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GUYANA TRADE AND INVESTMENT SUPPORT FINAL REPORT



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ACRONYMS AND ABBREVIATIONS

CSME	Caribbean Single Market Economy
DFID	United Kingdom Department for International Development
FDD	Guyana Food and Drug Department
GRA	Guyana Revenue Authority
GTA	Guyana Tourism Authority
GTIS	Guyana Trade and Investment Support
MinTIC	Ministry of Tourism, Industry, and Commerce
MOFTIC	Ministry of Foreign Trade and International Cooperation
NARI	National Agricultural Research Institute
NDS	National Development Strategy
New GMC	New Guyana Marketing Corporation
PSC	Private Sector Commission
TDA	Timber Decking Association
THAG	Tourism and Hospitality Association of Guyana
USAID	United States Agency for International Development
VAT	Value Added Tax

I. EXECUTIVE SUMMARY

Guyana Trade and Investment Support (GTIS) is a four year, eight month, \$7.6 million USAID-funded program designed to maximize Guyana's competitive advantages and increase non-traditional, value-added exports in four primary sub-sectors: Wood Products, Aquaculture, Agribusiness, and Tourism.

Thanks in large part to GTIS, these targeted sub-sectors are now on the brink of a major transformation. The project implemented a market-led approach, working with foreign investors, strategic buyers, and "anchor firms" in Guyana to invest in new capacity, technology, and standards, while strengthening overall sub-sectors. Through their interactions with GTIS, international firms defined the market demand for Guyanese products and the upgrading required for satisfying those needs. Anchor firms then invested in infrastructure and embedded services to meet demand. This approach has become the preeminent development model for Guyana.

With the exception of forestry, GTIS has built from the ground up new promising sub-sectors capable of diversifying Guyana's economy, leveraging substantial private and public sector resources in the process. This is best seen on the ground where skepticism and pessimism have been replaced with vision and progress; where leading rice farmers in the country are now promoting and investing in aquaculture, ecotourism lodges are booked two to three years in advance, multinational forestry companies are making substantial investments in Guyana, and Israeli agriculture experts are introducing cutting-edge greenhouse technology.

"[President Bharrat Jagdeo] applauded the U.S.-funded Guyana Trade and Investment Support (GTIS) project, which he said is doing 'a wonderful job' of supporting farmers 'where it matters.'"

-Guyana Chronicle, December 17, 2006

Results

The GTIS project attracted **\$39.8 million** in private investment and additional project funding, leveraging over five dollars for every USAID dollar spent. Project activities created or enhanced over **4,000 jobs**. GTIS efforts on expanding the wood sector have helped the industry to achieve **\$15 million** in new export deals resulting from participation in industry trade shows. The tourism sector now has 40 additional international tour operators with a client base of over 40,000 selling, designing and bringing bird watching and ecotourism trips to Guyana. This has brought an investment of over \$653,000 to Guyana and has raised tourism sales to over \$593,000. Additionally, GTIS' birding program received coverage in multiple trade publications, including *Conde Nast Traveler*, *Wanderlust*, and *Birdwatch* magazines, greatly boosting the marketing for the sub-sector and for Guyana as a whole.

Through industry contacts, GTIS facilitated a **\$2.85 million** investment in the agribusiness sub-sector to construct a state-of-the-art farm and provide technical assistance to Guyanese farmers in order to improve their farm operations and obtain GlobalGAP certification. By working with

the World Wildlife Fund and several government agencies in the growing aquaculture sub-sector, GTIS helped ensure that public and private sector stakeholders are committed to international environmental best practices from day one. The project also collaborated with a regional freight company and the USAID HIV/AIDS Supply Chain Management Systems project to construct a \$359,000 cold storage facility at Cheddi Jagan International Airport, the first of its kind in the country.

GTIS II

The success of the GTIS project has prompted USAID/Guyana's Economic Growth Office to request support for the implementation of a follow on "GTIS II" project, expected to commence in May 2009. While GTIS II will build on the accomplishments of previous programs, it should also incorporate refinements to its implementation strategy based on lessons learned and changes to the operating environment. Specific recommendations for the implementation of GTIS II are described in detail below in sections B.1 – B.4.

II. INTRODUCTION AND BACKGROUND

The Cooperative Republic of Guyana has a pressing need to significantly accelerate economic growth. Despite a wealth of natural resources, years of weak economic growth, violence, and ethnic tensions have driven more than half the Guyanese population to live abroad, including the majority of those with a higher education. With an estimated per capita GDP of \$1,219 in 2006¹, Guyana is one of the poorest countries in the Western hemisphere. Over the last five years, approximately 75% of the country's \$600 million in export earnings has come from only five sectors (sugar, gold, bauxite, timber, and rice), making the country more vulnerable to shocks in external markets.

On the positive side, economic performance has improved markedly in the past few years, thanks to political stability and strategic leadership. The National Development Strategy (NDS) provides a platform for building competitiveness based on Guyana's unique natural advantages, including positioning it as a low-carbon economy. President Jagdeo's Initiative establishes the premise that conservation, environmental integrity, and sustainable economic activity can be mutually reinforcing, and Guyana can be at the forefront of increasingly important dialogues on forests, biodiversity, and climate change.

GUYANA'S NATIONAL DEVELOPMENT STRATEGY

"The National Competitiveness strategy should be focused towards the principal of diversification through building international competitiveness... Competitive advantage does not simply exist. It has to be created through conscious investments in technology, education, training, information search, engineering and research and development to create new skill and technological endowments that can allow the economy to grow by diversifying and deepening the productive base."

-Enhancing National Competitiveness,
Implementing the National Strategy, GoG, July 2005

OBJECTIVES

USAID set forth the following Strategic Objective divided into two Intermediate Results (IR) and Sub-intermediate Results (Sub-IR) as follows:

- Strategic Objective (SO): Enabling environment for sustained growth of value-added exports strengthened
- Intermediate Result (IR) 1: Key trade and investment policies, standards and practices are consistent with negotiated obligations and international best practices
 - IR 1.1: Human and institutional capacity to prepare negotiating positions and implement negotiated commitments strengthened
 - IR 1.2: Country trade policy consultative process that fosters a) public-private consensus on policy, regulatory and legislative priorities; and b) increased domestic support for negotiating positions and international commitments
- Intermediate Result (IR) 2: Firms interact to increase competitiveness in the export of high value-added products and services to high-value niche markets
 - IR 2.1: Technical and business development services skills produce and deliver competitive products and services

¹ United Nations Statistics Division 2008, <http://data.un.org/CountryProfile.aspx?crName=Guyana>

- IR 2.2: Institutional capacity strengthened to identify and establish high value market niches.

III. IMPLEMENTATION STRATEGIES

In general, activities under IR1 focused on improving Guyana's ability to participate in trade negotiations in regional and global forums, and activities under IR 2 strengthened Guyana's profile in international markets, established linkages between exporters and global buyers, and enhanced companies' abilities to respond to market requirements and deliver quality products and services. Activities and results by IR are described in detail below.

As the GTIS team and USAID/Guyana learned from experiences gained during project implementation, they shifted the technical focus of the project's implementation strategy. Phase I of the project focused on creating awareness and fostering discussions on competitiveness, trade and investment; strengthening institutional capacity to negotiate and implement new trade policies; and creating cooperative clusters to create common vision and increase competitiveness in the forestry, agribusiness, seafood, and tourism sub-sectors. In early 2006, the GTIS project made a strategic shift in program implementation away from the majority of such enabling environment and clustering activities and focused on a market-led approach to implementing export and investment promotion (Phase II).

