



USAID/GUYANA

ACTION PLAN

FY 1996-1997

MAY 1995

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ANNEX A - Changes in Strategic Plan/Performance Measurement System

FY 1996-1997 ACTION PLAN

GUYANA

SECTION I. STRATEGY OVERVIEW

A. INTRODUCTION

Guyana's economic performance following independence was abysmal. The average GDP growth rate between 1966 and 1989 was 0.4% annually, among the lowest in the hemisphere. In this period of "Cooperative Socialism" the Guyanese Republic was on a course of transition from capitalism to socialism, borrowing excessively, and unable to meet its debt servicing obligations. By 1988, the public sector had accumulated external arrears of over 1 billion dollars on its external debt of about \$1.8 billion. Currently, on a per capita basis, Guyana is the largest debtor country in the world.

Recognizing that its socialist policies of 20 plus years had been disastrous, the government, in 1988, embarked on an Economic Recovery Program (ERP) which included broad structural adjustment measures to move toward a market-oriented economy. The response of the economy to the new policy regime has been impressive. Real GDP averaged 7% per year during the period 1991 to 1993, and inflation declined rapidly from 82% in 1991 to 7.7% in 1993. According to Ministry of Finance figures, GDP grew at a rate of 8.5% in 1994, but inflation increased to 16.1%. The installation of the new, democratically elected government augurs well for maintaining political stability, a prerequisite for the continued development of a market economy.

This positive development in the growth rate must be tempered by the fact that the economic rebound started from a very low base, and the growth was due mainly to a few major investments in the mining (gold and bauxite) and agriculture (logging, sugar and rice) sectors. This has skewed the distribution curve, leaving the average Guyanese little better off than before.

While the turn-around described above has been impressive, sustaining and enhancing the progress attained will require a very strong commitment on the part of the government. Significant external assistance from both bilateral and multilateral donors is required to meet debt service obligations, to finance the public sector investment program, and to have sufficient foreign exchange to sustain import levels consistent with economic growth.

The economic turn-around has been accompanied by an equally dramatic political change. For the first time in over twenty years, Guyana held free, fair and democratic elections in 1992.

Against this backdrop, this Action Plan covers a critical period in the deepening of the Guyanese economic and political reform process. Just two years remain before the next constitutionally mandated elections in October, 1997, and a peaceful transition of power should not be taken for granted. Guyana, the second poorest country in the hemisphere (comparable only to Haiti), remains beset by severe problems: poverty prevails, the physical infrastructure remains dilapidated, racial tensions persist, public sector management and administration is ineffective, continued high emigration has resulted in a severe scarcity of skilled human resources, and the enabling environment for the private sector is extremely weak.

This Action Plan is the first to be prepared by USAID/Guyana, and represents the Mission's priorities in an evolving democracy and market-based economy. The period covered by this Action Plan, 1996 and 1997, represents the early efforts of a USAID presence in Guyana, and achievements can already be reported. Guyana represents an excellent opportunity for the Bureau to effect significant, positive, and sustainable change. It is a country new at, but committed to the democratic process. It is an extremely impoverished country, but one which has taken the critical first steps in liberalizing the economy. Few countries have successfully moved so far so fast, and the potential for further, sustainable change is evident in all sectors.

The basic strategy enunciated in the approved Program Objectives Document for FY 1994-1998, prepared by RDO/C for Guyana, remains unchanged. The integrity of the program, however, has been shaken by severe budget cuts. The Mission's two on-going projects, Building Equity and Economic Participation and the Guyana Justice Improvement Project, will continue, albeit at reduced funding levels. Only a relatively small number of priority activities under the Strengthening Democracy Project will be undertaken in FYs 95 and 96. The failure to meet our FY 95 funding commitment under the Title III Program will reduce the impact of this highly successful program, and USAID proposes a one-year Commodity Import Program in FY 96 to substitute for the cancelled third year of the Title III Program. This Action Plan attempts to make the best of a bad situation.

The Program Goal remains increased broad-based participation in the economy and democratic process. In pursuit of this Program Goal, USAID/Guyana has established two Strategic Objectives: S.O.1 Expanded Economic Opportunities for the Urban and Rural Poor, and

S.O.2 Strengthened Democratic and Legal Institutions and Processes.

B. Strategic Objective 1: Expanded Economic Opportunities for the Urban and Rural Poor

Projects

This objective reflects Agency emphasis on the poor and disadvantaged and on participation, and is fully consistent with the Agency's goal of **sustainable economic growth with equity**. The activities which will help achieve the objective are the Agricultural Sector Reform Project (504-0104) with the complementing Title III Program, and the Building Equity and Economic Participation (BEEP) Project (504-0107).

As will be discussed under Performance in Section II, the Title III Program has been an outstanding success. The Program is an essential element of the entire USAID development program in Guyana, and it is an integral part of a multi-donor effort to address food security issues and to promote economic development and growth. The food assistance enables the government to use its foreign exchange to acquire capital goods it could otherwise not afford, and the locally generated currency is critical to agricultural infrastructure programs funded by other donors since it serves as counterpart funding.

Funding for the second year of the Title III Program was cut by 50%, creating serious difficulties for USAID, other donors, and the GOG, and causing USAID's development partners to increasingly question its credibility. If overall budget considerations make it impossible to continue the Title III program in FY 96, it is vitally important to initiate a one-year Commodity Import Program which would provide similar benefits as the current Title III Program, at a level no less than this year (\$3 million).

The Problem

The economic and social decline under Guyana's "Cooperative Socialism" has left about 43% of the population living below the poverty level (HIES/LSMS SURVEY, 1993). Nearly two-thirds of the poor or about 30% of the population can be classified as extremely poor, with income levels below that required to purchase a minimum low-cost diet. The majority of Guyana's poor live in rural areas, with extreme poverty concentrated in the interior regions. In the urban areas, the poor include wage laborers, public servants at the lower end of the salary scale, pensioners, and those employed by small informal businesses. Levels of poverty are similar among male and female headed households. Consumption patterns of the

poor are very different from the non-poor; 70% of the household budget is spent on food by the poorest household, nearly twice the proportion spent by those with higher income.

Rapid and sustainable progress in alleviating poverty can be achieved by promoting the productive use of the poor's most abundant asset - labor - and by providing basic social services such as health and education. Improving private sector participation in the economy along with more effective implementation of the public sector investment program is also key to improving social services and in creating additional jobs for the under- and unemployed.

A major constraint to effective implementation of donor assisted programs, as identified by the Guyanese government and the major multilateral donors (IDB and IBRD), is the lack of sufficient counterpart contributions for major multilateral projects in the social and physical infrastructure sectors. Additionally, the lack of skilled administrators in the public sector is a serious obstacle to the implementation of both multilateral and bilateral projects. Significant amounts of donor resources lie unused for long periods due to either the GOG's inability to meet conditionalities or because of poor management and the lack of skilled human resources to implement projects at an acceptable rate once conditionalities have been satisfied. The Mission's Strategic Objective 1 (S.O. 1) **Expanded Economic Opportunities for the Urban and Rural Poor** addresses these constraints.

Another major constraint to achieving S.O.1 is the inadequate enabling environment which is hindering the participation of the private sector in the Guyanese economy. More than two decades of statist policies established the public sector as the principal actor in the economy and arrested political and social development. The government controlled all major economic activities, owned most industrial and commercial companies and dominated the financial system. Government mismanagement, corruption, and political and social oppression led to a rapid decline in output, a dramatic exodus of the more highly skilled and better educated work force, and a severe deterioration of the country's social and physical infrastructure.

USAID Response

Beginning in the late 1980's, the government embarked on a process of improving the environment for private sector led growth by eliminating price controls, allowing market-determined interest and exchange rates and removing many trade restrictions. Some of these improvements were the result of conditionalities associated with USAID's PL 480 and ESF programs, along with the IMF

stabilization program. While progress has been encouraging, much remains to be done. The need for sustained growth to reduce poverty makes it crucial to deepen the economic reform process by increasing the role of the private sector in all economic activity.

The Mission has two projects and one program (Title III) which contribute to achieving the Strategic Objective of expanding economic opportunities for the urban and rural poor. The projects are the Building Equity and Economic Participation Project (BEEP) (504-0107), and the Agriculture Sector Reform Project (504-0104), which provides technical assistance for the Title III Program.

Policy conditionality and local currency generated under the terminating Title III Program have been and are critical to expanding economic opportunities in the most important sector in the Guyanese economy - agriculture. As described in Section II, Performance, the Title III Program has been an outstanding success, and this Action Plan proposes that it be continued in FY 96 as a one-year Commodity Import Program.

The purpose of BEEP, which has just been initiated, is to strengthen the business environment in Guyana, by increasing the capacity of key private and public sector entities, to bring about economic growth with equity. The project focuses on (1) increasing the public sector's capacity to implement economic, financial and other business-related policy and regulatory reforms to produce greater growth with equity, (2) assisting the private sector to play a greater role in the formulation and implementation of economic development policies, and (3) increasing the capacity of small and micro-businesses to access information and capital. A specific objective of BEEP is to accelerate implementation of the GOG's public sector investment program (largely funded by other donors). The project will leverage the release of other donor resources by assisting the GOG to take actions required to meet multilateral donor conditionalities, and accelerate implementation once funds are released. This approach, as does the use of Title III proceeds as counterpart funding, follows the Administrator's directive that, in this era of diminishing resources, imaginative means be found to enhance sustainable development through coordination and cooperation with other donors.

In addition to assisting the private sector to play a more effective role in Guyana's economic development, BEEP will also assist the government in focusing its limited resources on the provision of priority public services (e.g., education, health, and infrastructure development) that the private sector cannot currently provide effectively. While the government has succeeded in stabilizing the economy and restoring growth, the tasks ahead are daunting and will require large amounts of resources to restore

infrastructure and establish an enabling environment for private sector-led sustainable development.

As described in Section II, Performance, the Title III Program has already significantly contributed to achievement of SO 1. Since BEEP has just been initiated, no substantive progress can yet be reported, but the prospects for the future are excellent.

C. Strategic Objective 2: Strengthened Democratic and Legal Institutions and Processes

Projects

This objective is fully consistent with the priorities established in the Strategies for Sustainable Development for "Promoting Democracy", as it promotes due process and the rule of law, encourages good governance through increasing transparency and accountability, and develops civil society through civic education and support for advocacy and monitoring NGOs.

The major activity the Mission is currently undertaking within S.O. 2 is the Guyana Justice Improvement Project (504-0109), authorized in September 1994. The rationale for the project is that the credibility of a democracy depends heavily on citizens' perception of the judicial system's ability to efficiently and fairly resolve disputes, to protect personal and property rights and contractual obligations, and to protect private parties from arbitrary acts of government. The performance of this function bears heavily on the investment climate which, in turn, will have a significant impact on sustainable development in Guyana.

In the FY 95-96 Action Plan, the Mission had submitted a New Activity Description for a \$5 million, four-year Strengthening Democracy Project, which was approved in the Action Plan review. The purpose of this project is to assist the GOG in overcoming the barriers to a sustainable democracy. Due to severe budget constraints, only a limited number of the highest priority activities will be implemented in FYs 95 and 96, and they will be partly funded by local currency to be generated under the proposed Commodity Import Program. Adequate funding would have to be made available to the Strengthening Democracy Project early in the first quarter of FY 97 to ensure rapid implementation in preparation for the October 1997 presidential elections.

The Problem

The Guyana justice system has deteriorated severely since independence, and it is in far worse shape than its West Indian

neighbors. Court facilities are nearing collapse and lack basic equipment and furnishings, staff are poorly qualified and becoming more so as skilled personnel abandon the judicial system, libraries are woefully outdated, and the rate of case processing is inadequate by any standard. In addition, management and administrative procedures have almost totally broken down, laws have not been revised for almost 30 years, and library facilities are disgraceful.

Three critical barriers to the sustainability of democracy in Guyana have been identified; ethnic voting, over-concentration of power in the executive and government ineffectiveness. The failure to overcome these barriers could lead to a new form of authoritarianism. In many respects, ethnic voting is perhaps the most critical problem. The ethnic composition of the Guyanese population, according to the 1991 census, was 48% Indo-Guyanese, 33% Afro-Guyanese, and 19% other, including Amerindians, mixed descent Chinese, Portuguese, and other Europeans. Political parties and labor unions are divided along ethnic lines. The armed forces and the police are predominantly Afro-Guyanese, but they have historically played a fairly neutral role in politics by following the British tradition of allegiance to the government. However, this could change if an Indo-Guyanese government is elected in 1997 and the Afro-Guyanese community feels it has not been adequately represented in the political process. Because of the strong labor and political alignment of the two main ethnic groups, the possibility of political manipulation of the electorate on racial themes by either party as elections approach is not unlikely.

