

GEO

Guyana Economic Opportunities

Guyana Investor Roadmap: Beyond the Roadmap

Final Report

Prepared by:

**William Kedrock
Jamey Butcher
and
Conrad Plummer**

Submitted by:

Chemonics International Inc.

In association with:

Management Systems International, Inc.

To:

**United States Agency for International Development
Georgetown, Guyana**

Under Contract No. 504-C-00-99-00009-00

March 2001

GEO Technical Report no. 24

BEYOND THE ROADMAP

Preface		i
Executive Summary		ii
PART A	Crosscutting	1
	1. Roadmap: Extensions, Dissemination, Maintenance	2
	2. Regional Empowerment/Decentralization	4
	3. Competitor Benchmarking	6
	4. Basic Customer Service Standardization/Better Management	6
	5. Role of GO-Invest	7
PART B	Business Start-up	8
	1. Computerizing Business Registration	9
	2. Necessity of Annual Renewals	9
	3. Waiving the Business Registration Fee for Small Businesses	10
PART C	Site Selection	10
PART D	Site Development	11
PART E	Business Operation	12

BEYOND THE ROADMAP

Preface

Reengineering the investment process occurs in two distinct phases. The first requires taking a snap shot of the existing system and procedures so that concerned parties share a similar understanding of the investment process. Without this common picture, suggestions for change are based on diverse, sometimes erroneous impressions. However, if the approach taken is too generalized, standardized or overly rigid, the reengineering process runs the risk of predetermining results, omitting key steps, or creating an incomplete picture.

By triangulating information received from public servants, private businesspeople, and existing regulations, we are able to capture the consistencies and variations in the investment process. By collating this information we can map the investment process. This “mapping” serves a dual purpose. First, it provides a practical guide for both foreign and domestic investors looking to establish a business. Second, and more importantly, it serves to illustrate possible inefficiencies and opportunities for change that are both affordable to the government and important to the private sector.

With a common picture, the second phase seeks to bring together key actors from both the public and private sectors to reengineer the process. The outcome of this joint dialogue, if undertaken in an air of co-operation, is a prioritized list of changes and a plan of work for realizing the changes in a prescribed period of time. The work plan assigns responsible parties, often a joint task force of relevant public sector officials and private business people, and identifies milestones of progress along the way.

The ideas expressed in this document serve as a bridge between phases and offer a starting point for a dialogue. These suggestions stem from discussions with public officers charged with implementing and managing various aspects of the current investment process and from conversations with businesspeople who navigate the existing process with each new investment.

BEYOND THE ROADMAP

Executive Summary

During the last quarter of 2000 the Guyana Office for Investment (GO-Invest) in collaboration with the Guyana Economic Opportunities (GEO) Project embarked on a program to map Guyana's investment procedures. (The preface offers a summary of the iterative process followed in developing the investor roadmap.) In the course of mapping the investment steps, many useful ideas were proffered by public servants and private businesspeople as to how to improve upon it. In keeping with the roadmap analogy, their ideas dealt with how to straighten the road, fill in the holes, and remove the bumps.

In mapping the investment process, we returned several times to various government offices to vet the accuracy of the information presented. We also sought input from the private sector to better compare the intentions and the reality. This report presents these ideas and those of the team in an attempt to move beyond the roadmap and look at ways to improve the investment process in Guyana for both domestic and foreign investors. This executive summary brings forward only a handful of the recommendations. In selecting those to highlight, the team used the following criteria: national impact, affordability, relevancy, and phasing.

National impact is self-explanatory. While it is beyond the scope of the current work to undertake serious cost/benefit analyses, on the surface the ideas presented would appear to be affordable to the government. Besides being affordable for the government, actionable ideas must also be relevant to the private sector. Though the following ideas may not all be the most urgent for the private sector overall, they are relevant. Finally, the recommendations include those that are implementable in phases over the near-, medium, and long-term. Near-term (up to six months) to achieve early wins that can help cement a working relationship. Medium-term (six months to two years) in order to keep the fire of collaboration stoked. Long-term (greater than two years) to bring in an element of forward thinking and strategic development. That is to say, where does Guyana want to be two to five years from now with respect to the efficacy of its investment environment?

For many investors, the real cost of the current investment process is the cost of time lost while waiting for approvals, licenses, and registrations. The time it takes to navigate through the myriad approvals is the single most criticized aspect of starting a business. Indeed, aspects of the investment process are so slow that honest businesspeople are compelled to break the law by proceeding with an otherwise legitimate investment before approvals are received. As one businessperson noted, "It is better to ask forgiveness than to ask permission." In this statement, there is recognition that when "caught" businesspeople will do the necessary to legitimize the business and civil servants will work with them to assist compliance with the regulations. Ironic then that the bureaucracy so encumbers the process that it only works expeditiously after the fact, when a law/regulation is broken. In this regard, many of the ideas presented target more efficient, transparent operations.

