

GO-INVEST, GEPC AND NGMC

A SITUATIONAL ANALYSIS OF OPERATIONAL EFFECTIVENESS AND MERGER POSSIBILITIES

BY

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**GUYANA BUILDING EQUITY AND ECONOMIC
PARTICIPATION PROJECT**

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FOREWORD

The conventional wisdom aims to direct consolidation of functional and administrative activities, of like nature, in the expectation that there will be financial savings, exploitation of common services e.g. computer hardware, transport messenger and accommodation.

Such consolidation assumes on increased level of efficiency and enhanced achievement of objectives.

Experience in the recent past in Guyana belies that conventional wisdom. The degradation of the vast public sector and the decline of the economic fortune of Guyana in the eighties, was a result of pacing too many functions, common as they appeared to be, under a management, stretched out by numerical shortages, and a widening skills gap, as staff losses continued unabated.

Whereas the decline in economic fortune had been arrested, the restoration of the skills gap is yet to be achieved. Given this situation, there is virtue in pursuing small units framed within the financial resources available, and managerial capability of the incumbents, gradually increasing the performance development, this bringing the units to a point of consolidation.

To take weal managed units, starved for skills and finance, and merge, relying on the conventional wisdom is a recipe for failure. The experience of failure should not be repeated twice in two decades.

The mandate given to me through the contractual arrangement was executed always bearing in mind the above consideration.

TERMS OF REFERENCE

GUYANA BUILDING EQUITY AND ECONOMIC PARTICIPATION (BEEP) PROJECT

Date: 25 th March 1996 **Period of Service:** April 1st to 19th 1996
Summary of Service: Examine the advantages and disadvantages of a possible

merger of GO-INVEST and GEPC and the export promotion functions of the new GMC and make a clear recommendation, supported by detailed arguments, to the Minister of Trade, Tourism and Industry on the desirability or not of such a merger.

**Ministry to be Served: Ministry of Trade, Tourism and Industry Designated Advisor: P. A. Thompson
Advisor to the Minister**

**Industry Level of Effort: 15 days (3 weeks) Person Days of Training:
NIL**

1. Purpose

- Concise statement of basic focus/objective of the technical assistance and /or training.
To enable the Minister of Trade, Tourism and Industry to make a clear recommendation to the Cabinet of the government of Guyana on the desirability or not of merging into a single entity, three currently separated agencies, viz the Guyana Office for Investment (GO-INVEST), the Guyana Export Promotion Council (GEPC) and the export promotion functions of the new Guyana Marketing Corporation (new GMC). The option being recommended by the consultant must be supported by specific detailed arguments.

2. Background

- Describe the basic problem or issue to be addressed.
The Guyana Cabinet, at a recent Cabinet Retreat, expressed the opinion that the three agencies concerned, GO-INVEST and GEPC and the export promotion functions of the new GMC were achieving less than optimal performance for the national economy, in discharging their current, respective mandates as separate entities. Cabinet was of the view that the effectiveness of the overall, national investment and export promotion mandate would be enhanced if the three entities were to be merged into a single unit and that such a merged unit would be able to achieve that improved performance in a more cost effective manner.

As a consequence the Minister of Trade, Tourism and Industry has requested the use of short-term technical assistance resources to be provided by the BEEP Project, to have the case for the proposed merger adequately analysed and a clear recommendation made, supported by specific arguments, as to the desirability or not of the proposed merger.

- Relate to specific elements of the Inception Report and project work plan.
The BEEP Inception Report, in its summary of key issues and existing/proposed support to the Ministry of Trade, Tourism and Industry - Chart 1B, Pgs vii and viii - pointed to the need for institutional strengthening and capacity building in both GO-INVEST and GEPC to enable those two entities to effectively discharge their existing and projected responsibilities in their respective areas of increasing investment levels and developing exports.

The BEEP Work Plan for MTTI - Chart 2B, pages 26 and 27 recommends under 1 a A Establish a positive investment climate@-

- * enhance capacity of GOINVEST to facilitate private investment - Pg. 26
- * strengthen capacity of GEPC to maintain trade database, monitor non-traditional exports and conduct domestic and international trade fairs - Pg. 27; and
- * strengthen capacity of GEPC to develop investment opportunity profiles - Pg. 27.

The Guyana government is now not only proposing a merger of GO-INVEST and GEPC but is requesting that, in addition, the export promotion functions of the new GMC be included for study as an integral part of the proposed, merged entity.

This assignment will focus on whether and how well the three named agencies are now discharging their specific, respective responsibilities and will seek to determine whether the merger proposed by Cabinet represents the best option for future capacity building for investment attraction and export promotion activities in Guyana.

- Refer to any related BEEP activity (previous or proposed).
The BEEP Inception Report, in Charts 1B and 2B had referred to the need, in terms of establishing a positive investment climate, to draft a comprehensive Investment Code for consideration by the Guyana government. MTTI has requested the BEEP Project to allocate resources for the drafting of such a code.

The report envisaged in these Terms of Reference is related to that future assignment, in that in terms of whatever recommendations are to be made as a part of that assignment concerning future investment attraction and export promotion policy, this current report needs to ensure adequate institutional capacity to implement and monitor policy initiatives of that kind.

- Define the desired outcome.
A clear recommendation, adequately supported by specific arguments as to whether or not, the proposed merger of GO-INVEST, GEPC and the export promotion functions of the new GMC represents the best option for optimising the effectiveness of Guyana's future investment attraction and export promotion policy initiatives and performance.

3. Scope of Work

- Description of the desired services and basic activities to be completed in rendering the services.
 - i) Review the existing statutory mandates of GO-INVEST, GEPC and the export promotion functions of the new GMC and the current performances of the three entities, in terms of the effective discharge of their respective mandates.

 - ii) If the discharge of any or all of the current, respective mandates of the three entities is found to be less than satisfactory, identify the specific, underlying causes and state whether and if so what institutional strengthening measures might enable the defaulting agency (ies) to discharge its (their) mandate(s) more effectively, organized separately as is now the case.

 - iii) Examine and analyze the advantages and disadvantages of a possible merger of the three agencies. Such examination and analysis should respond, inter alia, to the following five (5) issues:-
 - a) are the essential rationales and specific objectives of the three agencies sufficiently complementary to facilitate a smooth fit under a central administrative unit, with a clear, overall purpose even if, at operating level, a divisional structure is maintained?

 - b) what would the staffing, accommodation and equipment needs of a merged entity be? Are there significant financial savings to be made from such a merger and if so, quantify them.

 - c) what disadvantages might arise from seeking to merge the three agencies? If feasible, quantify the costs of any identified disadvantages.

 - d) can a case be made, in terms of a perceived better merger alternative, for merging two rather than all three of the named entities and if so, which two, giving detailed reasons to justify why the suggested alternative is a better option.

 - e) assuming a specific merger is recommended as a net, positive measure, set out a series of improved, projected outputs, in terms of national investment attraction and export promotion goals and objectives for the merged entity, over the first two years of its existence.