USAID Response

The Guyana Justice System Project has been designed to address the major problems outlined above. By the end of the project, court facilities will have been renovated and refurbished, the court caseload and administrative support structure will be proactively managed by a judiciary relying on professional court managers, personnel will be better trained, access to laws will have been improved through a sustainable, current library system, and there will be more effective Guyana Bar Association support of the justice system.

In view of funding constraints for the Strengthening Democracy project, the Mission will undertake primarily short-term, discrete activities in FYs 95 and 96 until adequate funding is available in FY 97 for accelerated implementation. USAID does not expect short-term activities to change the winner-take-all characteristics of the present situation in which an ethnic majority is seen as monopolizing benefits. However, they will set the stage for a more

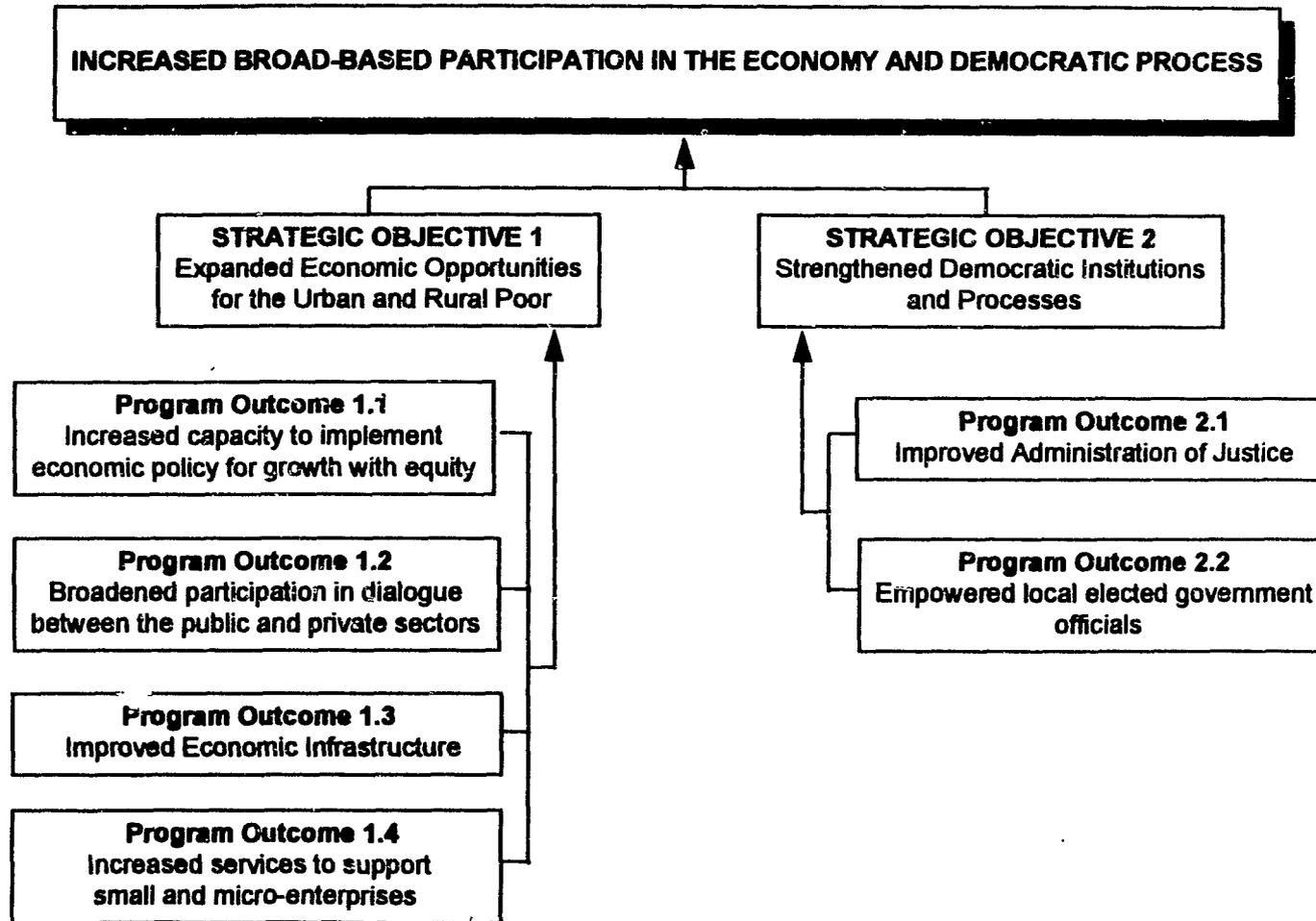
concentrated effort to promote a political system where contending groups share both the formal and informal division of power. These activities would include, for example, support for strengthening the legislative committee system, civil society, and local/municipal governments, and improving the voter registration system. Additionally, resources will be directed at garnering other donor support for programs which strengthen democracy as this is a sector which merits greater and more varied donor assistance.

USAID anticipates that approximately \$1,050,000 would be available in FYs 95 and 96 for democracy activities. This amount is comprised of \$100,000 in FY 95 Global Field Support, \$150,000 in FY 95 PD&S, \$200,000 in local currency generated by the FY 96 Commodity Import Program, and \$600,000 which would be provided through RDO/C deobligations later this fiscal year. This is certainly less than actual requirements, but it would enable USAID to initiate and complete meaningful, priority activities over the eighteen month period before additional funding is provided in early FY 97. RDO/C has advised USAID Guyana that it will be able to deobligate the necessary funds. The Mission anticipates the Bureau will satisfy its commitment to make these funds available to USAID/Guyana. The funds to be deobligated by RDO/C are crucial to initiating project implementation this fiscal year. With presidential elections scheduled for 1997, it is essential that the project be initiated as soon as possible.

As described in Section II, Performance, USAID assistance in strengthening the democratic process has had a remarkable impact. It is unlikely, for example, that either the 1992 or 1994 elections would have been declared free and fair if it had not been for the assistance provided by USAID. Major progress is also being made in the judicial sector, through the use of Title III proceeds, even though actual implementation by the University of the West Indies has not been initiated. An impressive start has been made in achieving this SO and the outlook is very promising.

USAID/GUYANA

TABLE 1: MISSION STRATEGIC OBJECTIVES TREE



SECTION II - PERFORMANCE REPORT

A. STRATEGIC OBJECTIVE 1 - Expanded Economic Opportunities for the Urban and Rural Poor

The Mission SO1 is in direct support of the Agency priority of encouraging broad-based economic growth by expanding economic access and opportunity, as explained in the FY 1997 Budget Guidance Message.

The Mission is implementing three activities with outcomes which will contribute to achieving the objective: the Agricultural Sector Reform Project; the Title III Program; and the Building Equity and Economic Participation Project (BEEP).

The Agricultural Sector Reform Project (504-0104) and the complementing Title III Program both address food security issues. The Project provides the services of a long-term advisor who manages the Title III Program, assists the government in meeting program conditionalities, and advises the government on the policy reform agenda.

TITLE III/AGRICULTURE SECTOR REFORM

The long-term goal of the combined project and program is to contribute to broad-based, sustainable economic growth. The purpose is to increase agricultural production and foreign exchange earnings from agricultural exports, both of which will have a positive impact on food security.

The policy reforms and local currency funded activities of the Title III Program each aim at helping to achieve the overall purpose of promoting food security. The two specific objectives are (1) to improve the economic environment and disposable income through tax and tariff reforms and (2), to increase agricultural production, thereby increasing both incomes and food availability.

The Title III Program Agreement was signed in January 1994 and it committed USAID to providing \$6 million worth of food aid annually from 1994 to 1996, for a total of \$18 million. In the first year of the Program, through both policy conditionality and the use of counterpart funds, the program made a major, measurable impact on achieving the overall objective of enhancing food security in Guyana.

The Title III Program is significantly contributing to achievement of Strategic Objective I, expanded economic opportunities for the urban and rural poor. For example, drainage and irrigation activities have made cultivable land available to thousands of small farmers, farm to market access has been improved and expanded, and hundreds of loans have been made to micro-entrepreneurs.

Title III funds were also used in support of Strategic Objective II, to strengthen democratic and legal institutions and processes. For example, Title III funds were used to support post-elections training programs for over 525 newly elected neighborhood councilors to strengthen local governance, and they will be used as well in FY 95 for rehabilitation of the legal infrastructure (courts, law library, etc.). The importance of the Title III Program in achieving food security, promoting economic development, and contributing to achievement of the Mission's strategic objectives cannot be overstated.

Performance

The Government of Guyana has made outstanding progress in implementing the policy reforms under the Title III Agreement. The benchmarks on macro-economic policies, wheat flour fortification to reduce iron deficiency anemia, liberalization of trade and taxation policies that affect food prices, and policies that affect the rehabilitation and maintenance of sea defenses and drainage and irrigation have all been achieved, in many instances in advance of the annual September 30 deadline. The one benchmark pertaining to policies that affect land tenure security and the functioning of land markets has been only partially achieved, due to delays in IDB and British ODA projects which had a direct bearing on these benchmarks.

The major use of the local currency generated under Title III is to assist the GOG to rehabilitate the existing infrastructure in the main agricultural regions of the country. Roads and bridges for market access, sea defenses, and drainage and irrigation systems have fallen into serious disrepair over the past three decades. As a result of the deterioration of the sea defenses, prime agricultural land is at risk of flooding, and an important percentage of irrigated land is no longer cultivated due, in part, to the deterioration of the drainage and irrigation systems.

The impact of the Title III program, together with the price liberalization policies, can be measured in the dramatic increase, at the macro-economic level, of agriculture's contribution to GDP

(in 1988 prices): in 1988, US\$219 million, or 25% of GDP; in 1991, \$183 million or 24% of GDP; but in 1993, \$289 million or 30% of GDP.

Similarly, the areas harvested on irrigated lands for grain production increased from 182,000 acres in 1988 to 250,000 acres in 1993, grain production increased from a low of 225,000 MT in 1988 to 346,000 MT in 1993, and the quantity of grain exports jumped a dramatic 221%, from 56,000 MT in 1988 to 124,000 MT in 1993.

The importance of Title III to the capital budget is enormous. For 1994, \$4.5 million of Title III funds provided counterpart funds for \$13 million of other donor funded projects. Overall, the Title III Program provided 8.5% of the GOG capital budget, funding 64% of road maintenance, 90% of the drainage and irrigation budget, and 100% for both sea defense maintenance and land titling. As a result of the Title III contribution to the capital budget, the highest priority activities to achieve food security increased in the 1994 budget over the 1993 budget as follows:

<u>CAPITAL PROJECTS:</u>	<u>% INCREASE IN 1994 BUDGET OVER 1993 BUDGET:</u>
Drainage & Irrigation	+ 60%
Land Registration	+ 157%
Bridge Rehabilitation	+ 128%
Road Repairs	+ 321%
Sea Defenses	+ 28%

For FY95, Title III will provide counterpart funding for projects funded by other donors totaling at least \$16 million (and up to \$21 million if other programs come on stream) for sea defenses (EC, IDB, CDB, and IDA), drainage and irrigation (IFAD), roads and rural water supply (IDA).

BUILDING EQUITY AND ECONOMIC PARTICIPATION PROJECT

The Building Equity and Economic Participation (BEEP) Project (504-0107) was approved in May, 1994 for \$4.5 million. The goal of the project is to expand economic opportunities for the urban and rural poor. The purpose is to strengthen the business environment in Guyana in order to bring about economic growth with equity. Under the strategy for Guyana, specific niches were identified in which the proposed modest level of resources provided can have a large impact in supporting the GOG strategy. These niches are: a)

enabling Guyana to access the substantial resources available from other donors, held up because of lack of implementation capacity; b) enhancing the impact of those resources through broader participation and attention to equity and sustainability; c) providing assistance to the private sector to broaden its capacity for and participation in dialogue with the Government; and d) increasing access of small and micro-entrepreneurs to the benefits of the government's Economic Recovery Program.

The project has public and private sector components, each of which focus on promoting equitable economic growth and development. The public sector component targets the Ministry of Finance and the Ministry of Trade, Tourism and Industry (MTTI), and the private sector component will provide short-term TA and training to various organizations and selected NGOs to foster more broad-based, inclusive and articulate participation in national and sectoral policy/regulatory formulation and implementation.

A primary focus of the project will be training of staff in both ministries, and putting in place policy planning and implementation mechanisms, and management procedures. As with the Title III Program, one of the project's major objectives will be to assist the Ministry of Finance with actions required to meet the conditionalities of other donor projects and to accelerate implementation once conditionalities have been satisfied, thus freeing large amounts of foreign exchange. Assistance to the MTTI, in addition to that mentioned above, will be in policy analyses, particularly in regard to trade and investment liberalization.

