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# IMPROVING GUYANA'S PUBLIC SECTOR POLICY IMPLEMENTATION CAPACITY TO FACILITATE PRIVATE INVESTMENT: An Institutional Analysis and Technical Assistance Strategy

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**Abt Associates Inc.**

**Development Alternatives, Inc.**

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**IMPROVING GUYANA'S PUBLIC SECTOR POLICY IMPLEMENTATION  
CAPACITY TO FACILITATE PRIVATE INVESTMENT:  
AN INSTITUTIONAL ANALYSIS AND TECHNICAL ASSISTANCE STRATEGY**

by

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## Table of Contents

I.	INTRODUCTION	1
A.	Guyana and the Economic Recovery Program	1
B.	The role of BEEP in the ERP	2
C.	Overview of the report	3
II.	THE SETTING FOR POLICY REFORM IN GUYANA	3
A.	The ERP trade and investment agenda and the policy process	3
B.	Key stakeholders and their interests	5
C.	The role of the public sector and the primary institutions involved	6
III.	INSTITUTIONAL ANALYSIS OF THE MOF AND MTTI	7
A.	Ministry of Finance	8
B.	Ministry of Trade, Tourism, and Industry	17
IV.	TECHNICAL ASSISTANCE AND TRAINING FROM OTHER DONORS	22
A.	Ministry of Finance	22
B.	Ministry of Trade, Tourism, and Industry	24
V.	A STRATEGY FOR IMPROVING ERP IMPLEMENTATION PERFORMANCE OF THE MOF AND MTTI	25
A.	Institutional development for the MOF and MTTI	25
B.	Long-term and short-term TA and training	30
C.	Key issues and risk factors for the success of BEEP's public sector component	36
	BIBLIOGRAPHY	40
	ANNEX A	43
	ANNEX B	45

## **I. INTRODUCTION**

Guyana is a country with a wealth of natural resources and development potential. Located on the coast of South America neighboring Venezuela and covering an area of approximately 83 thousand square miles, Guyana has a population of about 730 thousand, concentrated along the Atlantic coastline. Despite its abundance of resources, Guyana's Gross National Product per capita, estimated at around US\$400 per annum, is the lowest of the countries in the Eastern Caribbean region.

Guyana has only recently begun to emerge from the effects of more than 20 years of state-led socialism following independence from Great Britain in 1966. Guyana's leadership closely controlled all economic activity, either directly through state-owned enterprises or indirectly through tight price, credit, and foreign exchange controls. The cost of economic mismanagement has been high: weak economic growth (less than one percent per year during 1966-89), massively deteriorated physical infrastructure, capital flight, lack of investment, a significant "brain drain" of human resources, increasing poverty, and a huge accumulation of debt compounded with debt servicing arrears. By the late 1980s, Guyana faced a crisis that its socialist leaders could no longer address with stopgap remedies. Fundamental changes in development strategy were called for, and the government of Guyana (GOG) turned to the international financial institutions for help.

### **A. Guyana and the Economic Recovery Program**

Since 1988 the GOG has been implementing an Economic Recovery Program (ERP), initiated by the International Monetary Fund (IMF), that fundamentally reorients Guyana's economy from a state-directed to a market-led strategy. The ERP's structural adjustments and policy reforms are designed to establish a base for sustained economic growth while lowering inflation, addressing balance-of-payments problems through trade liberalization and export promotion, rescheduling debt payments, and integrating the official and underground economies. The IMF macroeconomic stabilization program forms the overarching framework for the ERP. Within that framework Guyana's other donors, both multilateral and bilateral, are providing assistance that is intended to help the GOG achieve the ERP's policy targets.

The World Bank has two efforts that are central to the government's ability to carry out the ERP successfully. The first is the Public Administration Project, with a budget of US\$12 million, that started up in July 1993. This project has three components: a) reform of civil service employment practices and salaries; b) improved public sector management systems and procedures in financial and human resources management, and in local government at the regional level; and c) recruitment of qualified Guyanese from the diaspora into the civil service. The second is the Private Sector Development Adjustment Loan, which is in the process of being developed and negotiated. This US\$25 million project targets divestiture and privatization of state-owned enterprises, financial sector reforms, liberalization of trade

regulation, and tax and customs reforms. Closely allied with the World Bank's private sector loan is a complementary US\$35 million Interamerican Development Bank (IDB) loan for financial sector reform that focuses on the banking sector.

Guyana has been quite successful in turning the economy around over the past five years, largely as a result of "stroke-of-the-pen" reforms that eliminated the system of government controls that restricted economic activity. The challenge facing the Jagan administration, in office now for a year, lies in taking reform measures that will support and nurture the economic vitality that the elimination of restrictions has allowed to emerge. These measures, such as public sector reorganization and privatization, are not of the self-implementing nature of the earlier ones, but call for resource expenditure and proactive management on the part of the GOG over an extended time period. Without such reforms, the private sector will not be in a position to play its anticipated role in development so that Guyana's economic recovery is sustained over the long term.

Another important element in facilitating the expansion of private sector investment in Guyana is the public sector investment program (PSIP), which is intended to provide the necessary supportive infrastructure to make private investment both effective, and ultimately, profitable. The 1993 PSIP is about US\$100 million (31 percent of Gross Domestic Product, GDP, according to the IMF). Rehabilitation of the sugar, bauxite, and electricity industries accounts for about 55 percent of the PSIP, with the remainder allocated to social and economic infrastructure. Successfully implementing the PSIP, as with the current set of policy reform measures, requires that key GOG agencies become effective and proactive development managers.

#### **B. The role of BEEP in the ERP**

Despite the impressive performance of the Guyanese economy in recent years, the country's environment for private sector investment is still considered relatively insecure and high risk. The current situation is characterized by delays in moving forward with legal and regulatory policies, lack of transparency and consistency in public-private sector dialogue on reforms and priorities, and debilitating holdups in making progress on PSIP implementation. In response to the need to address these problems, the U.S. Agency for International Development's (A.I.D.) Business Environment Enhancement Project (BEEP) targets the policy reform implementation capability of the GOG. The purpose of BEEP is to increase the capacity of key public and private sector organizations to strengthen the business environment in Guyana. BEEP is intended to complement the donor actions supporting the ERP that are in the process of being implemented in Guyana over the last several years. The project has two parts: a public sector component that provides support to the Ministry of Finance (MOF) and the Ministry of Trade, Tourism, and Industry (MTTI); and a private sector component that supports several business associations. BEEP is a four-year effort with a total budget of US\$6 million (US\$4.5 DA, US\$1.5 LC).

### C. Overview of the report

This report elaborates an approach to providing institutional development (ID) assistance to the MOF and the MTTI to strengthen their capacity for effective policy implementation and development management. It begins with an examination of the major features of the ERP policy environment as it relates to private sector trade and investment policy, and of the roles of the MOF and the MTTI in the policy process. The next section presents a detailed institutional analysis of the two ministries, highlighting key constraints and weaknesses, as well as noting strengths and successes. A description of technical assistance (TA) and training being provided to the ministries by other donors constitutes the following section. The final section of the report presents the details of the institutional performance improvement approach and planned actions for BEEP's ID support to the MOF and the MTTI; including some caveats regarding necessary conditions for effective utilization of TA and training, as well as issues of sustainability and impact. Documents consulted and other sources used in assembling the report are listed in the bibliography. Annex A contains a list of persons contacted, and Annex B is the scope of work.

This report uses data gathered from document review and in-country interviews and observation of work conditions and procedures in the MOF and the MTTI. The authors met for two days in Washington and one day in Barbados with RDO/C staff to review selected documents and prepare a workplan, and then undertook a mission to Guyana from December 1 to 11, 1993. A draft report was written and discussed with the RDO/C in Barbados during the following week. The final version of the report was prepared in Washington.

## II. THE SETTING FOR POLICY REFORM IN GUYANA

This section reviews the ERP trade and investment policy agenda and the policy process, the key stakeholders and their interests, and the role of the public sector with a particular focus on the MOF and the MTTI.

### A. The ERP trade and investment policy agenda and the policy process

The ERP comprises a comprehensive set of macroeconomic and structural policy and operational reform targets. These include: a) a floating exchange rate and market prices for commodities (except for sugar and electricity tariffs); b) strengthened public finances, including actions to improve public sector management efficiency and effectiveness on both the revenue (tax and customs) and expenditure sides; c) a public investment program that will rehabilitate the country's economic and social infrastructure; d) a public enterprise divestiture and privatization program; e) sectoral programs that promote sustainable use of Guyana's natural resources; f) monetary and credit policy reforms, including banking sector reforms; and g) revised external debt management policies to reduce indebtedness.

The GOG has realized significant achievements since the start of the ERP. The following figures provide some illustrative indicators. Inflation has been reduced from 104 percent per year in 1989, to 70 percent in 1991, 14 percent in 1992, and falling to 2.1 percent for the first half of 1993. Growth in the GDP has been reversed from the country's earlier negative growth rates to a consistently increasing positive trend since 1991, with GDP for 1993 in the eight percent range. Foreign exchange reserves are currently equivalent to approximately five months of imports, and government revenues for the first six months of 1993 are up US\$18.5 million over the same period in 1992. The exchange rate has somewhat stabilized at about G\$124 to US\$1 except for seasonal periods when demand for imports increases. The value of the central government deficit declined from 51 percent of GDP in 1989 to 34 percent in 1992. The balance of payments deficit declined from US\$113 million in 1989 to US\$74 million in 1992. Public sector debt declined from US\$1.85 billion in 1989 to US\$1.83 billion in 1992.

The GOG's commitment to pursuing these reform targets, set primarily by the IMF and World Bank, is the main force behind the level of performance attained, especially in the last three years. The following is a list of illustrative measures taken that have contributed to the economic turnaround:

- Introduction of new players in the foreign exchange market to accelerate its liberalization;
- Removal of price controls, subsidies, and import restrictions;
- Modifications in the tax system, improvements in tax administration, and increases in revenue collection;
- Introduction of a liberalized interest rate regime.

Despite the progress made in meeting the IMF and World Bank targets, much remains to be done to put the Guyanese economy on a stable footing and further enhance the trade and investment climate so as to expand the scope of participation of private enterprise, which is expected to be the engine of growth and the main source for sustained economic development. Up to the present, the economic policy process has involved dialogue mainly between the GOG at the highest levels and donor agency representatives. The strictures imposed by the ERP and the lack of resources other than those provided by the donors limit to a large extent the possibilities for government, or other interest groups, to effectively pursue other policy agendas. Nonetheless, among a relatively small group of private sector actors, and between that group and senior GOG officials, a lively national dialogue on economic reform and the role of the private sector takes place, much of it reported on in the newspapers. The Jagan administration wants to expand the policy dialogue process to make it more open, more inclusive, and less ad hoc.

Moving in this direction, however, means responding more effectively to larger numbers of

interest groups and stakeholders, a difficult task for a government that has inherited a near-moribund public sector. The GOG must face the challenge of increasing the efficiency and effectiveness of the civil service, rehabilitating social and economic infrastructure, and strategically managing policies and programs to enhance the environment for private enterprise. Developing and communicating a shared vision about what economic policy objectives are feasible to private sector operators, civil servants, and the public at large will be central to creating a sufficiently strong constituency to pursue the ERP's long-term reform measures.

**B. Key stakeholders and their interests**

The key stakeholders in an improved environment for business in Guyana are: international donor agencies, private sector operators and investors, public sector agencies with a role in managing the economy, unions, wage earners, and consumers. Each category of stakeholders has a set of interests in policy reform in support of private sector investment.

The interests of the international donors, both multilateral and bilateral, revolve around seeing the targets of the ERP met, and assuring that their programs and projects can move ahead as planned. Donors funding individual projects in the PSIP are particularly concerned with seeing rapid progress made on increasing GOG absorptive capacity. Some projects have been sitting in the pipeline for years, unable to advance to implementation. In some cases these delays are costing the GOG large amounts of money in loan commitment fees.

