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GUYANA TRADE AND INVESTMENT SUPPORT II

QUARTERLY REPORT: DECEMBER 2010- FEBRUARY 2011



February 2011

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DECEMBER 1, 2010 – FEBRUARY 28, 2011

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Cover photo: Familiarization tour participants at Grass Pond, near Rewa.

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LIST OF ABBREVIATIONS

APHIS	Animal and Public Health Information System
DFID	The United Kingdom Department for International Development
FPA	Forest Products Association of Guyana
FPDMC	Forest Products Development and Marketing Council
GFC	Guyana Forestry Commission
GLAS	Guyana Legality Assurance System
GoG	Government of Guyana
GTA	Guyana Tourism Authority
GTIS II	Guyana Trade and Investment Support II
HFFS	Hauraruni Friendly Farmers Society
LVS	Legality Verification System
NAWLA	North American Wholesale Lumber Association
New GMC	New Guyana Marketing Corporation
NRDDB	North Rupununi District Development Board
READ	Rural Enterprise and Agricultural Development
RFA	Request for Application
USAID	United States Agency for International Development
USDA	United States Department of Agriculture

EXECUTIVE SUMMARY

Guyana's challenge is to competitively offer higher value, differentiated goods and services in international markets, generating more wealth for its people, especially workers and the poor. Now well into the second year of implementation, USAID/Guyana's Guyana Trade and Investment Support (GTIS) II Project has generated strong consensus and momentum around a market-led strategy for promoting investment and exports.

From December to February, GTIS II has succeeded in reaching out to dynamic external markets in which Guyana has the potential to compete with unique products and services, and has identified the critical bottlenecks in sub-sector value chains that are current constraints to competitiveness. By exhibiting at international trade shows and connecting with investors and buyers, GTIS II and its Guyanese partners have found continuous opportunities to improve and expand sustainable value-added forest products, export-oriented agribusiness, aquaculture, and ecotourism.

The key to this success has been the use of a market-led approach to value chain strengthening, which works with foreign investors, strategic buyers, and "anchor firms" in Guyana to invest in new capacity, technology, and standards, while strengthening overall subsectors. Through their interactions with GTIS II, international firms have defined the demand for Guyanese products and the upgrades necessary for producers to gain access to those markets.

Project efforts this quarter have focused on increasing the quality and availability of products available in Guyana ranging from adventure tourism to value-added produce. In the wood products sector, the project has taken significant steps to implement a legality verification system in Guyana. In the aquaculture sector, securing high quality inputs and receiving technical assistance from GTIS II experts have allowed fish producers to achieve high growth rates and begin to access export markets. High-value produce has also been cultivated for exports in the agribusiness sector. Successful pilot agricultural projects are beginning to change the way farmers cultivate a variety of crops, leading to more potential income in the sector. In tourism, GTIS II is marketing Guyana as a top international destination, while helping providers upgrade their services to meet market demand. Building on the success of birding as a niche tourism market, the project is exploring opportunities for other specialized products. The team hosted a familiarization tour for media and tour operators, promoting Guyana as an eco-tourism destination for North Americans.

1 DONOR HARMONIZATION

The GTIS II project continues to build its reputation as a critical counterpart for government or donor programs addressing competitiveness issues in Guyana. The project has worked hand-in-hand with these projects and has advocated for cooperation toward common goals. Related activities this quarter are as follows:

Partner meetings with the Ministry of Agriculture

GTIS II continues conducting fortnightly meetings with the Ministry of Agriculture's Fisheries Department, the Forest Products Development Marketing Council, the Guyana Forestry Commission, the New Guyana Marketing Corporation, and the Rural Enterprise and Agriculture Development (READ) program. The General Manager of the New GMC briefs the Minister of Agriculture on the topics discussed and recommendations made at the meetings.

Leveraging Funds from DFID

The GTIS II Aquaculture team is working with the Trafalgar Union, a cooperative of about 150 women, to improve their aquaculture ponds. Through negotiations with DFID, the GTIS II team secured approximately \$16,000 to rehabilitate the farm. Trafalgar's ponds had been improperly designed and were too shallow for ideal production, rendering about 75% of their pond space unusable. GTIS II signed an MOU with the cooperative and will work with them to create a small model aquaculture farm. The ponds have been fully operational and fully stocked with 21,000 fingerlings since October. Tilapia growth rates have been excellent thus far and Trafalgar employees are now sharing their new expertise through contracts with other GTIS II project partners.