Project assistance in the private sector will concentrate on providing institutional strengthening and organizational development assistance to private sector organizations (PSOs) and NGOs to enable them to play a more effective role in Guyana's development. Organizations which will receive assistance include business associations (Chambers of Commerce), the small but growing tourism industry, womens' groups, and Amerindian associations. After evaluating the various PSOs and NGOs, BEEP will select the most promising organizations concerned with non-traditional exports, micro-enterprises, and small businesses, and provide tailored assistance to strengthen their institutional, organizational, and networking structures. In addition, BEEP will promote the integration of activities between and among PSOs and NGOs with related interests, leading to the formation of national sectoral bodies.

Performance

Since the approval of the Project Paper and the execution of the ProAg in May 1994, a contractor was selected and a contract signed in December 1994, followed by the arrival of the two long-term advisors in Georgetown in January 1995. By March 31, 1995, the team had prepared its inception report, with findings, conclusions, recommendations, and targets for the first year of the project. This report will also serve as the basis for initiating a dialogue among the donors and with the MOF regarding outstanding conditionality and implementation issues.

Reference should also be made in this section to assistance provided to the Carter Center for the development of a short-, medium-, and long-term development strategy for Guyana since this activity is more closely related to BEEP than to any other project. Progress has not been good for a variety of reasons. The role and responsibilities of the Carter Center and government were not clearly established, a highly theoretical rather than pragmatic approach was initially used, very short-term consultancies have resulted in lack of contact with government representatives, and recruitment/retention of qualified staff has been problematic. It appears as if the Carter Center may now be satisfactorily addressing these problems.

Summit of the Americas

The Summit of the Americas includes several principles that are directly related to SO 1. BEEP, for example, will provide assistance to promote free trade, increased economic integration, and market openness (Principle No. 9), the development and liberalization of capital markets (Principle No. 10), tourism development (Principle No. 15), and the encouragement of microenterprises and small businesses (Principle No. 19). Policy reform and conditionalities under the Title III Program have already significantly contributed to several of these principles. USAID Guyana has initiated a dialogue with different government ministries regarding the Declaration of Principles, and it is clear that BEEP is viewed as a project which will assist the government in implementing its Summit of the Americas Plan of Action.

USAID/GUYANA

TABLE 1: STRATEGIC OBJECTIVE PROGRAM TREE

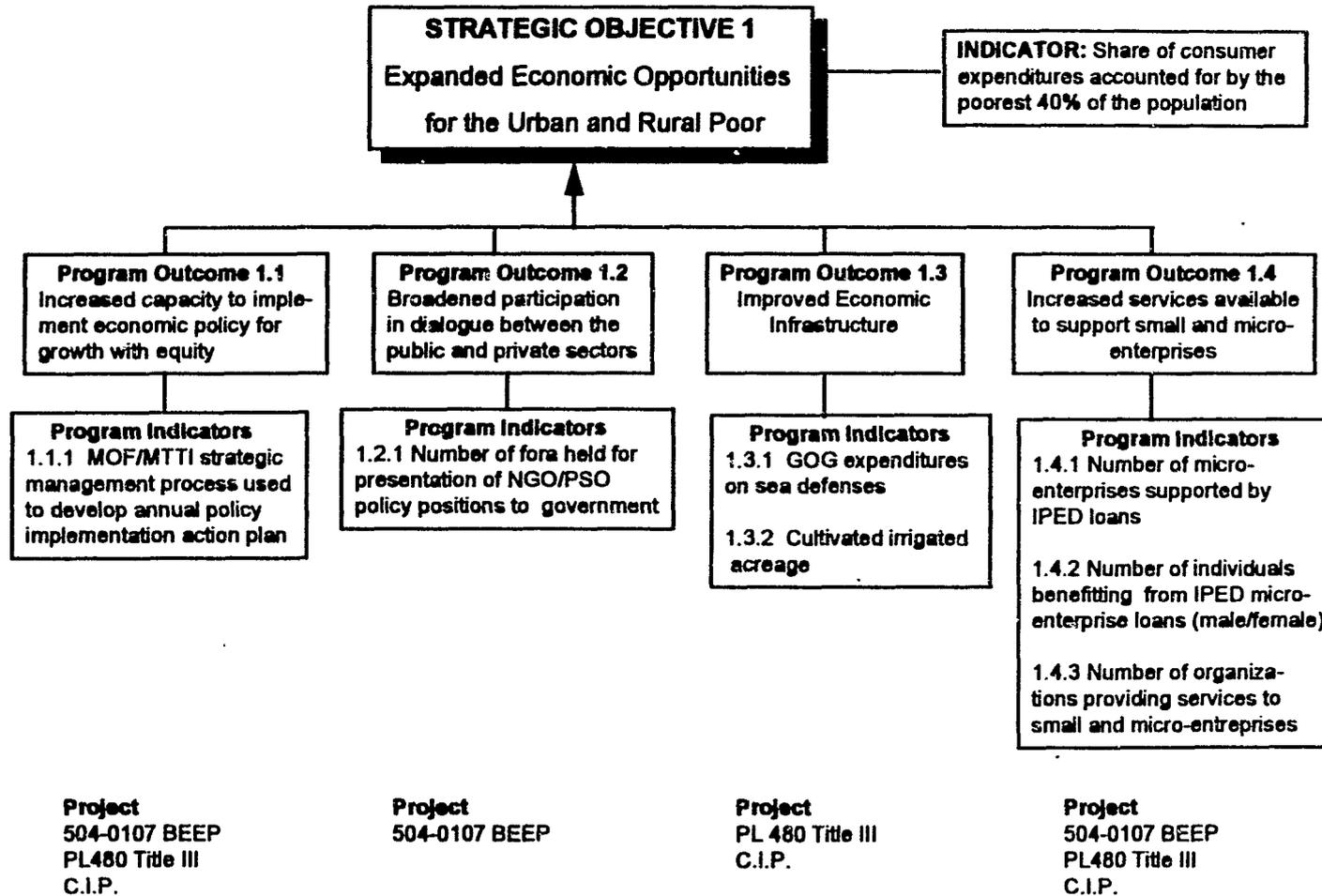


TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE
S01

GUYANA					
STRATEGIC OBJECTIVE NO. 1 Expanded economic opportunities for the urban and rural poor					
Indicator: Share of total consumption accounted for by the poorest 40 percent of the population		Year	Planned	Actual	
Unit: Guyana dollars	Baseline	1992-93		12.0%	
Source: Household Income and Expenditure Surveys		1994			
<p>Comments:</p> <ol style="list-style-type: none"> 1. Baseline data are from 1992-93 Household Income and Expenditure Survey, Bureau of Statistics, as summarized in World Bank report, "Guyana; Strategies for Reducing Poverty," April 14, 1994. 2. World Bank Report estimates 43 percent of population is below the poverty line. 3. Consumption data are preferred to income data for this purpose owing to strong respondents' tendency to understate income. 4. Bureau of Statistics intends to repeat the Household Survey in about 1996. It may be necessary to obtain the raw survey data from the Bureau in order to derive the Indicator. To be consistent with the baseline data, the measurement should be based on the unadjusted Survey data. 		1995			
			1996		
			1997	16%	
			1998		
		Target	1999		

**TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE
S01**

STRATEGIC OBJECTIVE NO. 1 Expanded economic opportunities for the urban and rural poor				
PROGRAM OUTCOME NO. 1.1: Increased capacity to implement economic policy for growth with equity				
Indicator: MOF/MTTI strategic management process used to develop annual policy implementation action plans		Year	Planned	Actual
Unit: MOF/MTTI action plans	Baseline	1994		0
Sources: BEEP Project reports		1995	2	
Comments: BEEP Project Team will be working to effect this capability, and will be able to verify the achievement when/as it occurs		1996	2	
		1997	2	
		1998	2	
	Target	1999	2	
PROGRAM OUTCOME NO. 1.2: Broadened participation in dialogue between the public and private sectors				
Indicator: Number of fora held for presentations of NGO/PSO policy positions to government		Year	Planned	Actual
Unit: Fora involving NGOs/PSOs and government	Baseline	1994		0
Sources: BEEP Project records		1995	3	
Comments: The BEEP Project Team will be working to promote such fora and will be able to document their occurrence.		1996	5	
		1997	6	
		1998	6	
	Target	1999	6	

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE
S01

STRATEGIC OBJECTIVE NO. 1 Expanded economic opportunities for the urban and rural poor				
PROGRAM OUTCOME NO. 1.3: Improved economic infrastructure				
Indicator 1: GOG expenditures on sea defense rehabilitation and maintenance		Year	Planned	Actual
Unit: U.S.\$ Millions	Baseline	1993		\$2.0 M
Sources: GOG annual budget		1994		\$3.9 M
Comments: Title III provides direct funds for sea defense rehabilitation and GOG counterpart funds for other donors. Three major projects are due to begin in FY95. The GOG annual budgets provide planned and actual expenditures.		1995	\$5.0 M	
		1996	\$12.0 M	
		1997	\$12.0 M	
		1998	\$12.0 M	
	Target	1999	\$10.0 M	
Indicator 2: Area of food crops cultivated on irrigated lands		Year	Planned	Actual
Unit: Acres	Baseline	1992		201,000
Source: Ministry of Agriculture data		1994		246,000
Comments: GOG expenditures on irrigation and drainage, as well as a strengthened sea defenses, supported in part by P.L. 480 local currency funds, contribute directly to increased irrigated acreage under cultivation.		1995	250,000	
		1996	263,000	
		1997	274,000	
		1998	286,000	
	Target	1999	294,000	

**TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE
S01**

STRATEGIC OBJECTIVE NO. 1 Expanded economic opportunities for the urban and rural poor						
PROGRAM OUTCOME NO. 1.4: Increased services available to support small and micro-enterprises						
Indicator 1: Number of micro-enterprises receiving IPED loans		Year	Planned		Actual	
Unit: No. of enterprises	Baseline	1993			54	
Source: Institute for Private Enterprise Development (IPED) Reports		1994			216	
Comments: Micro-enterprises, defined as producing organizations with (currently) less than G\$100,000 of paid-in capital, are the only entities receiving loans (from IPED or elsewhere) clearly identifiable as poor. IPED reports nos. of organizations receiving loans. Care should be taken to avoid double counting of organizations receiving more than one loan.		1995	1,260			
		1996	2,400			
		1997	3,200			
		1998	3,375			
	Target	1999	3,750			
Indicator 2: Number of individuals benefiting from IPED micro-enterprise loans (male and female)		Year	Planned		Actual	
			M	F	M	F
Unit: Nos. of individuals	Baseline	1994			139	117
Source: IPED records		1995	615	885		
Comments: 1. See comments for Indicator 1. 2. IPED monthly reports show the numbers of people involved in each organization to which it lends. A breakdown of this data by gender is available at IPED.		1996	1050	1950		
		1997	1200	2800		
		1998	1125	3375		
	Target	1999	1250	3750		

TABLE 2 Cont.
 STRATEGIC OBJECTIVE PERFORMANCE SO1

Program Outcome 1.4 (cont.)				
Indicator 3: Number of organizations providing services to small and micro enterprises		Year	Planned	Actual
Unit: No. of organizations	Baseline	1994		6
Sources: BEEP Project		1995	7	
Comments: An organization providing loans and/or services such as business advice or training would meet this definition. The BEEP Project Team would survey existing NGOs/PVOs to provide a baseline, and in monitoring the activities of on going and new organizations, will be able to track the development of new service providers.		1996	8	
		1997	9	
		1998	10	
	Target	1999	11	

B. STRATEGIC OBJECTIVE 2 - Strengthened Democratic Institutions and Processes

This strategic objective is fully consistent with the priorities described in the Strategies for Sustainable Development for "Promoting Democracy".

The Mission is currently implementing one project, the Guyana Justice Improvement Project, with outcomes which will contribute to achieving the objective. The Mission is also implementing democratic initiative activities, through residual grant funds and PD&S funds, until the Strengthening Democracy Project is initiated later this fiscal year.

Democratic Initiatives

Prior to the initiation of the Justice Improvement Project, USAID had been involved in providing assistance to the GOG in strengthening democracy. Indeed, USAID assistance was critical to the successful conduct of both the presidential elections and the national local/municipal elections held in late 1994, the only two free and fair national elections held in Guyana since independence.

With grants to such organizations as the International Foundation for Electoral Systems (IFES) and the National Democratic Institute for International Affairs (NDI), USAID funded technical assistance, training, and commodities in preparation for the 1992 presidential elections. Without this assistance, it is extremely unlikely that the elections would have been free and fair. USAID assistance was designed to strengthen the capacity of the Elections Commission to conduct elections, and the capacity of an independent oversight organization, the Electoral Assistance Bureau, an NGO, to ensure that the Elections Commission acted in a transparent, free and fair manner.