Near-term (up to 6 months)

➤ GO-Invest's Role

In the process of understanding and mapping Guyana's investment procedures the ambiguous nature of GO-Invest's role emerged as an important issue among bureaucrats and investors alike. In general, when asked if a service like GO-Invest is needed, the overwhelming response from both public servants and private investors is, "Yes!" This 'yes' however encompasses a broad range of possible functions, making it difficult for GO-Invest to meet such diverse expectations. However, there appears to be interest in having a GO-Invest that is more than a resource for investment information and more of a true "one-stop" shop for information, forms, documentation, and approvals, or at least approval facilitation. If GO-Invest is to achieve this status, then it is necessary to, among other things:

- Establish and publicize GO-Invest's role. What is its job to be and how will it relate with other government agencies?
- Publicize its operations: how it is organized and operates, the services offered, and future plans.
- Increase the participation of the private sector in the oversight of GO-Invest's performance.
- Establish benchmarks against which to judge performance and carryout annual client surveys.

➤ **Roadmap Aftercare**

GO-Invest is the logical choice to manage the dissemination of investor information and to oversee the maintenance of the investor roadmap, keeping it current. As part of this, it is suggested that GO-Invest:

- Extend the roadmap to cover the special investment circumstances of a few select industries, e.g., mining and timber.
- Spearhead the development of a set of roadmap one-page information sheets and add the roadmap in a revised format to its website.
- Manage the collection and dissemination of investment related forms of various agencies through different channels.

Medium-term (6 months to 2 years)

➤ **Rationalize the Process**

There is a fair amount of redundancy and repetition in the investment approval process. Several actions that could help rationalize and streamline the process include:

Re-form-ulation. Rationalize the forms used. In some cases it may be a matter of streamlining or providing instructions or making the forms available electronically. In other cases, different forms are used by different, but related, government agencies/offices involved in the investment process. In many of these cases, it would be quite feasible to develop one form covering multiple agencies.

Go Public. Establish and publicize concrete decision timeframes. In most cases, investors would be satisfied if agencies could meet the stated, but not publicized, approval timeframes. Publicizing is important as it brings transparency and accountability to the process.

Streamline building approval. To get a building plan approved requires clearance from no less than five agencies. If only one thing could be done in this area, we would suggest putting the Central Housing & Planning Authority (CHPA) in charge of managing the site development approval process. This would mean that while the other agencies involved would review applications for permits independently as they do now, they would answer to CHPA when delays occurred in their internal review procedures. CHPA would be charged with monitoring the approval process for each application and with each agency.

➤ **Computerizing Business Registration**

The process to register a firm takes three weeks, sometimes longer. For those from outside Georgetown, the process requires two trips to Georgetown, and often a third trip or an extended second visit. The trips and delays are costly to a small business. Yet, the business registration process could be easily computerized, allowing for on-the-spot registration. Moreover, computerizing the business registration process would eventually permit moving to remote registration; thus entirely eliminating the time and cost of traveling to the Deeds Registry office.

➤ **Customs**

While improvements in the time it takes to clear goods are being made, many businesspeople remain disgruntled with the delays. The time variance between Customs stated average time (2 1/2 to 3 1/2 days) and the average times stated by scores of businesspeople (2 to 3 weeks) is significant. Improvements might start with a survey of businesses to determine the actual time of clearance and the

most common delays, and a survey of customs officers to determine the reasons and rationale behind delays. The information gleaned could be used to develop training programs and inform/educate the public. Finally, Customs' performance could be benchmarked against that of other, relevant countries and performance judged against the benchmark with periodic surveys.

Long-term (more than 2 years)

➤ *eGovernment*

The paradox of *eGovernment* is that it keeps many of the reviews and approvals centralized while decentralizing much of the process. As it is the process that costs time and money, *eGovernment* solutions could offer tremendous savings while improving efficiency and enhancing transparency.

The goal of this initiative would be to decentralize much of the investment process via technology. In reality, implementation of *eGovernment* solutions need not be that long-term. Among other things, the technology exists today for even remote locations and the investment process lends itself to a technological response to efficiency and transparency.

BEYOND THE ROADMAP

Guyana Investor Roadmap Conclusions & Recommendations

During the last quarter of 2000, the Guyana Office for Investment (GO-Invest) with assistance from the Guyana Economic Opportunities (GEO) Project undertook an exercise to map the investment process in Guyana. Through a series of meetings and multiple visits with government officials and private businesses throughout Guyana, the investment terrain was surveyed and a roadmap of the process developed. This map, really a detailed, practical “how to” guide to starting and operating a business in Guyana, was subsequently reviewed, often twice, by the same previously interviewed government officers that are charged with managing the process and by businesspeople that on a daily basis navigate the policies and procedures.

The same public servants and businesspeople that contributed to the roadmap also identified opportunities to improve on the investment process. Based on this commentary and these observations, conclusions can be drawn that consider ways to improve the process going forward. (Readers are encouraged to put the conclusions and recommendations contained herein in context by reading the document entitled, *Guyana Investor Roadmap* [December 2000].)