In cooperation with USAID, in November GTIS II submitted a proposal to the DFID-IDB Caribbean Compete Enterprise Innovation Challenge Fund. The proposal is for \$200,000 of funding for agribusiness. If successful, GTIS will use this funding to sponsor an additional ten acres each at Hauraruni Friendly Farmers Society (HFFS) and Bounty Farms Limited for open field cultivation including butternut squash and shade netting for pepper production. GTIS II will also support the construction of a modern Global GAP-compliant pack house at Bounty Farm's complex in Timehri. The team is awaiting news of the award.

2 WOOD PRODUCTS

Efforts in the wood products sector this quarter continued to focus on establishing an internationally recognized legality verification system in Guyana. This initiative, with GTIS II assistance, is expected to increase the GoG's understanding of the benefits of sustainable forestry standards and enforcement, and the steps necessary to achieve this goal. The project also continues to support industry stakeholders in efforts to build their skills and disseminate industry knowledge.

The Path to Legality Verification

The GTIS II team continued to participate in meetings to increase awareness and recommendations for establishing an internationally recognized legality verification system. Using documents created by ProForest in collaboration with the GTIS I program that includes an audit of Guyana's timber harvesting legislation, practices, and enforcement, the Guyana National Bureau of Standards is now charged with using this information to create the Guyana Legality Assurance System (GLAS).

With GTIS II assistance, the Government of Guyana wrote the terms of reference for a review of GLAS to help to determine if any gaps exist in the current LAS policy, and any necessary changes to address these gaps in a revision of the LAS draft. They released the RFA last quarter, open to both commercial and non-commercial organizations. This quarter, the selection committee chose Efeca Ltd.; a firm comprised of technical experts that advise on environmental, climate, natural resources and trade issues. They arrived in Guyana on February 22nd to begin the review of GLAS.

Supporting Industry Stakeholders

The Forest Products Association of Guyana (FPA) continues to work on a newsletter for stakeholders in the sector. It will likely cover issues faced in the industry and progress made, as well as new regulations and policies. The GTIS II team will provide assistance wherever necessary. The FPA is also looking into the possibility of sending members to courses offered by the North American Wholesale Lumber Association (NAWLA) to build skills in the industry. GTIS II may assist in this venture.

The GTIS II team is coordinating participation in the annual International Wood Products Association (IWPA) Convention. They are working to ensure that companies get involved and prepared for the convention this April in New Orleans. Guyana's delegation will have the opportunity to present and market Guyana forest products and promote investment. Last year, a Guyanese producer won the IWPA Innovative Excellence award and all of the companies visited wood processing companies to learn about technological advances and processing techniques.

3 AQUACULTURE

The GTIS II aquaculture team and their industry counterparts have continued to achieve success this quarter in the nascent industry, noting excellent growth rates of fish due to competent management of fish farms and high water quality. Activities in the aquaculture sub-sector focused on increasing access to high quality inputs (seed and feed) on the local market, and examining and reaching out to several export markets to stimulate further industry growth. With most farms in full production mode, further technical assistance will look to improve on existing operations.

Developing Inputs

The GTIS II staff continues to provide technical assistance to the supermale hatchery at Maharaja Oil Mills. The hatchery's production rate is 20,000-30,000 fingerlings per month. Beginning in late January, the GTIS II aquaculture team overhauled and updated the Maharaja Hatchery. They completed the following tasks.

- Updated inventory records
- Marked the original broodstock for permanent identification
- Selected best breeding individuals and set them up in three spawning systems; open pond, intensive breeding tanks and hapa spawning enclosures
- Selected juvenile females and set them up in growing hapas for future broodstock
- Culled inferior fish and set males up in growing ponds for food fish sales
- Installed airlift aeration system for the intensive tank spawning
- Set up new systems for fry collection and first stage nursery
- Improved feeding methodologies for fry and broodstock
- Made changes in fish feed formulation to compensate for local raw ingredient shortages
- Used milling equipment to hammermill starter rations for other farmers
- Washed and repaired all net mesh enclosures used for spawning and nursery (hapas)
- Upgraded live-haul tank oxygen delivery system
- Installed predator netting over spawning Pond 314
- Removed an alligator from farm

The team's efforts in facilitating the distribution of high quality feed on the local market have proved to be highly beneficial. Working with a feed producer in the United States, GTIS II staff imports feed that was not previously available in Guyana. The first and second batches arrived last quarter. Since farms began using this feed, there has been a marked improvement in growth rates of Tilapia stock, in many cases exceeding industry averages. GTIS II ordered a third batch in January. Due to the excellent results and increasing fish volume on farms throughout Guyana, demand for high-quality feed is increasing.



