

GUYANA – European Community

**Country Strategy Paper
and National Indicative Programme
for the period 2002 – 2007**

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Glossary

ACP	Africa Caribbean Pacific
ACS	Association of Caribbean States
ALADI	Latin American Integration Association
BNTF (CIDA)	Basic Needs Trust Fund
CACM	Central American Common Market
CARICOM	Caribbean Common Market
CARIFOR	Caribbean Forum
CDB	Caribbean Development Bank
CET	Common External Tariff
CDE	Centre for Development Enterprise
CH&PA	Central Housing and Planning Authority
CIDA	Canadian International Development Agency
CSME	Caricom Single Market and Economy
DfID	Department for International Development
EBA	Everything But Arms (EU programme)
EC	European Commission
EDF	European Development Fund
EIB	European Investment Bank
EPA	Environmental Protection Agency
EU	European Union
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
GUYSUCO	Guyana Sugar Corporation
HIPC	Highly Indebted Poor Country (debt relief facility)
IDA	International Development Agency of the World Bank
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IPED	Institute for Private Enterprise Development
LDC	Less Developing Country
LEAP	Linden Economic Advancement Programme
NAFTA	North America Free Trade Agreement
NAO	National Authorising Officer (Guyana)
NDS	National Development Strategy
NGO	Non-governmental organisation
NIP	National Indicative Plan
OCT	Overseas Caribbean Territory (of EU member state)
OECS	Organization of Eastern Caribbean States
PRSP	Poverty Reduction Strategy Paper
PSC	Private Sector Commission
REPA	Regional Economic Partnership Agreement
RIP	Regional Indicative Plan
SAFTA	South America Free Trade Agreement
SIMAP	Social Impact Amelioration programme
SPS	Special Preferential Sugar (EU programme)
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

The Government of the Republic of Guyana and the European Commission hereby agree as follows:

1. The Government of the Republic of Guyana (represented by *<name and title>*), and the European Commission, (represented by *<name and title>*), hereinafter referred to as the Parties, held discussions in *<place>* from to with a view to determining the general orientations for co-operation for the period 2002 – 2007. In this process, the European Investment Bank was consulted.

During these discussions, the Country Strategy Paper and an Indicative Programme of Community Aid in favour of the Republic of Guyana were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000. These discussions complete the programming process in the Republic of Guyana. The Country Strategy Paper and the Indicative Programme are annexed to the present document.

2. As regards the indicative programmable financial resources which the Community envisages to make available to the Republic of Guyana for the period 2002-2007, an amount of € 34 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation) and of € 14 million for the allocation referred to in Article 3.2 (b) (B-allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.

3. The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The indicative programme under chapter VI concerns the resources of the A-allocation as well as uncommitted balances of former EDFs, for which no projects and programmes have been identified under the respective National Indicative Programmes. It also takes into consideration financing from which the Republic of Guyana benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.

4. The B-allocation is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. With the exception of an amount of 4.9 million Euro which is destined to finance the development programme identified following a request for aid under the Sysmin programme of the Lomé Convention but for which no financing decision could be taken before 31 December 2000, the B-allocation shall be triggered according to specific mechanisms and procedures and does therefore not yet constitute a part of the indicative programme. For the time being, only the programme to be financed under the Sysmin-allocation is included in the Indicative Programme.

5. Pending the entry into force of the Financial Protocol of the ACP-EC Partnership and within the framework of the present Country Strategy Paper and Indicative Programme, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of the Republic of Guyana within the limits of the A- and B-allocations referred to in this document and under the condition that sufficient resources are available in the general reserve of the eighth EDF. The

respective projects and programmes shall be implemented according to the rules and procedures of the eighth EDF until entry into force of the Financial Protocol for the Ninth European Development Fund.

6. The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 3 (a) and 4 of the Financial Protocol of the ACP-EC Partnership Agreement (see Paragraph 5.6 for further details).

7. In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Support Strategy and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken within two years and the end-of term review shall be undertaken within four years from the date of signature of the Country Support Strategy and the National Indicative Programme. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and performance.

8. The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the ACP-EC Partnership Agreement, will be regarded as definitive within eight weeks of the date of the signature, unless either party communicate the contrary before the end of this period.

Signatures

For the Government of the Republic of Guyana:

For the Commission:

PART A : CO-OPERATION STRATEGY

EXECUTIVE SUMMARY

Guyana is a thinly populated, low-income country with a per capita income of about US\$800. The country has an area of about 215,000 square kilometres and a population of about 800,000. Ninety percent of the population live and work in the narrow coastal plain that comprises only about 5% the total land mass. Over 80% of the economic activities are also concentrated along this coastal area that lies below sea level and is protected by sea defences. The interior is largely forested and uninhabited except for scattered communities of mostly Amerindians.

The economy of Guyana is highly dependent on the export of primary commodities – notably rice and sugar, bauxite and gold and some contribution from forestry and fisheries. The manufacturing base is very small and weak. The general trend of declining commodity prices since the early eighties has served to fuel poverty.

Over the past twenty years there has been a steady move away from a centralist command structure to one that allows market forces, encourages competition and supports the development of the private sector.

The government has developed a Poverty Reduction Strategy Paper (PRSP) in line with World Bank-IMF guidelines. Adoption of the PRSP qualifies Guyana for debt relief and the conversion of debt into the “E-HIPC facility”. Guyana’s first three NIPs were devoted to mainly infrastructural projects in sea defences, transport infrastructure and water. Funds were also given for structural adjustment most of which was spent on health and education. EC assistance has also sought to support the development of the private sector, most recently through an enterprise development project in a depressed mining town. Funding is also earmarked to give assistance to facilitate the development of low-income housing.

Guyana is allocated € 34 million under the A Envelope and € 14 million under the B Envelope. From the B Envelope, € 4.9 million concerning Sysmin resources, will be used to support the focal and non-focal sectors, which brings the total resources allocated to € 38.9 million.

After examining the PRSP and the programmes of other donors, and after taking full account of the previous programmes of the EC in Guyana and evaluating the EC’s strengths, the programme focuses on:

Infrastructure: sea defences and coastal strategy	€ 19.0	million
Macro-economic Support	€ 14,9	million
With a non-focal sector of:		
Transport Sector Study	€ 1.0	million
Support to Economic Actors:	€ 4.0	million
Total	€ 38,9	million

1 EU Co-operation objectives

In accordance with Article 177 of the Treaty Establishing the European Community, community policy in the sphere of development co-operation shall foster:

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- The smooth and gradual integration of the developing countries into the world economy;
- The campaign against poverty in the developing countries.

These objectives have been confirmed and reinforced in Article 1 of the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, which puts main emphasis on the objective of reducing and eventually eradicating poverty. Co-operation between the Community and Guyana shall pursue these objectives, taking into account fundamental principles laid down in Article 2 of the Agreement – especially the principle of encouragement of the development strategies by the countries and populations concerned - and essential and fundamental elements as defined in Article 9.