IV. PHASE I – ENABLING ENVIRONMENT AND COMPETITIVE CLUSTER DEVELOPMENT

A. IR1 PROJECT ACTIVITIES – ENABLING ENVIRONMENT

Regulatory Review and Workshop on Corporate Governance

In response to a request from the Government of Guyana, GTIS carried out a review of Guyana's securities market framework within the context of efforts to strengthen the operating environment and the legal and regulatory framework for growth and expansion of the Guyana Stock Exchange. GTIS worked closely with the Guyana Securities Council (GSC) and Guyana Association of Securities Companies and Intermediaries Inc. (GASCI) to 1) identify weaknesses in the 1998 Securities Industry Act and make recommendations to strengthen the law through amendments, regulations and rules; 2) recommend steps to enhance the institutional capacity of the GSC and GASCI; and 3) make recommendations for the private sector-driven Code of Corporate Governance.

Using the information obtained from the regulatory review as a resource, GTIS held a large-scale workshop on "building a corporate governance culture" for government officials and private sector representatives. The workshop encouraged businesses to adopt sound corporate practices and help the government develop regulations that reflect international norms. As a

result of the success of this activity, the GoG requested that GTIS prepare a proposal to USAID to expand the scope of the project to include a focus on corporate governance.

CARICOM Single Market and Economy

In anticipation of the inception of the CARICOM Single Market and Economy (CSME) in February of 2006, the GTIS project worked to build awareness of the benefits for civil society. GTIS conducted a series of workshops for a wide range of audiences including secondary and tertiary students, the Junior Chamber of Commerce International, NGOs, lawyers, and young entrepreneurs. In order to reach an even larger audience than could be achieved through workshops, seminars or printed media, GTIS collaborated with the Ministry of Foreign Trade and International Cooperation (MOFTIC) and a local producer to develop a series of 8 dramatic presentations dealing with CSME to be shown on television. The series was broadcast on national television with copies distributed to secondary schools for viewing as part of their education program.

Civil Society Awareness and Policy Dialogue

GTIS organized a civil society outreach program to conduct a series of workshops creating awareness and facilitating discussion on a wide range of trade-related topics including 1) services opportunities in the CSME; 2) trade and labor; 3) identifying trade negotiation priorities and positions; 4) CSME and the law; 5) business and investment issues; 6) the media and reporting on trade; and 7) corporate governance.

The project also provided technical assistance to the Private Sector Commission (PSC) in the evaluation of a proposed value-added tax (VAT) law, which helped the private sector engage the government in the development of tax reform likely to have a large impact on the business environment. This outreach effort supported an engaged and informed national policy dialogue on competitiveness issue, and placed pressure on the government to better engage the private sector.

Tourism Standards and Certification Consultations

GTIS collaborated with the Ministry of Tourism, Industry and Commerce (MinTIC), the National Bureau of Standards, the Guyana Tourism Authority (GTA), and the Tourism and Hospitality Association of Guyana (THAG) to carry out nationwide consultations on the development of regulations governing tourism standards and certification. The development of these standards is required under the recently passed "Tourism Licensing and Certification Act," and is part of an ongoing effort to bring the tourism sector more into line with international standards. GTIS supported six consultations in Georgetown, Berbice, Essequibo, Bartica, Linden and Lethem.

Strengthening Institutional Capacity and Trade Facilitation

GTIS worked with MOFTIC and other trade-related agencies to identify and implement projects to strengthen the GoG's institutional capacity to participate in trade negotiations and implement policies and standards that reflect trade commitments and international best practices. Activities included:

Strengthening Knowledge Management within MOFTIC

GTIS worked with MOFTIC to upgrade the Ministry's IT capacity and establish a user-friendly trade data management system to provide better access to the trade data used to prepare trade negotiating positions and formulate sound policies.

Aflatoxin Training and Laboratory Development for the Food and Drug Department (FDD)

At the request of the Ministry of Agriculture, GTIS worked with the FDD to establish the institutional capability to test and certify that Guyanese products are Aflatoxin safe – a requirement for the export of peanut products. GTIS funded a two-week training session on Aflatoxin testing for twelve technicians. Peanuts and peanut by-products, such as peanut butter, tested at the FDD laboratory are now certified for safe local consumption and export.



An FDD lab technician tests local peanut for Aflatoxins using equipment procured with GTIS funds. The FDD is now able to certify peanuts and peanut products for local consumption and export, benefiting both consumers and manufacturers.

Rapid Assessment of Operation and Administration of Containerized Cargo

In response to a request from USAID and the Guyana Revenue Authority (GRA), the GTIS project conducted an assessment to identify potential initiatives designed to help the GRA's IT Department improve its procedures and systems related to container tracking, documentation flow, acceptance of values, and the examination of containers as a means to facilitate trade. The assessment included recommendations for short- and long-term initiatives to improve the movement of containerized cargo using IT investments and process re-engineering, ultimately leading to an integrated container e-tracking system.

Poultry Laboratory and Upgrade of Guyana's Veterinary Diagnostic Capacity

GTIS collaborated with the FDD, the Ministry of Agriculture, and the Guyana Bureau of Standards to establish a poultry diagnostics laboratory to meet requirements for export to markets in CARICOM, the United States and the European Union. Assistance included the procurement of equipment, reagents and other supplies and training for 9 persons in laboratory quality management ISO/EIC 17025.

Guyana Investment Guide

GTIS worked with representatives from GO-Invest, the Office of the President and MinTIC to revise and update the investment guide, “Doing Business in Guyana.” The guide – which provides accurate information on Guyana’s business environment and various investment and business opportunities – was launched as part of the Presidential Summit on National Competitiveness, where it received praise from public and private sector officials as an important component to efforts to attract investors and buyers to the country.

National Competitiveness Strategy

GTIS played an unofficial advisory role during the formation of Guyana’s National Competitiveness Strategy. Activities included:

- Participation in a Donor Harmonization Group, involving the Inter-American Development Bank, International Monetary Fund, the World Bank, the UK Department for International Development (DFID), the United Nations Development Programme, the Canadian International Development Agency, and other donors to facilitate coordination of donor activities.
- Assisting the Government (through MinTIC) to select the Program Director and Program Coordinator for the Competitiveness activity.
- Serving on the Competitiveness Steering Committee for the implementation of the National Competitiveness Strategy.

B. IR2 PROJECT ACTIVITIES – COMPETITIVE CLUSTER DEVELOPMENT

Cluster development can play a vital role in the development of productive sub-sectors. Promoting cooperation between stakeholders fosters the formation of a common vision and allows participants to address critical constraints to growth as a cooperative body. Based on competitiveness analyses performed by the Economic Competitiveness Group, GTIS selected the Forest Products, Agribusiness, Fisheries, and Tourism sub-sectors as the most suitable for cluster development.

For each targeted sub-sector, GTIS began by facilitating meetings with stakeholders in order to develop a spirit of participant collaboration, set economic goals and identify key constraints to achieving them, and developed and evaluated action plans for cluster growth. All Phase I and a number of Phase II IR2 project activities were based on outcomes and initial lessons learned at these cluster meetings.



Cluster stakeholder meetings promoted cooperation and gave participants a forum to set industry goals for growth and develop action plans to overcome key constraints.

B.1. FOREST PRODUCTS

Sub-sector Background and Profile

Guyana's tropical forests are one of its greatest natural resources. Covering approximately 75 percent of the country, they are host to a rich diversity of tropical hardwood species. Forestry has historically been an important sector for Guyana's economy as one of the five principal contributors to GDP. In spite of this wealth of natural resources, industry production has been modest. Sector stakeholders have historically sold products with little value added, such as logs and sawn lumber, to mostly local and regional markets. A lack of understanding of international market requirements, coupled with production practices often decades out of date, has limited exploration of additional market opportunities. Guyana's commercial forests are characterized by high species diversity containing over 1,000 species of wood of which only about 25 are certified for commercial use, leading to an extremely low harvest per hectare. This has created stagnation in the sector, most notably in the area around Berbice where nine of fifteen sawmills have closed since 2000.

