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Guyana

Program Objectives Document

FY 1994-98

&

Action Plan

FY 1995-96

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CONTENTS

Page

ACRONYMS

INTRODUCTION 1

I. PROGRAM OBJECTIVES 2

A. Background 2
B. USAID Program Focus 7
C. Implementation Plans 15

II. PROGRAM PERFORMANCE 21

A. Economic Growth with Equity 21
B. Building Democracy 29
C. Environment 36
D. Population and Health 36

III. PORTFOLIO ANALYSIS 38

A. New activities 38
B. Portfolio Status 44
C. Central and Regional Projects 44

IV. RESOURCE REQUIREMENTS 45

A. Program Resource Requirements 45
B. Program Management Requirements 47

V. MISSION AND AID/W INITIATED ISSUES 49

ANNEXES

1. Proposed Organization and Staffing
2. Steps to Complete the Program Performance Monitoring System
3. Policy Reform Matrix

ACRONYMS

USAID	Agency for International Development
CDB	Caribbean Development Bank
DA	Development assistance
ERP	Economic Recovery Program
ESF	Economic support funds
FSN	Foreign Service National
FY	Fiscal year
GDP	Gross domestic product
GOG	Government of Guyana
IICA	Inter-American Institute for Cooperation on Agriculture
IDB	Inter-American Development Bank
IESC	International Executive Service Corps
IFES	International Foundation for Electoral Systems
IMF	International Monetary Fund
LAC	Latin America and Caribbean Bureau of USAID
NGO	Nongovernmental organization
OE	Operating expenses
PAHO	Pan-American Health Organization
PD&S	Program Development and Support
PPP	People's Progressive Party
RDO/C	Caribbean Regional Development Office of the U.S. Agency for International Development
SIMAP	Social Impact Amelioration Program
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
USDH	United States direct hire personnel
WFP	World Food Program

INTRODUCTION

Our support is more likely to lead to [desired] results if the development programs are relevant to people's needs, and for this there needs to be broad participation by people in defining development priorities and approaches. -- J. Brian Atwood, Administrator, November 16, 1993, Statement of Principles on Participatory Development.

The Government firmly believes that development is about people. This calls for programmes and policies that are people-centered, where all groups in society participate in the development process and share in its benefits. -- Asgar Ally, Minister of Finance, March 7, 1994, Budget Speech

RDO/C has developed this program strategy based on extensive individual consultations in Guyana in the course of planning and designing the initial activities. The draft strategy was discussed at a meeting with donor representatives and in two roundtables held in Guyana in April 1994. Roundtable participants came from a broad spectrum of Guyanese society and included senior Government executive, judicial and legislative officials, opposition party leaders, businessmen, church leaders, and NGO leaders and advocates for the poor and Amerindian minority. Both roundtables reaffirmed the central importance of people and people's participation in the development process, as well as the priorities reflected in USAID's draft strategy. Issues such as public sector salaries, human resource development and education, the functioning of NGOs, and access to credit by the poor were the most prominent in the discussion. A press conference conducted in conjunction with the roundtables resulted in extensive media coverage.

Having aroused high expectations for widespread participation in both implementation and overall direction of the USAID program, the Mission now faces the challenge of developing mechanisms to sustain participation. Formation of formal and informal consultative groups of opinion leaders will begin in the near future and the relationship with the media represents a good opportunity to generate mass participation in the program.

While the proposed program is being developed with consideration for the serious resource constraints facing USAID, it is structured according to the skills and level of staff necessary to achieve results. One purpose of this program strategy is to help inform decisions on appropriate funding levels. While it can be minimally implemented within the levels of U.S. assistance indicated at the January 1994 Consultative Group meeting in Guyana ($10 million/year), RDO/C believes there is justification for higher levels of funding.

The strategy identifies niches in which modest resources can have a large impact by: enabling Guyana to access the substantial resources available from other donors, held up because of lack of implementation capacity and counterpart support; enhancing the impact of those resources through broader participation and attention to equity and sustainability; and filling significant gaps, as in the areas of justice and democratic institutions, where other donors are not active.

I. PROGRAM OBJECTIVES

A. Background

1. Country Situation and Economic Reform Program

Guyana appears to be on the right road to development, but still faces serious obstacles.

The leftist and authoritarian regime of Forbes Burnham, who led Guyana from its independence in 1966 until his death in 1985, socialized the economy and accumulated huge debts. By 1987, it was clear that the previous policies had devastated the economy, and Burnham's successor, Desmond Hoyte, began a fundamental shift toward democracy and an economic system based on free enterprise.

In April 1989, the Government of Guyana (GOG) launched its Economic Recovery Program (ERP) of reorientation to a market-based economy. Sponsored by the International Monetary Fund (IMF) and the World Bank, the ERP aimed at financial stabilization during the first year and structural adjustment and economic recovery over the longer term. Reforms in the first two years (1989-90) included:

- market-determined exchange rate
- major decontrol of prices and public tariffs
- elimination of import prohibitions
- conversion of selected taxes to ad-valorem basis
- reduction of public sector expenditures
- movement toward market-determined interest rates
- divestment of numerous public enterprises.

These measures led to substantial corrections of relative prices, public sector finances and the exchange rate. However, a number of circumstances (increase in world oil prices, strikes, power shortages, poor weather, shortfall in balance of payment disbursements) conspired for disappointing results. Real GDP declined by 3-4 percent in 1989-90 and inflation was close to 100 percent.

In 1991, a new ERP was negotiated with the IMF, which deepened and extended the previous arrangements, and positive impact began to be felt. In 1991, the economy grew by about 6 percent and inflation was reduced to under 2 percent per month. In 1992, inflation fell to under 15 percent and economic growth continued at over 6 percent. In 1993, GDP growth was even higher at 8.3 percent and inflation declined to 7.7 percent.

Despite its recent good economic performance, the country continues to face daunting challenges to sustainable growth--an enormous debt burden, badly deteriorated infrastructure, and a severe shortage of skilled people.

- **Debt**: Guyana's external debt--U.S.$2.091 billion in March 1994--is among the highest in the world on a per capita basis and equivalent to five times GDP. Half of the government's current revenues in 1993 were needed for debt service. The debt burden is exacerbated by slow disbursement of funds committed by the multi-lateral financial institutions due to delays in implementing policy and administrative reforms (largely because of human resource limitations).

- **Infrastructure**: The importance of physical infrastructure is magnified by Guyana's geography and settlement patterns. The vast majority of the population and productive infrastructure are concentrated in a narrow strip along the coast which is at or below sea level. They depend on an elaborate system of sea defenses and irrigation and drainage systems, mostly in poor repair and reaching a critical state of deterioration. For the rest of the population and economic enterprises in the immense interior of the country, little communications and transport infrastructure has ever existed. Other infrastructure, e.g., energy, water, and social services, is similarly deteriorated or lacking.

- **People**: Discouraged by deteriorating living conditions and a drastic fall in real wages, there was a large exodus of skilled people from Guyana in the 1980s. (Guyana's population actually declined.) One consequence, exacerbated by continued low wages in the public sector, is that too few qualified people are available to tackle the enormous tasks facing the country. The UNDP has estimated that 40% of senior and professional posts in government are vacant.

The abysmal performance of the 1980s and shortage of government resources which continues until now have led to serious deterioration in public health and education services, although most social or quality of life indicators are still relatively good. RDO/C participated in a World Bank poverty assessment mission to Guyana in October 1993 which found, i.a.:

- poverty levels are probably 35 - 40 percent on a national basis (compared to the current GOG estimate of 70 percent);

- about 65 percent of households have access to piped water, but service is not reliable and quality is generally poor (a high estimate for access to potable water is 35%);

- access to adequate nutrition and quality health care is lacking;

- literacy estimates are reported to be high, but they may be distorted and there is a growing problem of drop-outs.

The assessment found significant safety nets, although with some shortcomings. These include the Social Impact Amelioration Program (SIMAP), a semi-autonomous group established to cushion adverse social effects of the ERP. SIMAP funds public infrastructure and social service projects that have immediate impact on poverty and social hardships. There is also a diverse and active community of NGOs, many of which serve the poor.

In general, the NGO sector is underdeveloped and institutionally weak, finding it difficult to respond to urgent needs, much less manage, plan, network, or play a meaningful role in national policy formulation and implementation.

The mission also identified as "crucial to sustaining a poverty reduction strategy in Guyana: broad-based economic growth which ensures income-earning opportunities for the poor, and improved access to water, health care and education."

Beneath the encouraging economic trends of the last few years there are also some sobering policy level concerns. Most of the recent growth has been accomplished by revamping the sugar and bauxite industries but significant new investments will be needed to keep the recovery going. There is an urgent need to find ways to attract sound investment to Guyana without undermining the country's ability to function in other areas through an eroding tax base.

No state enterprises have been divested since November 1992, and, according to the IMF, there has been serious weakening in the performance of state enterprises. There is need for decisive action in the areas of public enterprise reform and privatization to restore the thrust of the program.

The exchange rate has climbed in recent months and there is money (Guyanese dollars) in the economy and liquidity in the banking system that is not being used by the private sector for investment.

Low wage levels weaken the Government's ability to attract and retain competent staff that can effectively treat the big issues of investment, privatization and monetary policy. Many of the problems that accompany the ERP program have to do with the absence of capacity to implement a sound program. The Government of Guyana does not have the people and skills to do it.

National elections, recognized internationally as "free and fair" were held in October 1992, with a victory by Dr. Cheddi Jagan and his PPP/Civic slate. While the commitment to democracy continues, the democratic institutions remain weak.

Centralized decision-making is controlled by the ruling political party with limited ability for broad-based input. Administration of central and sub-national government units are inefficient, unresponsive and are not transparent in making political and administrative decisions or in the allocation of public resources. Friction among political parties and inadequate budget allocations have resulted in arrested growth of most of Guyana's key democratic institutions. Race relations, particularly between the dominant Indo-Guyanese community and the Afro-Guyanese, also remain a challenge to political stability.

2. Other Donor Programs in Guyana

a. Multilateral Donors

The World Bank is a key player and has several projects in different stages of preparation including: a $20 million Public Administration Project to provide assistance to improve the capacity of the public sector; a $37 million Infrastructure Rehabilitation Project to rehabilitate and maintain roads, improve sea defenses and strengthen appropriate ministries; and a $12 million Water Supply Technical Assistance and Rehabilitation Project to upgrade water systems nationwide.

The Inter-American Development Bank (IDB) is now in the process of finalizing its action plan for 1993-96. With active loans amounting to $216 million, of which $172 million will be disbursed over the next three to four years, the IDB has activities in health, education, agriculture, transportation, energy, financial reform and water and sanitation.

The United Nations Development Program (UNDP) is implementing its fifth five-year country program, estimated at $10.2 million, from 1992-96. The UNDP projects focus on training in the public and private sectors, developing entrepreneurial skills and improving physical and social infrastructure.

The United Nations Children's Fund (UNICEF) country program has made the reduction of infant and maternal mortality the goal of its $1.5 million 1990-94 country program.

The World Food Program (WFP), under two new four-year projects, has made funding available for school feeding ($6.5 million) and agricultural and community development ($5.7 million).

b. Bilateral Donors

Canada's $54 million project portfolio is directed toward fisheries, forestry, credit for fertilizer and industry, education and business advisory services.

China and Korea have largely made available small grants to purchase equipment made in their respective countries.

The European Community has $37.8 million worth of projects in four areas -- economic infrastructure, structural adjustment, private sector support and the environment.

Great Britain started a three-year, $22.5 million aid program in April 1993 targeted at capital assistance and technical support for selected public and private institutions.

India provides scholarships for technical and vocational training and $4 million in industrial financing.