Tilapia in a net mesh enclosure

Working with stakeholders

The majority of farms are up and running and their operational success has come from better management practices, including good-record keeping to ensure food traceability from production to market.

GTIS II partner Tony Mootosammy, a member of the Guyanese Diaspora in the U.S., is filling 15-20 acres of his land with new fish ponds. So far, he has built 9 ponds on 4 acres, and construction is proceeding according to schedule. Mr. Mootosammy is now fully stocked with 20,000 fingerlings from the hatchery at Maharaja Oil Mill and is also purchasing imported feed.

Trafalgar Union, a small women's cooperative that was primarily engaged in subsistence farming with one occasional buyer, now has 5 acres of fish farms and is selling at high prices to the local market every Monday. They are getting an excellent farm-gate price of 1.50 and are making long term plans to invest in their farm and expand their acreage after seeing increased levels of income from further training and assistance from the GTIS II staff.

Recently, two shipments of fingerlings were delivered from the Maharaja Hatchery: 15,000 supermales to Trafalgar Union and 20,000 to Ronald Arjune in Berbice. The team has also designed and installed predator netting on two ponds at Purple Heart Fish Farm, and is working as well on training farmers in pond fertilization techniques.

Expanding to new markets

GTIS II has solid leads in several markets for tilapia exports. Last quarter, the team identified a market in Antigua for fresh tilapia, with a demand of 200-500 pounds of fresh fish per week. Shipments have only included frozen fish thus far, so this quarter the team has been investigating channels and methods for exporting fresh fish. GTIS II also helped export 400 pounds of tilapia to Miami, and based upon this shipment, it may be a weekly destination for 600 pounds of tilapia.

The GTIS II team is examining additional market opportunities in the Caribbean, Suriname, and Brazil for Guyanese aquaculture products. They are also exploring the option of transporting fish to Martinique via French Guyana. A test shipment of various grades has been requested and the team is currently working to obtain documentation and permits for the importation of produce into Europe. Overall production is on target to match orders.

Planned Activities

Members of the GTIS II team are planning to attend the World Aquaculture Society's annual conference in New Orleans next quarter. They will procure equipment, investigate packaging options and attend presentations on the latest technical methodologies. The conference will also provide an opportunity for networking with potential buyers and investors in Guyanese aquaculture.

GTIS II will continue to work with its partner farms, Tony Mootosammy, Trafalgar Union, Maharaja Oil Mill to increase production and help them institutionalize Good Aquaculture Practices to follow Global GAP standards, which will involve measures such as routine water chemistry tests and better sorting and counting methods. The team also anticipates the expansion of the farms run by Sheik Rahman and Ronald Arjune, which will both be stocked with fish from Maharaja Oil Mill.

4 AGRIBUSINESS

After a major addition to the GTIS II team last quarter with the arrival of Nir Dahan, efforts this quarter have continued to focus on designing and implementing short and long-term strategies to help producers grow their business. Key areas identified for growth include increasing production from project farms through proven technologies, identifying new markets, and streamlining transport and export procedures to facilitate faster export of produce from Guyana.

Initial Sales lead to a strengthened transport and logistics chain

As a result of a new route introduction by Caribbean Air between Guyana and Antigua linked to regular shipments facilitated by GTIS II activities, the price of air cargo has dropped from \$1.60/kg to \$1.00/kg from Guyana to Antigua. The team is planning to engage Caribbean Air with hopes of dropping the price to \$0.70/kg next quarter. Due to momentum generated by these exports, Caribbean air has also announced that it is starting freight services to New York and Barbados, approximately twice weekly (service to begin shortly). One great benefit of the New York route is that it is direct and will allow farmers to export perishable produce such as bell peppers to a strong market.



Butternut squash cultivation

The team has also continued discussions with other freight companies to decrease prices to a level that is economically viable for Guyana's farmers, which will help to facilitate an increase in exports.