IR2 Project Activities in Phase I

Facilitation of Forest Products Cluster Meetings

GTIS facilitated cluster meetings with sub-sector stakeholders, including sawmill operators, furniture manufacturers, crafts manufacturers, timber companies, government officials and the Forest Products Association. As a result, participants identified a number of areas to focus cluster development efforts. This included upgrading the capacity of the Guyana Technical Institute (GTI) to provide training in design, production and use of jigs for wood processing, identifying new opportunities to develop and market higher-value products made from traditional and lesser-known wood species, establishing a common kiln drying facility, and strengthening supply chain linkages to improve quality and reliability of inputs.



GTIS assisted producers design, prototype, and produce value-added furniture for the International Contemporary Furniture Fair, where the designs won the Fair's Editor Awards for craftsmanship.

Cluster Activities

GTIS was quick to respond to these identified priorities. The project procured a double spindle shaper to assist the Government Technical Institute in improving training and workforce

development programs in the woodworking division of the Institute. GTIS responded to requests from the Forest Product Working Group, the Guyana Forest Product Association and the Guyana Forest Commission to investigate the market for kiln dried wood in an effort to promote investment in new facilities.

GTIS carried out a year-long program to help a cane furniture company and a Wai Wai Amerindian Community's hardwood firm design, prototype, produce, and promote products for launch at the International Contemporary Furniture Fair held in New York in May 2006. This initiative exposed local stakeholders to international quality requirements and potential global buyers to the skilled craftsmanship of local producers.

The project mobilized two wood products specialists to help Guyana Furniture Manufacturers (GFM) improve the design of its high-end doors to meet the demands of potential buyers. The consultants carried out a technical analysis on the company's capacity to produce the high-end doors and provided recommendations for new investments in equipment, tools and reorganizing process flows.

B.2. FISHERIES

Sector Background and Profile

While Guyana is well known for the quality of its fish, shrimp and prawn exports, the sector has been constrained by the rising cost of fuel, financing, and required capital investments. Many of Guyana's seafood and fisheries products are commodities that can be bought elsewhere for equal or lower prices, requiring the sector to differentiate itself from competitors through quality, product development, added value, and marketing, while remaining price competitive. Furthermore, there are concerns over the long-term sustainability of some species, raising questions on the extent to which the sector can increase exports without significantly adding value per volume of catch.



GTIS –led training for Guyanese shrimp boat operators on the use and inspection of turtle exclusion devices averted a potential ban on the country's annual \$25 million in shrimp exports to the U.S.

IR2 Project Activities in Phase I

Facilitation of Fisheries Cluster Meetings

GTIS facilitated cluster meetings with stakeholders representing a cross-section of the fisheries sector, private firms and public officials. The project team reached the conclusion that cluster

development was a low priority for the sector as a whole. This was due in part to the fact that existing cluster organizations, most notably the Guyana Trawlers and Seafood Association (GTSA), sufficiently create a forum for collaboration. GTIS responded to this reality by shifting its focus from facilitating a new cluster organization to working more exclusively with the GTSA to promote collaboration in the sector.

Sustainability Assessment of the Fisheries Sector

Concerns over the sustainability of marine fishing practices and catch volumes led GTIS to conduct a rapid assessment involving interviews with hundreds (500+) of Guyanese fishermen, trawler owners, processors, exporters and government officials, to address issues of fisheries resource management and highlight options for the industry to grow without threatening sustainability.

Turtle Exclusion Device Training

In response to an urgent request by the Ministry of Fisheries, Crops and Livestock, and the GTSA, GTIS rapidly implemented a training program for Guyanese shrimp boat operators and government inspectors on the use and inspection of turtle exclusion devices, a requirement established for continued export of shrimp to the U.S. GTIS conducted a two-day seminar in May 2005 that provided training for both government inspectors and the private sector companies working in the shrimp industry. Because of project intervention, Guyana exceeded the certification requirements, averting a potential ban on the country's \$25 million annual shrimp exports to the U.S.

B.3. AGRIBUSINESS

Sector Background and Profile

Guyana is endowed with vast tracts of arable land, abundant fresh water resources and a climate suitable for year-round growing, so it's no surprise that agriculture has long been one of the major foundations of the country's economy, comprising approximately 32 percent of total GDP, 30 percent of employment and 40 percent of all exports. The bulk of this, however, comes from just two commodities: rice and sugar. Exports of these two items totaled \$225 million in 2007, nearly 75 percent of total agriculture receipts. Unfortunately, the future of rice and sugar exports does not look promising. Despite a recent spike in 2008 due to a global rice shortage, the price of rice from Guyana has dropped steadily over the past ten years. With the phasing out of the EU Sugar Protocol – a long-standing preferential treatment for Guyana – sugar prices are expected to drop by 36 percent by the end of 2009.

Despite vast potential and national attention, Guyana has not yet been able to achieve a significant increase in non-traditional agricultural exports. This shortfall is not due to a lack of

demand, but rather to a combination of challenges still facing the sector which must first be overcome. These include: a lack of commercial-sized farms dedicated to non-traditional crops, outdated farming methods, poor post-harvest handling techniques, substandard packing facilities, transportation and logistics challenges, and the lack of a comprehensive cold chain.

IR2 Project Activities in Phase I

Facilitation of Agribusiness Cluster Meetings

GTIS facilitated agribusiness cluster meetings with processors, fresh fruit exporters, suppliers, government officials and members of the academic/agricultural research community. As a result of the meetings, participants identified a number of areas to focus cluster development efforts. These included strengthening supply chain linkages, forming a non-traditional agribusiness association of exporters and producers, exploring development finance opportunities for agro-producers, addressing deficiencies and constraints to finance, strengthening R&D capabilities, enhancing linkages between farmers and Guyana's agriculture research institutions, and establishing common cold storage and food drying facilities. In response to priorities identified during cluster meetings, GTIS carried out the following IR2 agribusiness activities during Phase I:

Workshop on Accessing Credit

At the request of the Agro-processing Cluster Working Group, GTIS sponsored a workshop in collaboration with Development Finance Limited South America and Microfin. Representatives from the two financial institutions discussed their products and services and informed participants on the requirements and process for obtaining loans.

Peanut Export Training

Responding to a request from Guyanese firms involved in peanut processing and marketing, GTIS provided support for advanced training in the product development, storage, post harvest handling, processing, packaging, quality control and marketing of peanut products. The training was held at the University of Georgia and involved representatives from five agro-processing firms.

Post Harvest Handling Training

A GTIS post harvest handling expert conducted six workshops for 160 participants on techniques of pre- and post-harvest handling for non-traditional agricultural products. These workshops further emphasized the need and provided recommendations for addressing cold storage and packaging issues.

Production and Export of “Bull Nose” Peppers

A collaboration among the New Guyana Marketing Corporation (New GMC), National Agricultural Research Institute (NARI), Laparkan and Guyana Agribusiness Association began a pilot project to produce a special “bull nose” hot pepper for an identified US export market.

B.4. TOURISM

Sector Background and Profile

Guyana’s rainforest is the home of one of the world’s most pristine habitats. The interior of Guyana, approximately 169,000 square kilometers, remains minimally disturbed by human activity. As one of four intact rainforests left in the world, Guyana is host to more than 800 species of birds from 72 different families, hundreds of species of mammals, and thousands of species of insects. These include the largest bird of prey (Harpy Eagle), largest otter (Giant River Otter), largest anteater (Giant Anteater), and largest freshwater fish (Arapaima) in the world as well as the largest species of cat native to the Western Hemisphere (Jaguar).