Japan funds one major project every other year on a grant basis. The last undertaking was the installation of two ten-ton rice mills.

c. Regional Donors

The Caribbean Development Bank (CDB). The $11.2 million CDB program is composed of a loan to support the rehabilitation and reconstruction of sea defenses and a grant to capitalize a Basic Needs Trust Fund.

The Inter-American Institute for Cooperation on Agriculture (IICA) works in close collaboration with the Ministry of Agriculture and supports both public and private sector initiatives. It executes and administers projects of its own as well as those funded by other organizations in five areas -- agricultural policy analysis and planning, technology generation and transfer, organization and management for rural development, trade and integration, and agricultural health.

The Pan-American Health Organization (PAHO). PAHO's 1993 program consisted of nine projects with total funding of $1 million. Support was made available in the areas of human resources development, health planning, maternal health care, nutrition, communicable diseases, AIDS, water supply and sanitation, and immunization.

d. Non-Governmental/Private Voluntary Organizations

In 1992 the UNDP compiled a directory which lists 343 local NGOs and 43 international NGOs (eight with U.S. headquarters) in Guyana. The report notes that Guyana has not encouraged an independent resource base for NGOs and that there is little sense in Guyana of NGOs being part of the society with a role to play in national development. The NGOs were identified under a broad definition which includes "active social groups," sports clubs, parent teacher associations, etc.

One local NGO, the Institute of Private Enterprise Development, has been a major recipient of local currency generated from PL-480. Three U.S. NGOs-- the Carter Center, NDI, and IFES-- have been the major implementors of U.S. assistance for democratic elections. A fourth, the International Executive Service Corps (IESC), is providing direct technical assistance to small enterprises with grant funds from RDO/C. Representatives of a number of local NGOs were consulted in the various assessments underlying the proposed USAID program. While further involvement of NGOs is anticipated, e.g., strengthening groups representing small business, the potential of NGOs as USAID partners in Guyana is initially limited by their current weaknesses.

3. Background of USAID Assistance

The USAID mission in Guyana was closed in 1985 due to the futility of working with a statist, Marxist-oriented regime. However, the U.S. continued a modest PL-480 program and from

1986 to 1992 almost $41 million in PL-480 Title I food assistance was provided, with counterpart generations programmed to support the development budget.

In late 1988, the U.S. joined an international effort (the Guyana Support Group) to help clear debt arrears and, in September 1991, forgave almost $112.8 million of U.S. bilateral debt. The U.S. also indicated it would contribute up to $15 million to help pay other international debts, but has made available only small increments so far totalling $4.4 million.

During FY 1990-92, USAID provided $2.5 million in ESF funds for Guyana; $1.5 million was used for elections assistance and $1.0 million for debt payments. In FY 1993 $3.1 million was made available for debt payments, a $7 million PL-480 Title III program replaced the previous Title I program and about $1 million in DA funds were obligated to provide advisory services related to the Title III program and extend existing Eastern Caribbean regional activities in training, justice improvement and business advisory services to Guyana.

As Guyana prepared for national elections in the early 1990s, USAID began planning to re-establish a mission there. A strategic "Options Paper" was prepared and reviewed in USAID Washington in September 1991. Based on that document, private enterprise and democratic initiatives were identified as the most promising areas for support. In October 1991, LAC sought and received approval from the Acting Assistant Administrator for Operations to establish a USAID/Guyana after installation of a freely elected government.

When the Administration reversed the decision to open a program in Guyana at that time, RDO/C volunteered to manage assistance in the interim and attempted to fit the program into its regional strategy, which focused on trade and environment objectives. RDO/C extended some Eastern Caribbean regional projects to Guyana with existing funds and in some cases adding funds for Guyana. However, the very different circumstances of Guyana compared to the other Eastern Caribbean countries made this an awkward fit, hence, the current need for a Guyana-specific strategy.

B. USAID Program Focus

1. Strategy Description and Rationale

PROGRAM GOAL: Increased broad-based participation in the economy and democratic process.

USAID's program in Guyana will reflect and support the country's return to a market-based economy and restoration of democracy. In both the economic and political arenas, the key is broad-based participation. With limited resources, USAID plans to fill critical gaps in the substantial assistance from other donors to get policy, legal/judicial/regulatory and institutional changes implemented in a way that broadens participation.

USAID contributions to the achievement of the goal will be brought about by the achievement of the two USAID/Guyana strategic objectives, one supporting equitable economic growth and the other to promote improved democracy and governance. These two objectives are presented below and a schematic objective tree is presented on the following page. Although there are many areas that need assistance and development, these were selected for initial assistance because they are areas of critical importance where the Guyanese are ready to move forward and are within USAID's manageable interest.

The 1991 "Options Paper" provided a rationale for selection of the private sector and democratic initiatives for program focus, which also suited LAC Bureau objectives at the time. Although, as noted above, a brief effort was made to fit the program into the Eastern Caribbean regional strategy, after extensive additional investigation and consultation RDO/C has concluded that the original choices were on target.

Subsequent project design efforts for two new projects--Building Equity and Economic Participation (BEEP) and the Guyana Justice Improvement Project (GJIP), project have helped to further define a focused role for USAID and provided the rationale for selecting priority development sectors.

Tables for each strategic objective showing program outcomes and preliminary sets of performance indicators that will form the foundation of a program performance monitoring system are included in Section II.

STRATEGIC OBJECTIVE 1: Expanded economic opportunities for the urban and rural poor.

The program outcomes USAID has identified as necessary and sufficient to achieve its strategic objective are:

1. Increased capacity to implement economic policies for growth with equity.

2. Broadened participation in dialogue between the public and private sectors.

3. Improved economic infrastructure.

4. Increased services available to support micro, small and non-traditional enterprises.

The strategic objective reflects Agency emphasis on the poor and disadvantaged and on participation, and is fully consistent with the Agency's current goal of **sustainable economic growth with equity.**

The "Options Paper" proposed a primary strategic focus on the private sector because: Guyana had committed in principle to private sector led growth some three years earlier and had begun

the major policy and institutional changes needed to proceed; it was a prime objective of USAID's LAC Bureau and USAID had a strong comparative advantage and other donors were not active in the sector.

As recommended in the paper, a study of the sector was conducted March 1993 by Nathan Associates Inc. and AG International Inc. under contract with LAC/TI. The team interviewed some 40 businessmen, bankers, government officials, labor leaders, and donor representatives. They found enthusiasm for the move toward a free market and competitive society and awareness of many problems still remaining, including a shortage of skilled labor, deteriorated infrastructure, distorted tax and incentive regimes, and high costs of replacing aged equipment. The report also noted lack of representation and support for small, micro and non-traditional enterprises.

USAID design efforts involved extensive consultations in Guyana. They, too, found commitment to private sector led growth, but that the business environment is still considered more insecure than enabling. This is due to a number of factors, chief of which are:

- delays in implementing agreed-to policy, legal/judicial/regulatory, and institutional changes;
- lack of a transparent and broad-based dialogue regarding priorities; and
- a possible bias against smaller businesses in the reform process.

There is a need and opportunity, with a very modest investment by USAID, to fill critical gaps in the substantial assistance from other donors to get the policy, legal/judicial/regulatory and institutional changes implemented, and in a way that broadens participation, as well as to strengthen the voice of small business.

The Mission's principal vehicle for achieving its first strategic objective will be the BEEP activity. BEEP will:

- provide technical assistance and training to help prioritize and implement economic policy reforms, with particular attention given to identifying policies that will improve economic equity;
- strengthen non-governmental organizations representing small, micro and non-traditional enterprises; and
- provide assistance to the Ministry of Finance and the Ministry of Trade, Tourism and Industry to improve performance.

The ongoing PL-480 Title III program in Guyana will also be an important contributor to this strategic objective by freeing for productive investment foreign exchange otherwise required for food imports, advancing policy reforms through conditionality, and providing generated local

currency for investment in economic infrastructure and for credit and other assistance to small, micro and non-traditional enterprises.

STRATEGIC OBJECTIVE 2: Strengthened democratic and legal institutions and processes.

The program outcomes USAID has identified as necessary and sufficient to achieve its strategic objective are:

1. Engaged civil society.

2. More responsive government.

The strategic objective directly supports key elements of the Agency goal of **promoting democracy.**

As in the case of the first focus area, the "Options Paper" recommended additional study of democratic initiatives in Guyana. This was done in May 1993, under an RDO/C contract with Thunder & Associates, Inc., and involved contacts with more than 60 persons representing the U.S. and Guyanese Governments, political parties, churches, labor unions, non-governmental organizations, and other donors. The team recommended two areas for immediate assistance:

- limited support for the sub-national elections (now scheduled for mid-1994); and

- help in rebuilding the country's judicial system.

It also identified a number of other areas that need to be addressed, with the advice that the Guyanese must be ready to move forward in these areas before foreign aid is undertaken.

RDO/C has already programmed support for the local and municipal elections as a priority in FY 1994. This is being provided through the U.S. private voluntary organizations which assisted in the national elections in 1992.

Project design efforts have helped focus planned USAID support and strengthen the rationale for the democracy emphasis as well. The Guyana Justice Improvement project addresses the second immediate area for assistance recommended by the study. A new Strengthening Democracy project will strengthen other government and civil democratic institutions.

The two projects, Guyana Justice Improvement and Strengthening Democracy, will enable achievement of the Mission's objective to Strengthen Democratic and Legal Institutions and Processes. The activities within the democracy sector will:

- support a variety of non-governmental organizations which undertake work to increase and strengthen the role of civil society in Guyana, including among others, legal aid societies and the Bar Association;

- increase the effectiveness and efficiency of the legislative system;

- provide assistance to increase public-private dialogue and make information on legislative decisions and processes widely available; and

- strengthen the legal and judicial system in order to improve the effective administration of justice.

The Guyana Justice Improvement activity is placed under the democracy strategic objective, but also supports the achievement of the economic strategic objective because it will result in a more transparent and effective legal and regulatory business regime. An improved enabling environment for business will help to attract the investment which will be necessary for job creation and to improve the productivity of existing businesses. The Strengthening Democracy project will strengthen other institutions essential to participatory democracy, such as the ability of the legislative branch to base decisions on informed debate, the effectiveness of government below the national level in responding to the needs of the populace and the ability of non-governmental organizations (NGOs) to represent the views of civil society and participate in dialogue with government.

2. Other Areas Considered

USAID's resource limitations make it essential that the Guyana program be focused in those areas where it can make the most impact. One consequence is that many areas of need will not be included. Selection factors include not only urgency and magnitude of need, but also whether USAID is likely to be able to concentrate a level of resources that will constitute the **margin of difference** in improving performance within a given sector.

a. Environment

Guyana is remarkably rich in natural resources, including tropical rain forest (84 percent of the county), minerals, abundant surface and groundwater, and a rich variety of flora and fauna. The poor economic policies of the past combined with the concentration of population along the coast have left much of the natural resources in upland Guyana in pristine condition. Economic growth under the ERP, combined with the scarcity of human resources to manage that growth, presents a clear threat to the environment. Plans for construction of an all-weather highway from Georgetown to Brazil are an added concern.

Other donors are active in the area of environment: Canada has been in the lead with its work on the National Forestry Action Plan. The British are developing a project to strengthen the Guyana Forestry Commission and improve forest management, and are supporting development

of a National Environmental Action Plan. International NGOs include the Dutch Tropenbos Foundation (basic research on sustainable systems) and the Carter Center/Global 2000 (support for a land-use conference).