In addition, donors are interested in maintaining Guyana's progress on democratization, human rights, environmental issues, and equity. All of these relate to some extent to the business environment. Democratization links to expanding the policy dialogue and increasing avenues for participation in economic decision-making. Human rights are important for portraying Guyana as an attractive place for foreign investment. Environment issues arise in terms of the sustainability of growth strategies based on exploitation of natural resources. And finally, equity issues relate to making the business environment accessible to small and medium entrepreneurs, not just the larger operators.

Private sector operators and investors are concerned with inadequate and debilitated physical infrastructure, lack of access to capital, bureaucratic impediments in licensing and regulation, and lack of transparency in GOG economic decisions and actions. This latter is particularly important in the context of the World Bank-supported divestiture of state-owned enterprises. Guyana has a number of commodity and business associations that serve to aggregate private sector interests, such as the Guyana Manufacturers Association (GMA), the Private Sector Commission (PSC), the Consultative Association of Guyanese Industries (CAGI), and the Chambers of Commerce. These entities are the major interlocutors with government on private sector policy issues. Members of this stakeholder group generally support the objectives of the ERP, though some argue for protectionist policies that go against the grain of the ERP's reforms.



GOG public sector agencies with some kind of role in managing the economy include the two that are the focus of BEEP: the MOF and the MTTI, as well as banks and other lending institutions. In addition, the Office of the President and the Cabinet have interests in enhancing the business environment. Key concerns for members of this stakeholder category bifurcate according to organizational level, with the leadership of these agencies having one set of interests and the career civil servants another. Interests of the leaders include: satisfying the conditionalities of the ERP and moving ahead with the PSIP, reforming the financial sector, revitalizing the Guyanese civil service so that the "ship of state" is more responsive to its PPP/Civic helmsmen, and making good on the promises of the Jagan administration. The interests of career civil servants in a better business environment are less clear; as private citizens an enhanced business climate may mean better job opportunities outside the public sector, an option many bureaucrats with marketable skills are choosing. In their capacity as civil servants, the credibility and reputation of the public bureaucracy could improve by building a more supportive business environment, but how strong a concern that might be for the average civil servant is hard to estimate. Those in the public sector banks are probably the most concerned.

Unions, especially of employees of public enterprises targeted for privatization, have interests in an enhanced business environment for reasons of maintaining their employment, or having viable options for alternative employment. President Jagan's association with the union movement increases the clout of this stakeholder group. Non-union wage earners concerns are those of direct self-interest, economic survival, and improved living standards. Consumers' concerns center around availability of new and improved goods and services that will emerge as a result of a more conducive private sector climate.

### C. The role of the public sector and the primary institutions involved

The role of the Guyanese public sector is in the process of shifting from one of direct producer of the majority of goods and services to a facilitator role, responsible for creating and maintaining a suitable environment to ensure that the private sector can flourish. Its leadership role in this regard spans initiation and management of sound macroeconomic and fiscal policies, and maintenance of public sector organizational capacities, and establishment of the necessary legal/regulatory frameworks. Some specific functions include:

- Strategic and efficient allocation and management of resources in the PSIP to ensure that an adequate level of socioeconomic infrastructure is built and maintained.
- Development and execution of sound sector policies to attract small and large private investments from local and overseas sources.
- Maintenance of fiscal policies to ensure that adequate financial resources are available to the private sector.

- Management of efficient administrative systems to deliver satisfactory services to the business community.
- Maintenance of a cadre of competent and motivated personnel to provide direct services or carry out a range of analytical work to facilitate sound decision making.
- Development and execution of a suitable legal framework to promote fair competition.
- Development and execution of effective policy and legislative frameworks for sustaining the natural environment.
- Management of international economic cooperation programs and trade facilitation services to encourage exports.

The two GOG ministries with major responsibilities for fulfilling the above functions are the MOF and the MTTI. Their capacity to do so is assessed in the next section.

### **III. INSTITUTIONAL ANALYSIS OF THE MOF AND THE MTTI**

A wide variety of perspectives exists from which to approach institutional analysis (see Brinkerhoff 1988, 1986). The approach taken here consists of a framework that examines three categories of institutional variables: a) institutional stock, or what the organization has; b) institutional capacity, that is, what the organization does with what it has; and c) institutional performance, which addresses the results and impacts of the organization's functional efforts. More specifically, this institutional assessment framework consists of three types of analysis:

- Assessment of institutional stock. This includes official mandate and authority, internal structure (formal and informal), systems and procedures, staff, equipment and facilities, budget and funding sources.
- Assessment of institutional capacity. The analysis encompasses gauging ability to effectively utilize institutional stock to achieve objectives and missions. Focus is on management decision-making patterns, leadership, access to resources and support, communications, delegation and operational discretion, and routine versus strategic orientation.
- Assessment of institutional performance. This analysis focuses on what the institution has actually been able to accomplish by identifying examples, or "critical incidents," that illustrate good (or poor) performance.

The sections in this part of the report apply this analytical framework to the Ministries of Finance and Trade, Tourism, and Industry.

A. The Ministry of Finance

1. Institutional stock

a. Mandate and functions

The MOF's mandate is to foster strong economic development by managing and maintaining sound public finances, providing a positive framework for public and private initiatives and mobilizing inflows and resources. The core functional tasks of the Ministry include:

- Coordination of the ERP
- Development and management of economic policies, and conduct of policy analysis and planning
- Management of public finances
- Collection of revenues (tax and customs)
- Monitoring of public enterprises
- Oversight of the privatization program
- Coordination of multilateral and bilateral donor and NGO programs
- Coordination of compilation and publication of demographic, social, trade, and economic data and statistics
- Valuation and disposal of GOG property and assets.
- Regulation, licensing, supervision and inspection of banks and other financial institutions
- Management oversight of the PSIP.

b. Structure

The MOF executes these core functions through an organizational structure comprising a central administration and nine autonomous statutory bodies. The ministry is in the process of restructuring, having recently absorbed the former State Planning Secretariat and the Department of International Economic Cooperation (DIEC). As currently planned, the

central administration comprises three division-level offices that report to the Secretary to the Treasury: the Office of the Budget, Office of Planning and Policy Development, and Office of Administration and Allied Services. In addition three departments also report directly to the Secretary: the Customs and Excise Department, the Inland Revenue Department, and the Accountant General's Department. A new Privatization Unit has been created to respond to the conditionality in the World Bank's privatization program. The MOF's statutory bodies are: the Bank of Guyana (the Central Bank), The Statistical Bureau, the Cooperative Finance Administration (COFA), the Guyana National Cooperative Bank (GNCB), the Guyana National Cooperative Bank Trust Corporation, the Guyana Agricultural and Industrial Development Bank (GAIBANK), the Guyana Cooperative Insurance Service and National Insurance Scheme, and the Dependants' Pension Fund.

The MOF's organizational structure is graphically displayed in Figure 1. Our institutional analysis focuses only on the central administration units of the ministry, mainly because this is the part of the organization being targeted for A.I.D. institutional strengthening. The other areas are either already receiving or under review for technical assistance from the World Bank, the IDB, the British Overseas Development Agency (ODA), and the United Nations Development Program (UNDP).

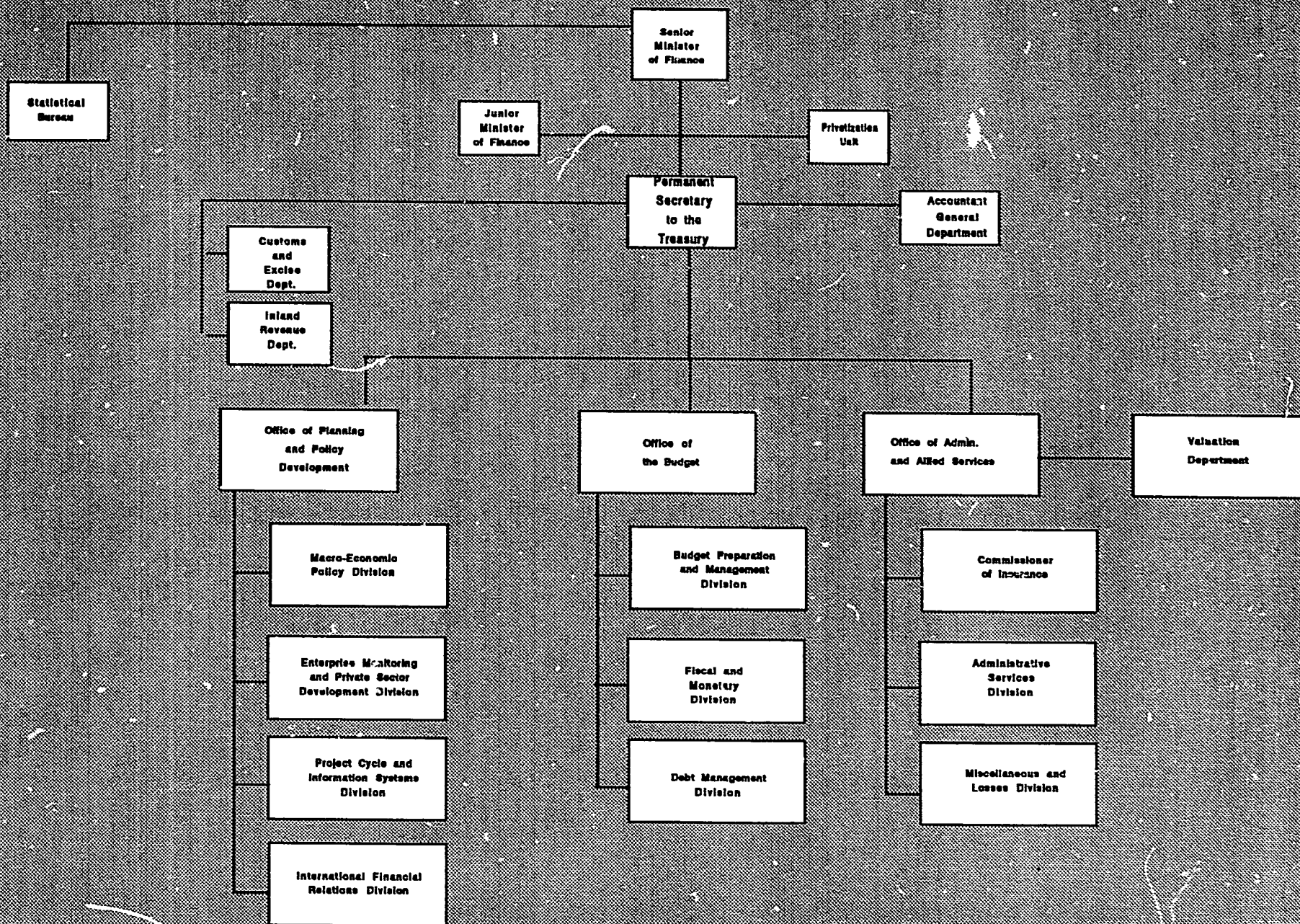
The MOF's organizational structure responds relatively clearly to its assigned mandate and functions. For example, most of the units in the central administration pursue interrelated tasks, which the structure as currently planned facilitates. The MOF's statutory organizations produce distinct services that justify their operations without a direct link to the central administration.

There is, however, room for modifications to the structure to make it a more efficient user of personnel, especially given the severe shortage of qualified human resources. Some opportunities also exist for structural adjustments that could help to reduce operating costs, improve efficiency and task turnaround time, and level of accountability. Possible suggested changes are: the Valuation Division could merge with the Accountant General Department, and/or the Fiscal and Monetary Policy Department could be moved from the Office of the Budget and re-assigned to Planning and Policy Development. All of the activities executed by the former DIEC could merge with the multilateral financial institutions unit. The Public Enterprise Monitoring and Private Sector Development Division under the Planning and Policy Development Office could be merged with the Privatization Unit.

