

Guyana: Poverty Reduction Strategy Paper Progress Report 2004

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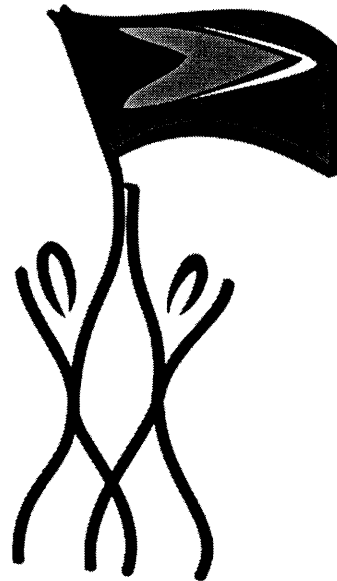
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**GUYANA
POVERTY
REDUCTION
STRATEGY**



**P R O G R E S S
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ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome	GIS/SME	Geographical Information System/School Mapping Exercise
API	Annual Production Incentive	GLSC	Guyana Lands and Survey Commission
ARV	Antiretroviral Therapy	GMA	Guyana Manufacturing Association
ATN Network	Atlantic Telephone Network	GNCB	Guyana National Cooperative Bank
BERMINE	Berbice Mining Company	GOINVEST	Guyana Office for Investment
BNTF	Basic Needs Trust Fund	GOG	Government of Guyana
BoG	Bank of Guyana	GPAS	Guyana Protected Area System
BSD	Bank Supervision Department	GPC	Guyana Pharmaceutical Corporation
CBO	Community-based Organisation	GPF	Guyana Police Force
CDC	Commonwealth Development Company	GPHC	Georgetown Public Hospital Corporation
CH&PA	Central Housing & Planning Authority	GPL	Guyana Power and Light
CJIA	Cheddi Jagan International Airport	GRA	Guyana Revenue Authority
CPAR	Country Procurement Assessment Review	GS&WC	Guyana Sewerage & Water Commission
CSO	Civil Society Organisation	GUYSUCO	Guyana Sugar Company
D&I	Drainage and Irrigation	GUYWA	Guyana Water Authority
DFID	Department for International Development	GW	Guyana Water Incorporated
DOTS	Direct Observed Treatment (TB)	HIES	Household Income and Expenditure Survey
EPMU	Expenditure Programming Management Unit	HIPC	Heavily Indebted Poor Country Initiative
EU	European Union	HIV	Human Immuno-deficiency Virus
FDI	Foreign Direct Investment	ICT	Information and Communication Technology
FIA	Financial Institutions Act	IDB	Inter-American Development Bank
GBET	Guyana Basic Education Teacher Training Programme	IFMAS	Integrated Financial Management Accounting System
GCBR	Guyana Community Based Rehabilitation Programme	IMF	International Monetary Fund
GDF	Guyana Defence Force	IPED	Institute of Private Enterprise Development
GEAP	Guyana Education Access Project		
GIS ARCVIEW	Geographic Information System		

ABBREVIATIONS

IT	Information Technology	PPC	Public Procurement Commission
LEAF	Linden Economic Advancement Fund	PRGF	Poverty Reduction Growth Facility
LEAP	Linden Economic Advancement Project	PRS	Poverty Reduction Strategy
		PRSP	Poverty Reduction Strategy Paper
LINMINE	Linden Mining Company		
LSMS	Living Standards Measurement Survey	PSCES	Parliamentary Sectoral Committee on Economic Services
LTR	Land Tenure Regularisation		
M&E	Monitoring and Evaluation	PSM	Public Service Ministry
MDG	Millennium Development Goals	RDC	Regional Democratic Council
MIS	Management Information System	SEC	Scotia Enterprise Centre
MLHSS	Ministry of Labour, Human Services and Social Security	SIMAP	Social Impact Amelioration Program
MoE	Ministry of Education	SMIS	School Management Information System
MoF	Ministry of Finance	SSRP	Secondary Schools Reform Programme
MoH	Ministry of Health	TB	Tuberculosis
MoHW	Ministry of Housing and Water	TIN	Tax Identification Number
NDC	Neighbourhood Development Council	VAT	Value-added Tax
NGO	Non-governmental Organisation	WHO	World Health Organisation
NGPC	New Guyana Pharmaceutical Company		
NIS	National Insurance Scheme		
NHP	National Health Plan		
NPTB	National Procurement and Tender Board		
PCPMU	Policy Coordination and Programme Management Unit		
PCU	Project Cycle Unit, State Planning Secretariat		
PEU	Project Execution Unit		
PLWHA	Persons Living with HIV/AIDS		
PMTCT	Prevention Mother to Child Transmission		

EXECUTIVE SUMMARY

In 2001, Guyana committed itself to fundamental reforms to re-orient its economic and social policies towards poverty reduction and the achievement of the Millennium Development Goals (MDGs). In the Poverty Reduction Strategy Paper (PRSP) it presented to the Joint Boards of the International Monetary Fund and the World Bank in November 2001, Guyana laid out a comprehensive strategy which rested on the following interlocking pillars:

- Creating the environment for broad-based, jobs-generating economic growth;
- Environmental protection;
- Strengthening institutions and improving governance;
- Accelerating investment in human capital
- Increasing investment in physical capital;
- Improving social safety nets; and
- Designing special intervention programmes to address regional pockets of poverty.

Donor institutions, both multilateral and bilateral, indicated a desire to support Guyana's development programme and offered financial support towards its implementation. In the last two years, external inflows were substantially lower than was envisaged. At the outset, it was thought that the time between the decision and completion points of the enhanced HIPC would be shorter, thereby opening the door for increased inflows. However, Guyana did not reach the completion point of the enhanced HIPC until December 2003. Lower inflows slowed the progress of implementation of the Poverty Reduction Programme.

Guyana continues to face challenges in its absorptive capacity. This in part is the result of continuous migration of its professional and technical personnel to North America and elsewhere. As a result, the public sector is not able to speedily design, implement, monitor and evaluate its programmes, conditions necessary for fast disbursement of external resources. The government took action to resolve this problem by piloting a new concept in the Ministry of Public Works and Communication which consolidates scarce technical resources in one ministry and uses that to address the technical requirements of its programmes. This concept will be replicated in other ministries over the medium term.

The low levels of donor aid and absorptive capacity constraints also coincided with social and political tensions. The eruption of violent crime in February 2002 engendered racial insecurity and hostility in some parts of the country. This had a negative influence on the local business community and an adverse impact on the flow of Foreign Direct Investment. In addition, the dialogue process employed to forge satisfactory working relations between the two major political parties came under tremendous stress, and this contributed to a delay in implementation of the unified platform for cooperation essential for consensus building and advancement of the PRS process.

In spite of these challenges, the government made progress in implementing its Poverty Reduction Programme. In particular, it pursued prudent macroeconomic policies which improved economic fundamentals and created the framework for sustainable growth. Priority attention was also given to implementing reforms to improve the institutional and regulatory frameworks, public accountability, confidence building in the judicial and political systems, local government reforms and the protection of fundamental human rights. This led to the enactment of laws on transparency and accountability, a reduction in crime rates, and greater autonomy to local government in raising revenues.

Consistent with its commitment to improve basic social services, the government continued to increase its budgetary allocation to the social sector and to implement far ranging reforms.

The Ministry of Education (MoE) developed and began implementing an Education Strategic Plan which included putting in place mechanisms to monitor its programmes, reduce repetition and drop out rates in primary schools, increase enrolment in secondary schools, reduce overcrowding, absenteeism of students and teachers, increase non-teacher recurrent expenditure, and improve teacher training.

In the Ministry of Health (MoH), a comprehensive National Health Plan (NHP) which incorporates elements of the National Development Strategy, the PRSP, the MDGs, the Caribbean Health Charter II, and other international health charters to which Guyana is signatory was rolled out in 2003. Programmes were put in place to control and contain the prevalence of HIV/AIDS, train health personnel, upgrade health facilities, reduce infant and maternal mortality and procure and effectively deliver drugs and medical supplies. Relatedly, there were reforms in the water sector aimed at increasing access to access to improved quality water and improved sanitation, thereby reducing associated water-borne diseases.

Towards improving efficiency, the Guyana Sewerage and Water Commission (GS&WC) and the Guyana Water Authority (GUYWA) were merged into a single entity, Guyana Water Inc., and regulatory powers were given to the Public Utilities Commission. These reforms, the introduction of a tariff reform process moving towards full recovery of operation, maintenance and depreciation costs and a comprehensive investment plan for the water sector, accelerated progress towards the attainment of many of the PRS objectives.

In the housing sector, the government developed a master plan for building housing schemes; identified areas for the relocation of squatters; developed basic infrastructure for squatting areas; and reviewed the penal code for non-compliance to housing regulations.

Steps were also taken to strengthen the capacity of the Ministry of Labour, Human Services and Social Security (MLHSSS) to manage social safety nets through improved systems, processes and training. Programmes were implemented to reduce pockets of poverty, especially in the bauxite-producing town of Linden and its environs and hinterland areas largely populated by Amerindians.

Related to better management of the safety nets and broader social sector programme is the improvement and relevance of data. Therefore, a key agenda in the 2004-2005 programme will be to improve the coverage, timeliness, quantity, quality and use of relevant survey data through the strengthening of the Bureau of Statistics.

To complement growth, measures were taken to improve maintenance of sea defences, roads and drainage and irrigation systems. In particular, several structures were rehabilitated and a contract was awarded for the rehabilitation of the Mahaica-Rosignol road. These roads will provide the necessary links for farm-to-market roads and allow for easier transportation of goods.

Since the implementation of the Poverty Reduction Programme was designed to take place across a diversity of sectors at national, regional and local levels, the government developed five organisational structures to guide the process. These structures played a critical role in the public consultations on the PRS Progress Report. However, interaction with communities through the Regional M&E Committees also revealed deep frustrations about the PRS process.

Yet future prospects are good. A rebound in the economy, increases in donor aid, particularly grants, and an improved socio-political climate will auger well for growth and poverty reduction. To this end, the government will seek to create conditions necessary for sustainable growth, pursue policies to maintain sound economic fundamentals and return the economy to the growth path of 1992-1997.

Measures will also be taken to improve the governance, institutional and regulatory framework in the near term. To this end, the government will adopt rules and regulations to make the Tender and Procurement Act effective and begin the implementation of the systems and processes that will promote efficiency in the tender and procurement system. Studies to improve fiduciary oversight will be completed and the implementation of recommendations will proceed with the support of donor assistance.

Furthermore, the Integrity Commission will be reorganised and strengthened and local government elections will take place in 2004. Local government laws will be revised to

implement a system of self accounting where each local government holds individual accounts and where NDCs could hold property users and proprietors liable for taxes.

Within the social sector, the government will continue to improve the quality of education at all levels, increase access to the poor, reduce repetition and dropout rates and improve teacher training. To this end, it will expand the coverage of the School Management Information System. Donor intervention in the education sector will assist the government to continue with the construction of new schools and rehabilitation of existing ones.

In the health sector, emphasis will be placed on improving health facilities, training health personnel, expanding and streamlining the HIV/AIDS programme and reducing infant and maternal mortality. The government will continue to coordinate interventions to improve the quality, efficiency, and dependability of water services and also expand access, with special emphasis on rural/hinterland communities. The housing sector will benefit from the IDB-funded Low Income Settlements Programme and European Union-funded Low Income Housing Programme, with the objective of accelerating land distribution, deepening market for land transactions, regularising squatter settlements, and accelerating the award of land titles.

The government will also build on its progress on expanding, strengthening and improving the efficiency of its social safety net programme. To this end, strengthening of the capacity of the MLHSSS will be continued.

The 2004-2005 programme is captured in a baseline macroeconomic framework predicated on the continuation of implementation of sound economic policies, improved socio-political conditions, and acceleration of structural reforms. A key sustainability issue is the maintenance of external debt to revenue ratio. Towards this end, the appropriate institutions will be strengthened to allow for better management and coordination of external and domestic debt.

Clearly, with lower than expected growth rates and slower disbursements, Guyana may not be able to meet its MDGs. In the absence of a Household Income and Expenditure Survey (HIES) in 2003, the government will realistically revise its MDGs in 2005 after the completion of the HIES to fully reflect the exigencies of the external financing situation and the domestic socio-political conditions.

1

INTRODUCTION: SETTING THE CONTEXT

External Financing Environment and Absorptive Capacity

In December 2001, Guyana committed itself to far-reaching economic and social reforms to re-orient, through the Poverty Reduction Strategy Paper (PRSP), its economic and social policies towards poverty reduction and the achievement of the Millennium Development Goals (MDGs). In November 2002, the Joint Boards of the International Monetary Fund (IMF) and the World Bank determined that Guyana's PRSP provided a sound basis for concessional financial assistance and Guyana met the conditions for the Heavily Indebted Poor Country Initiative (HIPC) completion point in December 2003. As a consequence, over the next 20 years, the donor community pledged over US\$600 million in nominal terms in debt relief to support poverty and debt reduction strategies.

Donor institutions, both multilateral and bilateral, indicated a strong desire to support Guyana's development programme as articulated in the PRSP. In this regard, these agencies made projections for support which influenced the programmes devised as well as their magnitude. Notwithstanding, resource flows were lower than expected as the many conditions leading to programme disbursements required legislative, institutional, and regulatory reforms. Several of these conditions focused heavily on structural reforms and less so on programmes to generate actual goods and services for poverty reduction. Complementary resources from domestic resources were also lower than expected, as economic growth stagnated and the impact of tax reform is taking longer to yield increased revenue outturn. The resulting delays have negatively influenced expectations and reduced the interest of stakeholders. Nevertheless, these reforms were essential in laying a strong foundation for future growth, improved governance and social progress.

In addition, the multilateral financial institutions determined in September 2002 that part of enhanced debt relief resources would be used to meet repayments of the principal of external debt. For Guyana, this meant that programmed resources for priority areas in the Poverty Reduction Programme would not become available. Consequently, the gap between the MDGs and the Poverty Reduction Strategy (PRS) targets is expected to widen and the time frame for accomplishing PRSP goals will therefore be increased.

Related to donor support, is the linkage and coordination between multilateral and bilateral donor financing. In recent years, bilateral donor and other multilateral financing have been closely tied to compliance with IMF and World Bank programmes accompanied by their own cross conditionalities. While this may increase coordination of donor aid, it also delays delivery of bilateral resources and have an adverse impact on progress towards poverty reduction if a country is unable to meet IMF and World Bank conditions. In essence, this linkage and coordination leave little or no degrees of freedom for the country to vigorously implement its development programme.

Associated with external financing is Guyana's absorptive capacity to expeditiously utilise these resources. Although donor support was programmed to increase by more than 25 percent over the medium term, adequate measures were not taken to improve the country's absorptive capacity. In particular, the traditional public sector is bottom-heavy and has high vacancy levels in the professional and technical grades. As a result, skills necessary to design, implement and evaluate programmes are missing. Restrictions on the public sector wage bill and delays in implementing a comprehensive public sector restructuring programme were not helpful. In addition, migration of professional and technical skills continue to deplete both the public and private sectors of their skill reservoir leading to reliance on foreign consultants who often take a long time to understand the domestic policy and political environment.

In 2002, the government established the Works Services Unit in one of its key line ministries in order to consolidate requisite skills. While this may have helped in partly addressing capacity constraints issues in that ministry, urgent attention is required to address this problem system-wide, if Guyana is to fully utilise resources pledged by the donors in the PRSP should these resources become available.

Socio-Political Conditions

In addition to the unfavourable external financing environment and absorptive capacity constraints, the socio-political climate played a key role in the slow implementation of the Poverty Reduction Programme. This was partly a reflection of the slowed functioning of the legislative and administrative arms of government. Constitutional reforms had led to a major Parliamentary role in the appointment to constitutional bodies, and offices, and to a reduction in the role of the Executive and the powers of the President.

However, the period from 2002 to 2003 was fraught with social and political tensions. The Parliamentary boycott by the main opposition party delayed important legislative and administrative reforms that required two-thirds majority of the National Assembly. In particular, the Constitutional Service Commissions were not established and in their absence, appointments and promotions of teachers, judges and officers in the Public Service could not be made.

The socio-political tension also coincided with a high incidence of violent crime, engendering racial insecurity and a disregard for law and order in some segments of the country. The immediate genesis of the problem was a jail break in February 2002 that led to the escape of five felons who led a rampage of killing, robbery, extortion, kidnapping and the murder of police officers. The targeting of members of the business community and innocent Guyanese contributed to the increasing migration of entrepreneurs and professionals and also had a negative impact on both domestic and foreign direct investment (FDI).

During this period too, the dialogue process employed to forge political consensus on key issues between the government and the Opposition came under tremendous stress. The Opposition resorted to extra-parliamentary actions including street protests that inadvertently led to attacks on innocent people, paralysis of business activity and arson of private and public properties.

This, in part, contributed to the delay in implementation of a unified platform for cooperation which could have contributed to the garnering of greater national support for the advancement of the PRS process. Additionally, civil society participation in the PRS process was limited.

Monitoring and Implementation of the Poverty Reduction Strategy (PRS)

With the establishment of the PRS Monitoring and Evaluation (M&E) Unit in the Policy Coordination and Programme Management Unit (PCPMU) of the Office of the President in 2003, efforts to develop a system for closer collaboration between government ministries, agencies and regional administrations in respect of monitoring of the PRS began in earnest. This saw the establishment of focal points in selected ministries and agencies, a joint civil society-government Steering Committee, and PRS M&E Regional Committees. Those M&E structures within the government have clear terms of reference supported by budgetary resources. In particular, the focal points have been effective in helping to bring clarity and thoroughness to the design of new programmes consistent with the PRS objectives and better coordination of donor programmes in an effort to avoid duplication.

A delay in the establishment of these bodies affected the formal engagement of civil society in monitoring the implementation of the Poverty Reduction Programme. In part, this may be attributed to the unavailability of donor resources and the long gap between the National Review held in 2001 and the commencement of M&E activities.

The implementation of the Poverty Reduction Programme was conceptualised as a seamless process. At the outset, it was envisaged that the time gap between the decision and completion points of the enhanced HIPC would be short and that programme implementation, particularly of programmes to reduce extreme poverty, would be accelerated. Also, programme implementation was predicated on the availability of functional systems, improved capacity in human resources and availability of quality data.

Yet, in reality, the implementation of the Poverty Reduction Programme faced serious challenges. In addition to delays in external financing, limited absorptive capacity and an adverse socio-political environment, weak and sometimes incomplete data, especially social data, posed a risk to serious policy analysis. The M&E programmes were constrained by poor data collection, collation and analysis due to institutional weakness in many line ministries and agencies, particularly in the Bureau of Statistics. Weak regional and local government institutions that were unable to meaningfully complement the central government efforts in implementing the Poverty Reduction Programme further compounded the situation.

In spite of these problems, the government steadfastly pursued its agenda of poverty reduction and increased budgetary outlays to key sectors identified for intervention in the PRSP. In the economic sector, it pursued prudent policies that improved economic fundamentals. Restructuring and modernisation of the traditional sector took an added urgency with reforms in the sugar and the bauxite industries. Fiscal reforms centred on broadening the tax base, reducing marginal rates, improving tax administration and implementing expenditure controls. Reforms in the financial sector focused on strengthening internal controls of the Central Bank's operations and improving banking supervision. Privatisation of public enterprises continued, with the government divesting itself fully from the financial sector.

These economic programmes were anchored by institutional, regulatory and governance reforms. Technical work towards public sector modernisation was completed, the tender and procurement system was revamped, land administration systems were improved and measures were taken to contain and reduce violent crimes. These reforms have laid the basis for long-term sustainable growth by creating the necessary conditions for private sector investment.

Reforms in the social sector created conditions for the training of education and health personnel and accelerated health programmes to combat HIV/AIDS. Progress was made in improving water and housing services and the special intervention programmes were begun in Linden as well as in Regions 1, 8, and 9. Nonetheless, economic growth stagnated between 2000 and 2003 due to domestic and exogenous shocks, with likely adverse implications on employment and the level of poverty.

Organisation of Report

This PRS Progress Report reviews the status of PRS implementation for the period 2002 to 2003.

Chapter 2 undertakes a review of the progress made in implementing Guyana's agenda in the macro economy, governance and institutional and regulatory frameworks. In particular, attention is paid to the causes of the low economic growth and the key and critical structural reforms that defined government's agenda for most of the last two years.

Chapter 3 focuses on the implementation of the government's commitments in the areas of human and physical investments. Many of the targets set out in the PRSP are dependent on the progress of implementation in the social sectors.

Chapter 4 describes progress in M&E, addressing the key issues of the organisational framework for M&E, the content of the monitoring strategy, and linkages between and among key stakeholders.

Chapter 5 explains the process involved in public review of the PRS Progress Report. In particular, it describes the preparatory work leading to the review meetings and summarises their outcome. The chapter also draws important lessons from the review process that will enable improvement of future engagements with the public.

Chapter 6 outlines the Poverty Reduction Programme for 2004-2005. This section takes into account lessons learned over the last two years, the existing socio-political circumstances, feedback from the PRS progress report consultation process, possible emerging opportunities and attempts to craft a more realistic Poverty Reduction Programme.

Chapter 7 presents the macroeconomic outlook for the near term and summarises constraints to the achievement of the MDGs. It also includes the summary and conclusions of the PRS Progress Report.

2

REVIEW OF THE ECONOMY, GOVERNANCE AND INSTITUTIONAL AND REGULATORY FRAMEWORKS

Cognisant of the strong correlation between economic growth and poverty reduction, a key element of Guyana's PRSP was the acceleration of economic growth. Implementation of sustainable macroeconomic policies, complemented by fundamental structural reforms in fiscal and monetary policies, institutional and regulatory frameworks, and improved governance were identified as key ingredients in achieving these objectives. Over the last two years, the government steadfastly implemented its reform agenda within a very difficult socio-political environment.

This chapter provides an overview of the progress made in meeting Guyana's commitment to generating broad-based job-generating economic growth and improving the governance and institutional and regulatory frameworks. It addresses the following specific areas for intervention: pursuance of prudent macroeconomic policies, policies to support private sector growth and poverty reduction, expansion of the economic base to benefit the poor, restructuring and modernisation of the traditional sector, development of new sectors to support growth, good governance and legislative, institutional and regulatory reforms.

Prudent Macroeconomic Policies

Since 2001, the government has been pursuing prudent fiscal and monetary policies with a view to maintaining stability in prices, reducing uncertainties in the exchange rates market and achieving a sustainable internal balance. Although expenditure controls and marginal increases in revenues helped to reduce the underlying fiscal deficit, one-time expenditure items such as the restructuring of the Linden Mining Company (LINMINE) and privatisations of Guyana National Cooperative Bank (GNCB) and GNCB Trust contributed to higher fiscal deficits. Despite the successes in these areas, GDP grew marginally over the last two years. Among the factors contributing to the lower growth were the unprecedented crime wave, lower public investment, weak private sector demand and weather-induced shortfalls in agriculture production.

Inflation over the last two years remained low at 6 percent, despite sizeable utility tariff increases that added 3 percentage points to the price level. Private sector savings declined from 5.1 percent of GDP to 4.7 percent of GDP between 2001 and 2003 while the stock of domestic debt increased from 39.0 percent to 43.4 percent of GDP, reflecting the reclassification of GUYOIL bonds from external to domestic debt. Table 2.1 provides a summary of key financial and economic indicators over the last 6 years.

The PRSP signalled the intention to undertake significant reforms with respect to fiscal policy. To this end, the government sought to make the tax system more equitable by broadening the tax base and reducing marginal rates, improving tax administration and implementing expenditure controls. In particular, the government began implementing tax reforms, including enacting legislation to tax services provided by hotels and professionals and introducing a presumptive minimum tax on the self-employed.

Table 2.1: GUYANA – KEY ECONOMIC AND FINANCIAL INDICATORS, 1998-2003						
	1998	1999	2000	2001	2002	2003
	(percentage change)					
Production & Prices						
Real GDP (factor cost)	-1.7	3.0	-1.4	2.3	1.1	-0.2
GDP deflator (factor cost)	2.6	12.8	4.3	1.5	3.8	4.7
Consumer prices (average)	4.6	7.5	6.1	2.7	5.3	5.8
Real GDP per capita	-1.5	1.9	-1.7	1.3	0.1	-1.2
	(In percent of GDP)					
National Accounts						
Investment	28.8	23.4	22.6	21.9	20.0	22.3
Private Sector	13.4	11.8	8.8	8.2	7.4	6.6
Public Sector	15.4	11.6	13.8	13.7	12.6	15.7
National Saving	15.0	12.6	6.8	5.1	6.5	4.7
Private Sector	6.0	6.4	0.5	-1.3	-1.3	0.2
Public Sector	9.0	6.2	15.3	18.1	14.8	17.4
External Current Account Balance (Excluding Transfers)	13.7	10.8	33.7	33.0	32.4	33.4
Overall Balance (before grants)	-6.8	-6.1	14.0	15.2	14.0	16.6
Grants (including HIPC relief)	1.6	4.4	7.7	8.3	8.2	5.8
Overall Balance (after grants)	-5.2	-1.7	-6.3	-7.0	-5.8	10.8

Source: Ministry of Finance; Bureau of Statistics; Bank of Guyana

In addition, tax holidays were curtailed and discretionary tax exemptions were limited to humanitarian cases. An organic budget law was enacted and tax administration was substantially improved including the amendment of the Guyana Revenue Authority (GRA) Act to grant greater autonomy to the tax agency and recruitment of personnel to support increased tax collection, implementing tax reforms and transforming the work culture of GRA. Table 2.2 provides a summary of the reforms in fiscal policy over 2002-2003.