Why is all of this important? It has been shown that although investment incentives, geographic location, economic infrastructure and other factors influence investment decisions, the ease with which an enterprise can operate is at the top of enterprise location decisions.

The conclusions and recommendations presented start with themes that cut across different aspects of the investment process. The remainder of this document then follows the *Guyana Investor Roadmap* outline — Business Start-up, Site Selection, Site Development and Business Operations. In selecting recommendations to highlight, the focus is on “actionable” items. In this context, actionable recommendations are both affordable to the government and relevant to the private sector.

A. Crosscutting

When beginning a business, an investor moves through several stages — start-up, site selection, site development, and operations, with investment incentives weaving in and out of the process at each stage along the way. Crosscutting recommendations are those that are relevant to more than one aspect of this investment process.

The government has stated that it is looking to an enterprising and diligent private sector to lead Guyana’s economic expansion and recognizes that this may necessitate further incentives to businesses. Many of the crosscutting observations that follow address how to bring the reality of the investment process in line with the intentions of the government to encourage, facilitate and support private investment both domestic and foreign as the engine of Guyana’s economic expansion.

For many investors, the real cost of the current investment process is not the cost of applying for licenses or registrations but the cost of time lost while waiting for the approval, license, or registration. The time it takes to navigate the investment maze to arrive at the destination of a legitimate, functioning business is the single most criticized aspect of the process. Rare is the businessperson that feels his request is dealt with in an efficient manner. Admittedly, defining efficiency can be elusive. However, in most cases, investors would be pleased if the public agencies involved in the investment process could simply meet their own targeted timeframes. (In this respect, the reader may wish to compare target v. actual in the summary table to the *Guyana Investor Roadmap*.) Businesspeople repeatedly and across industries said they would be willing to pay more for better service. As it is now, the expense borne by investors due to time delays — often weeks, months, years — is far more costly to them (and it is fair to say to Guyana)

then any conceivable, reasonable increase in fee structures that may be necessary to provide better, quicker, efficient and more transparent services.

Aspects of the current investment process are so slow that honest businesspeople are compelled to break the law by proceeding with an otherwise legitimate investment before approvals are received. As one businessperson noted, "It is better to ask forgiveness than to ask permission." In this statement, there is recognition that when "caught" businesspeople will do the necessary to legitimize the business and civil servants will work with them to assist compliance with the regulations. Ironic then that the bureaucracy so encumbers the process that it only works expeditiously after the fact, when a law/regulation is broken.

In light of the overarching need for efficiency and transparency throughout the investment process, it is not surprising that several key findings and recommendations are crosscutting in nature. It must be pointed out that the roadmap process was primarily focused on creating an investment tool and then, based on the findings during its development, on making recommendations. The following recommendations would therefore need further research to determine the specific steps needed for implementation.

1. Roadmap: Extensions, Dissemination, Maintenance

Conclusion

The Investor Roadmap assumes an industrial perspective as the most generic investment. Investments in some industry sectors, e.g., mining and forestry, however, have additional requirements, procedures, and incentives. Operators and investors in such industries have expressed an interest in extending the generic roadmap to cover the investment peculiarities of these sectors.

Furthermore, it became apparent when mapping the investment procedures that some government agencies were not aware of the process as a whole. Rather, public servants often know the rules and regulations of their agency without fully understanding how their work relates to other agencies in the investment process. Likewise, many of the investors with whom we spoke were unaware of the investment process as a whole. During the vetting process it was not uncommon to hear refrains such as, "So, this is how it works," "Wish I knew this six months ago," or "I can better see how the steps relate to each other."

However, many told us that though the information in the roadmap is useful, it is not the first time such an exercise has been performed. The caution implied by these words is that unless an agency is charged with the responsibility of disseminating and maintaining the investor roadmap, it would be nothing more than an exercise and not the tool intended. Sound advice from those charged with managing the process and from those who must maneuver through it. The roadmap should indeed be a "living" document that is kept fresh and pertinent through annual or more frequent updating.

Recommendation

Though investing is a multi-agency process, when it comes to maintaining the investor roadmap, extending it to cover other sectors, or widely disseminating the information, one agency should be responsible, with the authority to carry out the work.

- GO-Invest is the logical agency to manage the dissemination of investor information and to charge with the responsibility to keep the investor roadmap current. To this end, GO-Invest and GEO should spend a day in a training session evaluating the roadmap methodology and sources of information, establishing a calendar for updating the roadmap, and reviewing the content in its different forms and formats, e.g., resource document, information sheets, and website, and Word, Excel, and HTML.