In 1995, IFES is continuing to work with the Elections Commission. IFES will conduct an assessment and develop a plan of action to establish a new voter registration system. Because of funding constraints, USAID will only fund the assessment and the plan of action. Implementation of the actual voter registration system will be funded by other donors, and the IDB has already indicated serious interest.

Also in 1995, NDI provided training to 525 newly elected councilors, representing all 65 neighborhood districts of the country. The training covered financial management,

communications, community development and accountability. Additionally, NDI conducted an assessment of local democracy and governance in Guyana. NDI is preparing a plan of action to implement key recommendations flowing from this assessment. Among the activities planned for 1995/1996 are the establishment of an association for local community councilors, training programs for elected officials to improve the effectiveness of local governance, and public seminars and symposia to increase community participation and donor support for local governance programs.

Guyana Justice Improvement Project

The Project Grant Agreement for the Guyana Justice Improvement Project (504-0109) was signed on September 12, 1994. The University of the West Indies (UWI) will be the prime implementing agency, with assistance from the University of Guyana. A Cooperative Agreement with UWI to implement the project is expected to be signed by the end of June 1995, and UWI will execute a sub-grant with the University of Guyana shortly thereafter.

Although the execution of the Cooperative Agreement with the University of the West Indies will not occur until June, 1995, the following activities have already been carried out:

-- Space has been allocated in the National Assembly Building for a temporary law library pending the rehabilitation of the permanent High Court Library; library shelves have been built with Title III local currency, and law books which were purchased under a regional Justice Improvement Project will be made available to the GOG by the end of May, 1995.

-- The government has increased its local currency contribution for courthouse renovation from US\$140,000 to US\$343,000 and advertisements for contractors to renovate the High Court and the Court of Appeal were placed in newspapers in March 1995. Cost estimates are also being prepared for the renovation of eight magistrate courts.

-- The Chancellor of the Judiciary is having training plans prepared for judges, magistrates and registry personnel. Funding for these training courses will be provided from Title III local currency and US dollars under GJIP.

-- The President of the Bar Association is drafting a proposal to conduct continuing legal education programs under the project.

-- A counterpart UWI Project Manager should be on board by the end of June, 1995.

-- The Government has advertised locally and through its embassies for the services of a court manager.

-- Lastly, the Legal System has been designated a "closed department" by the Cabinet, with the result that, in principle, higher than normal salaries can be paid to legal system personnel.

Performance Summary

USAID is very pleased with the impact of its assistance in area of democratic initiatives. All completed activities were well targeted, objectives were met, and the assistance of the government and private sector has been outstanding. USAID anticipates the same degree of success with other activities that are currently underway, and with the Strengthening Democracy Project later this fiscal year. USAID, NDI, IFES, and the Carter Center have excellent working relationships and contacts, and support from all political parties has been excellent.

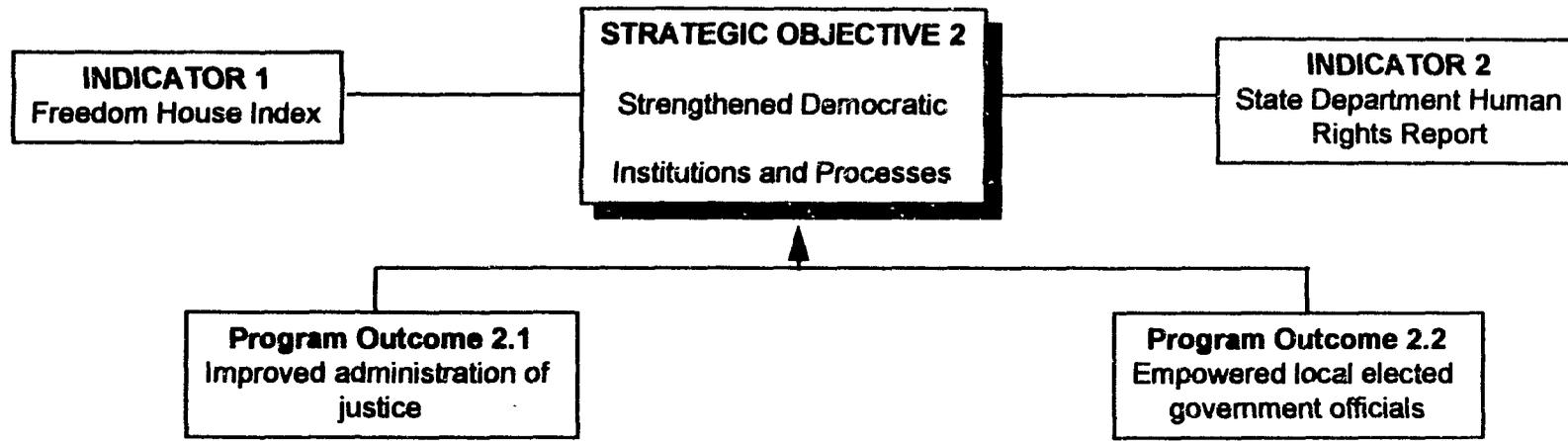
As previously described, the Guyana Justice Improvement Project is off to an excellent start, with activities picking up considerably since the recruitment of a project manager several months ago. The degree of enthusiasm demonstrated by government and non-governmental organizations augurs well for continued success.

Summit of the Americas

The Strengthening Democracy Project, BEEP, and the proposed Commodity Import Program directly support key actions specified by several different principles enunciated in the Summit of the Americas Declaration of Principles. The Strengthening Democracy Program will, for example, stimulate dialogue among social groups and assist national electoral organizations (Principle No. 1), provide programs to inform people of their rights and promote clearer and stronger laws for the protection of minority groups and indigenous people (Principle No. 2), and encourage broader participation in debating public issues (Principle No. 3). The CIP will foster grass roots participation in problem solving (Principle No. 1) through its promotion of water user associations, and an objective of BEEP is to make government operations more open and transparent (Principle No. 5).

USAID/GUYANA

TABLE 1: STRATEGIC OBJECTIVE PROGRAM TREE *



Program Indicators

- 2.1.1 Legal professionals with favorable perception of efficiency of courts
- 2.1.2 Size of backlog of court cases
- 2.1.3 Access to legal library

Project:
504-0109 GJIP

Program Indicators

- 2.2.1 Elected officials at local and regional levels trained in their roles and responsibilities

Projects:
936-5468 Democratic Sector Support
Commodity Import Program
504-0105 Strengthening Democracy

* Additional outcomes and indicators may be added following the design of Project 504-0105, Strengthening Democracy

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE
S02

STRATEGIC OBJECTIVE 2: Performance Indicators

GUYANA				
STRATEGIC OBJECTIVE 2: Strengthened democratic institutions and processes				
Indicator 1: Freedom House rating		Year	Planned	Actual
Unit: Index	Baseline	1994		6
Source: Freedom House		1995	6	
Comments: The Freedom House Index is a recognized and accepted measure of democracy. It correlates highly with other democracy measures. It is published annually and is inexpensive.		1996	6	
		1997	5	
		1998	5	
	Target	1999	5	
Indicator 2: State Department Human Rights rating		Year	Planned	Actual
Unit: Qualitative Rating	Baseline	1994		=
Source: US Department of State		1995	+	
Comments: The State Department Human Rights Report covers a wide range of democracy dimensions including human rights, civil society, and administration of justice. It is a descriptive report but it does compare the present situation with previous years.		1996	+	
		1997	+	
		1998	+	
	Target	1999	+	

**TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE
SO2**

GUYANA				
PROGRAM OUTCOME NO. 2.1: Improved administration of justice				
Indicator 1: Legal professional with favorable perception of efficiency of courts		Year	Planned	Actual
Unit: % favorable	Baseline	1995		
Source: Annual survey of a sample of legal professionals		1996	T.B.D.	
Comments: No survey data on legal professionals' perceptions of the courts are currently available. A survey will have to be designed and conducted for this indicator in 1995.		1997		
		1998		
	Target	1999		
Indicator 2: Size of backlog of court cases		Year	Planned	Actual
Unit: # of cases in backlog	Baseline	1995		
Source: Court Registry records; Court Management Advisor		1996	3,000	
Comments: Reduction of the case backlog is an integral part of the GJIP. The project will also provide baseline data for this indicator.		1997	2,000	
		1998	1,000	
	Target	1999	500	

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE
S02

GUYANA					
PROGRAM OUTCOME NO. 2.1: Improved administration of justice (cont.)					
Indicator 3: Access to law library legal documents		Year	Planned		Actual
Unit: # of requests for legal documents	Baseline	1995			
Source: Library records		1996			
Comments: The legal library will maintain records on requests for legal documents and document search assistance. These records will also provide a baseline for this indicator in next year's Action Plan.		1997			
		1998			
	Target	1999			
PROGRAM OUTCOME NO. 2.2: Empowered local elected government officials					
Indicator 1: Number of elected officials at local and regional levels trained in their roles and responsibilities		Year	Planned		Actual
Unit: Number of trained officials	Baseline	1994			520
Source: Implementing agency training records		1995			
Comments: Gender disaggregated data is currently not available. This data will be included in this chart, once it becomes available.		1996	644		
		1997	700		
	Target	1998	750		

C. Summary of Highlights of Results of Mission Activities

The Mission was not established until 1994, but the Title III program and other earlier activities have had significant impact. For example,

In economic reform, the USAID Economic Stabilization Program (\$4.45 million) assisted the GOG in:

- eliminating major distortions in commodity and factor markets, removing virtually all price controls and consumer subsidies,
- reducing the size of the public sector, decreasing the overall deficit by 80%, and
- re-establishing the government's credit worthiness.

In strengthening democratic institutions, USAID assistance:

- ensured Guyana's first free presidential elections in 1992, and free local and municipal elections in 1994,
- strengthened the Elections Commission, the National Registration Center, and the Electoral Assistance Bureau, and
- provided training to almost half of the over 1,000 newly elected councilors.

In infrastructure development,

- the sea defense program has helped safeguard the homes and farms of 60% of Guyana's population,
- almost 200 miles of market roads have been repaired, and
- over 10,000 people have benefitted from drainage and irrigation activities.

In private sector development,

- the PL 480 program has enable 3,430 firms and individuals to obtain loans for their businesses,
- 1,260 micro-entrepreneurs will receive loans in 1995 alone and,

- ten micro- and small enterprises received technical assistance in improving their businesses.

In human resource development,

- health clinics serving approximately 40,000 individuals have been rehabilitated, and an iron fortification program has been initiated,

- 43 professional staff of the Ministry of Finance have received short-term training, and a training of trainers program for secondary vocational schools has resulted in improved courses for hundreds of students.

In agricultural production, in just one Title III project zone,

- the area cultivated has increased by over 70%, crop yields have increased by 60%, the value of farm production has increased by almost 20%, and a land titling program is ensuring longer-term investment by hundreds of farmers.

SECTION III. - FY 1996-97 PROGRAM PLANS AND RESOURCE REQUIREMENTS

A. STRATEGIC OBJECTIVE 1

COMMODITY IMPORT PROGRAM

The critical issue facing the Mission is the curtailment of the Title III Program in FY 1996. As was clearly demonstrated in the previous sections, the Title III program not only provides needed wheat imports to Guyana, satisfying a dietary requirement of the majority of the population, but the proceeds are used to leverage at least a five-fold amount of funds from other donors, as well as provide the needed counterpart for USAID projects. In 1995, Title III counterpart funds provided an appreciable 8.5% of the overall capital budget of the GOG, and partially financed the major agricultural infrastructure projects of the donors, including sea defenses, drainage and irrigation, rural roads and bridges. The counterpart funds to be generated from the CIP will be used for similar purposes, in addition to providing GOG counterpart contributions to projects funded by USAID (BEEP, GJIP, and Strengthening Democracy) and those of other donors.

The original Title III agreement of 1994 called for three annual tranches of \$6 million worth of imports. In 1995, that level was cut in half to \$3 million and the possibility of continuing the program in FY 96 appears to be zero. The failure of USAID to honor its highly publicized commitment to a three-year program, even at lower levels, has severely undermined the credibility of the USG, jeopardized implementation of other donor projects, and seriously disrupted GOG financial planning and budgeting.

To promote food security and economic development, to conserve GOG foreign exchange for essential imports and debt servicing, and to generate local currency for USAID and other donor projects, USAID proposes that the terminated third year of the Title III Program be substituted with a one-year \$3 million Commodity Import Program. A CIP would enable USAID and the GOG to successfully conclude what would have been the third year of the Title III Program, with full satisfaction of the policy reforms and other conditionality that had been planned under Title III. It should be noted that the government has indicated its full intention to satisfy all conditionality for the second year of the Title III Program, despite the drastically reduced funding. This demonstrated commitment to the Program will flag, however, if USAID does not also demonstrate its commitment through a CIP. Funding

for the CIP at \$3 million is the minimum level commensurate with the local currency requirements to leverage additional resources from other donors, and necessary to achieve our strategic objectives. The CIP would also provide adequate time for the GOG and other donors to adjust their programs to declining USAID assistance. It would also bolster the credibility of the USG and strengthen the influence of USAID in policy dialogue.

