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USAID/GUYANA

SEMI-ANNUAL REPORTS

OCTOBER 31, 1994 - MARCH 31, 1995

U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Embassy of the United States of America
Georgetown, Guyana, South America

MEMORANDUM

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TO : See Distribution

FROM : Patrick McDuffie, GDO 

DATE : May 26, 1995

SUBJECT : Project Status Report - Guyana

Attached is the subject report for the period October 1, 1994 - March 31, 1995.

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USAID GUYANA

Semi-Annual Portfolio Review

October 1, 1994 - March 31, 1995

1. MISSION DIRECTOR'S OVERVIEW

A Introduction

The Guyana program is nearing full implementation. At the end of the reporting period, the Title III Program and the complementing Agricultural Sector Reform Project were the only activities being implemented as other projects had either just terminated or been obligated. The Building Equity and Economic Participation Project and the Guyana Justice Improvement Project are now being implemented, and USAID is using PD&S funds for democratic initiative activities in preparation for the Strengthening Democracy Project, which will be authorized later this fiscal year. Plans have also been developed for a one-year, \$3 million Commodity Import Program (CIP) to be designed for obligation in FY 96. The core USAID program would then consist of three projects and one program, with each filling niches strongly complementing the programs of other donors.

The strategy enunciated in the approved Program Objectives Document for FY 1994-1998 remains unchanged. However, the integrity of the program has been shaken by severe budget cuts. The program goal is increased broad-based participation in the economy and democratic process. USAID's strategic objectives are (SO1) expanded economic opportunities for the urban and rural poor, and (SO2) strengthened democratic and legal institutions and processes.

As planned, in January 1995 the RDO/C Mission Director moved to Guyana. The Mission Director, however, has been nominated for an ambassadorial position and is scheduled to depart post this summer. USAID Guyana continues to have responsibilities regarding RDO/C's Eastern Caribbean projects, but both programs are increasingly distinct. The bulk of the Mission Director's time and effort is dedicated to the Guyana program, while close out of the RDO/C program is handled primarily by staff resident in Barbados. RDO/C provides project development and executive office assistance to Guyana, but controller and contracting support are now wholly provided by USAID Dominican Republic.

During this rating period, USAID Guyana moved out of the Embassy and into its own building. The Mission has an approved staffing level of 11 FTEs, and it is presently staffed by two USDHs (the Mission Director and a GDO), one USPSC, one TCNPSC, and four FSNPSCs (one professional and three support personnel). Remaining staff to be hired include a systems manager/accountant (FSNPSC), a

procurement/administration specialist and a project manager.

B. Significant Accomplishments

Program implementation increased significantly during the reporting period with the start-up of two new projects, the Building Equity and Economic Participation Project and the Guyana Justice Improvement Project. Both projects are classified as "B" projects. Implementation of the Title III Program and the complementing Agricultural Support Project continued to be strong, and they are classified as "A" projects.

S01 Supporting Projects

Projects supporting S01 (expanded economic opportunities for the urban and rural poor) include Building Equity and Economic Participation, the Title III Program, and the Commodity Import Program proposed for FY 1996.

The technical assistance team for the Building Equity and Economic Participation Project arrived in late January 1995. The purpose of this \$4.5 million, four-year project is to strengthen the business environment in Guyana to bring about economic growth with equity. The technical assistance team recently prepared an inception report identifying proposed assistance for the first year of the project. Other donors have already expressed strong interest in jointly funding certain activities, and it is clear the Project will enjoy continued donor support since one of its primary objectives is to improve the GOG's capacity to implement development programs.

S02 Supporting Projects

Projects supporting S02 (strengthened democratic institutions and processes) include the Guyana Justice Improvement Project and the Strengthening Democracy Project planned for later this fiscal year.

Implementation of the Guyana Justice Improvement Project accelerated considerably with the recruitment of a project manager in February 1995. This is a four-year, \$3 million project designed to improve the effectiveness and efficiency of the Guyanese justice system. Although a Cooperative Agreement with the University of the West Indies (UWI) was not executed during the reporting period as planned, implementation was initiated through the use of Title III counterpart funds. For example, the GOG increased its Title III local currency contribution of G\$20,000,000 to G\$48,000,000 (approximately US\$141,000 to US\$338,000) for the renovation of court facilities, Title III funds were used to establish a temporary law library, and the GOG agreed to provide G\$6 million (approximately US\$42,000) for local training. This project clearly enjoys the highest support of the GOG. UWI has submitted a proposal to USAID for project implementation, and it is anticipated that a Cooperative Agreement will be signed in May 1995.