On expenditure controls, the government introduced programme budgeting in all line ministries. However, as a result of capacity constraints, Expenditure Programming Management Units (EPMUs) were established and are functioning in only two line ministries, the Ministries of Education (MoE) and Health (MoH). Improved coordination between the Ministry of Finance (MoF) and the State Planning Secretariat contributed to increasing efficiency in resource allocation between the capital and recurrent programmes of the budget.

In spite of these achievements, serious gaps remain. Even if capacity constraints issues are resolved in the line ministries, and despite the improved coordination between the capital and current budgets, the absence of an integrated budget at the MoF will continue to slow programme budgeting in any meaningful way. In addition, there were other policy areas in expenditure control in which little or no progress was made. In particular, the government was not able to carry out annual expenditure reviews in priority sectors, due to programme overload in 2003.

With respect to monetary policies, programmes aimed at maintaining price stability and safeguarding the external reserve position were pursued. Despite the easing of interest rates, credit to the private sector fell due to the reluctance of commercial banks to lend in the face of high, non-performing loans and structural weakness that impeded the banks' ability to realise loan collateral. Reflecting this cautious stance, the ratio of non-performing loans to total assets fell to about 10 percent in June 2003 from 13 percent at the end of 2003.

An on-site safeguards assessment of the Bank of Guyana (BoG) was conducted in January 2003. While acknowledging strengthened internal controls over the Central Bank operations, the report also pointed to vulnerabilities in the areas of financial reporting and governance oversight. Based on the Financial Institutions Act (FIA) and new policy and operational guidelines for the Financial

Stability Unit, the BoG implemented arrangements for supervision of the New Building Society. Also, a comprehensive human resource strategy for the strengthening of banking supervision was designed.

Finally, the government disengaged from the financial sector with the sale of the GNCB Trust and GNCB. A plan was put in place to recover the non-performing loans of GNCB. It is noteworthy that the privatisation of these two banks completed the divestiture of government intervention in the banking system where, in 1992, it owned more than 80 percent stake in the financial sector.

Table 2.2: REFORMS IN FISCAL POLICY, 2002-2003	
Tax Policy	Enacted legislation to extend the consumption tax to all services provided by hotels, as well as to services provided by professionals.
	Enacted legislation to introduce a presumptive minimum tax on the self employed.
	Enacted legislation that increases the license fee on professional businesses based on a formula that takes into account the nature and size of the business.
	Amended the Customs, Financial Administration and Audit and Income Tax Acts to eliminate the government's discretionary powers to grant tax exemptions to commercial undertakings and limit discretionary power to grant tax exemptions only in exceptional humanitarian cases.
	Streamlined tax exemptions for the purchase of motor vehicles by public officers.
	Enacted legislation to limit income tax holidays to new firms that create employment in depressed areas or that conduct economic activity in specific fields.
	Increased withholding tax on interest-bearing deposits, loans secured by bonds and other income and the withholding tax on payments other than interest to non-residents.
	Introduced a 10 percent tax on all domestic telephone calls.
	Increased the personal income tax threshold.
Tax Administration	Appointed highly qualified and experienced professionals as Commissioner General and Deputy Commissioner General of the GRA; their main tasks are to dramatically increase revenue collection through improvements in tax and customs administration, reduce to a minimum the amount of corruption at GRA and transform the work culture of GRA.
	Amended the GRA Act so as to grant increased autonomy to the management and Board of GRA to carry out their functions.
	Recruited 12 additional accountants in the Inland Revenue Department and Consumption Tax Administration to increase audit inspections and improve consumption tax collection.
Expenditure Controls	Enacted an organic budget law that seeks to improve transparency, accountability and efficiency in national budgeting.
	Improved the coordination of current and capital expenditure by the issuance of a single budget circular to all ministerial departments and the requirement of joint meetings on releases and programmes of officers working on current and capital budgets.
	Streamlined employment data and public sector wage bill by integrating a computerised payroll system with the human resource database.

Resource Envelope in Support of PRSP Goals

Based on consultations with the donors, and knowledge of existing and pipeline projects, the PRSP projected financing requirements of US\$223 million in 2002 and US\$257 million in 2003. These assumptions also implied Guyana reaching the HIPC completion point in 2002. Further, the projections assumed revenue growth of 10 percent per annum to complement external financing. However, due to delays in reaching the completion point of HIPC and other exogenous factors, and lower than expected growth rate in addition to delays in tax reforms, both domestic and external resource flows fell below expectations. Table 2.3 provides a summary of external financing for Guyana's development programme over the period 2000-2003.

Table 2.3: GUYANA – EXTERNAL FINANCING REQUIREMENTS AND SOURCES				
	2000	2001	2002	2003
Financing Requirements				
PRSP targets	n/a	n/a	223	257
Actual	194	167	139	97
External current account deficit (excludes official transfers) /1	109	129	108	128
Debt amortisation	56	50	36	33
NFPS amortisation /1	24	22	26	20
Bank of Guyana amortisation /2	32	28	10	13
<i>of which</i>				
IMF	11	20	9	8
Gross international reserves (increases = +1)	30	-12	-5	-64
Available Financing				
Official transfers	13	24	33	30
NFPS loans /3	39	45	32	43
GUYSUICO restructuring escrow account	0	0	8	-43
Programme loans	30	26	7	12
Private sector (net) /4	103	64	44	37
Exceptional financing	9	9	14	10
Financing Gap				
<i>of which</i>				
IMF disbursements	0	0	0	8
<i>Other multilateral and bilateral disbursements</i>	0	0	0	0
Sources: GoG, IMF staff				
1/ Scheduled amortisation of NFPS before HIPC				
2/ Bank of Guyana amortisation after debt relief provided under HIPC				
3/ Including project loans and GUYSUICO retention account				
4/ Including change of commercial banks NFA, short-term flows and trade credits, net foreign direct investment, and errors and omissions of balance payments				

Systemic Policies to Support Private Sector Growth and Poverty Reduction

To ensure the rapid development of Guyana's private sector and help it to keep pace with the rapidly changing external trade environment, the government committed itself to export promotion, investment promotion and development and expansion of small businesses and cottage industries. Progress towards these policy objectives has been uneven.

Export Promotion

With the support of USAID, substantial reforms took place at the Guyana Office for Investment (GOINVEST). To strengthen the institutional capacity of GOINVEST to undertake export and investment promotion activities, an institutional assessment was completed and an annual work plan developed for staff. In addition, an IT network was installed, complete with computer hardware and software and staff training. A Client Satisfaction Survey and an Exporter's Handbook to answer frequently asked questions were completed and a fact sheet for exporters was developed. Further, market information for exports was undertaken and surveys were conducted for several products in North America and Brazil. GOINVEST also supported and facilitated Guyana's participation in trade fairs in the Caribbean and United States. On the negative side, reforms that were envisaged to strengthen the National Bureau of Standards to support improved quality standards and packaging were not implemented, nor were any action plans developed in 2002. A major reason for the inaction may have been lack of resources, including technical assistance.

Investment Promotion

The government succeeded in establishing a stock market, began regulating the insurance industry and enacted an Investment Law. These reforms should help to improve the business environment by specifying the rules of engagement, creating greater confidence and providing timely resolution to conflicts of interest. Progress was also made in improving bilateral and multilateral trade arrangements. In particular, negotiations continued within the ambit of the Caribbean Community to foster external trade treaties on a bilateral basis as well as with regional trading blocs.

With the support of the Department for International Development (DFID), regulations governing the stock market were brought into effect in July 2002 and application for registration of companies and brokers began in 2003. In all, 4 private and 13 public companies were registered for trading in 2003. Regulations governing the insurance industry and aimed at ensuring that companies were financially secure to enhance and protect policyholders were effected. The New Insurance Law was implemented in December 2002. Seventeen (17) companies, 6 brokers and 267 sales agents applied for registration in 2003. In addition, plans were set in train for the establishment of a commercial court for the expeditious adjudication of business and investment disputes.

Finally, an Investment Roadmap to facilitate investors' navigation of the many agencies, regulations and permits was completed by GOINVEST in 2002. The Investment Roadmap provides:

- Procedures for company registration, land acquisition and application for work permits;
- Information on getting project started in Guyana;
- Information on taxes, fiscal and other incentives; and
- Information on specific sectoral policies and investment opportunities.

Development and Expansion of Small Businesses and Cottage Industries

A key objective of the government's policy was to generate jobs in order to reduce poverty. The aim was to simplify and streamline the operational framework of small businesses and cottage industries. To this end, legislative, institutional and organisational reforms were proposed in the PRSP.

A Small Business Bill was tabled in Parliament in December 2003. This Bill seeks to streamline company registration and provides an incentive programme for small businesses. Tight budgetary constraints and delays in reaching the completion point of HIPC prevented the government from expanding the capital base of the Institute of Private Enterprise Development (IPED). However, IPED's administrative and organisational capacity was improved. New management took office and staff were trained to improve their capacity to support and facilitate microenterprise development.

Expanding the Economic Base to Benefit the Poor

Although the government recognises that adding value to Guyana's vast resources would not only generate a substantial number of jobs, but also minimise adverse terms of trade shocks, little or no progress was made over the period under review to markedly shift the current paradigm of commodity exports. Investments in garment manufacturing took place and modest progress was made with respect to Information Technology (IT). However, these developments did not create jobs substantial enough to reduce unemployment or offer secondary opportunities for growth.

On the contrary, an IT park, a key plank of the PRSP, was not developed. The adverse conditions in the business environment, in addition to the stalemate in resolving monopoly rights of the major telephone company, may have contributed to this outcome. On the positive side, outsourcing of back office support became a new source of growth with the establishment of three new companies and the creation of over 200 new jobs.

Modest growth was experienced in the eco-tourism sector. The violent crime wave over the last two years had deeply reduced the number of tourists visiting Guyana. Since June 2003, the Tourism Authority undertook an aggressive campaign to market Guyana in the Caribbean and North

America. Such efforts are beginning to show returns with the stabilisation of number of visitors to Guyana. At the end of 2003, more than 100,000 persons visited Guyana, a figure consistent with historical trends. In addition, the Ministry of Tourism, Industry and Commerce refurbished guesthouses at Orinduik and Kaieteur and three pavilion stands were refurbished at Bartica, South Dakota and Lethem.

The government also rehabilitated and upgraded seven hinterland airstrips. Even so, pressure on law enforcement agencies prevented the establishment of mechanisms to better coordinate security in hinterland areas as a way of ensuring the safety of tourists. In addition, the Ministry of Tourism, Industry and Commerce did not prepare or develop guidelines for an integrated eco-tourism infrastructure.

Restructuring and Modernising the Traditional Sector

Substantial progress was made in the restructuring and modernisation of the traditional sector with a view to improving efficiency and its competitive advantage in a liberalising global economy. In the core sectors of rice, sugar, and bauxite, several measures were taken to re-orient operations with emphasis on viability and profitability.

In modernising the agriculture sector, emphasis was placed on land reform, improvement of extension services, and rehabilitation of drainage and irrigation facilities. Substantial progress was made in land reforms, with the accelerated conversion of leasehold to freehold and expansion of drainage and irrigation programmes. A strategic plan to revitalise the rice industry was completed in 2003, with the Inter-American Development Bank (IDB) and the European Union (EU) pledging support for research and development. Rice production grew by 10 percent, but exports fell from US\$50 million to US\$45 million over the period, due to declining commodity prices.

In the sugar industry, measures were taken to reduce the share of labour costs from 53 percent to 43 percent of recurrent expenditure in June 2002. Consistent with this, GUYSUCO began implementing a wage policy and employment downsizing through attrition and voluntary separation. This policy has been ongoing over the last 18 months. In addition, a new management contract, with profitability as one of the driving forces, was concluded in December 2003. Related to this is the continued negotiation between management and unions to replace the Annual Production Incentive (API) with a profitability incentive for sugar workers. Feasibility studies were completed for the construction of a new cogeneration factory at Skeldon in December 2003 and tendering was completed.

In the bauxite sector, an agreement was signed with OMAI to privatise and/or restructure LINMINE, consistent with the elimination of transfers to cover recurrent operational losses. Actions were taken to downsize employment from 1200 to no more than 400 short-term workers. These measures by the government provided substantial savings which were used to support the Linden township through the provision of water, electricity, health services and infrastructure rehabilitation. The operations of the Berbice Mining Company (BERMINE) and AROAIMA were merged and more than 600 workers were retrenched. Like LINMINE, these merged companies are operating at cash neutral positions.

In 2002, the Commonwealth Development Company (CDC) which bought the Guyana Electricity Company in 1999, sold its shares and terminated its management contract with the new company. Also in 2002, the government assumed ownership of Guyana Power and Light Inc. (GPL) and, with the assistance of the IDB, began a comprehensive restructuring with a view to privatising the company in the near term. In addition, the government took immediate actions, including installing a new management and increasing electricity tariffs, in order to bring GPL to a cash neutral position prior to privatisation.

Developing New Sectors to Support Growth

Fossil fuel holds the potential to transform Guyana's economy. In line with this, the government made modest progress by improving the incentives framework for oil exploration. Specifically, the incentives regime is under constant review so as to respond to the needs of potential investors in this sector.

The process of the development of a well-coordinated and integrated Information and Communication Technology (ICT) has been stymied by continuous disagreement with the major telephone company on control of monopoly rights over external signals. To protect its interests, Atlantic Telephone Network (ATN), the parent company of Guyana Telephone and Telegraph Company Ltd. (GT&T), opposed the government's diversification efforts in the telecommunication sector, including a request for financial assistance to modernise and attract new IT companies into the sector. This has put in jeopardy a US\$25 million project and stymied employment opportunities in the sector. The government is reviewing its options, including reaching a negotiated settlement to open up the sector to competition.

Good Governance and the Business Environment

Governance was identified as a critical issue by civil society in general and at the community level, in particular, during the PRSP consultations. As a result, attention was focused on deepening democracy and strengthening social cohesion. In this regard, institutional and regulatory reforms, public accountability, confidence building in the judicial and political systems, local government reforms and the protection of fundamental human rights were set as priorities.

Institutional and Regulatory Reforms

The government committed itself to modernising the public sector, reforming the tender and procurement system, decentralising the delivery of public services and improving distribution of land. The importance of these reforms in enhancing the business environment, improving transparency and accountability, assuring integrity in the use of public resources, ensuring law and order and adherence to due process was captured by the several conditionalities imposed by the multilateral institutions in their 2002-2003 programmes to support Guyana. These reforms were far-reaching and required social and political consensus building. The extent to which the government stayed the course in implementing these programmes is a testimony to its unwavering commitment to making Guyana a destination for private investment.

Public Sector Modernisation

A comprehensive Public Sector Modernisation Programme was embarked on over the last two years. This programme has three elements: restructuring of the public sector, job freeze, and review of semi-autonomous agencies. The restructuring of the public sector is being developed with the assistance and support of the IDB.

Public Sector Restructuring

In agreement with the IDB, the focus of public sector restructuring was shifted from undertaking job descriptions and a performance appraisal system to completing overview studies of the public service functions and vertical institutional capacity assessment of ministries, as a prelude to a comprehensive public sector modernisation programme. Specifically, staff audits of core ministries, regional administrations and semi-autonomous agencies were undertaken. A Ministerial Organisational Diagnostic Report and four overview studies were also completed. A participatory and consensus-driven process that brought important stakeholder inputs to the public service reform process informed the content of the resulting reports.

Job Freeze

Earlier attempts at public sector reforms failed to address the deficiencies in the sector largely due to the reluctance of public service unions to participate in the process and misunderstanding by the

unions of the government's motivation for such reform. For this reason, the government decided to pursue a policy of freezing the number of positions in the civil service after first eliminating all established positions that had been vacant for a long period of time. This was designed to contain employment costs. Since the Public Sector Modernisation Programme is comprehensive, the government decided not to distort on-going activities and the results of the studies by continuous recruitment.

Review of Semi-autonomous Agencies

To rationalise and streamline the operations of semi-autonomous bodies, in 2003 the government set up a committee to review the size and coverage of existing statutory bodies and semi-autonomous agencies and to determine which should be included in the budget and which should remain independent. In recognition of this commitment, the government established a Statutory Review Committee with specific terms of reference:

- To review the legislation that led to the creation of each of the existing statutory bodies, as defined in the list of statutory bodies in the Auditor General's report, to determine the basis for their individual policy objectives, save and except for those statutory bodies whose policy objectives that have been created or designed in conjunction with international agencies, and pension funds managed by statutory bodies;
- To recommend the classification of statutory bodies into various categories in keeping with Article 83 of the Financial Management and Accountability Act (FMAA).
- To make recommendations as to which statutory bodies should go into the budget and which should remain independent.

Reforming the Tender and Procurement System

Enacted in 2003, the Tender and Procurement Act seeks to maximise economy and efficiency, foster competition between and among suppliers and contractors, and promote the transparency and public confidence in the fairness of the procurement process. It replaces the administrative regulations of 1958.

To allow for the expeditious implementation of the new law, the necessary regulations are being prepared and work was contracted out to:

- Strengthen and improve the efficiency of the organisational structure and administrative arrangements of the tendering and procurement system;
- Provide training to procurement staff; and
- Heighten public awareness and access to information on procurement matters.

Decentralisation of Public Services

In order to deal with the high cost of travel to Georgetown, especially from hinterland communities and the counties of Berbice and Essequibo, the government committed itself to decentralising basic services to the Regions, such as:

- Issuance of birth and death certificates;
- Issuance of passports;
- Issuance of house lots and land titles; and
- Processing and facilitation of exports.

A driving force in carrying these policies out was an Information Communication Strategy. The government completed negotiations for a US\$25 million loan from the IDB to carry out part of its decentralisation programmes. However, a combination of factors, including inordinate delays in securing resources for the ICT project and other exogenous factors, contributed to a lack of action on this front.

Improving Public Accountability

A number of steps were taken to improve public accountability. The Parliamentary Sectoral Committee on Economic Services (PSCES) was established to provide oversight of financial management of the public sector. To eliminate the perception and allegations of excessive use of discretion by public officials, an independent review of the level of discretionary powers is underway in the Inland Revenue Department, Customs and Trade Department, National Frequency Management Unit, Commission on Natural Resources, Guyana Energy Agency and Privatisation Unit. The completion of the reviews in the Inland Revenue and Customs and Trade Departments informed the Fiscal Enactments Amendment Act 2003 (FEAA).

The FEAA rationalises and streamlines discretion in the tax system, broadens the tax base, and tightens enforcement mechanisms. The amended Customs Order consolidates remissions and exemptions in a rule-based system by removing references to other bodies and entities in the administration of taxes. A Committee has been established to review the level of discretionary powers of the remaining semi-autonomous agencies.

On the commitment of disclosure of personal assets by public officials, the government is in the process of recruiting consultants to assist in carrying out tasks essential for strengthening the capacity and functional operations of the Integrity Commission.

Building Confidence in the Political System

In 2001 the two major political parties agreed to a 6-point agenda on:

- Local government reform;
- Border and national security issues;
- National policy on land distribution;
- Bauxite industry resuscitation;
- Improving the fortunes of depressed communities; and
- Improving the balance of representation on state boards and radio monopoly.

While modest progress was made in implementing this agenda, in March 2002, the dialogue process collapsed as a result of misunderstanding on programme implementation. The May 2003 Accord between the two major political parties put the dialogue process back on track, but in recent months, the engagements have stalled.

On the positive side, a Special Rapporteur from the United Nations visited Guyana to examine allegations of discrimination. A high-level Commonwealth Envoy was invited to facilitate the dialogue process between the two major parties. In addition, work began with the media to build capacity for reporting which would reduce social tensions. The systems and procedures for the conduct of elections were reviewed, and the Elections Commission was the focus of several capacity-building interventions.

Reducing Crime

The rising incidence of violent crime created uncertainty and frustration within the social and political fabric. Many criminals found safe haven in Buxton, a village on the East Coast of Demerara, and disrupted communal life and businesses in and around neighbouring villages and robbed and threatened in-transit passengers using the East Coast Trunk Road connecting Georgetown to communities to the east of the city and the country of Berbice. The consequences were sudden and unanticipated. Fear pervaded everyday life and contributed to migration, especially of members of the business community and professionals. This exacerbated the challenges faced in stimulating economic growth and creating jobs.

To deal with this problem, the government took immediate actions to return the country into a state of normalcy. First, the Guyana Defence Force (GDF) was mobilised to perform civilian law

enforcement functions in support of the embattled Guyana Police Force (GPF). Second, resources were diverted for immediate allocation to anti-crime fighting by the GDF and GPF. Third, the creation and improvement of the functions of community police groups were accelerated.

In addition, donors also made important contributions towards improving the crime-fighting capacity of the GPF. In particular, the British Government, through DFID, supported training in strategic management and provided reform protocols and training to the Quick Response Unit of the GPF.

These measures have yielded some progress. Violent crime, which had peaked by 34 percent from 2001 to 2002, declined by about 30 percent in 2003, although murder rates continued to show steady increase over the period under review. Table 2.4 provides a summary of violent crimes over the last three years.

	2001	2002	2003
Murder	79	142	206
Manslaughter	8	10	18
Robbery	38	18	17
Robbery under arms	1,005	1,620	1,004
Robbery with violence	222	252	172
Robbery with aggravation	112	134	113
Larceny from the person	449	411	287
Rape	117	137	122
Total	2,030	2,724	1,939

Source: Ministry of Home Affairs
a/ These were official reports made

Although the security situation has stabilised and social life has improved, more remains to be done in the fight against violent crime in Guyana.

Improving the Justice Administration System

On judicial reforms, progress was made over the last two years. Cases before the courts were reclassified, leading to the reduction of backlogs by more than 50 percent. The facilities of the law library were upgraded, court facilities including housing for judges were rehabilitated, a case tracking system in the court registry and Alternate Dispute Resolution mechanism were introduced to complement and accelerate the traditional trial system with a view to further reducing the backlog of court cases. Over the period 2002-2003, the British Government through DFID conducted studies to assist in the reform of the judicial system.

In addition, the Chancellor of the Judiciary set up a committee of eminent Guyanese jurists to review the criminal procedures with a view to amending the Criminal Procedures Act. With the establishment of the Caribbean Court of Justice and the need to harmonise civil procedures rule, the Chancellor of the Judiciary completed work on new civil procedures in consonance with rules in the Caribbean and appointed a Rules Committee to review the study.

In spite of these reforms, much more remains to be done in transforming the justice administration system. Due process is a key issue requiring resolution; the backlog of cases remains a problem and overcrowding in prisons and upgrading of prison facilities have to be addressed. Improvement in the management of court records and transcripts and continuing education and training for the magistracy and judiciary should improve the current system.

Local Government

The government also took steps to implement the Constitutional provision of local government electoral reforms in order to strengthen the local government system by promoting the local democratic organs as viable instruments of self-government. The electoral reforms allow for individuals to contest elections, as well as political parties. In addition, fiscal transfers provide a rule-based transparent model for the allocation of resources, with the objective of improving the intergovernmental fiscal framework of the central, regional and local governments.

The revaluation of immovable properties in six municipalities was completed and the process of incorporating revised valuations into tax rolls was begun. In addition, the power of the municipalities and Neighbourhood Democratic Councils (NDCs) to seize and sell real estate of tax defaulters has been reinstated.

Protection of Fundamental Human Rights

The National Assembly gave approval for the creation of four Human Rights Commissions focusing on the following groups: Women and Gender, Indigenous People, Children and Elderly Persons. The process of establishment of these Commissions has been slow. A two-thirds majority Parliamentary vote is required to approve membership of the Commissions. As no parliamentary party holds this majority, the cooperation of all political parties is essential in establishing these Commissions. Therefore, continued support of the opposition parties is critical in fulfilling the mandates of the Constitution which in turn, are essential to improving the governance framework.

The Ethnic Relations Commission was established in 2002 to provide for equality of opportunity of persons of various ethnic groups, promote the elimination of discrimination on the basis of race, discourage and prohibit institutions and political parties and other associations from promoting discrimination, and promote education and training programmes.

In addition to the legislative and administrative reforms, several NGOs implemented programmes to address human rights issues. Some NGOs made efforts to redress the exploitation of women and girls, both on the coast and in hinterland and mining communities. Despite the ongoing training implemented by the GPF to improve its response to domestic violence and human rights abuses, reports of lack of adequate action by the police continue to be of major concern.

3

INVESTMENT IN HUMAN AND PHYSICAL INFRASTRUCTURE

In 2001, the government set ambitious targets to meet the MDGs. To this end, it laid out comprehensive policies in education, health, water, housing and physical infrastructure, including sea defences, the road network, and drainage and irrigation. This chapter presents a review of the social sector achievements related to social safety nets, the physical infrastructure and special intervention programmes.

Investment in Human Capital

Consistent with the government's policy of improving conditions in the social sector, efforts were made to contain and increase social sector expenditure over the last two years, in spite of lower than expected external inflows.