- There appears to be sufficient interest by those working in sectors such as mining and timber to consider adding the particular investment processes/procedures of these sectors to the generic investor roadmap. Local experts, operating under the guidance of GO-Invest, could perform the work.
- While the roadmap is a useful reference for agencies and investors, many investors will prefer a more streamlined, flexible presentation that allows them to quickly scan a particular aspect of the investment process for information. With this in mind, GO-Invest should spearhead the development of a set of roadmap one-page informational flyers and add the roadmap in a revised format to its website. In both cases, the USAID-funded GEO Project is ready to provide assistance in the creation of these information and marketing tools.
 - ▣ Information Sheets. Aspects of the investor roadmap can be recast as one-page information sheets. There are several advantages to the information sheet approach:
 - The sheets are a low cost way of disseminating and maintaining the roadmap.
 - Sheets can be printed from any printer at GO-Invest or any other agency.
 - Information sheets can be made available individually or combined in a folder and offered as an investment information packet.
 - Ministers or others promoting Guyana for investment purposes could travel with a diskette and print up as many as needed.
 - ▣ Internet. The roadmap can be presented in a layered manner that allows the reader to determine what is of interest and to go as deep into any aspect of the investment process as desired. The first layer may be little more than an outline from which the reader selects a topic of interest. The next layer might provide basic information about the process, while a third layer may offer yet more details. The reader is in control throughout. In addition, the roadmap link can offer forms for downloading and directions for completing them. The roadmap web pages could be housed with any number of web hosting services. The advantage of this is increased accessibility and speed of information transfer. In addition, any institution (embassy, association, chamber of commerce, etc.) could easily provide a link to the website. GO-Invest would have an authorization code permitting access to a few people from the investment agency for the purpose of updating information and content.
- A great many investment related forms were gathered during the mapping of the investment process. These are available in Annex B of the December 2000 edition of the *Guyana Investor Roadmap*. However, these forms, and any others that are relevant but not yet collected, should be available through GO-Invest. In addition, the forms could be made available on a regional basis through government offices, the chambers of commerce, and other private sector organizations by supplying each with a diskette, or CD-ROM, that would be replaced periodically as the forms are updated. In addition, the forms could be saved electronically in an unalterable PDF format and accessible through the web.
- The information in the roadmap is as useful to public agencies as it is to investors, and particularly appreciated in the Regions. Therefore, the long version of the roadmap should be made available to appropriate regional administrative officers and chambers of commerce as an investment process reference guide, along with multiple copies of the shorter information sheets for handing out to interested local investors.

2. Regional Empowerment / Decentralization

Conclusion

Frustration. This would appear to be the predominant feeling of businesspeople in areas outside of Georgetown. Frustration with the cost of investment, with lost forms, with lost time, with lost revenue, and with lack of transparency. And as most businesses outside Georgetown would fall in the category of small and medium enterprises (SMEs), it is fair to say that this frustration likely discourages those SMEs with the wherewithal from entering the formal sector. Remaining in the informal sector deprives a small business of access to financing and services, and the government of tax revenue.

A series of meetings were held with businesspeople in five major regional centers — Corriverton, New Amsterdam, Linden, Anna Regina, and Lethem. During these sessions the level of frustration was evident. The need was repeatedly expressed for decentralizing more of the investment process, akin to what the National Insurance Scheme and Lands & Surveys have done. (Though there was a good deal of frustration with the actual effectiveness of such decentralization.)

In addition, throughout the investment process it appears as though small investors are treated the same as large investors. That is, all would appear to suffer equally from the inefficiencies of the investment process. In one sense, such equity might be laudable; however, the reality is that smaller businesses suffer more from the inefficiencies as they have fewer options for speeding up the process or circumventing it. This contributes to the high level of frustration. While large, often foreign investments make a big public splash, SMEs are the real employment bedrock and, as such, a concerted effort should be made to look at ways to streamline the investment process for them. Many of the recommendations that follow, though beneficial to every investor, are offered with the intent of enhancing the process for small investors.

Recommendation

- Near-term – Information
 - Disseminate. A low cost, useful first step simply would be to make all the investment related forms (from business registration to building permits, from environmental assessments to input quality control and all the others) available with explicit instructions for completing them and what to do with them when completed. In addition to GO-Invest and the respective agencies, the forms should be available from the regional government offices and the chambers of commerce.
 - Re-form-ulate. Many forms in use throughout the investment process could be improved. In some cases it may be a matter of streamlining or providing instructions or making the forms available electronically. In other cases, different forms are used by different, but related, government agencies/offices involved in the investment process, e.g., Central Housing & Planning Authority (CHPA), City Engineers, and the relevant permit agencies. In many of these cases, it would be quite feasible to develop one form covering multiple agencies. Assistance is likely available, e.g., GEO Project, to assist with such reformulation, design, and development of electronic forms.
- Medium-term – Outreach
 - Visitation. Key investment agencies (to be defined by the local business community), or perhaps GO-Invest, would budget for quarterly visits (more if it is affordable) to the regions for the purpose of reviewing and expediting applications and to educate businesspeople. These regional trips would allow businesses, in particular SMEs, to clear applications in person without the added expense of travel to Georgetown. (Applications could be sent beforehand, via fax for example, to keep the duration of these trips manageable.) The official visiting should have decision-making authority.

