

**CARIBBEAN DEVELOPMENT BANK**

**THREE HUNDRED AND THIRD MEETING OF THE BOARD OF DIRECTORS**

**TO BE HELD IN HYBRID FORMAT**

**SEPTEMBER 21, 2023**

**PAPER BD 35/23**

**COUNTRY ENGAGEMENT STRATEGY 2023-25**  
**GUYANA**

The attached Country Engagement Strategy (CES) sets out the strategic direction for the Caribbean Development Bank's (CDB/the Bank) engagement with the Government of the Cooperative Republic of Guyana (GOGY) over the period 2023-25. The CES is guided by the overarching objectives of GOGY's Low-Carbon Development Strategy 2030 which sets out a strategic vision to build a fair, inclusive, sustainable, and prosperous Guyana, aligned with the Sustainable Development Goals. The CES seeks to support the implementation of key thematic areas of GOGY's development agenda, inclusive of its efforts to address ongoing infrastructural needs to sustain a resilient socio-economic recovery from the Coronavirus Disease 2019 pandemic.

2. The CES is selective and demand driven. It facilitates GOGY in its quest for concessional financing, concentrating mainly on the three key thematic areas of *enhancing climate-resilient infrastructure, enhancing climate and disaster resilience, and enhancing social resilience*. The Bank's programme of assistance is designed to achieve the CES outcomes of: (a) improved access to, and enhanced quality and climate resilience of, the water supply; (b) enhanced gender-responsive and inclusive disaster risk management and disaster and climate resilience; and (c) enhanced livelihoods for disadvantaged and vulnerable communities. Good governance and gender equality will be mainstreamed in CDB's interventions. A resource envelope of eighty-three million United States dollars (\$83 mn) has been estimated to fund the indicative programme of assistance identified.

3. The proposed strategy is aligned with CDB's strategic objectives of building social, environmental, and institutional resilience and the Bank's corporate priorities of improving access to safe water and sanitation, increasing resilience and adaptive capacity to disaster risk and climate change impacts. The CES was formulated through a consultative process, is results-oriented and incorporates lessons learnt to enhance development effectiveness. The CES also aligns with the overarching goal and operational themes under the tenth replenishment of the Special Development Fund.

4. The Board is asked to approve CDB's CES for Guyana for 2023-25.



**CARIBBEAN DEVELOPMENT BANK**

**STAFF REPORT**

**COUNTRY ENGAGEMENT STRATEGY PAPER (2023-25)  
GUYANA**

This document is being made publicly available in accordance with the Bank's Information Disclosure Policy. The Bank does not accept responsibility for the accuracy or completeness of the Document.

Considered at the Three Hundred and Third Meeting of the Board of Directors  
Held virtually on September 21, 2023.

<i>Director Economics Department</i>	<i>Mr. Ian Durant</i>
<i>Deputy Director Economics Department</i>	<i>Ms. Christine Dawson</i>
<i>Economist</i>	<i>Dr. Stephan Maier</i>

**SEPTEMBER 2023**

This Country Engagement Strategy Paper was prepared by a Team comprising: Stephan Maier, Economist (Coordinator); Whitfield Clarke, Operations Officer (Civil Engineer); Paul Murphy, Operations Officer (Education); Karl Pivott, Operations Officer (BNTF); Kemberley Gittens, Operations Officer (Social Analyst); Paul Saunders, Operations Officer (Environmental Sustainability); Malcolm Wallace, Operations Officer (Agriculture and Rural Development); Michel Thomas, Operations Officer (Caribbean Technological Consultancy Services); Ashaki Goodwin, Coordinator (Ag.) (Regional Cooperation and Integration); Christopher Straughn, Sustainable Energy Specialist (Energy); Zamani Moodie, Operations Officer (Micro, Small and Medium-sized Enterprise); Piergiorgio Rieder (Legal Counsel); and Sonia Hampden (Coordinating Secretary).

**Any designation or demarcation of, or reference to, a particular territory or geographic area in this Document is not intended to imply any opinion or judgment on the part of the Bank as to the legal or other status of any territory or area or as to the delimitation of frontiers or boundaries.**

## CURRENCY EQUIVALENT

Dollars (\$) throughout refer to United States Dollars (USD) unless otherwise specified.

## ABBREVIATIONS

BMCs	-	Borrowing Member Countries
bn	-	Billion
BNTF	-	Basic Needs Trust Fund
BOG	-	Bank of Guyana
CARICOM	-	Caribbean Community
CDB	-	Caribbean Development Bank
CDM	-	Comprehensive Disaster Management
CES	-	Country Engagement Strategy
CMCA	-	Caribbean Common Multi-Country Analysis
COVID-19	-	Coronavirus Disease 2019
CRSAP	-	Climate Resilience Strategy and Action Plan
CRVA	-	Climate Risk and Vulnerability Assessment
CS	-	Country Strategy
CWP	-	Country Work Programme
DiMSOG	-	Disaster Management Strategy and Operational Guidelines 2021
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
ESSP	-	Education Sector Strategic Plan
ESW	-	Electronic Single Window
EU	-	European Union
GBV	-	Gender Based Violence
GDP	-	Gross Domestic Product
GHG	-	Green House Gas
GII	-	Gender Inequality Index
GM	-	Gender Mainstreamed
GOAL	-	Guyana Online Academy
GOGY	-	Government of Guyana
GPE	-	Global Partnership for Education
GWI	-	Guyana Water Incorporated
HDI	-	Human Development Index
HTTI	-	Hotel and Tourism Training Institute
IDB	-	Inter-American Development Bank
IPV	-	Intimate Partner Violence
km	-	kilometres
LCDS	-	Low-Carbon Development Strategy 2030
m	-	metres
MHSSS	-	Ministry of Human Services and Social Security
mm	-	millimetres
mn	-	million
MOE	-	Ministry of Education
MOF	-	Ministry of Finance
MOH	-	Ministry of Health
MOHA	-	Ministry of Home Affairs
MPI	-	Multidimensional Poverty Index
MW	-	megawatts

NCCPAP	-	National Climate Change Policy and Action Plan
NDCs	-	Nationally Determined Contributions
NEET	-	Not in Education, Employment or Training
NRF	-	Natural Resource Fund
NRW	-	Non-Revenue Water
OCR	-	Ordinary Capital Resources
PCM	-	Project Cycle Management
PPAM	-	Public Policy Analysis and Management
PSIP	-	Public Sector Investment Programme
PWDs	-	Persons with Disabilities
RF	-	Results Framework
SDF	-	Special Development Fund
SDGs	-	Sustainable Development Goals
SLR	-	Sea Level Rise
SSN	-	Social Safety Net
TA	-	Technical Assistance
TIP	-	Trafficking in Persons
TVET	-	Technical and Vocational Education and Training
UN	-	United Nations
UNDP	-	United Nations Development Programme
UNFCCC	-	United Nations Framework Convention on Climate Change
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children's Fund
UK CIF	-	United Kingdom Caribbean Infrastructure Partnership Fund
USA	-	United States of America
VNR	-	Voluntary National Review
WB	-	World Bank
WHO	-	World Health Organisation
WTPs	-	Water Treatment Plants

## **TABLE OF CONTENTS**

### **EXECUTIVE SUMMARY**

- 1. COUNTRY CONTEXT**  
Social and Economic Context  
Environmental Context  
Outlook
- 2. KEY DEVELOPMENT CHALLENGES AND MEDIUM-TERM PRIORITIES**
- 3. COUNTRY PORTFOLIO REVIEW AND LESSONS LEARNT**  
Country Portfolio  
Country Strategy 2017-2021 Review  
Lessons Learnt
- 4. COUNTRY ENGAGEMENT STRATEGY 2023-25**  
Strategic Alignment  
Resource Envelope  
Thematic Areas and Country Engagement Strategy Outcomes  
Implementing the 2023-25 Strategy  
Coordination with Development Partners  
Risk Analysis and Mitigation

### **APPENDICES**

- APPENDIX 1: GENDER MARKER ANALYSIS
- APPENDIX 2: LOW-CARBON DEVELOPMENT STRATEGY 2030: STRATEGIC GOALS
- APPENDIX 3: SOCIAL VULNERABILITY MATRIX
- APPENDIX 4: COUNTRY STRATEGY COMPLETION REPORT (2017-2021)
- APPENDIX 5: DEVELOPMENT PARTNERS' ENGAGEMENT
- APPENDIX 6: RESULTS FRAMEWORK
- APPENDIX 7: CLIMATE AND DISASTER RISK SCREENING ANALYSIS

## COUNTRY DATA: GUYANA

### Macroeconomic Indicators

	2018	2019	2020	2021	2022 <sub>p</sub>
<b>PER CAPITA INCOME</b>					
At Constant 2012 Prices (\$ million [mn])	6,222	6,529	9,331	11,136	18,010
At Current Prices (\$ mn)	6,244	6,745	7,106	10,407	17,599
<b>GROSS DOMESTIC PRODUCT (GDP)</b>					
Constant GDP at 2012 Prices (\$ mn)	4,753	5,008	7,185	8,608	13,972
GDP at Current Market Prices (\$ mn)	4,770	5,003	5,556	8,084	13,618
GDP at Constant Market Prices (Annual % Change)	4.4	5.4	43.5	20.1	62.3
<b>MONEY AND PRICES (Annual % Change)</b>					
Consumer Prices (period average)	1.3	2.1	0.7	4.5	6.4
Money Supply (M1)	11.2	41.8	20.5	14.5	16.0
Credit to the Private Sector	2.8	8.6	2.4	10.4	14.6
<b>PUBLIC FINANCES (% of GDP)</b>					
Revenues and Grants	22.9	23.4	20.6	16.2	15.4
Expenditures	25.6	26.2	28.5	23.1	20.8
Overall Surplus/ Deficit	-2.7	-2.8	-7.9	-6.8	-5.5
Primary Surplus/ Deficit	-1.8	-2.0	-7.3	-6.4	-5.1
<b>TOTAL PUBLIC DEBT (% of GDP)</b>	41.4	39.2	47.8	38.6	26.8
Domestic debt outstanding	13.6	14.0	23.2	21.4	15.3
External debt outstanding	27.7	25.2	24.6	17.2	11.5
Total Government Debt Service	1.8	1.6	1.5	1.3	1.0
<b>Debt Service as % of Current Revenue</b>	7.9	7.0	7.5	8.3	6.3
<b>BALANCE OF PAYMENTS (% of GDP)</b>					
Exports of Goods and Services	33.0	34.9	51.2	57.7	n.a.
Net Services Balance	-19.6	-22.8	-29.1	-32.6	-33.2
Current Account Balance	-26.8	-52.5	-7.2	-25.9	31.2
Unrequited Transfers	10.3	11.2	12.0	13.1	7.4
Foreign Direct Investment Inflows (Net)	25.8	32.8	37.7	55.4	-25.9
<b>AVERAGE EXCHANGE RATE</b>					
Guyanese dollar (GYD) per \$	208.5	208.5	208.5	208.5	208.5

Sources: Government of Guyana (GOGY), Caribbean Development Bank (CDB), International Monetary Fund, Bank of Guyana (BOG).

*p*: preliminary.

*n.a.*: not available.

