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# GUYANA TRADE AND INVESTMENT SUPPORT II

Quarterly Report

May 18 – August 31, 2009



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## DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## List of Common Acronyms

- BBWF – British Birdwatching Fair
- CIDA – Canadian International Development Agency
- COTR – Contracting Officer’s Technical Representative
- DFID – The United Kingdom Department for International Development
- ELI – Environmental Law Institute
- GDO – General Development Officer
- GoG – Government of Guyana
- GSA – Guyana School of Agriculture
- GTIS – Guyana Trade and Investment Support
- IADB – Inter American Development Bank
- IBPs – International Best Practices
- LVS – Legality Verification System
- USAID – United States Agency for International Development
- USDA – United States Department of Agriculture
- VLO – Verification of Legal Origin

## Executive Summary

The Guyana Trade and Investment Support (GTIS) II project is a four year, \$7.3 million dollar program designed to maximize Guyana's competitive advantages and increase non-traditional, value-added exports in four primary sub-sectors: Wood Products, Aquaculture, Agribusiness, and Ecotourism. The project uses a market-led approach to strengthen targeted sub-sectors, working with foreign investors, strategic buyers, and "anchor firms" in Guyana to invest in new capacity, technology, and production standards. Utilizing international best practices for sustainable sub-sector growth, the project works with the Government of Guyana (GoG) to support the notion that conservation, environmental integrity, and sustainable economic activity can be mutually reinforcing.

Efforts in the Wood Products sub-sector have focused on setting the ground work for a Legality Verification System (LVS) in Guyana. The project conducted an industry gap analysis to set a road map for this initiative and is working closely with private sector counterpart the Forest Products Association and public counterparts the Guyana Forestry Council and the Forest Products Development Marketing Council to get the initiative up and running. The project also continues to strengthen exports, discovering additional niche markets for the industry through sub-sector anchor firms Dalhoff Larsen & Horneman A/S and Dutch timber company ATC.



Drip irrigation technology applies precise amounts of water and nutrients to crops, reducing water waste and over fertilization of soil.

The presence of the project's Aquaculture Technical Lead has generated excitement in the Aquaculture sub-sector. His experience growing Israel's aquaculture industry is well recognized by sub-sector stakeholders and has propelled ample support from the (GoG). This quarter the project has finished creating a sub-sector development work plan with the Ministry of Agriculture. Critical steps to success include establishing a national aquaculture dialogue, legal policies and laws, compliance monitoring for international best practices, a complete commercial value chain, and a well-trained work force.

Efforts in the Agribusiness sector have focused on stimulating investments by anchor firms by providing technical and extension support. These firms will invest their own resources to meet market requirements while also providing technology (embedded services) and granting market access to locally contracted small scale farmers. The project is also developing a demonstration

"Guyana's success is because of the organization behind the promotion. In Guyana the facilities are as good as anywhere in the world, and the media Guyana has been receiving is excellent. This is vital, as the public has to learn about a country before they will book a trip there."

- Tim Earl, *Traveling Naturalist*

farm that will act as a training center for local farmers on production best practices utilizing state-of-the-art technologies such as greenhouse cultivation and drip irrigation.

Project work in the Ecotourism sub-sector quarter has focused on expanding the project's aggressive marketing campaign to strengthen Guyana's reputation as a "must see" destination. The project will build on the 40 international tourism operators selling tours to Guyana through continued presence at international trade

shows. In addition GTIS II will organize a series of familiarization tours to Guyana for representatives from the media and various ecotourism niches, generating additional attention for the country and potentially attracting further investment.

## **Project Start Up**

The GTIS II project has successfully carried out a seamless transition from GTIS I, which ended in April of 2009. The GTIS II team has been present since day one to implement project activities, and has worked with the USAID embassy staff on the following activities:

### **Annual Portfolio Review**

The project team conducted its annual portfolio review with USAID/Guyana's Mission Director Carol Horning, GDO William Gelman, COTR Winston Harlequin, and Program Officer Chloe Noble. The team discussed project context and methodology, reviewed implementation targets, and shared ideas for the official project launch event tentatively planned for September.