### c. Systems and procedures

The MOF's systems and procedures are generally inefficient, ineffective, burdensome, and inappropriate for good service to the internal and external clients. The absence of efficient systems and procedures is a major source of dislocation and inconvenience to the ministry and its clients, especially in the current situation of high employee turnover mainly because institutional memory is embodied in individuals (who may no longer work there). This

**Figure 1: Structure of the Ministry of Finance**



individualized work approach also impedes on-the-job training, or self-help learning, so a percentage of staff cannot perform their duties because there is no source of information on what to do and how independent of a particular person or person(s). Consequently, in many cases senior personnel are engaged in routine tasks that require lower levels of skills and knowledge to perform.

There are no operations manuals to guide personnel on administrative and technical practices. Hence, there are no reference standards for services or professional and technical practices. The absence of manuals denies personnel the opportunity to work with a minimum of supervision. Similarly, when there is a resignation the successor in the post doesn't have knowledge of systems and procedures to continue to work with.

Most information stored can only be accessed by the individual who stores it, so when he/she resigns or is absent from work, the ministry is not able to respond quickly to requests from the business community, or carry out analyses for the Minister at short notice. As a result, many senior personnel maintain their own personal files to enhance the quality of their performance. This individualized approach is very costly to maintain and is not effective.

Communications procedures suffer due to the scarcity of telephones. With over twenty persons per phone it is almost impossible to communicate to the business community. Most times the phones are located in the office of senior staff, who have to be frequently disrupted to accommodate telephone users.

Report production capability except for the budget preparation is very weak. The typing personnel have to use manual typewriters and stencils a great deal. Consequently they are not able to produce attractive, timely and accurate reports on a frequent basis. The manual personnel data system restricts the ministry from making staff appointments to positions expeditiously, recommending promotion and training on a timely basis, or computing employee benefits expeditiously.

All of the above examples are major contributors to the prevailing negative environment at the ministry. It can be characterized as: inefficient, a poor provider of customer service and a demoralizing working environment for employees. These factors, compounded by the low salaries in the public sector, contribute to staff absenteeism and turnover. There are small "islands" of efficiency in the ministry. For example, in the budget preparation section where the conditions are more favorable, records are computerized, budget preparation is computerized, the personnel work less with the manual filing system, and the office layout is a little better organized. Turnover in that section has been the lowest in the MOF on a consistent basis for the last three years.

#### d. Staff and skills

The Ministry and its attached departments have an authorized staffing level of slightly over

one thousand people. World Bank figures list a total of 1147 approved positions (World Bank 1993b: Annex G), while the GOG lists 1207 (GOG 1993b). The MOF central administration (minus Accountant General, Customs and Excise, and Inland Revenue, but including DIEC and the State Planning Secretariat) has about 240 persons on its established payroll, with 62 percent being managerial and professional and 37 percent belonging to other categories. The staffing structure and status are summarized in Table 1.

Type	Authorized	Actual	Acting	Vacant
1. Managerial	66	59	4	9
2. Technical/ Professional	95	64	14	31
3. Other	82	60	18	22
<b>Total</b>	<b>243</b>	<b>183</b>	<b>36</b>	<b>62</b>
<b>Percentage</b>	<b>100</b>	<b>75</b>	<b>20*</b>	<b>26</b>

\* Percentage of positions filled.

Source: MOF data and consultants' estimates

The table shows that around 30 percent of technical/professional positions are vacant, slightly higher than the vacancy percentage for all positions, and that one-fifth of MOF positions are occupied by acting staff. Interviews revealed that persons can be in acting status for many years before finally being officially assigned. It is clear that there is a shortage of personnel, especially in the technical and managerial categories. Many of those in acting positions do not have the minimum requirements for the job, since assigning people to higher positions is one way the ministry has dealt with the low GOG salaries. Hence, it can be concluded that the Ministry is experiencing severe shortage of personnel and is executing many of its tasks with unqualified personnel. The driving force behind this staffing crisis is high employee turnover due to uncompetitive pay scales and unfavorable working conditions.

#### e. Equipment and facilities

The ministry has mainly outdated, inefficient office technology in support of its operations. For example, files are maintained in wooden cabinets, which are being destroyed by termites; office support staff use manual typewriters; telephones are scarce, with about one unit for every 20 persons; photocopiers are in short supply.

The manual filing system stored away in wooden cabinets is in poor physical state, disorganized and dirty. Consequently, the texts of some files cannot be read, personnel frequently cannot find reference material they need, and the heavy dust/dirt from some files and the required level of effort to pull, lift and move around files make working conditions somewhat unpleasant.

The ministry's physical plant consists of an old wooden three-floor main building, most of which is open-air, and several more modern brick and concrete structures with enclosed offices. Because of the regularity of power outages, the MOF has a back-up generator, but its capacity is not sufficient to run the air conditioners during blackouts. While the main building is of historical value as representative of Georgetown's distinctive architecture, the physical set-up is not conducive to protecting files from deterioration or electronic equipment from dust, temperature, and humidity. Upgrades in equipment and facilities will be needed to realize improved productivity.

f. Budget and financing

The MOF's planned budget for 1993 is G\$3.4 billion, of which approximately 70 percent is for contributions and subsidies to state-owned enterprises and other statutory agencies (see GOG 1993b: Appendix A). It appears that the ministry's internal budget is G\$1.02 billion, of which the wage bill (total employment costs) is G\$626.4 million or 62 percent. As with all GOG ministries, the MOF's potential spending flexibility is relatively limited. Table 2 summarizes the MOF's budget.

<b>Table 2: Ministry of Finance, 1993 Operating Budget</b>	
<b>Item</b>	<b>Amount (G\$M)</b>
Wages and Salaries	\$618.19
Other Wage-Related Costs	\$9.20
Equipment, Supplies, Vehicle Spares, Rental, Telephone, Maintenance, Etc.	189.46
Electricity	63.37
Subsidies/Contributions to Local Organizations	2,348.65
Contributions to International Organizations	21.38
Other	137.30
<b>Total</b>	<b>3,386.55</b>

Source: GOG (1993b: 173-174)



## 2. Institutional capacity

This section examines the extent to which the Ministry uses its resources to get the best results from what it has. It assesses management decision-making, leadership, communication, access to resources and support, human resources practices, delegation and direction, and strategic versus routine orientation.

### a. Management decision-making

Decision-making is concentrated at the apex of the organization, and rarely takes place in a team mode. The main reason for this pattern is that senior personnel are too busy addressing specific requests/assignments to come together to address either longer-range issues or internal functioning. Most of the activities are geared towards budget preparation and carrying out analysis for the IMF and World Bank and these activities do not require a great deal of team meetings. To move to a broader, more participatory decision-making style, the organization would have to change from an orientation geared to meeting IMF and World Bank targets to a strategic management focus.

### b. Leadership

Most assignments are allocated by a superior to a single person who then has total responsibility for completing all stages of the work, and reports back directly to the superior without involving others at his/her own level. This is the classic "hub-and-wheel" pattern found in many developing country agencies. Leaders at the hub assign tasks to isolated individuals, who rely on their own skills and competencies to complete them. Team work is not frequently practiced. Consequently, team building, which is crucial for the creation and sustainability of technical competence in the ministry, is not very evident. The main reason for such a low level of team building is because middle level professionals, and managers are almost nonexistent in the ministry.

### c. Communications

A great deal of one-way communication takes place from the Minister's office to division directors, advisors, and task leaders. However, there appears to be little communication originating from the divisions and departments upward to the top leadership. There is also very little communication between the senior staff and lower level support personnel. There are several reasons for this. The key one is that the Minister has been engaged in mostly outward-looking activities such as: dealing with the donors on the ERP, holding discussions on the PSIP with executing agencies, and establishing dialogue with the private sector.

Senior personnel do not have middle-level staff with whom to communicate effectively, and, as noted above, ministry work habits do not encourage team work. Inadequate communication is a major contributor to the present human relations environment and the lack of innovative strategies to address some of the operational issues in the ministry. Various staff expressed their malaise in interviews. Several senior professional personnel have doubts about their desire to remain with the MOF. Hence, the severe shortage of competent personnel is likely to worsen. Several professionals are not sure how they fit into the organization and what functions are expected of them. Some employees feel that they are no longer in the mainstream of the ministry. The Minister's vision for the MOF is not known to many senior, middle and lower level employees. They therefore work without objectives.

The climate for more effective communication could be improved shortly, because of two major developments. A Junior Minister has been appointed and it is envisaged that he will concentrate on the internal and operational affairs of the Ministry. A modified organizational structure was completed a few days ago. It is hoped that everyone will see how he/she fits into the structure.

d. Access to resources and support

The Ministry generally suffers from inadequate human, financial and technological resources to perform its functions. The inadequacy of human resources is mainly a result of unattractive pay, while limited availability of funds for systems development and improvement results from the present tight fiscal management and the restrictive cash flow in the Central Government's operating budget.

e. Human resources practices

The system for managing human resources requires improvement, especially in the areas of staff performance appraisal, staff development, staff appointment, staff records, and accountability. For example, many staff members do not have the opportunity to discuss their performance or to plan their career development with their supervisors. Staff members can work in acting positions for as long as twenty years before becoming appointed. The staff record system is not oriented to career development, performance, staff needs or placements. It focuses mostly on job grade, and length of service. Improvements in personnel practices in staff development career planning, appointment procedures and performance reviews will go a long way to improve staff morale in the Ministry.

Human resources are not properly utilized. Very senior and usually reliable middle order and junior personnel are very busy, often overloaded. However, the less reliable and untrained ones are not adequately utilized. Consequently, many of them are engaged in "extra curricular" activities, such as taking courses at the university, or holding second jobs.

f. Delegation and discretion

A great deal of delegation occurs from the Minister to a select group of very senior staff. It takes place at this level because the more competent personnel are the senior ones. Mid-level professionals and managers need much more development and familiarization with procedures to become competent. This low level of competence can be immediately improved through the use of operational manuals and on-the-job training regarding systems procedures and methodologies.

g. Management orientation

The prevailing management orientation in the MOF concentrates on completing routine tasks to meet deadlines, and reacting to crises as they emerge. The major tasks consuming managerial attention are: budget preparation, actions to fulfill IMF and World Bank targets, reviews of performance on the PSIP for donor agencies, response to issues from pressure groups, and assessment of general economic performance. There is, however, little management attention paid to strategies to improve services to the business community, work conditions for the staff, the various systems and procedures, or medium and long range performance of the economy. The recent initiative to merge the former State Planning Secretariat with the MOF should set the stage for more strategic planning and management.

3. Institutional performance

The MOF has performed impressively on most of the targets set by the IMF and World Bank. For example, the indicators for growth, balance of payments, exchange rate stabilization, and central Government balances are all positive. It is also on target with pricing policies, trade liberalization policies, tax reform and tax administration systems and financial sector policies. The only major area of poor performance on the IMF/World Bank targets is on privatization. The Ministry has not performed as impressively on domestic issues relating to the private sector on the viability of the organization itself, or on strategies for long term sustainability of growth. For example, private investment has been constrained because progress on the PSIP is too slow to generate the level of infrastructure required to accommodate new enterprises in the pipeline. More than twenty Private Investment proposals are in the pipeline awaiting factory sites, and other infrastructures. Many investors have complained about the inefficient bureaucracy and long delays to secure fiscal benefits and other services that they perceive to be automatic entitlements, such as tax holidays and exemptions from import duty on machinery.