Table 3.1: GUYANA – CENTRAL GOVERNMENT SOCIAL SPENDING BY SECTOR, 1997-2004

	1997	1998	1999	2000	2001	2002	2003	2004 ¹
	(In percent of GDP)							
Social Sector Spending	13.7	14.0	15.5	18.4	19.1	18.5	17.1	17.9
Current	5.4	7.5	9.5	11.3	11.9	12.9	11.5	11.6
Personal emoluments	4.2	3.9	5.5	5.5	5.7	6.2	6.0	6.0
Education	2.6	2.8	3.6	3.9	4.0	4.5	4.4	4.4
Health	1.6	1.0	2.0	1.6	1.7	1.7	1.6	1.6
Other	1.2	3.6	3.9	5.8	6.2	6.7	5.5	5.6
Education	0.2	1.4	1.5	1.6	2.0	2.3	2.4	2.6
Health	0.8	1.6	1.8	1.9	1.7	2.2	2.2	2.1
Poverty Alleviation ²	0.2	0.6	0.6	2.3	2.5	2.2	0.9	0.9
Capital	8.3	6.5	6.0	7.1	7.3	5.6	5.6	6.3
Education	1.2	1.3	1.1	2.3	2.7	2.2	1.3	1.4
Health	0.4	0.1	0.3	0.2	0.1	0.2	0.8	0.6
Poverty Alleviation ¹	6.8	5.0	4.7	4.6	4.5	3.2	3.5	4.3
Memorandum Items:								
Total Social Spending ³	15.2	15.6	17.0	20.3	20.7	20.9	21.4	20.0
<i>Of Which</i>								
Housing & Water	1.5	1.6	1.5	1.9	1.6	1.6	3.2	2.0
Current ⁴	0.7	0.4	0.6	0.5	0.4	0.6	0.7	0.3
Personal emoluments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.7	0.4	0.6	0.5	0.4	0.6	0.7	0.3
Capital	0.8	1.2	0.9	1.4	1.2	1.0	2.5	1.7
Public Service Reform								
Current ³	0.0	0.0	0.0	0.3	0.0	0.8	1.1	0.1
Total Current Spending	6.0	8.0	10.0	11.8	12.3	13.5	13.3	12.0
Total Capital Spending	9.2	7.6	6.9	8.5	8.4	6.6	8.1	8.0
	(As a percent of total spending 2/; unless otherwise indicated)							
Personal emoluments	27.7	25.0	32.6	27.0	27.4	29.5	28.0	30.0
Education	17.1	18.3	2.1	19.1	19.1	21.6	20.6	22.0
Health	10.5	6.7	11.5	8.0	8.3	7.9	7.5	8.0
<u>Nominal GDP at market prices</u>								
(In billions of Guyana Dollars)	106.7	108.0	120.7	130.0	133.4	137.8	144.1	153.3

Sources: Guyanese authorities and IMF and World Bank Staffs' estimates and projections.

¹ Social Impact Amelioration Programme and Basic Needs Trust Fund; all capital expenditure.

² Includes housing, water, and severance payments for civil service reform (including estimates for HIPC)

³ In 2003 represents severance payments and safety net programme for LINMINE workers.

⁴ 2004 Budget estimates.

Table 3.1 provides trends in social sector expenditure over the last seven years. Social sector expenditure as a percent of GDP increased from 13.7 percent in 1997 to 17.1 percent in 2003 and is projected to increase in 2004. Spending peaked in 2001 as a result of the accelerated implementation of the SIMAP II and BNTF projects. These projects came to an end in 2002 and designs for new programmes began in 2003. This in part explains the decline of social sector spending in 2003. However, with the completion of designs in 2003, SIMAP III and BNTF 5 projects are expected to see increased activity in implementation.

Education

In 2001, the government committed itself to reduce illiteracy, repetition and dropout rates, increase secondary school enrolment and improve the quality and relevance of education for all Guyanese. The government strategy was centred on curricula reforms, improving conditions of service of teachers, reducing overcrowding, targeting functional illiteracy and providing targeted support to the poor.

In line with its goals and objectives, the MoE developed an Education Strategic Plan, including a monitoring and incentives mechanism, for reaching PRSP goals in terms of reduced repetition and drop out rates in primary schools, increased enrolment in secondary schools, reduced overcrowding, reduced absenteeism of students and teachers, increased non-teacher recurrent expenditures, and improvements in teacher training. In addition, the MoE designed a formula-based system for allocation of financial resources to schools and completed a system design and the selection of pilot implementation sites.

Progress in the education sector over the period of review is captured in Table 3.2.

	2000	2001	2002	2003
Enrolment and Literacy				
% of primary school entrants reaching grade 6	83.4	83.5	88.3	88.3
Repetition rate (secondary)	12.9	12.9	12.6	12.5
Drop-out rate (primary) ¹	8%	8%	8%	8%
Drop-out rate (general secondary) ¹	10%	10%	10%	10%
Student/trained teacher ratio (primary)	54.1	50.1	50.1	48.1
Student trained teacher ratio (general secondary) ²	37.1	39.1	38.1	38.1
Gross nursery school enrolment ³	87	87	88	89
Gross primary school enrolment ³	110	107	105	104
Gross secondary school enrolment ³	62	65	65	64
% Trained teachers in primary schools ⁴	49	53	54	59
% Trained teachers in secondary schools	55	58.5	58.5	58.5
% of CSEC passes ⁵	73.3	74.5	77.1	-
Source: Ministry of Education				
¹ Figures does not change much				
² Figure increases because of the conversion of primary upper classes into secondary levels and a consequent increase in the secondary school population				
³ Requires accurate population figures				
⁴ Figures have not changed much because of increase in school population and migration of trained teachers				
⁵ 2000 figures adjusted so that all figures includes grades 1-4				

Curriculum Review and Revision

At the pre-school level, a draft revised curriculum was reviewed by an Early Childhood Education expert from the University of Guyana and is being reviewed by other stakeholders, including teachers in the Regions. Further revision is envisaged under the Basic Education Access and Management Support (BEAMS) programme. At the primary level, development of learning outcomes/standards for Reading and Mathematics and review of the curriculum in general have been undertaken through the auspices of the Caribbean regional programme, The Centre for

Excellence in Teacher Training and BEAMS. A national primary school timetable was developed and is being implemented to regulate the weighting given to the various subjects, with emphasis on Mathematics and Reading.

In addition, the MoE developed an alternative learning pathway for students at the secondary level through Competency-based Education (CBE). It is providing two examination options to graduating secondary school students, viz., the Caribbean Examinations Council (CXC) Caribbean Secondary Examinations Certificate (CSEC) and the Basic Competency Certificate Programme (BCCP).

Curriculum guides for Health and Family Life Education (HFLE) were developed for Grades 1 to 9 and 15 facilitators were trained to train teachers in their school and in their clusters for Grades 1 to 6.

The curriculum for the Teacher Training programme was completely revised between 2001 and 2003 and the programme was extended to three years. In 2003, a special hinterland teacher training programme was developed. This programme takes account of the Amerindian culture and includes material more appropriate to the Guyanese hinterland context in some subject areas. It also includes orientation to the teaching of English as a second language.

Teacher Training

Approximately 15 Community High and Primary Schools were converted to General Secondary Schools but teachers from about 28 schools were given training in English, Mathematics, Science and Reading to enable them to work with the General Secondary programme.

In 2003, about 103 hinterland teachers completed the Foundation programme under the Guyana Basic Education Teacher Training (GBET) programme, which incorporates distance education methods. They are now eligible to do professional training leading to the award of the Teacher Certificate. Also in 2003, an in-service centre, currently catering for 37 teacher trainees, was established in Region 1 to deliver the Teacher Certificate programme to qualifying students. In spite of the progress made, shortages of trained teachers still exist, especially in remote hinterland communities.

National Assessments

A national assessment at Grade 2 was done in 2003. This will provide baseline data to judge future progress in Language Arts and Mathematics. In addition, the MoE is establishing a system of on-going school-based assessment in literacy.

Access to Education

Coverage of students at the nursery and primary levels is quite high. Over 45 primary and secondary schools were constructed or rehabilitated through the Primary Education Improvement Programme, the Secondary School Reform Programme (SSRP) and the Guyana Education Access Project (GEAP). Some of the new construction was to replace derelict plant and did not create new places. Access is inequitable, though, for children in remote hinterland communities, especially with respect to secondary schooling. However, the SSRP and GEAP had a positive impact on access of students to secondary education in Regions 6 and 10.

In 2003, the Ministry of Education began the development of a Geographical Information System/School Mapping Exercise (GIS/SME). The outcome of this exercise will inform regional planning and, in particular, decisions as to where new schools should be constructed.

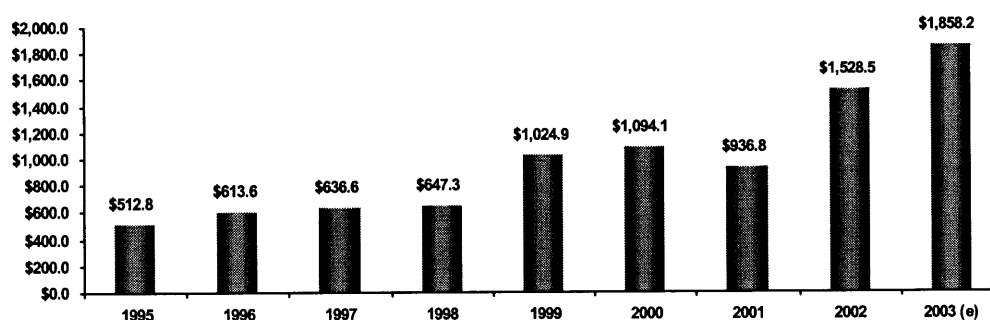
The MoE has begun the process of mainstreaming some students with special needs. One Resource Centre to support visually-impaired students was reorganised and improved and its staff and teachers from the mainstream schools were trained. Parents participated in orientation workshops. Additionally, the Guyana Community-based Rehabilitation Programme (GCBR) collaborated with the Department of Education in Region 3 to mainstream children with disabilities in 12 schools. The GCBR also trained teachers and oriented parents to the programme.

Health

In health, the government in 2001 committed itself to improving maternal and child health; the incidence rates of communicable diseases; management of chronic diseases; nutritional status; and access to quality health care.

In line with its goals, the government in 2002, adopted a comprehensive National Health Plan 2003-2007 (NHP) which incorporates elements of the National Development Strategy, the PRSP, the MDG, the Caribbean Health Charter II and provisions of other international health charters to which Guyana is signatory. The NHP has many innovative features and seeks to address the current inefficiencies and deficiencies of the health system. The commitment of the government towards improving health is captured in budgetary expenditures to the sector. In particular, per capita expenditure on drugs and medical supplies has steadily risen over the last ten years as shown in Figure 3.1.

Figure 3.1: Procurement of Drugs and Medical Supplies
Per Capita Expenditure, 1995-2003



Since 2001, substantial progress was made towards the attainment of NHP and PRS objectives. Table 3.3 provides a summary of key health indicators from 2000 to 2003.

Table 3.3: GUYANA – KEY HEALTH AND NUTRITION INDICATORS, 2000-2003				
	2000	2001	2002	2003
Infant mortality rate (per 100,000)	57	56	54	54
Maternal mortality rate (per 100,000)	188	187	126	124
1 year olds immunised against measles	88.9	90.2	93.0	95.0
1 year olds immunised against DPT	85.6	88.2	91.0	91.0
% of population with access to health service	90.4	90.5	90.5	90.8
% of population with access to adequate sanitation	88.4	89.2	89.5	89.8
Number of reported cases of AIDS	248	435	450	475
Reported cases of AIDS among women (15-45 cohort)	95	123	128	131
Health care workers	3460	3475	3502	3515
Fertility rate (per 1000 in 15-19 cohort)	24	24	24	24

Source: Ministry of Health

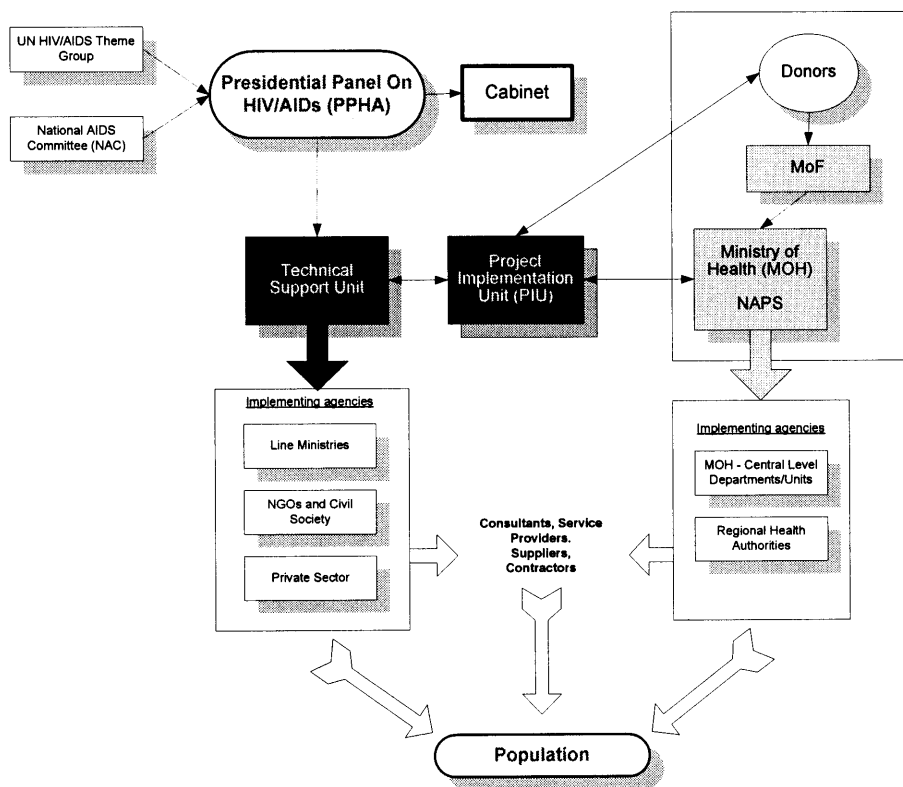
Containing and Reducing HIV/AIDS

As in other Caribbean countries, HIV/AIDS poses a serious threat to Guyana's social and economic development in Guyana. To this end, several initiatives are being undertaken to contain and reduce the prevalence of this disease.

Presidential Commission on HIV/AIDS

In response to the high prevalence of HIV/AIDS, the government established a Presidential Commission to coordinate a national multisectoral response to the epidemic. Figure 3.2 provides a schematic overview of the organisational arrangement of the Commission.

Figure 3.2: Organisational Chart of the Presidential Commission on HIV/AIDS



Prevention of Mother to Child Transmission Programme (PMTCT)

To reduce the incidence of mother to child transmission, eight pilot sites were established in Regions 4 and 6 in November 2001. Of the 1,232 women tested, 58 (4.7 percent) were HIV-positive. Programme uptake was approximately 54.35 percent. Pre- and post-natal treatment is offered to HIV-positive mothers.

Public Awareness and Promotion of Responsible Behaviour

The MoH and its governmental and non-governmental partners launched several aggressive campaigns to promote behaviour change and condom use. One such initiative is the provision of condoms through vending machines. Another is the provision of counselling to persons living with HIV and AIDS (PLWHA). Initially a pilot, this programme is now decentralised to at least four regional hospitals. In addition, the National Blood Transfusion Centre is carefully screening donated blood to maintain the integrity of the Blood Bank.

Provision of Antiretroviral Therapy

Given the high cost of HIV/AIDS medicine, the government began collaborating with the New Guyana Pharmaceutical Company (NGPC) to manufacture antiretrovirals (ARV) in 2002. These drugs are made available to the Public Health sector at an affordable cost and have contributed to the treatment of over 200 patients.

Improving Medical Facilities and Conditions of Service

Table 3.4 provides a summary of health facilities by type and Region at the end of 2001. Given limited budgetary resources, the maintenance of these facilities is key in reaching many of the PRSP targets. To this end, the MoH is developing a Health Facilities Rationalisation Plan to streamline maintenance of facilities. As part of its health decentralisation programme, the reconstruction of the New Amsterdam Hospital was begun and functional plans for the new inpatient facilities at the Georgetown Public Hospital Corporation (GPHC) were completed.

	NATIONAL						COASTAL REGIONS					HINTERLAND REGIONS			
	TOTALS	3	4	5	6	10	TOTAL	1	2	7	8	9	TOTAL		
Health Post	182	25	10	2	1	13	51	31	17	15	16	52	131		
Health Centre	112	13	25	14	24	10	86	4	12	3	4	3	26		
District Hospital	18	3	-	2	3	2	10	3	1	1	1	2	8		
Regional Hospital	4	1	-	-	1	1	3	-	1	-	-	-	1		
National Hospital	5	-	4	-	1	-	5	-	-	-	-	-	-		
Totals	321	42	39	18	30	26	155	38	31	19	21	57	166		
% population	100	13	41	7	20	5	87	3	328	2	1	3	13		
Private Hospitals	5	-	5	-	-	-	-	-	3	-	-	2	-		
Private Doctors	115	5	80	5	20	4	114	-	-	-	-	1	1		
Total Beds	2,187	183	951	37	554	146	1,871	85	85	56	28	40	316		
Public Acute Beds	1,631	183	615	37	334	146	1,315	85	85	56	28	40	316		

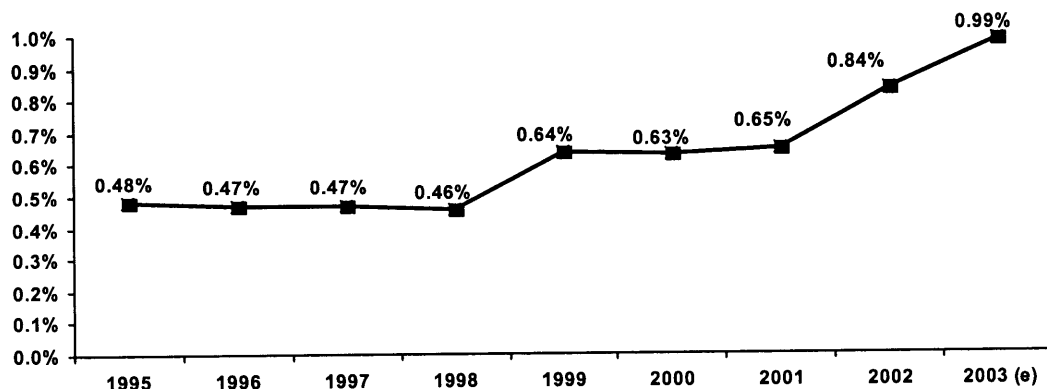
Source: Ministry of Health

In addition, concrete measures were taken to improve both the quality and quantum of health personnel. Specifically, a Bachelor's Degree in Nursing was introduced at the University of Guyana and a patient care assistant programme was started at the GPHC.

Improved Procurement and Delivery of Drugs and Medical Supplies

Consistent with PRSP objectives, the Materials Management Unit was established to create greater efficiency in procurement, storage and distribution of drugs and medical supplies. In addition, increased allocations were budgeted to procure drugs and medical supplies. Figure 3.3 provides a summary of expenditure trends for the procurement of drugs and medical supplies.

Figure 3.3: Public Drugs and Medical Supplies Expenditure as a % of GNP, 1995-2003



Upgrading Facilities at the GPHC to Handle Treatment of Special Ailments

In line with its PRSP objectives, a number of initiatives were undertaken to upgrade medical facilities and address the treatment of special ailments. Among the key accomplishments were the following:

- Refurbishing of several sections of the GPHC, including the Medical Ward, the Obstetrical and Gynaecological Ward, the Psychiatric Ward and the Materials Management Unit;
- Improving the diagnostic imaging capacity of the hospital, by procuring CAT scan equipment in 2003, to be operational in 2004;
- Ongoing training of staff, especially through linkages with other hospitals;
- Ongoing recruitment of specialists in various fields of medicine under various bilateral and multilateral programmes; and
- Improving the laboratory facilities at the GPHC.

Water

The key elements of the water programme under the PRSP are provision of access to safe water to 95 percent of the population, establishment of Guyana Water Inc. (GWI), streamlining of activities in the coastal zone with emphasis on the treatment of raw water and implementation of a comprehensive rehabilitation and maintenance plan.

Since 2001, several major developments took place in the water sector. To improve governance of the sector, a new Water and Sewerage Act was passed in May 2002. This enabled the establishment of the National Water Council and the creation of Guyana Water Inc., a company formed from the two former utilities: the Guyana Sewerage and Water Commission (GS&WC) and the Guyana Water Authority (GUYWA), in order to provide economies of scale. An operator's Licence was issued to GWI and a private sector operator has been awarded a five-year performance-based Management Contract. The remit of the Public Utilities Commission (PUC) was broadened to include regulation of the water sector and to ensure compliance with the Licence.

Capital investment, averaging US\$15 million/year, in the sector has included water treatment schemes and transmission and distribution pipelines in Regions 3, 4, 6 and 7, including Eccles and Bartica, LBI, Rose Hall, Linden and Georgetown. More than 10 communities and over 170,000 people benefited from improved and treated water supplies from these projects. Table 3.5 provides a summary of progress against PRS indicators in the water sector.

	2000	2001	2002	2003
% of population with access to treated water	n/a	36.2	44.7	45.1
Domestic households connected to water system	65000	95180	114266	120072
Distribution network connected (kilometres)	230	250	255	260
Source: Ministry of Housing and Water				

However, the targets agreed between the Ministry of Housing and Water (MoHW) and GWI, set out in Schedule 2 of the Licence granted to GWI, differ from the targets on water set out in the PRSP. As the Licence forms a legal document under the Water and Sewerage Act 2002, GWI are obliged to meet the indicators outlined in the Licence. As the water targets in the PRS are not legally binding, it is proposed that these targets be amended to be consistent with those in the Licence.

In order to maximise the health benefits of improvements in water supply, it is necessary to make concurrent improvements in sanitation and hygiene. Due to the intersectoral nature of these interventions, progress was slow but included the establishment of an intersectoral Sanitation and Hygiene Working Group to address some of these issues.

Housing, Land Development and Allocation

Housing

Consistent with its objectives of strengthening shelter and land markets, expediting the divestiture of public land for sound residential settlement, accelerating squatter area regularization, advancing the institutional strengthening of the Central Housing & Planning Authority (CH&PA), developing basic infrastructure in new housing areas, and developing long-term planning towards housing development, the MoHW revised its work programme and advanced its implementation of the housing programmes.

Many of the required actions elaborated in the PRSP are being pursued, including developing a master plan of housing schemes and enforcing compliance thereto, identifying areas for relocation of squatters, relocating squatters of Tiger Bay, a depressed community in Georgetown, developing basic infrastructure in regularised squatting areas, and reviewing the penal code and enforcing compliance through demolition exercises.

The CH&PA is also reviewing its payment plan with its beneficiaries and examining ways to encourage persons to pay for and occupy their house lots. To this end, the CH&PA has developed annual work programmes which give effect to the following:

- Preparation of housing schemes (settlement planning);
- Infrastructure development of housing schemes and squatter settlements;
- Implementation of the New Building Society Amendment Act;
- Utilisation of the Land Registry System to accelerate security of tenure for house lot beneficiaries and beneficiaries of land in informal settlements;
- Establishment of the Revolving Housing Fund for the construction of low-income houses;
- Review of the house lot allocation system; and
- Acceleration of the squatter regularisation process.

In addition, direct interventions were made to assist the poor through the implementation of the Low Income Housing Settlement Programme. In particular, the government started the construction of 12 housing schemes and completed 3 in 2003. Complementing this was the environmental improvement scheme which sought to train and educate low-income home owners to better care for their properties and enhance the ambience of their surroundings. The institutional strengthening of CH&PA also began with computerisation of its database and modernisation of its management structure with the objective of better serving the public, particularly the poor.

Land Development and Allocation

Substantial progress was made in land development and allocation. The major activities undertaken by the Guyana Lands and Surveys Commission (GLSC) include:

- Land Tenure Regularisation (LTR);
- Improvement of land administration systems and services; and
- Organisational development of the GLSC.

Land Tenure Regularisation

Since June 2001, much has been achieved in LTR. Procedures and instruments were developed, and field surveys completed in Regions 2, 3, 4 and 6. To date, 15,000 claims have been processed, and either a 50-year lease or a Certificate of Title issued, depending on eligibility. Over 4,000 titles were processed, with over 1,000 titles issued. For those cases where disputes exist, the GLSC established an adjudication procedure where, at scheduled hearings, a lawyer provided by GLSC seeks to strike a consensus among claimants.

The IDB-funded Cane Grove and Kent Dam LTR projects are about 90 percent complete, and should be finished by the second quarter of 2004. Further, support to extend LTR is currently under consideration. In addition, measures were taken to provide land titles to Amerindians. With technical assistance from the GLSC, the Ministry of Amerindian Affairs presented detailed recommendations for boundary demarcation and title allocation for seven untitled villages in the riverain areas of Region 10. Land titles are being distributed to the Amerindian residents of these villages.

Land Administration Systems

Efficient land administration is critical to the achievement of title targets, and eventually to the achievement of the goal of access to land by the poor and the private sector. Therefore, much effort and investment have been put into achieving the following:

- Introduction of a new lease, with a duration of 50 years, and the right of transfer, sale, subletting, renewal and inheritance;
- Development of standard operating procedures for processing leases;
- Establishment of field offices that provide land application and lease delivery services to land users within their Regions;
- Computerised system for lease processing and tracking, and a lease database to support management and policy decision making;
- Computerised parcel database (in GIS ARCVIEW) that is linked to the lease database; and
- A network that links the lease and parcel databases to each other and to the ACCPAC finance database for revenue management.

Under the conventional process of application for land, approximately 2200 applications were approved and 2050 leases were issued. Overall the GLSC prepared 6500 leases and titles for issuance in 2003.