### **Annual Work Plan**

USAID/Guyana has approved the GTIS II annual work plan submitted on June 18<sup>th</sup>. The work plan emphasizes that while much of GTIS II's focus will be on transactions and initiatives that build export capacity, a key feature of the strategy is to make real Guyana's role as one of the world's environmental leaders. This will include working closely with the Government of Guyana (GoG) to expand into the emerging market of ecosystem services that value standing rainforest based on factors such as carbon sequestration, and existing biodiversity, adding value to the fight against climate change.

### **Environmental Mitigation Plan**

The GTIS II team has submitted the Environmental Mitigation Plan to USAID/Guyana for review. The plan: 1. Activities that present no risk for negative environmental impact and qualify for a categorical exclusion; 2. Activities that require environmental mitigation measures; and 3. Mitigation measures and the monitoring actions the project will implement. Project activities will focus on working with the GoG to ensure environmentally sustainable development in accordance with international best practices (IBPs) for the target subsectors.

## **Donor Harmonization**

The GTIS II project is regarded as a critical counterpart in any government or donor program addressing competitiveness issues in Guyana. Beginning under GTIS I in 2006, the project's Chief of Party took part in regular forums addressing the design and implementation of Guyana's IDB-funded competitiveness forum and sat on the Donor Harmonization Group that involved the IDB, World Bank, the International Monetary Fund, the EU, and a number of bilateral donors. The GTIS II project will continue playing this important strategic and advisory role throughout project implementation. Related activities this quarter are as follows:

### **Regional Donor Meeting in Barbados**

GTIS II's COP traveled to Barbados to meet with regional representatives from DFID, CIDA, and IADB to discuss opportunities for donor coordination and to leverage regional funds to advance project work in the sub-sector.

Mr. Larkins briefed them on the work that the GTIS II project is doing in the four target sub-sectors and presented a number of opportunities for collaboration with the Caribbean Compete fund, which targets private sector development.

The project team also met with representatives from the IADB multilateral investment fund to discuss project synergies. The IADB has a number of “Mini MIFs” funds of up to \$150K per initiative and is interested further exploring collaboration in all target sub-sectors.

#### **Harmonization Meeting with DFID**

GTIS II met with a representative from DFID to specifically discuss synergies that exist between DFID, CIDA, and IADB’s regional project and GTIS II’s initiatives in the aquaculture sub-sector. One of the elements of the regional project is focused on cluster growth, and as a result of this meeting aquaculture in Guyana has been fast tracked for development.

#### **Introductory Meetings with Ted Dreyfus**

GTIS II has held a series of meetings with Ted Dreyfus, the former Managing Director of the Forestry and Development department of the Clinton Foundation’s Climate Change Initiative. Mr. Dreyfus recently arrived in Guyana and will be working directly with the President of Guyana to assist in the implementation of the Low Carbon Development Strategy. The project team gave Mr. Dreyfus extensive information on the initiatives of the GTIS II project and will continue to meet with him on a regular basis to coordinate efforts.

#### **Harmonization Meeting with CIDA**

The project team met with representatives from GTIS to generate program ideas as CIDA transitions to a regional program. Early conversations indicate that possible synergies exist with one of the focuses of the regional initiative, which will include promoting regulatory simplification as an aid to private sector development.

### **Wood Products**

Efforts in the Wood Products sub-sector have focused on setting the ground work for a Legality Verification System (LVS) in Guyana. The project conducted an industry gap analysis to set a road map for this initiative and is working closely with private sector counterpart the Forest Products Association and public counterparts the Guyana Forestry Council and the Forest Products Development Marketing Council to get the initiative up and running. The project also continues to strengthen exports, discovering additional niche markets for the industry through sub-sector anchor firms Dalhoff Larsen & Horneman A/S and Dutch timber company ATC.

#### **Sub-sector Gap Analysis**

The GTIS II project began Year 1 activities in the forestry sub-sector with a comprehensive gap analysis to determine the current state of the industry, and identify those areas most in need of assistance in order for the sector to reach its full potential. A Sustainable Forestry Management Specialist traveled to Guyana to conduct this analysis with the GTIS II team. Once complete, this report will highlight many of the necessary changes and will allow the GTIS II team to identify top priorities which can be addressed within the scope of the project.

#### **Counterpart Development**

GTIS II continues to work with the newly elected Forest Products Association of Guyana members in order to support the revitalization of the organization and build the counterpart’s

capacity to adopt the project's role in export promotion and investment attraction. The FPA has reconstituted itself with a new board and strategic direction based on conversations with GTIS II and will have an additional focus of working on competitiveness and policy issues through the Competitvness Council and Office of the President.