SO1&2 Supporting Projects

The Title III Program, the Agricultural Reform Project, and the Commodity Import Program proposed for FY 1996 support each strategic objective through both specific activities and provision of counterpart funds.

The Title III Program was authorized as a three-year, \$18 million program. The commodity procured under the program is wheat - a grain that is not cultivated in Guyana for climatic reasons. Despite very strong implementation by the GOG and USAID, worldwide Title III budget cuts resulted in funding for the second year of this program being reduced from \$6 million to \$3 million. It currently appears that no funding will be available for the program's third year. This is a serious blow to the USAID program as the Title III program is the cornerstone of the USAID strategy. The key components of the Title III Program are policy reforms to increase food security, and the generation of local currency, which is used primarily for agricultural infrastructure projects. The GOG has made outstanding progress in implementing policy reforms, and agreed to adhere to the original conditionalities for the program's second year despite funding being halved.

The GOG fully satisfied all conditionalities for year 1 - ranging from macro-economic policy reform and liberalization of trade and taxation policies to wheat flour fortification to reduce iron deficiency anemia - with the exception of those that affect land tenure security. The latter conditionality was only partially satisfied, and that was due to delays in related IDB and ODA projects. Local currency generated by the Title III Program are used primarily for agricultural infrastructure projects and, again, results have been outstanding. For example, land under irrigation increased from 182,000 acres to 250,000 acres, grain production increased by 154%, and grain exports jumped a dramatic 221%. Equally important in the overall Mission strategy, Title III local currency is used as counterpart funding for all current and planned USAID bilateral projects.

The Title III Program and the complementing **Agriculture Sector Reform Project** (which provides technical assistance for the implementation of the Title III Program) are both classified as "A" projects.

C. Problem Areas

There are no significant project-related problems to report.

D. General Portfolio Management Performance

1. Funding Constraints

As with the last reporting period, the most critical issue facing the Mission is the level of funding. USAID Guyana requested \$3.2 million in development assistance (DA) funds for FY 95 and received

\$997,000 (plus \$133,000 in G Funds). The Title III Program was also cut from \$6 million to \$3 million, and prospects for any funds for the third and final year of the program are very poor. The cutbacks have seriously undermined USAID's credibility with the GOG and the donor community, and it is increasingly difficult to undertake activities responding to the niches identified in the FY 1994-1998 Program Objectives Document.

USAID has requested, in its FY 1996-1997 Action Plan, that \$600,000 in deobligated funds be provided by RDO/C in FY 1995 to partially compensate for the reduced budget. These funds are especially critical for the initiation of the Strengthening Democracy Project.

The FY 1996-1997 Action Plan calls for a minimum annual funding level of \$4.5 million in FY 1996 and FY 1997. This level would permit USAID to authorize a Commodity Import Program (a one-year \$3 million program) to substitute for the cancelled third year of the Title III program. The CIP would allow full satisfaction of policy reforms that had been planned under Title III, leverage other donor resources for agricultural infrastructure projects, and provide counterpart funding for USAID's bilateral projects.

2. Staffing Constraints

USAID Guyana recognizes that overall budget constraints will continue to severely limit the Mission's size.

USAID's request for a USDH PDO position in FY 1996-1996 was not granted. However, the Bureau assured the Mission assistance would be provided for key activities. Such assistance has been sparingly and grudgingly provided. If the Mission is to adequately plan its work and ensure program implementation, such commitments must be satisfied in the future.

3. Other Bureau Support

Support from the Bureau for the Guyana program has not been at the level desired, presumably because of the demands of the Haiti program. USAID hopes LAC will be able to provide greater backstopping in the future.

4. Management Constraints

In the absence of the Mission Director or other resident USDH with signing authority, simple portfolio management tasks become extremely time consuming and burdensome. A simple contracting action, for example, becomes a major obstacle involving numerous faxes to and between at least two other Missions. The overly complicated management system, and the resultant need for constant follow up, detracts from staff morale and lessens attention to more substantive implementation concerns. The Guyana program requires more autonomy when the Mission Director is absent, and RDO/C would benefit from more authority when the Director is present.

II. Financial Summary and Pipeline Analysis

The USAID/Guyana program has no significant pipeline problems. Pipeline amounts are currently relatively modest and they will be drawn down steadily as project implementation proceeds.