- Advocacy and representation. As part of the outreach, the local chamber of commerce would take on the role as a recognized advocate for SME investment interests and act as a conduit between Georgetown and the regional investors. For example, the chambers could help plan and organize quarterly visits by various agencies. In addition, the chambers could act as advisor and educator to businesses on investment procedures and policy.
 - Presence. In time, and depending on GO-Invest's ultimate mandate (see below), GO-Invest could open regional offices to facilitate investment. Alternatively, regional offices might be opened for those functions for which there is sufficient demand (building permits, taxes, etc.) and staffed with individuals with decision-making authority.
- Long-term – *eGovernment*
- The goal of this initiative would be to decentralize much of the investment process via technology. In reality, *eGovernment* solutions need not be that long-term:
- The technology is available for even remote locations, like Letham.
 - The investment process lends itself to *eGovernment* solutions.
 - The number of regional locations to "wire" is very manageable.
 - Sources of financing are likely available, if not from suppliers of technology and services, then from donors.
 - Long-term savings to the government and to the private sector presumably would more than justify the initial costs and in the long run would be less expensive than having agencies open regional offices.

The paradox of *eGovernment* is that it keeps many of the reviews and approvals centralized while decentralizing much of the process, saving the applicant time and money. Installing an *eGovernment* solution to improving the investment process could include:

- Identifying a local partnering agency to become the "gateway" to the system. The gateway might vary by locale. In some, the local chamber of commerce might serve this role, while in other locations the Regional Executive Office may make the most sense.
- Identifying each regional location. Five possibilities are suggested for the initial launch, Anna Regina, Corriverton, Letham, Linden, and New Amsterdam.
- Creating a web based database and communications system. This web platform would at first enable an investor from anywhere in the country to download the appropriate forms, submit those forms via internet or fax, and track their investment application. Eventually, this platform would allow for interaction among investor and government agencies as well as government to government communication.
- Installing computer systems with Internet access in each of the relevant agencies involved in the investment process (e.g., CHPA, Lands & Survey, Environmental Protection Agency, Occupational Safety and Health, Fire Services, etc.), GO-Invest, and in each of the selected regional partner agencies.
- Establishing an office at each regional location and placing an investment advisor at each.
- Conducting training on the new system, and holding "trial-runs" with each agency and region.

3. Competitor Benchmarking

Conclusion

Many businesspeople expressed interest in knowing what standards were being used and adhered to in other countries and regional competitors. The utility in conducting an analysis of this type is the identification of efficiencies in the investment process that will attract foreign investment and encourage the growth of domestic businesses. As a direct result of this analysis realistic performance benchmarks can be established against which to judge agency progress and performance.

Recommendation

It is suggested that through GO-Invest benchmarks be established for various aspects of the investment process.

- Some of the newer agencies such as Occupational Safety and Health and Environmental Protection Agency do have an understanding of regional and international standards whereas many other agencies do not. Therefore, the first step in this process is to identify those aspects of the investment process where research into international standards would prove useful for benchmarking purposes.
- Determine appropriate countries on which to focus. A preliminary brainstorming session with a private sector group yielded the following list: Trinidad & Tobago, Ireland, Puerto Rico, Barbados, and Costa Rica.

4. Basic Customer Service Standardization/Better Management

Conclusion

Customer service throughout the investment process is uneven and inconsistent among and within investment related agencies/offices. Some agencies have instituted policies that work well but have not been replicated, e.g., Internal Revenue has a separate window for those from outside Georgetown seeking a tax compliance letter. Given the lack of basic customer service systems, it naturally follows that tracking an investment application is difficult. Yet, there are simple things that can be done to enhance service and remove the minor irritations that, when added up, can discourage a businessperson.

Attitude, lack of transparency, lack of accountability, these are part of the customer service issue. Certain aspects of the investment process are codified in law, beyond interpretation, and black and white in implementation. Yet, time and again businesspeople complain that the laws are superceded, circumvented, or ignored for a non-transparent process that delays, impedes, and seeks rent for an action that is no more than simply implementing the regulations on the books. Even if such were not true, the perception is that the bureaucracy is an impediment rather than a tool for managing the investment process. Only actions will change the perception.

Recommendation

Processes must be transparent and people accountable. Actions to consider include:

- Establishing performance based reviews of public service functions. Reward good performance, penalize consistently poor performance.
- Setting clear objectives. In most instances, time is the one indicator of performance that is controllable and definable. Government benchmarks exist in the form of targets, currently and largely unmet. It would be quite feasible to establish, and publicise, action plans to reach these benchmarks.

- Providing training, repeatedly. Such training might be in customer relations (answering a phone, providing information, dealing with irate clients, etc.) to technical aspects of the job.
- Placing realistic fees on the process and then improve the service. Investors already pay high fees, if not directly then indirectly through inefficient processes, resulting in loss time and increased costs. As a result, there is a willingness on the part of investors to pay more in official fees for a process that is transparent and efficient. These fees represent revenue for the government rather than the rent seeker.
- Improving operating systems, physical (computers) and management.