### Social and Environmental Data

	2018	2019	2020	2021	2022
<b>POPULATION</b>					
Total Population	763.9	767.0	770.0	773.0	775.8
Crude Birth Rate (per 1,000 people)	21.0	21.0	20.0	n.a.	n.a.
<b>Life expectancy at birth, Total (years)</b>	68.9	69.1	68.5	n.a.	n.a.
Female	72.4	72.7	72.1	n.a.	n.a.
Male	65.5	65.8	65.1	n.a.	n.a.
<b>EDUCATION</b>					
Primary School Gross Enrolment Ratio (%)	102	102	101	104	101
Secondary School Gross Enrolment Ratio (%)	86	90	94	93	99
Pupil-Teacher Ratio	n.a.	14.0	14.0	n.a.	n.a.
Expected Years of Schooling	12.3	12.5	12.5	12.5	n.a.
Mean Years of Schooling	8.5	8.6	8.6	8.6	n.a.
<b>LABOUR FORCE</b>					
Unemployment rate (%)	13.8	13.4	12.8	14.5	n.a.
Male	12.3	12.5	11.7	12.0	n.a.
Female	15.9	14.7	14.4	18.4	n.a.
Participation Rate (%)	51.8	49.0	50.4	49.6	n.a.
Male	64.5	61.1	60.6	62.1	n.a.
Female	40.0	38.0	40.9	37.8	n.a.
Dependency Ratio (% of working age population)	53.4	53.0	53.7	53.6	n.a.
Old (65 years and over)	8.8	8.9	9.3	9.5	n.a.
Young (0-14 years old)	44.6	44.0	44.4	44.1	n.a.
<b>HEALTH</b>					
Current Health Expenditure (% of GDP)	4.9	4.9	n.a.	n.a.	n.a.
Measles Immunisation (% of children ages 12-23 months)	98.0	98.0	98.0	94.0	n.a.
Prevalence of HIV (% of population, ages 15-49)	1.4	1.4	1.4	1.4	n.a.
Mortality Rate, Neonatal (per 1,000 live births)	18.0	18.0	17.0	n.a.	n.a.
Mortality Rate, Under 5 Years (per 1,000 live births)	30.0	29.0	28.0	n.a.	n.a.
<b>HUMAN DEVELOPMENT INDEX</b>	0.701	0.708	0.721	0.714	n.a.
<b>ENVIRONMENT</b>					
People using at least basic drinking water services (%)	95.5	95.5	95.6	n.a.	n.a.
Access to electricity (% of the population)	91.2	91.9	92.5	n.a.	n.a.
Forest Area (% of land area)	93.6	93.6	93.6	n.a.	n.a.
Carbon Dioxide Emissions (tons per capita)	3.2	3.2	2.8	2.8	2.8
<b>ICT PENETRATION</b>					
Individuals using the Internet (% of population)	n.a.	n.a.	n.a.	n.a.	n.a.
Fixed broadband subscriptions (per 100 people)	n.a.	10.4	11.9	n.a.	n.a.

Sources: GOGY; BOG; CDB; World Bank Development Indicators; United Nations Development Programme: Human Development Report 2021-22.

n.a. – not available



### **GENDER MARKER SUMMARY**

<b>Gender Marker</b>	<b>Analysis</b>	<b>Design</b>	<b>Implementation</b>	<b>Monitoring and Evaluation</b>	<b>Score</b>	<b>Code</b>
	1	0.5	0.5	0.5	2.5	GM <sup>1</sup>

---

<sup>1</sup> Gender Mainstreamed (GM): The Country Engagement Strategy is GM and has the potential to contribute significantly to gender equality. See Appendix 1 for the Gender Marker Analysis.

## **EXECUTIVE SUMMARY**

1. This Country Engagement Strategy (CES) articulates the programme of support and planned interventions of the Caribbean Development Bank (CDB/the Bank) for Guyana over the period 2023-25. The CES responds to Guyana's development priorities and is aligned with CDB's Strategic Objectives<sup>1</sup> of building social, environmental, and institutional resilience; and the cross-cutting areas of promoting good governance and gender equality.

### **COUNTRY DEVELOPMENT CONTEXT AND KEY CHALLENGES**

2. Guyana is at a critical juncture in its development. The country's oil boom is giving a strong growth impulse to the domestic economy, but unemployment and poverty remain high especially in the sparsely populated interior<sup>2</sup>. An upper middle-income economy, Guyana has lower levels of development outcomes compared with its peers and grapples with high emigration rates and brain drain. Guyana is extremely vulnerable to natural disasters, the socio-economic impact of which is exacerbated by climate change. Much of its population, its main urban centre and capital city, Georgetown, and most of its highly fertile agriculture is concentrated on its narrow, low-lying coastal plain, which is highly vulnerable to sea level rise (SLR) and coastal flooding also exacerbated by climate change. This exposure couples with high environmental risks associated with oil-driven growth that will require significant investment to increase environmental resilience. The recent influx of budget resources from the oil sector has allowed for an intensification of efforts to address longstanding development constraints and gaps to diversify the economy and stimulate sustainable and inclusive growth by, *inter alia*, boosting capital investment levels especially in social and economic infrastructure, education, and agriculture. Increasing resources have also boosted relief to citizens in the form of lower taxes, duties, and excise during the recent Coronavirus Disease 2019 (COVID-19) pandemic. With a first annual budget allocation of six hundred and seven million six hundred thousand United States dollars (\$607.6 mn) transferred from its National Resource Fund (NRF)<sup>3</sup> in 2022, capital expenditure rose to 9.1% of gross domestic product (GDP) and is expected to further increase in 2023. The NRF stood at \$1.3 billion (bn) at the of end-2022.

### **NATIONAL PRIORITIES**

3. Guyana's development priorities are undergirded by the Low-Carbon Development Strategy 2030 (LCDS) and aligned with the Sustainable Development Goals (SDGs). The LCDS provides a blueprint for developing and transforming Guyana with a focus on developing a low-carbon economy to counter anticipated increases in greenhouse gas (GHG) emissions, and which offers opportunities for gainful employment to all Guyanese and, at the same time, protects the country's pristine environment. LCDS is the vehicle to achieve a fair, inclusive, sustainable, and prosperous Guyana and is guided by four overarching goals: (a) *developing and leveraging ecosystem services for national development*; (b) *stimulating future growth through clean energy and sustainable activities that benefit all Guyanese*; (c) *protecting Guyana from climate change and biodiversity loss*; and (d) *aligning Guyana with global climate and biodiversity goals* (see Appendix 2).

### **COUNTRY STRATEGY 2023-25: THEMATIC AREAS AND CES OUTCOMES**

4. CES design reflects the prevailing socio-economic environment in Guyana. LCDS implementation presents an opportunity for economic and social recovery, transformation, and resilience building. An indicative resource envelope of \$83 mn is proposed in line with country demand and Guyana's prioritisation

---

<sup>1</sup> CDB Strategic Plan Update 2022-24.

<sup>2</sup> Guyana Systematic Country Diagnostic, 2020. World Bank (WB).

<sup>3</sup> Guyana NRF, a sovereign wealth fund, was first established in 2019.

of concessional funding. This will consist primarily of Special Development Fund (SDF) and other special funds to allow for the implementation of key projects focused on enhancing social, environmental and institutional resilience. The strategic focus of the CES is narrowed to a limited number of outcomes and to those priority areas that align with the objectives of SDF 10, and other identified resources. Should Guyana require additional Ordinary Capital Resources (OCR) borrowing during the strategy period, consideration will be given to broadening the programme.

5. The CES rests on three thematic areas: *(a) enhancing climate-resilient infrastructure; (b) enhancing climate and disaster resilience; and (c) enhancing social resilience.* The following CES outcomes align with the Government of the Cooperative Republic of Guyana's (GOGY) key priorities:

- (a) improved access to, and enhanced quality and climate resilience of, the water supply;
- (b) enhanced gender-responsive and inclusive disaster risk management (DRM) and disaster and climate resilience; and
- (c) enhanced livelihoods for disadvantaged and vulnerable communities.

6. The CES reflects lessons learnt in designing country strategies and managing projects over the last decade. CDB and GOGY will concentrate on a very selective programme of assistance, which will support outcomes through technical assistance (TA) to build capacity and institutional strengthening; climate resilience initiatives that are cognisant of, and complement the efforts of, other development partners; and capital investment to upgrade physical infrastructure for water and sanitation that will help to improve the stock of modern climate and disaster-resilient infrastructure.

7. Guyana remains committed to the use of concessional resources for its financing. However, the significant increase in income means that Guyana is likely to have less access to concessional sources of finance. This notwithstanding, there is a significant need to implement policies and projects that will prevent Dutch disease and foster more inclusive growth. Therefore, CDB will use the strategy period to engage GOGY on opportunities for greater use of OCR in areas where CDB has a comparative advantage and there is greatest need. CDB will also seek opportunities to collaborate with other development partners.

## **RISKS AND MITIGATING ACTIONS**

8. The main risks that may affect the implementation of the proposed CES fall under the financial (credit and liquidity) and operational (processes, governance, human resources and implementation, external events, and disasters) risk categories. CDB has identified measures to help mitigate these risks, including: (a) close monitoring of fiscal developments and regular policy dialogue on macroeconomic management; (b) capacity building and institutional strengthening; and (c) incorporating disaster risk mitigation and climate change resilience in all infrastructure interventions.

## 1. COUNTRY CONTEXT

### SOCIAL AND ECONOMIC CONTEXT

1.01 Guyana is a small state with abundant natural resources. Until the start of oil production in 2019 there were only three Borrowing Member Countries (BMCs) that displayed lower GDP per capita levels than Guyana, underlining the country's development challenges notwithstanding its abundance of natural resources including gold, bauxite, and extensive forest and agricultural resources. In 2020, Guyana moved up to the high human development category of the United Nations (UN) Human Development classification, a reflection of continued improvement in several development areas and indicators over the past decade including health, life expectancy, years of schooling, as well as standard of living that has been boosted by significant escalations in the country's national income per capita. Guyana's Human Development Index (HDI) between 1990 and 2020, increased from 0.509 to 0.721, or by 41.6%, positioning Guyana at 108 out of 191 countries and territories. Relative to its Caribbean peers similarly classified in the high human development tier, Jamaica was the only country ranked lower than Guyana<sup>1</sup>. Nonetheless, even with its human development progress, inequality persists. Guyana scored significantly lower in the inequality adjusted HDI which stood at only 0.591 in 2021.

1.02 The COVID-19 pandemic led to reversals in human development gains as reflected in a decline in country performance on the HDI to 0.714 in 2021. Notwithstanding the setback, the reopening of the economy after the ceasing of COVID-19 restrictions and the positive knock-on effects of strongly expanding oil production facilitated a very healthy expansion in accommodation and food services; professional, scientific and technical services; financial and insurance activities; and administrative and support services, which on average increased by about one-fifth between 2019 and 2022. Traditional sectors of the Guyanese economy, such as wholesale and retail trade and agriculture, also displayed growth, while the transport and storage and the manufacturing sectors contracted very slightly mainly due to the weakness in rice and sugar manufacturing activities, as other manufacturing expanded moderately.

1.03 In 2022, Guyana's economy – including the nascent petroleum and gas sector – grew by an extraordinary 62.3% from 20.1% in 2021, based on much higher oil production. The non-oil economy accelerated to 11.5% from 4.6% in 2021, as economic output exceeded 2019 levels by 8.1% facilitated by a strong growth impulse from oil production and continued fiscal stimulus. Given the detrimental effects of COVID-19 on socio-economic development, GOGY increased its efforts to support households and businesses and reduce poverty by adjusting the income tax threshold; lowering import duties and taxes on fuel, vehicles and construction materials; raising transfers and social expenditure; and introducing targeted support measures.

1.04 Notwithstanding the challenging global environment, characterised by a general growth slowdown and still elevated food and fuel prices and strained global supply chains, the economic growth momentum is expected to carry over to 2023 with 7.9% growth projected for the non-oil economy and 25.1% for the overall economy, mainly driven by an expected 35.6% rise in oil production. The challenging global environment had contributed to an increase in inflation to 6.4% in 2022 up from 4.9% in 2021, and from an average of only 1.0% between 2013 and 2020. The inflation spike in 2022 came on the back of food price inflation of 14.1%, while all other items grew much less than average inflation as GOGY continued to provide support to shield the country from elevated global commodity prices.

1.05 Guyana's expansionary fiscal effort led to an increase in the overall fiscal deficit to 11.8% of non-oil GDP in 2022, contributing to a 16.9% increase in total public debt to \$3,655 mn, or 57.6% of non-oil GDP – although in relation to total GDP, debt declined to 26.8%. Debt will further increase as GOGY has

---

<sup>1</sup> Ten BMCs are classified in the high human development tier.

significantly expanded its Public Sector Investment Programme (PSIP), with the expansion being funded from oil revenues, and the fiscal deficit is projected to remain at 11.5% of non-oil GDP in 2023 and push debt up to 63.1% of non-oil GDP. However, debt-sustainability metrics will continue to look very favourable as debt is projected to decline to 25.4% of total GDP, the interest-to-revenue ratio will stand at a very modest 2.4%, and the oil wealth accumulated in NRF is expected to reach \$1.9 bn in 2023.