While the area is well within USAID's strategic interest and potentially critical to long-term sustainability of Guyana's development, RDO/C does not believe USAID's resources will be sufficient to undertake meaningful environment and natural resources management activities during this strategy period. However, environmental concerns will be taken up where relevant in activities supporting the selected areas of focus.

b. Agriculture

The concentration of agricultural development along the coast has facilitated encouragement of export crops. Sugar and rice account for two-thirds of sector output and half of total exports. Agriculture employs 35 percent of the total work force and provides most of the domestic food supply. The ERP has led to some recovery of production. Needs still abound in implementing policy reforms, rehabilitation of infrastructure, and diversification of production. The World Bank poverty assessment found the greatest poverty in rural areas and those employed in agriculture to be worse off economically than those working in other sectors.

Agriculture is an area in which other donors have a major role. The Inter-American Development Bank, for example, has funded a $27 million Agricultural Rehabilitation Program and initiated an Agriculture Sector Hybrid Loan with a $30 million policy component and a $22 million investment component. The PL-480 Title III program provides complementing support for conditionality and local currency counterpart, addressing such areas as agriculture policy, food security, nutrition and land tenure. Beyond this, USAID has not found a niche in the sector where its limited additional resources would be adequate to achieve any significant development impact.

c. Infrastructure

Guyana's infrastructure needs massive investment to recover from past neglect. Comprehensive rehabilitation of the sea defenses, alone, is estimated to require U.S.$300-800 million. The electric power system is faced with major problems; the IDB has suggested a U.S.$300 million expansion program over the next ten years. The road network in the coastal area has seriously deteriorated and few all-weather roads exist in the interior. Port facilities are poorly organized and in disrepair. Water and sewer facilities are similarly run-down and unreliable.

A significant amount of PL-480 local currency is programmed as counterpart for sea defenses and irrigation and drainage rehabilitation projects financed by other donors. Otherwise, USAID's resources are too modest to make more than a minor dent in the country's infrastructure needs, and this area is best left to the other donors now heavily involved.

d. Health & Population

Health status indicators for Guyana may not yet fully reflect the declines seen in the economy, agriculture production, and infrastructure over the last two decades. A UNICEF "Analysis of the Situation of Women and Children in Guyana" prepared in March 1993, indicated that life expectancy rose from 59.7 in 1970 to 65.7 in 1992, and infant mortality dropped from 80.2 to 53 per thousand live births during the same period. Immunization rates were in the 75-85 percent range in 1991. The report noted, however, that this data may be distorted; indeed, life expectancy had risen to 70 by 1985 and has declined since then. The report also pointed out serious deficiencies in health status and the health care system. Life expectancy is five years less than in the rest of the Caribbean. Maternal mortality rates are increasing. Malnutrition of children under five is 19.7 percent. Much of the health care system suffers from the general deterioration and shortage of financial and human resources afflicting other sectors.

Population growth dropped from 3.35 percent in 1960 to 0.01 percent in 1990 and there was actually negative growth over several years. This is largely attributed to out-migration, but the fertility rate did drop from 3.0 in 1985 to 2.8 in 1991.

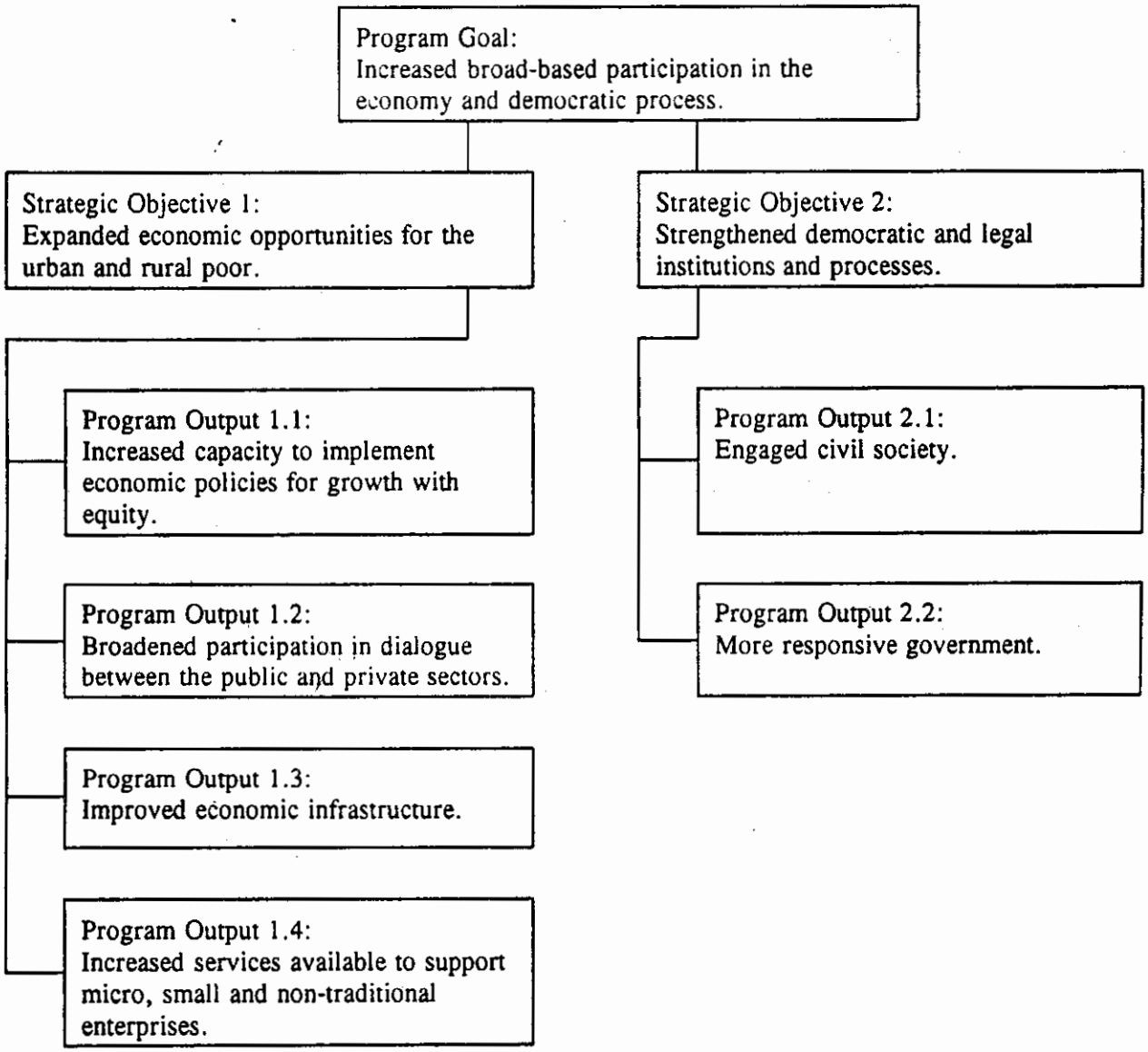
As suggested by the World Bank poverty assessment mission, a key to poverty alleviation and improving social services is resolving the current fiscal constraints through economic growth, cost recovery and alternate financing systems.

e. Education

Guyana has been a major supplier of skilled people to the broader Caribbean region. Adult literacy is estimated at over 90 percent, although the level of literacy skills attained and retained may be questionable. Furthermore, spending on education has declined dramatically and the poor quality of education is a primary factor cited by parents for emigrating. Participation rates are also low, averaging 68 percent nationally for primary school according to the UNICEF report. The World Bank poverty assessment also noted that repetition and drop-out appear to be growing problems.

As in the health sector, USAID resources could not make a very large dent in Guyana's education problems, and may be better concentrated, at least initially, on helping to achieve broad based economic growth so that the government will have resources to expand and improve the education system.

Guyana Program
Objective Tree



C. Implementation Plans

1. Activities to Achieve Objectives

Three projects are being designed to address the two areas of strategic focus. Although partially constrained by the special criteria for PL-480 programs, the Title III program and the related Agriculture Sector Reform project are also important in supporting toward these objectives.

The planned activities in the two focus areas are interrelated: Implementation of policy and legal/regulatory/judicial (LRJ) reforms to improve the business environment will also increase public confidence in government. Increasing the voice of small business in policy making broadens participation. Efficiency and effectiveness of the justice system is important to business as well as to good government. Stronger democratic institutions and more competent government at all levels will further enhance the business environment.

The planned activities are also targeted at very specific niches in a context of other major donor programs. They will help make operational or extend the impact of those programs, provide essential counterpart support, and fill important gaps in areas such as the justice system and democratic institutions where other donors are not active.

a. Building Equity and Economic Participation

The purpose of the Building Equity and Economic Participation project (504-0107) is to expand economic opportunities for the urban and rural poor. The project will complement the substantial efforts of multilateral donors by providing technical assistance and training:

(1) in the public sector, to the critical economic ministries (Finance and Trade) to develop and implement strategic management plans for the implementation of policy and LRJ reform measures in an equitable manner, and

(2) in the private sector, to nongovernmental organizations to broaden capacity for participation in dialogue with the public sector and particularly to increase the access of small and nontraditional entrepreneurs to the benefits of the ERP.

b. Guyana Justice Improvement

To improve the effectiveness and efficiency of the Guyanese justice system, the Guyana Justice Improvement project (504-0109) will focus on court management, with technical assistance, training and equipment to help the judiciary improve its administrative structure and provide legal aid for disadvantaged groups. Local counterpart funds will also refurbish physical facilities to improve working conditions and public image as well as performance. Other elements will improve access to law through sustainable systems for updating the statute books, the case law reports and a central law library; and strengthen bar association capability to mobilize private resources in support of the system.

c. Strengthening Democracy

The most immediate activity, assistance with the mid-1994 Municipal and Local Government Elections, is being supported with PD&S funds through the National Democratic Institute for International Activities (NDI) and the International Foundation for Electoral Systems (IFES).

The Strengthening Democracy activity (504-0105) is currently in design for start up in FY 1995. Support will be provided for selected interventions which establish or strengthen mechanisms for dialogue between government and civil society, enable legislative or executive governmental units to respond more effectively, and increase capacity of NGOs to participate in the dialogue. Likely activities include constitutional revision, legislative strengthening, long-term electoral reform, local government training and civic education. For example, assistance my be provided to help the Parliament establish a working committee system, revise production methods for the verbatim record of Parliamentary proceedings, establish a research facility for Members and support the activities and development of numerous non-governmental organizations dedicated to strengthening the role of civil society in Guyana's democratic process. Training for Local Government would focus on public administration skills, leading to efficiency, effectiveness and transparency. Organizations representative of the community USAID expects to collaborate with include citizen groups, professional organizations and other NGOs such as legal aid societies, the Bar Association, journalists associations, and human rights groups. This assistance will strengthen the voice and capabilities of civil society while at the same time increasing the government's ability to respond to the needs of its citizens in an efficient and transparent manner.

d. PL-480 Title III

The Mission has proposed continuing Title III assistance with a multi-year program at $10 million annually, which would finance Guyana's total wheat import needs plus transportation. USAID resource constraints have limited the program to $6 million in FY 1994 and the strategy has been prepared with the expectation that this minimum level will be maintained through FY 1996. The PL-480 program makes important contributions to both strategic objectives, both in its conditionality and by providing crucial local currency resources for program activities. For example, PL-480 will provide USAID's main means of intervention for improved economic infrastructure, the third program outcome under the first strategic objective.

The PL-480 program includes three elements: (1) balance of payments and commodity import support; (2) policy reforms affecting nutrition, food prices and the physical and institutional infrastructure basic to sustainable growth in agriculture; and (3) local currency generations for sector programs with strengthened accountability. A portion of the local currency will also finance counterpart contributions for activities supporting USAID's strategic objectives and another portion will be used to strengthen the NGO sector. The DA-funded Agriculture Sector Reform project provides technical assistance to complement the Title III program.