The private sector generally complains about the discretionary nature of fiscal benefits. The GOG has no strategic plan for diversifying the economy or attracting private investment into new areas. The unsatisfactory performance on the PSIP, the administration of fiscal

incentives and the strategic plan, and privatization are contributing to the excess liquidity in the economy and to uncertainty in the private sector. If this situation prevails much longer, there could be increased pressure on the exchange rate as well as increased capital flight.

## **B. The Ministry of Trade, Tourism, and Industry**

### **1. Institutional stock**

#### **a. Mandate and function**

The MTTI was created in 1991 with a mandate "To formulate and provide an effective mechanism for the implementation evaluation and improvement of policies, the aim of which will be to facilitate economic and social improvements through coordinated actions in the areas of trade liberalization, tourism, industrial development and consumer affairs" (World Bank 1993a: Annex A). More specifically, its functions are to facilitate: investment and industrial development, international trade, development of the tourism industry and hospitality products, international economic cooperation in collaboration with the Ministry of Foreign Affairs and the MOF, and fair trading practices and competition.

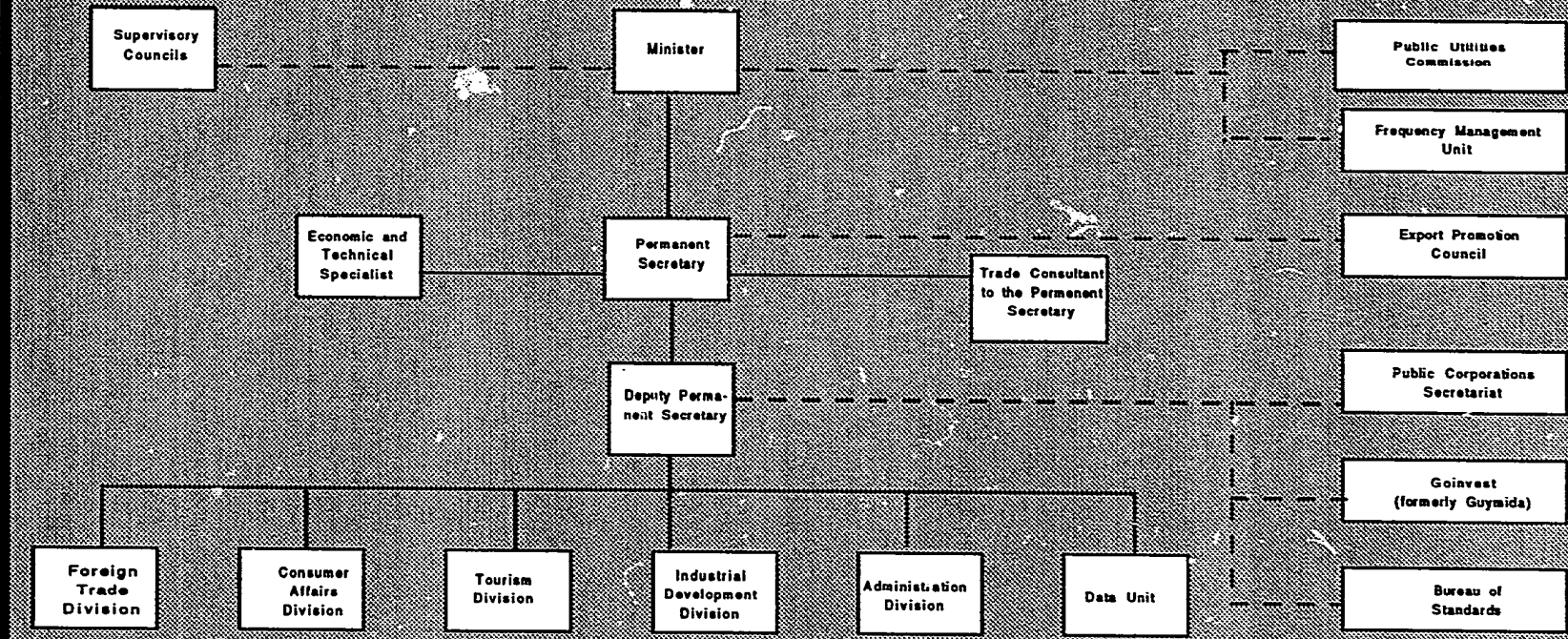
#### **b. Structure**

The MTTI provides the above range of services through a central administration, three main statutory bodies, and several ancillary entities. The central structure has a permanent secretary (PS) with overall executive responsibility for the ministry, and five divisions below the PS level: the Foreign Trade Division, Tourism Division, Industrial Development Division, Consumer Affairs Division, and an Administration Division. The three major statutory bodies are: the Export Promotion Council (EPC), the Guyana Office for Investment (GOINVEST), and the National Bureau of Standards. GOINVEST, which is very new, will subsume the duties of GUYMIDA and the EPC. Figure 2 illustrates MTTI's structure. The major strength in the structure is that each division has a clearly defined scope of work. A major weakness is that it has no working relationship with international donor agencies.

#### **c. Systems and procedures**

The Ministry and its statutory organizations have not clearly defined the administrative procedures that would enable staff to effectively fulfill the MTTI's mandate. The operational capacity for this systems development task is inadequate due to the shortage of qualified and experienced personnel, suitable office technology, and the limited practical work experience of the incumbents in the present jobs. For example, there is no systematic capacity for researching and analyzing business data to enhance sound decision-making for the sector.

**Figure 2: Structure of the Ministry of Trade, Tourism, and Industry**



Most data on trade, investment and tourism are stored and retrieved on a manual basis. There are no comprehensive policy guidelines for promoting investment. There is no operational manual for each cluster of activities. The procedure for facilitating investors is fragmented throughout the Government in a wide range of agencies such as commodity boards and associations. There are no systems and procedures for monitoring trade practices such as dumping, price fixing and product quality. The general lack of systems and procedures causes the MTTI and its associated agencies to make too many ad hoc decisions, which sometimes gives the private sector a negative perception of the ministry.

d. Staff and skills

The MTTI has 94 established positions on its staff with 63 filled, while the Bureau of Standards has an authorized level of 32 with 22 filled. The vacant positions are concentrated in the senior managerial and professional positions. For example, the following senior positions in the MTTI are vacant: Permanent Secretary, Director of Tourism, Analyst Researcher in Consumer Affairs, Confidential Secretary to the Minister, Personnel Officer, and Senior Foreign Trade Officer. The following senior positions are vacant in the National Bureau of Standards: six of the nine Technical Officers positions, Head of Certification and Quality Assurance, Head of General Administration, and Accountant.

The reasons behind the high vacancy rates are the same as throughout the civil service: low pay, poor working conditions, inadequate office technology, lack of opportunity for skills development, and lack of opportunity to realize self potential. Most of the MTTI's personnel are highly educated, but they do not have the relevant skills, training, or experience to make them credible interlocutors with investors or the business community. For example, none of the senior employees in tourism have worked in the hospitality industry or have training in that sector. None of the senior employees in industry or trade have worked in marketing or investment promotion prior to taking positions in the MTTI.

e. Equipment and facilities

The MTTI and the National Bureau of Standards have very limited equipment and facilities to enhance the productivity of their office and the quality of their work. For example, data processing infrastructure is weak because the research framework and data base is outdated and computer facilities are extremely limited. The Bureau of Standards does not have a product testing laboratory. It relies mostly on the use of obsolete and unreliable testing equipment available among business enterprises. The MTTI's building is shabby and offices are in need of upgrading. There is no backup generator to allow work to continue in the face of the frequent electricity blackouts that plague Georgetown. The office facilities at the National Bureau of Standards also need a lot of upgrading so that general working conditions are improved.

f. **Budget and financing**

A significant portion of the MTTI's budget goes for salaries and related costs, with about 15 percent allocated to operating costs. The ministry spends very little on systems support services. The largest single budget item is contributions to regional and international organizations, representing 66 percent of the current operating budget. Table 3 summarizes the ministry's financial picture.

<b>Item</b>	<b>Amount (G\$M)</b>
Wages and Salaries	10.81
Materials and Equipment	2.48
Office Supplies	1.46
Print and Non-print Material	1.02
Contributions to EPC	4.58
Contributions to GUYMIDA	16.01
Contributions to GNSB	6.17
Contributions to Consumers Association	0.25
Contributions to Regional and International Organizations	95.28
Other	6.23
<b>Total</b>	<b>\$144.29</b>

Source: GOG (1993b: 185-188)

2. **Institutional capacity**

Overall, the MTTI's institutional capacity is weak. The ministry is relatively new, it is small in size, and beyond its minister has not managed to establish itself as a key player in the dialogue between the GOG and the private sector.

a. **Management decision-making**

The absence of well communicated procedures, clearly defined investment policies, and guidelines for policy application has restricted the ability of technical staff to operate

autonomously. Most decisions are directed to the Minister. Senior management takes very few decisions. Thus management decision-making in the MTTI is relatively centralized.

b. Leadership

Team building, employee initiatives, and motivated employees are the main signs of sound leadership at all levels of an organization. These attributes are not prevalent within the MTTI mainly because there is still a lot of groundwork to be done in the areas of: setting a vision for the ministry and sharing it with staff, defining ministerial policies that can be managed with autonomy at the technical level, and setting measurable performance targets and timetables for achieving them.

c. Communication

A great deal of internal communication takes place between the senior personnel and the Minister, but little between the senior management and the mid-level personnel. Relatively little external communication below the ministerial level occurs with the private sector. Consequently, the MTTI's operations are not oriented to serving the business community. This communications pattern contributes to the private sector's claim that dialogue with the GOG is not effective. Ministry personnel do not have a firm handle on the issues affecting the business sector and therefore cannot articulate the most workable policies for the sector. There is continued dependence on the Minister or other Cabinet Ministers to initiate solutions to problems in the business sector.

d. Access to Resources and Support

The MTTI has not been targeted as a main center for impacting on the economy, and none of the funding provided by the IDB, the World Bank (except for GOINVEST), UNDP, or ODA is earmarked for the ministry. It is seen as a marginal player in the ERP, and has a very limited and weak base of support. As the above section on the budget shows, most of its resources are allocated to needs outside the ministry itself.

e. Human resources practices

Human resources services concentrate on payroll, appointment, employee fringe benefits and maintaining mandatory staff records in outdated manual information systems. Other services/practices such as personnel development, performance appraisal, work conditions and worker incentives are not given any meaningful support. As with other GOG ministries the MTTI suffers from high employee turnover, low morale, and lack of innovative performance.



f. **Delegation and discretion**

Tasks are assigned directly by the Minister to those with demonstrated competence. Staff shortages mean that there are few mid-level technical staff to delegate assignments to, and little opportunity for staff interested in learning to obtain guidance or challenging assignments. Senior managers and professionals are working under too much pressure to spare the time to train others.

g. **Management orientation**

The management and professional personnel concentrate on completing tasks for meeting immediate deadlines. Very little attention is paid to creating longer term strategies for serving the private sector more effectively and for long term viability of the organization. Crisis and routine drive day-to-day operations.

3. **Institutional performance**

Although the ministry has been interfacing with numerous potential investors and giving them sound guidance on the investment opportunities and the process for successful start-up, it is not viewed as a credible performer. It has not made much progress on reducing the level of bureaucratic red tape to enhance quick implementation of projects. For example, many projects are experiencing long gestation periods for start-up due to long delays in securing licenses, building and other permits, or land and factory sites. The planned "one stop" shop service through the newly-created GOINVEST is intended to help alleviate these bottlenecks.

#### **IV. TECHNICAL ASSISTANCE AND TRAINING FROM OTHER DONORS**

To help the GOG implement the ERP, the donor community is providing a range of technical assistance and training services to both the MOF and the MTTI, with the MOF receiving the bulk of the assistance. The development of BEEP has been pursued with ongoing attention to the need for donor coordination, and the assistance to be funded under BEEP complements the TA that the World Bank and the IDB have provided or are planning to provide. This section summarizes this assistance.