Policy Studies

A number of key studies were completed to provide a better understanding of the socio-economic environment within which the GLSC operates, and to inform land policy and other decision making. The studies included:

- A land market study: This is a very extensive and comprehensive study of the structure and functioning of the land markets in Guyana, with recommendations for follow-up action; and
- Region 6 land use plan: Land use planning is recognised as a key strategy for opening up new lands for allocation, thus contributing to economic and social development and poverty reduction. The Region 6 plan was completed in 2003.

The recommendations will be reviewed and an action plan developed for its implementation.

Criteria for Land Allocation and Titling

Parliament is considering the government's policy on the distribution of house lots. This addresses the perception of discrimination that was raised in the PRSP consultation.

Implementation of these measures contributed to improvement of the land distribution and housing indicators as shown in Table 3.6.

	2000	2001	2002	2003
House lots distributed	22735	3500	4195	4739
Land/house titles distributed	1750	2416	7474	6020
Lots serviced (L.I schemes)	1200	1500	2300	4674
Lots serviced (squatter settlements)	950	1000	1100	1120
Lots allocated to L.I household	55	57	84	77
Number of houses built	120	128	134	215
Agricultural leases	95	103	540	785

Source: Ministry of Housing and Water; GLSC

Social Safety Nets

In anticipation of economic growth and restructuring and modernisation of the traditional sector, the government committed itself to designing a social safety net dedicated to providing support to displaced workers, providing targeted subsidies in electricity and water tariffs, and supporting pregnant and lactating women. To this end, steps were taken to strengthen the capacity of the Ministry of Labour, Human Services and Social Security (MLHSSS) to manage social safety net programmes through improved systems, processes and training.

A social safety net diagnosis of the school feeding programme is being undertaken with a view to improving coverage and efficiency and possible decentralisation. In addition, social safety net options for vulnerable groups are being reviewed with a view to targeting populations affected by sector restructuring.

Social Impact Amelioration Programme (SIMAP)

In 2002, the government signed an US\$18 million loan with the IDB for SIMAP III, a successor to SIMAP II which was completed in 2001. The objective of SIMAP III, like its predecessors, is to improve the living standards and economic opportunities of the poorest and most vulnerable households in Guyana. The programme is demand-driven and community-based and seeks to improve social and economic infrastructure in poor communities. In 2003, Needs and Rapid Poverty Assessments, carried out in over 230 communities in the 10 Regions, identified 1082 priority needs. The programme areas under SIMAP III include social infrastructure projects, special assistance to vulnerable groups through partnership with NGOs and CBOs, and technical assistance for effective programme implementation.

Implementation of the SIMAP programme was slow. In part, administrative and managerial problems plagued both the government and IDB. These management issues were resolved by mid-2003 paving the way for programme implementation. In 2003, the government initiated 11 projects of which 5 were completed. Three projects were also completed in Amerindian communities in 2003.

Basic Needs Trust Fund (BNTF)

The implementation of the PRSP in 2002 coincided with the final set of projects under the BNTF4 programmes. In the same year, resources were devoted to preparing the US\$9 million BNTF5 project which was formally approved by the Caribbean Development Bank in 2003. Nevertheless, the BNTF programmes have contributed to the government's drive to reduce poverty. Under these programmes, 218 projects were executed in poor communities throughout the country, including the rehabilitation of structures such as schools and health clinics, the extension of other educational and health infrastructure, and the construction of new market facilities to encourage local commerce. In addition, a skills training programme was introduced to help poor people, especially youth, to develop employable skills and obtain access to the labour market.

Comparison of Monitorable Indicators

Table 3.7 provides a comparison of PRSP targets against outcomes for the period 2001 and 2003. Data for 2004 represent estimates from the line ministries and the 2004 budget.

Table 3.7: MONITORABLE GOALS FOR THE PRSP									
	1997	1998	1999	2000	2001	2002	2003	2004	2005
POVERTY									
Population below the national poverty line (%)									
PRSP Goal	..	..	35.1	35.1	34.9	34	33.1	32.2	31.4
Actual			35.1						
Total Pro-poor spending (%GDP)/1									
HIPC Target		9.2	11.3	11.7	13.8	14.4	14.5		
Actual	13.7	14.0	15.5	18.4	19.1	18.5	17.1	17.9	
EDUCATION									
% of primary school entrants reaching Grade 6									
PRSP Goal					84	84.6	85.7	88.0	88.2
Actual	82.1	83.2	83.4	83.4	83.5	88.3	88.3	89	
Repetition Rate (secondary)									
PRSP Goal					15.6	12.3	11.2	13	9.5
Actual	14.2	13.3	13	12.9	12.9	12.6	12.5	12.4	
Student/trained teacher ratio (primary)									
PRSP Goal					53:1	53:1	52:1	50:1	48.2
Actual	55:1	55:1	54:1	54:1	50:1	50:1	48:1	48:1	
Student/trained teacher ratio (secondary)									
PRSP Goal					36:1	35:1	34:1	33:1	31.5
Actual	35:1	36:1	36:1	37:1	38:1	38:1	38:1	37:1	
Gross nursery school enrolment									
PRSP Goal					87	88	90	91	93
Actual	70	79	86	87	87	88	89	89	
Gross primary school enrolment									
PRSP Goal					107	105	102	100	100
Actual	105	109	110	110	107	105	104	104	
Gross secondary school enrolment									
PRSP Goal					65	68	70	72	74
Actual	65	68	60	62	65	65	64	64	
% trained teachers in secondary schools									
PRSP Goal					56	57	60	62	64.5
Actual	56	57	56	57.5	58.5	58.5	58.5	59.2	
% trained teachers in primary schools									
PRSP Goal					49	52	55	58	61
Actual	50	51	50	50	53	54	59	60	
Number of CXC passes									
PRSP Goal					51.4	52.5	55.5	58	62
Actual	57.3	37.2	46.9	73.3	74.5	77.1	75.8		
HEALTH AND HIV/AIDS									
Infant mortality rate (per 100,000)									
PRSP Goal					56	50	47	45	42
Actual	59	58	58	57	56	54	54	54	
Maternal mortality rate (per 100,000)									
PRSP Goal					187	170	150	145	130
Actual	190	190	190	188	187	126	124	124	
1 year olds immunized against measles									
PRSP Goal					90.2	93.3	95.5	97.1	97.1

Table 3.7: MONITORABLE GOALS FOR THE PRSP

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Actual	82.0	93.3	85.0	88.9	90.2	93.0	95.0	96.0	
1 year olds immunized against DPT									
PRSP Goal					88.2	90.2	90.8	91.3	92.0
Actual	88.0	90.0	83.0	85.6	88.2	91.0	91.0	93.0	
% of the population with access to health service									
PRSP Goal					90.5	92.5	93.7	93.8	94.0
Actual	88.5	89.2	89.8	90.4	90.5	90.5	90.8	91.2	
Number of reported cases of AIDS									
PRSP Goal					227	225	220	210	205
Actual	115	222	237	248	435	450	475	480	
Reported cases of AIDS among women (15-45 cohort)									
PRSP Goal					112	100	98	95	88
Actual		45	74	95	123	128	131	133	
WATER AND SANITATION									
% of population with access to treated water									
PRSP Goal					56.2	59.1	60.5	61.8	62.3
Actual	34.6	42.7	49.3	53.3	36.2	44.7	45.1	46.2	
Domestic household connected to water system									
PRSP Goal					68,200	71,500	73,400	75,000	78,000
Actual	45,000	50,400	57,960	65,000	95,180	114,266	120,072	125,763	
Distribution network constructed (km)									
PRSP Goal					250	263	275	278	280
Actual	200	210	230	230	250	255	260	270	
% of population with access to adequate sanitation									
Actual	88.5	88.3	88.3	88.4	89.2	89.5	89.8	90.2	
HOUSING AND LAND									
House lots distributed									
PRSP Goal	0			22,795	3,500	4,750	6,200	6,000	6,200
Actual	1,730	7,684	6,544	22,735	3,500	4,195	4,739	5,125	
Land/house titles distributed									
PRSP Goal					2,015	5,200	10,200	12,000	15,500
Actual	359	98	570	1,750	2,416	7,474	6,020	7,500	
Lots serviced (low income schemes)									
Actual				1,200	1,500	2,300	4,674	5,870	
Lots serviced (squatter settlements)									
Actual				950	1,000	1,100	1,120	1,143	
Lots allocated to Low Income Households									
Actual				55	57	84	77	110	
Agricultural leases									
PRSP Goal				210	220	250	310	330	345
Actual	98	114	143	95	103	540	785	815	

Source: Guyana PRSP and PRSP Progress Report 2004, World Bank Staff

1/ Includes Education, Health, SIMAP and BNTF.

2/ 2004 figures are based on Government of Guyana estimates.

Generally, the outcomes of PRSP implementation have been positive compared to the targets set in 2001. In many cases, the targets were substantially overshoot whereas in others, outcomes fell short of expectation. A key area is the shortfall of pro-poor expenditure. However, this shortfall was a result of the completion of two major poverty reduction projects – SIMAP and BNTF. Follow-up projects were successfully negotiated with the IDB and Caribbean Development Bank and the

government expects acceleration of the implementation of these projects which would also lead to increases in social sector spending over the medium-term.

Infrastructure to Support Growth

The infrastructure strategy in the PRSP was designed to improve maintenance of sea defences, roads, air transportation and drainage and irrigation systems with the objective of supporting private sector and community-based growth.

Sea Defences

Rehabilitation of the sea defence structures along the coastal belt continued to protect farmlands and pastures. In addition, construction of 3400 metres of earthen dam was completed while the rehabilitation of five kilometres of sea defence works began in several Regions.

Roads

Rehabilitation of 82 bridges and culverts, and construction of about 26 structures between Timehri and Mahaica were completed. In addition, a contract was awarded for the rehabilitation of the Mahaica-Rosignol road, which will provide the necessary links for farm-to-market roads and allow for easier transportation of goods.

To sustain the long-term viability of these roads, the Ministry of Public Works and Communication completed the development of Routine Maintenance Management Systems. Also, a three-year routine maintenance contract for all paved roads has been executed and is being implemented.

Progress was also made towards the completion of feasibility studies for the Berbice River Crossing, the New Amsterdam-Moleson Creek Road and the southern entrance to Georgetown. Further, the Transport and Harbours Department continued to follow a detailed maintenance programme that focuses on the early identification of defects in ferries and stellings. Rehabilitation of three stellings at Adventure, Bartica and Wakenaam was completed between 2001 and 2003. Repairs were also conducted on nine vessels for which the department is responsible, all of which are currently in service.

Air Transport

Progress made in air transportation included:

- The establishment of the Guyana Civil Aviation Authority;
- The completion and publication of the Guyana Civil Aviation Regulations;
- Passage of legislation on aviation security, air traffic services and accident investigation;
- Development and operationalisation of a procedure manual to guide technical staff in carrying out their delegated duties; and
- Certification of the Rural Aerodromes.

Apart from these general reforms, specific measures were taken to improve the efficiency of the Cheddi Jagan International Airport (CJIA) and the Ogle Aerodrome. At CJIA, a business plan was completed and new management was recruited to implement the plan so as to ensure the financial sustainability of the airport. In view of this, greater autonomy was granted to management including the imposition of a new security fee and concession to the parking lots with the objective of generating sufficient resources for the efficient operation of the airport. In addition, the rehabilitation of the runway, including improved lighting, was completed and a contract was tendered for the rehabilitation of the arrivals terminal and sewerage systems. New communications, navigation and surveillance and air traffic management systems were also put in place.

A private company, the Ogle Airport Incorporated, assumed management of the Ogle Aerodrome and leased about 441 acres of land to support its expansion and flight safety. A cadastral survey was completed to define the boundaries of the Aerodrome. Enforcement mechanisms were put in

place to prevent squatters from encroaching on the new boundaries. In addition, the runway was rehabilitated and a contract was awarded for the construction of a new terminal.

Drainage and Irrigation

Additional progress was made in rehabilitating and maintaining drainage and irrigation programmes. Specifically:

- The El Nino project which included the rehabilitation of several drainage and irrigation structures was completed;
- Over \$570 million were expended to refurbish and rehabilitate numerous drainage and irrigation structures throughout the coastal belt;
- Revetment of outfall channels at La Union, Eversham, Borlam, Seawell and Joppa was completed;
- Drains and canals in several Regions were rehabilitated, cleaned and desilted; and
- Irrigation pumps were installed at several drainage and irrigation stations.

Sports Facilities

Guyana's main cricket facility, the Bourda Cricket Ground, was constructed in 1885 with a seating capacity of 10,000. Cricket, the major sport in Guyana, provides a strong social bonding and cohesion for Guyanese. The continued use of the current facility has been the regular and steady maintenance of its facilities. Even so, the stadium is in a state of disrepair. The playing field is unusable during the rainy season as the grounds lack proper drainage and is subject to frequent flooding. In addition, the infrastructure can no longer support the average capacity of 15,000 people and lacks parking facilities and security zones.

As a result of these constraints, in the past, Guyana has lost opportunities to host Test Cricket and other international competitions with considerable financial costs, as the International Cricket Council has deemed the facility no longer suitable for international test match competition. Guyana's status as one of the venues for international cricket in the Caribbean is therefore threatened. To provide recreation for Guyanese and mitigate the risks of collapse of the existing facility, the government will in 2005 construct a new stadium to replace the existing one with concessional financing consistent with its status as a HIPC country. The government will also take additional measures to ensure that the replacement stadium does not put undue strain on Guyana's external debt.

Special Intervention Strategies

Guyana's PRSP committed the government to reduce pockets of poverty, especially in the bauxite-producing town of Linden and its environs and hinterland areas largely populated by Amerindians. In line with this commitment, the government proposed and implemented a number of special intervention programmes to reduce poverty in Regions 1, 8, 9 and 10.

Linden

The Linden Economic Advancement Project (LEAP) is central to the government's special intervention programme. LEAP enabled substantial progress to be made in sharpening skills of retrenched workers and expanding training of entrepreneurs for private sector-led growth. The areas of concentration were training workshops, competency certification, support to craft producers, assessment of institutional strengthening requirements of local authorities and the tendering of the economic advancement fund to provide loans to emerging and new private community enterprises.

Additionally, LEAP and its clients participated in various trade fairs and investment promotions with a high level of success. In 2003, LEAP sponsored ten clients to participate in the exhibition and fairs organised by the Guyana Manufacturing Association (GMA), two clients in the Caribbean Gift and Craft Show in Grenada, and three clients in an exhibition in Antigua. Further, LEAP and the

Regional Democratic Council (RDC) stakeholders also participated in a study tour to business development agencies and a technology incubator centre in Jamaica. A network with Roraima State and Boa Vista in Brazil was strengthened through a study tour.

In support of these developments, physical infrastructure was rehabilitated. In particular, roads were rehabilitated, the water treatment plant was reconstructed as part of the ongoing water delivery improvements, and health facilities were stocked with drugs and medical supplies. The power supply was also improved.

Region 1: Barima-Waini

The government continued to provide support to extension services to cash crop production. In particular, support was given to farmers engaged in the organic production of cocoa and coffee. Additionally, the Heart-of-Palm enterprise was extended to 12 villages, providing job opportunities to Amerindians. To sustain these economic opportunities, revetments were built to link various villages to facilitate collection and transportation of agricultural produce and over 20 miles of new roads were constructed. In addition, health centres were built in three villages while primary schools and teacher quarters were constructed in three other villages.

Region 8: Potaro-Siparuni

Extension services were provided to farmers, bridges were constructed and roads were rehabilitated to support agricultural production. Importantly, the Iwokrama International Centre is training Amerindians in the sustainable use of the forest and forest products. In the social sector, primary schools, kitchens, mess halls, medex quarters and health huts were constructed. This allowed for increased enrolment of students in the Region and improvement in the provision of health services.

Region 9: Upper Takatu-Upper Essequibo

Under the Rupununi Development Project, progress was made in supporting economic activities through the increased use of extension services. Such support included routine soil analysis, fertilizer and soil management and management of plant diseases, insects and weeds. The partial scope trade agreement between Guyana and Brazil and the de-certification of foot and mouth disease is expected to open greater marketing opportunities for agricultural produce and the cattle industry in the Region. Additionally, the feasibility study of the Guyana-Brazil road was completed and four bridges were constructed at Jawari, Tabatinga, Achawib and S-Turn to facilitate ease of transportation.

In the social sector, schools and teachers' quarters were constructed in ten villages while five health huts were constructed to improve greater access to education and health care, respectively.

Intervention in Depressed Communities

Although not formally part of the PRSP, over the last two years the government took several measures to ameliorate conditions in several depressed communities. This was the result of the engagement between the major two political parties. In line with this, resources were allocated to provide skills training in sewing, entrepreneurial development, and floral decoration, start-up capital for chicken farming, beauty salons, and floral arrangements and training for youth in block making and carpentry.

4

MONITORING AND EVALUATION

The PRSP recognised the critical role of monitoring and evaluation (M&E) in determining, among other things, continued civil society participation in the Poverty Reduction Programme. To this end, it envisaged the adoption of a multidimensional approach, one that would involve several stakeholders in the process.

Specifically, the M&E action plan was designed to:

- Coordinate and review the implementation status of the poverty programme;
- Involve communities in programme monitoring; and
- Analyse the impact of proposed programmes on poverty reduction.

Development and implementation of the M&E action plan is occurring in phases. In the first phase, the approach introduced will be refined and applied in similar settings. In the second phase, the approach used will be tailored to the needs of the hinterland Regions.

This chapter presents the organisational framework for M&E of the poverty reduction programme, the content and the activities of the monitoring programme, and linkages between and among key stakeholder groups.

Organisational Framework for Monitoring the PRS

In 2003, the Policy Coordination and Programme Management Unit (PCPMU) was established in the Office of the President to address, among other issues, the monitoring of the Poverty Reduction Programme. Five structures were also established to implement the PRS M&E strategy. These are the:

- PRS M&E Unit;
- PRS Focal Points in Line Ministries/Agencies;
- Steering Committee;
- Regional Committees; and
- Thematic Groups.

The overarching functions of these bodies appear in Table 4.1.

PRS M&E Unit

Through the PRS M&E Unit, a unit within the PCPMU, the government designed a participatory M&E strategy that builds on the extensive consultation process employed in the preparation of the PRSP in 2001. The Unit is responsible for facilitating links between and among the other four monitoring structures and for reporting on progress in the Poverty Reduction Programme. Its specific responsibilities in relation to these structures appear in Table 4.2.

Table 4.1: OVERARCHING FUNCTIONS OF THE FIVE PRS STRUCTURES	
Structure	Functions
M&E Unit	<ul style="list-style-type: none"> • Designing and implementing community M&E pilot programmes that will provide, with the help of M&E facilitators, feedback on the PRS initiatives; • Liaising with line ministries and agencies and overseeing the establishment of M&E mechanisms that will provide relevant data for aggregation, evaluation and dissemination of M&E results; and • Overseeing the production of public communications that reflect the government's performance on the PRSP/PRSC and other programmes related to poverty reduction.
Focal Points	<ul style="list-style-type: none"> • Determining indicators and targets; • Monitoring and evaluating PRS progress; • Communicating sectoral PRS progress; and • Linking PRS goals to budget and policy formulation processes.
Steering Committee	<ul style="list-style-type: none"> • Supporting the implementation of the work programme of the PRS M&E Unit, ensuring that the approach adopted is participatory and inclusive; • Assisting in communicating PRS plans to the public, and ensuring that all key stakeholders are kept informed of progress; • Strengthening information sharing among civil society organisations (CSOs), and between CSOs and the government; and • Supporting public review and consultation on the annual PRS Progress Report.
Regional Committees	<ul style="list-style-type: none"> • Helping communities to access information and participate in local PRS activities; • Building local capacity for monitoring and evaluating PRS activities; and • Maintaining a repository of information to help individuals and citizen groups access agencies which help citizens address issues relating to poverty reduction in their Regions.
Thematic Groups	<ul style="list-style-type: none"> • Reviewing sectoral strategies that target PRS goals; • Addressing resource gaps in sectoral programmes; • Monitoring performance against sectoral targets; and • Increasing efficiency of donor interventions through better donor coordination.

Table 4.2: SPECIFIC RESPONSIBILITIES OF THE PRS M&E UNIT	
Steering Committee	<ul style="list-style-type: none"> • Establishing the Steering Committee; • Orienting members to the PRS M&E Unit's expectations of the Steering Committee and members' responsibilities; • Promoting facilitation of constructive engagement between the government and CSOs; • Facilitating appropriate interaction between the Steering Committee and Regional Committees; • Providing resource material including the work programme of the Unit, documentation on community activities and Annual Progress Reports; and • Providing summary reports on the activities of the Unit on a quarterly basis.
Regional Committees	<ul style="list-style-type: none"> • Establishing Regional Committees; • Preparing members of each Committee to function effectively as a Committee as well as to execute monitoring activities; • Providing guidelines for preparation of a work programme; • Reviewing the work programme of the Regional Committees for relevance and viability; • Monitoring the performance of the Regional Committees and providing support to implementation of their work programme; • Providing necessary reporting formats; and • Facilitating appropriate interaction between Regional Committees and RDCs, NDCs, CSOs and other local bodies, as necessary.
Focal Points	<ul style="list-style-type: none"> • Working with ministries/agencies to select their Focal Points; • Facilitating review and revision of the goals of the PRS Policy Matrix; and • Coordinating the submission of achievements against the goals.
Thematic Groups	<ul style="list-style-type: none"> • Contributing to examination of the work programme to support donor coordination and alignment with the PRSP.

PRS Focal Points in Government Ministries/Agencies

PRS Focal Points were established in seven ministries and five agencies in order to increase localised responsibility for M&E as well as develop a sense of ownership of the process. Focal Points in other ministries and agencies will be introduced as the efficacy of the approach is assessed and refined.

The PRS Focal Points reviewed the PRSP in light of developments within their ministries/agencies to identify changes that occurred during the period under review. They updated the social indicators, wherever necessary. The Focal Points also assessed performance against those indicators and submitted reports, which informed this PRS Progress Report, to the PRS M&E Unit.

Steering Committee

In a 2003 workshop, the PRS M&E Unit briefed CSOs on plans for M&E and invited the organisations to consult among themselves and to nominate representatives to sit on a Steering Committee.

This Steering Committee was then established to provide guidance to and support for implementation of the Poverty Reduction Programme. It comprises 4 government officials and 11 representatives from CSOs such as trade unions, religious bodies, the private sector and non-governmental organisations. The government representatives include two officials from among the Focal Points.

Regional Committees

PRS Regional Committees were established in Regions 3, 4, 5, 6 and 10 in order to test the methodology being employed during the first phase of implementation of the M&E strategy. These Regional Committees will seek to foster the engagement of individuals, CSOs and the government in monitoring the Poverty Reduction Programme at the local level. They also serve as a crucial link between the communities, local government institutions and the PRS M&E Unit.

In preparation for the establishment of the Regional Committees, the PRS M&E Unit used a communication programme to update local government officials and the general public on the status of the Poverty Reduction Programme. It distributed information brochures, held briefing meetings for local government officials and hosted five television programmes entitled "From Consultation to Implementation: Progress in PRSP" to report on PRS progress to date, provide reasons for the gap in the process, and introduce the plans to involve members of civil society and the wider community in M&E activities. It also distributed application forms for membership of the Regional Committees.

Each Regional Committee comprises up to ten members as follows:

- Two Regional Coordinators;
- One Representative of the RDC;
- Two persons elected at a Regional Consultation; and
- Up to five persons who applied to serve on the Regional Committee.

The RDC identified one alternate member.

During the next phase, M&E activities will be introduced in Regions 1, 7, 8 and 9, hinterland communities largely populated by Amerindians, using an approach tailored to the uniqueness of these areas. The approach used will be developed after consultation with relevant agencies and authorities such as the Ministry of Amerindian Affairs, the Toshaos Council and the RDC as well as CSOs operating in or serving the Regions. M&E activities will also be introduced in Region 2.

Thematic Groups

Thematic Groups comprising technicians from line ministries and representatives of the relevant donor agencies were established to improve coordination, planning, implementation and monitoring of programmes and projects, thus optimising the use of donor resources. Currently, there are five thematic groups focusing on governance, education, health, housing and water, and infrastructure.

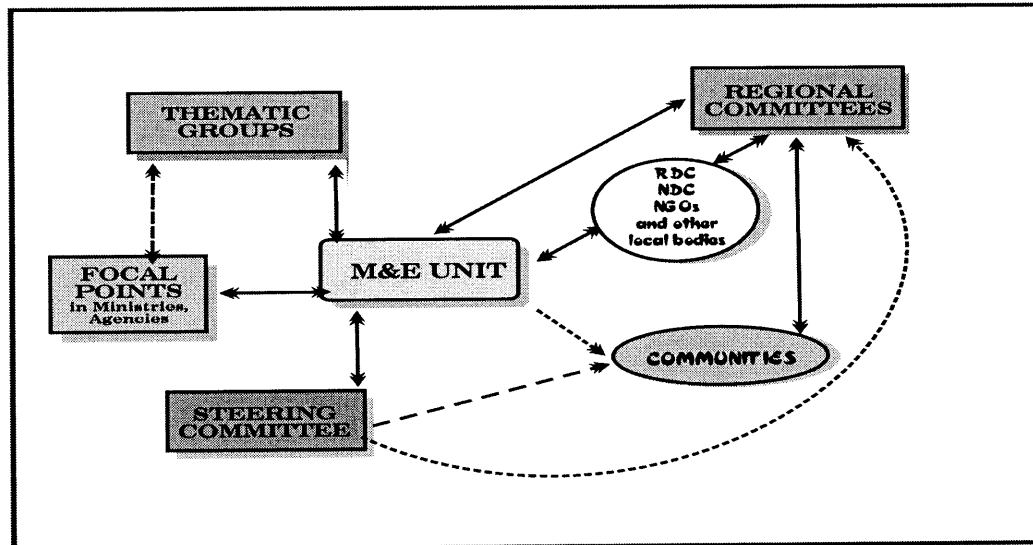
Thematic groups have discussed plans within their sectors. Some have identified gaps in financing. As a result, the relevant donor agencies have indicated possibilities for the provision of financial resources to address the needs identified.