1.06 The PSIP is investing in transformational projects aligned to LCDS goals that are expected to facilitate economic diversification, higher employment, and stronger socio-economic development. With a first annual NRF budget allocation of \$607.6 mn in 2022, capital expenditure increased by \$622 mn to 9.1% of GDP. Budget 2023 pencils in further increases with allocations of \$1 bn from NRF and \$150 mn from the country's first sale of carbon credits. Major projects to be financed over the medium term include the new Demerara Harbour Bridge (\$260 mn), the 300-megawatt (MW) Wales gas-to-energy project (\$1.3 bn), and the 165-MW Amaila Falls Hydropower Project (\$700 mn).

1.07 Social resilience is being tested by the multi-faceted challenges brought on by COVID-19 which endanger eroding the progress made in improving social outcomes. Unemployment rose to 15.6% in the first quarter of 2021 (up from 13.4% in the first quarter 2019), with economic dislocation likely affecting larger numbers of women than men, and the Caribbean Community (CARICOM) COVID-19 survey reported an increase in gender-based violence (GBV). The UN reported that as of 2018, 55% of Guyanese women were expected to suffer from intimate partner violence (IPV) at least once during their lifetime compared with a global average of 30%. Women in Guyana also continue to experience disadvantage across many other dimensions. The United Nations Development Programme's (UNDP) Gender Inequality Index (GII) measures disadvantage in three dimensions – reproductive health, empowerment, and the labour market. The 2021-22 Human Development Report reveals a GII of 0.454, ranking Guyana 114 out of 170 countries in 2021. The lower score and rank indicate gender inequalities (the loss in human development due to inequality between female and male achievements) in the dimensions measured.

1.08 The latest published unemployment figures show a decline in the unemployment rate to 14.5% in the third quarter of 2021, with female unemployment at 18.4% being much higher than male unemployment at 12.0%. Women across the Globe, Guyana being no exception, generally experienced greater social, economic, and physical insecurity than men, the recovery period is, therefore, likely to be more protracted for women, as well as for groups that are traditionally disproportionately represented among the vulnerable and marginalised: indigenous peoples; persons with disabilities (PWDs); migrants; youth; and children. In 2022, public sector employment declined, which was likely mitigated by growing employment in the private sector, primarily in the services sector. The expansion of the Government's community-based, part-time jobs programme (introduced in 2022) likely will contribute to a further decrease in unemployment in 2023, but shortages and a mismatch of relevant labour market skills may prevent many citizens from significantly participating in the economic upswing over the medium term.

1.09 The UN's Multidimensional Poverty Index (MPI) for Guyana was last reported at 0.006 for the 2020-2021 period as a result of a headcount poverty share of 1.7% and an intensity of deprivation of 38.8%. This is a decline from 0.014 in 2014, when the headcount rate at 3.4% and the intensity of deprivation at 41.8% both stood above the Caribbean, but below the Latin America and the Caribbean averages. For 2009, the MPI was reported at a higher 0.023, especially due to a higher headcount rate of 5.4%. While there was hardly any difference between urban and rural areas on average, some of the hinterland regions displayed significantly higher MPIs than the national average with Region 8 Potaro-Siparuni, Region 1 Barima-Waini, Region 7 Cuyuni-Mazaruni, and Region 9 Upper Takutu-Upper Essequibo, having the highest index values of 0.08, 0.051, 0.048 and 0.047, respectively. Multi-dimensional poor suffer from deprivation in health, education and living standards.

## ENVIRONMENTAL CONTEXT

1.10 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. The severity and frequency of rainfall events is exacerbated by climate change, resulting in increased risk of floods and droughts. Guyana has experienced many floods in recent years that are heavily influenced by La Niña events. The country's low-lying coastline, which in some areas is two metres (m) below sea level, causes flooding to be an imminent threat. SLR will lead to inundation of coastal areas, saline intrusion into surface and ground water sources, and overtopping of existing sea defenses. During the hurricane season, Guyana is sometimes affected by tropical waves moving through the Atlantic inducing heavy rainfall which causes flooding in coastal communities.

1.11 In confronting climate change impacts and environmental sustainability, GOGY has developed several national policies and plans to facilitate achieving sustainable development. These include the Climate Resilience Strategy and Action Plan (CRSAP) 2015, the National Climate Change Policy and Action Plan (NCCPAP) and LCDS, which provide guidance for priority investments to protect its social and economic infrastructure from the worst effects of climate change. Increased post-disaster resilience will need to involve the formulation of detailed action plans, emergency protocols, and community awareness and preparation to coordinate the response of the general population and the various government agencies in the event of a disaster. This should include a Disaster Resilience Strategy also containing a disaster risk financing strategy. Guyana is expected to submit the country's revised Nationally Determined Contributions (NDCs), which initially were expected to cover the 2022-25 period, in 2023. According to the current NDCs, Guyana was estimated to require investments of \$1.6 bn to implement its conditional adaptation actions, including infrastructural development works in the period up to 2025<sup>2</sup>. The evidence is clear that the impacts of natural hazards and climate change exacerbate pervasive structural inequalities and socioeconomic vulnerabilities. As such, gender equality and inclusion considerations must be integrated in climate change mitigation and adaptation, and in disaster risk, recovery and response<sup>3</sup>.

## OUTLOOK

1.12 Real GDP is expected to grow at an annualised rate of around 25% over the next 3 years. Guyana requires broad-based programmatic interventions towards advancing the SDGs which include climate change adaptation and mitigation efforts, infrastructural enhancements, human capital development, and institutional strengthening in all sectors. The local economy, excluding the offshore oil and gas sector, is expected to grow around 5% annually benefiting from significant spillovers from oil and gas. Successful macro-economic management of the country's oil wealth to stave off signs of Dutch disease<sup>4</sup> requires carefully designed policy choices in the fields of fiscal, monetary, and industrial policy targeted at maintaining the competitiveness of the non-oil sector and limiting inflationary pressures with undesirable social consequences. More effective local content policies<sup>5</sup> and improvements to the country's education system will be key to enhance local employment and create income generation opportunities for all Guyanese. Over the medium term, GOGY will need to provide significant support to the most vulnerable who will struggle to benefit from the economic upswing. Practical strategies and the allocation of resources

---

<sup>2</sup> [Guyana's revised NDC – Final.pdf \(unfccc.int\)](#).

<sup>3</sup> [Enabling Gender-Responsive Disaster Recovery, Climate and Environmental Resilience in the Caribbean|UNDP \(undp.org\)](#).

<sup>4</sup> Dutch disease is usually defined as a loss of competitiveness due to large inflows of foreign currency, often associated with a boom in the natural resources sector, which could lead to strong price increases in the domestic economy resulting in a reduction of international competitiveness of the country's traditional export sectors.

<sup>5</sup> Guyana adopted the Local Content Bill in 2021 which aims at prioritising Guyanese nationals and Guyanese companies in the procurement of goods and services to the oil sector, and at enabling local capacity development.

for the integration of social inclusion and gender equality in policies and the development process must be prioritised to, *inter alia*, increase the voice and influence of, as well as aid improved access to, livelihood assets and services for all, including women, the youth, PWDs, the poor, and the excluded.

## 2. KEY DEVELOPMENT CHALLENGES AND MEDIUM-TERM PRIORITIES

### Medium-Term Priorities

2.01 Guyana's development priorities are undergirded by LCDS. The LCDS 2030 was approved by the National Assembly in 2022, and builds on the first LCDS released in 2009 by adding a fourth objective – aligning Guyana's developmental agenda with global climate and biodiversity goals – to the three objectives contained in the earlier 2009 version. LCDS went through a seven-month consultative process and defines an economic, social and environmental model according to which Guyana plans to grow its economy five-fold by: investing in sustainable urban, rural and Amerindian development; expanding the low-carbon sectors of the economy; transforming existing sectors of the economy to achieve sustainability; upgrading low-carbon infrastructure; and developing climate-compatible social services, including education and health care, while keeping carbon emissions flat.

2.02 Within the ambit of its first LCDS (Phase I), Guyana benefited from development cooperation with Norway which led to a \$220.8 mn investment programme in renewable energy, climate change protection, Amerindian land titling, job creation, and the development of a state-of-the-art monitoring, reporting and verification system for forest carbon. This system allowed Guyana to start receiving revenue from voluntary carbon markets in 2022 (Phase II). More funds will become available once a future carbon market under the United Nations Framework Convention on Climate Change (UNFCCC) REDD+ mechanism is developed (Phase III)<sup>6</sup>. Guyana estimates that it can earn revenue of around \$5 bn in voluntary and compliance carbon markets<sup>7</sup>, which are linked to future regulatory requirements for carbon pricing and which will support LCDS' first objective of leveraging the country's ecosystems for national development.

2.03 The second objective of LCDS is that revenue from carbon markets and from oil production, which will both continue to grow apace over the medium term, will build the backbone of financing for the investment needs identified under LCDS to transit to a low-carbon economy. Significant investments are planned in digital, transportation infrastructure, and in the energy sectors. The transformation of the energy sector will start mainly with the use of natural gas as a bridging fuel before transitioning to renewables including hydropower, solar and wind power which is expected to help keep GHG emissions from energy generation at 2019 levels. Various sectors of the economy including tourism, forestry, mining, business services, agriculture, health care, education and the blue economy are to undergo a transformation to increase their long-term sustainability. Improved urban planning in the Georgetown area and other towns will be geared towards enhancing the quality of living. As 15% of revenue from carbon markets is to be allocated to Amerindian community development, village sustainability plans to be defined by the communities themselves will play a key role in this undertaking.

2.04 Implementation of LCDS will go a long way in protecting Guyana from climate change and biodiversity loss which is the third objective of the strategy. This requires a targeted prioritisation of investments in drainage and irrigation, sea defences, mangrove restoration, and flood and drought measures. Protection from climate change and natural hazards, such as the extremely costly and disruptive flooding events that took place over the last two decades, also requires a review and update of sectoral policies such as CRSAP. The fourth and last LCDS objective is to align Guyana with global climate goals.

2.05 Effective and targeted implementation of LCDS will assist Guyana in bringing it closer to achieving the SDGs, but this will require the development of an investment plan including a results framework with

---

<sup>6</sup> The 2023 Budget was the first to benefit from a \$150 mn allocation from sales of carbon credits to Hess Corporation. Hess holds a 30% equity interest in the offshore Stabroek oil block and is scheduled to acquire carbon credits worth a total of \$750 mn from GOGY over the 2022-2030 period.

<sup>7</sup> Vice President, Dr. Bharrat Jagdeo, speech at International Energy Conference and Expo 2023 in Georgetown.



effective monitoring and reporting mechanisms. The investment plan will provide linkages to annual budgets, wider public sector and governance reform, the NDCs, and sector policies and strategies which in many cases will need to be analysed and updated to facilitate policy design to be coherent with overarching developmental goals. LCDS implementation started at a point in time characterised by the latter stages of the pandemic response and suffered from prolonged COVID-19 challenges. In this sense, LCDS provides a welcome and much-needed opportunity for social and economic recovery, transformation, and resilience building. LCDS offers a platform for strategic engagements with Guyana’s development partners’, including CDB, as it identifies strategic actions for implementation over the next decade.

2.06 With the adoption of the 2030 Agenda for Sustainable Development, Guyana was among the 193 UN member states that pledged to the SDG core principle of “no one will be left behind”, as well as to work “...to reach the furthest behind first”. In practical terms, countries must take explicit action to end extreme poverty, curb inequalities, confront discrimination, and fast track progress for the furthest behind. In the Guyana context, greater effort is needed to achieve medium-term development goals as per the LCDS and SDGs such as ending poverty, promoting human development, enhancing prosperity, and improving citizens’ quality of life. LCDS acknowledges the nexus between gender (in)equality, social inclusion, and resilience. Establishing a connection between gender equality and environmental resilience offers several opportunities in the context of the CES. As such, priority investments must consider strengthening community capacities in building resilience to the effects of climate change by supporting men and women to access human, social, natural, economic, and physical resources that in turn could lead to bolstering of environmental resilience.