It is easy to create a list such as this; much harder to realize the actions implied by the list. The assumption is that the government has the desire and will to improve the investment process. This might manifest itself initially with relatively simple customer service improvements; small steps that will demonstrate the desire and will to chip away at the larger, more complicated impediments. Along these lines we recommend three simple actions:

- First, a harmonized set of investment instructions should be placed at the counter of each agency involved in the investment process. These instructions would cite the forms necessary to complete, identify necessary preceding steps and documentation, the next step in the process, and targeted turnaround time for the agency.
- Second, where needed, provide preference to those coming from outside Georgetown. This might take the form of a separate window for such investors, e.g., what Internal Revenue has done for tax compliance letters. As one regionally based investor noted, "This really works, it saves time and it is appreciated."
- Third, one number should be given for each investment that will follow the investor through the life of the business. This number would be derived from the business registration process and would be used for such things as applications with each agency, building permits, tax identification etc. One immediate opportunity that emerges from the use of only one unique number throughout is the possibility of dropping the need for annual reregistration of firms. Reregistration is done in part to ascertain whether a firm is still in business, with one unique number this could be determined from annual firm tax returns. In addition, it would facilitate cross-referencing same business transactions such as income tax, imports, and exports.

Mid-to-long term goals centered on better customer service could include:

- Creating a functional "automatic approval" date at each department that would require the agency to make a decision within a certain period of time or the application is automatically approved. Such a system exists within CHPA, for example, but it is not functional in implementation.
- Increasing private sector representation on the GO-Invest Board of Directors so that GO-Invest may better advocate for continued improvements in the investment environment that will positively impact on foreign and domestic investors. In addition, with this increased representation, charge the board or a subcommittee of it with overseeing that recommendations are implemented – e.g., updating roadmap, disseminating information, website, information sheets, etc.

5. Role of GO-Invest

Conclusion

The role/function of GO-Invest does not appear to be clearly defined or understood. Although the purpose of the roadmap was not to assess GO-Invest, in the process of understanding and mapping Guyana's

investment procedures the ambiguous nature of GO-Invest's role was evident among bureaucrats and investors alike.

When asked if a service like GO-Invest is needed, the overwhelming response from both public servants and private investors is, "Yes!" This 'yes' however encompasses a broad range of possible functions from a place to pick up relevant documents and learn more about the investment process to a place where an investor can drop off completed forms and return in a month with everything approved. The lack of clarity makes it hard for GO-Invest to meet diverse expectations. Moreover, limited staff, inadequate skills mix, and little muscle or authority to provide the level of service many investors expect, hamstrings GO-Invest.

In general, there appears to be interest in having a GO-Invest that is more than a resource for investment information and more of a true "one-stop" shop for information, forms, documentation, and approvals, or at least approval facilitation.

Recommendation

- Mandate. Establish and publicize GO-Invest's role. What is its job to be and how will it relate with other government agencies? Then give it the authority, staff, and resources to implement its function.
- Publicize. GO-Invest's operations need to be publicized; how it is organized, how it operates, the services it offers, and its plans for the future.
- Staff. Depending on the mandate, staff GO-Invest properly and, importantly, provide training so the staff can fulfill its role.
- Independence. Increase the participation of the private sector in the oversight of GO-Invest's performance and consider where and how GO-Invest might charge fees for its services. Some services it might still provide free, while charging for others.
- Information. All investment-related forms should be available through GO-Invest (see above regarding management and maintenance of the Investor Roadmap). GO-Invest might also explore establishing a business library (e.g., how to guides, Thomas Registry, etc.), with Internet access for market research purposes etc. This would be a welcomed, small business outreach service. GO-Invest might also spearhead formulation of training programs aimed at the small businessperson, e.g., a Domestic Investor's Toolkit, business planning, site selection considerations, etc., and/or open a separate section/window for small businesses.
- Benchmark. One effective way to monitor GO-Invest's performance once its role is clearly established is to benchmark it (see above) against the performance of similar investment facilitation agencies in other countries and/or through annual client satisfaction surveys.

B. Business Start-up

Starting a business requires registration. The Deeds Registry handles registrations for firms (essentially small, unincorporated proprietorships or partnerships) and companies (incorporated businesses). In general, the Deeds Registry appears to carry out its role effectively, though not as efficiently as it might. This is evident when considering that it takes three weeks on average to register a simple business and that trademark registration is years in arrears. The delays with registry activities (which in addition to firm and company registration includes trademarks and other intellectual property rights and land title and transport) would appear to stem in part from antiquated systems.

1. Computerizing Business Registration

Conclusion

With assistance from the Inter-American Development Bank, the land registry function of the Deeds Registry will be computerized. The business registration function, however, will not. The process to register a firm takes three weeks, sometimes longer. For those from outside Georgetown, the process requires two trips to Georgetown, and often a third trip or an extended second visit. Though the business registration form is simple enough and the process straightforward, the trips and delays are costly to a small business. Yet, the business registration process could easily be computerized, allowing for on-the-spot registration. The savings to both government and businesses would likely be tremendous. (In Morocco, computerization of the business registration process led to a time saving of over two person days per small business. The time saved translated into an expected increase in GDP of \$750 million.)