A. **The Ministry of Finance**

The World Bank, under the TA component of the Private Sector Development Adjustment Credit, is in the process of programming approximately US\$4 million in TA and related services for a three-year period. This TA will be primarily concentrated on strengthening the banks, financial institutions, and departments (tax and customs) that are among the statutory

entities attached to the MOF. A secondary focus is on the privatization of public enterprises, with assistance to the privatization unit located within the ministry that was recently established in fulfillment of one of the conditionalities for the loan.

The IDB's assistance, managed by the UNDP, supports the Financial Sector Reform Loan with about US\$2.7 million of TA in the areas of tax and customs administration, and budgeting and financial management. Although approved to start in 1990, TA personnel did not begin to arrive in-country until mid-1993. Several of the advisor positions remain vacant. The intended timeframe for IDB long-term advisors (LTA) is up to three years. From 1990 through 1993 the IDB and the UNDP furnished experts and training assistance to the State Planning Secretariat, now integrated into the MOF, to develop a computerized information system for project monitoring and macro-economic planning (US\$1.8 million).

From 1988 through 1993, the UNDP provided assistance to the Statistical Bureau for census data collection and analysis, with a budget of US\$62 thousand. For 1993-1994, the Caribbean Development Bank is supporting a Study and Expert Fund (STEP) for the MOF to increase the ministry's capability to conduct economic analyses (US\$1.4 million). The British Overseas Development Authority (ODA) is currently funding a long-term advisor in the customs department, who has helped establish the popularly-termed "fraud squad" that is cracking down on corrupt customs practices and smuggling. Table 4 summarizes the ongoing and planned TA for the MOF.

**Table 4: Technical Assistance for the Ministry of Finance**

Type of TA	Donor	Level of Effort	Status
Tax Administration, Systems Development, Organization & Methods	IDB	4 LT TA, max 3 yrs each	2 LTA in place, 2 vacant
Customs Administration, Systems Development, Organization & Methods	IDB	5 LT TA, 1-3 yrs each	1 LTA in place, 4 vacant
Budgeting Systems and Financial Management	IDB	1 LT TA, max 3 yrs	LTA in place
Accounting Systems, Auditing Procedures and Systems	IDB	3 LT TA, max 3 yrs each	2 LTA in place, 1 vacant

**Table 4: Technical Assistance for the Ministry of Finance**

Customs Administration, Anti-Fraud and Corruption	ODA	1 LT TA, 1 year	LTA in place
Studies, Consultants, Macro-Economic Planning	CDB	Variable, on demand	Ongoing
Bank of Guyana, Banking Supervision	World Bank	3 LT TA, 3 yrs each; 2 p/m ST TA	Planned
Guyana National Cooperative Bank, Financial Management	World Bank	1 LT TA, 2.5 years; 60 p/m ST TA	Planned
GAIBANK, Financial and Operational Restructuring	World Bank	1 LT TA, 2 yrs; 30 p/m ST TA	Planned
National Insurance Scheme, Accounting and Financial Systems	World Bank	11 p/m ST TA	Planned
Over-the-Counter Capital Market Development	World Bank	2 p/m ST TA	Planned
Bank of Guyana, Reform and Restructuring	World Bank	1 LT TA, 2.5 yrs; 31 p/m ST TA	Planned
Privatization Unit	World Bank	4 LT TA, 1-3 yrs; 30 p/m ST TA	Planned

**B. The Ministry of Trade, Tourism, and Industry**

The MTTI has received relatively little TA or training. From 1986 through 1993, the UNIDO and UNDP funded consultants, training, and studies for one of the ministry's statutory bodies, GUYMIDA, with a budget of US\$2.6 million. GUYMIDA's successor, GOINVEST, is scheduled to receive some TA under the World Bank's privatization credit. The MTTI does not have any current TA for the ministry itself, except for a short-term Organization of American States (OAS) consultant, who is doing a needs assessment for a tourism awareness campaign. The OAS plans to support some training for MTTI staff in ecotourism development and tourism marketing. A few staff members have received some

training opportunities, for example, the director of the Foreign Trade Division recently attended a seminar on the GATT.

## **V. A STRATEGY FOR IMPROVING ERP IMPLEMENTATION PERFORMANCE OF THE MOF AND MTII**

The proposed strategy for assisting the MOF and the MTII to improve their capacity to implement the components of the ERP that fall under their responsibilities is intended to generate both immediate benefits to the GOG while laying the groundwork for sustained improvements over the longer term. This section specifies the elements of the strategy, details the long-term and short-term TA needed, and discusses conditions and risk factors for effective utilization of the TA and training to be provided.

### **A. Institutional development for the MOF and MTII**

As Section III's institutional analysis points out, the MOF and the MTII both exhibit weaknesses in strategic management and basic management systems, and in linking strategic to routine tasks. Institutional strengthening can be targeted at a number of component levels, ranging from the interinstitutional to the management subsystems tier. These levels are interrelated, and can be conceptualized as a hierarchy, as shown in Figure 3. The ID strategy for the MOF and MTII is to focus institutional strengthening TA and training at two of these levels: 1) the organizational level, with an emphasis on strategic planning and management, and 2) the management subsystems level, targeting three major subsystems--project management, operational support, and policy analysis and guidance. These areas are represented by the shaded boxes in Figure 3.

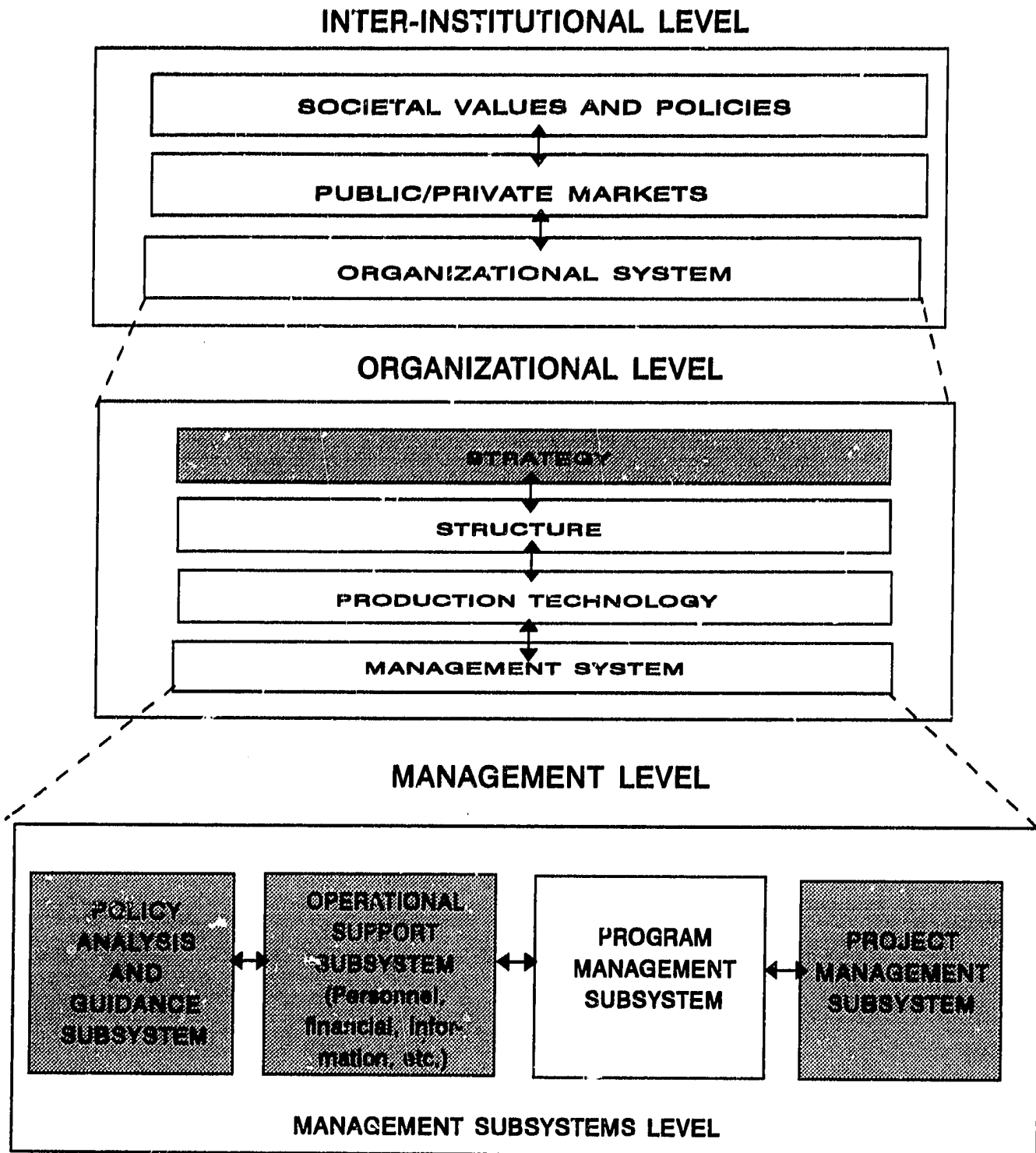
#### **1. Organizational level: strategic planning and management**

Assistance at this level will focus on putting in place a strategic planning and management system in both the MOF and the MTII. The ID to be provided has three major objectives: a) to develop within each ministry a shared vision of its mission, work tasks (both long and short-term), and unit capabilities; b) to establish communication and guidance processes that forge links between the ministries' strategic tasks and their routine operations; and c) to build a working environment that provides more opportunities for recognition by ministry leadership for employee performance.

The strategic management process can be thought of as a cycle of nine steps (see Crosby 1991):

#### **1. Agreement on, and commitment to, the strategic management process.**

**Figure 3: Hierarchy of Institutional Levels and Targets for BEEP Institutional Strengthening**



2. Identification and clarification of the institution's mission, objectives, and current operating practices.
3. Identification of the institution's internal strengths and weaknesses.
4. Assessment of the opportunities and threats present in the institution's external environment.
5. Identification of key constituencies and stakeholders along with their leverage and expectations.
6. Selection and analysis of the critical strategic issues confronting the institution.
7. Design of strategy options to address the critical issues identified.
8. Implementation of the strategy.
9. Monitoring and review of the strategy's performance.

This process will be initiated by holding a strategic retreat/workshop for each ministry that will begin the work on Steps 1-7. Because of the size and variety of functions in the MOF, as well as the availability of key staff, it may be necessary to conduct two workshops. For the MTTI, however, one start-up workshop will suffice. The workshop(s) will be held at an off-site location, preferably out of town to minimize interruptions, and will last one and a half or two days. It will be critical for all senior staff to attend all sessions. The emphasis of these kick-off workshops will be on developing a shared vision and establishing two-way lines of communication between ministry leadership and functional subordinates.

Out of these workshops, informal task forces made up of members at differing organizational levels will be formed to address some of the issues identified and the next steps discussed. These task groups will assure continuity of effort so that issues raised are not forgotten and/or pushed aside in the day-to-day press of operational routine. They constitute the main mechanism for translating the workshops' outcomes into action, and as such contribute to moving the strategic process to Step 8. Their work will be supported by the long-term advisors, and by short-term TA as needed (see V.B below). The task forces will be temporary, informal structures that will change over the life of BEEP as they accomplish their goals, and as new issues and needs emerge. They also are intended to contribute to job enrichment by giving employees opportunities to undertake significant work, to be recognized by ministry leadership and by peers, and to build their members' skills and knowledge. Possibilities for recognition mechanisms will be explored (e.g., certificates of appreciation, prizes, testimonial dinners, trips, etc.).