Despite the natural riches the country has to offer, ecotourism has not previously existed in Guyana on a significant scale. The country receives an average of about 114,000 visitor arrivals each year, but the vast majority of these are for business or visiting friends and relatives (VFR) purposes. Before project intervention, it was estimated that only 2,500 annual visitors could be classified as true leisure tourists. Conversations with tour operators indicate that the number of these visitors who had historically come for ecotourism purposes was much lower. The tourism industry has also been severely limited by a lack of infrastructure, formal hospitality training, and a lack of global awareness of the country’s unique attractions.

IR 2 Project Activities in Phase I

Facilitation of Tourism Cluster Meetings

Using the same approach used to carry out market assessments in other target clusters, GTIS interviewed five Guyanese firms and 48 industry experts and representatives from foreign companies in the travel and tourism industry to determine opportunities for the Guyanese cluster to attract new visitors, identify industry success factors and highlight steps that Guyanese tourism enterprises, the tourism cluster and policy makers must take to make Guyana a more attractive tourism destination.

As a result of the meetings, participants identified the following areas to focus cluster development efforts: creation of a national tourism and hospitality strategy/program; development of new tourism products such as bird watching, yachting, freshwater sport fishing, and indigenous tour packages; development of a 5-year marketing plan; and study tours, market

introduction and familiarization trips. In response to priorities identified during cluster meetings, GTIS implemented the following IR2 activities during Phase I:

Green Globe 21 Training

GTIS provided financial support for the GTA to send a product development officer to participate in a Green Globe 21 training course for assessors. Green Globe 21 is a global benchmarking, certification and improvement system that promotes sustainable practices in travel and tourism. By having a trained assessor, the GTA is now better positioned to provide guidance to Guyanese tourism firms on how they can meet Green Globe 21 standards, support tourism standardization in sustainable practices in the tourism industry, and certify compliant firms.

ITB German Travel and Trade Fair

GTIS provided financial support for the GTA to attend the ITB German Travel and Trade Fair, a major promotional event for the European tourism market. Attendance at the show helped the GTA make contact with tour operators and travel agents from all over Europe and helped get Guyanese tourism products added to travel brochures, catalogues and package programs.

Yachting Study

At the request of MinTIC, GTA and the tourism cluster groups, GTIS coordinated an analysis of opportunities for promoting yacht tourism in Guyana. The report suggested that opportunities did exist, however, GTIS management decided the potential gains were not sufficient to warrant the use of USAID funding.

Interior Design for Hotels

A GTIS interior design specialist worked with three expanding hotels to help ensure that their completed renovations would meet the design and appearance standards of the international tourism industry. The specialist reviewed building and interior plans and made recommendations to improve the construction and interior design of the rooms.

Workforce Development Training

GTIS worked with government and private tourism stakeholders to carry out a workforce development program in the tourism sector in anticipation of the Cricket World Cup matches in 2007. The program trained master trainers, direct hospitality workers, tour guides, taxi drivers, internal security for hotels and resorts, and immigration and customs officials.

V. STRATEGIC SHIFT IN IMPLEMENTATION APPROACH

From FY 2007 forward, GTIS and USAID management agreed to shift IR funding allocations to increase the level of resources allocated for the implementation of IR 2 activities, and reducing funding of activities falling under IR 1. Multiple rationales justified this shift:

1. **Cost-Impact Evaluation of IR 2 vs. IR 1 Activities**

The GTIS team and USAID/Guyana agreed that the project could have a far greater impact on Guyana's export environment by focusing resources on joint public-private initiatives aimed at helping exporters successfully identify and penetrate markets. The energy and excitement resulting from new business opportunities and actual export orders could create a dynamic resulting in far higher exports than any policy, regulatory or institutional program could achieve in the short to medium term, particularly given limited available USAID funding.

2. **Gaps in Government Counterpart Institutional Capacity**

In practice, the GTIS team found that the level of resources required to effectively address regulatory and institutional weaknesses was beyond the scope of the project given its funding amounts. This was particularly the case given the limited institutional capacity of government agencies to effectively partner with GTIS (in terms of absorptive capacity and the availability of human resources for implementation). Even in cases where a counterpart institution was willing and motivated to do its part, GTIS often found that wider institutional issues limited the extent to which the institution could translate USAID support into sustainable policy, regulatory or institutional improvements. In sum, effectively addressing the many issues impacting the trade and investment environment would require sufficient resources for comprehensive institutional strengthening and reform initiatives.

3. **Significant Resources Allocated for IR.1.2. Activities in FY 2005-2006**

During its first two years, the GTIS project allocated a significant amount of resource in public awareness and education in trade, investment, business policies and developments. IR 1.2 activities successfully targeted a range of demographics, from business people, to policy makers, to youth, to lawyers to the media, far exceeding IR1 PMP targets.

VI. PHASE II – MARKET-LED APPROACH

The strategy used during Phase II of GTIS involved initiatives that would bring buyers to Guyana and provide firms and organizations with the tools to respond to the demands of competitive global wood products, agribusiness, aquaculture and tourism markets. This included:

- **Ongoing support through a series of market linkage activities** that raised the credibility and positioning of Guyana as a place to do business; provided a venue for Guyanese firms

and industry representatives to establish market contacts and engage influential buyers and investors in key markets; and helped beneficiaries translate market contacts into deals.

- ***Firm and supply-chain-level assistance aimed at addressing critical issues*** impacting their ability to access markets and respond to buyers' demands. This included work in the areas of product design, quality assurance, and productivity and standards compliance, as well as efforts to facilitate investments in common goods needed to meet industry-specific requirements, such as cold storage facilities for fresh produce and aquaculture exports and kiln drying facilities for high value wood products. Whenever possible, the project identified potential buyers willing to partner in the provision of embedded services in the interest of strengthening the capacity of their global supply chains.
- ***Working with sector-specific organizations and regulatory bodies to improve the enabling environment for Guyanese exporters to identify, access, and penetrate international markets.*** This included support for institutional marketing capacity within local counterpart organizations and for policy and regulatory changes that reflect international best practices.

A. PHASE II IR1 ACTIVITIES

The strategic shift away from activities implemented under IR 1 during phase II did not translate into a complete elimination of activities that promote trade and investment policies, standards, and practices consistent with negotiated obligations and international best practices. Within IR 2 activities, GTIS continued to support improved trade policy and the adoption of norms and international best practices as detailed below.

B. PHASE II IR2 ACTIVITIES

B.1. FOREST PRODUCTS

Project Activities in Phase II

GTIS activities during Phase II have played a central role in the revitalization of the forestry sector. GTIS established international credibility for Guyana by sponsoring the Forest Products Development and Marketing Council (FPDMC)'s membership in the International Wood Products

Association (IWPA) and the North American Wholesale Lumber Association (NAWLA) and helped organize trips to their annual conventions. Participants at these conventions



Stickers are stacked in preparation for export. International best practices introduced by foreign investors have shown Guyanese producers new uses for byproducts such as these, increasing yield per log by 15 percent.

learned of high market demand and lucrative prices for processed wood products such as flooring, decking, and roof shingles. Participants also learned of demand for 14 species of trees native to Guyana, which were known by different names in the international market.

As a result of trade show participation, GTIS met representatives from, one of the world's largest timber wholesalers, which invited industry stakeholders to visit company sawmills in Belem, Brazil, and witness first-hand best practices in the wood processing industry. Trip participants learned new packing methods, new uses for side cuts (the scraps of wood that result from the initial processing of logs) and observed new machinery and plant layouts. Seeing how out-of-date their traditional production methods were, participants made the necessary changes to their operations in order to meet export production requirements. Continued regular participation in additional industry trade shows kept beneficiary stakeholders abreast of the latest trends, industry requirements, and additional lucrative market opportunities.