- Specify the Department(s) and/or key person(s) within the Ministry that will be the primary focus of this assignment.
 - a) at MTTI
 - Mr. Neville Totoram - Permanent Secretary (Actg.)
 - Ms. Gita Raghubir - Legal Advisor
 - b) at GO-INVEST
 - Dr. Ivor Mitchell - Managing Director
 - C/Man and Deputy C/Man of GO-INVEST Board
 - c) at GEPC
 - Mr. Riley Abdelnour - CEO
 - C/Man and Deputy C/Man of GEPC Board
 - d) at New GMC
 - Mr. Henry Eastman - General Manager
 - Mr. M. St. Hill - P.S. Ministry of Agriculture (Actg.)
 - C/Man and Deputy C/Man of new GMC Board.

In addition, it would probably be very useful for the consultant to elicit the views of the Guyanese private sector, using the Private Sector Commission as the channel of contact.

- Describe any training activity to be included and estimate the number of person days of training.
No specific training activity is included in this assignment.
- Specify any critical deadlines or requirements to coordinate with other BEEP activities and/or STTA assignments.
It would be important for this exercise to be completed before the planned BEEP STTA assignment relating to the drafting of an Investment Code is started, so that improved institutional capacity to implement and monitor future investment attraction and promotion initiatives can be taken into account when drafting specific recommendations for that Code.
- Estimated level of effort: In country: 15 days Travel: _____ Other: _____ Total: 15 days

4. Deliverables

- List and clarify all deliverables expected from the consultant and specify deadlines for each.
A comprehensive report from the consultant, setting out a clear recommendation and specifically addressing, inter alia, the following:-
 - i) The appropriateness or otherwise of the existing, statutory mandates of GO-INVEST, GEPC and the export promotion functions of new GMC respectively, to current, national investment attraction and export promotion needs, with an assessment of the level of effectiveness with which each agency is currently discharging its respective mandate.
 - ii) A listing of the specific causes of less than satisfactory performance by any or all of the

three named agencies, together with recommendations as to whether and if so in what ways, defined institutional strengthening measures are likely to significantly improve the performance of any defaulting agency(ies), organized separately as is now the case.

iii) A detailed assessment of the advantages and disadvantages of a formal merger of the three agencies, specifying:-

a) The administrative suitability of bringing the three agencies together under a single central unit and whether and why it might be desirable to maintain a divisional structure for operating purposes.

b) The quantifying of the savings likely to arise from a merged entity, in the areas of staffing, accommodation, equipment and other relevant costs.

c) A listing and where relevant quantification of any disadvantages which might arise from the proposed merger.

d) Should the consultant's findings lead him to believe that there is a better merger alternative than that proposed of the three named agencies, a recommendation to that effect, supported by detailed reasons providing the necessary justification.

e) Assuming a specific merger recommendation as a net, positive measure, the setting out of a series of improved, projected outputs, in terms of national investment attraction and export promotion goals and objectives for the merged entity, over the first two years of its operations.

The report to be in draft form by Monday April 15 th, with the final report submitted by Friday April 19th 1996.

- For any reports required, special format and any other requirements.
Report to be organised generally in terms of the sequence set out under this **Deliverables** section, to be delivered together with all supporting annexes showing relevant statistical data, as an original plus nine word processed copies, utilizing WordPerfect or Word for Windows.

5. Qualifications of the Consultant

i) Master's degree in business or public administration or a related discipline.

ii) Extensive background in assisting public sector investment or/and export policy formulation and implementation agencies in developing the most appropriate organizational structure, complete with staffing and equipment levels, for the optimal discharge of their assigned mandates. Specific experience in analyzing the case for merger

of previously separate investment and export agencies in developing countries, especially in the Caribbean region, while not indispensable, would be very helpful.

iii) Minimum of five years experience of organizational development and restructuring work, including within the public sector and particularly in the Caribbean.

iv) Ability to develop a clear narrative report, supported by all relevant graphics and computer generated statistical material, so presented as to assist ease of reading and understanding of the recommendations being made.

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DELIVERABLES:

An evaluation of the appropriateness or otherwise of the existing, statutory mandates of GO-INVEST, GEPC and the export promotion functions of the New GMC respectively, to current, national investment attraction and export promotion needs, with an assessment of the level of effectiveness with which each agency is currently discharging its respective mandate.

GUYANA OFFICE FOR INVESTMENT (GO-INVEST)

THE GUYANA OFFICE FOR INVESTMENT (GO-INVEST) is a statutory body formed by an Act of Parliament made under the Public Corporations Act 1988 (No. 21 of 1988). The agency is headed by an Executive Director who reports to the Senior Minister, responsible for Trade, Tourism and Industry.

THE MANDATE:

The function of the GO-INVEST is to:

Promote and encourage investment in Guyana.

Encourage and assist investors in their efforts to launch enterprises, by:-

Providing investors with a comprehensive summary of the steps necessary to commence business operations;

Operating as the primary contact for investors and, where necessary, liaise on their behalf with Government ministries and other agencies throughout the investment process; and

Providing the investor with all documents to be completed and guidance necessary for their completion;

Identify, compile and disseminate information on investment opportunities, indigenous raw material resources and local and external market opportunities for the benefit of investors;

Develop and maintain such data base and information systems as will provide investors with timely and accurate information to enhance the efficiency of their operations, and to facilitate investment decisions;

Prepare profiles on investment opportunities;

Organise and manage such investment related activities and projects as are assigned to it by the concerned Minister.

Monitor and evaluate investment trends and advise the concerned Minister thereon.

For carrying out its functions under the preceding paragraph, GO-INVEST may establish offices outside Guyana or may enter into arrangements with persons outside Guyana.

In relation to its primary function, which is to promote and encourage investment in Guyana, the legislative framework designed to facilitate the operations of the agency can be regarded as all encompassing and consistent with its mandate.

As articulated at Appendix I, current legislation provides for the agency to undertake the full range of activities associated with investment promotion. This extends from the dissemination of basic information designed to influence investment decisions, to operating as a focal point of contact and intermediary with government and other agencies, to the identification of investment opportunities, including domestic and export market opportunities. The agency is also accorded the capability of organising and managing investment related activities and projects, in addition to a monitoring and evaluative function. Finally, the agency is given wide geographic scope to pursue its mandate, in that it is legislatively entitled to establish offices outside of Guyana, or to enter into arrangements with persons outside of Guyana.

The appropriateness of the agency's mandate is measured against the background of the country's move towards market reform where private sector led growth is expected to be the catalyst of economic growth and development. External investment is viewed as pivotal to the success of this development strategy and it is against this scenario that the agency's legislative mandate is viewed as being in perfect synchrony with the country's investment promotion needs.

EVALUATION OF OPERATIONAL EFFECTIVENESS

GO-INVEST, given its current manpower, skills and financial deficiencies is clearly incapable of effectively executing its mandate.

This, to a great extent is reflected in the disparity between expected levels of investment and that materialised through the influence of GO-INVEST.

This reflection is a qualified one based on the consideration that the statistics were provided by GO-INVEST and that one would have to separate the process of facilitation from that of investment attraction (see footnote 3 at appendix 5).

Whereas its predecessor GUYMIDA was endowed with a highly trained professional staff complement of thirteen (13), GO-INVEST is expected to assume responsibility for the entire country and all sectors with a professional staff complement of four, including its Executive Director.

Skills resident within the agency are oriented towards the management stream, whereas it is reckoned that the professional manpower base needs to be broadened with the inclusion of industrial engineering, marketing, legal, and public relations skills. The agency has indicated a need for at least (7) more professional staff covering these skill categories to provide the level of service it envisages would be useful in fulfilling its mandate.