### **First Steps toward VLO**

Sector stakeholder Toolsie Persaud has taken its first steps toward VLO. The company has put in a request for a VLO inspector to visit the operation.

## **Planned Activities**

### **Establishment of a Legality Verification System**

The Rainforest Alliance will visit Guyana to collaborate with GTIS on a scoping mission, the first step in beginning the processes of establishing a Legality Verification System (LVS). LVS establishment is typically a two year process, for which reason GTIS and Rainforest will also work with individual companies to achieve Verification of Legal Origin (VLO), a process of verifying the chain of custody for wood products. VLO currently meets most international market requirements and will be an effective intermediate result while the project works with the GoG to establish national LVS.

### **World Forestry Conference**

The GTIS II team will attend the World Forestry Conference in Buenos Aires this October. These conferences serve as a forum for governments, universities, civil society and the private sector to exchange their experiences and views and experiences and to formulate recommendations to be implemented at the national, regional and global levels. The conference also provides an opportunity to present an overview of the state of world forests and forestry in order to discern trends, adapt policies and raise awareness among decision and policy makers, the public and other stakeholders.

### **North American Wholesale Lumber Association Traders Market**

The project will co-sponsor a booth for the Guyana Forest Products Association at the North American Wholesale Lumber Association's Traders Market trade show in November. Building on the success of previous attendance at this show, the participants will network with potential buyers, investors, and attend a series of seminars to receive the most up to date information on industry trends.

### **Aquaculture**

The presence of the project's Aquaculture Technical Lead has generated excitement in the

Aquaculture sub-sector. For 10 years, he has helped make Israel a global leader in freshwater aquaculture—a \$78 million industry representing 85% of the country's fisheries revenues—as



GTIS II's Aquaculture Technical Lead discusses best practices with a women's cooperative at Trafalgar. These women are now interested in integrating aquaculture with papaya production, using the plants to clean effluent waters and benefit from the natural fertilizers.

head of the aquaculture division at the Israeli Ministry of Agriculture. His experience growing Israel's aquaculture industry is well recognized by sub-sector stakeholders and has propelled ample support from the GoG.

### **Sub-sector Development Strategy**

Members of the GTIS II team traveled to Washington DC in order to meet with key counterparts to provide input on the sub-sector development strategy, discuss best practices for the effective mitigation of any potentially harmful outputs from aquaculture.

The project met with Dr. Harry Rhea, Cognizant Technical Officer for USAID/Aquaculture and Fisheries Collaborative Research Support Program (Aquafish CRSP). The team briefed Dr. Rhea on project progress and received input for the project's sub-sector development strategy. The team also met with representatives from the Environmental Law Institute (ELI). The GTIS I project worked with ELI to draft a work plan for conducting a strategic environmental assessment, which will provide guidance to the GoG as to how to assess and regulate the potential environmental and social impacts of specific aquaculture operations. The team discussed how to best integrate this work plan into the GoG's low carbon strategy and into the project year 1 work plan.

### **Development of a Sub-sector Work Plan with the GoG**

The GTIS II team met with Chief Fisheries Officer in the Guyanese Ministry of Agriculture Mr. Vivek Joshi to discuss the project's vision for the development of the subsector and the critical role that the GoG will play. As a result of this meeting, the project creating a sub-sector development work plan for the government, which they accepted in August. Critical steps to success include establishing a national aquaculture dialogue, legal policies and laws, compliance monitoring for international best practices, a complete commercial value chain, and a well-trained work force.



### **Protocol Development with Mon Repos**

The GTIS II aquaculture team worked with Fisheries Aquaculture Officer Pamela Ramotar and other representatives from the research station at Mon Repos to develop operations protocols for every aspect of aquaculture research and production conducted on site. In collaboration with the USAID Aquafish CRSP program, the University of Arizona sent a student to assist the aquaculture research center at Mon Repos with feed experiments, with the goal of finding more cost-effective ingredients for farmers.

### **Export of Fresh Tilapia**

In June GTIS II helped Berbice farmer Ronald Arjune ship 2,200 pounds of farm-raised tilapia to the United States. Arjune raised the fish on his 80-acre farm, which has roughly 14 acres

dedicated to growing tilapia, shrimp and other fish species. Mr. Arjune also sells his fish and shrimp on the local market, and to the Caribbean via domestic fish processors.