Linkages Between and Among Structures

The importance of forging linkages between and among the structures established is recognised (see Figure 4.1). In this regard, membership of two representatives of the Ministry/Agency Focal Point grouping on the Steering Committee facilitates the sharing of information between these two bodies. Similarly, the presence of a representative of the RDC on the Regional Committees facilitates immediate action by the RDC or the NDC, when the need for such action is identified through M&E activities.

The Regional Committees may invite representatives from any government ministry/agency whose programme or project is being monitored to seek clarification on issues. Additionally, they may participate in discussions on the preparation of the regional budget and/or review submissions concerning the programmes in question.

Figure 4.1 Linkages Between and Among M&E Structures



Content of the Monitoring Programme and Activities of Civil Society/Government M&E Groups

The national budget and the Poverty Reduction Programme 2004-2005 will provide the basis for monitoring. After publication of the 2004 national budget, the Regional Committees will review that portion of the budget relevant to their Region as well as the Poverty Reduction Programme. They will select a number of programmes and/or projects which may be monitored. Through a regional/community consultative process, community representatives will prioritise the selected programmes and/or projects. The Regional Committees will then finalise their work programmes, using the outputs from the consultative process.

Currently, the national budget does not lend itself readily to the disaggregation of data necessary for community-level monitoring. To support the M&E assignment of the Regional Committees and other monitoring structures, the PRS M&E Unit is working with the Ministry of Finance (MoF) and sector ministries to disaggregate the national and regional budget data into community budgets. Six staff will be recruited and attached to the Office of the Budget, MoF to assist in this task. The disaggregated budget data will provide information essential to monitoring economic and social sector programmes, particularly in education, health, water, housing and physical infrastructure by selected community.

Public Consultations

The PRS M&E Unit arranged six regional consultations in Regions 3, 4, 5, 6 and 10 to reconnect citizens with the PRS process. These allowed for the review of the level of involvement of citizens in community and regional consultations in 2001. In addition to updating participants on the status of the PRS, the consultations enabled participants to gain a better understanding of the nature of monitoring activities through involvement in a simulation exercise. They also facilitated the election of two representatives to sit on each Regional Committee as well as two alternate members to fill vacancies should they arise.

Participants at the consultations included interested citizens and members of CSOs as well as representatives of political parties who sit on the RDC and the NDC. They shared concerns about the process and views on the implementation of the PRS.

The comments and suggestions provided at these consultations highlight the high level of hope and expectancy of the poor, coupled with scepticism and suspicion of promises by development workers. There is also a degree of misunderstanding of the PRS process (see Table 4.3). Many of the issues apply to other programmes as well and need to be addressed.

Table 4.3: PERSPECTIVES OF PARTICIPANTS AT THE REGIONAL CONSULTATIONS

Topic	Issues and Recommendations
Source and Utilisation of Funds	<ul style="list-style-type: none"> ◆ Inform the public on the sources and time-frame for the acquisition of funds by Guyana; ◆ Publicise the local system for acquisition and disbursement of funds for poverty reduction projects; ◆ Clearly identify programmes and projects identified for funding; ◆ Provide information on the budgetary process as well as access to regional budgets; ◆ Disaggregate funds in order to identify and track PRS monies; and ◆ Distinguish between PRS projects and the regional works programme.
Economic Growth	<ul style="list-style-type: none"> ◆ Persuade persons to enter new industries when the decline of one industry is apparent as in rice; ◆ Raise financial capital from the Guyanese diaspora to accelerate regional economic plans, since PRS intervention would be miniscule; and ◆ Create a responsive administrative system and a business-friendly environment at regional offices. In addition: ◆ Concern was expressed about national dependency upon external assistance and its long-term impact; and ◆ The goals of PRS are perceived to have shifted. The targeting of the social sector alone may prove inadequate for creating jobs in the short-term and may not engender the anticipated self-employment.
Governance	<ul style="list-style-type: none"> ◆ Establish transparency in the awarding of contracts; ◆ Ensure that development efforts are not frustrated by greedy contractors; ◆ Develop good governance, political stability and a facilitating economic environment to attract and retain businesses; ◆ Lay the results of the PRS in the National Assembly, table them at the RDC for debate, and undertake further consultations; and ◆ Maintain people's involvement in the fundamental stages of efforts to alleviate poverty.
The M&E Process	<ul style="list-style-type: none"> ◆ Publicise the frequency of monitoring exercises and regularity of evaluations; ◆ Clearly define the roles of Regional Committees and existing monitoring structures, e.g., the RDCs, to reduce duplication and conflict; ◆ Factor in PRS activities and plans within the multi-sectoral maze and ensure that the national policy-making apparatus, which operates at a different level, factors in these concerns for harmonious process and maximum development impact; and ◆ Track all expenditure related to debt relief.
Access to Information	<ul style="list-style-type: none"> ◆ Provide information on M&E, debt relief, and funding for PRS activities; ◆ Mount more public awareness campaigns to inform residents; ◆ Prepare a comprehensive document on economic and development issues in understandable language to assist ordinary villagers in understanding the whole process; and ◆ Create a regional information centre to service needs and provide information.
General Comments	<ul style="list-style-type: none"> ◆ Design instruments to measure and evaluate improvement in the lives of people living in poverty; ◆ Recognise the relationship between poverty and people's attitudes; and ◆ Track expressed community recommendations in the approved PRSP. In addition: ◆ There is willingness to participate but an inability to perceive see how the PRS Regional Committee can impact the development process and policies and assist in correcting defects of the system.

5

REVIEW OF AND FEEDBACK ON THE PRS PROGRESS REPORT

Background

A draft PRS Progress Report was developed based on reports prepared by several ministries and agencies on progress against PRS goals and objectives for the period 2002-2003. These reports articulated major achievements, the status of achievement key indicators, challenges faced in meeting the targets set and plans for the period 2004-2005. In turn, the draft PRS Progress Report described the government's perspectives on the context in which the PRSP was implemented, made a composite analysis of the outcomes of the implementation process, and outlined the programme envisaged for 2004-2005 and the macroeconomic outlook and its implication for attainment of the MDGs.

In order to enable a wide cross-section of the people to have an input into the assessment of progress and the development of plans for the next biennium, the draft PRS Progress Report was disseminated to government ministries, agencies, the donor community and CSOs. It was also accessible to individuals in public places. Feedback was invited to inform the final PRS Progress Report.

This chapter outlines the material disseminated for review, the scope of the dissemination and the nature of the response. It also presents a summary of the issues raised and recommendations offered as well as lessons learned from the feedback process.

Material to Support Participation

The draft PRS Progress Report was the primary document disseminated. In addition, leaflets on eight aspects of the Poverty Reduction Programme were prepared to facilitate focused discussion of the issues and to make the material more accessible to a larger number of citizens. Leaflets addressed the targets, required actions, progress made between 2002 and 2003 and plans for 2004 to 2005 for the following areas:

- Economic Growth;
- Education;
- Governance;
- Health;
- Housing and Water;
- Infrastructure;
- Monitoring and Evaluation; and
- Special Interventions.

A feedback form designed to assess the feedback process as well as solicit perspectives on the content of the draft PRS Progress Report accompanied these leaflets.

Promoting Stakeholder Participation

The draft PRS Progress Report was disseminated through the Office of the President in print and electronic forms. Over 400 copies of the document were distributed to ministries, agencies, CSOs and individuals (see Table 5.1).

Table 5.1: DISTRIBUTION OF COPIES OF PRS PROGRESS REPORT	
Category	Number
Members of Cabinet	30
Speaker of the National Assembly	2
Leaders of Parliamentary Parties	10
Members of Parliament (excluding Cabinet)	68
Mayors	6
Regional Chairmen/Regional Executive Officers	20
Chancellor of the Judiciary	1
Donors	20
Regional Coordinators	18
RDC Representatives on Regional M&E Committees	12
Regions 3, 4, 5, 6, 10	24
Regions 1, 2, 7, 8, 9	55
Steering Committee	14
Permanent Secretaries/Heads of Department	31
Officials of the Ministry of Finance	5
Women's Affairs Bureau	1
University of Guyana	2
Media Houses	10
Trade Unions	21
Religious Organisations	18
Women's Organisations	9
Private Sector Organisations	7
Amerindian Organisations	2
Other NGOs	46
Total	432

The draft PRS Progress Report was placed on the websites of the Office of the President and the PRS M&E Unit. Recipients of the electronic version of the document were also encouraged to post the report on their websites to facilitate access by their staff and/or members.

Regional Coordinators in Regions 3, 4, 5, 6 and 10 also distributed copies of the draft PRS Progress Report and leaflets to increase local familiarity with the information and participation in the review process. They engaged in one-on-one interactions with individuals and organisations, publicised the process through television advertisements and participated in television programmes and small group discussions on the draft PRS Progress Report and opportunities for involvement in the review process. They also distributed invitations to the Review Meetings to community leaders and representatives of sector agencies.

Since Regional Committees have only been formalised to promote community involvement in M&E activities in five Regions to date, the M&E Unit briefed Regional Chairmen for Regions 1, 2, 7 and 9 on the purpose of the review process and arranged for orientation of government officials, Toshaos and members of community groups and other organisations in those Regions. In this manner, a total of 165 persons were briefed on the process, provided with access to a copy of the draft PRS Progress Report and received copies of the leaflets for further examination and discussion within their constituencies.

Nature of Involvement

Wide dissemination of the draft PRS Progress Report and leaflets has served to sensitise more people about the Poverty Reduction Programme. It has also oriented many to another way in which they could be involved in policy and programme design and implementation.

Four Review Meetings were held to enable recipients of the draft PRS Progress Report and leaflets as well as other interested persons to provide feedback. They entailed presentations on PRS developments as well as achievements to date, plans for 2004-2005, perspectives of the regional administration and an assessment by selected CSOs. They also allowed participants to share their perspectives during an open forum and to submit written reports and completed feedback forms. Approximately 440 persons attended the review meetings (Table 5.2).

	Female	Male	Not Stated	Total
Anna Regina	13	30	8	51
Georgetown	54	78	3	135
Linden	38	31	7	76
Tain	108	60	10	178
Total	213	199	28	440

Additionally, feedback was provided through members of the Steering Committee, directly to the PRS M&E Unit and via email. A summary of the sources of written feedback appears in Table 5.3.

	Feedback Forms	Written Submissions	Emails
Anna Regina	26	4	7
Georgetown	18	7	2
Linden	33	3	-
Tain	51	9	1
Other Regions	1	2	2
Unknown	-	-	2
Total	129	25	14

Nature of the Feedback

Participants at the four Review Meetings as well as individuals and organisations which provided written feedback, addressed issues related to their areas of interest as well as general comments on the review process. They offered many suggestions which proved valuable. They also raised questions which warrant attention if the credibility of the process of consultation, a critical element of the PRS M&E strategy, is to be achieved and sustained.

As occurred during the consultations on the draft PRSP, governance attracted much attention. One issue raised in several places was that of the need to forge a stable political climate. This was seen as being essential if economic development is to be achieved. Another recurring theme was the need for inclusion of people, and not only officials, in governance and efforts to reduce poverty. In this regard, special attention was drawn to the importance of fostering empowerment of community members, particularly at the grassroots level.

Tables 5.4 to 5.13 present a summary of issues raised and recommendations offered during the feedback process.

Table 5.4: FEEDBACK ON ECONOMIC GROWTH
Take action to facilitate economic growth and job creation by: <ul style="list-style-type: none"> • Creating an enabling environment which is politically and socially stable; • Reducing taxation; and • Strengthening the cooperative sector, including the review of cooperative laws.
Support the agriculture sector by: <ul style="list-style-type: none"> • Fostering growth of domestic markets, using more local products; • Expanding extension services to support small scale agriculture; and • Increasing land allocation and titling.
Support private sector development by: <ul style="list-style-type: none"> • Reforming tax and incentive systems; • Making more state land available for industries; • Promoting development and expansion of small businesses and cottage industries such as canning, garment manufacturing, processing of rice cereal and assessing the feasibility of developing garment manufacturing and information parks by facilitating access to credit, information, inputs and markets as well as providing tax concessions; and • Strengthening Go-Invest to provide more support for foreign and domestic investors.
Lower the age of eligibility for NIS pension from 60 years to 55 years or make 60 the retirement age.

Table 5.5: FEEDBACK ON GOVERNANCE
Implement constitutional reforms to improve public accountability, particularly by public servants and politicians.
Work to promote political, economic and social stability by: <ul style="list-style-type: none"> • Sharing governance with all political parties of all races in the country; • Promoting dialogue with communities and encouraging more participation at the grassroots level; and • Facilitating greater inclusion of civil society, women and people with disabilities.
Recruit, train and retain law abiding police and law enforcement officers by: <ul style="list-style-type: none"> • Providing increased salaries and better working conditions; and • Seeking to remove criminals from the Guyana Police Force.
Require a show of respect for the rule of law by people in authority.
Enforce laws against littering of the environment.
Re-organise the judicial system, especially the offices of the DPP and the Ombudsman.
Restrict access to guns to the police, soldiers, security guards and other military officials.
Increase attention to the fight against illegal trafficking in and use of drugs.
Implement local government reform and hold local government elections.
Train RDC and NDC councillors to carry out their functions efficiently and effectively and residents to facilitate greater citizen involvement in local government.
Publicise benchmarks to be used in awarding contracts.
Protect fundamental human rights, e.g., through the training of personnel to assist victims of child abuse.

Table 5.6: FEEDBACK ON WATER
Provide more wells and rehabilitate water treatment systems, including expansion of water mains, especially in rural areas.
Provide generators to ensure water supply during power outages.
Carry out timely maintenance of water lines, encouraging residents to report damage to mains immediately.
Install home model water treatment plants in rural areas at a low cost, using locally available materials.
Reduce water rates.

Table 5.7: FEEDBACK ON EDUCATION
Review the education policy/legislation, particularly with regards to persons with disabilities.
Promote greater involvement of stakeholders through building of partnerships with parents and communities.
Improve literacy and numeracy levels by: <ul style="list-style-type: none"> • Emphasising reading for primary school children; • Implementing a programme for slow learners; and • Offering a family literacy programme.
Provide IT systems in all the schools.
Recruit, train and retain experienced and qualified teachers, particularly in hinterland areas, by: <ul style="list-style-type: none"> • Providing improved salaries and working conditions, including access to new/rehabilitated teachers' quarters, as appropriate; • Offering professional development opportunities in areas such as psychology and counselling skills; and • Orienting teachers towards working with children with special needs and increasing competencies in English, Mathematics, and Science.
Offer a health education programme which includes HIV/AIDS and suicide prevention.
Rehabilitate primary and secondary schools to improve access and reduce overcrowding.
Provide facilities, adequate textbooks and libraries, equipment, science laboratories and materials to students.
Expand the provision of adult education at the national and regional level, including IT, parenting and suicide prevention programmes as well as skills and entrepreneurship training, particularly for early school leavers.
Offer more scholarships to Amerindian students.
Increase access to and retention in the education system by distributing school attire, implementing a school feeding programme and providing subsidised transportation.

Table 5.8: FEEDBACK ON HOUSING
Institute a system which is fair and transparent by completing the database and modernising the management structure to better serve the public, especially the poor, and to reduce discrimination.
Increase equitable access to affordable housing by: <ul style="list-style-type: none"> • Developing a master plan for housing schemes; • Accelerating the rate of house lot allocation and award of titles; • Facilitating access to credit by establishment of a Low Income Revolving Fund and/or instituting salary deduction schemes for public servants; and • Controlling squatters and developing squatting areas.
Provide clean water and light in new housing schemes when developed.
Put the draft policy document on providing housing for persons with disabilities into law.
Allocate state land to poor people in 5-10 acre parcels.
Provide electricity to more areas to enhance small business development.

Table 5.9: FEEDBACK ON INFRASTRUCTURE
Build roads into the hinterland.
Build a bridge across the Berbice River.
Upgrade rural areas to reduce local migration, whether internal or external.
Develop a national maintenance programme.
Construct more farm-to-market roads to assist small farmers.
Improve drainage and irrigation to improve livestock and cash crops farming.
Set up proper communication links in all rural and hinterland communities.
Accelerate drainage and irrigation systems in view of global warming and its effects.

Table 5.10: FEEDBACK ON HEALTH

Recruit, train and retain experienced and qualified medical personnel, including dentists and therapists, particularly in hinterland areas, by: <ul style="list-style-type: none"> • Providing improved salaries and working conditions, including access to new/rehabilitated quarters, as appropriate; • Giving a stipend to qualified nurses who are transferred from Georgetown; • Providing more training of health workers, particularly at the community level; and • Upgrading the knowledge and skills of community health workers in riverain areas to serve their community.
Improve medical services by: <ul style="list-style-type: none"> • Providing modern equipment, operating theatres, medical treatment by specialists who visit on a regular basis, better hospital administration and efficient supply of drugs at the Regional Hospitals; • Addressing the attitudes of staff; • Introducing market principles in the procurement of drugs and medical supplies; • Providing proper accommodate for equipment and drugs; and • Conducting impromptu monitoring visits by supervisory personnel.
Increase and update medical libraries.
Provide medical care in schools.
Rebuild the New Amsterdam Hospital with more facilities, including an Accident and Emergency Unit.
Establish more and improved health facilities in the Regions.
Provide solar panels and communication equipment for Amerindian villages.
Make Pap smears and treatment for fibroids available in the Regions.
Improve aftercare services.
Revamp the primary health care system.
Introduce testing of commercial sex workers for all viruses and diseases.
Develop a public education programme on issues such as healthy lifestyles, including fitness, food, HIV/AIDS and TB.
Develop an up-to-date STI, HIV/AIDS database.
Provide HIV/AIDS testing for members of communities and financial support to caregivers of orphans and other children made vulnerable due to HIV/AIDS.
Build counselling centres in cluster communities.
Establish screening centre for disability.
Strengthen the anti-malaria programme.
Implement a payment plan which will cater for children orphaned due to the death of parents from AIDS.

Table 5.11: FEEDBACK ON SPECIAL INTERVENTIONS

Expand special interventions to other small communities and in other Regions.
Ensure that the intended beneficiaries gain access to school feeding programmes.
Design a social safety net.
Encourage increased private sector support of pro-poor programmes.
Improve the system for payment of child maintenance by making payments accessible to recipients where they live, e.g., through the post office or police station.
Employ more social workers to support families and children throughout the country.
Improve system of payment of old age pensions and public assistance.
Implement LEAP business plan/incubator.
Increase SIMAP and BNTF programmes in Region 5.

Table 5.12: FEEDBACK ON MONITORING AND EVALUATION
Depoliticise the PRS, allowing persons on the Regional Committees to function without hindrance.
Develop institutional and organisational arrangements for the monitoring of the Poverty Reduction Programme.
Involve stakeholders, including civil society organisations more by: <ul style="list-style-type: none"> • Keeping them up to date on how M&E success and failure will be determined, activities and outcomes, including weaknesses and shortfalls, in a timely manner; • Selecting people from the community who stand to benefit from initiatives in monitoring activities; • Holding more public consultations to inform the government on views of the public; and • Providing clear explanations on the consequences of Guyana breaching conditionalities.
Use an independent body to monitor the PRS with little government involvement.
Strengthen sector ministries and agencies to implement the PRS.
Provide more information to public on PRS progress.
Improve collection, processing and analysis of data.

Table 5.13: GENERAL COMMENTS
Must embody a sustainable vision for 20 to 50 years in blocks of 10 years, so that genuine wealth can be created.
Seek more grants and loans at very low interest rates.
Failure of poverty alleviation is failure of some of our leaders to realise that they are our servants and we their masters & also failure by us to maintain facilities provided for us.
Allocate a certain amount of money to the interior Regions so that they can be developed and have a fluent flow of foreign exchange and also benefit the tourism sector in the country.
Use theory and experience of countries that have already set a path.
Establish positive ways and means to help senior citizens with medical expenses, water bills, and continued subsidy on electricity.
Explore alternate electricity sources such as hydroelectric station, biogas digester, wind power.
Develop and maintain recreational facilities.
Community leaders must learn to respect the views of people in the community despite their political affiliations. Community leaders must at all times be approachable.
Encourage more overseas volunteers, especially in education, business and health section.
Increase the use of technology in all sectors.

Lessons Learned

The process of dissemination of the Progress Report and solicitation of feedback yielded several lessons which should help to improve broad-based participation in the implementation of the Poverty Reduction Programme in future. The lessons relate to strategies and conditions for engaging civil society, ways of stimulating participation, the need to use a diversity of media and essentials for building national ownership.

Engaging Civil Society

It is evident that civil society organisations are unclear about how they may be involved in the PRS M&E process. Several such organisations participated in a workshop held in October 2003 to identify representatives to sit on the Steering Committee and did agree on the strategy. However, no feedback was provided on the composition of the Steering Committee once this was agreed upon, thus contributing to the state of uncertainty that their inputs would be taken seriously.

Civil society organisations were also concerned about the complexity of the language used in the Progress Report. In addition, the late receipt of the document limited their capacity to discuss the Progress Report with their constituents and the depth of their response.

Stimulating Participation

The members of the Regional Committees were proactive in disseminating materials, interacting with groups and government officials, speaking with individuals and using the media. Their efforts proved rewarding, as they were able to reconnect with persons who had shown an interest in being involved in the PRS process as well as involve others who were unaware of PRS activities to date. They also enabled coverage of a wider geographic spread reflective of their area of residence and employment.

It is therefore necessary to build personal contact and networks into the mobilisation and public awareness strategies to increase citizen involvement.

Use of a Diversity of Media for Dissemination and Soliciting Feedback

Several persons are reluctant or unable to read print material or commit their views to paper. They may, however, be interested in sharing their perspectives. It seems apposite, therefore, that information prepared by the PRS M&E Unit be presented in various formats and distilled through a variety of fora to encourage widespread involvement, especially of the poor. Consideration should be given to using local vehicles such as community groups, religious organisations and other bodies to foster participation. This will require that ample time be allowed for garnering feedback.

Essentials for Building National Ownership

The PRSP, the PRS Progress Report and other material produced by the PRS M&E Unit must be translated into simpler language to invite engagement with the information.

An ongoing public education/information and feedback system must be developed to keep citizens abreast with developments and enable them to share their perspectives with the PRS M&E Unit as well as ministries/agencies/organisations involved.

The PRS M&E Unit must endeavour to demonstrate and increase understanding of the relationship between the Poverty Reduction Programme, the national and regional budgets and the lives of citizens. Similarly, it must foster understanding that the activities are part of a process and not an end in itself.

6

THE POVERTY REDUCTION PROGRAMME, 2004-2005

Guyana will have to redouble its efforts to implement the policy measures to which it committed itself in the PRSP, and donors will have to evaluate the delivery of their commitments towards poverty reduction if the poverty targets and the MDGs are to be met. Despite modest progress towards the achievement of PRS objectives over the last two years, the low level of growth and marginal increases in social indicators suggest that an extension of time is needed to reach the MDGs.

Improvement in the political and crime situations, faster delivery of committed donor resources, an increase in the ability to utilise those resources, and steadfast implementation of PRS programmes could turn the tide. However, even if investment flows accelerate in the near term, it may take time to convert investment dollars into economic growth, job creation and poverty reduction.

This chapter outlines the poverty reduction programmes for the 2004-2005 period and covers the seven pillars of poverty reduction identified in Guyana's PRSP. Importantly, it incorporates suggestions received through consultation with government ministries and agencies, CSOs and the donor community.

The Macroeconomic Framework

A necessary requirement for creating conditions for sustainable economic growth is maintaining sound economic fundamentals. To this end, prudent fiscal and monetary policies designed to maintain price and exchange rate stability and reduce the underlying fiscal deficit will be continued. Fiscal policies will continue to be oriented towards increases in revenue, while greater efforts will be made to strengthen expenditure controls and contain total debt.

The macroeconomic framework will therefore centre on the following policy areas:

- Creating conditions for increased private sector investment;
- Accelerating the restructuring and modernisation of the traditional sector;
- Implementing further tax and expenditure reforms; and
- Reforming the financial system.

Creating Conditions for Increased Private Sector Investment

One of the major challenges facing the government in the medium term is returning the economy to the growth path of 1992-1997. During that period, GDP grew at an average annual rate of 5.6 percent. Private sector investment is a key driving force in the march towards sustainable growth. Yet, mobilising private investment, both FDI and domestic investment, is dependent on a business-friendly environment anchored by a stable socio-political climate. A two-pronged approach will be pursued towards realising these goals in the near term.

With respect to improving the business environment, an Investment Conference will be organised in November 2004. This Conference will bring domestic and foreign private sector investors from selected sectors to Guyana with a view to showcasing Guyana's vast resources and opportunities for investment. To this end, an investments assessment review will be undertaken in July 2004 and an investment workshop organised in October 2004 as part of the preparation towards the Investment Conference. The support of the international donor community, including the United Nations, the World Bank and bilateral donors, will be sought to enable the hosting of this Conference.