Achieving the purpose of this program will depend on USAID collaborating closely with other donors. The policy and implementation conditionality is consistent with the agendas of these

donor programs. Their continued commitment to a wide range of policy reform programs and infrastructural and institutional development projects is necessary to complement and reinforce the activities supported under the program.

2. Program Resources Required

At the Consultative Group meeting held in Guyana in January 1994, the United States delegation indicated the intention of providing assistance to Guyana at a level of about $10 million per year. If PL-480 Title III assistance is maintained at the current level of $6 million per year and the remaining $4 million is available to finance the activities outlined above, this level of overall assistance will be adequate to achieve the strategic objectives. Table IV in Part IV provides more specific program funding requirements for the first three years of the strategy period.

3. Management and Organization

USAID/Guyana has had the advantage of being able to structure organization and management to closely mirror program objectives. While the USAID Program in Guyana is not large relative to many other USAID country programs, on a per capita assistance basis it will be one of the Agency's most significant.

The management strategy envisioned for the Mission in Guyana is characterized by three central themes. The first of these themes is best described as a **value-based** management style, one which considers values first in setting objectives, allocating resources and obtaining results. At the core of these values will be the mission's emphasis on the promotion of equitable development.

Second, management will **focus on results** by using the resources of the Mission to do a few things well rather than engaging in a variety of activities on a broad front. This way the Mission will be able to monitor and evaluate people level program impact in a concentrated manner and, hopefully, see the fruits of our labor in the results we achieve.

Third, we choose to err on the side of inclusion and will optimize for **participation and equity** in the process of management itself. We will seek the input of our counterparts and consider their wishes before making our own decisions. This will ensure our program is designed and managed according to the needs of our Guyanese constituents.

a. Management Structure

The objective of the management strategy for USAID/Guyana is to achieve the strategic objectives in the Program Objectives Document (POD) as efficiently as possible. Since the program strategy, individual projects and non-project assistance have been substantively approved, the Mission has designed a limited but efficient management structure under the assumption that additional project and program design work will not expand beyond what is currently envisioned. Two of the mission's three principal activities have already been designed and the third activity, Strengthening Democracy, has already benefitted from substantial analytic

and conceptual work. The completion of a large portion of the necessary up-front design work will allow the Mission to focus on implementation and continue to strengthen and expand upon the projects that make up the program and support the ERP. Also, the Mission expects to concentrate its resources within the selected sectors for some time to come. Not until substantial progress has been achieved in the selected sectors would the mission contemplate broadening its program. The Mission will focus on getting results from what it is already doing rather than broadening the portfolio. With this approach the Mission hopes to build on the strength of concentration to achieve results and sustainability.

When the GOG finalizes its development strategy, and when other donors have developed a social sector program, the Mission will examine the prudence of committing modest funding to support a target of opportunity, but only if compelling reasons exist, such as the possibility of high impact for a modest investment or due to political expediency.

b. Principal Responsibilities of Key Staff

The Mission recognizes the need to avoid taking on too much management responsibility in the mission and will work to make others responsible for a large part of the implementation. Responsibility for implementation, monitoring and evaluation will rest with institutional contractors. Initial Mission staff will consist of two US Direct Hire (USDH) officers, three program-funded Personal Services Contractors (PSCs), along with an OE-funded staff of five foreign service nationals (FSNs). One additional USDH and two additional OE-funded FSN positions are proposed.

USAID Director: Broad participation has been, and will continue to, be sought in the development and implementation of the Mission's program and strategies. The USAID Director will be an active participant in donor coordination and high-level policy discussions. The use of institutional contractors for management of major Mission activities will permit the USAID Director to manage the overall development program with a high degree of participation concerning development planning and implementation. The USAID Director will also be engaged in coordinating activity with US NGOs such as the Carter Center and will ensure that their strategy is consistent with and complements USAID's activities.

General Development Officer (GDO): A second USDH position has already been approved for FY94 and is filled by a GDO already on board in Guyana. The GDO will be responsible for overall activity implementation and for managing the Mission's program performance system.

Program/Project Development Officer (PDO): A third USDH position is requested for FY95. A PDO would be recruited to provide essential balance in program planning and objective oversight of the program performance system and program documentation.

Support Staff: The PSC Project Managers will work under the supervision of the GDO and will be responsible for project-level reporting. The PSC who manages the Title III Program is already on post in Georgetown. The Mission will soon begin the recruitment process for two

additional PSC Project Managers: one to administer the BEEP Project and related activities in the economic policy area and a second responsible for overseeing activities related to strengthening democracy.

The small OE-funded FSN staff will have to fill a multitude of roles. One General Development Program Specialist and one Administrative Assistant/Secretary are already on board and a Driver/Messenger is under recruitment. The two remaining positions planned for the initial staffing will manage the Mission's computer system, provide liaison with remote Controller operations, and support local operations management (e.g., petty procurement, space and property management). Two additional FSN positions are requested to provide adequate clerical support.

Institutional Contractors: There will be three principal institutional contractors responsible for implementation of the mission's three main activities. UWI will be a prime implementer of Guyana Justice Improvement, under a Cooperative Agreement through which it will work with University of Guyana. This will build upon a relationship among USAID, the UWI, and the UG previously established through the Caribbean Justice Improvement Project and other project initiatives. Institutional contractors for the Mission's other activities will be selected through a competitive bidding process. The Mission plans to have an institutional contractor for the BEEP and GJIP activities in place by late 1994 and for the democracy project by the end of 1995.

Annex 1 is a chart showing the proposed initial staffing and organization of the Mission.

4. Monitoring, Reporting and Evaluation

Program monitoring will be the responsibility of the GDO, with strong support from the PSC Project Managers associated with each of the mission's principal development activities. The PDO, when assigned, will be responsible for the overall program monitoring, reporting and evaluation process. Project-level monitoring and reporting will be the responsibility of the PSC Project Managers with input from the institutional contractors.

a. Completion of Program Performance Monitoring System

Once the USAID/Guyana program strategy has been approved by USAID/Washington, the mission will develop and install a system for monitoring and reporting on development impact. Monitoring, evaluating, and reporting are at the heart of effective management of a results-oriented development assistance program. Once the desired results are defined in a strategic planning exercise, a regular monitoring process will track progress toward the achievement of expected results.

Steps necessary for completion of the program performance monitoring system are presented in Annex 2.

b. Monitoring USAID/W Activities

The Carter Center is working on a Development Strategy for the GOG, and is facilitating discussions between GOG and various donors to coordinate assistance and resolve issues. Guyana is a laboratory for the Carter Center's Global Development Initiative to strengthen fledgling democracies and to strengthen and deepen democracy and its sustaining institutions beyond the introduction or practice of free and fair elections. President Carter himself is deeply involved in Guyana and has been instrumental in encouraging USAID to take a more significant role in securing democratic process. The USAID Director will be the principal liaison between the Carter Center and the USAID/Guyana country program.

D. Policy Agenda

The Government of Guyana faces an already heavy policy agenda developed under IMF and World Bank programs. This policy agenda is portrayed in the matrix provided as Annex 3. USAID will support and complement this agenda, concentrating on the parts most relevant to USAID's program interventions and strategic focus on broad-based participation. USAID will provide assistance to implement policy reforms rather than introduce additional policy measures, except to the extent needed to assure attention to the impact of reforms on the poor and to promote participation by the disadvantaged, especially, small and micro-enterprises.

USAID's main resources towards policy reform are from the PL480 Title III program and these resources are used to promote the World Bank's policy reform agenda with specific emphasis on the liberalization of tariffs on agricultural inputs and the reduction of taxes on agricultural production.

Once underway, the BEEP activity will pursue a strategic management process to identify and implement priority policy reform actions. The process of identifying priority actions will be undertaken through a participatory process with the GOG. Once economic policy reform activities are collaboratively identified, then BEEP will help the GOG with implementation and install and economic monitoring system that will be managed within the Ministry of Finance. USAID will pay particular attention to analyzing and promoting policies which will result in greater economic equity.

II. PROGRAM PERFORMANCE

A. Growth with Equity

The first strategic objective (SO) for the Guyana program, **expanded economic opportunities for the urban and rural poor**, fits directly within the Agency's goal of achieving **economic growth with equity**. The wording of the SO was selected to highlight USAID's commitment to equity and to the poor, as well as to reflect emphasis on participation.

Implementation of the major program activity planned to achieve this SO, Building Equity and Economic Participation, will begin by the end of FY 1994. While progress against the SO and the contributing program outcomes (POs) is thus limited, a number of supporting program activities are underway:

- PL-480 local currency provided to the Institute for Private Sector Development (IPED) has significantly expanded the credit available to small and micro enterprises.

- PL-480 local currency is also supporting counterpart contributions to improved economic infrastructure; in addition, as a result of PL-480 conditionality, the GOG has made progress toward rationalizing management of irrigation and drainage systems and reforms in land titling and leasing.

- Supported with regional (RDO/C) funds, the International Executive Service Corps has begun providing advisory services to small enterprises.

- Also with regional project funding, 27 employees of the Ministry of Finance have been selected for short-term training in the U.S.; two have already begun training and ten more will start by the end of June 1994.

- To meet conditionality for ESF economic stabilization funds, the GOG has developed a policy reform matrix and is working on systematically tracking progress in implementing the reforms.

Table I which follows provides initial identification of indicators by which performance will be measured. In most cases, baselines and targets have not yet been established. This will be part of a second stage effort to develop the monitoring and evaluation system, which will be undertaken after review and approval of the basic strategy.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Guyana				
STRATEGIC OBJECTIVE NO. 1 Expanded economic opportunities for the urban and rural poor				
Indicator 1 : Private sector employment (formal sector)				
Unit: Percent increase		Year	Planned	Actual
Sources:	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		
Indicator 2: More equitable income distribution				
Unit: Percent of population in lowest income quintile		Year	Planned	Actual
Sources: Bureau of Statistics	Baseline	1993		22
Comments: Baseline from the 1992-3 Household Income and Expenditure Survey. Lowest income quintile (bottom two of ten income ranges) includes households with monthly income below G$10,000 (US$43).		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Indicator 3: Access to credit						
Unit: (A) $ lent; (B) Number of loans		Year	Planned		Actual	
			(A)	(B)	(A)	(B)
Sources:	Baseline	1993				
Comments:		1994				
		1995				
		1996				
		1997				
	Target	1998				

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

STRATEGIC OBJECTIVE NO. 1: Expanded economic opportunities for the urban and rural poor

PROGRAM OUTCOME NO. 1.1: Increased capacity to implement economic policy for growth with equity

Indicator 1: MOF/MITI strategic management process used to develop annual policy implementation action plans

Unit: Benchmarks (TBD)		Year	Planned	Actual
Source: BEEP project reports	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

Indicator 2: Policy measures implemented

Unit: (A) Percent of policies (weighted index); (B) Increase in disbursements of donor funds (linked to policy) as percent of pipeline.		Year	Planned (A)	Planned (B)	Actual (A)	Actual (B)
Source:	Baseline	1993				
Comments: The Mission will attempt to establish a weighted index of key policy reforms and report implementation status as an overall percentage. Disbursement of donor funds is proposed as a second indicator; there is a substantial pipeline of donor funds which are not moving because of inability to implement policies to meet conditionality and progress on disbursements would indicate progress in policy implementation.		1994				
		1995				
		1996				
		1997				
	Target	1998				

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

STRATEGIC OBJECTIVE NO. 1: Expanded economic opportunities for the urban and rural poor				
PROGRAM OUTCOME NO. 1.2: Broadened participation in dialogue between the public and private sectors				
Indicator 1: NGOs/PVOs hold fora with government to present policy positions				
Unit: Number of events		Year	Planned	Actual
Source: BEEP Project	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