Since, under a CIP, the Mission would continue to import a single commodity, wheat, the CIP would not create an administrative burden to the Mission, and the management implications are well within the current Mission staffing capabilities. The Mission is therefore proposing a \$3 million CIP for FY96.

BUILDING EQUITY AND ECONOMIC PARTICIPATION (BEEP)

The BEEP project will be funded at \$800,000 in FY 96 and \$1.5 million in FY97, and will provide a total of 110 person/months of short-term TA over the life of the project. This funding level is the minimum required to maintain project activities, and at this reduced rate of obligations, the project will have to be extended by one year. In 1995, approximately 12 p/m of technical assistance will be provided, 30 p/m in 1996 and about 40 p/m in 1997, with the balance in FY 98.

In the Ministry of Finance, the preliminary work plan calls for instituting a process of policy analysis, promoting the MOF as a center for donor coordination, strengthening the MOF's analytical skills and improving the ministry's capacity for implementation and evaluation. Emphasis will also be given to focusing the ministry's attention on long-term issues rather than concentrating solely on crisis management as at present. A priority activity will be to seek means to raise disbursement rates of multilateral and bilateral donors.

In the Ministry of Trade, Tourism and Industry (MTTI), an assessment of the Ministry will form the basis for future institutional strengthening consultancies. Other consultancies will include trade and investment policy development, planning of a national tourism conference, and the development of a tourism development strategy. Hopefully, the strategy will lead to the integration of the activities of various tourism associations, and to the establishment of a National Tourism Association of Guyana.

Under the project's Private Sector component, technical assistance will be provided for (1) institutionally strengthening several Chambers of Commerce and other private sector

organizations, and the development of a National Chamber of Commerce of Guyana, (2) strengthening the Guyanese Organization of Indigenous People and Amerindian Peoples Association to promote joint ventures/equity participation by Amerindians in tourism investment, (3) facilitating the establishment of a National Women's Umbrella group, and the organization of a National Conference on Women's Economic Development, (4) training in micro-enterprise credit administration, (5) studies of the legal and regulatory environment affecting small and medium enterprises, and, (6) facilitating sub-sectoral analytic studies of wood products, non-traditional agricultural exports, tourism and jewelry making.

B. STRATEGIC OBJECTIVE 2

GUYANA JUSTICE IMPROVEMENT PROJECT

The Guyana Justice Improvement Project will be incrementally funded at \$700,000 for FY 1996 and \$1.2 million in 1997.

A Court Management Advisor will be recruited to streamline the court registry system, and a court manager will be provided by the GOG to serve as a counterpart to the expatriate advisor. The Central Law Library in the High Court will be rehabilitated with Title III local currency already earmarked for that purpose, law books, materials and office equipment will be procured, and the law librarian will receive training.

A Law Revision Commissioner will be appointed to revise outdated laws, and present the revisions for approval by the legislature. This will be a long-term effort, lasting two to three years. Sub-grants will be made to the Bar Association for continuing legal education programs. The Project will provide training for up to 37 magistrates and 10 judges, and assist in the establishment of a court reporting system and a law reporting system.

STRENGTHENING DEMOCRACY

Given the reduced level of available funds, the Mission will not be able to initiate implementation of the Strengthening Democracy Project (504-0105) in FY 95 at the desired level. The design of this project is substantially complete, and the Mission will complete the design and provide initial funding of approximately \$750,000 this fiscal year. The \$750,000 will be comprised of \$150,000 in FY 95 PD&S funds and \$600,000 to be provided through RDO/C deobligations later this fiscal year. This funding, coupled with \$100,000 in FY 95 G Field Support funds and local currency equivalent to approximately \$200,000 generated under the CIP, would allow the initiation of priority activities in preparation for a more comprehensive democracy strengthening program beginning in early FY 97. Since elections are scheduled to be held in October, 1997, it would be essential to receive funding (\$1.5 million) early in the first quarter of FY 97.

Despite the limited funding available for democracy activities in FYs 95 and 96, it will be possible to initiate activities at both the local and national levels. At the local level, the Mission plans to provide training for local councilors, conduct an

NGO/donor/GOG roundtable to coordinate local government assistance, and organize a nationwide government summit to discuss the role of local government, intra-governmental relations and local government advocacy.

At the national level, assistance will be provided, for example, to strengthen the legislative committee system, to conduct an NGO/GOG/donor roundtable to coordinate national level democracy assistance, and an assessment will be carried out, leading to a plan of action for improving the voter registration and identification process. A key activity of USAID in both local and national governance will be to involve other donors in the democracy strengthening sector. In this regard, the IDB has already indicated interest in funding the implementation of the voter registration and identification process, after the assessment and the plan of action are completed.

C. NEW ACTIVITY DESCRIPTION

1. BASIC DATA

ACTIVITY TITLE: Agriculture Sector Reform Commodity Import Program
ACTIVITY NUMBER: 504-0110
ESTIMATED TERM: FY 1996
FUNDING SOURCE: DA
FUNDING LEVEL: \$3,000,000

2. STRATEGIC FIT WITH AGENCY/BUREAU GOALS

This activity seeks to raise the incomes of one of the poorest segments of the Guyanese population, the rural poor. The program is fully consistent with the Agency's emphasis on the poor and disadvantaged and directly supports the Agency's goal of sustainable economic growth with equity. In the same way, the activity is directly linked to the LAC Bureau's strategy of advancing broad-based economic growth. The participation of small farmers in the decision-making process associated with planning and implementing the operation and maintenance of the drainage and irrigation infrastructure will also encourage the development of local governance and democracy in Guyana. This aspect of the activity is in line with the Agency's goal of promoting democracy and the LAC Bureau's objective of supporting the evolution of stable, democratic societies.

3. CONSISTENCY WITH MISSION STRATEGY

GOAL: The goal of the Agriculture Sector Reform Commodity Import Program is to increase efficiency and production in the agriculture sector. Preliminary verifiable indicators include:

- increases in agricultural production on irrigated lands,
- increases in the level of agricultural exports.

The activity directly advances both of the Mission's Strategic Objectives (SOs), No. 1: Expanded economic opportunity for the urban and rural poor, and No. 2: Strengthened democratic institutions and processes. The activity supports three program outcomes under SO 1: No. 1.1. Increased capacity to implement economic policy for growth and equity, No. 1.3. Improved economic infrastructure, and No. 1.4. Increased services available to support small and micro-enterprises, and one program outcome under

SO 2: No. 2.2. Empowered local elected government officials.

PURPOSE: The purpose of the activity is to raise farmers' incomes through increased production. Outputs are expected to include:

- more efficient management of the drainage and irrigation system, and
- sustainability of the drainage and irrigation system through increased cost recovery.

4. ACTIVITY DESCRIPTION

TYPE OF INTERVENTION: The Agriculture Sector Reform Commodity Import Program provides non-project assistance to the Government of Guyana (GOG) through a CIP mechanism to bring about policy reform in the operation and maintenance of the drainage and irrigation system. Commodity imports will consist entirely of wheat and will be sold to the local U.S.-owned flour mill. The local currency generated under the CIP will support the government's agricultural infrastructure rehabilitation program and provide GOG counterpart support to USAID's development assistance projects.

EXPECTED RESULTS: The proposed non-project assistance is the logical conclusion to activities initiated under the now canceled P.L. 480 Title III Program. The major result of the activity will be to ensure the long-term sustainability of the drainage and irrigation system which serves 95 percent of the farmland currently in production.

Almost all of Guyana's agriculture and population are located on a narrow 10-mile-wide strip of land bordering the Atlantic Ocean. This area lies below sea level at high tide and is protected by a 350 kilometer sea defense system to prevent flooding. The agricultural land is served by a drainage and irrigation system which prevents salt water incursion at high tide, allows run-off of excess fresh water and permits the irrigation of over 200,000 acres of prime farmland. During the 1970s and 1980s, the drainage and irrigation system was allowed to deteriorate to such an extent that almost half the land under cultivation was taken out of production. The GOG, with donor support (including the Title III Program), is committed to rehabilitating this important agricultural infrastructure. Reforms made under the proposed activity will ensure that a cost recovery program is put in place that will permit the future operation and maintenance of the drainage and irrigation system on a sustainable basis.

Additional beneficial impacts will result from the use of local currency generated from the sale of the wheat. Among the uses envisioned for these funds are:

<u>ACTIVITY:</u>	<u>ESTIMATED FUNDING LEVEL:</u>
• GOG capital infrastructure rehabilitation program, including D&I, sea defenses, and land tenure activities	\$2,000,000
• GOG contribution to USAID projects	\$1,000,000

POLICY AGENDA: For the three decades from independence until the 1992 elections, Guyana was run by a regime which controlled almost all economic and social activities. Thus, the state attempted, but failed, to maintain the drainage and irrigation system as the economy deteriorated. The reforms under this activity will put increased responsibility on local governments, irrigation user associations and farmers themselves to pay costs and collect fees for drainage and irrigation services, thereby helping to ensure that the systems are maintained and continue to operate efficiently. Under the reform agenda,

the GOG will enact legislation by ministerial order putting in place a comprehensive policy on cost recovery for the operation and maintenance of the drainage and irrigation system.

This policy reform will include a delegation of authority to the various agencies, government entities and groups involved with drainage and irrigation, allowing them to set and collect fees, assume management responsibilities for operation, and maintain and monitor the system. This reform is the culmination of the P.L. 480 Title III reform agenda and was planned to be undertaken during the third year of that program.

RELATIONSHIP TO OTHER USAID PROJECTS: The proposed program fits well with USAID's two existing projects in Guyana -- Building Equity and Economic Participation (BEEP) and Guyana Justice Improvement (GJIP)-- as well as with the democracy strengthening activity now being developed. The cost recovery element of the program supports the economic growth that BEEP fosters, while the anticipated active role of users' associations and regional and

local government in the management of the drainage and irrigation system and the collection of fees supports the democratic thrust of GJIP and the new democracy activity.

HOST COUNTRY PRIORITIES: Guyana's democratically elected government is committed to the rehabilitation of the agricultural sector, which accounts for over 35 percent of GDP and provides employment to over half of the population. The GOG expects the sector to play a leading role in its poverty alleviation strategy by providing employment, income and adequate and affordable supplies of food. Given the country's serious fiscal constraints and huge debts, the government recognizes that services such as drainage and irrigation must provide for a higher degree of cost recovery and allow greater private sector involvement.

OTHER DONOR ACTIVITIES: The European Community, the Inter-American Development Bank (IDB), the World Bank and the Caribbean Development Bank either currently have, or will shortly fund, projects for major rehabilitation/reconstruction of sections of the sea defenses. The International Fund for Agricultural Development is currently working on the rehabilitation of the drainage and irrigation system, and the IDB plans to undertake similar activities. Under the P.L. 480 Title III Program, there has been close coordination of activities and program conditionalities among donors in the area of water management. This strong donor complementarity and coordination is expected to continue under the proposed Agriculture Sector Reform CIP.

5. POLICY AND DESIGN CONSIDERATIONS

POLICY ISSUES: Since the start of the P.L. 480 Title III Program in FY 1994, the GOG has demonstrated a growing awareness, in managing the drainage and irrigation system, of the need to clearly define responsibilities between regional/local and central authorities and to include local stakeholders (farmers) in decision-making and operations. The government now seems ready to put in place a comprehensive policy on cost recovery for water management, but it will take considerable political will on the part of the GOG to bring about the needed changes. The two most important policy considerations are:

1. GOG willingness to implement institutional reforms: Low salaries and a weak and unskilled civil service are key problems affecting the efficiency of the public service. The government has at various times announced its aim of granting semi-autonomy to some government agencies, permitting them to retain agency revenues that would, in turn, allow them to raise staff salaries and upgrade

skills. To date, however, the government has not put these intentions into practice.

2. **Summoning up the political will to implement cost recovery for drainage and irrigation:** A key factor in the long-term sustainability of the drainage and irrigation system is the introduction of cost recovery. Current fees are ridiculously low, and collection rates are a meager 20 percent. To be effective, cost recovery will require a willingness on the part of the government to levy heavy sanctions for non-compliance. These sanctions might have to include the loss of irrigation privileges, a step that might not be politically acceptable to the government. Alternative collection mechanisms need to be considered and evaluated.