In their Statement on the European Community's Development Policy of 10 November 2000, the Council of the European Union and the European Commission determined a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value: link between trade and development; support for regional integration and co-operation; support for macro-economic policies; transport; food security and sustainable rural development; institutional capacity-building, particularly in the area of good governance and the rule of law. The Statement also specifies that in line with the macro-economic framework, the Community must also continue its support in the social sectors (health and education), particularly with a view to ensuring equitable access to social services.

The Treaty establishing the European Community foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organisations and during international conferences. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies affecting the developing countries. Furthermore, as laid down in Article 20 of the Agreement, systematic account shall be taken in mainstreaming into all areas of co-operation the following cross-cutting themes: gender issues, environmental issues and institutional development and capacity building.

The above objectives and principles and the national policy agenda presented in the next chapter constitute the starting point for the formulation of the present Country Strategy Paper, in accordance with the principle of national ownership of development strategies.

Guyana's Policy Agenda

A National Development Strategy (NDS) was drafted in 1996 and subsequently revised and updated in 1998 and 1999. The NDS has been acclaimed as truly participatory with over 200 professionals from government, civil society and the university contributing to a clear and comprehensive document. The final draft is awaiting adoption by the national assembly.

A second consultative process was started in 1999 when President Jagdeo organised a Business Summit to identify the obstacles to private sector development and measures required to accelerate private investment. The NDS and the Business Summit, together, set down the long-term policy agenda of the government for growth and poverty reduction. This resulted in the production of an interim-Poverty Reduction Strategy Paper (I-PRSP) in 2000. This paper required greater consultation, which was effected in 2001 through the Participation Action Plan (PAP). Many of the issues raised were incorporated in to the PRSP, programs were re-prioritised and sequenced and E (enhanced)-HIPC funds reallocated. The proposed allocation of the enhanced HIPC funds is as follows:

- 48% to the social sectors;
- 35% to finance infrastructure projects to support growth;
- 11% to support the private sector, investment, export promotion;
- 6% to institutional strengthening and
- 5% to special programs to reduce poverty in certain localities.

The main goals laid out in the Poverty Reduction Strategy are:

- I. Sustained economic expansion within the context of a deepening participatory democracy;
- II. Access to social services, including education, health, water and housing;
- III. Strengthening, and where necessary expansion, of social safety nets.

To achieve this the PRSP rests on seven pillars:

1. Maintenance of a sound macro-economic, trade and investment framework so as to improve the business environment, which will lead to broad based job-generating economic growth;
2. Environmental protection;
3. Stronger and better governance;
4. Investment in human capital with emphasis on basic education and primary health;
5. Investment in physical capital with the emphasis on better broader provision of safe water and sanitation services, farm-to market roads, drainage and irrigation systems and housing;
6. Improved safety nets;
7. Implement special intervention programs in those geographical areas where poverty levels are still high.

In the context of the HIPC exercise, over the next twenty years, US\$ 329 million of debt will be relieved and spent instead on the government's poverty reduction programme. This means that a portion of government revenue that would have been spent on servicing debt, can now be spent on an agreed social programmes that directly assists in reducing poverty. This assumes that the government is able to raise this revenue. Of this US\$329 million, US\$118 million is planned to be spent in the period 2002-2005, leaving a financing gap of US\$55 million over the four-year period. In order to fill this gap, Government has agreed to review the prioritisation and rescheduling of its public investment plan as well as to take measures to increase revenue. The PRSP was based on the government's National Development Strategy, a document put together after wide consultation, thorough research and consultation. The main goal of the PRSP is sustained economic expansion

within the context of a deepening democracy; the provision of social services; and the strengthening of social safety nets. The policy framework to achieve this will be to maintain a sound macro-economic, trade and investment framework and improve the business environment, which will then lead to a broad based job-generating economic growth. By 2010, it is planned that nearly all public enterprises will have been privatised.

Development depends on being able to balance funding to improve productivity in the traditional sectors of rice and sugar as it faces lower prices with greater international competition and investing in broadening, diversification of the economy.

The government's fiscal policy is based on increasing the revenue base and efficacy of collection. It also plans to control public expenditure. Public investment in the construction industry will contribute to growth in the next 4-year period and be an important source of employment. The reduced debt burden through enhanced HIPC, will enable the strategy to reduce inflation and improve external balances.

By 2004, nearly all public enterprises will have been privatised, and the number of commercial banks increased attracting a greater deposit of foreign remittances. The private sector will play an ever-increasing role.

Development of the economy depends on a twin track policy of improving productivity in the traditional sectors of rice and sugar to make them internationally competitive and, at the same time, diversifying into new sectors.

3 Analysis of Current Political and Economic Situation

3.1 Political Situation

The two major political parties are largely divided along racial lines with the East Indian and Afro-Caribbean communities as the main grouping. The PPP/C has the support of the larger East Indian community and the PNC/R has the support of the Afro-Guyanese community. After 28 years of government under the PNC, the ruling government party came to power after the 1992 election, retaining power since. Despite a good working democracy and free press, politically motivated civil unrest and sporadic outbreaks of violence are recurring obstacles to social and economic progress.

The riots that ensued after the elections of March 2001 created an environment of instability that threatened to seriously jeopardise investment and growth, social harmony and security – the very basis for successful delivery of the PRSP. A dialogue was opened between the President and the leader of the opposition in order to help restore stability and establish a framework for co-operation. The leader of the opposition recognised the need to end the violence and street protests. The President agreed to set up inter-party committees to look at the major issues which cover regional governance, access to housing and resources, broadening access to radio and the media, improving justice. The appointment of the Chief Justice is now to be agreed by the leader of the opposition and the President.

The agreement among the political leaders was an important start but much remains to be done to ease ethnic tensions. On the economic front, it will depend on the ability of the government to maintain high growth rates and a lessening of economic and social disparities. On the political front, success will depend on the ability of the government to broaden its political base, becoming more inclusive at the national, regional and local level. A peaceful future for the country requires a shift away from ethnic divisions to a more multiracial political environment.

The government realises that good governance, especially accountability, and transparency are essential for the restoration of business confidence. The government further aims to improve and encourage local government. It is also looking to overcome the deep political divide through an on-going dialogue process with the opposition.

3.2 Economic Situation

Major structural reforms, carried out in the nineties, have resulted in high rates of output growth and low inflation. Between 1992 and 1997, real output grew at around 7.0% per annum which resulted in an increase in per capita income from US\$430 to US\$750. Inflation declined from 100% in 1991 to around 10% per annum in 1993-1997. During this period, the country also benefited from a very favourable external environment - a strong market for exports, large inflows of private capital into forestry and gold mining, and assistance from the donor community for the rehabilitation of the economic and social infrastructure.

In late 1997 and 1998, economic activity slowed down because of adverse weather conditions, deteriorating commodity prices and political instability. In 1999, there was some recovery, but 2000 saw a further slump and growth in 2001 was a modest 1.9%.

Poverty levels have fallen among all ethnic groups but most of the gains have been concentrated in the more heavily populated coastal regions. Living conditions for the people in rural interior have shown little improvement.