Over the life of the project, the MOF and the MTTI will hold one strategic retreat/workshop

each year per ministry, as well as an additional mid-year review session. The project will provide for external facilitation to moderate these workshops. These events will be important to operationalize Step 9 of the strategic management process, and to integrate strategic issues into the annual work programs of the two ministries. In addition, they will contribute to institutionalizing the strategic perspective in the ministries. The tendency of crisis management and a sole focus on routine tasks to drive out any concern for long-term direction is a well-recognized pattern in developing country public sector agencies, and needs to be guarded against (see Kiggundu 1989).

## 2. Management subsystems level: critical systems

At this level, ID assistance targets the "nuts-and-bolts" systems that contribute to the MOF's and MTTI's abilities to function as viable agencies. Several subsystems will receive TA and training under BEI 2.

### a. Ministry of Finance

For the MOF, three subsystems will receive strengthening assistance:

i. **Project management subsystem.** This deals with the MOF's role in managing the PSIP. Assistance will be provided to the Project Cycle Management and PSIP Division, which is under the Office of Planning and Policy Development, in the following areas:

- **Monitoring and evaluation (M&E).** TA and training will focus on developing a simple and feasible system for collecting and reporting data on PSIP projects. The utility and feasibility of the IDB-financed computerized project monitoring system, the "Information System for Project Cycle Management," will be assessed (see IV.A above). Experience with similar systems suggests that it will need significant simplification and clarification of links to decision-making in order to be usable. As it currently stands, the system (which has yet to be made operational) represents information "overkill," requiring vast amounts of information in its nine multipage forms, which are difficult to fill out and call for calculations not found in most donor project documents (e.g. cost by activity).
- **Implementation and management analysis.** TA and training will help division staff build skills in diagnosing and analyzing implementation and management issues in the PSIP as part of the M&E system. These skills will help staff to become problem-solvers, not just another set of oversight personnel in the eyes of sectoral project managers. Further, acquiring these skills will contribute to employee job enrichment.

ii. **Policy analysis and guidance subsystem.** This subsystem addresses tracking

of policy conditionalities (e.g., World Bank, IMF, and IDB), monitoring and reporting policy impacts, and analyzing policy alternatives and implementation issues. While donor agency staff and consultants fulfill these functions as an integral part of the ERP, the MOF has a strong desire to begin to create its own capacity to perform them as well, so as to move away from complete dependence on outside assistance in this vital area. In principle, these functions reside in several units in the MOF: under the Office of Planning and Policy Development in the Macroeconomic Policy, Enterprise Monitoring and Private Sector Development, and International Financial Relations Divisions; under the Office of the Budget in the Fiscal and Monetary Division. In addition, the Privatization Unit also has policy analysis functions. TA and training for this subsystem will address approaches to indicative planning for market-led economies, data collection, database management, information reporting, methods of fiscal policy analysis, and budget and revenue monitoring. Specifics of this assistance will be worked out once the long-term TA team is in place and the MOF's revised structure has been finalized.

iii. **Operational support subsystem.** The focus of assistance here is on improving personnel records management, filing systems, information storage and retrieval, wordprocessing facilities and skills, and correspondence tracking and response. Basic manuals will be developed once systems have been developed, tested, and installed. It is anticipated that most of the TA and training provided for this subsystem will draw upon local sources of expertise. Short, custom-tailored courses will be provided on a schedule to be determined by the long-term TA team in consultation with the MOF. In addition, the project will provide a substantial amount of commodities, financed from BEEP's PL-480 local currency budget. Examples of commodities to be procured include: file and storage cabinets, files, office equipment and supplies, etc. The project's support to this subsystem will also contribute to improving working conditions and motivation for the MOF's secretarial and clerical personnel. Some of the staff trained will leave the ministry for the "greener pastures" of the private sector. BEEP's approach, however, is to overtrain in anticipation of this turnover, recognizing that it cannot be eliminated but can be slowed such that the investment made in staff training will yield more of a payoff, as some staff will decide to stay longer given the lure of the training and better working conditions.

b. **Ministry of Trade, Tourism, and Industry**

For the MTTI, with fewer staff and organizational units, two subsystems will receive strengthening assistance:

i. **Policy analysis and guidance subsystem.** TA and training will support the development of capacity in the areas of export and investment policy development and promotion, including promotional materials and manuals; data collection and reporting; and outreach to the private sector. Particularly important for supporting an export competitiveness strategy will be assistance in product quality control, including the design and implementation of a product standards certification program for local manufacturers and



producers.

ii. **Operational support subsystem.** The MTTI's physical plant and the secretarial, clerical, and personnel functions require support. TA, training, and commodities will be provided for the MTTI along the same lines as described above for the MOF, although on a lesser scale.

**B. Long-term and short-term TA and training**

For BEEP's public sector component, two long-term advisors are recommended. One will be located in the MOF, and the other in the MTTI. They will be complemented by short-term TA, both external and local. The discussion below outlines the placement, modus operandi, and profiles of the long-term TA; describes some illustrative areas for short-term TA; and makes some recommendations for training.

**1. Long-term technical assistance**

**a. Ministry of Finance**

For the MOF, it is proposed to place one long-term advisor in the Office of Planning and Policy Development with responsibility for working mainly with the Project Cycle Management and PSIP Division at first, working in a hands-on way with staff of this unit to improve M&E systems for project implementation. Once those activities are underway, the advisor will then progressively expand his/her scope of activities to support the Enterprise Monitoring and Private Sector Development Division, the International Financial Relations Division, and/or the Office of the Budget's Fiscal and Monetary Division. It is possible that the Enterprise Monitoring and Private Sector Development Division may be moved to the Privatization Unit, in which case the advisor would work with that unit as well. The actual choice of units to work closely with and the timeframe will depend upon the results of a project start-up planning session (TPM: team planning meeting), and the advisor's assessment of which staff show the most interest and desire to work together.

Although located at the office level, the advisor will liaise regularly with the Minister. Through his/her participation in the strategic management component of the TA program, the advisor will facilitate the linkage between strategic tasks and routine operations.

The advisor's modus operandi will be to set up a number of task groups, similar to those outlined above for the strategic issues groups (in fact some of these task groups may be overlapping), and then rotate his/her assistance and collaboration among them, filling in with periodic short-term expertise in various topics. By having a number of TA actions underway simultaneously, the strengthening program should be less vulnerable to delays or crises that reduce the availability of staff to participate in the ID activities.

**b. Ministry of Trade, Tourism, and Industry**

For the MTTI, one long-term advisor will be placed at the division level to work with three of the ministry's divisions on the management subsystems developed outlined above: Industrial Development, Foreign Trade, and Tourism. The advisor will also link with GOINVEST, the replacement organization for GUYMIDA, and the Export Promotion Council. He/she will interact on a regular basis with the Minister to assure progress on the MTTI strategic plan developed at the initiating strategic management retreat, and to link those tasks to day-to-day functions. To the extent possible given the MTTI's smaller size, the advisor will use the same task team approach as suggested for the MOF.

**c. Long-term advisor level of effort and profiles**

The proposed MOF advisor will serve fulltime in the ministry for a two-year period, with the possibility of a third year, subject to a joint status review by the GOG and A.I.D. The MTTI advisor will work halftime in the ministry, with the other half of his/her time dedicated to identifying and programming the project's short-term TA and training, and to serving as BEEP team leader. This advisor will also have a two-year tour with a potential third-year option.

The MOF advisor position calls for a senior-level person with an advanced degree in economics (macroeconomics, fiscal and financial policy), planning, policy analysis, or development management. Eight to ten years' applied field experience in developing countries and/or donor agencies is required, with a preference for a minimum of one previous long-term overseas assignment. Hands-on experience in ministries of finance and/or planning and with project monitoring and evaluation is a prerequisite. It will be critical for the advisor to have the ability to work in an operational capacity with MOF staff, while at the same time passing on skills and tools to his/her counterparts. He/she needs to be an effective communicator and team player, able to interact effectively with staff at all levels of the ministry. Knowledge of and experience with strategic planning and management and/or workshop/training design and delivery are desirable, but not critical (most of this TA will be provided by short-term assistance). Experience in the Caribbean region is an asset, but not a requirement. Fluent spoken and written English is required.

The MTTI advisor position requires a mid to senior-level person with an advanced degree in business management, marketing, policy analysis, or economics (macroeconomics, microeconomics, trade, investment). At least six years' applied field experience in developing countries and/or donor agencies is required, with a preference for a minimum of one previous long-term overseas assignment, or more years of significant short-term experience. Required substantive areas of expertise include: hands-on previous work on trade and investment policy, and export promotion; and experience with ministries of trade, commerce, and/or finance, plus private sector entities (e.g., chambers of commerce,

manufacturers and trade associations, export promotion groups, etc.). The advisor needs to have the ability to work in an operational capacity with MTTI staff in a team mode, and to transfer skills and tools to his/her counterparts. He/she needs good communications skills, and the ability to interact effectively with staff at all levels of the ministry, as well as members of the private sector. Knowledge of and experience with strategic planning and management and/or workshop/training design and delivery are pluses. Knowledge of A.I.D. procedures and reporting requirements is critical, and previous experience in leadership positions is highly desirable. Experience in the Caribbean region is an asset, but not a requirement. Fluent spoken and written English is required.

## 2. Short-term technical assistance

Short-term TA will be provided in three major categories: management support, operational support, and technical and policy support. Types of TA in the management support category include: assistance with strategic planning and management, workshop design and facilitation, analysis and tools for project implementation, design and installation of the PSIP M&E systems, and organizational development and job enrichment approaches. TA for operational support covers: data collection and data base management, organizational procedures manuals, wordprocessing, secretarial skills, filing systems, budgeting, and financial management. TA for technical and policy support encompasses: employee stock ownership plan (ESOP) design and development, establishment of a stock market, trade/export promotion materials development, tourism promotion, private sector outreach, fiscal policy and incentives, quality management programs for local industry, legal and regulatory frameworks (anti-dumping, product standards and safety), and design and conduct of public-private sector roundtables and symposia. Table 5 summarizes proposed illustrative short-term TA.

**Table 5: Illustrative Short-Term Technical Assistance**

Category	Description	Target Agencies	Estimated Level of Effort
<b>Management Support</b> 1. Strategic planning and management	Design and conduct of strategic planning exercise, establishment of strategic management process, linkage to annual workplanning.	MOF and MTTI	16 person months

**Table 5: Illustrative Short-Term Technical Assistance**

<b>Category</b>	<b>Description</b>	<b>Target Agencies</b>	<b>Estimated Level of Effort</b>
2. Workshop design and facilitation	Design and conduct of action-training workshops for particular tools and approaches (could be done in conjunction with TA in technical support areas listed below).	MOF and MTTI	7.25 person months
3. Analysis and tools for project implementation	Support to long-term advisor and MOF counterpart team in specific implementation areas, e.g., diagnosis of implementation problems, project scheduling techniques, etc.	MOF	3 person months
4. Design and installation of the PSIP M&E systems	Support to long-term advisor and MOF team in M&E systems, e.g., computerization, evaluation techniques and tools, outreach program to sectoral ministries, etc.	MOF	2-4 person months
5. Organizational Development and Job Enrichment	Team-building, communication skills, design and installation of employee performance award programs, etc.	MOF and MTTI	3-4 person months
<b><u>Operational Support</u></b>	Analysis of data needs and design/installation of improved systems and procedures for data base management.	MOF and MTTI	6-12 person months
1. Data Collection and data base management			
2. Organizational procedures manuals	Design and preparation of manuals for ministry systems and procedures. Could include information/training sessions on contents of manuals.	MOF and MTTI	6-12 person months
3. Wordprocessing	Locally designed and delivered wordprocessing orientation and training courses, follow-up technical support.	MOF and MTTI	6-8 person months