DESIGN AND ANALYTICAL WORK: The Mission has already had extensive contacts with USAID/W GC and M/OP/COM concerning the proposed CIP. GC has advised that it is possible to use DA to fund the importation of wheat under the program, and M/OP/COM has furnished practical advice on setting up a CIP program. Both offices have offered their full assistance in the development of the PAAD. The design work will be handled within the Mission, by the Agriculture Sector Policy Adviser in Guyana and the Project Development Officer in Barbados. No additional analytical work will be required. The agricultural sector was examined in depth in preparation for the start of the P.L. 480 Title III Program, and appropriate sections of those findings will be incorporated into the PAAD. Similarly, the justification for the importation of wheat has already been fully developed and will be included in the new documentation.

MANAGEMENT AND SUPPORT REQUIREMENTS: The USDH General Development Officer (GDO) based in Georgetown will have overall responsibility for implementing the program. The GDO will be assisted by the USPSC Agriculture Sector Policy Adviser, who will be in charge of the day-to-day management of the activity. Both the GDO and the Policy Adviser are already in Guyana, so the program will not require any additional personnel or increased OE expenses. The Mission has considerable knowledge about implementing this type of activity from its extensive experience with the P.L. 480 Title III Program. Good lines of communication are already in place with the Ministry of Agriculture, and the dialogue on agriculture sector reform is well advanced. With regard to the wheat that will be imported as the CIP commodity, the Mission, through the Title III Program, has had a great deal of practice in bringing grain into Guyana and monitoring local currency generations. The Mission will consult, as necessary, with M/OP/COM, which is USAID's repository of experience and knowledge about CIPs.

KEY STAKEHOLDERS AND BENEFICIARIES: The key stakeholders and beneficiaries are the government officials managing the drainage and irrigation system and the farmers. Both groups stand to gain from the program. Many of the water systems suffer from serious neglect of maintenance and urgently need rehabilitation. The cost recovery program to be put in place will generate the revenues needed to keep the drainage and irrigation system operating on a sustainable basis, assuring farmers that their water needs will be met in a timely fashion. While farmers will have to pay more under the new system, the returns from increased production will far outstrip the additional cost. Farmers will also have a voice in the operation of the system for the first time as their opinions and advice will be sought and considered in making management decisions. Government officials will benefit from having a clearer definition of their roles and responsibilities, thus facilitating better job performance, and they should receive higher salaries if drainage and irrigation is made a semi-autonomous unit within the government. The views and opinions of both farmers and government officials will be sought during PAAD design and will be incorporated into program development.

TIMETABLE FOR PAAD DESIGN: The Mission requests approval of the NAD when the Guyana Action Plan is reviewed by USAID/W in early June 1995. Following approval, the Mission will begin PAAD design immediately, with the PAAD completion date targeted for August 1, 1995.

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

USAID/GUYANA
TABLE 1: STRATEGIC OBJECTIVE PROGRAM TREE

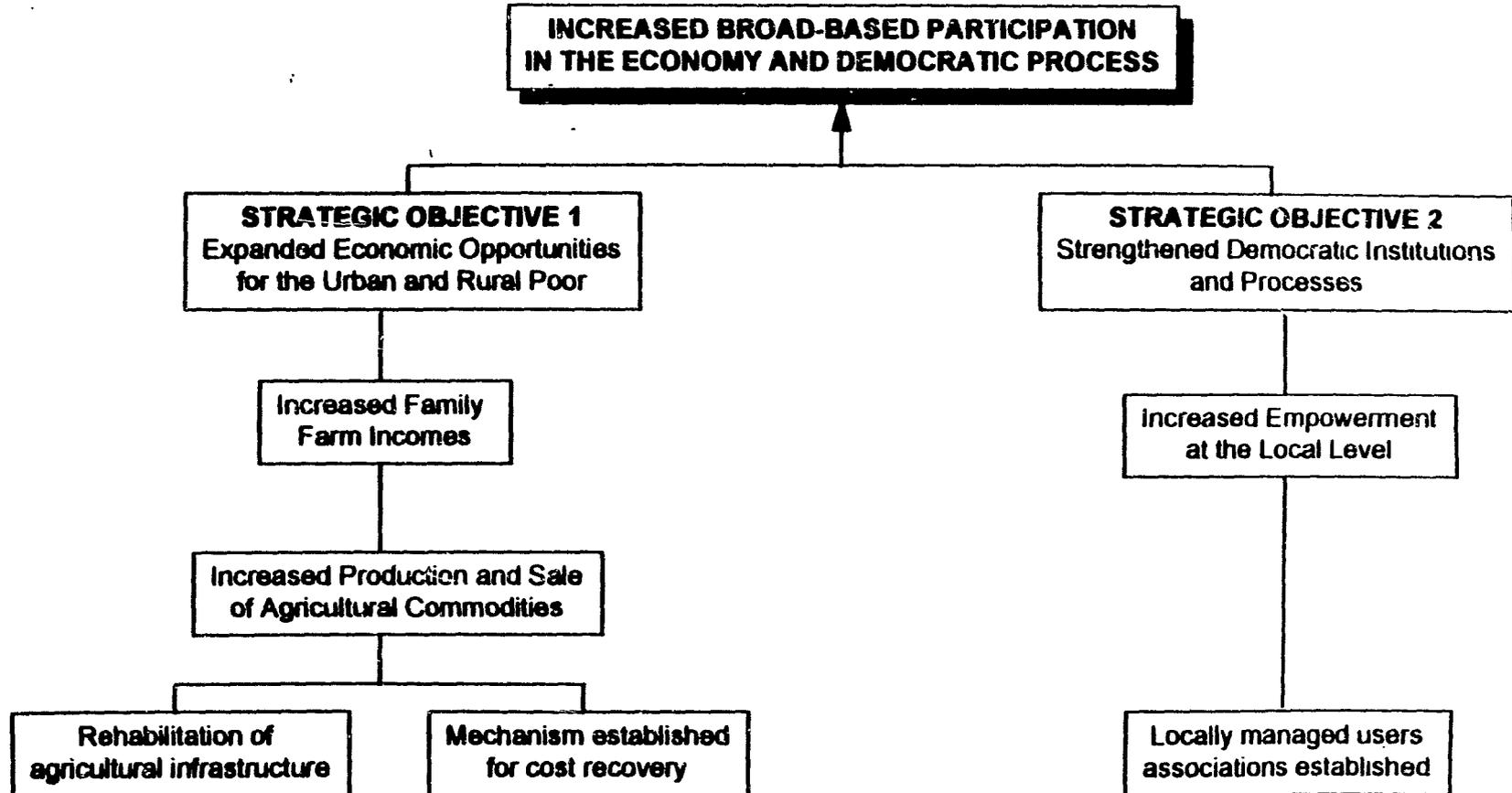


TABLE 3
USAID/GUYANA SUMMARY PROGRAM FUNDING TABLE
Dollar Program (\$000)

Funding Category	FY95 Estimated	FY96 Requested	FY97 Requested
Development Assistance			
Mission Strategic Objective #1			
504-0104 Ag. Sector Reform	0	0	0
504-0107 BEEP	841	800	1,500
598-xxxx LAC TECH II	18	0	0
926-0071 Tng.evaluation Support Services	7	0	0
CIP	0	3,000	0
Subtotal	866	3,800	1,500
Mission Strategic Objective #2			
504-0000 PDS	200	0	300
504-0109 GJIP	0	700	1,200
504-0105 Stg. Demo.	600*	0	1,500
926-0071 Tng.evaluation Support Services	8	0	0
936-5468 Dem. Sect. Sup't	100	0	0
Subtotal	908**	700	3,000
TOTAL DA	1,774**	4,500	4,500
PL 480 TITLE II	707	707	707
PL 480 TITLE III	3,000	0	0
PROGRAM TOTAL	5,481**	5,207	5,207

* Funds to be provided through RDO/C deobligations

** Includes \$600 in RDO/C deobligations

BUDGET TABLE ANNEX
ALTERNATIVE FUNDING LEVELS

SO #1	FY 1996 CONTROLS	FY 1997 100%	FY 1997 85%	FY 1997 75%	FY 1997 105%
BEEP	800	1,500	1,500	1,400	1,590
CIP	3,000	0	0	0	0
SUBTOTAL	3,800	1,500	1,500	1,400	1,590
S.O. #2					
St. Demo	0	1,500	1,100	800	1,575
PD&S	0	300	125	75	300
GJIP	700	1,200	1,100	1,100	1,260
SUBTOTAL	700	3,000	2,325	1,975	3,135
MISSION TOTAL	4,500	4,500	3,825	3,375	4,725

G. Other Donors

As previously described by other sections of this Action Plan, the Title III Program is highly complementary to other donor projects, and donor coordination is particularly close. The FY 95 Title III program will provide counterpart funding for up to \$21 million of other donor projects in sea defenses (EC, IDB, CDB, and IDA), drainage and irrigation (IFAD), and roads and rural water supply (IDA). It is anticipated that the proposed Commodity Import Program for FY 96 will provide counterpart funding for donor projects estimated at \$12 million.

BEEP was designed in full consultation with other donors to ensure program complementarity. Assistance to be provided by USAID will support, and be reinforced by, several other programs funded by other donors. These include: micro- and small business development assistance provided by CIDA (\$1.2 million); EEC loan/credit assistance for micro-entrepreneurs (\$500,000) and support for a central private sector coordinating body (\$2,000,000), and an IBRD/ODA public administration project (\$15,000,000).

Assistance by other donors in the judicial sector is at present minimal. The Guyana Justice Improvement Project will be an excellent start in improving the efficiency and effectiveness of the judicial system, but other donor support will be required due to the magnitude of the problem. The project's primary implementing entity, the University of the West Indies, has embraced USAID's suggestion that regular meetings be held with other donors to brief them on activities, progress, and outstanding needs. The likelihood of other donor support now appears to be excellent.

USAID has been the unquestioned leader in the provision of technical assistance, training, and commodities to support the democratic process. UNDP provided considerable assistance for the 1992 and 1994 elections, and while its plans for the future are not yet developed, there is a clear interest in collaborating with USAID in this sector. The IDB has also indicated serious interest in funding a program to improve the electoral registration system once an assessment and a plan of action is completed by IFES (funding is to be provided by USAID). IDB has also reviewed the USAID technical analyses for strengthening democracy, and it has indicated a strong desire to collaborate with USAID on a variety of activities. To garner other donor support, USAID will sponsor roundtable discussions in FY 95 to discuss current and planned programs to strengthen the democratic process at the national and

local levels. It is anticipated that these roundtables will heighten the awareness of other donors and result in increased donor assistance in this sector.

H. Re-Engineering/Managing for Results

As described below, USAID/GUYANA is applying the principles described in the Policy Directive of 11/18/94.

1. The projects which are currently under implementation comply with the precepts of re-engineering, and significant achievements can be noted in maximizing the impact of scarce development resources by seeking a commitment of all development partners, in the public and private sectors, to USAID- financed efforts. Although implementation of BEEP has just begun, other donors have already indicated clear interest in sharing the costs of certain activities. This successful start indicates that the project will continue to leverage additional resources from other donors. This principle also applies to the Title III Program, which, through the application of counterpart local currency has leveraged over five-fold the amount of resources in 1995, i.e., the \$3 million Title III Program was instrumental in releasing \$16 million in multilateral projects. At our suggestion, the University of the West Indies, the primary implementing entity for the Justice program, will convene regular meetings with other donors and international bodies to discuss progress and needs under the Guyana Justice Improvement Project. This effort should promote the interest of other donors, and the identification of additional resources for project activities. A similar process will also be used in the democracy sector. Roundtable discussions will be conducted to coordinate national and local level governance assistance, and to identify outstanding needs.

2. USAID/GUYANA is operating at a "bare-bones" level, with only two USDH at present, thus minimizing management costs. The U.S. staff is assisted by able local nationals, a TCN and a U.S.PSC.

3. USAID/GUYANA is managing for results. The projects which the Mission has started have clear performance targets, and will have specific baselines as early analyses are carried out for those indicators which presently do not have them. Means for measuring progress toward achieving these objectives are built in the design of the activities, thus assuring timely and adequate reporting.

IV. FY 1996-97 Program Management Requirements

A. Staff Projections

The Mission recognizes the Agency's severe personnel and budget constraints, and the need to keep proposed staffing commensurate with program size. We also recognize that the Agency is still going through "right sizing" and "re-engineering", and the results will have a bearing on the staff levels needed to manage a field program. Nevertheless, a minimum critical mass of staff is needed to adequately manage a participatory development program for measurable results. We believe that the staff requirements for USAID/Guyana satisfy the criteria of a critical mass, and remain the same as proposed and approved in last year's FY 95-96 Action Plan.