ECONOMIC AND SOCIAL INDICATORS

	1996	2000
Population	836.600	863.000
Growth Rate	0.8 %	0.8%
Urban population (as % of total)	36%	38%
<i>Social Indicators</i>		
Infant mortality rate (per 1,000 live births)	60	57
Life expectancy at birth (years)	64	64
<i>Economic Indicators</i>		
GDP (current US\$)	\$705 million	\$717 million
GNI per capita, atlas Method (US\$)	\$750	\$770
GDP growth (annual%)	7,9 %	2,5 %

Inflation deflator	4	6,8
Foreign Direct investment (US\$)	\$74 million	\$48 million
Aid per capita (current US\$)	\$103	\$31

Source: World Bank

Agriculture: is the dominant sector in the economy. Rice and Sugar and the associated processing industries accounted for 34% of GDP in 1999 and provide employment for more than 30% of the working population. Liberalisation in the early nineties, stimulated increased production of both sugar and rice and contributed to accelerated growth up to 1996. Since then, adverse weather and curtailment of a loophole in Guyana's access to the EU rice market through OCTs has had a serious impact with knock-on effects onto the fragile financial sector. Both industries need to modernise and reduce their costs of production drastically as the under the Everything But Arms initiative, free access for rice and sugar originating in least-developed countries will be phased in between 2006 and 2009.

Annual Exports in thousands of tons

	1990	1996	2000
Rice	51,000	262,000	251,000
Sugar	132,000	257,000	270,000

Guyana Statistical Bulletin Sept 2000

In sugar, the government is keeping GUYSUCO under public ownership but is committed to provide both public and private sector investment to rationalise and modernise the industry and half its cost of production, bringing production up to an internationally competitive standard. The rice industry will depend mostly on private sector finance to modernise. For both commodities, new markets are being looked at and means to improve innate quality and add value explored.

Guyana has good fish resources. Per capita consumption of fish has grown from 9 kg in 1980 to 60 kg in 1998. Fisheries is an important sector contributing 6% to GDP and employing 4,800 people. Compliance to international standards is helping to increase market opportunities.

Industry and Mining: Guyana has rich reserves of bauxite, gold and diamonds. The policy is to sell off government interest in bauxite and encourage private sector development of this sector, which currently accounts for 14% of GDP.

Forestry: has reasonable prospects for growth with proper environmental monitoring. The government is pursuing sustainable logging practices allowing it to gain access to better markets.

Eco-tourism: The government and private sector are developing an eco-tourism strategy to promote Guyana as a tourist destination. The development of this sector will provide economic opportunities for Amerindians and the opening of the hinterlands.

3.3 Trade Policies and Trade Relations

The pattern of Guyana's trade has changed very little in recent years. The country's main trading partner remains the United States (24% of exports and 28% of imports), the EU - mainly the United Kingdom - (29% of exports and 13 percent of imports) and Canada (24% of exports and negligible

imports). Guyana's exports to Caricom countries average slightly more than 4% while imports, mostly petroleum from Trinidad and Tobago, averages 21%.

There is a significant unrecorded trade in clothes and consumer goods from neighbouring Brazil and Venezuela.

Guyana is highly dependent on trade because of its small economic base. The major exports are sugar, rice, gold and bauxite. Guyana is a high cost producer of both sugar and rice. Both these commodities have enjoyed preferential access to the lucrative EC market through special Lome/Cotonou protocols. Eighty five percent of the sugar is sold to the EC at 150% above world market prices, and 50% of the rice produced is sold at about 100% above the world market. The USA also extends limited preferences to sugar.

The EC preferences under the Cotonou Agreement will generally be maintained and even improved [Article 37:7] but as preferences are given to other developing countries, competition on EC markets increases. Thus, between 2006 and 2009 the "Everything but Arms" initiative (EBA) will allow free access to EC markets for sugar and rice originating in the least developed countries. Serious concerns have been expressed about the impact of the EBA on the prospect for export growth in Guyana and in the Caribbean economies. Guyana should therefore attempt to accelerate its diversification of its economy and at the same time improve the productivity of its rice and sugar sectors to be able to compete.

The European market will remain important for Guyana's exports during the preparatory period leading up to the EPAs (due by 2008), but Guyana will have to intensify the efforts to find new markets. It is looking to develop rice and sugar sales to neighbouring Brazil. It has increased its rice exports within Caricom.

Guyana participates in the WTO. It also participates in and is home for the regional grouping Caricom. Guyana is actively working towards implementation of a Caricom single market by 2005. Guyana is also participating in the negotiations to establish a Free Trade Area of the Americas (FTAA) by 2006. It has negotiated a free trade agreement with Brazil and is actively negotiating trade agreements with its other neighbours – Surinam and Venezuela. The government has requested the EC for assistance in preparing the Economic Partnership Agreement (EPA) envisaged with the EU under the Cotonou Agreement. The development of the transport infrastructure, in particular roads and ports, is seen as important in the development of new export markets, opening the interior of the country and sub-regional integration.

3.4 Social Situation

Guyana ranks 94 in the UNDP Human Development Index of countries, with an HDI value of 0.70. Analysis of poverty based on consumption levels shows that poverty has reduced significantly over the last 10 years, but still 35% are classed as poor and 19% as living under conditions of extreme poverty. The incidence of poverty is highest in rural and remote locations. The NDS programme will contribute to enhancing the access of the poor to health, education and adequate housing; increasing job-opportunities through the provision of micro-credit; and by formulating and implementing projects directly targeting the poor and poverty stricken areas.

The aim of the government is to heal the racial divide and create social harmony. To this end, a substantive dialogue has been opened with the opposition to develop a consensus on the major issues of contention. It is still too early to see how effective this process will be. It is vital though that a greater sense of stability and personal security is established if investment is to be attracted in and the small cadre of skilled professionals is not lost to the siren call of emigration.

Women are particularly effected by poor mother and child facilities and poor housing for female headed households. In the educational sphere, women appear to do as well as men.

The Government is much aware of the necessity to protect the environment. An Environmental Protection Agency (EPA) was established in 1996. It is looking to co-ordinate environmental efforts and improve the policy environment by better laws and monitoring. The Forestry Commission has been strengthened and laws tightened and efforts at more vigorous enforcement are being made.

Sustainability of current policies

Agriculture: Within the next 6 years Guyana will face falling prices for its rice and sugar as preferential tariffs are eroded. The natural reaction to globalisation is to invest more in sugar and rice to improve competitiveness rather than to diversify. The two industries are inter-linked in that poorer rice farmers often earn the bulk of their income from working on the sugar plantations. It is politically very difficult for the government to “privatise” GUYSUCO and seriously cut employment levels.

Mining: The government although committed to privatisation, has failed to secure a buyer for the Bauxite mine in Linden. Gold mining, entirely in the private sector, has grown and there is scope for further growth. The mines do cause localised pollution though.

Forestry and tourism: are two sectors that could grow. The potential for forestry depends on improved infrastructure development and accessing better markets and semi-processing. This necessitates investment which may well be forthcoming if the political climate is deemed to have improved. Eco-tourism has been developing. Growth prospects though are limited given the countries relative isolation and single product attraction – “rain forest” and lack of beaches.