Legal Verification

Increasingly, buyers around the globe are requiring that producers have a legality verification system (LVS) in order to place an order. In broad terms, LVS ensures that timber is legally harvested and that a producer has accurate information tracing his product through all stages of production, processing, and distribution. The GTIS laid the groundwork for legal verification by coordinating with the World Wildlife Foundation (WWF) and ProForest to conduct an audit of Guyana's log tracking and verification system and by initiating a relationship between the United States Forest Service (USFS) International Programs office and the GoG to provide technical assistance to address enforcement issues.

End of Project Results

GTIS efforts in the forestry sector have established the industry on the international stage, brought in large-scale investment and laid a strategic framework for the way forward. The project raised Guyana's profile in international markets resulting in **\$15 million** in sales from interested buyers. In addition, a number of international companies have expressed interest in exploring joint ventures with local firms. This has led to over **\$30 million** in domestic and foreign investment by global industry leaders, resulting in the creation of over **2,000 new jobs** throughout the sector. This is particularly noticeable in Amerindian communities, where increased market demand has created a need for rural loggers.



Global market demand for sustainable, value-added products has shown producers the benefits of extracting more earnings from harvested logs. Greenheart logs typically are valued at \$125/m³, whereas dressed sawn lumber is valued at \$525/m³, and greenheart decking, pictured above, at over \$750/m³.

International investors have also provided key technical assistance to local companies to improve practices and meet international quality standards. Through these interventions, Guyanese companies have increased their yield per log harvested by 15 percent and have begun to produce more value added products such as flooring blanks, decking, truck flooring and shingles. This has caused a 22 percent increase in the volume of value-added exports from 2006 to 2007.

Lessons Learned and Recommendations for GTIS II

The GTIS project has established Guyana as a competitor in global markets and a potentially attractive investment opportunity, but rapid unbridled growth in the wood products sector could raise concerns about environmental impact and sustainability. Guyana has well-established forestry laws, imposing a strict limit on the amount of lumber that a logging company can extract per hectare. However, the monitoring and enforcement of forestry laws is still in need of strengthening. Concessionaires have traditionally had little incentive to practice sustainable forest management due to high implementation costs and environmental impacts from mining concessions over which they have little control.

Establishment of a National Legal Verification System

A new amendment to the Lacey act (see textbox below) will put increased pressure on the sector stakeholders to seek LVS certification in order to access lucrative US markets and attract additional investors. Industry experts estimate that with proper forest management, Guyana could sustainably export \$250 million of wood products annually. This would create the potential for thousands of more jobs in the sector and would equal more than one-third of Guyana's 2007

Impact of the Lacey Act

The USG recently passed an amendment to the Lacey Act in part to include broader protections against illegal logging. As of December 15, 2008, the U.S. now requires an import declaration for all timber and associated wood products brought into the country to ensure that they are both legally and environmentally sound.

GDP. The central challenge to the future of sub-sector development will be to build on the accomplishments of the GTIS project in national LVS certification in order to create an appealing investment environment and attract the technical expertise necessary to stimulate environmentally responsible growth. GTIS II and the GoG should continue to building on this work, utilizing USFS expertise to achieve national LVS certification

Support Sector Investment

Pioneer investors have been integral to the success of the GTIS project. Such anchor firms not only become buyers, but also invest private resources into joint ventures and bring intimate knowledge of market requirements, industry best practices, and environmental standards. DLH alone has worked with more than 50 local companies throughout the value chain during GTIS. Other international companies have been monitoring this investment closely, waiting to see the feasibility of investing in Guyana. For an influx of future FDI flows and technology to occur, it is critical that such pioneers' investments be successful.

Market Development

Guyana's forestry sector is still operating well below its capacity. GTIS II should continue to explore new market opportunities through participation in industry trade shows and conferences. The FPA should continue its initiative to join the Timber Trade Federation (TTF) and the Timber Research and Development Association (TRADA), through which it can gain access to industry research and statistics. This market information can be used to gauge interest in new forest species available in Guyana, and to open new sales channels. Through meetings with the Timber Decking Association (TDA), the GTIS team learned of a strong demand for decking in the UK market that could potentially be filled by greenheart wood from Guyana. TDA has its own network of interested buyers as well as a recognized brand in the UK market that stakeholders could utilize.

Innovation and Value Added Products

Increased production of value-added products will create more revenues and profits for local Guyanese companies and reduce the amount of unprocessed logs that are exported. This progression will improve Guyana's market position and modify its primary position from a source of raw materials only to a more technologically advanced value-added industry. In practice, this may include supporting the development of new and enhanced products in demand from the sector such as furniture and building components, specialty lumber, and flooring.

B.2. AQUACULTURE

Because of sustainability issues discovered in the marine fisheries subsector during Phase I, GTIS shifted its focus to the budding aquaculture industry, which emerged as an attractive choice for GTIS and the GoG because of its great potential. Rising demand for fish products combined with the decline in global marine catch have created increased demand for aquaculture. Worldwide, aquaculture is growing more rapidly than all other animal food-producing sectors, with an average annual growth rate of 8.8 percent per year since 1970².

Guyana has a number of natural advantages that make it an ideal location for aquaculture. The country's tropical climate creates year-round water temperatures ideal for fish and shrimp production. Guyana is situated outside of the hurricane zone, and enjoys close proximity to the North American and CARICOM markets. Fresh water sources are abundant, and can be smoothly transported with existing irrigation infrastructure. Guyana contains large expanses of unused flat land and rice fields, which are easily converted into ponds. Processing facilities in

² FAO Fisheries and Aquaculture Department, "The State of the World Fisheries and Aquaculture 2006" <http://www.fao.org/fishery/sofia/en>

the country are USDA HACCP³ certified, giving potential producers immediate access to export markets. While many opportunities and natural advantages exist, the sector has historically lacked the technical expertise, investment, and public-private coordination necessary to foster sustainable growth.

Project Activities in Phase II

This lack of coordination ended with the formation of the National Aquaculture Association of Guyana (NAAG) in 2006. Comprised of emerging aquaculture farmers, technical support specialists, and key aquaculture individuals in the government, the national public-private dialogue created by NAAG has allowed stakeholders to foster relationships, address policy issues, share ideas, and guide the direction of the emerging sector. The GTIS team's work in the aquaculture sector has centered on the institutional support of NAAG. The project has provided NAAG with a forum for dialogue, market information to help aid strategic planning, and technical expertise to facilitate growth and confidence in the sector.

GTIS sponsored NAAG members' participation in industry conferences and trade shows such as the World Aquaculture Society Convention, the Boston Seafood Show, and International Symposium for Tilapia Aquaculture. Trade show and conference participation has been critical to the development of the sector, benefitting participating stakeholders in the following ways:

Market Information

Feedback from these shows confirmed high unmet demands for tilapia production. Stakeholders learned that the global market would absorb any quantity of high quality tilapia that they could produce, particularly fresh fillet. A GTIS-sponsored study confirmed the feasibility of commercial tilapia production in Guyana.

Industry Best Practices

Participants learned of industry requirements and best practices for competitive production, giving NAAG a short list of critical sector bottlenecks to address – the industry's capability to produce low cost, high quality inputs (seed and feed), and a commitment to environmental best practices. GTIS used this information to design strategic interventions aimed to address these challenges.

GTIS provided financial and technical support to the Ministry of Agriculture's hatchery at Mon



Before using supermales, male (above) and female (below) tilapia had to be manually separated by sex; a time-consuming and often inaccurate procedure.

³ United States Food and Drug Administration – Hazard Analysis and Critical Control Point, <http://www.cfsan.fda.gov/~lrd/haccp.html>

Repos as well as two hatcheries from the private sector to research best practices in brood stock, or seed development. The GTIS project also leveraged support from the British High Commission for the procurement of a seed source known as supermale tilapia. As sector stakeholders learned at the International Symposium on Tilapia Aquaculture, supermales are male breeding stock that produces only male offspring, eliminating the need to separate fish by sex during their growth cycle, a critical step to achieve a competitive growth rate.