The Mission acknowledges that budget constraints will continue to severely limit the Mission's size, and that it must continue to depend on support from USAID/Dominican Republic for such functions as financial management and procurement/contract management. Additionally, we will need to expand USAID/Dominican Republic's support to include program/project design and economic analysis in view of USAID/Guyana's staffing constraints and RDO/C's declining ability to continue backstopping in these two areas as it phases down.

USAID/Guyana has two approved USDH positions (a Director and a GDO) and they are currently filled. The USAID Director is responsible for overall direction and coordination with the host government, donors and private sector, and the General Development Officer is responsible for implementation of the development portfolio.

Of the four PSC program-funded project manager positions approved in last year's action plan, three have been filled. The remaining project manager position will be filled as the Strengthening Democracy Project comes fully on stream. These project managers will assist the GDO to implement and monitor the PL-480 Title III/Commodity Import Program and DA funded activities supporting the strategic objectives. These activities include the Guyana Justice Improvement, Building Equity and Economic Participation and Strengthening Democracy projects.

The five OE-funded FSN positions approved last year will provide all other necessary support, including administrative and clerical services, information systems management, general financial management, and procurement. Three of the five have

already been filled - Secretary to the Director, Secretary to the GDO and a driver. Of the remaining two positions, the systems manager/accountant will be on board shortly, and the procurement/administrative position has been deferred until FY 1996 when we intend to recruit from RDO/C.

USAID/Guyana will attempt to recruit locally for the remaining PSC program funded project manager. However, Guyana's human resources are extremely limited due to the heavy emigration of people with marketable technical and professional skills during the last 20 years. With the country now on a more promising economic path, there is great demand for the few people with necessary skills and the Mission may find it necessary to fill this key staff position with a US or third country national.

B. Operating Expense Projections

The FY 1995 budget reflects the costs associated with the Mission Director's transfer to post and subsequent departure, renovations and maintenance (make-ready) costs for both the Director's residence and new office facility, and transportation costs to transfer office and residential furniture and equipment from Barbados to Guyana. Transportation costs appear under NXP procurement, with the latter two expenses being one time costs.

The FY 1996 budget reflects a dramatic decrease in housing costs due to USAID/Guyana no longer paying support costs (housing) for one USDH assigned to Barbados. The increase in NXP costs reflects upgrading of our ADP equipment in order to function effectively in the new USAID re-engineered environment, beginning October 1, 1995.

The FY 1997 budget reflects a decrease in USDH costs as only one USDH will be at post. It is anticipated that the Mission's OE needs will go down in most function codes and only inflationary type costs are projected in the others.

C. Trust Fund

The OE Trust Fund portion of the OE budget remain at \$45,900 through the Action Plan period.

**TABLE 4
USAID/GUYANA
OE Funding Requirements(\$000)**

OE/TRUST FUNDED LEVELS By Major Function Code:	FY 95	FY 96	FY 97
U100 U.S. Direct Hire	36.6	9.6	19.3
U200 F.N. Direct Hire	--	--	--
U300 Contract Personnel	41.7	41.7	45.7
U400 Housing	89.8	22.2	25.1
U500 Office Operations	258.3	201.3	215.7
U600 NXP Procurement	23.3	25.0	15.0
Total Mission Funded OE/TF Costs	* 449.7	** 299.8	** 320.8
Of which TF Funded	45.9	45.9	45.9

*Must not exceed Approved Annual Plan.

** Should not exceed estimated actual FY95 levels.

Mission Staffing Requirements															
	FY95					FY96					FY97				
	USDH*	USPSC**	TCNPSC**	FSN	Other	USDH*	USPSC**	TCNPSC**	FSN	Other	USDH*	USPSC**	TCNPSC**	FSN	Other
Total Authorized Positions	2	1	1	7		2	1	1	7		1	1	1	7	
of which Program funded		1	1	2			1	1	2			1	1	2	

* May not exceed authorized USDH position ceiling

**Must agree with Bureau established PSC ceilings for FY95. Any increases requested for FY 96\97 must be specifically justified within the context of planned program activity.

SECTION V. MISSION-INITIATED ISSUES

A. LEVEL OF FUNDING

The most critical issue facing the Mission is the tenuous level of funding allotted to the USAID program in Guyana. The continued cutbacks have already seriously undermined our credibility with the GOG and other donors. Not only have their programs been disrupted, USAID is increasingly unable to undertake activities responding to the niches identified in the FY 1994-1998 Program Objectives Document.

The Title III Program is a case in point. In January, 1994, an \$18 million agreement was signed with the GOG for a three-year, \$6 million annual program. By the following January, funding for the second year was cut by 50% and the program's third year was totally eliminated. The President of Guyana was astounded that the USG could take such action when the program had been so successfully implemented. Another example is the Strengthening Democracy Project. The design of this project engendered a great deal of excitement and enthusiasm in both the public and private sectors because of the common realization that democratic governance in Guyana is so fragile. Due to budget cuts, USAID will only be able to initiate a limited program this year and in FY 96.

At current funding levels, the program is not sustainable if another rescission were to be imposed. We recommend that countries receiving minimum levels of assistance be exempted from the rescission process. A certain critical mass is essential to sustain development and have an impact on the economic development of the assisted country. For USAID/Guyana, this level is no less than \$4.5 million annually for FY 96 and 97. USAID cannot effectively be of assistance to Guyana unless these funding levels are provided.

The Action Plan explains and emphasizes the importance Title III has on the whole program, and makes a strong case for substituting a Commodity Import Program in the absence of further Title III funds. The Mission needs a firm commitment by USAID/W that a CIP will be approved for FY 96. The Mission also needs a firm commitment that \$600,000 to be deobligated by RDO/C will be made available for the Strengthening Democracy Project.

B. STAFFING

If there is a commitment to a USAID program for Guyana, then the USAID needs a minimum staff to handle the workload. Given the work requirements, one USDH is not sufficient to run the Mission in FY97. An ideal solution would be the assignment of a second USDH, a Program or PDO, to fill out the needs of the Mission. If the assignment of a second USDH is not within the realm of possibilities, then USAID requires sufficient O.E. funds to cover the expenses of a long-term USPSC, or, as a third choice, intermittent TDY visits to cover specific programming or project assignments.

We wish to remind the Bureau that we need continuing support from USAID/Dominican Republic for controller operations, contracting and computer system support.

C. SUPPORT FROM THE BUREAU

Support for the Guyana Program on the part of the Bureau has been less than desired because of other heavy priorities, mainly Haiti. Hopefully, the new LAC/CAR Office Director will be able to devote more time and provide greater backstopping to other Caribbean countries.

What are the plans for Senior Caribbean backstopping of other Caribbean programs if Haiti continues to consume the bulk of time and attention of LAC/CAR?

SECTION VI. SPECIAL REPORTING REQUIREMENTS.

A. FOOD SECURITY

1. How does the PL480 Program address the food security issue?

a. Through use of counterpart funds:

80% of FY95 Title III funds are earmarked for rehabilitation of rural infrastructure: sea defenses (33%), drainage and irrigation (D&I) of agricultural lands (24%), transport infrastructure (19%). In addition, other funds are being used to help farmers obtain long-term leases or freehold ownership of their farm land and to rehabilitate rural water supply systems. All are aimed at facilitating the recovery of the agricultural sector which will result in:

- * Decrease in sea defense breaches which can result in millions of dollars in damages to crops, livestock, homes and other infrastructure.
- * Increased area cultivated due to improved drainage and irrigation (D&I), hence increased food production.
- * Increased yields due to improved D&I and easier access to inputs through improved transportation, resulting in increased food production.
- * Increased farmer income permitting purchase of more food.
- * Increased export earnings permitting importation of necessary capital goods leading to additional growth.
- * Decreased costs of production due to improved transportation, hence more competitive, more farmer income, and cheaper food.
- * Improved land tenure security resulting in capital improvements to the land, therefore more production, etc.

b. Through Program Conditionality:

- * Iron fortification of flour to improve health.
- * Improved nutrition surveillance system.

* Revised tariff structure, especially for basic food products (hence less expensive food).

* Reduction in consumption tax on food products.

* Reduction in tariffs and taxes on selected primary agricultural products.

2. Progress in improving food security

* Breaches in the sea defense system have fallen from over 40/year in 1990-1991 to 4-5/year today.

* Title III experience has shown that family farm incomes can be increased by as much as 20% with improved drainage and irrigation.

* Over 150 miles of farm to market and access roads were repaired in 1994.

* 1500 small farmers have or will shortly obtain secure title or long-term leases to their homestead or farms.

* Flour has been iron fortified since 1993; baseline study has been completed on iron deficiency anemia; a post-fortification survey is scheduled for FY95.

* Policy conditionality on tax and tariff schedules is on schedule. Consumption tax on basic food items is now zero.

ANNEX A

CHANGES IN STRATEGIC PLAN/PERFORMANCE

MEASUREMENT SYSTEM

I INTRODUCTION

This annex describes the results of technical assistance provided to the USAID Mission to Guyana during the period February 6 to 17, 1995. A PRISM team with joint USAID and Management Systems International (MSI) participation visited Guyana to assist the Mission in refining and extending the work on the Mission strategy begun by a previous PRISM team in 1994. Specifically, the team was asked to help refine performance indicators as appropriate, and to help in establishing baseline measurements and performance targets.

II MISSION PROGRAM

A. Preexisting Mission Strategy

Following is an outline of the Mission strategy as originally designed and set forth in the Program Objectives Document of May 23, 1994:

Mission Program Goal: Increased broad-based participation in the economy and democratic process

Strategic Objective 1: Increased economic opportunities for the urban and rural poor

Program Outcome 1.1: Increased capacity to implement economic policies for growth with equity

Program Outcome 1.2: Broadened participation in dialogue between the public and private sectors

Program Outcome 1.3: Improved economic infrastructure

Program Outcome 1.4: Increased services available to support micro, small and non-traditional enterprises

Strategic Objective 2: Strengthened democratic and legal institutions and processes

Program Outcome 2.1: Engaged civil society

Program Outcome 2.2: More responsive government

B. Changes to the Strategy

This section provides the rationale for the changes made to the preexisting strategy.

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1. S.O. 1

P.L. 480 Title III local currency proceeds are largely attributed to sea defense, irrigation and drainage, and road maintenance portions of the GOG budget, thereby providing the entire Mission support of P.O. 1.3. The team suggested that P.O. 1.3 be dropped on the ground that the P.L. 480 Title III Program is scheduled for termination after FY 95. The Mission elected to retain P.O. 1.3 in the expectation that P.L 480 Title III will be succeeded by a CIP program in FY 96.

The basis for including non-traditional enterprises among the universe of firms to be targeted for increased services under P.O. 1.4 was reconsidered. In the absence of any evidence that this group as a whole is relatively poor or disadvantaged, it was agreed they should be dropped from the Outcome wording. P.O. 1.4 was accordingly reworded as, "Increased services available to small and microenterprises."

2. S.O. 2

Guyana's current democracy initiative is supported by two projects and PD&S funds. The recently started Guyana Justice Improvement Project (GJIP) focuses on improving the administration of justice. A second project, Strengthening Democracy, not yet fully developed, is planned to assist the formation and activity of civil society groups and to bring about a more responsive government. Lack of sufficient funds to carry out the project will postpone the full implementation of this activity in FY 95 and 96. As a result, the Mission has revised P.O. 2.2, consistent with current, limited funding levels, to "Empower local elected government officials" through activities to be funded jointly with the G Bureau which would : (a) train local and municipal level officials to promote better management, accountability and transparency; (b) provide T.A. to improve the legislative committee system; and (c) provide fora and T.A. leading to the establishment of a national organization of local elected officials.

The Mission is retaining the original SO since it accurately reflects the Mission's overall democracy strategy. The SO will be supported by two POs that are consistent with the expected funding levels, within the Mission's manageable interest, and not subject to significant legal or constitutional constraints.

Revised POs:

P.O. 2.1: Improved administration of justice

P.O. 2.2: Empowered local elected government officials

The Mission's most important ongoing democracy activity is improving the administration of justice through its Guyana Justice Improvement Project (GJIP). This focus is not apparent from the original Program Outcomes, although it does appear under performance indicators.

In spite of the current problems of the judiciary, it has the potential to be fully and independently functioning fairly rapidly. With regard to strengthening this political actor, USAID should be able to count on reinforcement from current and possible future constitutional provisions for the judiciary and from the profession's norms. The legal profession is famous for internalized, international norms: judges are continuously and informally evaluated not only by their colleagues and national lawyers on the other side of the bench, but at international legal conferences. Good judges are recognized, so are inept and corrupt ones. The judiciary in Guyana has most of the constitutional guarantees of independence it needs. If the problems of case management, plant, libraries and salary structure can be solved, peer pressure will start to operate and some judges at least will carry out the role of the judiciary in a democracy.