Manufacturing and ITC: There is some, but limited scope, to process agricultural produce. Developing Information Technology based industries is an avowed aim of the government that requires investment in telecom, appropriate education and good networking. The government is depending on the private sector to develop this sector with the government playing a facilitation role only. For success, it needs to get ahead in training people in IT and then retaining them, as IT personnel are extremely footloose.

3.6 The Medium Term Challenges

The medium term challenges facing the country are:

- To maintain the present policies of sound fiscal and monetary management and to implement the wide range of policies and spending programs outlined in the PRSP. This will enable Guyana to benefit from the multilateral debt relief available from the enhanced HIPC initiative that is estimated at \$142.5 million between 2001 and 2005. The projected amount of debt relief does

not, however, fully cover the recurrent and capital costs of the programs included in the PRSP. In order to fill this gap, Government needs to implement the agreed review of the rescheduling and prioritisation of its public investment plan as well as measures to increase the revenues.

- To maintain and improve the economic infrastructure to create the conditions for future economic growth. This includes the rehabilitation of the sea defences which protect the coastal strip, where 90% of the population live and where most of the economic (mainly agricultural) activity takes place.
- To create jobs and reduce the income and social disparities that fuel civil unrest and political instability.
- To overcome the shortage of competent professionals in government service and in the private sector. Measures to address the brain drain from Guyana and the acute shortage of skilled professionals need to be developed.
- To preserve the environment, reconciling the needs of economic development with the long-term need to preserve and nurture the fragile eco-system on which Guyana depends.
- To enhance the country's productive capacity through investment in modernising the sugar and rice industries.
- To lay the foundation for the longer-term needs of the economy. Future economic growth will depend on the country's ability to develop new products (economic diversification), in new locations (regional development) and to find new export markets (regional integration).

Assessment of Past and on-going Co-operation

4.1 EC Development Co-operation

Since the Lomé I Convention to the Lomé IV bis Guyana has been allocated € 262 million under the various funding mechanisms (see table below).

The EC assistance program to Guyana under the NIPs has concentrated on:

- Sea Defences: rebuilding of critically damaged and destroyed sections
- Transport infrastructure: developing trans-coastal communication in the form of rehabilitating roads, ferries and bridges. (some from the regional fund)
- Social infrastructure: Putting in new Water supply systems
- Private Sector development: Providing funding to Private Sector Commission, and skills training through the Guyana Training Agency.
- Support to good governance and democracy at the elections
- Use of SASP funds to give budgetary support to the Social Sector, mainly in Health and Education.

The European Investment Bank has focussed under the 3rd and 4th Lome Conventions on the bauxite sector, support to investments to small and medium scale enterprises through global loans and water supply.

The total allocation of EC funds in Guyana have been (in € million):

Lomé	I	II	III (6 th EDF)	IV (7 th EDF)	IVbis (8 th EDF)
National ind. Programme	12.8	14.6	22.1	32.8	32.0
EIB loans					
Loans				7.8	
Risk capital	3.2	4.0	4.0	13.3	21.9
Sysmin		34.5		5.0	
Food Aid	0.7	3.8	4.3		
Structural adjustment support				8.5	11.0
Debt relief				6.4	
Other (AIDS, Emergency aid, damages compensations)		0.5	0.3	0.1	
Environment and NGO budget lines					4.1
From regional funds			1.2	12.3	0.8
Total	16.7	57.4	31.9	86.2	69.4

4.2 Lessons from past EC Projects and Programmes

The rehabilitation of the sea defences has made an important contribution in protecting the inhabitants (often the poorer sections) close to the shore. It has also served to protect the main agriculture area of Guyana. As a result, serious incursions have greatly reduced. Nevertheless there is still a backlog of needed maintenance as fresh areas deteriorate. A critical mass of investment is required to reverse this trend and to build local capacity to maintain the network. The quality of work done so far has been good, and the government feels that European contractors have the requisite skills.

EC investments in the transport sector (Bridges and ferries) have assisted in rehabilitating and developing critical points in the transport network. Evaluation reports indicate that more attention should be given to ensuring that maintenance will be sustainable.

The EC has assisted in water provision at three sites. Reviews have found the work to be quite satisfactory.

The structural adjustment programme (SASP) was evaluated in 1999 and again in 2001. The evaluations concluded that the programmes set up with counterpart funds were implemented reasonably well. The selection of projects in remote areas was a contributing factor to poverty alleviation and it resulted in the rehabilitation of useful infrastructure in health and education sectors. The project suffered however from the absence of an in-built monitoring and evaluation system that would have given easier access to information on advancement and effectiveness. The 2001 report advised that “a technical assistance cell in the Ministry of Finance could have helped to avoid these problems”.

4.3 Co-ordination with Other Donors

The major multilateral donors in Guyana are IDB, followed by the EC, IDA, CDB and UNDP (see Annex II). The major member state donor is the UK. The other important bilateral donors are USAID and CIDA. There has also been some aid from China in the energy sector.

The IDB is by far the biggest lender and The EC is the next biggest Donor and the most important source of grant money.

There has been good sectoral donor co-ordination in the water and education sector and with regard to sea defences. Through joint efforts and consultations over the PRSP process, donors are achieving more effective co-ordination. The donor matrix showing planned commitments over the next five years is given in Annex II.

The EC Response Strategy

5.1 Principles and Objectives

The objectives of the EC assistance program to Guyana are the reduction of poverty and the promotion of sustainable development. The following provide the framework for selecting the areas of concentration for the 9th EDF:

- The Poverty Reduction Strategy Paper (PRSP);
- The medium term challenges (paragraph 3.6);
- Activities undertaken by other donors;
- Past experience in EDF Project.

5.2 Priority Areas

The two areas of concentration proposed for the 9th EDF are:

- Infrastructure: Sea Defences and coastal management and
- Macro-economic support

Both of these programs would receive project and/or budgetary sector support.

Outside these areas of concentration assistance is proposed for:

- Transport sector planning
- Support to Economic Actors:
 - Strengthening the NAO office
 - Micro-project programme

5.3 Infrastructure: Sea Defences

The rehabilitation and maintenance of the sea defences are given high priority in the PRSP under the fifth pillar (see chapter 2). It also addresses the second Medium Term Challenge as mentioned under paragraph 3.6. The sea wall is critical to safeguarding the investments in infrastructure and improved agricultural production in the coastal belt where 90% of the population live. It serves to protect the poor who often live close to the sea wall and whose livelihoods depend on agriculture (mainly rice and sugar). Based on the 1999 living conditions survey it can be concluded that sea defences protect an estimated 200,000 people classified as poor or 25% of the population. Without continued rehabilitation and maintenance, serious episodic inundation will be experienced in the future and there are hardly alternatives for settlement in higher areas.. The investments over the past 10 years funded by the EC, IDB and CDB in improving the sea defences has already reduced the number of serious breaches dramatically but more work has to be done. The IDB had been committed to implement a coastal zone management project, but have shelved it given the EC's strong presence in the sector. Therefore the government is particularly keen that the EC should continue their support.