Indicator 2: Expanded and strengthened NGOs/PVOs serving small, micro and non-traditional enterprises and other disadvantaged groups						
Unit: (A) Number of organizations; (B) Number of dues paying members		Year	Planned		Actual	
			(A)	(B)	(A)	(B)
Source: BEEP Project	Baseline	1993				
Comments:		1994				
		1995				
		1996				
		1997				
	Target	1998				

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

STRATEGIC OBJECTIVE NO. 1 Expanded economic opportunities for the urban and rural poor				
PROGRAM OUTCOME NO. 1.3 Improved economic infrastructure				
Indicator 1: Titles and leases available				
Unit: Number of land deeds registered		Year	Planned	Actual
Source:	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		
Indicator 2: Improved rehabilitation and maintenance of sea defenses, drainage and irrigation systems				
Unit: Donor resources for infrastructure disbursed		Year	Planned	Actual
Source:	Baseline	1993		
Comments: The flow of donor resources would reflect both better compliance with maintenance planning conditionality and investment in the infrastructure.		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

STRATEGIC OBJECTIVE NO. 1 Increased economic opportunities for the urban and rural poor				
PROGRAM OUTCOME NO. 1.4 Increased services available to support small, micro and non-traditional enterprises				
Indicator 1: Commercial credit available to small, micro and non-traditional enterprises				
Unit: Number of loans		Year	Planned	Actual
Source:	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		
Indicator 2: Technical assistance provided				
Unit: Number of clients served		Year	Planned	Actual
Source:	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

USAID/Guyana
Agency Goal: Broad-based economic growth with equity
STRATEGIC OBJECTIVE NO. 1: Expanded economic opportunities for the urban and rural poor

PROGRAM OUTCOME NO. 1.1: Increased capacity to implement economic policy for growth with equity	PROGRAM OUTCOME NO. 1.2: Broadened participation in dialogue between the public and private sectors	PROGRAM OUTCOME NO. 1.3: Improved economic infrastructure	PROGRAM OUTCOME NO. 1.4: Increased services available to small, micro and non-traditional enterprises
Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title
(504-0107) Building Equity and Economic Participation	(504-0107) Building Equity and Economic Participation	(504-0107) Building Equity and Economic Participation	(504-0107) Building Equity and Economic Participation
(504-0104) Agriculture Sector Reform		(504-0104) Agriculture Sector Reform	PL-480 Title III
PL-480 Title III		PL-480 Title III	

B. Building Democracy

The second strategic objective of the Guyana program, **strengthened democratic and legal institutions and processes**, closely matches the Agency's goal of **building democracy**. Inasmuch as democracy is essentially participatory, the SO reflects the overall program goal of increased participation.

As in the case of the first strategic objective, implementation of key activities planned to achieve this second SO is yet to start, thus, the progress which can be reported at this early stage is very limited. Nevertheless, some supporting activities are already underway:

- With USAID PD&S-funded grants, two US PVOs, the International Foundation for Electoral Systems and the National Democratic Institute are currently engaged in helping the GOG and a local NGO prepare for municipal and local government elections.

- Under RDO/C's Caribbean Justice Improvement Project, assistance to the justice system has included a law library needs assessment, and training of police prosecutors, and preparations for refurbishing eight magistrates courts are at an advanced stage.

- In a case of the medium also being the message, the roundtables organized to engage a broad spectrum of Guyanese society in discussion of the USAID strategy has provided an example for engaging civil society in dialogue on public issues.

The Table 1 which follows provides indicators which have been identified for measuring performance toward the second strategic objective. Baselines and targets will be established during the next stage of developing a monitoring and evaluation plan, after the basic strategy is reviewed and approved.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Guyana

STRATEGIC OBJECTIVE NO. 2: Strengthened democratic and legal institutions and processes

Indicator 1: Participation by society

Unit: Percent increase in civic activities		Year	Planned	Actual
Source: Opinion poll	Baseline	1993		
Comments: Use of opinion polls is itself a technique for increasing participation		1994		
		1995		
		1996		
		1997		
	Target	1998		

Indicator 2: Perception of legal system

Unit: Percent positive opinion		Year	Planned	Actual
Source: Opinion poll	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Indicator 3: Constitutional structures functioning				
Unit: Benchmarks to be determined		Year	Planned	Actual
Source:	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Guyana				
STRATEGIC OBJECTIVE NO. 2: Strengthened democratic and legal institutions and processes				
PROGRAM OUTCOME NO. 2.1: Engaged civil society				
Indicator 1: Avenues of public expression increased				
Unit: (A) Percent increase in media association membership; (B) Number of NGO interventions in public discussion		Year	Planned (A) (B)	Actual (A) (B)
Source: (A) USIS; (B) NGO and media reports	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		
Indicator 2: Strengthened bar association				
Unit: Percent increase in dues paying members		Year	Planned	Actual
Source: Bar Association report	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

STRATEGIC OBJECTIVE NO. 2: Strengthened democratic and legal institutions and processes				
PROGRAM OUTCOME NO. 2.2: More responsive government				
Indicator 1: Parliamentary committee system fully functioning				
Unit: (A) Yes/no benchmark; (B) Number of committee hearings		Year	Planned (A) (B)	Actual (A) (B)
Source:	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		
Indicator 2: Legal aid system strengthened				
Unit: Number of persons assisted		Year	Planned	Actual
Source: Legal aid clinic records	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Indicator 3: Reduced backlog of civil cases				
Unit: Percent reduction		Year	Planned	Actual
Source:	Baseline	1993		
Comments:		1994		
		1995		
		1996		
		1997		
	Target	1998		

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

USAID/Guyana
Agency Goal: Building Democracy
STRATEGIC OBJECTIVE NO. 2: Strengthened democratic and legal institutions and processes

PROGRAM OUTCOME NO. 1.1: Engaged civil society	PROGRAM OUTCOME NO. 1.2: More responsive Government
Projects (Number/Title)	Projects (Number/Title)
(504-0109) Guyana Justice Improvement	(504-0109) Guyana Justice Improvement
(504-0105) Democratic Initiatives	(504-0105) Democratic Initiatives
PL-480 Title III	PL-480 Title III
(504-0000) PD&S PVO Grants for Elections Assistance	(504-0000) PD&S PVO Grants for Elections Assistance

C. Environment

Section I.B provides a brief statement on Guyana's environment and the Mission's view that although assistance is needed and is certainly within the Agency's strategic interest, the resources expected to be available for Guyana are not sufficient to have significant impact in this area. Consequently, RDO/C has not assembled extensive information, nor does it have the staff resources to develop a comprehensive analysis of Guyana's **tropical forestry and biological diversity** status or development needs. The President of Guyana has written a member of the U.S. Congress requesting USAID assistance in environmental protection and raised the matter again in a recent meeting with Vice President Gore. The Mission is sympathetic, but simply does not have the resources to respond.

Significant work has already been done and is underway in assessing Guyana's environmental needs. A National Forestry Action Plan was completed in 1989 with support from Canada and a National Environmental Action Plan is under preparation with support from the United Kingdom. The Smithsonian Institution has collaborated with the University of Guyana in establishing a Center for Biological Diversity which has catalogued many of the country's tremendous number of plant and animal species. The United Kingdom is also providing some assistance to the GOG in forest management.

Guyana is one of the few countries that still have the majority of their tropical forests intact. However, as the country struggles to revive its economy, exploitation of its natural resources--especially extraction of timber, bauxite and gold--poses serious threats to the environment. The financial and human resource constraints facing the GOG severely limit its capacity to adequately manage such economic activities in a sustainable and environmentally sound manner.

Land tenure is another area of environmental consequence where substantial needs exist. Only a minuscule portion of Guyana's land is privately owned and lease-holdings are often limited to very short periods, thus there is little incentive for land users to invest in conservation.

While much of Guyana's interior remains relatively unspoiled, most of the population and productive activity is concentrated along the coast on lowland protected by elaborate artificial sea defenses. The environmental implications of maintaining this system are unclear, but could be significant.

If USAID were able to substantially increase the funding and staff resources available for Guyana, protecting the environment would be an appropriate area for assistance

D. Population and Health

Section I.B also briefly describes the consideration given to the health sector in developing the USAID strategy for assistance to Guyana. Population growth is not currently a serious problem; the country is sparsely populated and short of human resources in numbers as well as in skills. However, as in the area of environmental protection, there are massive needs to be met in protecting the health of the people.

Although some health indicators are surprisingly good relative to the country's severe economic straits--for example, 80 percent immunization coverage--, for most health indicators Guyana lags well behind other countries of the region. Furthermore, the impact of the deterioration of health facilities and services over the last 20 years is showing up in, e.g., lower life expectancy and increased maternal mortality.

The health system is under severe strain. There is a shortage of skilled personnel, exacerbated by weak management and supervision, inefficient use of staff and insufficient budget resources. Planning is lacking and there are shortages of drugs and functional equipment in many facilities. There is too little emphasis on preventive care and health promotion and lack of coordination among agencies whose activities have a bearing on health. Remote communities and disadvantaged groups, in particular, suffer from poor coverage.

The health sector is one of the first being given attention in the GOG effort to develop comprehensive development strategy. A National Health Planning Committee has been working on a National Health Plan--the first in twenty years. There is increasing emphasis on involving communities and NGOs in health services.

Donor support for the health sector in Guyana is limited and the needs are great. However, as noted in Section I.B, USAID resources available for Guyana are not sufficient to extend to meaningful intervention in health.

III. PORTFOLIO ANALYSIS

A. New Activities

Design work has recently been completed for two of the three new activities designed to achieve the strategic objectives of the Guyana program. The RDO/C Director has signed the Authorization for the Building Equity and Economic Participation activity and the Grant Agreement with the Government of Guyana making the initial obligation is scheduled for signing the end of May. The Activity Description for the Guyana Justice Improvement Project has been completed and passed Mission review. The Authorization is expected to be signed by the end of May, subject to clearance by the Legal Advisor.

A New Activity Description (NAD) for the Guyana Strengthening Democracy activity is presented in the following pages. An informal review of this NAD by LAC Bureau during review of RDO/C's Eastern Caribbean program Action Plan in March 1994 raised no serious issues. One potential issue not raised in the NAD but discussed in Section IV.A, is whether budget allocations will be sufficient to fund the project at a level that would support the proposed implementation arrangements.

Although not stemming from or directly supporting USAID's strategic objectives, another new activity being seriously considered for partial support from USAID is a proposal from the Carter Center at Emory University under its Global Initiatives Program to help the GOG develop a comprehensive development strategy. RDO/C would support the first phase of activity, which is largely a planning effort, with PD&S funds. Although a request for support for the second phase can be anticipated, we are not prepared to submit a NAD for this activity at this time.

NEW ACTIVITY DESCRIPTION

1. BASIC DATA

ACTIVITY TITLE:	Guyana Strengthening Democracy
ACTIVITY NUMBER:	504-0105
FUNDING SOURCE:	DA
DURATION:	FY95-99
LOA FUNDING:	$5,000,000

2. STRATEGIC FIT WITH AGENCY/BUREAU GOAL

This activity targets misperceptions about democracy, the reemergence of nationalist politics, lack of experience with democratic institutions, overly centralized government institutions, and rudimentary institutions of local government. It directly supports USAID's strategy for "Building Democracy," wherein a high priority is placed on the ". . . strengthening of democratic institutions and popular participation in decision-making." This activity furthers the LAC objective of supporting the evolution of stable, democratic societies, as well as the following LAC sub-objectives: a) to encourage the strengthening of competent civilian government institutions that will merit the confidence of political and military leaders, citizens, and investors; and b) to encourage pluralism, tolerance of opposing views and support for democratic values on the part of non-governmental bodies, including the press, community organizations, labor unions, and professional associations.