The last recommendation was to change the original P.O. 2.2: "More responsive government" to "Empowered local elected government officials." The team recommended this change for several reasons. First, it appeared to be more realistic to focus on local governments. They are closer to the people and, while still under strong influence from the central government, are showing a modicum of independence. Second, it appears that USAID/Guyana has a better opportunity to achieve its objective at this level of government. Third, the training efforts already carried out by NDI for newly elected local councilors appear to have been well conducted and perceived as useful by the recipients; continuing to work with local officials builds on this successful beginning. Finally, a previous report by Thunder Associates also recommended this approach.

It should be stressed that representative local government has been revived with the elections last November, and there are systems in place that have been semi-defunct for years and few people know how they work. USAID's activities will start from ground zero and focus on training.

The revised strategic framework for USAID/Guyana is shown in the body of the Action Plan.

III PERFORMANCE INDICATORS

The revised Performance Indicators appear in the Strategic Performance Tables in this Action Plan. This section provides the

rationale for recommended changes to the current indicators, and comments with regard to the selection and use of the revised indicators.

S.O. 1: Expanded economic opportunities for the urban and rural poor

Current Indicators:

1. Private sector employment (formal sector)
Unit: Percent increase
2. More equitable income distribution
Unit: Percent of population in lowest income quintile
3. Access to credit
Unit: (A) \$ lent; (B) Number of loans

Comments:

1. It was not certain that increased private sector employment could qualify as an indicator of "Expanded economic opportunities for the urban and rural poor". It is still less likely that increased private sector employment could be attributed to USAID activities rather than, say, government policies or an upturn in the economic cycle. In any case, there appears to be no regular primary and ongoing measure of employment that could serve this purpose.
2. Since the percent of the population in the lowest quintile is, by definition, 20, it is hard to know what is meant here. The accompanying "Comment" states, incorrectly, that the lowest income quintile "includes households with monthly income below G\$10,000." The lowest income range shown is the < G\$10,000 level, but this is not a quintile, and because of high level inflation no fixed income level can legitimately be used as a benchmark from which to measure future progress. The standard measure used for these purposes is the percent of total income (or consumption) accounted for by the lowest 10, 20, or 40 percent of the population. Such data are available from the raw data collected by the Bureau of Statistics for its 1992-93 Household Expenditure Survey. We recommend focusing on the lowest 40 percent of the population, and to consider consumption rather than income, for these purposes. Data sources and additional comments are provided in the S.O. Performance tables.
3. "Access to credit" is not an indicator of "Expanded . . . opportunities for the urban and rural poor" absent a showing that a share of the increase is made available to the poorest groups. Nor is such data available from the primary sources.

Partial data on lending to microenterprise is available, and appears as the source for a proxy indicator for P.O. 1.4, "Increased services available to support small and micro enterprises."

Proposed Indicators for S.O. 1:

The team recommended replacing all three current Indicators with one new one. The proposed Indicator is:

1. Share of consumer expenditures accounted for by the poorest 40 percent of the population

Further comment: The possibility that the Bureau of Statistics will not repeat its Household Survey within the next few years was considered. Although there appears to be no suitable replacement indicator for S.O. 1 at this time, the Bureau of Statistics should be urged to develop employment/unemployment data as soon as possible. Employment/unemployment data covering Georgetown would be especially useful, and should be adapted for use as an indicator when available.

Program Outcome 1.1: Increased capacity to implement economic policy for growth with equity

Current Indicators:

1. MOF/MITI strategic management process used to develop annual policy implementation action plans
Unit: Benchmarks (TBD)

2. Policy measures implemented
Unit: (A) Percent of policies (weighted index); (B) Increase in disbursement of donor funds (linked to policy) as percent of pipeline

Comments:

1. This is acceptable as a one-time Indicator of increased capacity. No such process exists at the present time. The Project team will help to install the process, and will be able to verify its existence and use when it occurs.

2. The idea of a weighted index of key policy reforms is too contrived, begs too many questions, and would be too demanding of Mission/BEEP team time to merit consideration as the basis for an Indicator of progress in developing a strategic management process. Because donor funds are being held up pending a better management process, a faster flow of funds would serve as the basis for an Indicator of such

progress. We understand, however, that other factors bear on the rate of funds release, including the donors' own management problems, and that these may indeed be the more important factors. The relationship between GOG management performance and the rate of funds release would have to be clearly established for this to serve as the basis for an Indicator of progress in this area.

Proposed Indicators:

The first of the current indicators has been retained, the second one dropped. The proposed Indicator for P.O. 1.1 is:

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

Program Outcome 1.2: Broadened participation in dialogue between the public and private sectors

Current Indicators:

1. NGOs/PVOs hold fora with government to present policy positions

Unit: Number of events

2. Expanded and strengthened NGOs/PVOs serving small, micro and non-traditional enterprises and other disadvantaged groups

Comments:

1. This Indicator is basically sound, though the term NGOs/PSOs (for private sector organizations) should be used. The BEEP Project team will be able to monitor and report on such fora.

2. This Indicator seems to be misplaced. We recommend its inclusion in slightly altered form under P.O. 1.4, where it would seem to belong.

Proposed Indicator:

1. Number of fora held for presentations of NGO/PSO policy positions to government

Program Outcome 1.3: Improved economic infrastructure

Current Indicators:

1. Titles and leases available

Unit: Number of land deeds registered

2. Improved rehabilitation and maintenance of sea defenses, drainage and irrigation systems
Unit: Donor resources for infrastructure released

Comments:

1. The rationale for this Indicator was that an improvement in the land titling system, reflected in an accelerated registration of land deeds, would lead to increased private investment in agriculture, which in turn could be equated to improved infrastructure. The relationship between the land registration process, increased investment and improved infrastructure is unproven and too indirect for land deeds to serve as an Indicator in this area.

2. The rationale for this indicator and its unit of measure is that an increased flow of donor resources would reflect better compliance with donor conditionality, and, therefore, increased investment. As with Indicator 1, the relationship between donor funds released and infrastructure development is too indirect and unproven for the former to be used as an indicator of the latter.

Proposed Indicators:

Both of the current Indicators are replaced with two new ones.

1. GOG expenditures on sea defense

P.L. 480 Title III local currency proceeds are largely applied to the sea defense, irrigation, and road maintenance portions of the GOG budget. As far as the sea defense portion is concerned, a physical measure of sea defense maintenance, or improvement, would be desirable. There is some possibility that Department of Hydraulics classifications of portions of the sea defense, as "critical," "supercritical," etc. can be adapted to these purposes (e.g. reduction in area graded "supercritical"). Mission staff will look into this possibility. Meanwhile, increased, or maintained (at a level determined appropriate by those knowledgeable in the subject), expenditures on the sea defense would be a reasonably good, if less than certain, indicator of improved sea defense.

2. Cultivated irrigated acreage

Increases in irrigated acreage under cultivation can be expected as a quite direct result of increased government expenditures on irrigation and drainage, and to some extent the sea defense as well. The data are compiled by the Ministry of Agriculture (confirmed in conversation with the Director of the Bureau of Statistics), but the Mission will

need to follow up to ascertain whether they are available in published form.

Program Outcome No. 1.4: Increased services available to support small and microenterprises (previously Increased services available to support small, micro and non-traditional enterprises)

Current Indicators:

1. Commercial credit available to small, micro and non-traditional enterprises
Unit: Number of loans

2. Technical assistance provided
Unit: Number of clients served

3. Access to credit
Unit: (A) \$ lent; (B) Number of loans

Comments:

1. The available primary source loan data do not distinguish as to size of borrower. The data do show private sector borrowing by business sector, but there are no individual sectors that could serve as proxies for small and micro enterprises. In short, there is no basis for an Indicator based on the available commercial credit data.

2. This Indicator does not make clear the source of technical assistance, its nature, or the intended recipients. TA provided through the BEEP Project would not be a legitimate basis for such an Indicator, but it is not clear what else is meant. In short, without clarification, this does not qualify as a Performance Indicator.

3. It is not clear what is intended that distinguishes this Indicator 3 from Indicator 1. The same comments apply.

Proposed Indicators:

1. Number of microenterprises supported by IPED loans

2. Number of individuals benefitting from IPED microenterprise loans (male and female)

3. Number of organizations providing services to small and microenterprises.

Proposed Indicators 1 and 2 are available from IPED data.

Individual borrowing organizations and the size of their memberships are reported monthly to USAID. Breakdowns by gender can be obtained from IPED. Since many, if not most, IPED borrowers receive multiple loans, USAID will establish a

means of eliminating repeat borrowers when counting number of organizations and individuals assisted.

Proposed Indicator 3 would apply to organizations, such as IPED, which provide loans and/or related services to small and microenterprises. The BEEP Project team will establish a baseline count, after which tracking the development of new organizations offering services should not be too difficult.

S.O. 2: Strengthened democratic institutions and processes

Current Indicators:

1. Participation by society.
Unit: Percent increase in civic activities (opinion poll)
2. Perception of legal system
Unit: Percent positive opinion (opinion poll)
3. Constitutional structures functioning
Unit: Benchmarks to be determined

Comments:

1. The previous indicators attempt to measure three dimensions of the democracy initiative. The first two indicators are based on data obtained from public opinion polls. Both indicators seem to be more appropriate for assessing progress toward achieving P.O. 2.1 and P.O. 2.2 than for assessing the democratic transition as a whole. The team recommended dropping the third indicator on the grounds that it is an assumption and outside the Mission's manageable interest.

2. The PRISM team did not recommend public opinion polling at this time to measure the S.O. Measuring overall changes in democratic institutions and processes is an issue the Agency has been wrestling with for some time. There is an effort underway to agree on appropriate indicators that can be compared temporally and across countries.

Proposed Indicators:

1. Freedom House Index

Unit: composite annual index

2. State Department Human Rights report
Unit: annual trends assessed qualitatively

Comments:

1. The PRISM team recommended that the Mission use two indicators to assess the extent of democratic consolidation in Guyana: the annual Freedom House Index and the State Department's annual human rights report. Both indicators would flag major problems with democratic consolidation in Guyana and both include estimates of processes and institutions that the S.O. focusses on.

P.O. 2.1: Improved administration of justice (previously More responsive government)

Current Indicators:

1. Parliamentary committee system fully functioning
Units: Y/N benchmark; # of committee hearings

2. Legal aid system strengthened
Unit: # of persons assisted

3. Reduced backlog of civil cases
Unit: Percent reduction

Comments:

1. The .PO has been split into two parts: administration of justice and more responsive government. The first two indicators refer to activities that are not now part of the immediate strategy and therefore should be dropped.

2. Indicator 3 does not capture the totality of the results expected from the GJIP project but it does represent one of its most important aspects. It is retained as indicator, with the baseline being the current backlog. It is expected that a single major effort will prune the backlog. After that, improvements will reflect better routine functioning.

Proposed Indicators:

1. Legal professionals with favorable perception of efficiency of courts
Unit: Percent favorable (annual survey of sample of legal professionals)

2. Size of backlog of court cases

Unit: Number of cases in backlog

3. Access to legal library

Unit: Number of requests for legal documents

Comments:

1. The GJIP project's inter-related activities are all intended to increase the efficiency of the courts. The satisfaction of one of the main user groups, the legal professionals, should measure lawyers' perceptions of reduced transaction costs in their working environment.

It is recommended that the original S.O. indicator of a public opinion poll on perceptions of the legal system be retained and focussed on public perception of the efficiency of the courts but the Mission prefers to measure the concrete results of GJIP, so access to legal materials has been substituted for the citizens' opinion poll.

**P.O. 2.2: Empowered Local Elected Government Officials
(previously P.O. 2.1: More engaged civil society)**

As was previously discussed, this P.O. has been replaced by a new P.O. 2.1: Empowered local elected government officials.

Current Indicators:

None

Proposed Indicators:

1. Elected officials at local and regional levels trained in their roles and responsibilities

Unit: # of officials trained under targeted programs (broken out by gender and ethnic group)

Additional indicators to measure the results of better trained local and municipal officials for better accountability management and transparency of action and improved legislative committees and promotion of needed constitutional reforms will be developed for next year's Action Plan by which time the Mission will have more precisely defined corresponding activities.

Additional program outcomes and indicators may also be necessary following the design of the Strengthening Democracy Project.

Comments:

Like civil society, local governments are being revived from moribund condition. Procedures are in place, but many staff positions at regional and local levels are vacant or filled with unqualified people. Most elected officials are new to the procedures and to the role of local representatives. Training in procedures by region would bring together local and regional staff and most councilors so that all understand the procedures and their respective responsibilities. Councilors could then monitor government officials more effectively. Councilors also need reinforcement of their understanding of their roles as elected representatives and in leadership and community development skills. There are several possible implementing agencies, and the Local Government Division and the Auditor-General's staff should also be involved.

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