### **Key Challenges and Constraints**

2.07 Following a consultative process of discussion with GOGY that incorporated a comprehensive review<sup>8</sup> of CDB’s prior engagements and the identification of areas of support, the following priority issues have been identified as a relevant foundation for building out a new assistance strategy and informing the Bank’s programme formulation.

#### Supporting Education and Human Capacity Development

2.08 Guyana has made notable progress on a number of education indicators, including expected years of schooling which increased from 10.9 in 2010 to 12.5 in 2021<sup>9</sup>, and net enrolment rates at primary and secondary levels which currently stand at 91.5% and 82%, respectively. GOGY increased its spending on the education sector from 3.3% of GDP in 2009 to 6.3% in 2020<sup>10</sup>. In addition, results of the academic performance at the secondary level in the Caribbean Secondary Examination Certificate historically were comparable with other BMCs with the overall pass rate in 2020 being 46%<sup>11</sup>. At the post-secondary level, in 2021, the Guyana Online Academy (GOAL) was launched with an objective of improving access to tertiary education by offering a series of academic and vocational programmes to all Guyanese targeted at enhancing relevant labour market skills. GOAL also targeted the offering of 20,000 scholarships by 2025 through a collaboration of various Ministries and Agencies. As of May 2021, 3,500 applications for scholarships had been received. The Bank is also supporting Guyana in Technical and Vocational Education and Training (TVET) with the Skills Development and Employability Project and with the Hospitality and Tourism Training Institute (HTTI) which are expected to improve quality and access to education and training, and facilitate economic and social development by enhancing the skills of the workforce.

---

<sup>8</sup> CDB Guyana 2017-2021 Country Strategy Completion Report.

<sup>9</sup> Mean years of schooling increased less, from 8.1 to 8.6 between 2010 and 2021.

<sup>10</sup> UN Caribbean Common Multi-Country Analysis (CMCA) 2021 and the Ministry of Education (MOE).

<sup>11</sup> MOE.

2.09 However, compared with other countries in the Region, historically, Guyana's development had suffered from comparatively high emigration rates with 39% of all Guyanese residing abroad and half of the Guyanese with tertiary education having emigrated to the United States of America (USA)<sup>12</sup>. Since 2020, the country has started to see a reversal of this trend. Regarding resident citizens, there continue to be challenges with educational attainment among indigenous hinterland communities. Moreover, youth not in education, employment or training (NEET) was reported at 35.7% in the third quarter of 2021 but had stood at 46.4% in 2019 as per WB, with females over-represented making up more than 61% of the total. There are several other contributing factors to NEET, including school dropout, low wages, teenage pregnancy, and need for greater synergy between the education and labour sectors.

2.10 Additional challenges also plague the sector as recently highlighted by the Global Partnership for Education (GPE). GPE in collaboration with WB found that especially in the hinterland and remote riverine areas, education standards and outcomes were below the national average. In these areas, quality and equity of early childhood development was considered inadequate, a high percentage of teachers were untrained, teaching materials were inadequate, and students' parents displayed low levels of literacy adversely affecting educational outcomes<sup>13</sup>. A GPE-funded programme addressed some of these issues between 2015 and 2018, but much more is needed.

2.11 In 2021, MOE launched the five-year Education Sector Strategic Plan (ESSP) which spans across the five pillars: (a) improving governance and accountability; (b) improving performance at all levels; (c) improving system efficiency; (d) reducing inequalities; and (e) contributing to lifelong learning and employability to address the many challenges facing the education sector. ESSP is expected to address some of the gaps caused by the COVID-19 pandemic, facilitate bridging the divide in educational outcomes between the coastal plains and the hinterland, and advance Guyana in its quest for reaching the SDGs.

2.12 Improving the quality of the education sector is a key requirement for facilitating empowerment for the broader population given the varying outcomes experienced over recent years. In light of the economy-wide impact of education, this is a leading priority and a fundamental contributor to Guyana's sustainable development and resilience building, especially given the strong transformation of the economy due to the development of the oil and gas sector and related ancillary services including engineering, the digital economy, and the hospitality sector which all require new skill sets.

### Building Social Resilience

2.13 The social fabric of Guyana is still characterised by multi-dimensional challenges although significant improvements have been made regarding the strengthening of social protection schemes including increases in old age pension, public assistance, the minimum wage, and the non-taxable income threshold between 2014 and 2019<sup>14</sup>. Much more is needed to achieve GOGY's medium-term development goals as per LCDS and SDGs such as ending poverty, promoting human development, enhancing prosperity, and improving citizens' quality of life. A Social Vulnerability Matrix is provided in Appendix 3.

2.14 Poverty levels in Guyana are estimated to have remained high notwithstanding steady economic growth. The Inter-American Development Bank (IDB) reported a decline in the poverty rate from 58.6%

---

<sup>12</sup> WB (2021) Guyana Education Sector Programme Project.

<sup>13</sup> Global Partnership for Education, [Guyana: Closing the learning gap for the most vulnerable students|Stories of change|Global Partnership for Education](#).

<sup>14</sup> Guyana First Voluntary National Review (VNR), UN High Level Political Forum on Sustainable Development, July 2019.

in 2006 to 43.4% in 2017<sup>15</sup>. Notwithstanding annual economic growth of 3.7% since 2006, poverty levels exceeded the Caribbean regional average of 25.2% by far. There is a dichotomy between the hinterland and coastal areas. IDB reports that coastal areas had poverty rates of 37% in 2017, while the interior had rates of 55% which is indicative of regional and ethnic disparities as 65% of the population were reported as indigenous by the Guyana Bureau of Statistics. The LCDS targets to invest 15% of NRF funds to improve the livelihoods of the Amerindian community.

2.15 With a high degree of informality, which Guyana's first VNR of the SDGs estimated at 48.6% outside of the agricultural sector in 2017 (higher for males at 52.8%, than for females at 41.7%), it remains unclear how many people from vulnerable groups really benefited from economic growth, higher average wages, and the strengthened social safety net (SSN). This will require further research and investigation amid a strengthened statistical framework and significant investment in education and health systems and in SSNs as part of a shock-responsive and inclusive social protection system.

2.16 Guyana's GII, which reflects gender-based inequalities across the three dimensions of reproductive health, empowerment, and economic activity, declined from 0.496 (2010) to 0.454 (2021), representing only a slight improvement. These levels still present a significant loss in potential human development due to inequality between female and male achievements in these dimensions. The World Economic Forum's Global Gender Gap Index suggests that Guyana's challenges lie especially in gender gaps concerning political power and economic opportunities, while education and health are fairly developed. GOGY has identified the digital sector, innovation, technology and engineering as facilitators to reduce gender inequality. Consequently, LCDS assigns priority to digital development and narrowing the gender gap. The Women and Gender Equality Commission has outlined a five-year strategic plan which includes a comprehensive process through which to support a gender-just and equitable society.

2.17 GBV and trafficking in persons (TIP) remain important social issues. The Guyana Women's Health and Life Experiences Survey<sup>16</sup> findings revealed that 1 in every 2 women in Guyana had experienced IPV in their lifetime, and that more than half (55%) of all women experienced at least one form of violence. Regarding TIP, the United States Department of State 2020 TIP Report confirmed that GOGY fully met its Combating of TIP Act's minimum standard for the elimination of trafficking<sup>17</sup>, also suggested by the fact that a sentenced trafficker was convicted to 15 years of imprisonment in 2019. Still, inspections, investigations, prosecution and protection mechanisms are considered insufficient and VNR reports an increase in the estimated number of human trafficking victims per 100,000 population from 59 in 2015 to 221 in 2018. The proportion of young people (aged 18-29 years) who had experienced sexual violence by age 18 was estimated at 19.6 in 2018, strongly up from 4.0 in 2015.

### Supporting Private Sector Development

2.18 Guyana's private sector has been traditionally characterised by underinvestment with the main agriculture and mining sectors of the economy largely dominated by small domestic players. While the start of oil production has helped to transform the structure of the economy as the ramp up in hydrocarbon activities between 2019 and 2023 provided a strong impetus to related industries, the domestic non-oil economy is still suffering from underinvestment, lack of modernisation and innovation leading to

---

<sup>15</sup> [Independent Country Programme Review Guyana 2017-2021 \(iadb.org\)](https://www.iadb.org/publications/country-programme-reviews/guyana-2017-2021). VNR associated the 43.2% and 36.1% figures as the percentage of people living in moderate poverty. The share of people living in extreme poverty are reported at 28.7% in 1993, and at 18.6% in 2006. CMCA 2021 reported extreme poverty at 5% in 2020, a slight decline from around 7% in 2019, but these figures do not yet include the adverse effect of the pandemic.

<sup>16</sup> The first comprehensive national survey on GBV in Guyana.

<sup>17</sup> CMCA 2021.

challenges in productivity levels. Addressing these issues will require significant improvements in the business climate and investments in research and development<sup>18</sup>.

2.19 Three years after WB has published its last Ease of Doing Business report in which Guyana was ranked 134 overall out of 190 countries and 94 regarding the ease of getting credit, access to finance remains one of the major hurdles for private sector development. In March 2023, the Georgetown Chamber of Commerce and Industry reached out to local banks calling for a more proactive approach and invited financial institutions to share information regarding hindrances in the legislative, economic, social or environmental fields with a perspective for addressing these. A credit bureau was established in 2012, and IDB reported a decline in the collateral required as a percentage for loans from over 200% in 2010 to around 60% in 2014. But 40% of firms still reported problems with access to finance as of 2020, and farmers by and large could not access finance due to difficulties such as insecure property rights. Access to finance is still perceived to be reserved to large and established businesses which does not allow for a level playing field for recently established Small and Medium-sized Enterprises to increase their operational efficiency and competitiveness.

2.20 Guyana is an active trade partner in the intra-regional market, specifically in the agriculture and manufacturing sectors. According to Guyana's Trade Policy Review, in 2022 the main objective of Guyana's trade policy is to integrate the country into the global trading system through increased and diversified international market access for its products and to promote product diversification. It also implements its trade policy and strategy tailored for, *inter alia*, the new oil and gas sector which is still in its nascent stages of development. Guyana's trade policy aims at encouraging value addition to its primary products, especially through the development and promotion of light industries for agricultural processing and forestry. Focus is also paid to the development of the services sector in view of the important role the sector plays in the economy; the current trade policy aims to develop a vibrant services sector as a springboard for other economic sectors.

2.21 As Guyana moves to diversify its export sector for both products and markets, it is important that it exploits market access already secured through membership of CARICOM's Single Market and Economy and the European Union (EU)-Caribbean Forum Economic Partnership Agreement. This means addressing critical issues that constrain export development, chief among which are meeting internationally accepted quality standards, improving trade facilitation, and developing a trade in services strategy that would complement the oil and gas sector.

2.22 In 2019, Guyana initiated work with IDB on the establishment of an electronic single window (ESW) to facilitate trade by reducing the time and the cost of doing trade. The project is expected to simplify and expedite permits and licenses needed for imports and exports, and to deal efficiently with all trade-related regulatory requirements by the means of digitisation and the optimisation of information sharing on trade flows between trade participants and government agencies. During the first months of 2023, GOGY procured consultancy services for implementation of the ESW and held a sensitisation exercise with stakeholders in the public and in the private sector.

#### Upgrading Physical Infrastructure

2.23 Guyana continues to grapple with infrastructural challenges, including: exposure to flooding due to poor drainage; poor connectivity and mobility issues due to the need for upgrades to road and sea transport infrastructure; threat of coastal flooding due to the country's low-lying coastal topography; and limited access to treated potable water. Furthermore, coastal flooding is expected to be exacerbated by the ongoing and potential effects of climate change. In response, in the 2023 Budget GOGY committed

---

<sup>18</sup> Guyana First VNR, UN High Level Political Forum on Sustainable Development, July 2019.

significant resources towards mitigating the foregoing issues. In respect of the water sector, GOGY has committed to improving water services in a climate-resilient fashion and increasing access to treated potable water to its citizens.

2.24 Guyana has abundant surface and groundwater resources for meeting its present consumptive and non-consumptive needs. In 2016, the availability of renewable freshwater resources for surface and groundwater was estimated at 4,700 cubic metres/capita/year which is above the UN stress level. Currently, 96% of the population has access to potable water (water that is microbiologically safe) delivered from more than 200 wells and 28 water treatment plants (WTPs) via transmission and distribution networks. The service covers 10 municipalities, 2,416 healthcare facilities, and over 250 schools countrywide. Guyana Water Inc. (GWI), the country's water service provider, has a customer listing of 172,000, with 95% being residential customers and 5% being non-residential commercial customers<sup>19</sup>.