3. CONSISTENCY WITH MISSION STRATEGY

GOAL: The **goal** of the Strengthening Democracy activity is to contribute to the development of an open democratic society in Guyana. Preliminary verifiable indicators include: 1) enhanced understanding of the democratic system by the populace and increased participation directly and through intermediary organizations that channel the opinions and participation of civil society, e.g., membership-based non-governmental organizations, the media; and 2) enhanced effectiveness of constitutional political structures, e.g., the National Assembly, the Elections Commission, regional and local government authorities. This goal is directly linked to the Mission's proposed Strategic Objective No. 2: "Strengthened democratic and legal institutions and processes."

PURPOSE: The **purpose** of this activity is to promote a pluralistic society and a responsive, open government. Further activity development will more clearly define what is achievable, project outputs, and the methods by which the purpose will be met. At the end of the activity: 1) mechanisms will have been established and/or strengthened that foster dialogue between and among the Legislative and Executive Branches of Government and civil society; 2) selected Legislative and Executive governmental units will be utilizing improved structures and processes to more effectively respond to the needs of the populace; and 3) NGOs will be better informed and organized to represent the views of civil society and participate fully in dialogue with the government.

ACTIVITY DESCRIPTION: This activity deals with constraints to democracy identified in the May 1993 Democracy Assessment performed by Thunder & Associates, as well as further investigations by RDO/C. An extensive analytical process carried out by the Mission over the course of ten months included high-level participation by both the U.S. Embassy and the Government of Guyana (GOG). Central to the activity strategy is a process to engage all sectors of Guyanese society in determining project outcomes, a process that should result in ownership by the beneficiaries and sustainability of activity benefits.

The activity will provide funding for sub-activities to be carried out by **three sectors of democratic society**: the Legislative Branch of Government, the Executive Branch of Government, and civil society. Each sub-activity will be chosen from within the **six areas of intervention** noted on the matrix below. The areas of intervention numbered one through three are interrelated and provide opportunities to respond to priorities of the Guyanese as the Mission currently understands them. Further activity development will reflect consultation with the Guyanese to test this understanding. The areas of intervention numbered four through six have the potential of moving to a higher priority level should the political will strengthen. Focus and depth of impact will be ensured by working horizontally across the matrix. Thus, as a sub-activity is developed with one of the social sectors in a selected area of intervention, complementary sub-activities will be developed with the other two social sectors.

Sub-activities with the Legislative Branch will be those conducted with the National Assembly. Within the Executive Branch, emphasis will be placed on regional and local government authorities. Civil society implementors will be citizen groups, professional organizations and other NGOs. Activities will focus on consensus-building and/or facilitating concerted citizen action regarding government reform and modernization; the development of a more participatory democratic system in which civil society and its intermediary organizations would play a more effective role; and other ways of strengthening democracy. Likely targets for such activities include constitutional revision, legislative strengthening, longer-term electoral reform, local government training, journalism training, improving race relations, and democracy education.

Initially, activity resources will be budgeted evenly among the three sectors; however, funds may be shifted following annual implementation reviews to respond to changing social, political, and institutional opportunities. Sub-activities will be funded in the range of $10,000 to $200,000 although exceptions to the funding limits will be considered on a case-by-case basis.

Illustrative selection **criteria** for sub-activities include: number of direct beneficiaries, impact on minorities and the poor, institutional strengthening, promotion of democratic principles, and sustainability.

To ensure neutrality and accountability, as well as to minimize the management burden on a small Mission staff, the activity will be implemented through a single grant to a competitively selected U.S. private institution serving as an "umbrella management unit"

(UMU). The UMU will vet sub-activity proposals, provide financial management training and institutional development to applicant organizations as necessary, pass proposals in final form to the Interagency Democracy Committee, and provide oversight of all sub-activities.

All sub-activity proposals will be made on standardized application forms and will be screened by the UMU. Those that pass the prescreening process will be developed further by the proposing groups with the assistance of the UMU. Proposals in final form will be referred quarterly to an **Interagency Democracy Committee**, which will consist of **A.I.D.'s Mission Democracy Committee**, the Deputy Chief of Mission or his/her designated representative, the USIS Public Affairs Officer, and representatives of each of the three social sectors targeted by this activity. The Interagency Committee will serve in an advisory role; the A.I.D. Mission Director will have final approval over all sub-activities.

The UMU will provide TA and training to nascent democratic organizations in such matters as how to prepare a proposal, draft and manage a budget, and perform a needs assessment. Institutional strengthening exercises will be offered to promising sub-activity applicant organizations.

IMPACT: The activity is conceived as a facilitator that will respond to the expectations of different social sectors regarding the strengthening of democratic government and the broadening of participation in decision-making. The proposed activity can be expected to have a positive **impact** on the ability of ordinary citizens, acting singly or through membership-based groups, to access government resources and attention, resulting in broad-based participation and improved ability to influence issues of importance to them. In selecting sub-activities, priority will be given to those which serve the urban and rural poor, women, and indigenous peoples, to ensure that activity benefits reach these under served segments of Guyanese society, and to those proposed by the Legislative and Executive Branches of Government which will lead to more open and responsive practices permitting broader-based participation by the populace.

DIALOGUE AGENDA: Further activity development will explore with the GOG several issues relevant to the nurturing of democratic society; for example, the alteration of the present Constitution to reflect the changed legal and other realities which have taken place since the advent of the free and fair elections in 1992, the role of the National Assembly in a democracy, decentralization, the capacity of various institutions available to conduct training for government administrators, the establishment of a permanent Elections Commission and the potential for longer-term electoral reform, and options for ensuring broad-based popular input to governmental programs and legislation. Similarly, the NGO community must be brought into dialogue on issues such as the establishment of a national integrated NGO unit, options for abating ethnic tensions within Guyanese society, and the status of training for journalists.

DONOR COORDINATION: The **UNDP** has supported 1992 and 1994 elections, is implementing a "Municipal Revenue Enhancement Programme" to promote the self-reliance

of the Georgetown City Council, and is drafting a "Community Development Programme." Guyana's largest bilateral donor, **Canada**, has a model program for community development run by the Futures Fund. Through the "Public Administration Project," the **World Bank** has initiated a comprehensive public sector reform program to reflect the changing role of the public sector under Guyana's Economic Reform Program. There is also a proposal before the World Bank presented by the Training and Development Division of the Public Service Management Unit of the Office of the President, requesting assistance in expanding its curriculum and facilities. Development of the Strengthening Democracy activity should include the possibility for collaboration with the World Bank in this area. The **Carter Center of Emory University**, under its Global Development Initiative, is assisting the GOG in the development of a national strategy as well as in the fields of race relations, environment, donor coordination, and electoral reform. Early discussions with these agencies indicate a willingness to collaborate with USAID on these and related issues which might be addressed through this activity.

4. POLICY AND DESIGN ISSUES

SUSTAINABILITY: Consultation with individuals and organizations from throughout Guyanese government and the private sector will be emphasized during activity design and implementation. This will facilitate the identification of issues and the setting of activity priorities. The cooperation of the government and activity ownership by a cross-section of Guyanese will help to ensure **sustainability** of activity benefits over time. In addition, institutional strengthening is envisioned under the project.

ISSUES: **1) GOG leadership and cooperation:** Since coming to power following the 1992 national elections, the Jagan Government has stated its intention to operate transparently, to seek broad-based input to governmental initiatives, to move toward constitutional revision, and to seek amelioration of racial divisions. While it is reasonable to expect GOG leadership and cooperation on these matters, the assumption should be tested during activity development. **2) Counterpart contributions:** Sub-activities conducted with civil society will be co-financed by the cooperating organizations; however, co-financing by government entities is unlikely given severe budgetary restrictions. While labor, facilities, and infrastructure improvements are expected to be provided, it would be unreasonable to expect adequate record keeping for audit purposes. Guyana has been determined by USAID/W to be a Relatively Less Developed Country and, as such, may qualify for a waiver of the usual 25 percent counterpart contribution.

GLOBAL BUREAU AND REGIONAL PROGRAMS: It can be expected that the design will require a significant input of **USAID staff time**. If **Guyanese experts** can be identified to perform the technical analyses, the Mission could realize cost savings in the Activity Paper (AP) design. The Global Bureau and/or LAC/DI will be called upon to provide technical assistance for activity development. The LAC/DI projects for Accounting and Financial Management (598-0800) and Local Municipal Government (598-0799) may provide opportunities for Mission buy-ins or add-ons.

MANAGEMENT AND SUPPORT REQUIREMENTS: Maximum collaboration with all segments of Guyanese society will be encouraged at all steps of activity design and implementation. RDO/C will oversee preparation of the AP. Primary responsibility for activity implementation will be passed to the General Development Officer resident in Georgetown, with backup by RDO/C. A PSC activity manager will be engaged by the Mission and will report to the GDO.

TIMETABLE AND RESOURCE REQUIREMENTS: RDO/C plans to field a design team by September 1994 to complete the AP and permit initial agreement and obligation by the second quarter of FY 1995.

AUTHORITY: It is recommended that authority for approval and authorization of this activity be delegated to the Mission.

ILLUSTRATIVE SUB-ACTIVITY MATRIX
GUYANA STRENGTHENING DEMOCRACY (504-0105)

AREAS OF INTERVENTION	LEGISLATIVE BRANCH	EXECUTIVE BRANCH	CIVIL SOCIETY
1. Effective, responsive, transparent government	- Publication of Hansard - Committee system - Establishment of library/informed debate	- Policy papers - Local gov't training in public administration, municipal development, project planning &implementation, revenue generation	- Seminars for community groups and NGOs - Democracy education for adults through media
2. Democratic processes open to popular participation	- Committee system with public hearings on topics of national interest	- TA for electoral reform - Elections support	- NGO oversight of elections processes - Seminars for journalists in governmental processes
3. Informed and empowered citizenry	- Seminars with National Assembly, local government, NGOs and media re their respective roles in a democracy	- Town meetings for public comment on annual work plans of local government	- Institution building for NGOs - Democracy education - Opinion gathering; - Journalism training - TA for national integrated NGO unit
4. Legal framework for democracy	- TA for Constitutional revision	- Workshops with each tier of subnational govt	- Workshops; public debates
5. Public accountability	- Dissemination of annual budget for public comment	- TA & training for Office of Auditor General and local gov't authorities	- Seminars for journalists on budget process
6. Amelioration of ethnic tensions	- Training in conflict resolution and mediation	- Training in conflict resolution and mediation	- Training in conflict resolution and mediation

B. Status of Portfolio

Although a "new" program is being established in Guyana in FY 1994 with the new initiatives described in the preceding section, RDO/C has been responsible for significant ongoing activities there. In addition to the PL-480 Title III program, these include the Agriculture Sector Reform project, which funds technical assistance to monitor and help implement the PL-480 program, and the ESF Structural Adjustment program, which has provided cash transfers to help relieve Guyana's heavy debt burden. In addition, significant Guyana activities have been supported from Eastern Caribbean regional projects, specifically, funding for the International Executive Service Corps under the Small Enterprise Assistance Project, modest initial assistance to the justice system under the Caribbean Justice Improvement Project, and training for Ministry of Finance personnel under the Caribbean Leadership Development Training Project.

Activities supported under the regional projects will be completed during FY 1994 and FY 1995 as these projects are brought to conclusion with the close-out of the Mission. RDO/C proposes to allow the ESF Structural Adjustment program end by the end of FY 1994, after the remaining conditions are met and the final increment of funds already obligated is transferred.