This numerical inadequacy apart, current professional staff is bereft of the technical skills, experience, and exposure at the international level.

The inability of the agency to address these deficiencies has contributed in a significant way towards its below par performance.

Numerical and skills deficiencies, are accentuated by a case of manpower structural distortion. **The administrative structure of GO-INVEST is currently devoid of middle management capability.** Ideally, the knowledge and skills gap between the Executive Director and the rest of the professional staff should be bridged with the appointment of a senior investment officer or two. Such a measure would allow the Executive Director to concentrate more fully on policy formulation and strategic planning and so reduce the disproportionate amount of time spent in executing routine investment activities.

The agency, to a large extent it reported to be an under-funded one, given the role it is expected to play. This situation has been exacerbated by a reduction of G\$6 million over the current operating year (from G\$26 million to G\$20 million).

The reduction is reflective of the inability of the agency to secure funding for capital expenditure. This includes transportation assets required to afford the agency greater mobility. A greater level of financial commitment has to be displayed by the Government if investment promotion it to have any influential role in the economic development of this country.

The inadequacy of the agency's financial resources is brought into even sharper focus when it is taken into consideration that budgetary allocation is meant to cover all operational areas.

The management of GO-INVEST has estimated that approximately double its current budgetary allocation would be required to provide a quality level of services. This would mean that some G\$52 million would have to be provided to ensure adequate funding. This figure has been estimated by the Executive Director of GO-INVEST, and is not supported by firm budgetary allocation procedures. No effective analysis can therefore be offered to support this expectation..

Given the existing paucity of financial resources, the agency is forced to adopt a reactive mode, rather than the pro-active outlook which greater financial resources would have allowed it to pursue. As a consequence, one of the primary objectives of its mandate, that of the dissemination of information on a timely basis has not been achieved. In fact, the agency has not been able to put out any publications over the life of its existence. Additionally, financial constraints have stymied the agency's participation at important overseas investment fora, and continue to play a significant role by limiting its exposure. Without adequate representation, promotion, and publicity, very little will be achieved in the near future.

These institutional deficiencies aside, **a key determinant to the overall effectiveness of the agency has to do with the transformation of Guyana as an attractive investment venue.** Currently, poor physical and social infrastructure, the non-competitive nature of the regime of fiscal and industrial incentives, (compared with other CARICOM countries) and indeed, the absence of an, investment code, combine to reduce Guyana's attractiveness as an investment venue in the hemisphere, this being so in spite of having achieved considerably higher growth rates than many other countries.

There is a sense that, in the face of these constraints, the agency has lost a great deal of focus and that urgent remedial action is required to redress this downward trend.

Given the supposition that the effectiveness of GO-INVEST could only be enhanced within a considerably improved macro-economic environment, one would have to look towards the successful outcome of efforts being made to address the deteriorating situation within the power sector and in equal measure the successful implementation of the recently formulated National Development Plan, as logical extension, Guyana should have enhanced considerably, its image and potential as an investment venue.

Clearly GO-INVEST requires a measure of institutional strengthening that would enhance the capacity of the agency to effectively execute its mandate. Institutional strengthening measures can be timed to coincide with improvement in the macro-economic environment or in anticipation of it.

Institutional strengthening measures should be aimed at improving the capacity of the agency to formulate and devise investment promotion strategies, to enhance its executing capacity and to

upgrade manpower and skills capabilities.

In fulfilling these objectives, a programme of institutional strengthening would of necessity have to undertake the following:-

Some of the key tasks to be undertaken include the review of the agency's organisational structure with staffing requirements, including job descriptions for both local and overseas missions, design of an appropriate staff development, and training programme to upgrade executing capacity, formulation of procedural guidelines, and standard operating procedures for key functions of the organisation.

The agency has been identified by the IDB as a possible beneficiary for the implementation of an institutional strengthening programme (Appendix 2). This should be pursued with utmost haste.

Given that financing of the agency's work programme is a continuing problem, the programme should also look at the development and implementation of cost recovery mechanisms that will enable sustainability of the operations of GO-INVEST.

In this case it may be useful to institute reasonable charges for work completed on behalf of clients.

NEW GUYANA MARKETING CORPORATION (NGMC)
LEGAL STATUS

The New Guyana Marketing Corporation is an offshoot of the dissolved Guyana Marketing Corporation, a statutory body formed by an Act of parliament (No. 23 of 1962). The corporation is headed by a General Manager who reports to the Permanent Secretary, Ministry of Agriculture.

Though operating within the framework of legislation designed for its predecessor, the New Guyana Marketing Corporation is currently guided by a recently developed policy which envisages a new strategy for the agency. This new policy document is intended to replace the old GMC Act. Under this new strategy, the overall objectives of the Corporation will be to:-

- A) Provide market information on crops to agricultural marketing participants in order to increase marketing efficiency, stabilize prices and minimize gluts and shortages;
- B) Provide market extension services for approximately 80% of market participants;
- C) Provide specialised services at a reasonable cost to market participants;
- D) Engage in the export of specified non-traditional export products to specified markets; and
- E) Make recommendations to Government on domestic agricultural marketing policy (non-traditional produce) and on measures to deliberately stimulate the export of non-traditional export products.
- F) Establishing a "**One-Stop Desk**" thereby reducing the eleven steps involved in the export of fresh fruits and vegetables, to a basic minimum;
- G) Inspecting and approving quality produce taken to an export point;
- H) Identifying and documenting for use by potential exporters, the specific steps involved in exporting commodities to specific export markets;
- I) Addressing the issue of transportation, including the direct shipping from key marketing points, such as Kumaka and Parika and also the possible use of refrigerated containers; and
- J) Developing an incentive package required to deliberately promote significant exports of the non-traditional sector.

To reduce the risk involved in the marketing of agricultural products;

To improve market transparency;

To enable farmers to adjust their production and marketing activities more effectively to supply and demand requirements;

Provide packaging, storage, transportation, handling and other such facilities for exporters; and

Seek to have financing provided (directly or indirectly) for exporters in need.

The agency is currently operating within the framework of a revamped strategy, which is intended to broaden its scope of operations, so as to provide it with a facilitating, cum co-ordinating role with respect to both the domestic and export markets for fresh agricultural produce.

The "**New Strategy**" outlined for the agency reflects a tri-dimensional function, which would enable it to be equipped with a market intelligence and policy formulation capability and a technology transfer capacity. This is expected to be achieved under the umbrella of a "**One-Stop Entity**".

The appropriateness of the NGMC's mandate is positive when viewed against the background of the stated policy of the agricultural planning sector, to diversify away from the traditional rice and sugar sectors and so broaden production and export base. This could turn out to be a fortuitous move in the face of emerging difficulties with the European Market, where the traditional exports enjoy preferential trading arrangements, which is coming under increasing attack within the World Trading Organisation (WTO) many of whose members are moving in the direction of more open trade arrangements, having not themselves enjoyed the colonial relationship which underpins prevailing preferential trade arrangements.