Targeting new markets

Since identifying a market in Antigua for fresh pineapples, melons, butternut squash and peppers, GTIS II and project partners Bounty Farms and HFFS have made 44 air shipments ranging between 1,000 to 3,500 lbs. each; the project expects to increase its volume to 20-foot container loads

GTIS II is also working on a SWOT analysis to discuss with the GoG the critical bottlenecks in the country's export procedures that have been identified through shipments. The analysis will examine the shelf life of fruits and vegetables grown by the GTIS project and the transit times to markets. The purpose is to determine logistical factors necessary to build an export industry. A second analysis will look at the institutions involved, the relevant documentations required and time necessary to get produce exported from Guyana.

Demonstration community for contract farming

The GTIS II project partnered with the Hauraruni Friendly Farmer Society (HFFS) to develop a model farm demonstrating how drip irrigation technology can be used to cultivate export-quality fruits and vegetables along the Linden-Soesdyke Highway. HFFS completed 8 harvests of butternut squash (a full crop cycle) and stayed within budget. Approximately 90% of the harvest has been export quality produce and sold overseas, which is as good as or better than international standards for export cultivation. HFFS and GTIS II have planted a second round of butternut squash on 3.5 acres as well as 1.5 acres of Gallia and Galpaz melons. Due to improved techniques, harvests have begun earlier than last cycle.

In recent months, the demonstration aspect of the HFFS farm really began to take effect. Visitors from all parts of Guyana, from Berbice to Parika, to South of Linden have come to see how the drip irrigation system is working. HFFS is now demonstrating three different techniques. There are five acres of sandy soil irrigated through a pump system and half an acre using the gravity-fed irrigation system. Currently under construction is an area of shade netting for sweet pepper cultivation. This netting is cheaper than a greenhouse, with similar effects.



Sweet pepper cultivation

An analysis of production was completed and HFFS found that their yield increased five-fold using the drip-irrigation method. This finding has drawn much interest from other farmers towards implementing a similar model, and GTIS II is engaging new potential producers to discuss the availability of funding, the viability of replication, along with other questions regarding drip-irrigation production and shade-net. In particular, there is a high level of interest in a gravity fed tank system, as the costs for setting up this system are quite low.

Greenhouse cultivation at Bounty Farm, Ltd.

Bounty Farm Ltd. continues to cultivate crops utilizing greenhouse technology. All export-quality produce is exported to Antigua and the firm is selling non-export quality produce to the local market with ease. They plan to expand production of bell peppers to two more greenhouses that are to be sold in New York, Antigua and locally in Bounty's stores.

Bounty is currently finishing up their harvest of butternut squash in greenhouses. The yield per acre is 7.4 metric tons so far; by the end of the crop cycle, it is expected to reach 9 metric tons per acre, exceeding targets. Bounty is also cultivating peppers in green houses and under shade nets. The plants are now developing their first fruits. Peppers grow for two months, then can be harvested for 8 months if done correctly. Cultivating sweet peppers is an excellent opportunity for Guyanese farmers due to their low costs, high yields, and high value in the market. There is a high level of demand for peppers in the U.S. and they are approved for import from Guyana.

Planned Activities

GTIS II has invited the Cold Chain Alliance to Guyana to look into logistical issues and packaging solutions for a tropical climate. The Cold Chain Alliance is an industry association in the US that pulls together pack houses, shipping companies and container makers to look at the challenges and form a full solution.

5 ECOTOURISM

Over the past five years the number of tour operators from around the globe that are actively promoting, designing and selling birding and natural history trips to Guyana has jumped from a small handful to more than 50. As a result of birding tours filled to capacity long in advance and hotel and resort rate occupancy more than doubling in the busy season due to the GTIS II birding tourism campaign, project implementation focused on the development of additional ecotourism niches to attract new visitors throughout the low tourist season. These efforts are aimed at increasing the number of Amerindian and rural beneficiaries, and developing new revenue streams for the entire tourism value chain.



The FAM group on top of Jordan Falls in the Kanuku Mountains, near the Nappi Village's Maipaima Eco-Lodge

Promoting Guyana as an adventure travel destination

From January 30th to February 9th, nine travel trade media and tour operator representatives from the United States visited Guyana for the 2011 Tourism Familiarization (FAM) trip. The itinerary showcased Guyana's tourism products, with an emphasis on the community tourism products being offered by several Amerindian villages in the interior. Participants have already begun providing feedback on the trip, and it is overwhelmingly positive, they are leaving with a great impression with Guyana's conservation efforts and community tourism development.

