>iii. Sufficient capacity to take forward interventions.</li> </ul>
<b>PILLAR II: ENVIRONMENTAL SUSTAINABILITY</b>					
Reduced Vulnerability to Natural Disasters	<ul style="list-style-type: none"> <li>i. Sea defences in need of intervention due to coastal erosion, exacerbated by CC.</li> <li>ii. Low-level integration of environment; DRM and CC adaptation; and sector planning.</li> </ul>	Reduced Vulnerability to Natural Disasters	<ul style="list-style-type: none"> <li>i. Improved sea defence infrastructure in target area and % reduction of man-made sea defences in critical or poor condition, by 2022. <i>Baseline 2017.</i></li> <li>ii. % increase in number of trained female and male regional councillors and volunteers in CBDRM by 2021. <i>Baseline 2017.</i></li> </ul>	<ul style="list-style-type: none"> <li>i. Sea Defence Rehabilitation – part of Georgetown waterfront development (see above).</li> <li>ii. TA for capacity building measures to EPA, as well as PAC.</li> <li>iii. TA to support CDC and its CBDRM Programme.</li> <li>iv. Support for GOGY efforts to access climate funds from the Adaptation Fund and other sources.</li> </ul>	<ul style="list-style-type: none"> <li>i. UK-CIF project delivered in timely manner.</li> <li>ii. GOGY actively and successfully bids for TA funding.</li> <li>iii. Sufficient capacity to take forward interventions.</li> </ul>



Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
<b>PILLAR III: GOOD GOVERNANCE</b>					
Strengthening of Governance and Institutions.	<ul style="list-style-type: none"> <li>i. Statistical capacity – constraints to data coverage and accessibility.</li> <li>ii. Inability to target poverty accurately and effectively.</li> <li>iii. Weaknesses in project management.</li> <li>iv. Insufficient data on gender inequality.</li> <li>v. Insufficient capacity to design NGP; and insufficient access to sex-disaggregated data from administrative units.</li> </ul>	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"> <li>i. BOS’s analytical capacity enhanced to undertake more regular and comprehensive social and poverty research. By 2021.</li> <li>ii. % increase in programmes and projects applying PPAM and PCM.</li> <li>iii. 50% of programmes and projects in targeted ministries are gender mainstreamed, by 2021.</li> </ul>	<ul style="list-style-type: none"> <li>i. ECPA (see above), including design and development of PMAU.</li> <li>ii. TA to review the institutional framework for development planning, and develop an action plan for implementing recommendations.</li> <li>iii. TA for technical staff on CDB’s project management training programme with respect to PPAM, PCM and MfDR, and the gender dimensions therein.</li> <li>iv. TA to design NGP, the collection of sex-disaggregated data in administrative units, and the conduct of a CGA.</li> </ul>	<ul style="list-style-type: none"> <li>i. GOGY finances sufficiently robust.</li> <li>ii. GOGY actively and successfully bids for TA funding.</li> <li>iii. Sufficient capacity to take forward interventions.</li> </ul>

**DEVELOPMENT PARTNERS' MATRIX**

<b>Area</b>	<b>CDB</b>	<b>IDB</b>	<b>WB</b>	<b>EU</b>	<b>UNDP/UNICEF</b>	<b>China</b>
Agriculture	Vulnerability Assessment.	<ul style="list-style-type: none"> <li>i. Agricultural Census.</li> <li>ii. Sustainable agricultural development</li> </ul>		Sugar Sector.		
Energy		<ul style="list-style-type: none"> <li>i. Comprehensive Energy Matrix.</li> <li>ii. Guyana Light and Power Improvement.</li> <li>iii. RE.</li> </ul>				
Tourism	<ul style="list-style-type: none"> <li>i. Needs Assessment of Tourism Sector.</li> <li>ii. Hospitality Institute.</li> </ul>					
Education	Upgrade and provision of new hinterland Practical Instruction Centres.		<ul style="list-style-type: none"> <li>i. Primary Education.</li> <li>ii. UG.</li> </ul>		Ecosystem services education for sustainable development.	
Environment and Coastal Protection.	Rehabilitation of Sea Defences.	Natural Resources Management.	Flood adaptation and drainage.	Coastal Protection (mangroves and conservancy management).	<ul style="list-style-type: none"> <li>i. Mainstreaming biodiversity in mining.</li> <li>ii. Support for National Action Plan on land degradation.</li> </ul>	

<b>Area</b>	<b>CDB</b>	<b>IDB</b>	<b>WB</b>	<b>EU</b>	<b>UNDP/UNICEF</b>	<b>China</b>
Macroeconomic Management		<ul style="list-style-type: none"> <li>i. Multi-year Budgeting.</li> <li>ii. Tax Administration.</li> </ul>				
Citizen Security	Support to address TIPs.	<ul style="list-style-type: none"> <li>i. Capacity Building to support community empowerment.</li> <li>ii. Crime victimisation survey.</li> </ul>			Amerindian land titling.	
PSD/Trade	<ul style="list-style-type: none"> <li>i. Support for MSMEs through CTCS.</li> <li>ii. TA to examine need for a development bank.</li> <li>iii. Possible line of credit.</li> </ul>	<ul style="list-style-type: none"> <li>i. Institutional and regulatory capacity.</li> <li>ii. New technologies to help firms.</li> </ul>	Gold mining.		Implementation of the NCS.	

<b>Area</b>	<b>CDB</b>	<b>IDB</b>	<b>WB</b>	<b>EU</b>	<b>UNDP/UNICEF</b>	<b>China</b>
Public Sector Modernisation/ Governance	<ul style="list-style-type: none"> <li>i. Support with development planning.</li> <li>ii. PPAM and PCM.</li> <li>iii. Gender Assessment and Policy.</li> </ul>	<ul style="list-style-type: none"> <li>i. TA on Information Technology Procurement.</li> <li>ii. Enhancing statistical capacity.</li> <li>iii. Fiscal management modernisation.</li> <li>iv. Labour force survey and household survey of living conditions.</li> </ul>		<ul style="list-style-type: none"> <li>i. Parliamentary Rights Commission.</li> <li>ii. Procurement.</li> <li>iii. Strategic Plan for Gender.</li> </ul>	<ul style="list-style-type: none"> <li>i. Multiple Indicator Cluster Survey.</li> <li>ii. Situation analysis of women and children.</li> </ul>	
Health		Support for maternal and child health improvement.				
Social Protection	ECPA.	Housing.			<ul style="list-style-type: none"> <li>i. Early childhood development.</li> <li>ii. Child care and protection.</li> <li>iii. Disaster emergency preparedness planning.</li> </ul>	
Poverty Reduction	Rehabilitation of water and air infrastructure.	Road rehabilitation and urban transport improvements.				<ul style="list-style-type: none"> <li>i. Road Rehabilitation.</li> <li>ii. Airport modernisation.</li> </ul>
Water and Sanitation	Water supply improvements.	Solid Water Management.				