The conceptualisation of this "**New Strategy**" was obviously rationalised on the basis of the agency either having a full measure of autonomy, or being capable of achieving such autonomy sometime in a future. What is largely unknown however, is that the NGMC operates as a department of the Ministry of Agriculture and though some elements of policy making and technical services are devolved to the agency from time to time, these responsibilities remain in large measure, the preserve of the Ministry. The performance of the agency should therefore be essentially measured against the execution of its marketing mandate.

EVALUATION OF OPERATIONAL EFFECTIVENESS:

The New Guyana Marketing Corporation (NGMC) does not fulfill several of the functions with which it has been mandated under its statutory provisions. These include the following:-

- The agency provides market information only in terms of fresh fruits and vegetables to the exclusion of live-stock which has also been earmarked as an area of responsibility. This as indicated by NGMC's management has to do with the fact that research has shown that the livestock sector is currently in no position to assume an export capability, much-less sustain one. Thus, its reluctance to pursue export facilitation in this area.
- The agency, as mandated, does not directly engage in the export of specified non-traditional export products. It's inability to fulfil this obligation is due largely to the fact that it has been distracted by its overall and time consuming interaction with exporters themselves.
- The agency makes limited recommendations to the government on domestic agricultural marketing policy as it relates to non-traditional produce. On measures to deliberately stimulate the export of non-traditional export products, it operates as an autonomous body in facilitating the growth of exports and is not expected to rely on the government for direction.
- The agency does not unilaterally conduct inspections or quality approval exercises of produce taken to export points. Rather, these are done in collaboration with the Ministry of Agriculture and Bureau of Standards, and mainly, in an advisory capacity.

- No attempts have been made in terms of developing an incentive package to promote the export of non-traditional produce. The agency has been reluctant to pursue this mandate, given that the government's policy on fiscal and industrial incentives does not encourage such policy making. Government policy is of such that incentives, including the remission of duty and consumption taxes on agricultural machinery and equipment has already been articulated. In addition, the unequivocal point has already been made that income tax holidays would not be granted across the board.

- The agency does not provide storage, handling or transportation for exporters, simply on account of the fact that it does not have the physical or financial resources to provide these resources. Rather, advice is given as to the best means of accessing the best services.

The fact that the NGMC does not perform these functions as designated by its mandate, is analysed as being due more to factors outside of its control, such as the absence of supporting finances with which to establish certain physical services and its lack of influence, as is the case with most of the other agencies of its kind, to shape government policy.

The inability of the agency to provide the services outlined seems not to have a negative impact on the performance of the sector, since most of the operators have been able to make their own arrangements (transportation, storage, and handling). Discussion with a sample of exporters, has suggested a high degree of satisfaction with current arrangements. They, in no way, feel that the NGMC is doing them a dis-service in not providing these facilities.

In areas that it has been able to exercise direct control, the agency has been performing exceedingly well. These areas include the following:-

- The agency currently provides high level market information to its constituents. Through its newsletter, both farmers and exporters of non-traditional produce are continually updated on the contemporary market environment as it relates to demand, quality requirements and prices. Information on domestic market situations is also provided on a regular basis. Through these consistent reporting mechanisms, the agency has been able to achieve one of its major export facilitation objectives, that of the provision of market information to agricultural participants, in order to increase market efficiency and transparency.
- Of the twenty (20) participants actively engaged in the export of non-traditional agricultural produce, approximately eighty percent (80%) rely on the NGMC for market extension services. These services are incorporated within the framework of a "one-stop-shop" capability which identifies the specific steps involved in exporting commodities to specific export markets and which has as its overall objective the reduction of the eleven (11) steps involved in the export of fresh fruits and vegetables.

One of the "key" specialised services extended within the framework of the "one-stop agency" is that of the completion of paperwork on behalf of participants. This in addition to intense interaction with related agencies, has had the effect of reducing bureaucratic delays from an initial one week to a current three days. Agencies liaised with, include the Bank of Guyana, Customs and Excise Department, Department of Fisheries and the Ministry of Agriculture's Plant Quarantine Division.

- By providing agricultural extension services, the agency seeks to have farmers adjust their production and marketing activities to match supply and demand requirements; the agency has not however been able to both quantify and qualify the extent of its assistance.

- Although it does not provide transportation and handling, the agency has made significant strides in the area of packaging required by the export markets. Having negotiated an arrangement with Seals and Packaging Industries Limited (SAPIL), the agency is now in a position to directly sell packaging materials to exporters.

- Post - Harvest advice, which incorporates the aspect of appropriate storage facilities is accorded both farmers and exporters. In this respect, collaboration is fostered with the National Agricultural Research Institute (NARI).

GUYANA EXPORT PROMOTION COUNCIL

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The Guyana Export Promotion Council is a statutory body formed by an act of Parliament No. 5 of 1983. The council is composed of fifteen (15) members from the private and public sectors, and is headed by a Chairman who reports to the Senior Minister responsible for Trade, Tourism & Industry.

The active arm of the Council is the Export Promotion Council's Secretariat which is located in the Sophia National Exhibition Park and which is structured to be headed by a Chief Executive Officer and Executive Officers responsible for marketing and information with supporting clerical staff and a research library available to the public.

THE MANDATE

THE MANDATE OF THE GUYANA EXPORT PROMOTION COUNCIL IS TO:

- * Promote non-traditional exports, and to co-ordinate the orderly development of Guyana's non-traditional export trade;
- * Advise the Minister on the formulation of national export policies and (to carry out) the implementation of such policies;
- * Recommend to the Minister of Trade, Tourism and Industry, practical measures to stimulate export trade;
- * Work closely with the exporting organisations to ensure that problems affecting exports are expeditiously addressed.

OBJECTIVES AND PROGRAMMES

Over the years, the Guyana Export Promotion Council has come to recognize the need for more proactive measures and as such, has been adjusting its response to the needs of producers and the business community. The Secretariat expected to be re-organised to facilitate the following:

- * To create and provide an intelligence gathering system for exporters that will supply information on designs, market size, prices, competition, new products, opportunities, etc. in key markets such as CARICOM, Canada, U.S.A. and Europe, and South America.
- * To develop detailed data on the products and services of companies in Guyana that have tangible prospects in export markets and to work with firms in developing their marketing strategy and enhancing their competitive capability;
- * To develop a list of potential customers in the key markets for each sector of industry, including importers, wholesalers, direct marketers, retailers and other sale outlets;
- * To run seminars that will provide information on export topics for both domestic and foreign firms that will assist them in increasing exports from Guyana;
- * To study the problems of shipping goods from Guyana, such as high rates, limited shipping capacity, lack of coolers, indirect routing to markets, and similar issues, and to take active steps to correct them;

- * To gather data from international trade shows and provide briefings for Guyana firms on designs, packaging, prices, costs, competition, and other industry Trends;
- * To sponsor trade missions to target countries with specific products that will support a defined strategy for both corporate and strategic market penetration;
- * To encourage buyers to visit the country and to work with them in finding suppliers with the most competitive capability and assisting them in buying and shipping products abroad;
- * To find Guyanese nationals in key markets in Canada, the United States and Europe that can be the source of leads, contacts, data, capital, information, and other support for exporters;
- * To monitor purchasing opportunities in key countries, especially CARICOM, and send out information to Guyana firms that might be able to close the contracts;
- * To seek means for assisting firms in gaining credit to purchase raw materials for contracts, completing export orders and shipping goods to market;
- * To assist industry sector in increasing their competitive capability through funding, shared facilities, trade missions, research, product design, shipping capability, quality control techniques and facilities and similar measures;
- * To set up a process where opportunities advertised in the international trade journals and through other sources can be developed through a more active process with Guyanese entrepreneurs.