**Table 5: Illustrative Short-Term Technical Assistance**

<b>Category</b>	<b>Description</b>	<b>Target Agencies</b>	<b>Estimated Level of Effort</b>
4. Secretarial skills	Training in basic skills, e.g., telephone answering, appointment scheduling, correspondence tracking, etc. Combination of locally-provided short courses and OJT.	MOF and MTTI	4 person months
5. Filing systems	Design and installation of basic filing systems. This will provide input to data base management, procedures manuals, and secretarial training.	MOF and MTTI	4-5 person months
6. Budgeting and financial management	Selected analyses and subsystems development to complement other TA, could be some training.	MOF and MTTI	2-4 person months
<b><u>Technical and Policy Support</u></b>	Design and development of options for ESOPS in context of WB privatization program.	MOF	2 person months
1. Employee stock ownership plan (ESOP)			
2. Establishment of a stock market	Analysis of legal and institutional framework and suggested options for setting up a local stock market.	MOF	2 person months
3. Trade/export promotion materials development	Support to long-term advisor and MTTI counterpart team in developing promotional materials	MTTI	2-3 person months
4. Tourism promotion	Support to long-term advisor and MTTI counterpart team in developing promotional strategies and materials. Could include study tours.	MTTI	2-3 person months

**Table 5: Illustrative Short-Term Technical Assistance**

<b>Category</b>	<b>Description</b>	<b>Target Agencies</b>	<b>Estimated Level of Effort</b>
5. Private sector outreach	Assessment of options for customer and service orientation ("reinventing government"), linked to strategic planning, and organizational development TA.	MOF and MTTI	2-3 person months
6. Fiscal policy and incentives	Develop analytical and operational framework for macroeconomic planning and monitoring, and design system for interunit cooperation in data collection and analysis.	MOF	4-6 person months
7. Quality assurance programs for local industry'	Design, test, and marketing of quality management programs for selected local manufacturer to increase export competitiveness.	MTTI and Bureau of Standards	2-6 person months
8. Legal and regulatory frameworks (anti-dumping, product standards and safety)	Analysis and recommendations for laws and regulations, design of information outreach programs. Linked to export promotion TA.	MTTI and Bureau of Standards	2-4 person months
9. Public-private sector roundtables and symposia	Design and conduct of two fora per year particular topics of interest to GOG and private sector. Arrangement for preparation of background materials and papers to be presented, follow up for publicity.	MOF and MTTI	9 person months

### 3. Training

Training for the MOF and the MTTI will be of five types. First and foremost will be on-the-job training as an integral part of the technology and skills transfer activities of both long and short-term advisors. The second kind is action-training in the context of the workshops planned over the life of BEEP. For example, the strategic planning and management workshops have a training element to them, and much of the training in M&E and project

implementation will be provided in this form. Third are short courses designed to fit the two ministries' needs. These will cover some of the areas listed above for short-term TA needs; in particular it is anticipated that much of the training for ministry support staff in secretarial skills, filing systems, and wordprocessing will be handled through short, targeted courses. Fourth are study tours for selected topics, where small groups will visit other countries in the region or the U.S. to observe successful practices, for example, in investment promotion and/or ecotourism. Included in the study tour category could also be participation for selected staff in conferences. The fifth type of training relates to the public-private sector roundtables, symposia, and fora planned under BEEP. While not training activities in the formal sense, they nonetheless serve a training function because it is anticipated that each one will be organized around a particular topic with the aim of informing participants about key issues, new approaches, innovative solutions, and so on as a means to stimulate discussion and exchange of views. Training of all types will be designed to complement the existing support being provided through A.I.D.'s Caribbean Leadership Development Training (CLDT) Project.

#### 4. Procurement of technical assistance services

It is recommended that TA and training expertise for BEEP be provided by an institutional contractor, selected through full and open competition, according to A.I.D. procedures and regulations. If placed on a fast-track by the RDO/C, this process could arrive at a procurement by July-August 1994. To respond to the need to begin assistance sooner, expressed in particular by MOF top leadership and the U.S. Ambassador, A.I.D. should consider accessing services through other means, such as IQCs or other pre-competed contracts. Both the MOF and the MTTI indicated that following the presentation of the GOG budget at the end of March would be an appropriate and desirable time to hold the strategic management workshop/retreats. Conducting these in April 1994 would be an effective way of initiating BEEP ID assistance, as well as demonstrating A.I.D. responsiveness to the GOG's needs.

### C. Key issues and risk factors for the success of BEEP's public sector component

#### 1. Conditions for effective utilization

Experience with ID in a variety of situations has led to the identification of a set of minimum conditions that facilitate the effective use of TA and training for purposes of institutional strengthening (see Brinkerhoff 1986). Assessing the status of these conditions in the MOF and MTTI provides one way of specifying some of the key risk factors associated with the public sector component of BEEP. Each of these conditions is examined below.

**a. Perceived performance gap**

Without a sense on the part of those directly associated with the institution that a problem exists with institutional performance, there can be little motivation to seek a solution. It is not enough for outsiders to see a problem. The top leadership of both the MOF and the MTTI share a strong perception of a performance gap in their ministries. From their perspective as newcomers to the GOG public sector, the institutions they are in charge of appear weak and unresponsive at best, and politically suspect at worst. This situation creates frustration and overload of the small cadre of capable and trusted staff charged with doing what needs to be done. At the office director level, perceptions of performance problems are varied, with some directors expressing the view that, given public sector working conditions, their units are performing as well as could be expected. Others, however, appear to feel the gap in performance more keenly, particularly in cases where their units have key roles to play in the ERP. Overall, though, this facilitative condition seems to be fulfilled.

**b. Willingness and ability to commit resources to problem-solving**

Solving institutional performance problems requires resources above and beyond those needed for day-to-day operations. Top leadership in both ministries expressed willingness and, in the case of the finance minister, impatience to address and resolve the performance problems of their agencies. However, their ability, as well as that of their senior staff, to commit resources to developing and implementing solutions is extremely circumscribed, being essentially limited to what the various donors are willing to provide. Civil service rules and regulations are another constraining factor, hampering flexibility in particular in the area of salaries and personnel. Also impeding the MOF's and MTTI's ability to assign resources to solving performance problems is the pressure placed on key staff to deal with the pressing and immediate tasks imposed by the conditionalities and actions of the ERP. Organizations need slack resources to have the capacity to address longer-term problems and issues. Without donor support, neither the MOF nor the MTTI can enjoy that luxury. The danger is that even projects that seek to provide such resources require something from the recipient agency, if nothing more than staff time to allocate to outside expertise. On this facilitative condition, both the MOF and the MTTI appear vulnerable to nonfulfillment.

**c. Openness to learning and experimentation**

Successful ID requires people to question current practices and to be willing to test alternatives with an eye to learning what works best. Nothing the BEEP design team heard would lead to the conclusion that people in the MOF or the MTTI are closed to learning or trying out new approaches. Interviewees regularly expressed interest in training opportunities, in materials that might be relevant to their jobs, or in the experience of other countries in dealing with similar problems and issues. This condition would seem to be strongly fulfilled.



d. Ability to plan actions and follow through

Once ID objectives are set, making progress depends upon planning a specific set of actions and pursuing them to completion. To a large extent, more so in the MOF because of the greater demands being placed upon the ministry, firefighting and crisis management are the predominant managerial style. Ad hoc decision-making and quick fixes characterize actions at the top, and they filter down to the lower levels of the two ministries as well. BEEP's purpose, in fact, is to help ameliorate this situation. Yet this managerial style can threaten the performance improvement program the project seeks to provide. Effective follow through, in particular, will be crucial to the success of ID for the two ministries. Staff will quickly perceive whether their leadership is truly behind the intended changes, or whether their attentions have turned elsewhere. Their willingness to work closely with the project-provided long-term advisors to follow through on plans made will "make or break" BEEP. This facilitative condition is fulfilled only marginally, and poses a substantial risk to BEEP's possibilities for success. It should be closely monitored over the life of the project.

e. Minimum level of stability in the external environment

High levels of environmental instability and uncertainty make it difficult to engage in the planning-action-learning cycle that ID must follow to generate better performance. Documents and interviews reveal the high degree of change in the environment that surrounds the MOF and the MTTI. Of major concern is the extreme level of deterioration of the Guyanese public sector, which introduces a high degree of instability in the working environment of most civil servants. Salaries are very low, in most cases one third to one quarter of private sector salaries for comparable jobs. Civil servants at all levels are resigning, leaving many positions vacant and/or subject to rapid turnover. Working conditions are poor, with facilities and equipment in disrepair, and basic supplies often lacking.

These features characterize both the MOF and the MTTI. The World Bank's public sector reform project is intended to improve the salary situation, whose specific terms are in the process of being worked out, with President Jagann, the public sector unions, and the donors all seeing things somewhat differently. The outcome is unlikely to become clear in the near future, and this adds a critical element of instability and uncertainty. Other sources derive from the Guyanese economy's state of flux; the macroeconomic indicators look encouraging at the moment, but sudden shifts are possible. Donor fund flows have increased, but there too lie further uncertainties, some internal to Guyana relating to ERP performance, but others are external relating to donor policies and programs worldwide. This condition also appears to be fulfilled to a minimal degree, and bears watching during BEEP implementation.

## 2. Sustainability considerations and long-term impact

A basic premise of institutional strengthening efforts is that at some point the improvements put in place with the aid of external assistance become integral, sustained elements of the institution being strengthened and thus no longer require ongoing donor support. This premise assumes that sustainability is some kind of end state. In fact, however, studies have demonstrated that sustainability is a process, and one that requires ongoing attention and allocation of resources (Brinkerhoff and Goldsmith 1992). Further, the process is reversible, institutions that once were sustainable can deteriorate and decline. The GOG civil service, which includes the MOF and the MTTI, is a case in point.

The implication for BEEP is that the level of resources the project provides cannot alone turn around the downward spiral that the GOG's public agencies have traveled for the past twenty years. The success of BEEP's technical assistance and training efforts of its long and short-term advisors will be highly susceptible to conflicting demands on MOF and MTTI staff, extremely sensitive to political agendas, and strongly dependent on other external resources. This vulnerability is not peculiar to BEEP, but characterizes almost all ID interventions that seek to support lasting organizational performance improvements (see Brinkerhoff 1990). It appears that the project is coming on line at a promising time to make changes in the way that the MOF and the MTTI do business, and that key stakeholders are committed to seeing those changes through. However, it must be borne in mind that the payoffs and incentives as seen from a donor's design team perspective are rarely perceived in the same light by those living and working in the institutions in question. BEEP's ID strategy and TA approach need to remain flexible and open to redesign and reprogramming of resources should it become apparent that the facilitative conditions reviewed above change significantly for the worse.