FINANCIAL SUMMARY OF USAID/GUYANA PORTFOLIO

TABLE 1

October 1, 1994 - March 31, 1995

PROJ. NUM.	PROJ/PROGRAM TITLE	CAT.	INIT. OBLIG. DATE	LAST REV. PACD	% LOF ELAP	% OBL EXP.	AUTH. LOP	CURRENT FY OBLIG.	CUMMULAT. OBLIG.	MORTGAGE	BEGINN. FY PIPELINE	PLANNED SEM. EXP.	ACCRUED SEM. EXP.	FY ACC. AS % OF PLANNED	CUMMULAT. ACC. EXPEND.	ENDING PIPELINE	PLANEX NEXT SEM.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
CATEGORY I ACTIVE PROJECTS																		
S.O. 1																		
0104	Agricultural Sector Reform	A	29-Jan-93	30-Jan-96	72%	49%	550,000	0	550,000		C	358,925	95,000	76,254	80%	267,329	282,671	100,000
	TITLE II	A	13-Jan-94	30-Sep-97	42%	99.8%	18,000,000	3,000,000	9,000,000	9,000,000			3,000,000	2,987,835	100%	8,984,300	10,145	0
0107	Build. Equity & Econ. Part.	B	31-May-94	31-May-98	21%	14%	4,500,000	0	900,000	3,600,000		900,000	300,000	126,715	42%	126,715	773,285	600,000
SUB-TOTAL						98%	23,050,000	3,000,000	10,450,000	13,600,000		1,258,925	3,395,000	3,190,824	94%	9,378,344	1,866,101	700,000
S.O. 2																		
0109	Guyana Justice Improv	B	12-Sep-94	30-Sep-98	17%	2%	3,000,000	0	860,000	2,140,000		860,000	100,000	17,000	17%	17,000	843,000	150,000
SUB-TOTAL						2%	3,000,000	0	860,000	2,140,000		860,000	100,000	17,000	17%	17,000	843,000	150,000
SUB-TOTAL ACTIVE PROJECTS						2%	26,050,000	3,000,000	11,310,000	14,740,000		2,118,925	3,495,000	3,207,824	92%	9,395,344	1,909,101	850,000
CATEGORY II TERMINATED PROJECTS																		
0099	Guyana Eco. Support	N/A	11-Apr-90	30-Jan-94	100%	100%	4,447,219	0	4,447,219	0		0	0	--	4,447,219	0	0	
SUB-TOTAL TERMINATED PROJECTS							4,447,219	0	4,447,219	0		0	0	--	4,447,219	0	0	
TOTAL DEOBLIGATIONS							0	0	0	0		0	0	--	4,447,219	0	0	
TOTAL (I + II)							30,497,219	3,000,000	15,757,219	14,740,000		2,118,925	495,000	3,207,824	92%	13,842,563	1,909,101	850,000
SOURCE: MACS		PSR	MACS P06B	MACS P06B	(M/T)	(14/18)	MACS P06B	SARs	MACS P06B	(8-18)	MACS P06B	SARs	MACS P06B	(14/13)	MACS P06B	(18-18)	SARs	

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TABLE 2

PIPELINE

PROJECT NO (1)	PROJECT TITLE (2)	CUMULATIVE OBLIGATIONS (3)	FY OBLIGATIONS (4)			PIPELINE (5)			PIPELINE (6)		
			1993	1994	1995	(5)	1993	1994	1995		
	Title III	9,000		6,000	3,000	10	0	0	10		
5040104	Ag Sector Reform	550	350	200	0	283	74	209	0		
5040107	Blding Equity & Eco. Participation	900	0	900	0	773	0	773	0		
5040109	Guyana Justice Improvement	860	0	860	0	843	0	843	0		
	TOTAL	11,310	350	7,960	3,000	1,909	74	1,825	10		
	PERCENTAGES (%)	0	3%	70%	27%	16.9%	3.8%	95.6%	0.6%		

Guyana

March 31, 1995

1 PROJECT NO AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are any unmet CP older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated annual obligations)	6 AGE OF PIPELINE (Cite if any obligation remains more than 50% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A. (Cite if Mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B (Cite if EOPS are being achieved at higher level or faster rate than expected)	11 AUDIT A. (Cite if project has not been done in last 18 months)	12 AUDIT B (Cite if there are unresolved IG recommendations older than six months)	13 EVALUATION A (Cite if project has not been evaluated in last three years)	14 EVALUATION B (Cite if activity has PES recommendation opened 6 or more months past PES target date for closure)
SUSTAINED ENVIRONMENTALLY-SOUND ECONOMIC GROWTH WITH EQUITY													
5040104 00 Agricultural Sector Reform	29-JAN-93	A	N/A	N/A	N/A		N/A			X	N/A	N/A	N/A
5040107 Building Equity & Economic participation	31-MAY-94	B	N/A	N/A	N/A		N/A			N/A	N/A	N/A	N/A
Title III	12-May-94	A											
504-0109 00 Guyana Justice Improvement	12-Sept-94	B	N/A	N/A	N/A		N/A			N/A	N/A	N/A	N/A

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