The Sea Defence project under the 9th EDF will add to and deepen the € 20 million project currently under implementation and build on the EC's considerable expertise and experience in this area. The emphasis will shift from only rebuilding sea defences to include a program of sustainable maintenance support. This would help to build local capacity to maintain the network and to create jobs. The new approach will include an assessment of alternative coastal management strategies, including re-introduction of groins and re-establishment of foreshore mangrove. In the long-term, climate change will probably induce a rising sea level. Therefore there is also a need to study the effects of sea-level rise on the coastal defences. Such a study would form the basis for planning the location of future infrastructure development.

5.4 Macro-economic support

Guyana having developed a Poverty Reduction Strategy is particularly focused on the provision of social services and social infrastructure and is covers by the forth pillar of the PRSP. Forty eight percent of the E (enhanced)-HIPC funds are earmarked for the social sector. The breakdown of the planned expenditure in Priority Sectors 2002-2006 by sub-sector is given below.

Poverty Reduction Strategy:

(in millions of Guyana dollars; € 1 = 167 Guyana Dollar - April 2002)

Sector	Recurrent	Capital
Education	20,081	57,307
Water and Housing	11,268	6,162
Health	4,697	27,256

Education has the highest priority and is well supported by donors (see Donor Matrix –Annex II). The provision of safe water is also well covered by donor funding. It is planned that by 2007, 95% of the population will have access to safe water.

The provision of low cost housing sector has had little assistance and is now receiving donor funding from IDB (\$27 mill) and from 8th EDF (€ 9.5 million). The government has increased the emphasis on housing since the Interim PRSP and is looking to put more resources to clear the pent-up demand. Twenty percent of the population of Georgetown are classified as squatters. The relative deprivation felt in these areas has contributed to ethnic division and insecurity. It was one of the major issues raised by the opposition in talks with the governments after the election and got greater emphasis in the PRSP compared to the I-PRSP. The government has therefore made the acceleration of a housing programme of vital concern.

The health sector has no significant funds committed by donors (some support to the HIV/AIDS Programme and limited general support) and is entirely dependent on the E-HIPC money being made available. The rural areas and the poor are least well served. Priority actions under the PRSP will include increasing access to quality health care by the poor, improving the conditions of service of health care personnel, and taking measures to reduce the prevalence and incidence HIV/AIDs and reducing malnutrition. The Ministry of Health is currently producing a sector plan for 2002-2006, based on better accounting principles and standardised costs. Critical in achieving these goals is recruiting more staff (in the regions understaffing ranges from 25% to 50%) and providing adequate training, salaries and incentives. It also involves better materials management to ensure drug availability and recruitment of suitable technicians to operate new technologies.

It is envisaged that the Macro-economic support could be general support or targeted in the social sector. This decision can be taken at a later point. Review of economic support would look at outcomes in the social sector – in particular housing and health sector would be the main area of focus as education and water are well covered by other donor funding.

5.5 Support outside the Areas of Concentration

There is a need though for a coherent transport strategy, so that investments can be prioritised more effectively. The EC has institutional experience in developing such strategies and expertise it can bring to bear. The EC would fund a study to develop a transport strategy with a view to the development of a Road/Transport Authority.

In the public sector, assistance would be comprised of support to the institutional strengthening of the NAO's office. Strengthening its capacity to audit and monitor projects so as to increase transparency, improve implementation by providing feedback and expediting execution. This is particularly important in administering budgetary support effectively. It should build on the work already achieved under the CIDA support, which was set up to improve government financial management and monitoring in general.

In the private sector, a micro-projects programme will fund civil society organisations through matching funds to empower them to carry out programs that reduce poverty and produce social benefits to communities. Consideration may be given to strengthening existing programmes. Assistance to communities to develop micro-projects is consistent with the governments aim to increase community participation in poverty programmes. The consultation with civil society for this CSP found strong support for the notion of the EC giving direct support to micro-projects with a poverty focus.

5.6 The European Investment Bank

The Bank's assistance to Guyana under the Cotonou Agreement is likely to continue to focus on private sector development and reinforcement on key economic infrastructure. Demand for investment finance from small- and medium-scale enterprises in the private sector is potentially strong, but constrained by lack of suitable financial intermediaries to reach these clients. Basic infrastructure remains insufficient, particularly in electricity production and water supply, but good opportunities for improvement may come up since the power company has been privatised and water utilities are subject to a major programme of institutional reform.

5.7 Coherence with Community Policies

There are obvious linkages between the proposed response strategy for Guyana and the development policies of the Community. The strategy is consistent with Article 177 of the EU Treaty. Two of its principle objectives are poverty eradication and sustainable development. Providing adequate protection against the flooding of areas where the country (impoverished) population lives and where the economic development is to take place as well as providing housing and health to the poorer segment of the population meets these objectives.

Coherence with other EC policies (trade, agriculture, environment, fisheries etc.) relevant for Guyana will be assessed on a permanent basis. Specific attention will need to be given to trade, in view of the substantial exports of sugar and rice. In this context NIP resources may be used to complement resources from the RIP, budget lines and trade specific operations, according to the needs and availability of funds. In particular, this may refer to efforts by Government departments and Non State Actors to prepare for the establishment of a coherent trade policy framework, with emphasis on preparing for the EPA and on WTO, and assistance for capacity building for carrying out negotiations in a regional and multilateral context and on implementing the accompanying trade policy and structural reforms. Guyana's trade policy will be reviewed by WTO. The results should, where appropriate, feed into the Response Strategy.

PART B : NATIONAL INDICATIVE PROGRAMME

6 Indicative Work Programme 2002-2007

6.1 Introduction

Within the framework of the present Country Support Strategy (Part A) and according to the provisions of Article 4 of Annex IV of the Cotonou Agreement, the Parties have agreed on the main priorities for their co-operation (see Chapter 5) and on the sectors on which Community support will be concentrated. A detailed Indicative Programme, including a set of tables on commitment and disbursement forecasts as well as a preliminary chronogramme of different activities is presented hereunder.

Amounts mentioned in this chapter indicate the global repartition of funds between the focal sectors, macro-economic support and other programmes. This repartition can be modified in the context of operational performance or ad hoc reviews.

6.2. Financial Instruments

The EC Country Support Strategy for Guyana will be financed through different instruments with following indicative allocations:

6.2.1 9th EDF A-allocation (€ 34.0 million). From the B-allocation € 4.9 million concerning Sysmin resources will be used to support the focal and non-focal sectors, bringing the total resources allocated to € 38.9 million for the following purposes.

Focal sector 1. Infrastructure: sea defences and coastal management. Total amount € 19 million or 49 % of the programmable resources.

Focal sector 2. Macro economic support. Total amount € 14.9 million or 38 % of the programmable resources.

Other programmes outside the focal sectors Total amount € 5.0 million or 13 % of the programmable resources.

Balances from previous EDFs at the date of entry into force of the Financial Protocol as well as decommitments made at a later stage, will be added to the above mentioned indicative allocation. These funds will be used for projects and programmes already identified under Indicative Programmes of preceding EDFs, for which no financing decision was taken before the entry into force of the 9th EDF. Remaining balances should be used to support projects and programmes in line with the priorities set out in this Indicative Programme.