2.25 Of the potable water delivered by GWI, 53% is treated and much of the remainder fails to meet the World Health Organisation (WHO) standards, primarily due to the high iron content<sup>20</sup>. It is notable that limited or lack of access to clean water affects human agency and dignity. Women, who are generally responsible for household chores requiring water and caregiving roles, are uniquely affected resulting in knock-on impacts on their ability to study, work, and live with dignity. Although women and girls are the primary providers, managers and users of water, women make up less than 17% of the water, sanitation, and hygiene labour force in developing economies and a fraction of the policymakers, regulators, management, and technical experts<sup>21</sup>. GOGY has embarked on a strategy to increase access to improved quality of service and to achieve 90% treated water coverage nationwide by 2025. This objective will involve the upgrade and construction of several WTPs.

2.26 Additionally, GWI has a high level of non-revenue water (NRW), with an average national index of 69.7% at the end of 2019. It was estimated that about half of this was due to system losses and the other half due to commercial losses, which included water consumption with no meter installed on the property, inaccurate accounts, and meter-reading errors. GWI is aware that this level of losses is unsustainable but due to the low level of customer satisfaction and the potential risk of damage to installed meters from the high iron content, was unwilling to aggressively pursue the meter installation programme on properties without first improving the water quality. The construction of WTPs will include NRW reduction components, which will pave the way for the company to achieve its 2021-25 Strategic Plan goal "to reduce the current leakage rate of approximately 69.7% to less than 55% by the end of 2025, and to an economic level of leakage "NRW" by 2030"<sup>22</sup>.

2.27 As previously noted, Guyana is vulnerable to the impacts of climate change and hazard impacts including severe weather events. The water sector has not been exempted. Increased precipitation could result in fluvial flooding and contamination of ground water sources. This would impact water quality and availability. SLR could cause overtopping or breaching of sea walls resulting in the inundation of the floors of WTP facilities constructed at or near grade in low-lying areas along the coast; and extreme drought could result in saline intrusion at wells constructed near the coastline.

---

<sup>19</sup> GWI Strategic Plan, 2021-25.

<sup>20</sup> WHO specifies 0.3 milligram per litre. GWI has detected as much as 6 milligram per litre.

<sup>21</sup> International Water Association cited in [Women-in-water-decision-making-final.pdf \(oecd.org\)](https://www.oecd.org/water/publications/women-in-water-decision-making-final.pdf).

<sup>22</sup> GWI Strategic Plan, 2021-25.

## Strengthening Climate Resilience and Disaster Risk Management

### *Climate Change Programme*

2.28 Guyana is highly vulnerable to the impacts of climate change and will face serious challenges from SLR and extreme weather events such as intense rainfall and extensive dry periods. This, coupled with the fact that 90% of the population live on the low-lying coastal strip, which is below mean sea-level, and a large share of the population depend on agriculture and agriculture-related activities for their livelihood, amplify the country's vulnerability to these extreme weather events. Guyana recognises that climate change is a serious threat to the sustainable development of the country and the wellbeing of its citizens now and in the future and has engaged in climate change activities at the international, regional, and national levels for almost two decades.

2.29 It is anticipated that climate change could further increase disaster risks and impacts, which disproportionately affect the poor and socially-vulnerable communities that are less able to protect themselves and to adapt or recover from losses. Moreover, climate change places additional stresses to the capacity of eco-systems that provide essential services that sustain livelihoods.

2.30 In response to the climate threat, GOGY, under its NCCPAP of 2019 and LCDS, has committed to achieve low-carbon resilient development using an integrated, cross-sectoral and inclusive approach to climate change adaptation and mitigation. GOGY policy is aligned with the Paris Agreement, the Regional Framework for Achieving Development Resilient to a Changing Climate and its Implementation Plan (2011-2021), and the Comprehensive Disaster Management (CDM) Strategy 2014-2024. The NCCPAP is an important component undergirding and ensuring the impact of climate change is factored into national development planning through priority investments in drainage and irrigation, sea defences, mangrove restoration, flood and drought measures to address the potential harm to households and businesses from climate change.

2.31 The Canada-Caribbean Resilience Facility, that works to achieve more effective and coordinated gender-informed, climate-resilient preparedness, recovery, and public financial management practices in nine Caribbean countries, supports flood risk management in Guyana. The goal is to enhance longer-term disaster resilience and adaptation capacity by providing support to GOGY in building climate and flood resilience in the Georgetown metropolitan area including strengthening in local capacities in construction methodology and better understanding of the hydrological regime of the Georgetown area.

### *Disaster Management Programme*

2.32 GOGY is unwaveringly committed to propelling the country towards prosperity and recognises that building and sustaining disaster resilience are pivotal pillars towards the achievement of this goal. GOGY has acknowledged that if prosperity is to be attained and sustained there must be long-term planning, coordination and integration of disaster risk reduction (DRR) mechanisms to anticipate, plan for, and reduce disaster risks in order to more effectively protect Guyanese lives, communities, livelihoods, health, cultural heritage, socioeconomic assets and ecosystems. In support of this action, GOGY has endorsed both the Sendai Framework for DRR 2015-2030, and the Regional CDM Strategy 2014-2024.

2.33 As part of the measures to combat increased disaster risks, and as part of the blueprint for advancing CDM at the national level, GOGY has prepared a DRM Country Work Programme (CWP) 2021-25 that is aligned with national, regional and international agendas including: LCDS; NCCPAP; Caribbean Disaster Emergency Management Agency's CDM Strategy and Framework 2014-2024; SDGs; and the Sendai Framework. CWP has six priority programming areas: (a) Institutional Strengthening for CDM;

(b) Preparedness and Response Capacity; (c) Strengthening Capacity for DRR; (d) Knowledge Management Systems; (e) Recovery and Reconstruction; and (f) Biological Hazards and Pandemics. These priorities are broadly aligned with CDB's Disaster Management Strategy and Operational Guidelines (DiMSOG).

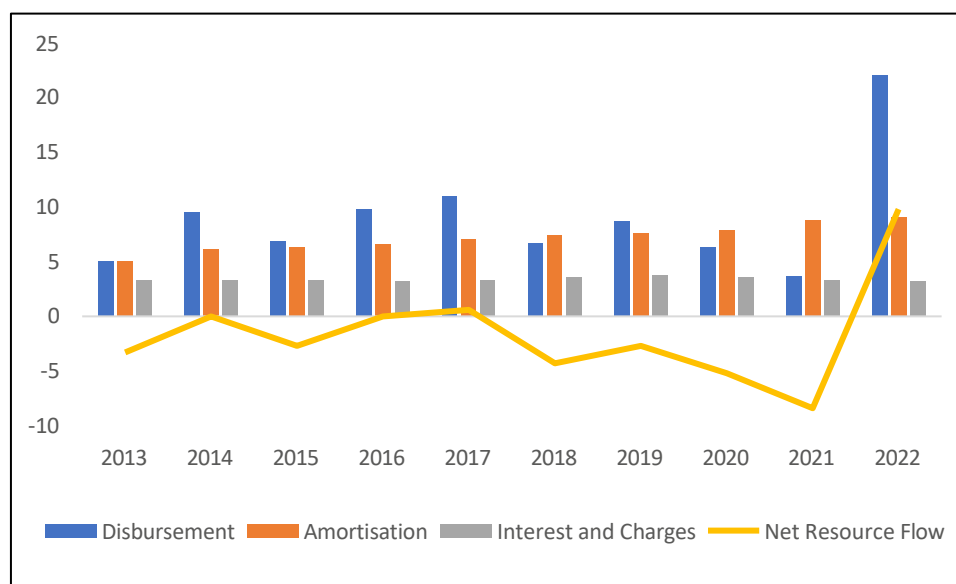
### 3. COUNTRY PORTFOLIO REVIEW AND LESSONS LEARNT

#### COUNTRY PORTFOLIO

3.01 CDB approved \$431.0 mn in loans and \$129.7 mn in grants for Guyana between 1970 and the end of March 2023, which makes Guyana the sixth largest recipient of loans and the second largest recipient of grants since the inception of the Bank. Disbursed loans amounted to \$296.9 mn and disbursed grants to \$76.4 mn. At March 2023, CDB’s loan exposure to Guyana was \$156.1 mn. The active portfolio consisted of four projects with a total approved value of \$158.9 mn (or \$224.9 mn when including United Kingdom Caribbean Infrastructure Partnership Fund [UK CIF] grants). Of these, \$44.7 mn (28.2%) has been disbursed. The historical disbursement ratio during the 2017-2021 Country Strategy (CS) period stood at 29.8%. The portfolio continues to be affected by Guyana’s implementation deficit and the slow implementation of some projects mainly due to capacity issues and inter-agency coordination.

3.02 While the Bank’s net resource flow to Guyana was slightly negative over the last decade it turned strongly positive in 2022 mainly due to disbursements for the Linden Mabura Hills project, CDB’s biggest project in Guyana up to date (see Figure 3.1). How the net resource flow will develop over the CES period and over the medium term will depend on the degree of concessionality Guyana will require and that the Bank will be able to offer, and on Guyana’s own resources deriving from the oil and gas boom. GOGY plans to make NRF budget allocations of \$5.3 bn over the 2023-26 period, which may reduce its International Financial Institutions financing needs.

**FIGURE 3.1: PORTFOLIO FLOWS**  
(\$ mn)



Source: CDB.

#### COUNTRY STRATEGY 2017-2021 REVIEW

3.03 The last approved CS for Guyana covered the period 2017-2021, prepared against a backdrop of steady economic growth underpinned by agriculture and mining while significant investment was underway to develop the hydrocarbon sector. It responded to Guyana’s development priorities to increase competitiveness, particularly by funding resilient economic and social infrastructure, and funding was characterised by a high reliance on soft funds including SDF and UK CIF. The CS was consistent with



CDB's 2015-19 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, regional cooperation and integration, and energy security. The resource envelope totalled \$194 mn and was made up of \$119 mn in loan resources and \$75 mn in grant funds (including funds from UK CIF).

3.04 During the strategy period, approvals totalled \$198.4 mn (see Appendix 4), \$127.8 mn in loans and \$70.6 mn in grants. Most of this amount, \$188.2 mn (made up of \$20.7 mn SDF; \$101.5 mn OCR; and \$66.0 mn UK CIF grant), was approved in December 2020. Since then, project implementation has been slow, which was partly due to the pandemic. Appendix 4 provides a summary of the CS Completion Report, including the outcome ratings and loan approvals and disbursements to the end of December 2021 for each project.

3.05 The overall performance of the CS 2017-2021, measured as its progress toward achieving CS outcomes, was rated "Marginally Unsatisfactory"<sup>23</sup>. The programme partially achieved four of five outcomes during the strategy period, while no significant progress was made on the fifth outcome set out in the Results Framework (RF) of the strategy. The CS Completion Report also identified several design flaws in the results matrix of the last CS which, in part, hindered the monitoring of development outcomes.

## LESSONS LEARNT

3.06 The CES 2023-25 builds on lessons identified from the review of the previous CS and Guyana's portfolio:

- (a) **Implementation Capacity Constraints:** Capacity building and institutional strengthening needs of executing agencies should be prioritised in Guyana. Continuous capacity building and the adoption of appropriate systems would help in building effective and lasting capacity in the country's implementation agencies. The CES has been built around a transformational high priority infrastructure project for which CDB has already financed feasibility studies and supported GOGY regarding its implementation capacity. The programme covers selective thematic areas where CDB has developed knowledge, competence, and strong engagement with GOGY and other stakeholders, and partially builds on the programme from the last CES (for example, regarding reduced vulnerability to natural disasters). The CES is also coordinated and harmonised with the plans of other development partners.
- (b) **Country Engagement:** Structured engagements throughout the project and strategy cycle on a continuous basis are critical requirements for monitoring and execution, and for embedding flexibility into the CES framework to enhance responsiveness and to increase the development impact of a country's scarce investment resources. The CES cycle envisages continued engagement at the project and portfolio levels, and at the strategic level. These afford the Bank the opportunity to ensure that shifting priorities in country are adequately reflected and captured in the strategy and RF. CDB will continue to deepen country engagement through use of the CES and the portfolio monitoring and review processes to engage GOGY to monitor and provide support for project implementation. COVID-19 has exposed the need for improved resilience and agility. Mid-term reviews are also an important component of the monitoring framework that allows for this flexibility.