Recommendation

Place computerization of the business registration process high on Deeds Registry priority "to-do" list. If necessary, actively seek assistance from donors to support this process. Experience shows that part of the computerization process, at the very least data input of historical records, can be contracted out to local firms offering huge savings and developing useful skills. A further advantage of computerizing the business registry would be the ability eventually to move to remote submission of business registrations and renewals; thus eliminating the time and cost of traveling to the Deeds Registry office or the Registrar traveling to the regions.

2. Necessity of Annual Renewals

Conclusion

Firm registrations currently must be renewed annually. If done during the registration period (January 2 - 15), the charge is \$5. If done after the 15th, the business is treated as new and the charge is \$10,000. It is not clear that this is widely understood; nor is it clear whether the reregistration paperwork simply has to be submitted or processed by the 15th. Second, for businesses outside of Georgetown, it is not always convenient to reregister during the "open" period. Third, for businesses that do reregister during this period, the \$5 charge does not cover the cost to the government.

Recommendation

The Deeds Registry should unambiguously inform its clients, the registered firms, of the penalty for not reregistering during the "open" period. This might be done either by including a footnote on the registration stating the open period and cost of reregistering outside of it, or, by attaching a flyer to each registration when issued that spells this out as well as, perhaps, other services provided by the Registrar's office. In addition, an advertisement could be placed in local papers in early December reminding firms of the reregistration policy and timeframes.

To reduce the hassle of reregistering, the government could move to a bi-annual registration. It would save businesses money, reduce the workload on government staff, and, at the current rate, actually save the government money. Finally, the current \$5 charge for reregistering during the open period is clearly a money loser for the government. It is suggested that the government consider scrapping the need for an annual renewal of the business registration, which impacts mostly small businesses, or at the very least, revisit the rationale for the annual reregistration and whether the objectives might be better accomplished in another manner.

3. Waiving the Business Registration Fee for Small Businesses

Conclusion

In October 2000 the President declared the intent of government to waive the registration fee for small businesses. While laudable, it is evident from discussions with businesspeople that the particulars of implementing the waiver are not clear. What definition of a small business will be used? Will the waiver apply to the initial registration or to the initial registration and annual renewals that miss the January 15 cutoff date for reregistration?

Recommendation

Clear guidelines should be issued to those charged with implementing the waiver and made public, so that it is transparent and understood.

C. Site Selection

As the single largest landholder, the government is involved in many land transactions, most pertaining to the leasing of State- or Government-owned land. No issue came up more often during the research of the investor roadmap than the long lease approval process and the lack of consistency in its application. Some investors with whom we spoke had submitted applications eight years ago and had not heard a word. Others became frustrated with the process and took the risk of building without a formal lease, something a foreign investor is unlikely to do and many small businesses can not afford to do. Land problems such as these will scare foreign investors away and will keep a small business small.

Conclusion

There are several reasons for the long review process when leasing State- or Government-owned land, including, among others:

- Understaffing (there are three government surveyors in Lands & Survey, for example)
- Antiquated systems (lack of computerization)
- Poor publication of procedures (few know what the process should be and fewer understand it)
- Improper application of existing procedures (Minister level review and approval when such can be delegated).

On a positive note, the Lands & Surveys Department is one of the more decentralized agencies involved in the investment process. However, this decentralization exacerbates the feeling of frustration with the process by those investors outside of Georgetown. In some regions Land Selection Committees operate, while in others they do not. Additionally, the requirement that applications go through Georgetown causes further communications problems and travel expense for the investor. Investors, who try to follow the process as they understand it, by going through local Land Selection Committees, find it takes too long (as noted). While they work within the system, they see others successfully circumvent the process by seeking and receiving leases directly from Georgetown administrators. Moreover, in many cases there are multiple agencies (sometimes up to five) with overlapping control of the land, and all with effective veto power.

For its part the Lands & Surveys Department realizes that the lack of consistency and poor response times are serious issues that they have to address. To address these issues there is an effort underway to change Lands & Survey from a government office into an autonomous, quasi-public Lands Commission. The sense among Lands & Survey management is that the transition to a commission will eliminate, in time, most of the problems.

Recommendation

We understand that the Lands & Survey division is receiving donor assistance to transition to a Lands Commission. Moving to a fee-for-service commission is a step in the right direction and we encourage the Commission to disseminate information on its objectives and operations so that procedures are well understood, expectations kept manageable, and its performance fairly judged. The dissemination of information might start with publicizing a timetable for the transition. With respect to performance benchmarking, most investors we talked with would be pleased if the approval time could be kept to the stated target of three months.