APPROPRIATENESS OF MANDATE:

As the country moves to broaden its economic base away from the traditional pillars of bauxite, rice and sugar, increasing attention is being paid to "**emerging**" productive sectors which had previously not enjoyed the level of market assistance required to enhance wider exposure away from the domestic market.

As the country seeks to maximize the utilization of indigenous raw materials which forms the basis of the productive capabilities of the non-traditional sector, the appropriateness of the EPC'S mandate is brought into even sharper focus.

EVALUATION OF OPERATIONAL EFFECTIVENESS:

The Guyana Export Promotion Council has not been able to fully and effectively execute its mandate.

From a technical perspective, the agency is bereft of the technological base required to provide that most essential of export promotion facilities, that of information sharing. Lacking computer hardware and other electronic office equipment, the agency has been totally unable to disseminate trade oriented data on a timely basis to investors and exporters alike.

The agency has never benefited from the level and quality of manpower skills required to provide an effective service. However its current complement of seven (7) Technical Officers has been upgraded with the recruitment of two (2) graduates and one (1) non-graduate.

In spite of the fact that the Government subvention through which the agency is funded has risen from \$8 million in 1993 to \$13 million in 1996, this level of funding was never adequate for the effective execution of export promotion activities.

The entire budgetary allocation is expected to cover all operational areas of the agency. Approximately half of this subvention is absorbed by expenditure on emoluments. When other administrative expenses are taken into account, very little is left to carry on a substantial work programme.

Being saddled with the upkeep of the Sophia National Exhibition Park has primarily served to distract the EPC from its substantive role. While the agency reportedly grosses approximately \$5 million from the staging of trade fairs and exhibitions, about half of these earnings goes towards the maintenance of the Park.

As a consequence, the agency is starved of funds to enable it to mount other exhibitions or support exporters to participate in overseas exhibitions and so promote exhibitions of their products.

These constraints apart, the agency has succeeded in maintaining a high focus among the small manufacturing community, in particular, the handicraft sub-sector. The current Chief Executive Officer, has manifested a vibrant sense of enthusiasm as reflected in the programme mounted in support of the thrust by craft groups to display their products at exhibitions in Martinique and Guadeloupe.

Generally, outside of the annual staging of product exhibitions and facilitating attendance at a few overseas fairs, the agency cannot point to a sustained programme of export promotion activities.

The failure of the agency to sustain a viable programme also has to be viewed against the background of the general situation within the manufacturing sector. The fact that the sector has not grown significantly in terms of new product development has basically deprived the agency of a promotional base. Further, the inability of industry to meet the requirements of the export market, particularly in terms of volume supply, has minimized follow up capability of the agency. As a consequence, product exhibitions do not extend to the logical conclusion of increased exports.

The agency also recognizes the constraints that non-traditional exporters are facing by way of competition and the lack of resources of many producers to facilitate re-equipment and re-tooling for enhanced product delivery and market acceptability.

These conditions must of necessity be redressed if any institutional strengthening measures are to be effective. Also given the broader picture, where a Merger with GO-INVEST is recommended not only by this study, but also by the general business community, and indeed, the management of EPC, restructuring of the EPC, in its present form would not provide any tangible benefits. It is more likely to succeed as part of a larger restructuring effort which would create a much more focused export promotion programme pursued within the framework of a complementary linkage with that of an improved investment promotion environment.

MERGER EVALUATIONS:

OPTION 1: MERGER OF GEPC AND GO-INVEST

The New Guyana Marketing Corporation (NGMC) may be allowed to continue functioning as an independent entity. Apart from the fact that as a "stand alone" agency, it will perform well in relation to achieving its mandate, there are conceivable advantages that would accrue from linkage with the other agencies. If a merger was to be given serious consideration, one would however have to consider de-linking NGMC from the Ministry of Agriculture in order to accommodate the new arrangement.

Given the importance of that agency to the ministry as spelt out in its functions, it would be reasonable to assume that such a de-linking would be difficult, but could be achieved without any functional disability, particularly in respect of post-harvest advice which will come from NARI.

The NGMC's directorate, at one stage, was opposed to any merger based on the consideration that the agency considers itself a compact unit capable of responding quickly and efficiently to the needs of its constituents. Subsequently, this consultant was however advised that any objection would be withdrawn.

Management is however apprehensive becoming entangled in a bureaucratic milieu that would diminish its capabilities, particularly, as that agency was the recent beneficiary of institutional strengthening assistance, it would not stand to gain any administrative or infrastructural benefits from merging.

A merger between the Guyana Export Promotion Council (GEPC) and the Guyana Office For Investment (GO-INVEST) would seem a natural consequence of the interconnectiveness of their respective mandates. Based on the consideration that investment promotion and attraction is a precursor to export promotion and facilitation, it is logical to conclude that at a minimum, the respective agencies should be collaborating at an information sharing level, which they have been unable to achieve and that a merger would at least effect a dovetailing of the two interrelated mandates.

That the two agencies have been largely unable to carry out their respective mandates with current administrative and physical resources, points to the convenience of merger which would be intended to marry the respective strengths that each entity will bring to the union. GO-INVEST is expected to bring a technological base (as in computer hardware and linkage to the Internet), while Export Promotion Council, on account of its collaboration with the CARICOM Export Development Agency (CEDA) is expected to bring an export information base through the agency being the local node for access to the CARICOM Trade Information System (CARTIS) which facilitates information transfers. The merged entity will thus have been immediately afforded the advantage of an information and technological base straddling the two major areas of investment and exports.

The merger will also effect greater focus in the execution of mandates and eliminate whatever overlapping these might be. GO-INVEST for instance, has been mandated with the additional responsibility of identifying, compiling and disseminating information on external market opportunities for the benefit of investors. This faculty will be readily available under a "one-stop" agency concept and would also relieve investment promotion staff to establish greater focus on investment related matters.

The merger of GO-INVEST and EPC should be effected under a single central unit since maintaining a separate administrative structure as is currently the case would only serve to propitiate the status quo. The new entity would be best located at the current premises of the EPC, since it is naturally best suited to accommodating the trade exhibitions and related fora, so integral to the functioning of Export Promotion Department.

MERGER EVALUATION

OPTION 11: - MERGER OF ALL THREE ENTITIES

The fact that NGMC does not fulfill in a scheduled way, all the functions allocated to its mandate, and having regard to the fact that GO-INVEST has an overriding responsibility to promote investments in all sectors, including agriculture, it seems wise to locate the promotion of exports of agri-products within the responsibility of GO-INVEST. Given the specialised nature of GEPC to facilitate export development, and having recommended the linking of GEPC and GO-INVEST to strengthen the export facilitation activity, drives one to the point of view that the function of NGMC should be resident in the merged GO-INVEST and GEPC.

The Consultant therefore foregoes Option I and recommends the merger of the three entities under one administrative and physical structure, despite the strong evidence advanced for separating NGMC contained in (OPTION I).

The overriding consideration influencing this recommendation has to do with the establishment of a "one-stop" agency which it is felt, is badly needed to enhance the overall investment climate at this particular juncture of the country's economic development.