The FAM trips have been a key part of the GTIS II strategy to market and promote Guyana on the international stage, and allow local tourism suppliers to receive constructive feedback from experts who are promoting and supplying the market in order to increase and improve guide training, product development, transportation logistics, and ecotourism standards among others.

GTIS II consultant Judy Karwacki represented Guyana at this year's Educational Travel Conference (ETC) in Providence, Rhode Island (Feb. 16 – 19), which attracted over 450 educational travel planners, suppliers, and operators. The show strategy was to introduce

Guyana to new tour operators and trip planners, as well as connecting with tour operators currently operating in-country. The emphasis of meeting with operators was to highlight how Guyana's unique and authentic character can be experienced in a variety of experiences that combine nature, culture, history, adventure and learning. Tour operators in attendance were highly impressed with the wide variety of rich opportunities in Guyana, and many (including Cultural Crossroads, Travelinique, Global Adrenaline, and The Mayan Traveler) have expressed interest in exploring Guyana as a future destination.

Developing a sport fishing niche

Supported by GTIS II, recent scouting trips have confirmed the excellent potential for Iwokrama International Centre and several indigenous communities to develop a highly lucrative and sustainable catch and release sport fishing tourism industry in the Rupununi region of Guyana. Although Guyana doesn't currently have a fisheries management plan or commercial and recreational fishing policy in place, Costa del Mar and OCEARCH have agreed to contribute their expertise and resources to assist GTIS II's support of the GoG in preparation of policies

Costa del Mar is a sunglass manufacturer that focuses on the outdoor recreation market, with its largest customer base being sport fishermen. It operates from a social responsibility context and donates a portion of its profits to supporting conservation projects related to sustainable sport fishing. OCEARCH is a non-profit organization that was formed to help with the advancement of the social, economic, and environmental benefits of sustainable fisheries management, while protecting access to sport fishing. Both organizations have considerable background and experience in fisheries planning and management in other countries. The International Game Fishing Association (IGFA) was also recruited for assistance in this endeavor, along with Nervous Waters, a company that runs fishing lodges and is looking to develop their business in Guyana.

Several sport fishing market testing trips are planned for 2011. The groups for these trips would be comprised of personal high-level contacts from top sport fishing-related companies and media, who would be personally invited by Costa del Mar, OCEARCH and IGFA. These individuals would have the opportunity to be the first to gain exposure to the much anticipated sport fishing opportunities. The long term goal would be to have the participants to become sport fishing Ambassadors and promoters for Guyana.

After initial meetings in Guyana with the Ministries of Agriculture and Tourism, GTIS II representatives have gained approval to proceed with their plans, and Government and private sector representatives expressed enthusiastic support for developing a sport fishing industry. There is much confidence that sport fishing tourism will provide significant economic, social, cultural and environmental gains to the Rupununi region and Guyana as a whole.

Certification and Training for Ecolodges and Guides

GTIS II continued working with Sustainable Travel International (STI) to develop an eco-certification program for Guyana's tourism industry. STI submitted a proposal and the GTIS II team is currently negotiating the terms of the agreement. The team plans to have two STI representatives come to Guyana in May to travel throughout the country and become familiar with the tourism products in order to develop the country specific certification program. The STI team will meet with lodge owners not only to understand the unique challenges and opportunities that will be applicable to the certification program in Guyana, but also to encourage buy-in and generate excitement on a community level.

Project team members are working with the Peace Corps to get some short-term volunteers for a work placement with Guyana's tourism suppliers in identifying their unique flora and fauna, and compiling the information into miniature guides that can be used by visitors on nature walks, boat rides, etc. The project will also look at having the volunteers work with individual suppliers in doing additional trail interpretation to enhance the tourism products and improve guide training.

Planned Activities

The GTIS II team is working on the details of a guide training program and field guide development. The guide program will teach identification skills in flora and fauna, and will incorporate cultural, ecological, geographical and educational components. The course will also focus on group management, and general and specific site guiding skills. GTIS II tourism sector staff is working on securing trainers for the guide training program.