With respect to the socio-political climate, the government will take all actions necessary to continue the political dialogue with the main opposition party. In particular, it will continue its

measures to implement agreed protocols and engage the political opposition on issues of national economic and security interests. In view of this, Parliament will be encouraged to expeditiously facilitate the effective establishment of other Rights Commissions mandated by the Constitution Reform process.

In 2005, a National Economic Advisory Council with membership drawn from academia, the political parties, the private sector, civil society and international organisations will be established to provide advice to the Executive and legislative branches of the government. To this end, existing collaborative arrangements with bilateral donors will be strengthened, with emphasis on training, intelligence and due process.

Accelerating the Restructuring and Modernisation of Traditional Sectors

In the near term, greater attention will be paid to the restructuring and modernising of the traditional sectors so as to create greater efficiency and productivity and secondary opportunities for expansion. Specifically, emphasis will be placed on the sugar, bauxite, mining and forestry sectors.

With respect to sugar, the contract for the construction of the Skeldon factory, due to be completed in 2007, will be signed in May 2004. The cogeneration component of the factory will produce over 15 megawatts of power that will feed into the national grid. The field component of the factory operations will begin in September 2004.

The Skeldon factory, when completed, will reduce the cost of production of sugar from 14 cents per pound to 9 cents per pound in the Berbice Estates. In spite of this, GUYSUCO will continue its labour attrition and voluntary severance policies and will also seek to reach agreement with the unions on temporary measures to replace the API with a profitability incentive in 2004. The principles of profitability incentives will be contained in a management contract that will be signed with the management consulting firm operating GUYSUCO in January 2004.

In addition, support will continue to be given to the agriculture sector by fostering the growth of domestic markets for local produce, expanding extension services to support small-scale agriculture, and continuing land reforms.

In mining, the government will continue to work with Cambior in seeking external financing for the rehabilitation of LINMINE. To this end, it will complete negotiations with Cambior for the sale of LINMINE by the end of September 2004. Until the sale is completed, the government will retain the private management contract with Cambior and will maintain its policy of cash neutral operations of the entity. In addition, negotiations with a foreign investor to establish an alumina plant will be accelerated with a view to reaching agreement in 2004. The successful conclusion of these negotiations will provide investment resources in excess of US\$500 million for this plant. This investment package includes the provision of power supply.

In addition, the mining law will be redrafted. The new law will have provisions based on international best practices and offer incentives similar to those of countries with which Guyana will have to compete for investment funds. An Environmental Impact Assessment of the sector will also be undertaken to provide a common framework for all companies operating within it. The Forestry Law will be amended with a view to ensuring that adequate incentives for investors, as well as sufficient environmental protection, are provided.

New Sources of Growth

In recent years, the contribution of the service sector to GDP may have increased with the acceleration of new activities in information technology, back office support, housing services, garment making and distribution services. The government will work to maintain a business-friendly environment for the sustainable expansion of these sectors. In particular, special attention will be given to the development and expansion of small business and cottage industries in food canning, agro-processing and products for which raw materials are easily available in Guyana.

Even so, there are serious challenges of financing that may have to be overcome, particularly for small businesses and microenterprises. The capital base of the IPED will be increased and the term structure of its interest rates reviewed so as to allow it to continue to provide support to small businesses. The Scotia Enterprise Centre (SEC) for micro lending, like IPED, continues to encounter high delinquency ratios. Institutions such as these, that is IPED, SEC and other microenterprise centres may have to rethink the viability of their operations if this trend continues.

As a matter of priority, a comprehensive review will be undertaken of the institutional and organisational environment underpinning micro enterprise development and small businesses, with a view to creating a more sustaining environment for their development. To complement its support to microenterprise development, the Small Business Act will be enacted April 2004.

Implementing Tax and Expenditure Reforms

Tax Policy and Administration

Reforms towards the strengthening of the Guyana Revenue Authority (GRA) in its efforts to broaden the tax base, reduce marginal rates and improve transparency and accountability in tax administration will continue to be implemented. To this end, the GRA will design and implement an anti-corruption programme, with emphasis on a code of conduct, new regulations allowing for dismissal of corrupt officials and systems and training to support the anti-corruption drive. In addition, the GRA will improve the tax and customs systems through the installation of ASYCUDA++ and develop documentation and dissemination of procedures and guidelines. Furthermore, the GRA will seek a resolution of court injunctions prohibiting it from collecting service tax from professionals.

The Income Tax Department will install systems to improve tax collection and strengthen the field and audit unit to collect tax arrears. Improvements in systems at the Customs and Trade Department and the Income Tax Department will be complemented by a system-wide Management Information System to link all tax collection departments. This will facilitate access to data and assist in the implementation of the Tax Identification Numbers (TIN).

In addition, the GRA will:

- Publish annually tax exemptions granted under Section 2(1) of the Income Tax (In Aid of Industry) Act, Customs Act Section 23, and Section 6(1) of the Financial Management and Accountability Act Section 6 (1), specifying the recipients by categories (companies by name) and the amounts, as well as new or revised contracts signed that give rise to exemptions under Section 11 of the Customs (Order) Amendment Act;
- Adopt administrative guidelines and criteria to implement the amendments to the Customs Order (Amendment) Act to ensure that they do not contain discretionary tax exemptions; and
- Review Customs Order (Amendment) Act 2004 and adopt amendments if necessary. The review and amendments will aim at streamlining the Customs Order with a view of increasing transparency, accountability and equity.

In preparation for the introduction of the implementation of a value-added tax (VAT) by April 2006, the government will make adequate resource allocations in the 2004 budget, and set up a VAT implementation team in the Ministry of Finance. VAT and excise tax laws will be laid in Parliament by the end of January 2005. Further, regulations will be adopted in 2004 under the Fiscal Enactments (Amendment) Act to make the minimum tax and presumptive tax on self-employed fully effective.

To sustain the long-term sustainability of the National Insurance Scheme (NIS), the government will increase the contribution rate from 12 percent to 13 percent in 2004. In addition, the government,

with the assistance of IDB, will review the financial position and investment strategy of NIS in 2004 with a view to implementing necessary measures to ensure its medium-term viability. In addition, regulations for the FEAA will be completed in June 2004 and that of the Organic Budget Law will be completed by December 2004. This will allow for the full implementation of the laws, which were passed in 2003.

Expenditure Controls

Implementation of the IFMAS system and the Organic Budget Law will contribute towards tightening internal control of expenditure. Further, implementation of a fully functioning integrated human resource and payroll system will facilitate attainment of the goal of managing payrolls, jobs and positions. Capacity constraints present a formidable challenge, especially in implementation of IFMAS. Misclassification of data at the agency level, staffing problems, and lack of training in use of the new software are some of the issues that will require immediate resolution. The following necessary actions will therefore be taken:

- Instalment of hardware and software for integrating the MoF's payroll and the Public Service Ministry's human resource databases;
- Training of core staff in the operation of the systems and training of other agencies staff;
- Culling and cleaning of data; and
- Definition of agency roles and procedures for system maintenance and operation.

Reforming the Financial System

The BoG will implement arrangements for supervision of the New Building Society based on the FIA. In addition, the Central Bank will conduct on-site inspections and apply consolidated supervision of all financial institutions. Further, the Central Bank will continue implementing the loan risk rating system and establish procedures for prompt corrective action, in accordance with international standards. The Central Bank will also:

- Begin implementing the comprehensive human resource strategy for the Banking Supervision Department;
- Enact legislation on deposit insurance; and
- Enact modifications to the FIA and its regulations, and the Bank of Guyana Act, to make them consistent with international best practices.

To further improve transparency and accountability in public sector finances, a new audit law will be tabled in Parliament in April 2004. A new manual of procedures, an organisational structure, and a reorganisation plan for the Office of the Auditor General will be some of the key features of the new law.

Governance and Institutional and Regulatory Reforms

Efforts at deepening democracy and building peace and security will continue over the next two years. Working with a variety of local and international partners, the government proposes to support and build the capacity for civil society participation in national processes. Support and capacity building for political parties in Parliament will also be undertaken along with Ministerial policy-making processes. The capacities of the Guyana Police Force will be addressed more intensively as will those of the Parliament Office, its Committees, and the Constitutional Rights Commissions.

Specific areas of concentration in the near term are land reforms, procurement reforms, strengthening fiduciary oversight, public sector reforms, reducing crime, improving justice administration and local government reforms.

Procurement Reforms

Rules and regulations to make the Tender and Procurement Act effective will be completed in 2004. In addition, members of the National Procurement and Tender Board (NPTB) will be appointed in 2004. The NPTB will have the responsibility of managing national procurement. Standard bidding document and evaluation criteria for both national and regional tenders will be completed in 2005, while a nationwide training programme on tendering and procurement and a public information system will be developed for implementation in the same year. The government will work with Parliament to fulfil the constitutional requirement of establishing the Public Procurement Commission (PPC). The PPC will provide oversight to tendering and procurement within the public sector.

Strengthening Fiduciary Oversight

Studies are being undertaken with the objective of strengthening fiduciary oversight in the public sector. These studies are focusing on the Parliamentary Sectoral Committee on Economic Services (PSCES), the Integrity Commission and semi-autonomous agencies.

The study on the PSCES will comprise four tasks:

- Developing an operational framework for the PSCES and its secretariat;
- Developing systems and procedures for conducting analysis and presenting findings;
- Developing rules and procedures for the committee deliberations; and
- Identifying skills and training requirements for secretariat staff and committee members.

The government will work with Parliament to seek resources to implement the recommendations of the study in 2005.

On strengthening the disclosure requirements for public officials, the study underway will review the law on public disclosure and provide recommendations for the strengthening and reorganisation of the Integrity Commission. It will examine international best practices and determine the requirements for making the process more credible, including making submissions public, the resources needed for the conduct of the work of the Commission, and the support required from the Auditor General's Office and law enforcement agencies.

Public Sector Reforms

The committee set up to review the existing size and coverage of statutory bodies and semi-autonomous agencies submitted its draft report to the Minister of Finance in April 2004. The report is currently undergoing internal review and consultations. The government commits itself to begin implementing the recommendations of the report after the review beginning on July 1, 2004.

To improve the capacity to implement Guyana's development programme, the Project Cycle Unit (PCU) within the State Planning Secretariat, with assistance from the IDB, will be strengthened to design, programme, monitor and evaluate projects, with a view to prioritising projects with quick supply responses to poverty reduction and economic growth. To this end, the government will undertake a review of the Public Sector Investment Programme (PSIP) with the objective of rationalising and streamlining the programme to achieve its broader development goals.

In addition, incentives bonuses to staff of Project Execution Units (PEUs) and Permanent Secretaries will be tied to completion of agreed work programmes. A Project Tracking Coordinator will be recruited to provide oversight on progress of donor disbursement and monthly meetings involving heads of PEUs will be held with a view to determining and resolving issues that may adversely impact on faster donor disbursement.

On the restructuring of the wider traditional public sector, the government will:

- Strengthen the capacity of the Public Service Ministry (PSM) over the next two years to regulate and manage the civil service system, to improve the effectiveness of public sector

employment, including the development of the capacity to prepare job descriptions, re-classification of positions and work planning;

- Strengthen the central database for human resources registries and payroll, increasing system coverage and information quality, and improving development of personnel general statistics;
- Train high level staff including Permanent Secretaries and advisors in management and leadership techniques;
- Design and implement a performance appraisal system for Permanent Secretaries and high-level staff; and
- Review and revise civil service policy and rules, including the analysis for unification of legislation to increase flexibility in the public employment management.

To improve coordination of public sector reform, the government will:

- Promote a permanent and comprehensive strategic vision, including stakeholders' consensus building, to support a comprehensive framework of reform with an implementation in a phased approach;
- Strengthen the capacity of the Integrity Commission to allow it to perform its statutory functions;
- Improve transparency in the public sector by developing specific guidelines and increasing access to information; and
- Strengthen the Ministry of Local Government.

Strengthening Local Government

To make local authorities viable institutions of self-government, local government elections will take place in 2004. Local government regulations will be revised to implement a system of self-accounting, where each local government holds individual accounts, and to allow NDCs to hold property users and proprietors liable for taxes. In addition, a simple formula-based system for providing subventions from central government to local government bodies will be developed and auditing protocols will be enforced.

Strengthening Cooperatives

The MLHSSS will analyse and determine the level of reforms required to strengthen cooperatives. It will undertake a review of cooperative laws after consultation with key stakeholders.

Reducing Crime

Implementation of reforms in the GPF will be continued. A new Police Commissioner will be appointed and the Office of Professional Management will be strengthened, while increased efforts will be made to control the use of force. In addition, the training of the Quick Response Unit will be completed with the assistance of DFID. Further, equipment for crowd control, body protection and improved communications will be procured. Gun control policies will be reviewed with a view to enforcing existing legislation. If necessary, amendments will be made to the current law to ensure the sanctity of public safety. Renewed efforts will also be made to minimise smuggling of illegal weapons by strengthening border controls and developing a more robust system of weapon interdiction.

Improving Justice Administration

Reforms in justice administration will be pursued further. The recommendations of the judicial reform studies conducted with the assistance from DFID will be reviewed and implemented in 2005. The Criminal Procedures Act will also be amended to conform to international best practices and the Alternate Dispute Resolution mechanism will continue to be implemented to help reduce the caseload of the courts and expedite hearings requiring the normal process of the courts.

The commercial court to deal with business and other cases will be brought into force and measures will continue to be taken to improve the efficiency of the court registry. The completion and expansion of the court tracking system will be given priority and measures will continue to be

taken to improve the management of court records and transcripts. In addition, continuing education and training will be provided for the Magistracy and the Judiciary. Resources will be allocated to rehabilitate and upgrade prison facilities with a view to reducing overcrowding.

Education

Efforts will be continued to improve the quality of education at all levels, increase access by the poor, reduce repetition and dropout rates and improve teacher training. The coverage of the School Management Information System (SMIS) will be expanded in order to strengthen monitoring and tracking capacity and equity. Emphasis will be placed on actively promoting stakeholder participation at the school level through the organisation and strengthening of school boards, provision of training for Parent Teachers Associations, and involvement of community members in preparing School Improvement Plans and in membership of School Improvement Action Committees and Regional Education Committees which will monitor progress in the sector. A remote area incentive will be paid to teachers.

A new Education Bill will be drafted during 2004.

Curriculum Review and Revision

A number of initiatives will be implemented or completed during 2004, including:

- Establishment of a final set of standards for Reading and Mathematics by the end of the year;
- Launching of the BCCP during the first quarter of 2004;
- Commencement of the training by facilitators who were trained as trainers in HFLE of teachers in their schools and schools in their cluster;
- A literacy programme, with emphasis on HIV/AIDS education, for out-of-school youth; and
- Significant increase in the supply of textbooks.

Teacher Training

Teacher training to orient teachers to the new curriculum and methodologies is likely to begin in 2004. Training of practising teachers at the secondary level, especially teachers from Secondary Departments of community high and primary schools, will continue.

In addition, more teachers will be trained through pre-service and in-service programmes, in spite of the fact that such efforts have been frustrated in the past by continued migration of teachers to developed and developing countries alike. An additional 125 hinterland teachers will complete the Foundation programme in 2004. Also in 2004, the Cyril Potter College of Education expects 515 students to graduate from the Teacher Certificate programme, with 275 being from Regions 2, 3, 4, 5, 6 and 10, having done the programme partly through distance education.

Learning Centres will be established to facilitate training of teachers using distance education methods.

National Assessment

A system of ongoing school-based assessment in literacy will begin in the 2004-2005 academic year.

Access to Education

Over 25 new schools will be constructed in 2004 and 2005 while 50 schools will be rehabilitated. The physical infrastructure component of BEAMS will create over 4000 additional places; actual construction is likely to start in the last quarter of 2004. This will help in reducing overcrowding and create increased access to the education cohort.

The GIS/SME exercise will be completed in 2004. Its completion was delayed by the absence of census data and digital maps.

Further, in its effort to address the education of children with special needs, a screening exercise will begin in two Regions in 2004 and will be expanded to other Regions by 2005. To this end, a basic special education module will be developed in 2004 for teacher trainees.

Strengthening Financial and Management Systems

Proposals to strengthen the Personnel, Finance and Management Information Units of the MoE will be developed with the assistance of local and international consultants under the auspices of BEAMS. Training programmes will begin during the last quarter of 2004. Preliminary versions of accounting, resource transfer, financial reporting and auditing procedures will also be pilot tested in six schools in two Regions.

Health

The government has identified US\$19 million to begin the implementation of the major programmes of the NHP in 2004. The key areas of focus will include: support for the reorganisation of the health system, addressing human resource constraints within the health sector, and rehabilitation of the existing health infrastructure. Programmes to train more nurses, doctors, medical technologists and other ancillary staff will be continued. Efforts will be made to adequately staff health facilities in hinterland areas.

In addition, the government will address the issue of malnutrition, particularly among women and children in poor communities, through the IDB-funded Nutrition Programme which will begin in 2004. This programme will, among other things, promote better child feeding practices, provide food coupon schemes and distribute micronutrients to infants and pregnant and lactating women.

The national response to HIV/AIDS will be accelerated. Specifically, the PMTCT initiative will be expanded, with the establishment of eight more centres in 2004. Ten additional centres will be constructed in 2005. Further, Rapid Kits for HIV/AIDS testing will become routine at all health centres in 2004 and the manufacture of ARV by the NGPC will continue. The construction of an HIV/AIDS laboratory which will also cater for other diseases will begin in 2004. In addition, institutional arrangements for programme M&E of the impact of HIV/AIDS programmes will be developed. It is worthy of mention that Guyana is one of only 14 countries that received funding from the United States Global AIDS Initiative to combat the spread of HIV/AIDS. These resources will be complemented by interventions from the World Bank and other multilateral and bilateral donor organisations.

In addition to PRS targets, the MoH has set targets for 2004-2005 in Table 6.1.

Indicator	2004	2005
Immunisation: DPT increased coverage in hinterland; coast coverage maintained	Increase of 1% in at least one hinterland Region	Increase of 1% in at least one hinterland Region
Filariasis: MoH laboratory functioning effectively	Results of DEC salt testing within 2 weeks	Results of DEC salt testing within 2 weeks
Prevention of Mother to Child Transmission of HIV (PMTCT)	Successful operation of 8 centres	Rollout to another 10 centres (=18)
Tuberculosis: Directly Observed Therapy Short Course (DOTS)	DOTS functioning effectively in one Region	DOTS functioning effectively in two new Regions
Avoidable maternal mortality rates in regional hospitals less than 3 per 1000	Achieved in 2 regional hospitals	Achieved in 4 regional hospitals
Functioning asthma centres at regional health facilities	2 more centres (= 3 including GPHC)	2 new centres (= 5 including GPHC)

Among the specific actions that will be taken in 2004 are:

- Completion of the reconstruction of the New Amsterdam hospital and rehabilitation of the Linden hospital;
- Strengthening of the Adolescent Health Programme;
- Articulation of a mental health policy and development of a work programme;
- Strengthening the capacity of NGOs and CBOs to respond to HIV/AIDS; and
- Improvement of regional health services through the formation of Regional Health Authorities.

Water

In 2004, the objective is to improve the quality, efficiency, and dependability of water services and also further expand access to water and sanitation. This is part of a 5-year strategy to provide water to over 90 percent of the coastal population and 80 percent of the hinterland communities. The construction of robust systems consisting of abstraction of surface and/or groundwater; treatment of water to World Health Organisation (WHO) standards; and improvement in water storage and supply, distribution, connection to customers' systems and metering will be a major focus. To sustain the continued and unimpeded supply of treated water, the government will maintain pricing and subsidy agreements so as to achieve full cost recovery for operation and maintenance expenditures. In addition, the government will rehabilitate wells and expand services in rural areas, improve maintenance of water systems, and seek the cooperation of the public in safeguarding its investments in the water sector.

In summary, the priority actions for 2004 are:

- In Region 4, to complete preparations for Georgetown II Water and Sanitation Project, and to commence implementation, to continue the improvement of water treatment systems, rehabilitation of water facilities, installation of water metres, new service connections and new pipelines including the Ruimveldt-Eccles transmission main. This will improve treatment facilities to approximately 40,000 people;
- In Region 10, Emergency Works and Water Plant Refurbishment will be continued in Linden; over 5,000 people will benefit from treated water after the completion of this project; and
- In Regions 1, 7, 8 and 9, through the dedicated Hinterland Programme, water supply and sanitation systems will be improved and coverage expanded in 2004-5 onwards.
- Continued improvements in:
 - the financial performance of GWI and
 - the level of service provided by GWI throughout the country.

Housing, Land Development and Allocation

Two major programmes will be at the centre of the housing development agenda for 2004-2005: these are, the IDB-funded Low Income Settlements Programme and the EU-funded Low Income Housing Programmes. These programmes, alongside other Ministry of Housing and Water initiatives, seek to achieve the following objectives:

- The completion of infrastructure for 6,500 lots in squatter settlements;
- The completion of infrastructure for 14,500 lots in housing schemes;
- The allocation of 800 middle income lots;
- The allocation of a further 4,000 low income lots; and
- The processing of 16,000 titles/transports.

Institutional strengthening of CH&PA, including computerisation of the database, will be continued. In addition, the laws of CH&PA will be upgraded and its environmental and home ownership improvement programmes will be developed. Further, through the Low-Income Settlement Housing project, ten housing schemes will be completed.

The government will continue to take measures to improve land development and allocation. To this end, the GLSC will continue to regularise land outside of land development schemes and will also process additional eligible claims to leases and titles, and make them available for issuance to land owners. Priority actions for 2004 will include implementation of the LTR in the riverain areas of the Berbice, Demerara and Essequibo rivers, and in Mabaruma, Mahdia and Lethem, completion of systems development in land administration, and improving the capacity for revenue management within the GLSC.

Social Safety Nets

Consistent with its objectives to continue providing training and a temporary cushion to displaced workers, and improving the efficacy of existing social safety net programmes, the capacity of the MLHSSS will be strengthened through improved systems, processes and training to enable the efficient management of these programmes. Successful implementation of reforms in the MLHSSS will benefit more than 60,000 people.

On preparing social safety net options for vulnerable groups, the MLHSS is undertaking an analysis of the profile and needs of target populations affected by sector restructuring. This analysis will serve as the basis for developing social safety net options to mitigate the potentially adverse impact of expected retrenchment on vulnerable groups, and for designing of retrenchment packages and labour market and training programmes for retrenched workers.

SIMAP

In 2004, SIMAP will begin implementing about 200 projects based on the results of the Needs and Rapid Poverty Assessments of 2003. These projects will be undertaken in all ten Regions. The projects will consist of:

- Improvement of 70 farm-to-market access roads, and residential roads;
- Rehabilitation of 30 educational facilities;
- Construction of 30 multipurpose centres in poor communities; and
- Rehabilitation of 30 rural drainage and irrigation systems.

In addition, 30 multi-sector projects including rural electrification, rehabilitation of bridges and construction of abattoirs will be implemented. Also, 14 NGOs and CBOs will receive grants to support their delivery of services to the poor. These organisations will be selected through a process of evaluation led by the Institute of Development Studies at the University of Guyana.

BNTF

The PRS will be the centrepiece of the BNTF5 programme. The focus of the programme over the next two years will be:

- Improvement in the quality and delivery of potable water through the provision of wells and the laying of pipelines in poor rural communities;
- Rehabilitation and construction of schools in rural areas;
- Rehabilitation and construction of hospitals and health centres in rural areas;
- Road improvement;
- Skills training; and
- The construction of markets.

Infrastructure Development to Assist Private Sector Growth

Consistent with its PRS objectives, the government will continue to improve the maintenance and quality of sea defences, roads and drainage and irrigation to provide access to economic opportunities, and improve competitiveness and market access to the private sector.

Sea Defences

The government will continue to rehabilitate sea defences under the emergency sea defence works. The potential risk that sea breaches pose to agricultural and manufacturing activities along the coastal strip of Guyana where 90 percent of the population lives must be emphasised. The lack of resources limits the government's ability to deal with emergency breaches. To reduce the risks of economic and social disaster, additional financial resources may have to be mobilised and a sustainable maintenance plan implemented to combat incursion by the Atlantic Ocean.

Roads

The Ministry of Public Works and Communication has set 2004 completion targets for a number of projects including the construction of bridges and culverts, the design of structures and the construction of the Mahaica-Rosignol road. In addition, the construction of a four-lane highway from the Demerara Harbour Bridge to Ruimveldt began in 2003 and will be completed in 2004. This will substantially ease traffic flow to Georgetown. Three feasibility studies will also be completed, namely, the Berbice River crossing, the New Amsterdam-Moleson Creek road and the southern entrance to Georgetown.

Drainage and Irrigation

The modernisation of nine drainage and irrigation projects that will open up over 120,000 acres of land for agricultural production will be a priority over the next two years. This will be carried out through the Agricultural Support Services Programme. The rehabilitation of drainage and irrigation structures will provide critical support to production of rice and other non-traditional agricultural crops such as vegetables and fruits. Financial resources have been committed for the procurement of drainage and irrigation equipment to carry out these rehabilitation works.

Special Intervention Strategies

The government will continue to implement its special intervention programmes in Regions 1, 8, 9 and 10.

Region 1: Barima-Waini

The Baramita Amerindian District will receive an absolute grant of land title, making it the second largest land grant in Guyana's history.