Table 3: RDO/C EASTERN CARIBBEAN PORTFOLIO -- PROJECT TIMELINE

	FY92				FY93				FY94				FY95				FY96				FY97			
PROJECT NUMBER/TITLE	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
(504-0099) Economic Stabilization/Structural Adjustment	-	--	--	--	--	--	--	--	--	--	T													
(504-0104) Agriculture Sector Reform	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	-T						
(504-0107) Building Equity and Economic Opportunity											S	--	--	--	--	--	--	--	--	--	--	--	--	--
(504-0109) Guyana Justice Improvement												S	--	--	--	--	--	--	--	--	--	--	--	--
(504-0105) Democratic Initiatives Training															S	--	--	--	--	--	--	--	--	--
TOTAL PROJECTS (number) (end of FY 4th quarter)			2				2				3				4				3				3	

C. Regionally and Centrally-Funded Projects

RDO/C is maintaining close coordination with the Carter Center which has provided elections assistance to Guyana with central funds. The Mission is aware of only one other centrally-funded project activity in Guyana, a University Linkages project grant to St. Louis University to work with the University of Guyana in education.

IV. RESOURCE REQUIREMENTS

A. Program Resource Requirements

Broad program resource requirements to implement the Guyana strategy are discussed in Section I.C.2. Strategic planning for the Guyana program was initiated with some optimism that the decision to "build up" a new program there would be reflected in increasing resources with reference to FY 1993, when a total of $11.2 million was obligated for Guyana activities ($7 million PL-480, $3.1 million ESF, and $1.1 million DA). At the special Consultative Group (CG) meeting held in Guyana in January, the U.S. delegation indicated an intention of providing approximately $10 million per year in new assistance and the strategy was scaled to that level. This Action Plan incorporates lower levels based on the most recent indications from USAID/Washington, reflected in Table 4, below.

As noted in Section I, the strategy can be implemented with the overall $10 million/year level indicated at the January CG meeting (including $6 million in PL-480 Title III). A reduction of DA to $3 million/year in FY 1995 and FY 1996 will require substantial modification of activities planned to achieve the Democracy objective, with consequent impact on results. Plans for the Democratic Initiatives activity described in Section III would minimize USAID management requirements by relying heavily on an institutional presence for implementation. However, if budget constraints substantially reduce the activities which can be undertaken, such a presence may not be feasible. In addition, other than for the Carter Center Global Initiative, the allocations make no provision for absorbing any unplanned activities which may arise. For example, the strategy does not include any activities in the area of protecting the environment and the Mission will have no expertise in this area. Thus, there would be no way to respond to any requests in this area, even for minimal analysis or reporting.

RDO/C has included in Table 4 a special added allocation of $60,000 for FY 1994, promised to fund Carter Center Global Initiatives activity in Guyana. The latest request from the Carter Center is for $200,000 from USAID for phase one of their planned of activity there, and it appears the additional $140,000 will have to come from the Mission's OYB. RDO/C anticipates a similar request for FY 1995 funding of phase two, and, in view of the high-level interest and global implications of the Carter Center activity, proposes that the funding be provided in addition to, rather than out of the already very tight allocation proposed for that year.

In addition to funds for the Carter Center, Table 4 shows a modest PD&S allocation ($50,000/year) under the "other" category for assistance in further refinement of the strategy and related monitoring and evaluation activities. Especially in view of the continuing and increased emphasis on performance based budgeting and of the limited capacity of the small Mission staff, we believe this is an essential investment.

TABLE 4
USAID/GUYANA PROGRAM
SUMMARY PROGRAM FUNDING TABLE
Dollar Program ($000)

Funding Category	FY94 Estimated	FY95 Requested	FY96 Requested	
Development Assistance			75% FY95	100% FY95
Mission Strategic Objective #1				
504-0000 PD&S				
504-0104 Agr. Sector Policy	150	150	150	150
504-0107 BEEP	900	1,300	1,000	1,100
Subtotal	1,050	1,450	1,150	1,250
Mission Strategic Objective #2				
504-0000 PD&S	350			
504-0109 GJIP		900	700	900
504-0105 Democratic Init.		600	250	800
Subtotal	350	1,500	950	1,700
Other Activities				
504-0000 PD&S	50	50	50	50
Carter Center Global Init.	60	200		
Subtotal DA	1,560	3,200	2,250	3,000
Economic Support Funds				
Mission Strategic Objective #2				
504-0109 GJIP	860			
Carter Center Global Init.	140			
Subtotal ESF	1,000			
P.L. 480 Title III	6,000	6,000	6,000	6,000
P.L. 480 Title II				
Subtotal P.L. 480	6,000	6,000	6,000	6,000
PROGRAM TOTAL	8,560	9,000	8,250	9,000

B. Program Management Requirements

Initial staffing requirements for USAID/Guyana are discussed in Section I.C.3. The Mission accepts that FTE constraints will severely limit its size, and that it will have to depend on support from elsewhere for such functions as financial management, procurement/contracts management and economic analysis. The Mission will not require a broad array of technical skills to carry out it's small and narrowly focused program and the activities are being designed to minimize USAID's management burden. However, the Mission believes that the limit of two FTE's for USDH so far agreed upon must be increased by one to provide balance in the Mission. The Mission is committed to the Agency's emphasis on participation. This imposes demands on the time and attention of field staff and, along with coordination with other donors, will be a major effort of the USAID Director. The USDH General Development Officer will be responsible for implementation of all program activities. Especially in the absence of a Controller and Contracting Officer, a USDH Program/Project Development Officer would play a major role in assuring objective assessment and reporting of performance as well as accountability, documentation and adherence to procedures and directives.

RDO/C's ability to continue providing backstopping support for the Guyana program will rapidly diminish as RDO/C rapidly phases down. Arrangements for procurement and contracting support from Washington or another Mission must be made almost immediately. Controller support from another location must be arranged by early FY 1996 to permit transfer of that responsibility before RDO/C closes. RDO/C's Program and Project Development Office will be unable to provide backstopping support to Guyana by the second half of FY 1995, when its sole remaining USDH will also have responsibility for overall direction of the Mission in its final close-out period.

USAID/Guyana will attempt to recruit supporting staff locally to the extent possible. However, as noted in Section I, Guyana's human resources are extremely limited due to the heavy emigration of people with marketable technical and professional skills during the last 15 years. With the country now on a more promising economic path, there is great demand for the few people with the necessary skills and the Mission may find it necessary to fill key staff positions with US or third country nationals. We already project this to be the case for at least two of the three program-funded Project Managers and at at least one of the OE-funded staff (to manage the Mission's information system and liaison with the external Controller).

TABLE 5
RDO/C EASTERN CARIBBEAN PROGRAM
OE FUNDING REQUIREMENTS
($000)

OE/TRUST FUNDED LEVELS	FY94			FY95			FY96		
By Major Function Code	OE	T/F	Total	OE	T/F	Total	OE	T/F	Total
U100 U.S. Direct Hire	125		125	71		71	70		70
U200 F.N. Direct Hire	48		48	48		48	49		49
U300 Contract Personnel	66	35	101	66	74	140	67	81	148
U400 Housing	25		25	45		45	41		41
U500 Office Operation	79	34	113	79	37	116	82	41	123
U600 NXP Procurement			0			0			0
Sub-Total (Core Costs)	343	69	412	309	111	420	309	12	431
Downsizing Cost: U100			0			0			0
U200			0			0			0
U300			0			0			0
U500			0			0			0
Sub-Total Downsizing Costs	0	0	0	0	0	0	0	0	0
Total OE/TF Costs	343	69	412	309	111	420	309	122	431

Mission Staffing Requirements												
	FY94				FY95				FY96			
	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*	USDH	USPSC	FSN	Other*
Total FTE's or Workyear	.5	1.0	2.5	0.2	2.0	1.0	5.0	2.0	2.0	1.0	5.0	2.0
of which Program Funded		1.0	1.5	0.0		1.0	1.0	1.0		1.0	1.0	1.0

* Other = TCNs

Note: OE budget and Staffing presented are for previously approved levels; they do not include requested addition of 1 USDH and 2 FSN positions

V. MISSION AND AID/W INITIATED ISSUES

A. FTE Levels

RDO/C recognizes USAID severe constraints on personnel levels and the need to keep proposed staffing for USAID/Guyana commensurate with the small program size. We also recognize that the Agency is still going through "right-sizing" and "reengineering" exercises that will have a bearing on the staff levels needed to manage a field program. Nevertheless, a minimum critical mass of field staff is needed to adequately manage a participatory development program for measurable results. When USAID/Washington reviewed the interim strategy in early January, the LAC Bureau endorsed initial FY 95 control figures of 2 USDH, 3 PSC's and 5 FSNs. In the POD and Action Plan, the Mission has proposed the addition of one USDH and 2 FSNs.

The two approved USDH positions are for the USAID Director, responsible for overall direction and coordination with other actors, including insuring broad Guyanese participation, as well as internal Mission management, and the General Development Officer (GDO), responsible for implementation of the development portfolio. The Mission would use the additional USDH position for a combination Program and Project Development Officer (PDO). Besides assisting with program budgeting and documentation, the PDO would provide important balance and objectivity for program performance management.

The three PSC's approved are program-funded activity managers who will help the GDO implement and monitor the PL-480 Title III program and the major DA-funded activities supporting the strategic objectives.

The five FSNs are the OE-funded staff (in fact, they will probably also be PSCs) who will provide all the other necessary support, including administrative and clerical services, systems management, controller liaison, etc. While individuals with appropriate combinations of skills will be sought, using third-country nationals as necessary, the number simply is not sufficient to fill all skills areas and still have adequate clerical support.