### **Integrated Aquaculture at AquaNor**

GTIS II attended the AquaNor tradeshow in Norway, where the project team gathered market information, and searched for potential buyers and investors. The team met with an organization that promotes an environmentally sustainable integrated aquaculture-agriculture system. The group uses the effluent waters from tilapia aquaculture as natural fertilizer for papaya. This presents a number of synergies with the project's push for sustainable tilapia aquaculture and non-traditional agriculture development. The group has offered to share data and research information with the project.

## **Planned Activities**

### **Sub-sector Development Plan**

The project will continue to work with the GoG to finalize the sub-sector development work plan. The Minister of Agriculture will meet with the GTIS II team and NAAG to discuss the critical bottlenecks to sub-sector development, gain a better understanding of the role of NAAG as a public-private organization, and discuss ways that the public sector can best support the sustainable development of the industry.

### **Comprehensive Training with MASHAV**

GTIS II is collaborating with the MASHAV Center for International Cooperation in Israel in order to leverage additional technical assistance in consistent production techniques for project farmers. The GTIS II plans to welcome two MASHAV trainers in October to implement this activity at the Guyana School of Agriculture (GSA). Invitees include current GSA students and alumni, NAAG farmers, representatives from the Ministry of Agriculture, and the Ministry's Chief Fisheries Officer.

### **Feed Expert**

An Israeli feed expert will visit Guyana in October to work with local feed producer Maharaja Oil Mills in order to further improve feed quality and reduce the price of feed to farmers. Feed currently represents about 60 percent of production costs, and will have to be reduced in order to make aquaculture a widely affordable for farmers.

### **Investment Attraction in Costa Rica**

The project has held initial discussions with representatives from a major aquaculture producer in Costa Rica. This company is searching for investment opportunities and is in the initial stages of planning a trip to Guyana to explore the option of setting up operations in the country.

### **World Aquaculture Society Annual Conference**

The GTIS II team will invite GoG representatives to the World Aquaculture Society's (WAS) annual conference in Vera Cruz, Mexico. The WAS annual conference will allow GoG representatives to view the latest best practices in the sub-sector, allow them to meet and learn from the top experts in the field, and give them clear context as to the massive potential for sustainable aquaculture in Guyana.

## **Agribusiness**

Efforts in the Agribusiness sector have focused on stimulating investments by anchor firms by providing technical and extension support. These firms will invest their own resources to meet market requirements while also providing technology (embedded services) and granting market access to locally contracted small scale farmers.

### **Anchor Firm Development**

Project anchor firm Shigam Inc. has begun to construct greenhouse infrastructure and should commence planting in one month. As a result of technical assistance provided by GTIS II and Shigam Inc., project anchor firms Greenfield Farms, Bounty Farms and Mcdeci have also begun preparations for the construction of greenhouse infrastructure. These stakeholders will receive continued project support in farm management, post-harvest handling, and export marketing best practices.

GTIS II has begun identifying farms along the Linden Highway corridor capable of combining their production with that of the project anchor firms mentioned above. Cultivating an average of 10 acres each, these farmers are too small to export on their own, but will be able to combine their limited production with the larger volumes produced by these anchor firms in order to achieve sufficient quantities for export.

### **Transport and Logistics**

A large focus of project efforts in the past has been negotiating with shipping lines to obtain better international freight rates. These negotiations have yielded a special reduced rate for refrigerated containers with Tropical Shipping, a regional carrier that also services the United States and Canada. The GTIS II team recently held discussions with Laparkan Caribbean Containers in order to explore the prices of exporting project produce to North America and the Caribbean. Based on the potential for large volumes both companies are interested in further negotiating reduced rates.

### **USDA Approval for Agricultural Products**

The project worked in conjunction with Plant Quarantine and the Ministry of Agriculture in Guyana to agree on a list of priority products not currently approved for export to the United States by the United States Department of Agriculture (USDA). The project met with representatives from these organizations to discuss the process of proposing new products to APHIS, and will work with a major distribution company in the United States in order to advance this initiative from both sides.