Agricultural development will be supported through the rehabilitation of the wharf at Port Kaituma, the establishment of a nursery at Moruca, and the extension of the existing nursery in Hosororo. Further, economic development will be stimulated by building bridges at San Jose, Wauna and Kumaka, and by resurfacing roads in Barabina, Santa Rosa, Kumaka, Moruca, and Port Kaituma.

Shell Beach will be made a Protected Area under the Guyana Protected Areas System (GPAS), which seeks to balance the needs of local economic development with those of environmental protection.

In education, special provisions will be made to upgrade teacher support services for six schools (or clusters of schools), under the Education for All Fast Track Initiative. The Guyana Basic Education Training (GBET) programme will be expanded to train more teachers. Teachers will receive increases in the remote area incentive and school feeding programmes will be continued.

In health, the hospital at Mabaruma will be rehabilitated and improvements will be made to the mortuary at Port Kaituma. Three new health huts will be constructed at Kariak, Lower Karabio and Eclipse Falls. In addition, the Region will also benefit from national programmes such as SIMAP, BNTF and the Hinterland Water Strategy which aims to ensure that improved water and sanitation facilities are accessible to 80% of all settlements in the hinterland by 2007.

Region 8: Potaro-Siparuni

New heavy-duty bridges will be built at Micobie, Wailiangbaru, Tumong, Kamara and Chiliwang. New roads will be developed from Kato to Tuseneng, Kamana to Waipa, and Kurukubaru to Kamana. New health posts will be built at Kurukubaru and Muruwa, with an X-ray room being established at the Mahdia District Hospital. To improve access to education and increase the student/trained teacher ratio, special provisions will be made to upgrade teacher support services for six schools (or clusters of schools) in Region 8. The GBET programme will be expanded to train more teachers from Region 8. Similar to other hinterland areas, teachers will receive increases in the remote area incentive and school feeding programmes will be continued. A new nursery school will be built in Kato. In addition, the Region will benefit from national programmes such as SIMAP, BNTF and the Hinterland Water Strategy.

Region 9: Upper Takatu-Upper Essequibo

An absolute grant of land title will be given to the Konashen Amerindian District. Along with the absolute grant to Baramita in Region 1, this will bring the total land granted to Amerindian communities from approximately 7% to approximately 12% of Guyana's land mass over the last 5 years.

Significant road improvements will take place in anticipation of the increased economic activity between Guyana and Brazil. The roads from Lethem to Annai, Lethem to Aishalton, Murero to Karasabai, Hunt Oil to Yupukari and in Chidawau will be rehabilitated and 10 new bridges reconstructed.

The first phase of the reconstruction of the Lethem Hospital will commence, and a new health hut will be built at Meriwau. The fencing of farmlands will be undertaken to separate agricultural development from cattle ranching.

Special provisions will be made to upgrade teacher support services for seven schools (or clusters of schools) in Region 9. The GBET programme will be expanded to train more teachers from Region 9. Teachers will receive increases in the remote area incentive and school feeding programmes will be continued to increase enrolment.

As well as the above actions, the Region will benefit from national programmes such as SIMAP, BNTF and the Hinterland Water Strategy.

Region 10: Upper Demerara-Berbice

Linden is in a long and painful process of adjustment as result of the declining fortunes of the bauxite industry and the restructuring and possible privatisation of LINMINE, its major employer. In the last two years, over 1200 workers were retrenched from LINMINE, leaving only about 400 short-term workers with a company that once boasted more than 6000 workers. These workers bear significant short-term costs as they move to the cash-based economy which requires different types of skills, either as entrepreneurs or small-business employees.

To help rejuvenate the Linden economy and create opportunities for growth and employment, in 2004-2005 the government will take the following actions:

- Improve communications with communities in Region 10 by clarifying the procedures and the pace for changes. This is necessary to make long-term decisions and counteract the sense of isolation and abandonment expressed, especially by many Lindeners;
- Facilitate access to land and strengthen local institutions that could make a significant difference in the Region's ability to generate growth in the face of retrenchment at the mine;
- Facilitate easy and fast access to credit, especially for small-scale businesses;
- Introduce institutional reforms that would strengthen the services under a Standing Committee consisting of members of regional bodies and a number of citizen

representatives. The Committee would be responsible for developing an overall strategy for change and obtaining the support of key bodies; and

- Create a “fast track” system for local business licensing and land titling.

In addition, through the assistance of the EU, the LEAP Business Incubator will be established in 2004 to provide services and support for small and medium enterprises. Credit support will be made available to entrepreneurs through the Linden Economic Advancement Fund (LEAF). LEAF will target existing and/or start-up businesses which cannot find financing in commercial banks. The LEAP’s Inward Investment Facility will expand to attract large and medium-sized investments into Region 10.

Through these programmes, LEAP aims to support the creation of at least 5 large companies, 30 medium companies, and 200 small and micro enterprises by 2005. In addition, training programmes for retrenched workers and entrepreneurs will continue as well as programmes to support youth entrepreneurship, through the Region 10 Youth Entrepreneurial Network. LEAP will provide training in employable skills to at least 700 retrenched miners, unemployed youth and entrepreneurs by 2005.

In support of other economic activities, roads will be rehabilitated to facilitate agricultural production in new areas, including West Watooka and Mobilissa. The feasibility of upgrading the aluminium wharf in Linden, as well as of demand-driven infrastructure rehabilitation in Kwakwani and Ituni, will be determined.

As part of the ongoing programme to enable Amerindian communities to lead their own development, the legal status of seven Amerindian communities will be settled in accordance with the wishes of those communities. In recognition of the special needs of schools in the hinterland Regions, there will be an increase in the remote area incentive for teachers in Region 10, and school feeding programmes will be implemented in all hinterland schools.

Improvements will be made in the quality of health-care in Region 10, including the rehabilitation of the Linden Hospital and the upgrading of the hospital at Kwakwani. A malaria centre will be constructed. Through the Low-Income Settlement programme, 2500 house lots will be allocated in Amelia’s Ward, and 450 house lots in Block 22. The rehabilitation of Linden Water Supply, as part of the overall water sector investment plan, will be completed over the period 2004-2005. The Region will also benefit from national programmes such as SIMAP and BNTF.

Monitoring and Evaluation

Measures will be taken to fully implement the M&E strategy outlined in Chapter 4.

Strengthening the BoS

The Bureau of Statistics (BoS) will be strengthened through improved processes, systems, training and IT capacity. Managerial and supervisory staff will be trained in data collection, collation, survey, analyses and data management. Junior staff will benefit from formal training programmes. Additionally, the curriculum at the University of Guyana will be improved and graduates recruited to address the current shortage of skilled statisticians.

In addition to enhancing the technical expertise of the BoS, institutional weaknesses will be addressed by significantly upgrading IT equipment for data management and dissemination, and establishing a BoS website.

The coverage, timeliness, quality, quantity and use of relevant survey data and statistical output will be improved. BoS officials will be trained in areas such as questionnaire design, field-testing and processes for data entry. In 2004, an HIES will be conducted in order to update the poverty profile in 2005. BoS will train 2,500 enumerators to ensure collection of quality data. The IDB will provide

support through the Social Statistics and Policy Analysis Programme to address social sector data issues.

PRS M&E Unit

The PRS M&E Unit will focus on the following key areas:

- Coordinating with the Ministry of Finance to generate budget data disaggregated by Region to develop the content of M&E programme for use by the Regional Committees;
- Liaising with Regional Committees to ensure appropriateness of their work programmes and activities;
- Collaborating with the Bureau of Statistics in the development of the questionnaires for the HIES and the Living Standards Measurement Survey (LSMS);
- Preparing analytical papers to inform policy-making in support of the Poverty Reduction Programme;
- Providing technical support and managing M&E capacity building programmes for key ministries;
- Establishing regional M&E structures in Regions 1, 2, 7, 8 and 9;
- Providing training to members of Regional Committees and other stakeholders in M&E;
- Accelerating the communications and outreach programmes, including preparation and dissemination of simplified PRS material; and
- Coordinating the preparation of the 2005 PRS Progress Report.

Regional Committees

The Regional Committees will prepare work programmes to guide their functioning. Their members will participate in training programmes to equip them to carry out monitoring and evaluation activities, manage community and regional consultations and communicate with the public effectively.

The Regional Committees will carry out four quarterly monitoring exercises. The nature and scope of the monitoring exercises will be dependent on the priorities selected. The monitoring exercises will entail involvement of community members as data providers as well as data collectors.

The results of the monitoring exercises will be channelled to the PRS M&E Unit. The data will be passed on to the relevant ministries and the Bureau of Statistics. Importantly, the PRS M&E Unit will analyse the data which will feed into the Annual PRS Progress Report. Additionally, feedback on the results of the monitoring exercises will be given to the communities as is appropriate.

In addition, with support of the BoS, the Regional Committees will consult with communities to prepare Skills Registers which will serve as a useful input for contractors seeking workers.

Steering Committee

The Steering Committee will prepare a work programme to guide its functioning. Its members will participate in training programmes to equip them to carry out monitoring and evaluation activities and stimulate broad-based CSO participation.

The Steering Committee will play a key role in promoting CSO participation in the review of the PRS Progress Report. Its members will assume responsibility for ensuring that CSOs receive copies of the PRS Progress Report and for encouraging discussion and provision of feedback on the document during the first quarter of 2004 and on an annual basis. Its members will participate in regional and national consultations on the PRS Progress Report.

The Steering Committee will stimulate increased involvement of CSOs in the preparation of subsequent PRS Progress Reports. To promote this, it will participate in an outreach programme for CSOs, entailing communication of the status of the Poverty Reduction Programme, on a face-

to-face basis or through the media, and collaboration with CSOs to identify capacity-building opportunities to enable local CSOs to participate more effectively in monitoring activities.

The Steering Committee will brief the PRS Focal Points and Regional Committees on the outcomes of its work programme and receive feedback from these bodies to promote greater coordination. Its members may participate in community monitoring activities.

The Steering Committee will also liaise with the Regional Committees to promote national coordination amongst local and national CSOs on issues relating to development and poverty reduction.

Thematic Groups

During 2004, the operations of the Thematic Groups will be reviewed. Members of the Thematic Groups will make recommendations for improving effectiveness. The recommendations will be compiled by the Secretariat of each group.

The Thematic Groups will prepare work programmes, highlighting the major PRS or sector strategy goals, as appropriate. They will implement the work programme, specifically addressing issues which may require donor financing.

Members of the Thematic Groups will participate in the review of the PRS Progress Report.

Focal Points

The Focal Points will provide major inputs to the PRS Progress Report. They will design a system for tracking progress towards achievement of PRS goals and those of their sector plans where actions complementary to the Poverty Reduction Programme exist. They will also report on relevant activities of or encourage reporting on these activities by their non-state partners. They will also participate in the PRS Progress Report review process.

Involvement of Civil Society and the General Public

Members of the general public will have access to information on PRS progress through the Information Centres and the communication outreach programme.

CSOs will have the opportunity to review the Regional M&E system and offer suggestions for improvement. They will also be able to contribute to the design of a mechanism for CSO input into the PRS Progress Report, in recognition of their poverty reduction activities.

CSOs will also have the opportunity to participate in the PRS Progress Report review process. They will be encouraged to discuss and provide feedback on the PRS Progress Report and to collaborate with the Steering Committee to identify capacity-building opportunities to enable local CSOs to participate more effectively in monitoring activities.

Economic Literacy Programme

Recognising the importance of involving an informed citizenry, an economic literacy programme will be prepared. This programme will provide information at different levels of complexity, taking into account the diversity of levels of literacy in the country. The material will be prepared in print and non-print forms, including popular education approaches.

Information packages will be made available for civil society groups and institutions to use with their members and staff, respectively. The mass media will also be used to disseminate pertinent information.

Information Centres

Information Centres will be established in each Region. These centres will provide a place for people to find up to date information on PRS activities. They may range from a bulletin board in an

identified office to a shared area within an organisation or agency and include storage space such as one or more shelves to a room with furniture and display boards. The Information Centre may be housed in buildings such as schools, libraries, community centres, markets and religious organisations.

The Information Centre will provide material for reference purposes as well as distribution. The material will include flyers, posters, brochures, reports and examples of the output from participatory monitoring activities.

7

THE MACROECONOMIC OUTLOOK AND MILLENNIUM DEVELOPMENT GOALS

The Economic Outlook, 2004-2005

The baseline macroeconomic framework outlined below is predicated on the continuation of sound fiscal and monetary policies, improved socio-political conditions, acceleration of restructuring and modernisation of the traditional sectors, and steadfast implementation of structural and institutional reforms.

- The GDP is projected to grow at 2.5 percent on account of recovery in the sugar sector and increased efficiency in the mining sector following restructuring. Domestic demand will also benefit from the mildly improving security situation. However, the closure of OMAI in 2004, due to completion of their gold mining activities, will be a key factor in the expected slump in GDP growth in 2005.
- Inflation is projected to decline to 4.5 percent by the end of 2004 as the impact of one-off price adjustments and oil price increases recedes.
- The current account deficit will widen to about 17 percent of GDP as imports to the delayed sugar and mining projects begin. This will be financed by FDI and official concessional loans and grants.
- Gross international reserves will decline to 3.6 months of 2005 imports of goods and services, reflecting large escrow payments for the sugar sector restructuring project.
- Prudent debt strategy will be followed, ensuring a medium-term declining path in external debt/revenue and other key ratios in line with HIPC-defined debt sustainability.
- The framework envisages continued external support from Guyana's development partners to fund investments in social and economic infrastructure.
- The 2004 fiscal deficit is projected at 8.7 percent of GDP to accommodate the high investments in the sugar sector, although the underlying deficit is 4.5 percent. The deficit target will be supported by policies to continue last year's tax reform to improve revenue collection and fiscal transparency.

Table 7.1 provides a summary of projections for key economic indicators for 2004 and 2005.

Fiscal Policies

In view of slower growth and marginal increases in revenue, central government expenditures will be contained at G\$79.2 billion, representing an increase of 15 percent over 2003. Even so, poverty-reducing spending will amount to G\$28.3 billion or 18.6 percent of GDP. To contain the public sector wage bill, the government will continue to be prudent in its hiring practices and cap the central government wage bill at 11.6 percent of GDP.

The government's investment programme will continue to concentrate on poverty reducing projects consistent with debt sustainability over the medium term. To this end, measures will be taken to prioritise the three-year rolling investment programme with emphasis on public enterprise restructuring and poverty-reducing, concessionally-funded projects. The government will also accelerate construction of the Skeldon sugar and cogeneration factory in an effort to ensure fiscal and external sustainability.

In addition, the government will take steps to strengthen the finances of public enterprise consistent with its 2004 fiscal targets. To this end, prudent management will continue at the GPL to contain and reduce operational losses and private management will continue at the corporation until its

privatisation, restructuring of the AROAIMA bauxite company will be accelerated, restructuring of GUYSUOCO will continue and the economic viability of the NIS will be reinforced.

Table 7.1 Guyana- Selected Economic and Financial Indicators

Table 7.1 Guyana- Selected Economic and Financial Indicators						
	Projected			Actual	Projected	Projected
	2001	2002	2003	2003	2004	2005
(Percentage change)						
Production and prices						
Real GDP (factor cost)	2.3	1.1	-0.2	-0.6	2.5	-0.3
Nominal GDP (market prices)	2.6	3.3	3.6	4.4	6.5	1.9
GDP deflator (factor cost)	1.5	3.7	4.7	5.4	4.0	1.9
Consumer prices (average)	2.7	5.4	5.8	6.0	4.5	3.5
Consumer prices (end of period)	1.5	6.1	6.0	5.0	4.0	3.0
Real GDP per capita	1.3	0.1	-1.2	-1.2	2.0	-0.8
(In percent of GDP)						
National accounts						
Investment	20.4	19.8	22.3	20.0	26.2	31.4
Private sector	6.7	7.2	6.6	5.6	5.5	6.4
Public sector	13.7	12.6	15.7	14.5	20.6	25
National saving	2.3	5.1	4.9	8.5	9.9	7.9
Private sector	3.6	6.3	4.7	7.1	6.3	5.0
Public sector	-1.3	-1.3	0.2	1.4	3.6	2.9
External current account balance (excl. transfers) 2/ 3/	-18.1	-14.8	-17.4	-11.5	-16.2	-23.5
Nonfinancial public sector						
Revenue	33.0	32.4	33.4	34.7	36.3	36.8
Expenditure	48.2	46.4	50.0	47.8	53.3	58.9
Current	34.3	33.7	33.2	33.3	32.7	33.9
Capital	13.9	12.6	16.8	14.5	20.6	25.0
Saving	-1.3	-1.3	0.2	1.4	3.6	2.9
Overall balance (before grants) 2/ 3/	-15.2	-14.0	-16.6	-13.0	-17.0	-22.1
Grants (including HIPC relief) 4/	8.3	8.2	5.8	4.6	6.7	8.2
Overall balance (after grants) 2/ 3/	-7.0	-5.8	-10.8	-8.4	-10.3	-13.9
Statistical discrepancy 5/	-0.7	1.0	0.0	-1.2	0.0	0.0
Net external financing	6.9	2.6	-0.5	6.2	3.2	14.4
Net domestic financing	0.8	2.2	10.1	2.3	3.3	-4.0
PRGF financing	0.0	0.0	1.1	1.1	3.7	3.6
(In millions of U.S. dollars)	0.0	0.0	8.5	8.5	29.1	27.7
Total public sector debt (end of period)	200.7	203.1	187.5	178.3	174.4	183.3
External 3/	171.1	171.4	154.8	140.2	141.7	151.4
Domestic 6/	29.6	31.7	32.7	38.2	32.7	32
(Percentage change relative to broad money at the beginning of the year)						
Money and credit (end of period)						
Domestic credit of the banking system	4.3	0.8	6.3	-0.7	5.7	-6.8
Public sector (net)	3.6	1.4	15.4	9.6	4.5	-8.4
Private sector	0.7	-0.7	-9.2	-10.3	1.2	1.5
Broad money	8.9	5.5	5.6	8.3	6.0	4.5
Interest rates (end of period)						
Treasury bills (91 days)	6.3	3.9	...	3.4	...	...
(In millions of U.S. dollars, unless otherwise indicated; end of period)						
External sector						
Overall balance of payments	8.0	-9.0	-55.0	10.5	-43.0	5.8
Gross official reserves	285.1	279.8	216.0	271.2	230.0	243.1
Months of imports	4.3	4.2	3.0	4.3	3.6	3.4
(In percent, unless otherwise indicated)						
Debt ratios						
NPV of external debt-to-export ratio	115.7	139.2	94.7	71.5	76.5	87.5
NPV of external debt-to-revenue ratio	353.9	386.0	219.2	212.4	223.7	246.9
NPV of external debt-to-GDP ratio	112.6	126.0	67.8	66.8	70.0	77

Debt-service ratios						
Exports of goods and nonfactor services						
Before original HIPC assistance	14.5	13.8	17.3	14.4	14.9	14.9
After original HIPC assistance	10.3	9.5	8.6	10.1	4.6	4.6
Central government revenue						
Before original HIPC assistance	43.9	40.8	51.6	42.7	43.4	42
After original HIPC assistance	30.9	27.7	25.7	28.0	12.8	12.3
Real effective exchange rate 7/	-4.2	-9.5	...	-13.4		
Memorandum items:						
Nominal GDP (G\$ billion)	133.4	137.8	142.8	143.9	153.3	156.3
Guyana dollar/U.S. dollar (period average)	187.6	190.7	...	193.0	...	...

Sources: Data provided by the Guyanese authorities; and IMF staff estimates and projections.

1/ As outlined.

2/ Beginning in 2004 reflects interest payments after original HIPC and enhanced HIPC debt relief.

3/ Assumes that enhanced HIPC completion point is reached beginning in 2004.

4/ Includes only original HIPC debt relief, except in 2001–03 when enhanced HIPC interim assistance is also included.

5/ A negative number indicates an over-financing of the deficit when measured from below the line.

6/ Based on monetary data and nonbank holdings of government debt.

7/ 12-month rate of change, depreciation (-).

Monetary and Exchange Rate Policy

Base money growth will be targeted to ensure low inflation. This will imply an increase in broad money in line with projected and envisaged average inflation of 4.5 percent. The BoG will intervene in the exchange rate market as necessary to meet the official net international reserves target.

Key prudential rules will be brought in line with international best practices to reduce financial vulnerabilities and risks of lending to the private sector. In particular, the FIA and the Bank of Guyana Act will be modified to include provisions to strengthen the Central Bank's ability to deal with problems which may arise, and penalties for providing false information to financial institutions to obtain a loan. Based on the comprehensive study on deposit insurance scheme completed in 2002, preparatory work will be undertaken with respect to implementing a deposit insurance scheme in 2005. This will help to protect small depositors, especially the poor, while limiting public sector contingent liabilities.

External Sector Policies

The government will maintain external debt to revenue ratio at sustainable levels. Towards this end, the Debt Management Unit in the MoF will be strengthened to allow for better management of the coordination of external and domestic debt. The government will continue to meet its public debt obligations on a timely basis and will not accumulate any external and domestic debt payment arrears, except those associated with unsigned bilateral and private creditor agreements consistent with the HIPC initiative. In addition, the government will continue to seek enhanced HIPC assistance from non-Paris Club bilateral creditors and from the Caribbean Multilateral Clearance Facility to increase the current creditor participation of 81 percent.

With the resultant changes in the economy, a re-basing of the weights of the national accounts may be necessary so as to reflect the contributions of the new growth sectors.

Meeting the Millennium Development Goals

With lower than expected growth rates and slower disbursements, Guyana may not be able to meet the MDGs. In the past, GDP growth contributed markedly to poverty reduction. Yet, without an HIES, it is difficult to make definite statements on poverty trends. This is exacerbated by lower than programmed outlays into poverty reducing programmes. In essence, the 2004 Progress Report should have revised the PRS targets. However, given the above reasons, the PRS targets and MDGs will be revised in the 2005 PRS Progress Report.

Summary and Conclusions

Guyana achieved substantial progress over the last two years in the implementation of its PRSP despite its absorptive capacity constraints, a substantial decline in external resource flows, and a very challenging socio-political environment. Although programme conditions were many, these have helped in removing many of the bottlenecks whose removal is critical for a take-off of the economy. Indeed, these reforms in the economic, governance and social arena may have laid the basis for sustainable long-term growth with a human dimension. In spite of these achievements, unless there is fast track in donor resources and absorptive capacity improves, Guyana will have to revise the time frame for the achievement of its MDGs.

The vexing issues of crime, political consensus building, and the quality of data continue to be a major concern. Completion of the HIES will provide the basis for the revision of the MDGs in 2005. Even so, the programme faces serious risks. The disillusionment of the process by the general public poses problems of ownership; the stalled political process could undermine the implementation and monitoring and continuing capacity constraints may well affect the speed of implementation. Finally, the security problem if unresolved may adversely affect the investment flow.