6.2.2 9th EDF B-allocation (€ 14.0 million) This envelope includes € 4.9 million from 8th EDF Sysmin resources allocated to the focal and non-focal sectors above. These funds may be used under the programmed activities as listed above. The remainder is to be used for

unforeseen needs such as emergency assistance where support cannot be financed from the Community budget, contributions to internationally agreed debt relief initiatives and support to mitigate instability of export earnings.

- 6.2.3 Apart from the above-mentioned financial instruments, of which the A-envelope is the main programmable basis for the Indicative Programme, the 9th EDF also includes the "Investment Facility" as a financing instrument managed by the European Investment bank. The Investment Facility does not form part of the Indicative Programme.
- 6.2.4 Specific actions could be financed via budget lines, inter alia, in the areas of decentralised co-operation, NGO financing, human rights and democracy, disaster prevention and humanitarian and emergency assistance. These are subject to specific rules and regulations and depend on availability of funds. Guyana can also benefit from the Regional Indicative Programme or from trade specific operations, according to needs and availability of funds. Specific activities may be supported through the Centre for the Development of Enterprise (CDE).

6.3 Focal Sectors

- 6.3.1 Infrastructure: sea defences and coastal management. For indicative purposes, approximately € 19.0 million shall be reserved for this sector. The major interventions foreseen are:
- Reduction of the length of the sea wall which is classified as in critical condition (estimated 20 km) by approximately 40 % thus providing protection to housing and agricultural land.
 - Putting in place a sustainable management system.
 - Developing contingency plans for higher tide levels due to global warming.

The Government of Guyana is to raise adequate funding to allow for effective maintenance.

- 6.3.2 Macro-economic support. For indicative purposes, approximately € 14.9 million shall be reserved for this sector.

Budgetary support would either be general or targeted on the social sector. If targeted, on the social sector support is envisaged to:

- a) Low income housing in accordance with the priorities of the PRSP taking into consideration the absorptive capacity of the sector.
- b) The Health sector

The budgetary support would be on a three-year basis and then reviewed. The programme would be implemented in full consultation with other donors giving budgetary support and would be carefully monitored by the strengthened NAO's office.

The situation will be assessed at the moment of project preparation according to the Guidelines concerning EC Budgetary Support, which provide criteria for the decision whether support should be targeted or non-targeted. At the time of project preparation, it will also be decided

how the funds will be divided between the two sectors (housing and health) taking into account the relative needs at the moment and the absorptive capacity of the sectors.

Proper monitoring indicators will be identified and developed with the government and other concerned donors. Part of the allocation for macro-economic support may be used to develop these indicators.

6.4 Other Programmes.

An indicative amount of € 5.0 million has been reserved for the following purposes:

- To develop a comprehensive Transport Sector Strategy for future development and investment and assistance in institutional strengthening, sector reform and legislation in this sector, if required.
- Support to the NAO Office to enhance project preparation and implementation.
- A Microproject Programme to assist in the implementation of sustainable self-help projects at grass-root level.

6.5 intervention framework

Infrastructure: Sea Defences

	Performance indicators	Sources of Verification	Assumptions
Long term national sector targets: Economic growth and poverty reduction through assured protection of the coast from the sea	<ul style="list-style-type: none"> • GDP • Value added in agriculture • Investment in agriculture • Property insurance rates • Damage to infrastructure averted 	Statistics: - National accounts statistics - Agricultural Production stats.	
Intervention objective Improving the sea-defences and their maintenance	Length of seawall in good and serviceable condition	Ministry of Public Works	
Results <ul style="list-style-type: none"> • Study of effects of sea level rise on infrastructure and economy completed • Planning, Accounting and reporting consistent with requirements for Budgetary support. • Life of sea-wall effectively extend • Capacity for effective maintenance system in place • Financing of maintenance activities secured in a sustainable manner • Alternative means of coastal defence evaluated 	<ul style="list-style-type: none"> • Number of staff trained • Length of sea-wall rehabilitated • Financial procedures in place to carry out mtce • Annual estimate for maintenance required • Alternative sea defence measures being tried out 	Ministry of Public Works	<ul style="list-style-type: none"> - Sea level does not rise in the period - There are sufficient trained staff to carry out the work - Govt. develops adequate funding for sustainable maintenance -

Macro-economic Support (to Social Sector)

	Performance indicators	Sources of Verification	Assumptions
Long term national sector targets: Poverty reduction	Distribution of wealth stats. Employment Stats Migration stats	- Govt. Statistics - Monitoring of budgetary execution - Reviews by IMF and IDB	
Intervention objective To assist the government in meeting its budgetary objectives as set out in the PRSP	Govt expenditure Size of funding gap		
Results PUBLIC FINANCE MANAGEMENT <ul style="list-style-type: none"> • Planning, Accounting and reporting consistent with requirements for Budgetary support • Increase in qualified govt. professionals HOUSING <ul style="list-style-type: none"> • Poor people have better access to housing • Crime rate reduced • Reduced ethnic tensions • Management capacity in CH&PA strengthened HEALTH <ul style="list-style-type: none"> • Development of a strategic health sector plan • Reduction in mother & child mortality in regions • Improved conditions of service for medical staff • Reduction illness and death from major diseases • Increase in average life-expectancy in regions • Reduction in deaths by major diseases 	<ul style="list-style-type: none"> • Selection system Number of houses built each year • Number of poor people housed in new houses • No of poor people given housing lots and obtaining mortgages • Crime reduced • Political reports • No of houses built by govt, NGO and private sector • Regular & Proper reporting and monitoring reports - Strategic Health plan - Targets in reduced mortality met - Staff turnover; change in benefits	- Govt. statistics bureau - Inter-party Parliamentary Committee on housing - NGOs - Other Donor reports - NAO office reports Ministry of Health Ministry of Health	- PRSP adopted and budget implemented according to schedule - Adequate impact monitoring indicators developed to trigger funding

6.6 timetable of activities 2002-2007

(Amounts in € million)

Titles	Amounts	Identification	Appraisal	Financing Decision
Sea Defences	19.0	May 2003	Nov 2003	Feb 2004
Transport Sector Study	1.0	Jan 2003	Apr 2003	Aug 2003
Social Sector	14.9	May 2003	Nov 2003	Feb 2004
Support NAO	1.0	Jan 2003	Apr 2003	Aug 2003
Micro-projects Prog	3.0	Jan 2003	Apr 2003	Aug 2003

Indicative Commitments Timetable 2002-2007

Guyana	Indic Total	2002		2003		2004		2005		2006		2007	
		2 nd	1 st	2 nd									
Sea Defences	19,0				19,0								
Transport Sector Study	1,0			1,0									
Macro-econ support to Social Sector	14,9				14,9								
<i>Support to economic actors</i> NAO office	1,0			1,0									
Micro-projects Program	3,0			3,0									

Indicative Disbursements Timetable 2002-2007

Guyana	Indic. Total	2002		2003		2004		2005		2006		2007	
		2 nd	1 st	2 nd									
Sea Defences	19,0				0,50	2,75	2,75	2,70	2,70	2,45	2,45	2,45	
Transport Sector Study	1,0				0,20	0,40	0,40						
Macro-econ support to Social Sector	14,9	0,10	0,20		0,10	1,60	2,42	2,42	2,42	2,42	2,41	0,81	
<i>Support to economic actors</i> NAO office	1,0			0,12	0,12	0,12	0,12	0,13	0,13	0,13	0,13		
Micro-projects Program	3,0			0,50	0,50	0,50	0,50	0,50	0,30	0,10	0,10		

ANNEX I

Map of Guyana



Scale: 800 767 0000000 7-91

ANNEX II

DONOR MATRIX

The Donor matrix is shown in the following pages, indicates that the proposed EC response strategy would complement the assistance to be provided by other donors over the next five years. Donor commitments are only firm for the next two years and there is a large funding gap for the later years of the PRSP. The government's request for donor support is guided by the need to mobilise additional external assistance to implement the PRSP.