### **Introductory Meeting with the International Trade Centre**

The GoG has invited representatives from the International Trade Centre to conduct a gap analysis for the agricultural sector. The project team met with the International Trade Centre and discussed the context of agriculture in Guyana, the scope of the GTIS II project, and potential complementary initiatives not specifically covered within its scope.

## **Planned Activities**

### **Continued Technical Assistance from Shigam Inc.**

The excitement generated by the technical assistance provided by Shigam Inc. has led project beneficiaries to request additional support. Project partner Bounty Farms has requested assistance to recommend best practices for the planned acre of | greenhouses on their property. Bounty Farms is the largest poultry producer in Guyana with a network of 90 contract farmers. Based on the success of this pilot project, Bounty will expand the program to its contract farmers to grow the cherry tomatoes, sweet peppers, melons, papaya and butternut squash.



Shigam Inc.'s agricultural expert advises Bounty Farms on ideal placement for their planned greenhouses. This initial technical assistance provided to Bounty has generated excitement in the company – leading them to request training in international best practices in greenhouse cultivation.

Shigam Inc. will also provide technical assistance for the planting of cherry tomatoes, sweet peppers, melons, cantaloupes, and additional papaya at the GTIS co-sponsored demonstration farm at Timehri. These additional crops will allow the project to conduct training sessions for farmers on a host of products that utilize state-of-the-art drip irrigation techniques.

### **Technical Assistance from MASHAV**

GTIS II has invited a MASHAV agricultural expert to Guyana in order to conduct further training for local farmers on state-of-the-art farm management, post-harvest handling, and packing techniques in order to meet with stringent international export standards and develop consistent production.

### **Assistance from Farmer-to-Farmer**

The project will meet with representatives from the USAID-funded Partners of the Americas Farmer-to-Farmer Program to discuss the steps necessary to bring a series of volunteers to Guyana to provide training and extension services for project farmers. The team will discuss opportunities that exist in the areas of integrated aquaculture-agriculture farms, hydroponics, drip irrigation systems, and greenhouse technology.

## **Ecotourism**

Efforts in the Ecotourism sub-sector this quarter have focused on expanding the project's aggressive marketing campaign to strengthen Guyana's reputation as a "must see" destination. The project will build on the 40 international tourism operators selling tours to Guyana through continued presence at international trade shows. In addition GTIS II will organize a series of familiarization tours to Guyana for representatives from the media and various ecotourism niches, generating additional attention for the country and potentially attracting further investment.

## **Expanded Marketing Campaign**

The GTIS II team has begun planning the expansion of the [www.guyanabirding.com](http://www.guyanabirding.com) website so that it can be used for marketing Guyana to birders and other target niches including ecotourism as a whole, eco-indigenous and volunteer tourism. This month the project reviewed a number of databases and marketing resources to assess and rank ecotourism websites in order to begin targeting those which will provide the best return on investment of project resources. GTIS II is also working with key sub-sector counterparts to revamp their company websites.

## **The British Birdwatching Fair**

In collaboration with the Iwokrama International Centre for Rainforest Conservation and Development, and Wilderness Explorers, the project team exhibited for the fourth time at this year's British Birdwatching Fair (BBWF). Interest and hype surrounding Guyana remained high at this year's BBWF. Journalists, tour operators, film producers, and conservation and educational organizations all stopped by the Guyana stand for more detailed information on the country. Several hundred consumers also browsed the booth in search of guidance for possible trips or visits that are planned for the near future. In addition, the owner of a film production company with videos focused on bird watching and wildlife said he is considering Guyana as a filming destination. The videos resemble travelogues that include an itinerary visitors can follow themselves. Finally, at the stand for Bradt Travel Guides, the managing director reported that they sold out of all copies of their Guyana guidebook.



Paul Waldron represented Iwokrama International Centre for Rainforest Conservation and Development at the 2009 British Birdwatching Fair.

## **Planned Activities**

### **Travel trade and media relations**

GTIS II will continue to focus on building relationships with niche tour operators and media that serve the UK and North America sustainable tourism markets in order to strengthen and expand Guyana's destination tourism marketing and sales network. A major activity to push this initiative will be a familiarization trip for ecotourism operators and media representatives. The first such familiarization tour is scheduled for October.

### **Leveraged Funding**

GTIS will continue to assist partners such as Iwokrama International Centre, RCTA, and indigenous communities to submit proposals for additional green tourism and sustainability award and recognition programs.