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
Macroeconomic framework	<p>Maintain price and exchange stability</p> <p>Strengthen the financial system</p> <p>Establish stock market</p> <p>Implement tax reforms</p> <p>Reform expenditure control</p>	<p>Pursued policies consistent with the Poverty Reduction and Growth Facility (PRGF)</p> <p>Completed on-site safeguard assessment of the BoG</p> <p>Implemented a loan risk rating system and established procedures for prompt corrective action in accordance with international best practices</p> <p>Designed a comprehensive human resource strategy for strengthening banking supervision</p> <p>Established the Guyana Stock Market, the Guyana Securities Council and the Guyana Securities Dealers Association in 2002</p> <p>Enacted legislation to extend consumption tax to all services, introduce presumptive minimum tax on the self-employed and increase the license fee on professional businesses, limit income tax holidays to new firms that create employment in depressed areas</p> <p>Amended the Customs, Financial Administration, Audit and Income Tax Acts</p> <p>Appointed highly qualified and experienced professionals to manage the GRA</p> <p>Amended the GRA Act to grant increased autonomy to the management and Board of the GRA</p> <p>Enacted an organic budget law to improve transparency, accountability and efficiency in national budgeting</p> <p>Improved coordination of current and capital expenditure</p> <p>Streamlined employment data and public sector wage bill by integrating a computerised payroll system with the human resource database</p> <p>Completed staff audits and overview studies of the public service functions and vertical institutional capacity assessment of ministries</p> <p>Established the GLSC</p> <p>Computerised land information</p> <p>Developed and disseminated transparent mechanism of land distribution</p>	<p>Continue to pursue prudent macroeconomic policies consistent with the PRGF</p> <p>Implement arrangements for supervision of the New Building Society Act based on the FIA</p> <p>Conduct on-site inspections and apply consolidated supervision of all financial institutions</p> <p>Continue to implement loan risk rating system and follow procedures for prompt corrective action</p> <p>Implement comprehensive human resource strategy for the BSD</p> <p>Enact legislation on deposit insurance</p> <p>Enact modifications to the FIA and the Bank of Guyana Act</p> <p>Install systems in the Income Tax Department to improve tax collection</p> <p>Strengthen the field and audit unit to collect tax arrears</p> <p>Design and implement an anti-corruption programme, with emphasis on a code of conduct, new regulations allowing for dismissal of officials and appropriate systems & training</p> <p>Publish tax exemptions annually</p> <p>Adopt administrative guidelines and criteria to implement the amendments to the Customs Order (Amendment) Act</p> <p>Install hardware and software for integrating the MOF's payroll and</p> <p>Enact legislation to implement VAT</p> <p>Public Service Ministry's human resource databases</p> <p>Training of core staff and staff of other agencies in the operation of the system</p> <p>Strengthen the capacity of the PSM to regulate and manage the civil service system</p> <p>Train high level staff in management and leadership techniques</p> <p>Design and implement performance appraisal system for high level staff</p> <p>Strengthen the PCU in the State Planning Secretariat to design, programme, monitor and evaluate projects</p> <p>Receive and examine report of committee set up to review existing size and coverage of statutory bodies and semi-autonomous agencies</p> <p>Regularise land outside of land development schemes</p> <p>Process additional eligible claims to leases and titles</p> <p>Implement LTR in the riverain areas of Berbice, Demerara and</p>
Institutional and regulatory framework	<p>Modernise and restructure the public sector</p> <p>Improve framework for land development</p>		

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
	<p>Reform tender and procurement system</p>	<p>Introduced new lease with duration of 50 years and the right of transfer, sale, subletting, renewal and inheritance Developed standard operating procedures for processing leases Processed 15,000 claims, issuing either a 50-year lease of a Certificate of Title Established an adjudication procedure to address disputes Enacted Tender and Procurement Law in 2003 Began work to strengthen and improve the efficiency of the organisational structure and administrative arrangements and to train procurement staff</p>	<p>Essequibo and in Mabaruma, Mahdia and Lethem Complete system development in land administration Improve capacity of revenue management within GLSC Improve the capacity for revenue management within the GLSC Complete and adopt regulations of the 2003 Tender and Procurement Act Implement administrative systems and procedures to support Tender and Procurement Act 2003 Appoint Board of the NTPB Strengthen the Secretariat of the NTPB Board Organise an Investment Conference drawing on local and international investors and money managers with assistance of UNDP and World Bank Enact Small Business Law and begin to implement its provisions Undertake a comprehensive review of the institutional and organisational environment underpinning micro enterprise development and small businesses Increase the capital base of IPED and review the term structure of its interest rates to allow it to continue to provide support to small businesses Establish a National Economic Advisory Council Assess the feasibility of developing garment and informatics parks Continue to review the fiscal incentives framework to support private sector development</p>
Private sector development	<p>Strengthen institutional support for investment and export promotion Implement specific policies to integrate small businesses and cottage industries into the formal economy</p>	<p>Supported private companies to participate in domestic and international trade fairs to seek markets Tabled Small Business Bill which would enable simplification of the creation and registration of small companies in Parliament in December 2003 Installed new management and trained staff at IPED</p>	<p>Enact new Mining and Forestry Laws that provide adequate incentives to investors as well as sufficient environmental protection Reach settlement with the main communication carrier on monopoly rights Continue aggressive marketing of Guyana as tourist destination Develop an integrated tourism strategy Continue rehabilitation of tourist infrastructure Continue upgrading of hinterland airstrips</p>
Economic base to benefit the poor	<p>Respond to the private sector request for support Package and market Guyana's vast mineral and fossil resources abroad Develop IT business Develop comprehensive strategy for eco-tourism development in response to private sector demands</p>	<p>Constructed IT parks in Linden and Berbice Established four back office IT businesses Established National Tourism Authority Board in 2002 Eco-tourism infrastructure rehabilitated</p>	<p>Enact new Mining and Forestry Laws that provide adequate incentives to investors as well as sufficient environmental protection Reach settlement with the main communication carrier on monopoly rights Continue aggressive marketing of Guyana as tourist destination Develop an integrated tourism strategy Continue rehabilitation of tourist infrastructure Continue upgrading of hinterland airstrips</p>

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
Traditional sector	<p>Increase efficiency of the sugar industry to deal with erosion of preferential market access</p> <p>Increase efficiency of agriculture production with emphasis on exports</p> <p>Increase the efficiency of the mining sector</p>	<p>Completed a strategic plan to revitalise the rice industry</p> <p>Began implementing a wage policy and employment downsizing by GUYSUOCO</p> <p>Completed feasibility studies and tendering for construction of new cogeneration factory</p> <p>Expanded extension services to support farming communities</p> <p>Completed restructuring of LINMINE</p> <p>Contracted management company to operate LINMINE</p> <p>Continued efforts to privatise LINMINE</p> <p>Eliminated operating subsidies for LINMINE</p> <p>Merged two bauxite companies, Aroaima and BERMINE</p> <p>Continued dialogue on the establishment of these committees; chairmanship of these committees still the key outstanding issue</p>	<p>Continue implementing policy of wage restraint and employment downsizing</p> <p>Concluded new management contract for GUYSUOCO</p> <p>Sign contract for construction of the Skeldon Factory</p> <p>Cap GUYSUOCO wage bill, including the Annual Productivity Incentive</p> <p>Begin field component of factory</p> <p>Continue to provide extension services, especially to small land holders</p> <p>Continue efforts to privatise LINMINE</p> <p>Continue to maintain elimination of operational subsidies to LINMINE</p> <p>Begin negotiations with investors to develop an alumina plant</p> <p>Redraft the mining law</p> <p>Conduct and Environmental Impact Assessment of the mining sector</p> <p>Appoint all Parliamentary Commissions and Sector Committees</p> <p>Establish, staff and equip secretariats of Commissions and Committees</p> <p>Complete several studies on fiduciary oversight and implement the provisions/recommendations</p> <p>Continue to create climate for political dialogue and consensus building</p> <p>Implement all agreements reached through the dialogue process</p> <p>Seek external assistance to reduce backlog of court cases</p> <p>Continue to review salary scales of judges consistent with the macroeconomic framework</p> <p>Take steps to implement the constitutional provision of local government electoral reforms to strengthen the local government system</p> <p>Hold local government elections in 2004</p> <p>Continue with policies to increase secondary school enrolment ratios</p> <p>Rehabilitate 55 primary and secondary schools to improve access especially to the poor, and overcrowding</p> <p>Complete and implement GIS/SME</p> <p>Train 2500 teachers through pre-service and in-service training, with special emphasis on English, Mathematics, Science and Reading</p> <p>Continue programme to expand placement of teachers in hinterland</p>
Good governance	<p>Establish the Parliamentary Committees on Natural Resources, Economic Services, Foreign Relations and Social Services</p> <p>Continue political dialogue between the two major political parties</p> <p>Introduce far-reaching reforms in the judiciary and law enforcement agencies</p> <p>Grant direct representation to communities to choose their own leaders</p>	<p>Restarted dialogue between the two major political parties in 2002 leading to issue of May 2003 Accord</p> <p>Increased political tensions in latter part of 2003</p> <p>Reclassified cases before the court, leading to reduction of backlog by 50%</p> <p>Upgraded the law library</p> <p>Increased salary scales of judges</p>	<p>Continue to create climate for political dialogue and consensus building</p> <p>Implement all agreements reached through the dialogue process</p> <p>Seek external assistance to reduce backlog of court cases</p> <p>Continue to review salary scales of judges consistent with the macroeconomic framework</p> <p>Take steps to implement the constitutional provision of local government electoral reforms to strengthen the local government system</p> <p>Hold local government elections in 2004</p> <p>Continue with policies to increase secondary school enrolment ratios</p> <p>Rehabilitate 55 primary and secondary schools to improve access especially to the poor, and overcrowding</p> <p>Complete and implement GIS/SME</p> <p>Train 2500 teachers through pre-service and in-service training, with special emphasis on English, Mathematics, Science and Reading</p> <p>Continue programme to expand placement of teachers in hinterland</p>
Education	<p>Reduce repetition rates in primary schools and increase enrolment in secondary schools</p> <p>Reduce overcrowding in schools</p> <p>Train, recruit and retain trained teachers and social workers</p>	<p>Repetition and drop-out rates marginally reduced</p> <p>Modest increase in secondary school enrolment ratio</p> <p>Constructed or rehabilitated 45 primary and secondary schools</p> <p>Development of GIS/SME ongoing</p> <p>Trained teachers from 28 schools in English, Mathematics, Science and Reading to function in reclassified general secondary schools</p> <p>Trained 103 teachers from hinterland areas under the GBET</p>	<p>Continue with policies to increase secondary school enrolment ratios</p> <p>Rehabilitate 55 primary and secondary schools to improve access especially to the poor, and overcrowding</p> <p>Complete and implement GIS/SME</p> <p>Train 2500 teachers through pre-service and in-service training, with special emphasis on English, Mathematics, Science and Reading</p> <p>Continue programme to expand placement of teachers in hinterland</p>

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
	<p>Improve aptitude in Mathematics and English Language</p> <p>Provide required textbooks to students and implement cost recovery</p> <p>Establish a school feeding programme</p> <p>Establish school transportation system</p> <p>Promote stakeholder participation at the school level</p> <p>Mainstream children with special needs</p>	<p>% of trained teachers in primary schools increased from 53 in 2001 to 59 in 2003</p> <p>Modest number of teachers were not retained due to migration or change of employment between 2001 and 2003</p> <p>Developed curriculum guides for HFLE for Grade 1 to 9</p> <p>Trained 15 facilitators as trainers to implement programme for Grades 1 to 6</p> <p>Revised curriculum for Teacher Training, extending programme to three years</p> <p>Established in-service centre in Region 1 to deliver Teacher Certificate programme to qualifying students</p> <p>Completed national assessment at Grade 2 to provide baseline data in Language Arts and Mathematics</p> <p>Reviewed curriculum and developed learning outcomes/standards for Mathematics and Reading at primary level</p> <p>Developed national primary school timetable to regulate weighting given various subjects, with special emphasis on Mathematics and Reading</p> <p>Began diagnostics of the school feeding programme to determine coverage and efficiency</p> <p>Established School Boards in selected schools</p> <p>Established School Improvement Action Committees in selected schools</p> <p>Prepared community development plans in selected schools</p> <p>Reorganised and improved Resource Centre to support visually impaired students and trained its staff and teachers from the mainstream schools</p>	<p>communities</p> <p>Take measures to retain trained teachers</p> <p>Commence training of teachers in HFLE</p> <p>Continue implementing revised curriculum for Teacher Training</p> <p>Establish Learning Centres to facilitate training of teachers using distance education methods</p> <p>Begin system of ongoing school-based assessment in literacy</p> <p>Re-orient and train teachers to use new curricula methodologies</p> <p>Implement national primary school timetable, with special emphasis on Mathematics and Reading</p> <p>Begin literacy programme with a focus on HIV/AIDS for out-of-school youth</p> <p>Re-commence procurement of textbooks</p> <p>Implement recommendations of the diagnostic study of the school feeding programme</p> <p>Strengthen School Boards to encourage greater involvement of parents</p> <p>Provide training for PTAs</p> <p>Increase participation of community members in school decision making</p> <p>Develop special education module for teacher trainees</p> <p>Begin screening exercise for children with special needs in two regions</p> <p>Develop proposals to strengthen the Personnel, Finance and Management Information Units of the MoE</p> <p>Begin training programmes during the last quarter of 2004</p> <p>Pilot test preliminary versions of accounting, resource transfer, financial reporting and auditing procedures in six schools in two Regions</p>

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
Health	<p>Expand preventative care and reduce the incidence of the other occurring diseases</p> <p>Develop an up-to-date STI, HIV/AIDS database</p> <p>Provide medical care to HIV/AIDS patients</p> <p>Develop and implement sustained public awareness programmes on STI, HIV/AIDS</p> <p>Improving medical facilities and conditions of service to medical personnel</p> <p>Introduce market principles in the procurement of drugs and medical supplies</p> <p>Recruit and train workers to provide counseling in communities</p>	<p>Mounted regular immunisation programmes to combat malaria, filarial, DPT and other infectious diseases</p> <p>Established Presidential Commission on HIV/AIDS in 2002</p> <p>Established eight pilot sites to introduce prevention of mother to child transmission programme</p> <p>Manufactured and distributed antiretroviral therapy to HIV/AIDS patients</p> <p>Initiated public awareness and prevention programmes with the support of NGOs</p> <p>Continued development of Health Facilities Rationalisation Programme</p> <p>Began reconstruction of the New Amsterdam Hospital</p> <p>Increased training of medical personnel through introduction of Bachelors Degree in Nursing at University of Guyana, patient-care assistance programme and in-house training programme for doctors at the GPHC</p> <p>Increased allocations budgeted to procure drugs and medical supplies</p>	<p>Continue with immunisation programmes especially in hinterland communities</p> <p>Implement measures to reduce infant and maternal mortality rates</p> <p>Introduce a nutrition programme benefiting women and children in poor communities, in particular</p> <p>Strengthen the Adolescent Health Programme</p> <p>Implement recommendations arising out of deliberations of Presidential Commission on HIV/AIDS</p> <p>Expand pilot sites to test mother to child HIV/AIDS prevention in 10 additional centres</p> <p>Expand use of antiretroviral therapy to health centres</p> <p>Introduce routine use of Rapid Kits for HIV/AIDS testing at all health centres in 2004</p> <p>Begin construction of HIV/AIDS laboratory which will also cater for other diseases</p> <p>Develop institutional arrangements for programme monitoring and evaluation of the impact of HIV/AIDS programmes</p> <p>Strengthen capacity of NGOs and CBOs to respond to HIV/AIDS</p> <p>Continue to expand and deepen the public awareness programme on HIV/AIDS prevention</p> <p>Complete Health Facilities Rationalisation Programme and begin its implementation</p> <p>Complete reconstruction of the New Amsterdam Hospital</p> <p>Continue training of health personnel</p> <p>Take measures to retain medical personnel</p> <p>Improvement of regional health services through the formation of Regional Health Authorities</p> <p>Articulate a mental health policy and development of a work programme</p>
Water	<p>Create Guyana Water Inc to replace Guywa and GSWC</p> <p>Ensure effective regulation of water sector</p> <p>Expand water services to rural and</p>	<p>Merged GUYWA and GSWC into a single entity in order to maximize efficiencies of scale</p> <p>Expanded the responsibilities of the Public Utilities Commission to include the water sector</p>	<p>Maintain pricing and subsidy agreements to achieve full cost recovery</p> <p>Rehabilitate treatment systems and install water meters</p> <p>Continue to build the capacity of the PUC to regulate the water utility sector</p> <p>Rehabilitate and expand water facilities in interior towns and</p>

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
	hinterland locations	Constructed transmission and distribution pipelines within three main water systems Refurbished ground level and elevated storage reservoirs Began reconstruction of the Linden Water Treatment Plant	Implement Hinterland Programme to increase access to improved water supplies in remote locations Complete preparatory actions for Georgetown II Water and sewage Treatment Project and procure contractors
Sanitation	Increase access to improved sanitation	Signed Georgetown II Water and Sewage Treatment Project agreement and made progress towards conditionalities for disbursement of IDB loan	Complete reconstruction of Linden Water Treatment Plant Complete process to achieve initial disbursement from IDB and begin construction phase
Housing	Integrated approach to water, sanitation and hygiene in Hinterland Programme Strengthen shelter and land markets and facilitate potential homeowners	Agreed and funded Hinterland strategy and plan Implemented the Amended New Building Society Act to increase the limit of mortgage borrowing Established a Revolving Housing Fund for the construction of low income houses Reviewed house lot allocation system	Begin implementation of programme Complete infrastructure for 6,500 lots in squatter settlements Complete infrastructure for 14,500 lots in housing schemes Allocate 4,000 low income lots Process 16,000 titles
	Rationalise the divestiture of public land for sound residential settlement	Master plan for housing schemes and enforcement mechanisms ongoing Utilised Land Registry System to accelerate security of tenure	Complete database and modernise management structure to better serve the public, especially the poor
	Accelerate squatter and regularisation	Accelerated squatter regularisation process Developed infrastructure for housing schemes and squatter settlements	Continue utilisation of Land Registry System
Directly targeting the poor	Design a social safety net programme	Began review of social safety net options for vulnerable groups with the view of targeting populations affected by social restructuring	Strengthen the capacity of the MLHSS through improved systems, processes and training
	Secure additional financing for SIMAP and BNTF	Secured more than US\$27 million in 2002 for SIMAP and US\$9 million for BNTF to support Poverty Reduction Programmes	Implement SIMAP and BNTF programmes
	Review actuarial studies of the ILO Determine options of increasing social security benefits and provide recommendations for reforming the NIS	NIS considering the possibility of increasing the contribution rate in order to maintain the long-term viability of the scheme	Increase contribution rates to maintain the viability of the NIS
	Strengthen sector ministries and agencies to carry out PRSP implementation	Several ministries/agencies including MLHSS, Education, Health, Bureau of Statistics undergoing organisational restructuring and capacity building initiatives to strengthen their ability to implement provisions of the PRSP	Continue to strengthen the capacity of ministries/agencies to implement and monitor PRSP
		Developed work programmes of Thematic Groups Established Steering Committee involving ministries undergoing structural reforms	Continue to implement work programmes of the ministries Provide resources and support to allow Steering Committee to effectively contribute to the monitoring and evaluation of PRSP

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
<p>Infrastructure to support growth</p>	<p>Develop sea defence maintenance strategy</p> <p>Rehabilitate and maintain sea defence infrastructure</p> <p>Elicit community involvement in sea defence protection</p> <p>Maintain and improve infrastructure to support productive activities</p> <p>Improve capacity to carry out expanded D&I project</p> <p>Expand power distribution lines to rural areas</p>	<p>Strengthening of MIS units in MLHSSS, Ministry of Finance, Office of the President and the Bureau of Statistics</p> <p>Completed construction of 3,400 metres of earthen dam</p> <p>Began rehabilitation of 5 kilometres of sea defence works in several regions</p> <p>Rehabilitated about 100 road structures, including bridges and culverts</p> <p>Awarded contract for the Mahaica-Rosignol road</p> <p>Developed Routine Maintenance Management system</p> <p>Began implementation of 3-year maintenance contract for all paved roads</p> <p>Completed feasibility study of the Berbice River crossing</p> <p>Passed Aviation Security, Air Traffic Services and Accident Investigation Law</p> <p>Rehabilitated stellings at Adventure, Bartica and Wakernaam</p> <p>Repaired nine vessels of Transport & Harbours Department</p> <p>Completed El Nino project which focused on many D&I projects</p> <p>Installed irrigation pumps at several D&I stations</p>	<p>Continue to strengthen the management information system of MLHSSS, Ministry of Finance, BOS and other agencies</p> <p>Seek to mobilise additional resources and develop a sustainable maintenance plan</p> <p>Continue to rehabilitate sea defences to protect farm land and communities</p> <p>Complete over 300 road structures, including bridges and farm to market roads</p> <p>Begin construction of the Mahaica-Rosignol road</p> <p>Continue implementation of maintenance contract</p> <p>Complete 4-lane road between Harbour Bridge and Ruimveldt</p> <p>Complete Feasibility studies of the New Amsterdam-Moleson Creek Road and Southern Entrance to Georgetown</p> <p>Continue to maintain D&I projects</p> <p>Begin distributing power from Skeldon cogeneration plant to the national grid in 2005</p>

GUYANA: POLICY MATRIX FOR POVERTY REDUCTION STRATEGY, 2002-2005

POLICY AREA	STRATEGIES AND MEASURES	PROGRESS TO 2003	PLANNED ACTIONS: 2004-2005
Targeting regions with extreme poverty	Target specific areas essential in improving economic and social welfare	<p>Began implementation of the LEAP in 2002</p> <p>Rehabilitated economic and social infrastructure to support growth</p> <p>In Region 1, expanded extension services programme to cash crop production Rehabilitated roads to facilitate farm to market activities Built health centres in 3 villages Constructed primary school and teachers quarters in 3 other villages</p> <p>In Region 8, provided extension services to support farmers in agricultural activities; Began training Amerindians in the sustainable use of forest resources at Iwokrama International Centre Constructed health centres, primary school and kitchen and mess hall to improve access to health care and education</p> <p>In Region 9, provided extension services to farmers Established demonstration farms of organic cocoa and coffee Completed feasibility of the Guyana-Brazil Road Constructed school and teachers quarters in 10 villages and 5 health centres to improve access to education and health care</p>	<p>Continue to implement the LEAP Establish LEAP Business Incubator incorporating the Business Development Unit Continue training programmes for retrenched workers Implement programmes to support youth entrepreneurship</p> <p>Continue to rehabilitate social and economic infrastructure in Region 10</p> <p>Continue to expand extension services to farmers</p> <p>Continue to rehabilitate farm to market roads</p> <p>Rehabilitate 5 health centres, 4 primary schools, and 2 teachers quarters</p> <p>Continue to expand extension services to farmers</p> <p>Develop and seek marketing options of products produced in Region</p> <p>Rehabilitate 5 health centers, 4 primary schools and 3 teachers and medex quarters</p> <p>Continue to expand extension services to farmers Support farmers to own their own organic cocoa and coffee farms Rehabilitate 6 primary schools and 7 health centers Rehabilitate economic infrastructure to support poverty reduction</p>
Policy analysis in ministries and agencies	Improve data collection and coverage throughout government system	<p>Ministries of Education and Health are developing standard formats for data collection</p> <p>Work programmes of thematic groups are in place and their activities well coordinated providing an input in policy decision.</p>	<p>Implement standard formats and data collection throughout regions</p> <p>Implement and coordinate work programmes of thematic groups</p>
Effective implementation of Poverty Reduction Programmes	Develop institutional and organisational arrangements for the implementation of the PRSP	<p>Established PRS Monitoring and Evaluation Unit within the Office of the President Established Focal Groups on M&E in all relevant sector ministries Established Steering Committee comprising mainly civil society members through a participatory process Established Regional M&E Committees in five Regions through participatory consultation process</p>	<p>Conduct HIES in 2004 Develop content of M&E for Regional Committees Conduct workshops and consultations on PRS for communities Implement Economic Literacy Programme Establish PRS Information Centres in five Regions Design and implement M&E system for hinterland communities</p>

Guyana: Real Sector Output , 1999-2005

	1999	2000	2001	2002	Preliminary. 2003	Projected 2004	Projected 2005
	(In millions of Guyanese dollars)						
Nominal GDP (market prices)	123,665	130,012	133,403	137,748	143,842	153,666	...
Nominal GDP (factor costs)	105,095	108,086	112,218	117,762	123,261	131,692	133,909
GDP constant prices	5,426	5,353	5,474	5,537	5,501	5,640	5,628
	(Annual percent change unless otherwise specified)						
Consumer prices (average)	...	2.9	5.8	6.0	5.6	4.5	3.5
Consumer prices (end of period)	...	5.8	5.9	6.1	5.0	4.0	3.0
Exchange rate, G\$ per US\$(period average)	180.5	181.2	187.1	190.6	193.0	196.6	199.5
Exchange rate, G\$ per US\$(end-of-period)	177.6	184.8	189.5	191.8	194.3	198.9	200.1
GDP deflator (market prices)	11.2	6.6	0.3	2.1	5.1	4.2	...
GDP deflator (factor costs)	12.8	4.2	1.5	3.7	5.3	4.2	1.9
Real GDP growth at factor cost:							
Real GDP	3.0	-1.3	2.3	1.1	-0.6	2.5	-0.2
Of which:							
Excluding sugar	-1.0	1.7	1.9	-1.8	1.0	0.9	-1.5
Excluding gold	0.6	-2.1	2.0	2.1	0.6	3.5	2.9
Public sector real growth 1/	10.1	-4.9	2.2	6.6	-3.0	5.7	3.2
Private sector real GDP growth	-0.6	0.7	2.3	-1.7	0.7	0.8	-2.2
Private sector real excluding gold growth	...	...	...	...	3.2	2.1	2.8
Agriculture	13.1	-9.0	3.4	3.5	-1.2	6.0	3.6
Sugar	25.7	-14.9	4.0	12.0	-8.7	11.8	5.9
Rice	5.2	-19.3	10.0	-9.8	23.1	3.7	2.5
Other Crops	1.1	1.1	1.1	1.4	2.2	2.0	2.0
Livestock	1.8	4.5	2.6	5.0	4.0	2.0	2.0
Fishing	0.7	14.7	0.6	-3.6	0.0	0.5	1.0
Forestry	13.0	-16.4	3.2	-7.7	2.0	0.5	1.0
Mining and Quarrying	-8.4	5.9	4.2	-6.9	-8.6	-4.5	-29.4
Bauxite	-69.8	5.9	4.2	-6.9	14.0	10.7	9.0
Other	33.6	5.9	4.2	-6.9	-12.1	-7.6	-38.6
Manufacturing	13.9	-13.9	2.5	10.8	-2.0	3.2	3.2
Sugar	26.3	-15.0	3.9	30.2	-5.2	7.1	3.6
Rice	14.3	-21.9	12.0	-14.3	16.2	2.6	1.8
Other	6.6	-11.7	0.0	2.1	-2.0	0.0	3.2
Construction	-10.0	6.6	2.0	-3.9	5.8	3.5	3.0
Services	-0.7	5.1	0.9	0.4	1.1	1.4	2.0
Distribution	-7.9	5.2	0.5	-1.1	-2.5	2.0	3.8
Trans. & Comm.	2.0	7.1	5.4	4.5	5.0	3.0	3.4
Rental of Dwellings	-5.9	5.7	2.2	-0.3	3.0	0.5	1.0
Financial	1.9	3.0	-5.2	-1.0	1.0	1.0	2.0
Government	1.1	4.9	0.0	-1.0	0.0	0.0	0.0
Other	1.8	3.7	3.0	0.2	1.1	1.4	2.0

Source: Bureau of Statistics and Fund staff estimates and projections.

1/ Public sector comprises sugar, government services, and 70 percent of construction activity.