The IDB is the largest donor in Guyana with investments in all the priority sectors: housing, transport and also sea defences. However, IDB is not planning further work in the rehabilitation of the sea defences beyond the commitments already made. The CDB has lent money for West Coast Berbice sea defences, but no further funding is planned. The housing sector will receive support from the IDB and the EC under the ongoing 8th EDF but there remains a considerable funding shortfall given the ambitious targets of the government.

The major EU member state donor is the UK. They are a leading donor in assistance to education and water. They also hold a strong brief in institutional strengthening especially in the Forestry Commission and governance and public sector reform. They are actively involved in helping the process of privatisation in the electricity industry and more recently in the private management of the water industry. Germany has been assisting in the Environmental sector with its support to the Guyana Resources Agency.

The other major bi-lateral donors are USAID and CIDA. USAID's focus is governance and private sector development to expand economic opportunities for the Urban and Rural poor. Their main funding (\$5 to \$10 million annually is their commodities import program). CIDA has been supporting good governance programs, environmental projects and education. It is also expected to provide further assistance to the fishery sector. Some support is also given to support the private sector.

The CDB lends to a broad range of mainly infrastructural projects

DONOR MATRIX:
Approximation of Donor Commitments 2002-2006

Donor/Lender	Economic Development		Social Development		Productive sector		Thematic / cross cutting issues	
		€ mill		€ mill		€ mill		€ mill
GRANT EU and member states								
EC 8 th EDF	Regional Enterprise development in Linden (LEAP) 2002-2009 Guyana Training Agency	11.3 1.8	Low income Housing SASP SUPPORT	10.0 any?	7 Sea Defences Transport and communication	20.0 1.8	Environment	2.0
EC (proposed 9 th EDF)			Low income housing Strengthening NAO office	13.9 1.0	<i>7.1.1.1 Sea Defences</i> <i>7.1.1.2</i> <i>7.1.1.3</i> <i>7.1.1.4 Transport Strategy study</i>	20.0 1.0	Micro-projects	3.0
DFID *	CARICOM contribution to regional negotiating machinery Privatisation	2.2 6.4	<i>7.1.1.5 Education</i> Water Programme	22.2 16.7	Natural Resource research station Forestry sector	6.4 7.7	Reform of agric land tenure Good governance	8.0
GERMANY (KfW/GTZ)							Tropical Forest protection Improved mgmt of NR	2.8 0.9

* Dfid Guyana advise that these figures overestimate their commitment by about €10 mill or 20%.

Donor/Lender	Economic Development		Social Development		Productive sector		Thematic / cross cutting issues	
		€ mill		€ mill		€ mill		€ mill
GRANT (continued)								
CIDA (Canada)	Guyana Business Advisory Program	3.5	Guyana Basic Education Teacher Training	3.4	Various Fisheries progs	6.4	Guyana Environmental Capacity Dev. Prog.	2.9
	HRD for Economic Competitiveness	3.7	STI/HIV/AIDS & TB control	3.3	Interim Forestry Project	2.8	Other	3.6
			Social Infrastructure Project	6.9			Caribbean gender equality	0.7
			Community capacity project	3.6				
UNDP	Micro-enterprise support	1.0	Health materials	0.2	Small farmers educ (FAO)	.06	Various governance	1.0
			Squatter regularisation	0.01			Environmental	0.7
OTHER UN			UNESCO various educational	2.0	WFP Agric. Rehabilitation	2.2		
			UNFPA HIV/AIDS project	2.2				
OTHERS			Education support	0.4	OAS and IICA various support to agriculture	0.6	OAS governance and election support	0.1
USAID	Private Sector Working group (with all donors) Economic Growth	8.0	AIDs programme	1.1			New Democracy and governance programme	8.0
	PL480 commodities import program	35.6					Bio-diversity prog.	0.9

Donor/Lender	Economic Development		Social Development		Productive sector		Thematic / cross cutting issues	
		€ mill		€ mill		€ mill		€ mill
LOAN								
EIB	Guyana Power & Light IPED	20.0 1.0	7.1.1.6 Water supply loan (Rose Hall)	9.2				
IDA	Financial sector and business environment Financial and Private sector	9.13	Restructured Water Supply Project Secondary Educat'n Project	19.5 19.0			Public Admin Project Public Sector Reform credit	13.2 21.0
CDB			Basic Needs Trust fund Guyana Water rehabilitation Poor Rural Comm-unities Support	2.2 9.7 5.6	Drainage and Irrigation Linden Highway Berbice Sea Defence	5.6 11.4 8.2		
IDB	Financial sector adjustment prog Electricity sector Agric sector Air transport sector	42.2 50.0 37.7 22.2	Georgetown Waste Disposal Urban Develop. Programme <i>Low Income Shelter & settlement prog.</i> SIMAP III Education & admin management support Nutritional Program	44.4 27.7 30.0 55.5 51.5 5.6	Rural access roads Rehab of main roads Rehab Mahaica-Rosignol Road Bridges rehab Air transport progr. Emergency rehab of water & sewage G'town Georgetown potable water supply Agricultural Sector	12.2 25.5 31.1 48.3 10.8 2.4 33.3 35.5	Public Sector Modernization Prog. Environmental improv. Georgetown	27.7 16.6

Source: Discussions with British High Commission, CIDA, USAID, IDA, UN, and IDA

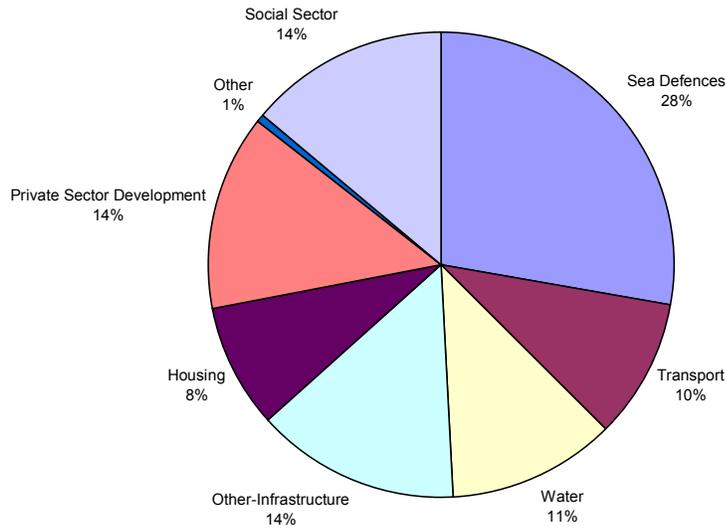
Also Guyana: External Financing, GFY 2000 Indicative Commitments, Disbursements and Projections, July 2001