---

<sup>23</sup> Guyana CS Completion Report 2021. The ratings are based on a four-step scale of Highly Satisfactory, Satisfactory, Marginally Unsatisfactory, and Unsatisfactory.

- (c) **Strategy Design and Resourcing:** The design of a CS reflects the prevailing environment in which the strategy is being implemented. While the past CS design corresponded well to Guyana's development priorities, it was overly ambitious by targeting a broad range of capital investment loans and TA which could not all be taken under consideration due to Guyana's prioritisation of concessionary funding and CDB's limited ability of provision thereof. Implementation and development effectiveness of the strategy were limited by design flaws which included the absence of specific, measurable, achievable, relevant, and time-bound outcome indicators for some of the interventions which undermined development effectiveness, which is key for the achievement of the SDG targets.

#### **4. COUNTRY ENGAGEMENT STRATEGY 2023-25**

##### **STRATEGIC ALIGNMENT**

4.01 Through a series of engagements, GOGY and CDB have identified projects and programmes which fall under three CES outcomes that are expected to contribute to strategic objectives which will facilitate GOGY in working towards achieving the overarching LCDS goals of building a low carbon economy, fostering social development, and protecting Guyana from the effects of climate change:

- (a) improved access to, and enhanced quality and climate resilience of, the water supply;
- (b) enhanced gender-responsive and inclusive DRM and disaster and climate resilience; and
- (c) enhanced livelihoods for disadvantaged and vulnerable communities.

4.02 While Guyana is benefitting from accelerated rates of growth greatly facilitated by a booming hydrocarbon sector, LCDS puts a strong emphasis on economic transformation. GOGY continues to advance its development agenda with a financing blend containing a significant grant element. CDB's strategy provides a package of finance to assist GOGY with a focus on enhancing economic and climate resilience through investments that will contribute to the pursuit of socially inclusive development. CDB will continue to support GOGY in other development areas where feasible, with development effectiveness in mind and with close alignment to reaching the SDG goals.

4.03 The new CES will define the Bank's development cooperation with Guyana over the relatively short 2023-25 period as the interventions prioritised by this Strategy are expected to be approved and partially implemented over this fairly short period. Furthermore, Guyana's economy and its social fabric are undergoing an accelerated pace of change which likely will require adjustments in the chosen path of development within short order. The CES seeks to maximise effectiveness through a focused programme formulated collaboratively with GOGY; is consistent with LCDS; reflects CDB's comparative advantage and expertise; and takes full account of the interventions of other development partners. It considers capacity constraints that will need to be addressed to realise the identified outcomes and incorporate TA options for ensuring effective implementation of projects and capacity enhancement within implementing agencies. The proposed capital investment entails a significant grant element and has strong linkages to building climate resilience consistent with the theme of SDF 10. SDF 10, which is the biggest component of the resource envelope, will be engaged in areas consistent with the selected main themes:

- (a) building social resilience and leaving no one behind through interventions in social infrastructure, and water and sanitation;
- (b) building environmental resilience through encouraging the development of climate-resilient infrastructure; and
- (c) building institutional resilience by addressing agencies' capacity constraints.

##### **RESOURCE ENVELOPE**

4.04 The CES's indicative resource envelope is estimated at \$83 mn (see Table 4.1). Funding sources include: OCR Climate Action Line of Credit II (31.7%); Other Special Funds (namely the Italian Republic's line of credit for resilience in the Caribbean [13.8%]); Guyana's SDF country 10 allocation (45.8%); the already committed Basic Needs Trust Fund (BNTF) 10 grant funds allocated to country (7.8%); and an

allocation from SDF's DRR and Climate Change Adaptation grant set-aside under DiMSOG (0.9%). The financing mix reflects the country sustainable financing needs and Bank funding limitations. Concessional resources make up almost the entirety of the resource envelope. Considering Guyana's strong macro-economic development and its current fiscal metrics, it would be entitled to a significantly larger resource envelope financed mainly by OCR which would also support Guyana to meet the large resource needs required for LCDS implementation. In addition, Guyana will remain eligible for other soft resources as they become available during the strategy period and TA will be used to build capacity and support institutional strengthening, where possible.

4.05 GOGY has access to CDB's regional TA and the proposed CES is expected to put a strong focus on disaster resilience, environmental resilience, and climate change adaptation which will facilitate the sourcing of further concessional funding including, and not limited to, CDB's Caribbean Action for Resilience Enhancement programme, the Green Climate Fund, the Adaptation Fund, and other relevant facilities. CDB has sought to collaborate with development partners where projects and initiatives align with CDB programming for Guyana (see Appendix 5).

4.06 CDB will remain actively engaged with GOGY and will closely monitor developments during CES implementation with a view to reassessing and expanding the scope of the Strategy in line with Guyana's evolving development priorities, especially if GOGY should require more funding for projects with transformational impact prior to the end of the Strategy. CDB is willing to consider providing support in other areas if the need arises, particularly in crisis response regarding environmental, economic or health-related issues. CDB will intensify its high-level dialogue with Guyana with a view of fostering a more holistic development cooperation expected to result in a broadening of the thematic areas of collaboration between the Bank and Guyana over the medium term.

## **THEMATIC AREAS AND COUNTRY ENGAGEMENT STRATEGY OUTCOMES**

4.07 The CES rests on three key thematic areas:

- (a) enhancing climate-resilient infrastructure;
- (b) enhancing climate and disaster resilience; and
- (c) enhancing social resilience.

4.08 CDB will continue to seek to selectively engage Guyana in further thematic areas relevant for the country's development, especially if Guyana wishes to access a broader resource envelope than the current one which is mainly shaped by Guyana's requirements for high concessionality. CDB will consider supporting Guyana mainly in areas where cooperation has already started and where project designs are already available including infrastructure, education and climate resilience. CDB will work closely with GOGY to ensure the integration of gender and social inclusion considerations across the portfolio. The key thematic areas of engagement are:

### **Thematic Area I: Enhancing Climate-Resilient Infrastructure**

#### Expected Outcome 1: Improved Access to, and Enhanced Quality and Climate Resilience of, the Water Supply

4.09 CDB will continue to focus on initiatives geared towards enhancing the quality of lives of Guyanese through the efficient delivery of safe and adequate water. The following interventions have been identified for support:

- (a) Capital investment project involving the construction of five WTPs which will contribute towards Guyana's goal to supply 14,462 households in the communities of CDB's intervention with treated potable water coverage by 2026 in a gender-responsive and socially-inclusive manner, and which will enhance climate resilience of the water supply.
- (b) TA project aimed at defining a strategy for reducing the high level of NRW to economically sustainable levels.

### **Thematic Area II: Enhancing Climate and Disaster Resilience**

#### Expected Outcome 2: Enhanced Gender-Responsive and Inclusive DRM and Disaster and Climate Resilience

4.10 The following intervention has been identified:

- (a) TA project targeted at institutional strengthening of the National Disaster Management Framework based on the CWP.

### **Thematic Area III: Enhancing Social Resilience**

#### Expected Outcome 3: Enhanced Livelihoods for Disadvantaged and Vulnerable Communities

4.11 The following BNTF interventions have been identified:

- (a) Improved human resources and enhanced livelihoods in disadvantaged and vulnerable communities.
- (b) Improved water and sanitation systems in disadvantaged and vulnerable communities.
- (c) Improved basic community access and drainage in disadvantaged and vulnerable communities.

**TABLE 4.1: INDICATIVE SUPPORT PROGRAMME**

<b>Area/Sector</b>	<b>Main Intervention Areas Identified</b>	<b>Share of Resource Envelope</b>
<b>Thematic Area I: Enhancing Climate-Resilient Infrastructure</b> <u>Expected Outcome 1: Improved Access to, and Enhanced Quality and Climate Resilience of, the Water Supply</u>		
Water and Sanitation	Water Supply Improvement Project (including TA NRW reduction)	91.3% (\$75.6 mn)
<b>Thematic Area II: Enhancing Disaster Resilience</b> <u>Expected Outcome 2: Enhanced Gender-Responsive and Inclusive DRM and Disaster and Climate Resilience</u>		
DRM	TA DRM – Enhancement of Preparedness and Response Capacity	0.9% (\$0.75 mn)
<b>Thematic Area III: Enhancing Social Resilience</b> <u>Expected Outcome 3: Enhanced Livelihoods for Disadvantaged and Vulnerable Communities</u>		
Livelihoods	BNTF Interventions in Human Resources and Livelihoods	3.7% (\$3.0 mn)
Community Infrastructure	BNTF Interventions for Enhanced Water and Sanitation Systems	1.4% (\$1.1 mn)
Community Infrastructure	BNTF Interventions for Improving Community Access and Drainage	2.8% (\$2.3 mn)

*Source: CDB.*

## **IMPLEMENTING THE 2023-25 STRATEGY**

4.12 A RF has been prepared to monitor the CES (see Appendix 6). Performance indicators will be used to monitor and assess progress on the expected CES outcomes to which the proposed interventions are expected to contribute. Monitoring and coordinating the CES will be done by CDB (led by the Economics and Projects Departments) and country authorities. CDB’s engagement will be focused on promoting mutual accountability for results, and fostering open and frequent policy dialogue with GOGY. Through the Bank’s pipeline management, an implementation monitoring framework is in place to track the progress of projects and programmes. CDB will continue to support Guyana regarding procurement arrangements including procurement training for key personnel which is expected to facilitate project implementation. CES implementation will be reviewed at mid-point by taking stock of planned programme activities to assess the continuing relevance of the strategy and adjust it where necessary. Given the current difficult socio-economic climate that could impact CES implementation, continuous monitoring will facilitate and allow for the required adaptability and flexibility in the strategy to adjust the scope and to reprioritise in the event of changes to conditions on the ground. At expiry of the strategy, a CES completion report will be conducted to self-assess the progress in achieving the CES outcomes according to the RF.

## **COORDINATION WITH DEVELOPMENT PARTNERS**

4.13 Donor coordination is important to minimise duplication within programming and to enhance collaboration. Guyana continues to access development resources from a variety of bilateral and multilateral sources. The CES considers the engagement of other development partners (see Appendix 5) to create synergies and draw on CDB's comparative advantage. This is supported by dialogue with the development partners, as well as officials in Guyana. The official coordination of development partners is undertaken by the Ministry of Finance (MOF).

4.14 Guyana's main multilateral and bilateral partners include IDB, the agencies of the UN system, WB, China, the UK's Foreign Commonwealth and Development Office, the USA (including the United States Agency for International Development and United States Export Import Bank), and EU. IDB is working on a new CS with Guyana which will be based on the three pillars education, health care, and transport infrastructure; and the UNDP's country programme document for Guyana (2022-26) centres around economic resilience and shared prosperity, safety and security, natural resource management and resilience to climate change, and equality and wellbeing. WB is finalising a new Country Partnership Framework guided by LCDS and designed to support creating more and better jobs, improve human capital, and enhance climate and environmental resilience. China's collaboration concentrates mainly on energy and infrastructure; the USA on energy, infrastructure, telecommunications, and agriculture; and the EU on climate change adaptation.

## **RISK ANALYSIS AND MITIGATION**

4.15 Potential risks to the achievement of the CES's objectives are centred around macroeconomic, institutional, and human resource capacity, and environmental challenges. Most of these risks emanate from Guyana's challenges to efficiently implement development projects. The risk mitigation measures identified focus on having a systematic framework of monitoring and country engagement.

4.16 All interventions will be screened for climate and disaster risks, associated risks documented, and contingencies built into each project based on the screening (see Appendix 7). Table 4.2 summarises the likely risks, as well as CDB's proposed mitigation measures.