The calls for a "one-stop" agency have been strident and essentially broad based, and its implementation is generally viewed as essential to the removal of the irritants which currently plague the investment environment and by extension stifles export growth and general economic development.

In addition to facilitating the marriage of the investment and export facilitating respective mandates of these entities, the merger is expected to bring some important and immediate advantages including the collective institutional networking developed by these agencies over the period of their existence. This includes, close collaboration with key agencies such as the Customs and Excise Department, government ministries and organisations, production entities, and external agencies.

Notwithstanding the fact that GO-INVEST will require some degree of manpower enhancement, the merged entity will have the immediate advantage of a staff complement knowledgeable in their respective areas of operational perspectives, therefore the newly merged entity should be able to commence offering efficient services, over a relatively short period of time.

Operational effectiveness is expected to be further enhanced with the employment of the collective technological bases of the entities. The three agencies are endowed with computer hardware and office automation. Additional costs in this area are expected to be negligible, as expenditure is likely to be in the upgrading of computers (storage capacity) to accommodate an expected increase in information processing.

The inclusion of transport assets and office fixtures, is more likely than not, to enhance the asset base of the merged entities.

As recommended in Option I, the location of the merged entity under one roof is obviously most desirable, to facilitate the "one-stop" service envisaged. Based on this consideration, the most likely location for the Option II facility is the current headquarters of the Export Promotion Council at Sophia, for the reasons stated under Option I.

Guided by the considerations expressed in the foreword, I however hasten to caution that the expected performance of the merged unit, based on the projections outlined later in this document, can be constrained and not achieved in full, or in part, or as satisfactory a level as is expected, by factors internal to the merged unit, and external to it.

What are the internal factors. Given the best systemic improvements, output attainment will be realised by the application of skills and capability, numerical and quantitative. Skimping on numbers, selecting poorly trained incumbents, will lead to under-production.

Externally, the advent of the investment code clearly defining what an investor can expect and a strengthening of industrial policy, will enhance Guyana's attractiveness as an investment venue.

On the other hand, opaque policy decisions, attended by discretionary decisions from various ministries, will not inspire investors' confidence.

Such a programme will send a clear message that decisions of one administration may be upturned or amended by a succeeding government.

CONCLUSION:

Having carefully analysed the two options, the Consultant's final recommendation is a merger of the three entities under one administrative and physical structure.

MANPOWER AND PROFICIENCY PROJECTIONS: (OPTION 11)

	<u>Current</u>	<u>1997</u>
<u>Professional Staff</u>		
Go-Invest	3	10
EPC	7	7
NGMC	20	
<u>Non-Professional/ Ancillary Staff</u>		
Go-Invest	10	10
EPC	28	28
Total:	68	55

The manpower projections identified above have taken into consideration future anticipated work programmes to be undertaken by the merged entity.

The spectrum of skills under consideration include engineering, social sciences, marketing, finance and specialised areas of management.

The current manpower levels at EPC are thought to be in line with that required by the agency to effectively pursue export promotion activities.

While manpower restructuring measures would of necessity have to be completed in re-shaping the administrative framework of the new entity, the merger will immediately benefit from the inclusion of skilled staff with experience of local field conditions, an important component of the facilitating process. The recruitment of middle management skills allied with expert attachment should result in the level of skills availability that would reflect both a complete and relevant complement. Following is an outline of manpower and proficiency projections and analysis for the merged entity.

Following overleaf is an anticipated organisation structure for the proposed merged entity.

On account of the fact investment promotion would be the priority portfolio, it is felt that ministerial responsibility should be given to the Ministry of Finance.

The Board of Directors should include both the Ministers of Finance and Trade, the Executive Director, and a representative of the private sector umbrella organisation.

The suitability of having a central unit would further the development of a "**One-Stop Capability**" which essentially was what GO-INVEST was set up to achieve.

Further, the Sophia Complex as is the current case, will still be firmly physically accessible to investors, and should not present a logistical problem. One does not therefore anticipate any logistical disadvantages as a result of this.

Any savings likely to accrue from a merger will come from the area of accommodation. Assuming that the new entity is housed at the Sophia Complex, the present facility accommodating GO-INVEST, which is state owned, will be available to the government for either rental or sale. Again, the state may utilize the premises for its own purpose, thereby saving on expenditure for acquiring similar facilities.

The newly merged entity will require in the vicinity of **\$78 million** to adequately fund the execution of its mandate. This sum represents the combined financial requirements of the two agencies as detailed below; (it should be noted, that none of the agencies could furnish detailed estimates of their funding requirements and the projections submitted should be regarded as guesstimates).

<u>1996 Actual</u>	<u>Projected</u>
Go-Invest \$21M (Admin. \$20M - CAP. \$0.8M)	\$42M (Admin. \$36M - CAP. \$6M)
EPC \$13M (Admin. \$ 8M - CAP. \$5.0M)	\$36M (Admin. \$26M - CAP. \$10M)
Total: \$34M	\$78M

NB No reliable figures can be obtained from NGMC.

Capital projections for the Guyana Export Promotion Council include additional amounts for infrastructural works, including maintenance of compound and buildings. This could be regarded as a saving to the new entity.

Further savings on expenditure are likely to be incurred when it is taken into consideration, that existing accommodation is currently in good shape and would require minimum expenditure in creating an acceptable environment for the new entity.

**A PROJECTION OF OUTPUTS, IN TERMS OF NATIONAL INVESTMENT
ATTRACTION AND EXPORT PROMOTION GOALS AND OBJECTIVES FOR
THE MERGED ENTITY OVER THE FIRST TWO YEARS OF ITS OPERATION.**

Over the first two years of its operation, the merged entity would be expected to play an active part in the execution of certain key functions, viz:

**POLICY, STRATEGY AND PROGRAMME
ONE STOP SHOP FACILITATION
INVESTMENT PROMOTION
EXPORT PROMOTION
INFORMATICS**

POLICY, STRATEGY AND PROGRAMME FORMULATION:

Priority must be given to the formulation of an industrial policy and the appropriate ministerial co-ordination required for its effecting implementation. It is generally accepted that the absence of such a policy forms a major constraint to investment opportunities.

The merged agency will of necessity have to develop close relationships with subject ministries and agencies in the downstream project development of all sector, hence a strategy of developing sectoral programmes in accordance with national priorities and Investor Interest should be pursued.

ONE STOP SHOP FACILITATION

The concept behind the **One Stop Shop** is to provide services to the investor, both local and foreign, throughout the various phases of the project cycle, viz:

Conception - Pre-Investment - Implementation - Commissioning

The tasks to be undertaken in the execution of the One Stop Shop could be identified accordingly.

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- Query responses to investment opportunities.
- Obtaining various approvals and permissions for construction phase.
- Obtaining fiscal and industrial incentives
- Assisting in manpower, systems and productivity development.
- Technology transfer, pre production and capacity utilization arrangements.

The facilitation being offered to the investor should be reflected in the degree of commitment and support, both financially and administratively that the Government is prepared to offer in the quest for minimizing the bureaucracy so that it does not act as a barrier to investment.

INVESTMENT PROMOTION

The cycle of activities associated with investment promotion would suggest.