Following the success of this initial grant seed, GTIS collaborated with DFID to receive a grant of 1,700 breeding sets of supermale tilapia. It is estimated that these supermales can produce 82 million fingerlings (juvenile fish) over the next 5 years, assuring that small producers unable to produce their own seed will have the necessary inputs to begin production.

To address the challenge of creating a reliable feed source, GTIS collaborated with, a local coconut oil and chicken feed producer, to create locally grown fish feed for the budding sector. GTIS determined that in order to make Guyana's aquaculture sector more competitive, all feed ingredients must eventually be sourced locally to reduce production costs.

This process began when the GTIS team met with the Principle Investigator for the USAID-funded Aquaculture and Fisheries Collaborative Research Support Program (CRSP) and Secretary Treasurer for the American Tilapia Association. In collaboration with the Principle Investigator and the Cognizant Technical Officer for AquaFish CRSP, the GTIS project attained membership for Guyana in the AquaFish CRSP program, making it the first new country to be added to the program in the last 11 years and providing stakeholders with access to AquaFish CRSP's worldwide network of information and research on production and environmental best practices. GTIS set up a collaborative program between AquaFish CRSP and Mon Repos Research Station to find locally available alternative feed ingredients.

USAID Collaborative Research and Support Project (CRSP)

USAID CRSP shares research conducted at several universities from countries all over the world. CRSP has begun a partnership with the Mon Repos Research Station for feed trials and experiments designed to improve feed quality and find locally available low cost ingredients.

GTIS also invited the Director of the Israeli Ministry of Agriculture and Rural Development's Department of Fisheries and Aquaculture to provide technical assistance to NAAG members. In a short period of time, he gave NAAG the technical assistance necessary to establish an additional hatchery, and devised a pragmatic plan to reach competitive production levels.

Environmental Policy and Best Practices

A key to aquaculture's success in Guyana is to ensure that the sector is committed to international environmental best practices from its inception. GTIS supported NAAG's participation in the World Wildlife Fund's Tilapia Aquaculture Dialogue. The objectives of the Dialogue are to work with stakeholders along all levels of the supply chain to develop and implement industry-wide environmental and social performance standards that measurably reduce or eliminate key negative impacts of tilapia farming. GTIS also worked with an environmental law firm to set a timeline to conduct a strategic environmental assessment, which

will provide guidance to the GoG as to how to assess and regulate the potential environmental and social impacts of specific aquaculture operations.

End of Project Results

Recognizing the great potential for aquaculture in Guyana, the GTIS project has taken a previously nonexistent industry and assembled the key building blocks to achieve dynamic growth. Pioneers have recognized the sector's potential, formed a public-private dialogue, and have invested resources into farm production. Although the sector is not yet producing a critical mass to fill large orders for markets overseas, pioneer stakeholders have demonstrated the viability of aquaculture in Guyana by supplying local markets and with initial export shipments to New York and Barbados.

These sales have generated investor interest in Guyanese aquaculture. Many local investors have been following the progress of pioneer stakeholders and are becoming convinced that the budding sector shows great promise. At project close, local investors were surveying a 260 acre site to set up an integrated agriculture and aquaculture farm, and international investors were exploring the possibility of investing **\$210 million** into integrated agriculture and aquaculture.

Lessons Learned and Recommendations for GTIS II

GTIS and NAAG have identified market requirements, remaining constraints limiting production, and have introduced the sector to industry experts to help stakeholders overcome these bottlenecks. In order for NAAG to achieve its vision of transforming aquaculture into one of the leading economic sectors in Guyana by 2015, the sector must continue to build on this momentum.

Following the lead of sector pioneers, additional stakeholders must become involved and receive the necessary technical assistance to reach critical mass for export. The sector's two main inputs – seed and feed - must be improved upon and made widely available for attract more producers. The sector must continue working to establish standards for environmental best practices to minimize the impacts of industry growth. Development of a workforce of aquaculture specialists will be critical to give future entrepreneurs the expertise they will need and ensure sustainable long-term growth.

Input supply

The GTIS project effectively addressed input demand for the short to medium-term. As mentioned above, DFID's grant of supermale breeding sets are expected to produce 82 million fingerlings, which will be an ample seed source for the industry over the next 5 years.

With partner feed mills currently operating at less than 10 percent capacity, the supply of high quality feed is not a challenge at present. Because presently 74 percent of the cost of rearing tilapia comes from feed, the costs will need to be significantly reduced for Guyana's aquaculture to be more competitive in global markets. To address this, the GTIS II project and NAAG should continue to collaborate with the USAID AquaFish CRSP program, who will work with Mon Repos to find locally available ingredients that will improve quality and reduce production costs.

Market Development

In order to access lucrative export markets, sector stakeholders must focus efforts on producing a consistent critical volume of export quality fish that will attract the attention of international buyers. This production will initially consist of fresh whole tilapia, but as the sector becomes more sophisticated should focus on fresh fillets. These steps will add high value and remove Guyana from fierce competition with Asian frozen fillet producers. As production ramps up, stakeholders should continue to participate in key industry events such as the Boston Seafood Show and ISTA to secure additional orders, maintain connections with buyers/investors and stay up-to-date on market trends and technology.

Building Local Human Resources

Development of a workforce of aquaculture specialists will be critical to give future entrepreneurs the expertise they will need to contribute to sector growth. To achieve this, the GTIS II project and NAAG should utilize their relationship with Aquafish CRSP and its academic network to develop aquaculture studies programs teaching extension services and improve research and data collection at the University of Guyana and the Guyana School of Agriculture.

Environmental Considerations

Aquaculture's success in Guyana requires commitment to international environmental best practices. NAAG should continue to participate in the World Wildlife Fund's Tilapia Aquaculture Dialogue, so aquaculture stakeholders can develop and put into place industry-wide environmental standards to measurably reduce any negative impacts of tilapia farming. The GTIS II project should consider building on work with environmental lawyers during GTIS to conduct a strategic environmental assessment identifying specific concerns and work with the public sector to develop water management policies for inland fisheries.

B.3. AGRIBUSINESS

Project Activities in Phase II

Market Research

To best facilitate growth in the non-traditional agriculture sector, GTIS employed its market-led approach during Phase II to identify export opportunities and close the gaps that exist throughout the supply chain. Through attendance at industry trade shows that cover the North American and European markets, the project gathered important market intelligence on current produce demands and established relationships with several international buyers interested in sourcing fresh fruits and vegetables from Guyana. Current standing orders with these firms are detailed in the results section below:

Pilot Tests

Based on the information and orders gathered at the shows, GTIS ran a series of trials to test the entire value chain, growing butternut squash and a new variety of hot pepper, sending samples to prospective buyers and shipping seven containers of mixed produce to Canada. These pilot tests highlighted the need for improvements in cultivation techniques, packing facilities, cold storage, post-harvest handling, packaging and transport and logistics and made it apparent that Guyana needed not just buyers for its produce, but the expertise of foreign investors and the enhanced infrastructure they would bring.

Transportation and Logistics

To address transportation and logistics obstacles, including the high cost of refrigerated containers from Guyana, GTIS has partnered a Caribbean-based cargo company. Interested in growing their refrigerated container business and recognizing the potential of the fresh produce sector in Guyana, this company agreed to charge the low rates typically reserved for high volume business to project-related agricultural exports. The firm also utilized its regional network to help GTIS facilitate additional linkages with Caribbean companies interested in sourcing fresh produce from Guyana.



Bull nose peppers are harvested for export. GTIS and the USAID HIV/AIDS Supply Chain Management Systems project collaborated to establish Guyana's first cold storage facility which will allow export of delicate produce to North America and Europe.