Where might time be cut? One step in the lease approval process that could be eliminated is GO-Invest's evaluation of business plans. Instead, the Commission could seek to enforce the development requirements outlined in most leases. These requirements usually state that the leasee must be in operation within a stipulated period of time or the lease can be revoked. In addition, it is simply too much to ask one person to value all State or Government land leases. Clarifying land jurisdiction by vesting all State- and Government-owned land use oversight in the Commission would avoid confusion and clearly place responsibility on one agency.

D. Site Development

Close behind the leasing of State- or Government-owned land in the level of frustration is the process for developing a business site once it is selected. Frustration runs high in part because there are a myriad of independent agencies and private entities involved; yet the approval process depends on these agencies working in a timely, complementary, and dependent manner.

Conclusion

To get a building plan approved requires clearance from no less than five agencies. At any one approval stop along the way, and quite often at each one, an investor can lose valuable and costly time. We were told of many instances where the investor simply began construction before receiving approval because the application review process took too long. Again, circumventing the process is not feasible for a foreign investor, and not a viable option for many small domestic investors.

In theory, CHPA, which plays a key role in the process, has a 90-day time horizon in which, if a decision is not made, the investor can assume approval. This practice, however, is not well publicized. Moreover, it exists largely on paper since to get other approvals an investor must show CHPA approval. The practicality of such approval when it has been received through the 90-day rule and for which an investor can not show written confirmation is in doubt.

Recommendation

It would be possible to make a few minor recommendations regarding each of the many agencies involved in the development of a business site; however, if only one thing could be done, we would strongly suggest that one agency be put in charge of managing the site development approval process. The agency that makes the most sense for such an oversight role is CHPA.

This would mean that while the other agencies involved would review applications for permits independently as they do now, they would answer to CHPA when delays occurred in their internal review procedures. CHPA would be charged with monitoring and following up the approval process for each application and with each agency. Admittedly the work involved in centralizing the responsibility and authority with CHPA would not be easy, but it is achievable. For example, most of the agencies are

already part of CHPA's board, so the foundation exists for building a more coherent, benchmarked, and manageable system.

To further expedite the permit process, especially if CHPA is given new oversight responsibilities, a single multi-purpose application form should be developed that covers the information requirements of each reviewing agency. While this might make for a longer application, it would actually reduce the amount of work for an applicant, would permit assigning one tracking number, would reduce the number of lost applications, and make it easier for CHPA to track the status and report on such to the applicant. With a little additional work it would be possible to establish a tracking system on a webpage that an applicant could access. While many applicants may not have a computer, a terminal could be made available at GO-Invest and other sites for multiple uses, including signing in and entering a password to check the status of an application.

Each agency involved in site development approval should post its procedures stating what is done, by whom, why, and how long it should take. This can be done now, even before any further consideration is given to establishing CHPA as the lead conductor of the approval process.

E. Business Operation

The section on business operation in the roadmap encompasses a number of diverse topics brought together by the impact the subject matter has on the day-to-day operation of a business. The topics include accounting, finance, labor, customs, and renewals.

In nearly every case the government offices responsible for implementation of government regulations pertaining to business operations (e.g., from labor to taxes, from quality control of inputs to health and safety) would benefit from better dissemination of required procedures, rules and regulations. Again, most businesspeople appeared willing to abide by the regulations, but they need to understand them and know that the procedures and regulations will be consistently applied in an efficient manner. When this happens a businessperson can plan and manage accordingly.

Taxes, as always, are an important consideration for a business. However, the current concerns expressed by businesspeople revolve less around the multiplicity of taxes and the rates and more around the rationale for the taxes, the perceived small business and export bias of some taxes, and the need for better information.

Customs is another area that impacts either directly or indirectly on all businesses. While businesspeople would embrace lower tariffs, duties and other such related charges, they are nearly universal in their need for quicker, more efficient clearance. The duties, tariffs, etc. would be much more palatable if Customs could consistently clear goods in the targeted two to three days.

Conclusion

Customs is one of the most important agencies for both government and investor. While improvements in the time it takes to clear goods are being made, many businesspeople remain disgruntled with the delays. The time variance between Customs stated average time (2 1/2 to 3 1/2 days) and the average times stated by scores of businesspeople (2 to 3 weeks) is significant.

Recommendation

Go public. Undertake a survey of businesses to determine the actual time of clearance and the most common delays. Survey customs officers to determine the reasons and rationale behind delays. Use the information in the surveys to develop training programs and inform/educate the public. Finally, benchmark

Customs' performance against that of other, relevant countries (e.g., Singapore, customs clearance takes 15 minutes. Mauritius, Namibia, South Africa one to two days) and broadcast a timeframe in which to attain the stated benchmark. Then judge performance against the benchmark with periodic surveys. Some thoughts as to where time can be saved:

- Rationalize use of forms. Can any forms be eliminated or merged?
- Rationalize the various steps. For example, isn't the Inspection Unit redundant?
- Consider restructuring the actual, physical flow of customs paperwork.