- The identification of bankable projects.
- Publicity through information dissemination on country, sector, product and local company.
- Creation of industrial partnerships through

licensing, equity, franchising etc.

- Conduct of such overseas assignments as meetings, seminars etc.

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EXPORT PROMOTION

The agency, in addition to addressing the needs of large and medium scale companies must be in a position to provide guidance and counseling to the small scale enterprise sector in convincing them that they are not automatically excluded from the export drive by virtue of size. What is needed would be the establishing of relevant market niches, possibly beginning in the Caribbean region, where the tourist market could be targeted.

Special attention would have to be paid to design, packaging, and quality control, all of which are not necessarily a function of company size.

Trade information and market research systems would have to be designed from the point of view of indicating statistical trends on products, the identification of opportunities and the mechanisms of market penetration with a view to advising companies accordingly.

Further areas of consideration would have to do with the sourcing of export credit and incentives.

INFORMATICS

Information, given its extreme importance to the development process, should be accorded priority and prominence in the establishment of a proper management information systems base.

The management of that information base, by way of the collection, evaluation, analysis, classification and storage will permit the merged agency to perform both a bibliographical, as well as an interactive retrieval role.

The quick access to timely information would require the establishment of computer data bases and a complementary documentation centre, all in the interest of creating a centralized information resource at the service of the business sector.

GUYANA

APPENDIX I

ORDER
MADE UNDER
THE PUBLIC CORPORATIONS ACT 1988
(NO. 21 of 1988)

IN EXERCISE OF THE POWERS CONFERRED UPON ME BY SECTIONS 3 AND 4 OF THE PUBLIC CORPORATIONS ACT 1988, I HEREBY MAKE THE FOLLOWING ORDER:-

Citation and commencement 1. This Order may be cited as the Guyana Office For Investment Order 1994 and shall be deemed to have come into operations on 1st. May, 1994.

Interpretation. 2. In this Order -

(a) "concerned Minister" means the Minister assigned responsibility for GO-INVEST or, where there is no such Minister, the President;

(b) "GO-INVEST" means the Guyana Office for Investment established by clause 3 as a corporate body.

Guyana Office For Investment 3.(1) There is hereby established a public corporation to be known as the Guyana Office For Investment, hereinafter referred to as GO- INVEST.

(2) GO-INVEST shall comprise a Chairman, a Deputy Chairman and five other members appointed by the Minister under section 4 of the Act and the General Manager of the corporation who shall be an ex-officio member.

Functions of GO-INVEST 4.(1) GO-INVEST shall promote and encourage investment in Guyana.

(2) Without prejudice to the generality of the provisions of subsection (1), GO-INVEST shall -

(a) encourage and assist investors in their efforts to launch enterprises, by:-

(1) providing investors with a comprehensive summary of the steps necessary to commence business operations;

(ii) operating as the primary contact for investors and, where necessary, liaise on their behalf with government ministries and other agencies throughout the investment process; and

(iii) providing the investor with all documents to be completed and guidance necessary for their completion;

(b) identify, compile and disseminate information on investment opportunities, indigenous raw material resources and local and external market opportunities for the benefit of investors;

(c) develop and maintain such data base and information systems as will provide investors with timely and accurate information to enhance the efficiency of their operations, and to facilitate investment opportunities;

(d) prepare profiles on investment opportunities;

(e) organise and manage such investment related activities and projects as are assigned to it by the concerned Minister;

(f) monitor and evaluate investment trends and advise the concerned Minister thereon.

(3) For carrying out its functions under the preceding paragraph GO-INVEST may establish offices outside Guyana or may enter into arrangements with persons outside Guyana.

**INTER-AMERICAN DEVELOPMENT BANK
REGIONAL DEPARTMENT 3 - DIVISION 6
Technical Cooperation
GUYANA**

PROJECT TITLE: Enhancement of Investment Climate in Guyana
REQUESTING AGENCY: Guyana Office For Investment (GO-INVEST)
EXECUTING AGENCY : GO-INVEST

TERMS: Subsequent to signing of agreement:
Programme Execution - 24 months
Request for Final Disbursement - 27 months
Final Disbursement - 30 months.

FUNDS: Multilateral Investment Fund
FINANCING: US\$750,000 MIF
75,000 Government of Guyana

CLASSIFICATION: Private Sector Development

PROJECT TEAM LEADER: Claire Nelson RE3/OD6

PROJECT TEAM: Elizabeth Davidsen, MIF

I. BACKGROUND

1.1 The Government of Guyana has undertaken to reform the economy from state-driven to private sector led. The development of the private sector is therefore seen as a primary activity in the development strategy of the country. As a part of this process,

GO-INVEST was established as a one-stop agency to assist the government in its efforts to encourage investment in the productive sectors. Private sector development represents a new area of endeavor for the country, and there is a paucity of the skills needed for this type of work.

- 1.2 Currently, GO-INVEST is not sufficiently organised or equipped to properly undertake the mission for which it was established. The office is understaffed, with an Executive Director and three officers responsible for the entire country and all sectors. There is no middle management. With the exception of the Executive Director, none of the Staff members have any experience in the international arena and the Executive Director. While having considerable expertise in the area of public relations, has had no practical experience in the area of investment promotion. The main task of the first Executive Director over the past two years was to set-up the operations, including hiring staff, organising the physical location, and preparing basic documentation on Guyana's foreign investment opportunities. A new Executive Director has been hired with the task of furthering the aims of attracting new investment in the governments areas of agri-business, mining and forestry.
- 1.3 The outcome of this technical assistance would be the institutional framework and operational procedures necessary to improve the current operations of GO-INVEST, an action plan for the continued development of the Agency, and a successfully working Agency.

II. OBJECTIVES AND DESCRIPTION

- 2.1 The objectives of this project are to:- (1) Improve the investment climate and institutional framework for private sector development; and (2) strengthen the capacity of the government to provide services needed to encourage private sector investment and participation in the Guyanese economy.
- 2.2 The project is expected to run for 30 months and will be divided into two phases. During Phase I - 9 - 12 months, consulting services will be required to undertake the following:- (a) Review and assess the current environment for private sector

development and assist in the preparation of regulations and procedures designed to remove constraints to private sector development and foreign investment; (b) assess and evaluate the current operational, legal and institutional framework of the investment agency GO-INVEST and prepare an operational plan for the Agency taking into account the mission, role and functions, regulatory framework and reporting requirements of the Agency; (c) design an appropriate organisational structure with staffing requirements (including job descriptions for both local and overseas missions); (d) formulate procedural guidelines and standards operating procedures for key functions of the organisation; (e) develop an investment promotion strategy and work plan for the next three years including the preparation of operational staffing requirements and an accompanying budget; (f) advise on an appropriate staff development and implement cost recovery mechanisms that will enable sustainability of the operations of GO-INVEST.

- 2.3 Phase II will run 18 months during which time direct technical assistance will be provided to implement the action plan developed during phase I, such as drafting of regulations, training and staff development and will be conditional on the government of Guyana agreeing to proposed staffing plan, regulatory reform etc. The project will supply senior technical assistance to train staff hired by the agency; preparation of marketing materials, establishment of overseas office.
- 2.4 The project's success will be measured by the existence of an efficiently functioning investment promotion agency, and financing mechanisms to support operational budget.