Building the Cold Chain

Collaboration with another regional freight company, along with the USAID HIV/AIDS Supply Chain Management Systems project, resulted in the construction of a \$359,000 cold storage facility at Cheddi Jagan International Airport. Use of the facility for fresh fruit and vegetable exports (as well as fresh and frozen fish from the aquaculture sector) will substantially reduce post harvest spoilage and improve the quality of the product at its final destination, adding value to each shipment.

End of Project Results

Project activities, along with the efforts of the Ministry of Agriculture, New Guyana Marketing Corporation (GMC) and National Agricultural Research Institute (NARI), helped drive a **41%** increase in non-traditional agricultural exports in 2007. Current standing orders with 11 international companies are requesting a total of 30 additional 40-foot containers per month of fresh fruits and vegetables once producers reach production capacity. While these are positive first steps, the sector is still awaiting the transformational change that will allow it to realize its full potential.

Investment Attraction

Project investment attraction activities have started this process. Market linkages activities led to a **\$2.85 million** investment by an Israeli agriculture firm to establish the first large-scale farm in Guyana dedicated to the production of non-traditional agricultural products for export. The firm's owners have been growing and exporting butternut squash, papaya, melons and other items from their GlobalGAP-certified farm in Antigua for more than eight years. Their 200-acre Guyana operation – which will consist of 35 acres of greenhouses, will employ leading technology such as drip irrigation and include a state-of-the-art pack house and on-site cold storage – will also serve as a training facility and consolidation point for local producers. This will allow farmers to achieve critical volumes required to fill large export orders and give them access to lucrative global markets through the firm's extensive network of buyers. GTIS has also facilitated a **\$500,000** investment in a farm near the Cheddi Jagan International Airport, run by members of the Guyanese Diaspora, for the development of a 25-acre farm that will employ similar greenhouse and drip irrigation technologies.

Company Profile: Shigam Inc.

This partnership between a local Guyanese businessman and Israeli agriculture experts represents a ground-breaking investment in Guyana's agriculture sector. Shigam's facilities will meet top international standards to supply major customers in the European market.

Lessons Learned and Recommendations for GTIS II

While the GTIS project has laid the foundation for the transition from subsistence to commercial farming in the non-traditional agriculture sector, the real work has just begun.

Additional Investment Attraction

Several international companies have expressed an interest in investing in Guyana once a base level of infrastructure has been developed. With the success of project partner farms and the related infrastructure developments that they bring, the GTIS II team will be in a position to enter into more serious talks with these firms, as well as local companies looking to diversify.

Satellite Farming

Shigam Farms will introduce a satellite farming model to Guyana, initially contracting with approximately 10 local growers who will receive training in up-to-date cultivation techniques and proper farm management to improve the quantity and quality of their yields. Cultivating an average of 10 acres each, these farmers are too small to export on their own, but will be able to combine their limited production with the larger volumes produced from the Israeli firm's 200 acres in order to achieve sufficient quantities for export and take advantage of its existing market relationships. The GTIS II project and the GoG should consider promoting this model with all future investors.

Timehri/Linden Highway Development

The GTIS II project should continue to work with local partners to build the necessary infrastructure to develop the area from Linden to Timehri into a robust farming corridor. Farmers who do not contract directly with existing project partner farms should still have access to their

state-of-the-art facilities, as well as a new Linden pack house being built by the EU-funded Linden Economic Advancement Program (LEAP) and the NARI nursery at Timehri. This will enhance their ability to sell high quality produce to regional markets as well as more demanding domestic buyers such as local supermarkets.

GlobalGAP Certification

In order to meet international market expectations, farmers in Guyana must begin to employ industry best practices such as those required for GlobalGAP certification, a widely recognized industry standard that is increasingly becoming a prerequisite for many buyers.

GlobalGAP Certification

This set of standards, which ensures that growers and exporters employ good agricultural practices, is currently in use in more than 80 countries. Many buyers now require that their producers be GlobalGAP certified.

Database Development

A database of farmers is necessary to capture the availability and range of produce in Guyana. The catalog should function as a comprehensive agricultural census, recording basic data for the country's estimated 6,000 farmers. In addition to providing the information necessary to create links between buyers and growers, the database will also be used as the basis for a traceability system. From this information, the GTIS II project will be able to identify a core group of approximately 200 farmers who will drive most export growth.

Post-Harvest Handling

Improved post-harvest handling throughout the supply chain is critical to achieving export quality standards. This process should begin in the field, where farmers should use the necessary equipment to protect harvested produce during transport, such as plastic crates and packing material, along with training in their proper application. Sector stakeholders should also expand the cold chain by including cold storage facilities at pack houses, an important factor in reducing spoilage in the hot climate of Guyana.

Market Development

Employing the same approach that brought successful market linkages under GTIS, the follow on project should ensure that Guyana maintains a presence at important industry trade shows. To identify new markets, GTIS II and its local partners should attend additional shows targeting smaller, niche markets. With the expected high-volume production from project partner farms, and the network of satellite growers, the project will be in a position to host a booth at one or more shows to display Guyana's high-quality produce to potential buyers and investors.

B.4. TOURISM

Project Activities in Phase II

Recognizing the exceptional potential that exists for ecotourism in Guyana, the GTIS project set its focus during Phase II on niche bird watching tourism. Based on a product-market match assessment, GTIS discovered that Guyana has a fantastic range of birds, and that avid bird watchers generally have higher disposable incomes, stay longer and spend more, and are willing to travel further and to more remote locations in order to see rare species.

GTIS used a market-responsive approach to create an implementation action plan for birding tourism. The project conducted extensive research to identify birding tour operators that have high potential to quickly bring new business to Guyana, and held comprehensive consultations with 30 of them to identify the actions required to enable them to successfully promote Guyana to the international birding markets.

Based on this industry intelligence GTIS launched an aggressive and targeted marketing campaign in collaboration with the Guyana Tourism Authority (GTA) and the Tourism and Hospitality Association of Guyana (THAG), promoting the country as the newest “must see” birding destination. In order to accurately promote the kinds of species that inhabit Guyana, GTIS worked together with the Smithsonian Institution to create the 2nd edition of the Smithsonian’s *A Field Checklist of the Birds of Guyana*. In addition, GTIS launched a Guyana birding website (www.guyanabirding.com), an e-newsletter, and created a host of birding-focused marketing materials.

GTIS sponsored the GTA’s participation in trade shows and conferences aimed at the North American and European markets, allowing the project and its counterparts to build relationships with international birding and ecotourism tour operators, media and other partners (e.g., optics companies, conservation organizations), gather information on the latest market trends, and increase Guyana’s visibility in the international tourism market.

Utilizing contacts and information gained at trade shows, the project organized a series of familiarization (FAM) tours to Guyana so that international tour operators, representatives from global media, and other key partners could witness the country’s wealth of biodiversity and unspoiled beauty first hand. Participants inspected local tourism facilities and advised firms on the required changes they had to make in order to host international tour groups.



The iconic Guianan Cock-of-the-Rock is on many avid birders’ lists as a “life bird” – a species that they will travel a great distance to see in their lifetime.

End of Project Results

The private sector responded quickly to market demands, investing over **\$650,000** to make the necessary changes to bring international tour groups to Guyana. Using this model, the GTIS project has attracted 40 international tour operators – with a combined client base of over **40,000** people- to create new tour packages for trips to the country.

FAM tours and trade show participation also generated excitement in the media. The project's marketing campaign has leveraged a total of **\$ 4.5 million** worth of advertising media consisting of articles in industry magazines and newsletters, websites, press releases, and two television series on bird watching and sport fishing. In addition, Guyana destination information has been published on the websites and in the brochures and newsletters of the 40 tour operators now promoting Guyana. Project efforts have also resulted in the publication of a tourist guidebook with Bradt Guides - Guyana's first and only dedicated guidebook.