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**ANNEX A: PERSONS CONTACTED****GOVERNMENT OF GUYANA****Ministry of Finance**

Hon. Asgar Ally, Minister  
Winston Jordan, Director, Office of the Budget  
Carol Hebert, Deputy Secretary to the Treasury  
Clyde Roopchand, Director, Office of Planning and Policy Development  
Desiree Field-Ridley, Macroeconomic Advisor  
Tarachand Balgobin, Head, Project Cycle and Information Systems Division  
Denise DeSouza, Head, Enterprise Monitoring and Private Sector Division  
Cecilia McAlmont, Head, Bilateral Department  
Martin Boodhoo, Executive Director, Privatization Unit  
Cheryl Walcott, Senior Personnel Officer  
Thomas Barri, Systems Analyst  
Sarah Parris, Systems Analyst

**Ministry of Trade, Tourism, and Industry**

Hon. Michael Shree Chan, Minister  
Tarchand Ramgulam, Director, Industrial Development Division  
Paul Wharton, Director, Consumer Affairs Division  
Tesa Fraser, Director-designate, Tourism Division  
Maureen Paul, Marketing Officer, Tourism Division  
Winston Harlequin, Senior Foreign Trade Office, Foreign Trade Division  
Grace Chichester, Principal Assistant Secretary, Administration Division

**Guyana National Bureau of Standards**

Melvin Sankey, Chairman  
Jennifer Bentick, Senior Technical Officer  
Norman Agard, Technical Officer

**Office of the President**

Horace Balgobin, Project Coordinator, Public Administration Project

## GUYANA PRIVATE SECTOR

Alston "Kim" Kissoon, President, Guyana Manufacturers Association  
 David Yankana, Executive Director, Consultative Association of Guyanese Industry  
 Clarence King, Managing Director, King's Shipping and Trading Company  
 Cecil Rajana, Director, Caribbean Engineering and Management Consultants, Ltd. (former Director, Department of International Economic Cooperation)  
 Winston King, Director, Caribbean Engineering and Management Consultants, Ltd. (former World Bank staff, and GOG advisor)

## INTERNATIONAL DONOR AGENCIES

### U.S. Agency for International Development

Laura McPherson, Consultant, Trade and Development Office, RDO/C, Barbados  
 Thomas Whitney, PL-480 Title III Policy Advisor and Coordinator, U.S. Embassy/Guyana

### United Nations Development Program

Carlos Martinez, Resident Representative  
 Swinder Paul Sodhi, Chief Technical Advisor in Budgeting and Financial Management, MOF, Office of the Budget  
 Ronald Dobrydnio, International Program Coordinator  
 Douglas Allan, Chief Technical Advisor in Customs Administration, MOF, Customs and Excise Department  
 Sesvin Hamilton, Systems Analyst/MIS Advisor, MOF, Inland Revenue Department

### Inter-American Development Bank

Charles Greenwood, Resident Representative  
 Judd Herriott, Project Officer, Financial Institutions Adjustment Credit

### World Bank

Sanjivi Rajasingham, Principal Financial Officer, Latin America and Caribbean Region  
 Adrienne Taptich, Economist, Latin America and Caribbean Region

### Other

Paul Spencer, Resident Representative, Organization of American States  
 Joel Fessaquet, Representative, European Economic Community  
 Robert Webb, Deputy High Commissioner, British High Commission

**ANNEX B: SOW**



## ATTACHMENT A: SCOPE OF WORK

### A. PURPOSE

The purpose of this Order is to obtain expertise available through the A.I.D. "Implementing Policy Change" (IPC, No. 936-5451) project to work with Guyana's Ministry of Finance and Ministry of Trade, Tourism, and Industry to help them identify specific technical assistance (TA) and training requirements that will improve their respective and joint capacities to implement the conditions -- those agreed to and those proposed -- of Guyana's on-going Economic Reform Program (ERP).

### B. BACKGROUND

In spite of the recent positive moves toward a market economy by the Government of Guyana (GOG), the business environment is still considered insecure and high risk by many Guyanese and foreign business persons. This is due to a number of factors, chief among which are delays in implementation of agreed-to policy, legal/regulatory/judicial (LRJ), and institutional changes necessitated by the policy reform process; a lack of transparent and broad-based dialogue between the public and private sectors regarding priorities in the implementation process; and a possible (unintended) bias against smaller businesses in terms of benefits of the reform process.

The international donor community, led by the IMF, Inter-American Development Bank (IDB), and World Bank, have worked closely with the GOG since 1987 in its macroeconomic reform efforts, and plan to continue to provide significant assistance to leverage additional reforms to increase trade and private investment in the coming years. The proposed A.I.D. Business Environment Enhancement Project (BEEP) will complement these multilateral efforts and focus on improving the implementation of reforms -- those enacted and those proposed -- through a number of venues over time.

The purpose of BEEP is to increase the capacity of key public and private sector entities to strengthen the business environment in Guyana. The business environment is defined as the macroeconomic and fiscal policies, and the legal/regulatory/judicial (LRJ) and institutional framework that govern all public and private sector investment activities. The proposed project has two components:

- 1) the public sector component will provide long- and short-term TA and training to the critical economic ministries (Finance and Trade) in developing and implementing strategic management plans for the implementation of policy and LRJ reform measures;

46

2) the private sector component will provide more limited TA and training to private sector organizations to broaden capacity for and participation in dialogue with the public sector, as well as increase their access to the benefits of the ERP being implemented by the GOG.

The project is proposed for a 4 year period beginning in FY 94. The final budget has not yet been set, but will probably range between US\$4-6 million total, including the host country contribution from generated currency. A draft Project Logical Framework forms Attachment C to the PIO/T. A Project Identification Document (PID) will be provided to the team prior to the start of the contract.

As part of project development, RDO/C would like to provide short-term TA to the Ministries of Finance and Trade to help them better define what resources they require to improve their capacity to implement policy and LRJ reform measures. The results of the TA should be immediately useful to the two ministries, and should also provide A.I.D. and other concerned donors with more detail on possible short, medium, and long-term TA and training needs. The final report of the results will constitute the Technical Analysis of the A.I.D. Project Paper.

### C. DETAILED STATEMENT OF WORK

#### 1. Objective

The objective of this statement of work is to assist RDO/C and Guyana's Ministry of Finance and Ministry of Trade, Tourism and Industry to: 1) reassess their strategic plans in view of ERP progress to date; and 2) identify preliminary steps and resources necessary to developing and implementing strategic management plans to strengthen implementation of the ERP process, and gain greater participation in emerging free trade agreements such as NAFTA and GATT. The results will be used by A.I.D. and other donors in on-going project development efforts.

It must be emphasized that the work requested in this scope of work is intended to complement other BEEP project development efforts of RDO/C. These include on-going social/institutional, financial, and economic analyses by Mission personnel, including a PSC Project Development Specialist in the Trade Development Office, the Mission's Senior Financial Analyst, and the Program Economist. Additionally, the Mission will contract separately for a short-term Business Development Specialist to work with Mission and IPC personnel, to undertake a more in-depth analysis of the TA and training needs of PSOs. While the results of the IPC work are expected to be useful to the GOG and other donors in and of themselves, they are also expected to fit into the overall RDO/C project development process.

## 2. Methodology and Tasks

a. **Methodology.** This scope of work is meant to stress a participatory process to help the GOG identify resources (primarily TA and training) required to enhance its capacity to implement the ERP. The team is expected to undertake standard consulting methodologies of documents review and interviews with key informants in Guyana and Washington, D.C. (World Bank, IDB, A.I.D.). It is also expected to develop a workplan that stresses collaboration with key personnel from participating Guyanese agencies to the maximum extent practicable. In this regard, individual and group consultation with personnel from the key economic ministries in Georgetown will be primary activities. The conduct of a workshop would also normally be indicated, but, given the extreme workload of the relatively few capable people in the GOG, may not be considered feasible at this time. The team is encouraged to recommend more creative methodologies, as long as the collaborative process is encouraged.

### b. Tasks

As stated in a. Methodology above, "This scope of work is meant to stress a participatory process to help the GOG identify resources (primarily TA and training) required to enhance its capacity to implement the ERP. ... The team is encouraged to recommend more creative methodologies, as long as the collaborative process is encouraged." The tasks listed below are thus considered indicative, and RDO/C hopes that the expertise gained in previous work by IPC will be brought to bear on suggesting more creative, effective, means of achieving the scope's objectives.

#### 1. Pre-Departure, Washington D.C.:

- o Assure that all team members are briefed on and conversant with of key Guyana domestic development issues, and regional affiliations and issues, including, inter alia, CARICOM, APC/GATT, and NAFTA;

- o Review relevant documents provided by RDO/C, including RDO/C Action Plan, BEEP PID, various World Bank, IMF, IDB reports, etc.

- o Meet with key personnel from the World Bank and IDB that are preparing current Private Sector Development and Financial Institutions loans (RDO/C will supply names and phone numbers) who may provide insight into the policy implementation process;

- o Meet with LAC/CAR personnel to obtain AID/W perspective on Guyana program evolution;

- o As part of TPM, develop preliminary workplan, schedule, and report outline to share with RDO/C;

2. Initial Barbados Briefings:

- o Continue to review relevant documents, as provided by RDO/C;

- o Meet with other donor representatives in Barbados identified by RDO/C who cover Guyana and may provide insight into the ERP implementation process;

- o In consultation with RDO/C, revise workplan, schedule, and outline of final report. The revised workplan will include more detailed information as to sections/units of the various ministries with which the team might work.

3. In Guyana:

- o Meet with key ministry personnel and discuss detailed workplan/schedule for time in Guyana; undertake interactive process to identify objectives and desired end results; to the extent possible, arrange to work in the Ministries side-by-side with Guyanese professionals for up to 7 working days, in order to gain hands-on practical experience with the Ministries' workloads, successes, and constraints;

- o Meet with key personnel from the U.S. Embassy, IDB, EEC, UNDP, and other donors as appropriate and necessary to understand the process of policy change, and the role of external agencies in that process, in Guyana;

- o Undertake individual and group meetings with GOG personnel, as appropriate, to obtain information and develop consensus as to steps and resources required to improve capacity to better manage the policy reform process.

- o Prepare draft report of findings and recommendations;

4. Upon return to Barbados:

- o complete first draft and submit to RDO/C;

- o participate in RDO/C debriefing(s), and obtain feedback on first draft.

5. Upon return to Washington:

- o provide de-briefing to R&D/EID on activities to date;
- o finalize report and submit to RDO/C.

5. Deliverables and Reporting Requirements

1. A preliminary workplan, schedule, and report outline will be provided to R&D/EID (one copy) and to RDO/C (two copies) upon arrival in Barbados. The report will include coverage of, but not be limited to, the following:

- a current description, as feasible, of the policy reform decision making process, including actors involved, in Guyana, and of outstanding policy reform agendas (agreed to, proposed) related to trade and investment, and the human resource impediments faced by the GOG in trying to implement policy reforms;
- an up-to-date, reconnaissance level, description and analysis (with tables, figures, or other graphics as appropriate) of structure, functions, and personnel composition of the Guyanese Ministries of Finance and Trade, Tourism and Industry, with comments as to the capacities (strengths and weaknesses) of the organizations in implementing the various agreed-to and proposed policy reforms (note: this discussion can reference existing descriptive work, where accurate, and focus primarily on the analysis of institutional capacity for specific tasks);
- an up-dated discussion (with tables or other graphics as appropriate) of types, levels, duration, and funding source (donor) of all current and proposed technical assistance, training, and other assistance, to the Guyanese Ministries of Finance and of Trade, Tourism and Industry, and an analysis as to the relation (or lack thereof) of these resources to the existing/planned organizational structures and functions to implement policy reform agenda (agreed-to, proposed).
- a set of recommendations as to specific steps and resources required over the next 3-5 years, including but not limited to TA and training, to improve their capacities to implement the ERP.

2. Two copies of a draft report (not to exceed 50 pages) following the agreed-to outline will be provided to RDO/C at least 2 days prior to the departure of the team from Barbados. This will enable RDO/C personnel to review and discuss the document with the team prior to its departure. One copy will be provided to R&D/EID upon return to the U.S.

3. A final report (not to exceed 50 pages) incorporating all RDO/C and R&D/EID comments and revisions to the first draft, and suitable for sharing with the Government of Guyana, will be provided to R&D/EID (2 copies) and RDO/C (5 copies) no later than two weeks after the team's departure from Barbados.

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### Team Composition

The skill areas required are Macroeconomic/Financial/Economic Policy Analysis, and Development Management or Organizational Development. The persons should possess advanced degrees in disciplines relevant to those skills areas, and be seasoned development professionals with a minimum of five years experience working on economic development programs. They should each have prior overseas experience carrying out work under the IPC project. Prior experience in Guyana, and/or in the CARICOM region, is highly desired. Fluent written and spoken English language skills are required.

A six day work week is authorized.

Professional level of effort is 52 person days.

Office space will be provided by the mission and/or cooperating country.

Period of Performance - 2 months

52