**TABLE 4.2: RISK ASSESSMENT AND MITIGATION MEASURES**

<b>Risk Type</b>	<b>Description of Risk</b>	<b>Mitigation Measures</b>
Credit	<p>Very high fiscal costs could be caused by environmental damage from the oil and gas sector, such as an oil spill or similar man-made disasters.</p> <p>A strong downwards oil price shock due to a global recession or any other event depressing oil demand, could negatively impact government revenue and medium-term fiscal plans, and lead to a slowdown in development projects.</p> <p>Any of the above shocks, a classical macro-economic shock of a sizeable magnitude, or a combination of shocks could slow down growth and worsen fiscal and debt metrics.</p>	<p>The concessional resource envelope will not add to debt vulnerabilities.</p> <p>Reforms supported by other development partners, including IDB and WB, on fiscal strengthening and debt management are expected to help strengthen macro-fiscal resilience and increase the prospect for better fiscal management.</p> <p>CDB will monitor macro-economic developments and is prepared to engage with GOGY to develop appropriate emergency responses to further unforeseen developments.</p> <p>The Bank remains available to broaden the scope of the collaboration with GOGY and extend it to institutional strengthening in areas such as macro-economic management and governance.</p>
Liquidity	<p>GOGY has insufficient liquidity to meet debt service obligations to CDB and to provide counterpart contributions.</p>	<p>The risk is likely to be very small, but CDB will monitor fiscal developments during the CES period closely. Guyana's debt service to revenue ratio averaged 7.6% between 2017 and 2022, and is projected to increase slightly to 8.2% in 2023.</p>
Operational: Processes, Governance	<p>Limited institutional project implementation capacity is a hurdle for ambitious PSIP roll-out. Procurement arrangements remain a risk for project implementation as key personnel within National Procurement and Tender Administration lacks experience and expertise.</p>	<p>IDB is assisting Guyana regarding procurement reform and has several TA in place.</p>



Risk Type	Description of Risk	Mitigation Measures
Operational: People, Human Resources, and Implementation	<p>Authorities and agencies lack the adequate level of human resources required to efficiently execute their ambitious PSIP which adds to implementation capacity constraints. Training in Public Policy Analysis and Management (PPAM) and Project Cycle Management (PCM) was conducted by CDB during the last CS period, but gaps remain.</p> <p>The economic boom in the oil and gas sector could cause the most productive public sector employees to leave GOGY for gainful employment opportunities in the private sector.</p>	Further training in PPAM and PCM through online course delivery is available. CDB will continue to assist GOGY in the implementation of its education sector projects, and stands ready to provide further support to strengthen human resources in Guyana.
Operational: External Events, Disaster Risk	Direct and indirect exposure of key sectors to extreme hazard impacts, including pandemics, can cause major disruption and delays to programme implementation.	CDB has already demonstrated, and the CES allows for, flexibility to respond to the challenges posed by hazard impacts by making additional specific disaster response financing available.
Developmental: Gender, Environmental, Climate, Social	Inadequate consideration of the importance of gender, environmental, climate change and social considerations in project design, implementation and operation can compromise the desired developmental outcomes.	All interventions are/will be subject to environmental, social, gender and climate risk screening and the appropriate designs and monitoring plans put in place. The CES programme is gender mainstreamed.

**GENDER MARKER ANALYSIS**

<b>Project Cycle Stage</b>	<b>Criteria</b>	<b>Score</b>
Analysis	Relevant categories include groups of males and females differentiated by age, ability.	0.5
	Sector and/or institutional analysis considers gender risks and/or gender disparities that impact the achievement of project outcomes.	0.5
Design	Project interventions address existing gender disparities.	0.5
Implementation	Includes or engages with gender-relevant stakeholders such as National Gender Bureau, representatives of women's and men's groups/community based/youth organisations in the project communities, relevant non-governmental organisations.	0.5
Monitoring and Evaluation	Collection of sex-disaggregated data is part of the project.	0.5
	At least one gender specific indicator in the RF.	0
		<b>2.5</b>

**LOW-CARBON DEVELOPMENT STRATEGY 2030: STRATEGIC GOALS**



Source: GOGY.

**SOCIAL VULNERABILITY MATRIX**

<b>Beneficiaries</b>	<b>Types of Risks/Vulnerabilities Faced</b>	<b>Existing Policies and Programmes</b>	<b>Partners</b>	<b>Recommendations for Mitigation</b>
Children under 16 years	<ul style="list-style-type: none"> <li>• Access and quality of education and training.</li> <li>• Access to health, water, and sanitation services.</li> <li>• Child poverty.</li> <li>• Child abuse (sexual, physical, and emotional), violence and neglect.</li> <li>• Teen pregnancy.</li> </ul>	<ul style="list-style-type: none"> <li>• LCDS.</li> <li>• Education Policy.</li> </ul>	<ul style="list-style-type: none"> <li>• MOE.</li> <li>• Ministry of Human Services and Social Security (MHSSS).</li> <li>• United Nations Children's Fund (UNICEF).</li> <li>• CDB.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of increased access and quality basic education opportunities with increased focus on youth mothers, special educational needs and rural locations.</li> </ul>
Young Persons (ages 16 to 35 years)	<ul style="list-style-type: none"> <li>• Unemployment.</li> <li>• Poverty.</li> <li>• Lack of Skills.</li> <li>• Sexual and Reproductive Health Issues.</li> <li>• Sexual and economic violence against young women.</li> </ul>	<ul style="list-style-type: none"> <li>• LCDS.</li> <li>• Education Policy.</li> </ul>	<ul style="list-style-type: none"> <li>• MHSSS.</li> <li>• Ministry of Home Affairs (MOHA).</li> <li>• United Nations Population Fund (UNFPA).</li> <li>• UN Women.</li> <li>• CDB.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased provision of quality secondary, tertiary and TVET opportunities for young persons.</li> <li>• Upscaling of investments in youth entrepreneurship development and training programmes.</li> <li>• Focus in HTTI project.</li> </ul>
Women	<ul style="list-style-type: none"> <li>• Unemployment.</li> <li>• Inequality towards Women.</li> <li>• Access to Credit.</li> <li>• Sexual and GBV.</li> <li>• TIP.</li> <li>• Sexual and economic violence against young women.</li> </ul>		<ul style="list-style-type: none"> <li>• MHSSS.</li> <li>• Ministry of Health (MOH).</li> <li>• UNFPA.</li> <li>• UNICEF.</li> <li>• UN Women.</li> <li>• MOHA.</li> <li>• CDB.</li> </ul>	<ul style="list-style-type: none"> <li>• TIP project.</li> <li>• Focus in HTTI project.</li> <li>• Develop project implementation and monitoring framework for integration of the needs of PWDs in CDB-funded infrastructure.</li> </ul>
Older Persons	<ul style="list-style-type: none"> <li>• Poor food.</li> <li>• Neglect.</li> <li>• Discrimination.</li> <li>• Access to quality water and sanitation.</li> <li>• Inadequate home care and senior management programmes.</li> </ul>		<ul style="list-style-type: none"> <li>• MHSSS.</li> <li>• MOH.</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated gender-responsiveness and inclusion considerations in programmes designed to address water supply, sanitation, and hygiene and environmental resilience.</li> </ul>

Beneficiaries	Types of Risks/Vulnerabilities Faced	Existing Policies and Programmes	Partners	Recommendations for Mitigation
Indigenous Peoples	<ul style="list-style-type: none"> <li>• High levels of poverty and unemployment.</li> <li>• Marginalisation.</li> <li>• Infrastructure deficits.</li> </ul>	<ul style="list-style-type: none"> <li>• LCDS.</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Amerindian Affairs.</li> <li>• MOF.</li> <li>• MHSSS.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of increased access and quality basic education opportunities.</li> <li>• Develop project implementation and monitoring framework for integration of the needs of Indigenous Peoples in CDB-funded infrastructure.</li> <li>• Implement water and sewerage infrastructure to alleviate water shortages.</li> </ul>
PWDs	<ul style="list-style-type: none"> <li>• Abuse.</li> <li>• Neglect.</li> <li>• Discrimination.</li> <li>• Issues of care and protection.</li> <li>• Risk of homelessness.</li> <li>• Capacity for employment and stigma affecting employment.</li> <li>• Poverty.</li> </ul>		<ul style="list-style-type: none"> <li>• MHSSS.</li> <li>• MOH.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop project implementation and monitoring framework for integration of the needs of PWDs in CDB-funded infrastructure.</li> <li>• Focus in HTTI project.</li> </ul>
Low-income families/male/female single parent household	<ul style="list-style-type: none"> <li>• Lack of livelihoods skills and employment capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• LCDS</li> </ul>	<ul style="list-style-type: none"> <li>• MHSSS.</li> <li>• MOF.</li> </ul>	<ul style="list-style-type: none"> <li>• Upscaling of investments in gender-responsive entrepreneurship development and training programmes.</li> </ul>
Rural Poor	<ul style="list-style-type: none"> <li>• Livelihoods opportunities.</li> <li>• Capacity gaps regarding community mobilisation, organisational capacity development and training.</li> </ul>	<ul style="list-style-type: none"> <li>• LCDS</li> </ul>	<ul style="list-style-type: none"> <li>• MHSSS.</li> <li>• MOF.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement water and sewerage infrastructure to alleviate water shortages.</li> </ul>
Urban Poor	<ul style="list-style-type: none"> <li>• Lack of Affordable Housing, Sanitation, Water and Energy</li> </ul>	<ul style="list-style-type: none"> <li>• LCDS</li> </ul>	<ul style="list-style-type: none"> <li>• MHSSS.</li> <li>• MOF.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement water and sewerage infrastructure to alleviate water shortages.</li> </ul>

## COUNTRY STRATEGY COMPLETION REPORT (2017-2021)

### Country Strategy Outcome Ratings

<b>Pillar 1: Supporting Inclusive Social and Economic Development</b>	
Outcome 1: Increased Competitiveness and Productivity	<i>Not Achieved</i>
Outcome 2: Improved Quality and Access to Education and Training	<i>Partially Achieved</i>
Outcome 3: Strengthened Social Protection	<i>Partially Achieved</i>
<b>Pillar 2: Promoting Environmental Sustainability</b>	
Outcome 4: Reduced Vulnerability to Natural Disasters	<i>Partially Achieved</i>
<b>Pillar 3: Promoting Good Governance</b>	
Outcome 5: Improved Capacity for Strategic Policy Management and Coordination	<i>Partially Achieved</i>

### Country Strategy 2017-21: Loan and TA Approvals and Disbursements (\$ mn)

Approvals	Approval Date	Amount Identified in CSP (\$ mn)	Approved Amounts (\$ mn)	Undisbursed Balance at Dec 2021 (\$ mn)	(Age from Loan signing to completion/Dec 31, 2021)	Project Status at Dec 2021	Project Performance Rating
<b>Increasing Competitiveness and Productivity</b>							
Linden – Mabura Hills Upgrade and Kurupukari Crossing – TA project preparation (including add grant)	05/22/2017 and 03/28/2019	-	2.8	0.0	1.5	Completed	Satisfactory
Linden – Mabura Hills Upgrade		-*	178.5	178.5	0.7	Under Implementation	
Coastal and river infrastructure rehabilitation – feasibility study and detailed designs	05/22/17	-	0.8	0.0	1.5	Completed	Satisfactory
TA – Transport Sector Enhancement Project	07/26/18	-	4.4	1.9	2.0	Completed	Satisfactory
TA – Water Sector Enhancement Project	05/28/18	-	1.3	1.3	1.5	Under Implementation	
Evidence-Based, Gender Equitable Framework for Climate smart Agriculture Interventions	07/20/17	-	0.3	0.01	1.0	Completed	Satisfactory

Approvals	Approval Date	Amount Identified in CSP (\$ mn)	Approved Amounts (\$ mn)	Undisbursed Balance at Dec 2021 (\$ mn)	(Age from Loan signing to completion/Dec 31, 2021)	Project Status at Dec 2021	Project Performance Rating
<b>Improved Quality and Access to Education and Training</b>							
Hospitality Training Institute	12/09/20	6.0	9.8	9.8	0.7	Under Implementation	
TA – University of Guyana Library	07/20/17		0.15	0.07	2.7	Under Implementation	
<b>Strengthened Social Protection</b>							
BNTF 9		6.0	6.7	0.8	4.5	Under Implementation	
TIP Project	10/19/17	0.15	0.15	0.08	3.5	Under Implementation	
<b>Reduced Vulnerability to Natural Disasters</b>							
TA – Strengthening of the National Institutional Mechanism for Climate Change Adaption	07/20/17	1.0	0.14	0.0	3.7	Completed	Satisfactory
<b>Strengthening of Governance and Institutions</b>							
Capacity Building for Local Government Reform	12/14/2017	0.2	0.2	0.16	2.7	Under Implementation	

n.a. - not applicable;

n.s. - not specified

n.r. - not rated

\*Two UK CIF projects costed together (\$139 mn).