III. SPECIAL ISSUES

Design of the project will have to take into account the urgent need for foreign investment in the country, against the lack of public funds to support the promotion efforts, the lack of skills in the country and develop a holistic solution that is sustainable.

- 3.2 A participatory workshop will be held with various groups/stakeholders in the country to help to develop programmes for investment by the local private sector.
- 3.3 The project will also include an analysis of needs to attract institutional investors in the US to large scale infrastructural type projects.
- 3.4 Project must take into account the dynamism of the Guyanese economy especially, special environmental legislation that is being developed in design of incentives etc.

IV. PLAN OF ACTION

- 4.1 Project Preparation would start in February, 1996. The expected time table is as follows:-

Identification Mission:	February, 1996
Consulting Services Hired:	March, 1996
Analysis Mission:	May, 1996
CRG:	June, 1996
Approval:	July, 1996

- 4.2 The following staff time is envisaged:
 Team Leader: 6 sw
 MIF Staff: 3 sw
 Legal: 2 sw
- 4.3 Eight to ten weeks of consulting services are foreseen in project development. The

lead consultant required will have had experience with private sector development and investment promotion, and in particular in the Caribbean . A legal consultant will also be needed.

APPENDIX 3

POLICY OF THE "NEW" GUYANA MARKETING CORPORATION

A. Previous Attempts

Over the least twenty years, Government through the Guyana Marketing Corporation and more recently the Regional Marketing Centres choose to pursue the second alternative mentioned above, that was to provide marketing services directly. To date, we know that the results have been far from encouraging. Infact, there has been evidence to suggest that the Guyana Marketing Corporation and the Marketing Centres could not meet the competitive standard of the other marketing participants. After twenty years, therefore, it is clear that what course of action should be followed, given the existing marketing infrastructure.

B. The New Strategy - Role of the "New" GMC

The "New" Guyana Marketing Corporation will pursue that first alternative mentioned above, that is, to improve market access and to provide marketing intelligence. Apart from the collection, analysis and dissemination of market information, the "new" Guyana Marketing Corporation will also recommend to Government, on ways to reduce transportation costs, as well as how to encourage increased processing of agricultural produce. The marketing organisation will also instigate better grading and improved packaging and storage; thus, addressing the issue of losses owing to post- harvest handling.

Through the new central marketing organisation will continue to facilitate the exports of agricultural produce by the present and potential exporters, it will itself be engaged in the exports of specific commodities to special markets.

C. Overall Objectives of the Corporation

The overall objectives of the Corporation will be to:-

- (I) Provide market information on crops and livestock to agricultural marketing participants in order to increase marketing efficiency, stabilised prices and minimize gluts and shortages;
- (ii) Provide market extension services for all market participants;
- (iii) Provide specialised services at a reasonable cost to market participants;
- (iv) Engage in the export of specified non-traditional export products to specified markets; and
- (v) Make recommendations to Government on domestic agricultural marketing policy (non-traditional produce) and on measures to deliberately stimulate the export of non-traditional export products.

In general, therefore, the "New" Guyana Marketing Corporation will have a facilitating cum co-ordinating role; with respect to both the domestic and overseas markets. The roles of farmers, hucksters and other market participants as they currently operate are to be recognised; as such the "New" Guyana Marketing Corporation will, through its activities, assist in the organisation and the better distribution of fresh agricultural produce on the domestic market. Some areas associated with the export markets, that are proposed for immediate treatment include -

- (I) establishing a "one-stop desk" thereby reducing the eleven steps involved in the export of fresh fruits and vegetables, to a basic minimum;
- (ii) inspecting and approving quality produce taken to an export point;
- (iii) identifying and documenting for use by potential exporters, the specific steps involved in exporting commodities to specific export markets;
- (iv) addressing the issue of transportation, including the direct shipping from key marketing points such as Kumaka and Parika and also the possible use of refrigerated containers; and

- (v) developing an incentive package required to deliberately promote significant exports of the non-traditional.

To effect this new role it is envisaged that in the short term the "new" Guyana Marketing Corporation will have two technical service-oriented units; The Market Intelligence Unit and the Technology Transfer Unit and in addition a Commercial Unit. A Market Policy Division will be added in due course.

Market Intelligence Unit (MIU)

The aims of the Market Information Programme to be formulated by the MIU will be as follows:-

- (I) To reduce the risk involved in the marketing of agricultural products;
- (ii) To improve market transparency
- (iii) To enable farmers and trans to adjust their production and marketing activities more effectively to supply and demand requirements;
- (iv) Provide packaging, storage, transportation, handling and other such facilities for exporters; and
- (v) Seek to have financing provided (directly or indirectly) for exporters in need.

D. Market Policy Division

The objectives of the market policy division will be to provide advice on agricultural marketing policy (non-traditional produce) having conducted research as a basis for it.

E. Justification

Factors that justify the establishment of the "new" Guyana Marketing Corporation include the following:-

- (I) Sustained increased production of non-traditional export commodities, through expanded markets. It is envisaged that the overseas markets will include not only CARICOM Member States but also Europe and North American;

- (ii) These expanded markets alluded to at one (1) above, will further help to satisfy the long-established nations objectives of:-
- increased employment opportunities for the current farming population, the unemployed, the underemployed and even the public servants who could gainfully employ himself on a part-time basis.

 - increased foreign exchange generation.
 - increased availability of agricultural inputs at reduce prices;
 - increased self-reliance;
 - increased growth in the agricultural sector;
- (iii) This now strategy has been proposed after a relatively intense desk research of;
- (a) Ministry files, dating back to a period just before the initial establishment of Guyana Marketing Corporation;
 - (b) Agricultural Marketing theory; and
 - (c) Documents on agricultural marketing, including same from the National Archives.
- (iv) The proposed New Strategy takes into account the views of several agricultural and persons who have been intimately involve, with the marketing of highly perishable agricultural commodities. The latter group includes riverain and coastal farmers, regional authorities and middlemen.

GUYANA OFFICE FOR INVESTMENT (GO-INVEST)
AUTHORISED & MATERIALISED INVESTMENT BY SECTORS (US 000)

Sector	Authorised Capital Investment		Materialised Capital Investment	Investment Through GO-INVEST
	1993	1994	1995	

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LIST OF PERSONS INTERVIEWED:

MR. NEVILLE TOTARAM - P.S. Ministry of Trade, Industry & Tourism

DR. IVOR MITCHELL - Executive Director - Guyana Office For Investment

MR. RILEY ABDELNOUR - Executive Director - Guyana Export Promotion Council

MR. IVELAW EASTMAN - General Manager - New Guyana Marketing Corporation

Mr. Michael Persaud - }

Mr. Deodatt Doodnauth - } Exporters of Fresh Fruits and Vegetables through NGMC

Mr. Dasrat Singh - }

Mr. Edward Leu-King - Leather Craft Exporter through Guyana Export Promotion Council

MR. YESU PERSAUD - Chairman of The Board - Guyana Office For Investment

MR. MANIRAM PRASHAD - Chairman - The Private Sector Commission of Guyana Limited

MR. AVINASH BHAGWANDIN- Chairman of The Board - Guyana Export Promotion Council

MS. INGE NATTOO - Executive Secretary - Guyana Manufacturers Association

MR. C. BISHESHWAR - Chairman of The Board - New Guyana Marketing Corporation