GTIS's marketing and PR campaign has been so successful that project representatives were invited to provide presentations about it at the Annual Caribbean Tourism Summit and Adventure Travel World Summit. The American Birding Association is presently considering using Guyana for the first time as the host country for their 2011 international conference, and industry leading tour operators have advised other destinations that want to build birding tourism to look to Guyana as a model.

"People who traditionally wouldn't look at each other in our business are now working together. My business has doubled since last year and so has theirs all down the chain."

– Shaun McGrath, local tourism operator on the effects of GTIS on his business

GTIS identified the need for workforce development as critical to the success of the birding initiative. In anticipation of the influx of new tourists attracted by the project's marketing efforts, GTIS prepared 250 sector stakeholders by conducting training sessions on the birding and ecotourism industry and how to work with it. In addition, GTIS's influence facilitated leveraged contribution from other development projects that allowed 150 stakeholders

to receive training in ecotourism best practices, bird tour guiding, and indigenous tourism development.

GTIS's work has also influenced policy changes that will help to stimulate further growth in the sector. Increased tourism activity has led the GTA to produce a new set of regulations and industry best practices. The project also advocated the removal of 16% value added tax (VAT) from tourism activities to help the nascent sector stay competitive on price with other ecotourism destinations. As a result of project efforts, tourism sales in the Rupununi (Regions 8 and 9), one of the most active tourism areas in the country, are no longer subject to VAT.

Lessons Learned and Recommendations for GTIS II

GTIS efforts have transformed Guyana from a virtually unknown country into a serious global competitor. There are, however, a number of constraints that must still be addressed for the sector to grow to its full potential. Due to the efforts of the GTIS project, the majority of the

country's wilderness lodges and resorts are completely reserved for the next 2-3 years' peak tourism seasons (October – April). The development of additional tourism subsectors will help attract visitors throughout the year, increase the number of Amerindian and rural beneficiaries, and develop new revenue streams for the entire tourism value chain.

Additional marketing, and e-marketing in particular, is required to position Guyana as a leader in sustainable tourism development and strengthen its reputation as a 'must see' country. The GoG should consider removing VAT for all tourism activities in order to become more price competitive with other ecotourism destinations. Infrastructure is not adequate to absorb the expected influx of tourists during the coming years, and so additional stakeholders must be willing to invest in additional lodging facilities, airstrips, and roads. Continued institutional hospitality training will ensure that existing and new employees in the ecotourism sector can meet the standards expected by international tourists.

The GTIS II project will have the opportunity to address these constraints at a time when Guyana will be receiving significant global attention as a result of President Bharrat Jagdeo's Climate Change Initiative, which expresses his willingness to place nearly the entire country's rainforest under the supervision of an international body that will ensure Guyana's achievement of world-class environmental standards. A key factor to the GoG successfully attracting investors for this historic initiative will be to show that Guyana is making serious efforts to promote the ecotourism sector as a viable economic resource.

President Jagdeo's Standing Forest Initiative

"We stand ready to work with any bilateral or commercial partner who shares our vision of sustainable development, where our long-established and world-leading commitment to sustaining our forest can be matched by economic reward which supports our national development efforts to create a socially just and prosperous country."

-Bharrat Jagdeo, President of Guyana

Cooperation with Anchor Firms

The GTIS II project should continue collaborating with key industry anchor firms and will work to attract new ones to the country to develop the ecotourism value chain. Perhaps the best example of such a firm is the Iwokrama International Centre for Rain Forest Conservation and Development. The Iwokrama Reserve spans approximately 3,700 square kilometers and is one of the best understood ecosystems in the region. Iwokrama offers visitors an abundance of activities ranging from birding and wildlife viewing tours to indigenous cultural tourism and internship research opportunities.

Additional Subsectors

In addition to continuing to focus on birding tourism, the GTIS II project should explore opportunities to develop new ecotourism market opportunities for Guyana. A list of recommended additional subsectors is provided below:

Nature and Wildlife Tourism

Generally speaking, this is travel to unspoiled places to experience and enjoy nature and view wildlife interacting with their natural habitats. This market is less demanding and is much larger in size compared to the birding tourism market. It is an excellent product-market match for Guyana, with selling points including: the unique experience of visiting one of the last four intact

rainforests in the world and other fabulous natural attractions, such as Kaieteur Falls and the Rupununi Savannahs, and opportunities to see highly sought wildlife species such as the Neotropical Big Five (Black Caiman, Giant Otter, Harpy Eagle, Jaguar and Anaconda).

Eco-Indigenous Tourism

Eco-indigenous tourism encompasses activities involving indigenous lands, traditions, culture and arts. It primarily focuses on history, lifestyle, land, customs and entertainment, spiritual values, and arts and artisanship. This subsector presents many opportunities for shared tour activities with nature and wildlife viewing tourists, and will allow rural and indigenous communities to benefit from tourist dollars. Guyana's tourism sector presently brings tours to approximately 10 Amerindian communities, however, with the exception of Surama, these communities traditionally received only a handful of visitors annually.

Educational Tourism

Educational tourism facilitates deeper, more enduring connections between travelers and the communities they visit through strong interpretation, experiential programming, and meaningful engagement. Universities and museums have long organized learning-oriented trips, but the trend has been booming in recent years and educational tourism is now becoming part of the mainstream business of the travel industry.

Conservation Tourism

A number of Guyana's vast forested areas have not been formally studied, and experts suspect that they hold undiscovered species. President Bharrat Jagdeo's Climate Change Initiative is expected to further attract considerable global scientific attention to Guyana's rainforests and biodiversity.

Catch and Release Sport Fishing

The GTIS project attracted the attention of a major sport fishing television program that airs in the United States. This program has aired two shows about the catch and release sport-fishing opportunities in Guyana, which are expected to attract significant attention to the subsector. The host of the show, is not only interested in the opportunities for fishing tourism, but in conducting research on Guyana's aquatic species as well.

Training

Hospitality and marketing training will be critical for stakeholders to meet demands created by the expected influx of tourists. The GTIS II project should continue to educate the sector about the tourism market, best practices for ecotourism, and indigenous tourism community development. GTIS II should also work with counterparts GTA and THAG to strengthen local training programs to continue educating the sector on industry trends and best practices.

VII. CONCLUSION

The direct results of GTIS I include \$33 million in new investments, \$16 million in additional exports, and more than 4,000 new or enhanced jobs, based on environmentally sound value-chain development strategies. In addition, all four targeted subsectors are on the brink of a major transformation.

With the exception of forestry, the GTIS project built new promising sectors from the bottom up - each with the capability of diversifying Guyana's economy - leveraging substantial private and public sector resources in the process. This is best seen on the ground where skepticism and pessimism have been replaced with vision and progress; where leading rice farmers in the country are now promoting and investing in aquaculture, ecotourism lodges are booked two to three years in advance, multinational forestry companies are making substantial investments in Guyana, and Israeli agriculture experts are introducing cutting edge farm management techniques. The project's market-led approach worked with foreign investors, strategic buyers, and "anchor firms" in Guyana to invest in new capacity, technology, and standards.

The GTIS project's driven approach has become the preeminent development model for Guyana and should be continued under GTIS II, putting greater emphasis on developing the supply capability to fill numerous standing orders and expressions of interest from international buyers and tour operators. While much of GTIS II's focus should be on transactions and initiatives that build export capacity, a key feature of the strategy should also be to make real Guyana's role as one of the world's environmental leaders. Not only is environmental sustainability an important end in itself, but it can be a distinctive way to market Guyana and its goods and services. This will include working closely with the GoG to expand into the emerging market of ecosystem services that value standing rainforest based on factors such as carbon sequestration, and existing biodiversity, adding value to the fight against climate change.