Source: CDB.

## DEVELOPMENT PARTNERS' ENGAGEMENT

AREA	CDB	IDB	WB	UN Agencies	IsDB	China	USA	EU	Canada
Agriculture	Development of a Food Products Traceability System for Pineapples and Leafy Greens in Guyana.  Strengthening Surveillance Programmes for Bovine Tuberculosis and Bovine Brucellosis in Guyana.			Sustainable Agriculture and Food Security (Food and Agriculture Organisation).  Livestock Emergency Disease Response TA (Food and Agriculture Organisation)	Guyana-Malaysia Reverse Linkage Rice Sector				
Education	Skills Development and Employability.  Hotel and Tourism Training Institute.		Global Partnership for Education - Guyana Strengthening Human Capital and Education Sector Programme Project		TVET				
Energy		Utility Scale Solar Photovoltaic Programme (Norway Partnership)			Mini Hydropower Systems.  Electricity Transmission and Distribution System Upgrade.	Amaila Falls Hydropower Plant.  China National Offshore Oil Corporation Hydrocarbon Sector Investment.	Gas-to-Energy Project		
Environment and Coastal Management/ Protection			Flood Risk Management.  Enhanced Climate and Environmental Resilience.  Improving Guyana's Climate Resilience, Caribbean Resilience Building Facility.					Sustainable Forest Management.  Climate Change Adaptation Capacity, Sea Defence and Flood Prevention.  Improving Guyana's Climate Resilience, Caribbean Resilience Building Facility.	Flood Risk Management Project



AREA	CDB	IDB	WB	UN Agencies	IsDB	China	USA	EU	Canada
Governance		Procurement	Governance and Management Petroleum Resources						
Health			COVID-19 Emergency Response		Geriatric Facility				
Macro-Economic Management		Fiscal Framework (Policy-based Loan)	Fiscal and Debt Management						
Private Sector Development	Establishment of a Maritime Cargo Service between Barbados, Grenada, Guyana, and Trinidad and Tobago	ESW for Trade. Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion.	More and Better Jobs. Competitiveness.		Value Chains and Trade	Pegasus Corporate Centre			
Public Sector Modernisation/ Digital Transformation						Huawei Guyana National Broadband Project			
Citizen Security		Criminal Justice System, Courts				Huawei Smart Cities Surveillance Initiative			
Infrastructure	Sea Defence. Linden to Mabura Hills Road.				Farm-to-market Roads. Linden-Soesdyke Highway.	New Demerara Harbour Bridge. Road Projects (incl. in the Hinterland).			
Tourism						Pegasus Suites			
Water and Sanitation	Water Supply Improvement	Wastewater Systems							

## RESULTS FRAMEWORK

Country Development Priorities (LCDS)	Specific Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Contribution to Outcome Indicators	CDB's Indicative Areas for Support	Risks and Mitigation	SDGS
<b>THEMATIC AREA I: Enhancing Climate-Resilient Infrastructure</b>						
<i>CES Expected Outcome 1: Improved Access to, and Enhanced Quality and Climate Resilience of, the Water Supply</i>						
i. Facilitating improved services, and access to safe drinking water.	i. Limited access to quality water supply. ii. High NRW losses. iii. Vulnerability of access and quality of water supply to climate change and natural disasters.	i. Enhanced access to water supply in CDB areas of intervention. ii. Enhanced quality of water supply in areas of intervention. iii. Reduced NRW in areas of intervention. iv. Increased climate and disaster resilience of water supply in areas of intervention.	i. Number of households accessing treated potable water: <i>Baseline (2023): 0. Target (2026): 14,462. Source: GWI.</i> ii. Water quality (iron content): <i>Baseline (2023): &gt;0.3 milligram per litre. Target (2026): &lt;0.3 milligram per litre. Source: GWI.</i> iii. NRW: <i>Baseline (2023): 79%. Target (2026): 45%. Source: GWI.</i> iv. New water treatment plants constructed with elevated foundations: <i>Baseline (2023): 0. Target (2026): 5. Source: GWI.</i>	i. Water Supply Improvement Project.	<u>Main Risks</u> i. Capacity constraints affect implementation of water infrastructure works.  <u>Main Mitigation Measures</u> i. Improved project planning and identification and costing of delays in project design. ii. Engagement of industry partners and stakeholders during the design and implementation phases. iii. Active supervision of project/programme activities by CDB.	SDG 3; SDG 6; SDG 11; and SDG 13.
<b>THEMATIC AREA II: Enhancing Climate and Disaster Resilience</b>						
<i>CES Expected Outcome 2: Enhanced Gender-Responsive and Inclusive Disaster Risk Management and Disaster and Climate Resilience</i>						
i. Improving Disaster Preparedness and Response.	i. Limited preparedness and response capacity	i. Enhanced preparedness and response capabilities.	i. Number of regional democratic councils with preparedness and response plans  <i>Baseline [2023]: 0. Target [2025]: 5. Source: Civil Defence Commission.</i>	i. Proactive TA under DiMSOG.	<u>Main Risks</u> i. Hazard impacts which delay project implementation in targeted regions.  <u>Main Mitigation Measures</u> i. Project implementation schedule to consider delays.	SDG 11; and SDG 13.

<b>THEMATIC AREA III: Enhancing Social Resilience</b>						
<i>CES Expected Outcome 3: Enhanced Livelihoods for Disadvantaged and Vulnerable Communities</i>						
i. Improving livelihoods in disadvantaged communities.	i. Limited opportunities for education, human resource development and livelihoods, limited water and sanitation systems, and major issues with community access roads and drainage systems.	i. Enhanced livelihoods for hinterland communities.	i. Number of the 16 outcome indicators associated to the 22 BNTF sub-projects (as per Programme Country Policy Framework) reached:  <i>Baseline [2022]: 0. Target [2025]: 16. Source: MOF.</i>	i. BNTF sub-project interventions.	<u>Main Risks</u> i. Shifts in GOGY poverty reduction and development priorities.  <u>Main Mitigation Measures</u> i. Maintaining continuous engagement with lead agencies.	SDG 3; SDG 6; SDG 11; and SDG 13.

## CLIMATE AND DISASTER RISK SCREENING ANALYSIS

### Basic Programme Information

<p><b>Programme Title:</b> Country Engagement Strategy 2023-25  <b>Country:</b> Guyana  <b>Sector:</b> Water</p>
<p><b><u>Programme Outcomes and Brief Description</u></b></p> <p>To identify the overall risk to the water sector, critical to meeting the country's CES outcomes 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.</p>
<p><b><u>Summary of Climate and Disaster Risk Screening</u></b></p> <p>Guyana, located on the South American continent lies 1° 9° N latitude and 56° 62° W longitude, is bounded between the Bolivarian Republic of 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 kilometres (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 (Essequibo, Demerara, and Berbice) emerge.</p> <p>Guyana is divided into four main national regions:</p> <ul style="list-style-type: none"> <li>(i) low coastal belt;</li> <li>(ii) hilly sand and clay;</li> <li>(iii) interior savannahs; and</li> <li>(iv) forested highlands.</li> </ul> <p>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 m 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.</p> <p>Guyana's weather and climate are influenced by the seasonal shifts of the Inter-Tropical Convergence Zone.</p>

<u>Water Sector</u>	
<p>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.</p>	
<p>The water sector is vulnerable to the effects of climate change by two main climate-related threats:</p> <p>(i) Extremes in rainfall with excess leading to flooding, and lack of rainfall leading to water deficit.</p> <p>(ii) Flooding deriving from SLR and storm surges could lead to saline intrusion in aquifers.</p> <p>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 climate change. 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 saltwater intrusion and inundation.</p>	
<b>A. Exposure: Brief Description of Hazards likely to affect the project.</b>	
<b>Hazard/Climate Risks</b>	<b>Description</b>
Precipitation	<p><u>Current:</u> With respect to precipitation, Northern Guyana has two distinct wet and dry seasons, while Southern Guyana has one wet season from April to August, and the rest of the year is generally dry. The rainfall seasons in Northern Guyana are from mid-April to the end of July and mid-November to the end of January, while the dry seasons are from August to October and February to March. Mean annual rainfall over Guyana has increased at an average rate of 4.8 millimetres (mm) per month (2.7%) per decade.</p>
	<p><u>Projected:</u> For the 2030s period it is projected that average annual precipitation will vary by +0% to -4%; for 2040-2070 the levels will decrease -4% to -8%; and for 2070-2100 the levels will vary by -4% to -5%.</p>
Temperature	<p><u>Current:</u> Temperatures in Guyana vary geographically with high altitude regions experiencing cooler temperatures than the coastal and lowland zones. Temperatures in the upland regions and the interior (west) side of the country range between 20°C to 23°C; moreover, due to the stabilising effect of the sea and the north-easterly trade winds, temperatures on the coast range between 22°C and 31°C. Mean annual temperature has increased by 0.3°C since 1960, an average rate of 0.07°C per decade since 1960, with the highest changes occurring in the August-September months (approximately 0.10°C per decade). This rate of increase is below the global average warming of approximately 0.08°C per decade since the 1960s. The average number of cold days per year has decreased by 37 (10% decrease) and the frequency of cold nights has decreased at a similar rate (CRSAP, 2016).</p>

	<p><u>Projected:</u> Average annual temperature variations for the 2030s is projected to be increasing by 0.4°C to 2.0°C. For 2040s-2070s increasing 0.9°C to 3.3°C; and 2070-2100; increasing 1.4°C to 5.0°C.</p>
SLR/SST	<p><u>Current:</u> Guyana’s coastal plain is highly vulnerable to SLR as portions of the coast are 2 m below sea level. A rise in sea levels will lead to inundation of coastal areas, saline intrusion into surface and ground water sources, and overtopping of existing sea defences that can lead to catastrophic effects for Georgetown. Observed records of sea level from tidal gauges and satellite altimeter readings indicate a global mean SLR of 0.18 (+/-0.5) mm per year.</p> <p><u>Projected:</u> The Intergovernmental Panel on Climate Change report summarised a range of SLR projections under each of its scenarios for which the combined range spans 0.41-0.71 m by 2100, relative to 1980–1999 levels.</p>
<p><b>B. Adaptive Capacity Assessment<sup>1</sup>:</b></p> <p>Overall, the water sector in the CES has a moderate adaptive capacity to potential impacts of climate change. With the development of the Water Sector Governance document, it has provided for GOGY a pathway forward to enhancing climate change resilience in the water sector. The sector is seeking to take a comprehensive approach to incorporating climate change considerations into their daily practices, and an effort coordinated at the national level will be required for an effective implementation.</p>	
<p><b>Overall Risk Assessment Summary</b></p> <p>The water sector is vulnerable to the effects of climate change by two main climate related threats: (a) extremes in rainfall with excess rainfall leading to flooding, and lack of rainfall leading to water deficit; and (b) flooding deriving from SLR and storm surges could lead to saline intrusion in aquifers. These threats are expected to increase over the coming years and thus the sector will see increased vulnerability to these elements.</p>	
<p><u>Overall Risk Assessment Rating: Moderate</u></p> <p>Based on the foregoing assessments, the overall climate risk assessment rating for the water sector is moderate. This is due in part to the projected increase in drought occurrences, SLR, and extreme precipitation increase.</p>	
<p>Climate Risk and Vulnerability Assessment (CRVA) Required? Yes: A CRVA has been undertaken for the targeted water improvement project mentioned in this CES. It has provided a detailed assessment of the five areas that will receive new treatment plants and has provided recommended mitigation measures to reduce the impact of climate change on the facilities.</p>	

---

<sup>1</sup> The ability of systems, institutions, humans, and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences of hazards.