B. Program Funding Levels

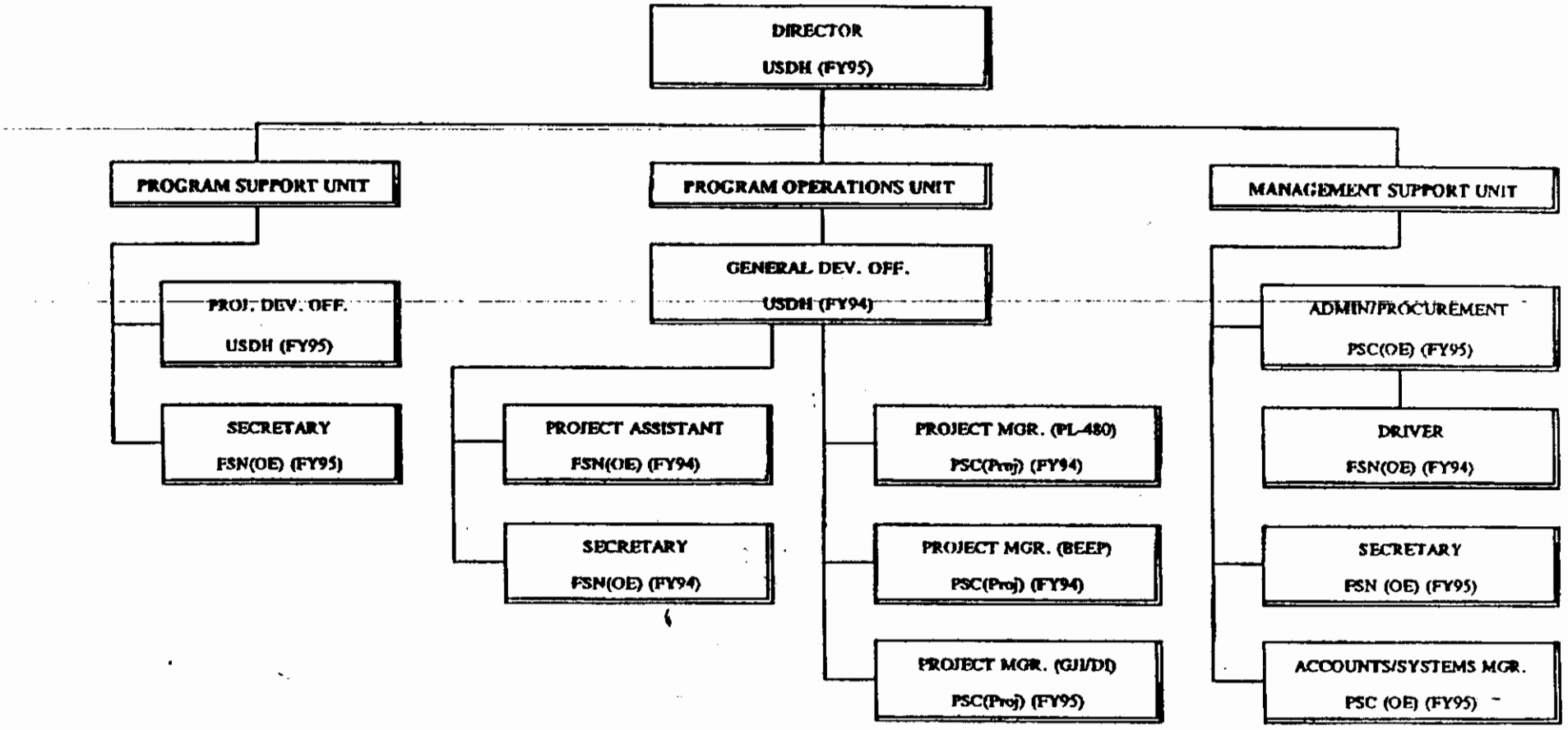
Recognizing that FY 1994 would be an exceptionally "lean" year, the program strategy was developed with the expectation of annual funding on the order of at least $4 million, in addition to PL-480 Title III (consistent with the levels indicated at the Consultative Group meeting in Georgetown in January 1994). However, the most recent indication is $3 million for FY 1995 and the Action Plan guidance calls for using that same level for FY 1996, along with an alternate budget reduced by a further 25 percent. These levels, if not improved, would require substantial re-thinking of plans for the democracy objective.

C. Source of Backstopping Support

RDO/C has provided substantial backstopping support to the Guyana program and, even if the added positions requested are approved, the small staff planned for USAID/Guyana will continue to need significant support. Specifically, the Mission will not have controller, contracting and procurement, legal, and economic analysis capabilities.

ANNEX 1

USAID/GUYANA
ORGANIZATIONAL CHART



STEPS TO COMPLETE THE PROGRAM PERFORMANCE MONITORING SYSTEM

The principal steps USAID/Guyana needs to finalize its performance monitoring system are as follows.

- **Further refine the performance indicators for each objective in the USAID strategy.** Indicators will undoubtedly require some refinement in the effort to determine data sources and develop baselines and targets.

- **Select data sources for each performance indicator.** Data from secondary sources are preferable if available and considered reliable. USAID/Guyana will rely on secondary data to the extent possible, e.g. World Bank publications, but also has an opportunity to structure its institutional contracts to ensure responsibility for gathering and reporting program impact data.

- **Define baseline data.** Baseline data needs to be identified that will be available over time and is generated using consistent methodologies. Identifying baseline data measures will require perusing existing documentation, visiting donors having a permanent presence in Guyana, and checking with the government to determine existing data availability and their general interest and capability to expand the collection of data that would be of interest to USAID. In some cases, it may be appropriate to provide assistance to the government to institutionalize the process of collection and reporting key indicators.

- **Identify data gaps.** In cases where data to measure program progress is not available, USAID will have to either revisit the selected indicators or determine if it is necessary to fund special studies or surveys.

The mission expects to require assistance to complete these steps, either by contracting directly or through the the LAC Bureau's buy-in to CDIE's Program Information for Strategic Management Project (PRISM).

GOVERNMENT OF GUYANA POLICY FRAMEWORK

The policy framework and matrix presented on the following pages was prepared by the Government of Guyana in March 1994. Refinements are continuing. The matrix will be used for subsequent tracking and reporting on performance in policy implementation.

THE 1993-1996 POLICY FRAMEWORK

The Economic Recovery Programme (ERP) which Guyana implemented in 1989, was a mix of policies and measures designed to restore the economy to a path of sustained growth and a viable balance of payments position in the medium term.

Government's action plan for its medium term development strategy focusses on :-

i) sustaining and accelerating economic growth and maintaining a viable macroeconomic framework;

ii) addressing the deteriorating physical and social infrastructure necessary for economic development;

iii) providing a facilitating environment for encouraging private sector development;

iv) implementing public administration reform; and

v) improving the social well-being of the people through the intensification of programmes for poverty alleviation and ensuring that the benefits from economic growth reach the poor.

The elements of our medium term policy framework include :-

- integration of the foreign exchange market;

- strengthening of monetary policy by introducing more flexible monetary instruments and broadening the range of treasury bills;

- improving revenue collections by strengthening tax administration and broadening the tax base;

- increasing public sector wages, both public servants and teachers;

- rehabilitation and maintenance of the economic and social infrastructure with the sectoral priorities of the PSIP focussing on :-

  drainage & irrigation,
  feeder & farm roads and
  land ownership;
  expansion of the ferry fleet; and
  potable water supply system

and on improvement in social conditions with attention being paid to the Health, Education and Housing sectors;

- improving project implementation;

- providing for the introduction of User Charges;

- Privatisation as articulated in the Privatisation Policy Framework Paper.

The financial benchmarks are the quantitative measurements of how well the Government has been implementing the fiscal and monetary programmes agreed and how well the Government and the country have been performing.

POLICY MATRIX 1993-1995

Financial Benchmarks
Quantitative Limits and Targets

	1993		1994		1995	
	TARGET	ACTUAL	TARG	ACTUAL	TARG	ACTUAL
			US$ mn			
Limit on the net borrowing requirement of the non-financial public sector	9,595	4,915				
Limit on the increase in the stock of domestic public debt	-655	-5,620				
Limit on the increase in the net domestic assets of the Bank of Guyana	860	-3,315				
			G$ mn			
Limit on the loss of the net foreign assets of the Bank of Guyana	1	-36				
Target for the gain in the gross reserves of the Bank of Guyana	19	55				
Limit on the contracting of public and publicly guaranteed external debt with a maturity of 12 years or less	5	....				

	1993		1994		1995	
	TARGET	ACTUAL	TARG	ACTUAL	TARG	ACTUAL
Limit for the stock of external payments arrears	Resche -dule debt	.....				

1993-1996 POLICY MATRIX

Structural Benchmarks

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
I. External Sector						
i) Exchange rate policy and system						
Pursuit of freely floating exchange rates in the Cambios	Non interfer-ence in the op-erations of the Cambios	Done				
Further integra-tion & deepening of the foreign exchange market	Strength-ening links between the Bank of Guyana and the Cambio market	Bank of Guyana sales of foreign exchange to the Cambios	Increase in re-tention accounts of Guysuco and gold miners			

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
ii) <u>Trade Policy</u>						
Continued liberalisation of trade measures	Elimination of remaining import restrictions & prohibitions	Done				
	Introduction of revised CET in accordance with CARICOM	Legislation prepared		Reduced CET implemented		
II. <u>Pricing Policy</u>						
Continued liberalisation of domestic prices	No new subsidies & no new price controls introduced	None				

	1993		1994		1995	
Policy Targets	Measures	Actual	Measures	Actual	Meas	Act.
III. Public Sector						
i) Public service reform to attract and retain staff, provide an acceptable minimum wage and strengthen public sector management	Implemen-tation of the Public Adminis-tration Project (PAP)	Techni-cal Assist-ance provided by World Bank and ODA Implemen-tation behind schedule	Implemen-tation of PAP and ODA's Public Sector Reform Project			
ii) Streng-thening of Tax Administra tion	Implemen-tation of the IDB-financed project	Most consul-tants in place	Implemen-tation of Inte-grated Finan-cial Manage-ment Project			

BEST AVAILABLE

	1993		1994		1995	
Policy Targets	Measures	Actual	Measures	Actual	Meas	Act.
iii) Broadening of the <u>tax base</u>	Continued modification of tax system	Limitation of remissions of consumption tax and import duties	Increasing contribution of business sector to tax base	Abolition of income tax holidays		
		Introduction of hotel accomodation tax		Introduction of turnover tax		
iv) <u>Maintenance</u> of existing and new capital stock	Commissioning of a User Charge Study					

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
v) Transparent <u>Privatisation</u> Program	The establishment of the Privatisation Board & Unit	Done	Privatisation of five entities			
	The sale of minority shareholdings in private sector firms	Soaps & Detergents enterprise sold & Designs & Graphics closed				

BEST AVAILABLE

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
vi) **GEC**						
Implementa-tion of all neces-sary steps to ensure no Central Government transfers after the end of 1994	Tariff increase	Partial intro-duction of 25% tariff increase	Complete 25 % in-crease of aver-age electri-city tariffs by January 1994	Complet-ed	Man-age-ment cont ract for GEC	
	Implemen-tation of Man-agement contract	Interim manage-ment contract behind sched-ule	six-monthly review of tariffs starting March 1994 to include provis-ion for fuel adjust-ment			
	Increase generat-ion of elec-tricity	Works to expand capacity begun	Implemen-tation of in-crease generat-ion capacity			

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
IV. Financial Sector						
i) Continuation of a flexible <u>interest rate</u> policy	System of competitive bidding for treasury bills	Longer term bills introduced	Increase frequency of bids as necessary			
ii) Strengthening and modernising <u>regulatory & supervisory framework</u>	Reform of financial sector legislation	Cabinet approved new Financial Institutions Act (F.I.A.)	F.I.A. and revised Bank of Guyana Act to be laid in Parliament			
iii) <u>Deepening</u> of Financial intermediation	Licensing of new commercial banks	Behind schedule				
	Steps towards establishing a stock market	Introduction of Call Exchange				

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
V. Private Sector development	Tax reform to simplify the tax structure and reduce tax rates	World Bank proposals examined	Introduction of new tax regime	Introduction of new consumption tax structure		
	Review of Fiscal Incentives	Advertisement for staff of new One-Stop-Shop	Continued upgrading of economic & social infrastructure			

	1993		1994		1995	
Policy Targets	Measures	Actual	Measures	Actual	Meas	Act.
V. Private Sector development	Tax reform to simplify the tax structure and reduce tax rates	World Bank proposals examined	Introduction of new tax regime	Introduction of new consumption tax structure		
	Review of Fiscal Incentives	Advertisement for staff of new One-Stop-Shop	Continued upgrading of economic & social infrastructure			

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
VI. Real Sector growth						
Agriculture	Improved research and extension services to promote sugar & rice production	Ongoing				
	Announcement of policy on land sale / leasing	Behind schedule				
	Rehabilitation & maintenance of feeder & farm roads	Ongoing				

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
ii) <u>Housing</u>	Development of low cost Housing	Financing identified for housing	Development of new housing areas			
		Land titles to squatters	Regularisation of squatting areas			
			Financing of Housing for low income earners			
iii) <u>Education</u>	Increased financing for upgrading Education	Behind schedule	Improved salaries for teachers	Revolving loan scheme for UG students		
VIII. Protection of the Environment	Providing institutional framework	Preparation of legislation				

Policy Targets	1993 Measures	1993 Actual	1994 Measures	1994 Actual	1995 Meas	1995 Act.
IX. Statistics						
Improved statistical base	Publication of an interim consumer price index	House holder Expenditure Survey completed	Implementation of CPI			