7.1.2 ANNEX III : TABLES AND FIGURES

7.1.3 Allocation of EDF Funds 1975-2000

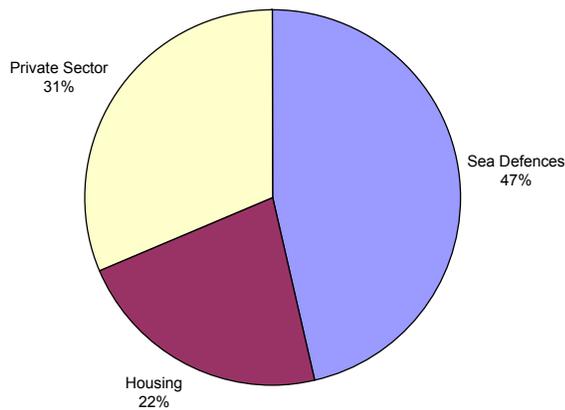
€118 million

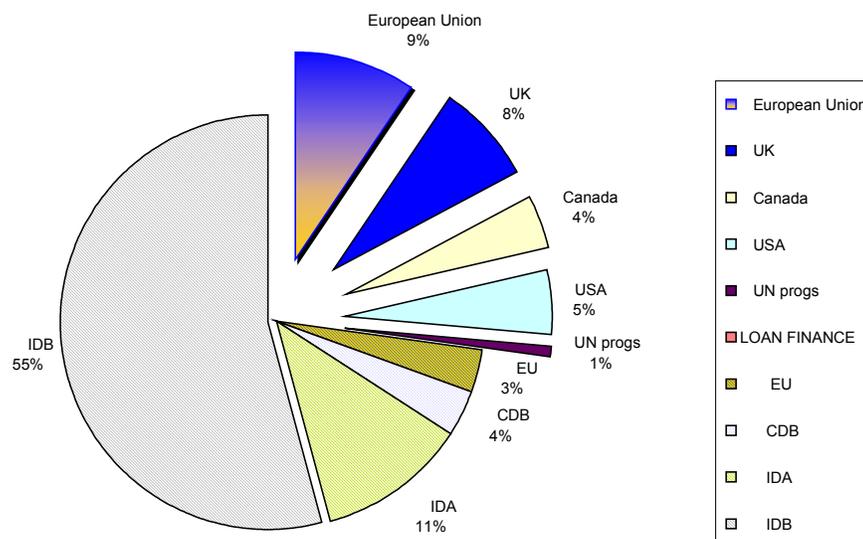
7.1.4



8 Allocation of on-going 8th EDF projects

€43 million





9 Indicative Commitment of Donor Funding

Loan Funds <i>Shaded area</i>		Grant Assistance <i>Exploded area</i>	
	€ mill		€ mill
EU	31	EU	96
CDB	40	UK	80
IDA	117	Canada	41
IDB	555	USA	53
		UN progs	10

Source: External Financing, 1998-2000. Indicative Commitments, Disbursement and Projections
The World Bank, Caribbean Country Management Unit July 2001

9.1

9.2 Table: Composition of Guyana's Transport Network

Mode	Classification
Roads	936 km paved roads 816 km feeder roads 1,120 km all weather roads 1,104 km earthen trails 3,976
Rail	98 km (mine railway)
Airports	1 international 46 strips
Maritime	General cargo seaport Georgetown Bulk loading facility, Bartica, Linden, New Amsterdam and Parika
River	6,000 km navigable waterways

9.2.1.1.1 ANNEX IV

9.2.1.1.2 GUYANA:

9.2.1.1.3 QUANTITATIVE GOALS OF THE POVERTY REDUCTION STRATEGY

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Population below the national poverty line (%)	35.1	35.1	34.9	34.0	33.1	32.2	31.4
10 Enrolment and literacy									
% of primary school entrants reaching Grade 6	82.1	63.2	83.4	83.4	83.5	84.6	85.7	86.9	88.2
Repetition rate (secondary)	14.2	13.3	13.0	12.9	12.6	12.3	11.2	10.1	9.5
Student/trained teacher ratio (primary)	55:1	55:1	54:1	54:1	53:1	53:1	52:1	50.1	48.2
Student/trained teacher ratio (secondary)	35:1	36:1	36:1	37:1	36:1	35:1	34:1	33.1	31.5
Gross nursery school enrolment	70	79	88	87	87	88	90	91	93
Gross primary school enrolment	105	109	110	110	107	105	102	100	100
Gross secondary school enrolment	65	68	60	62	65	68	70	72	74
%Trained teachers in secondary schools	56	57	56	55	56	57	60	62	64.5
%Trained teachers in primary schools	50	51	50	49	49	52	55	58	61
Number of CXC passes	57 3	37 246.9	46.7	51.4	52.5	55.5		58	62
10.1 Health and nutrition, sanitation									
Infant mortality rate (per 100,000)	59	58	58	57	56	50	47	45	42
Maternal mortality rate (per 100,000)	190	190	190	188	187	170	150	145	130
1 year olds immunised against measles	82.0	93.3	85.0	88.9	90.2	93.3	95.5	97.1	97.1
1 year olds immunised against DPT	88.0	90.0	83.0	85.6	88.2	90.2	90.8	91.3	92
% of population with access to health service	88.5	89.2	89.8	90.4	90.5	92.5	93.7	93.8	94.0
%of pop. with access to adequate sanitation	88.5	88.3	88.3	88.4	89.2	89.4	90.1	92.1	93.2
Number of reported cases of AIDS	115	222	237	248	227	225	220	210	205
Reported cases of AIDS among women (15-45 cohort)		45	74	95	112	100	98	95	88
10.1.1									
10.1.2 Water									
% of pop. with access to safe water	90.0	90.0	92.0	92.0	93.2	94.1	95.0	96	97.5
% of population with access to treated water	34.6	42.7	49.3	53.3	56.2	59.1	60.5	61.8	62.3
No of Hholds connected to water systems (000s)	45	50,4	57,9	65	68,2	71,5	73,4	75	78
Distribution network constructed (kilometers)	200	210	230	230	250	263	275	278	280
Housing									
House lots distributed (cumulative)	1,730	7,684	6,544	22,73	53,500	4,750	6,200	6,000	6,200
Land/House titles distributed (cumulative)	359	98	570	1,750	2,015	5,200	10,200	12,000	15,500
10.1.2.1									
10.1.2.2 Land distribution									
Agricultural leases	98	114	143	210	220	250	310	330	345
Business leases	68	74	86	97	105	110	122	140	150

SOURCE: Guyana Poverty Reduction Strategy Table 6.1

ANNEX V

Explanatory note on the Highly Indebted Poor countries (HIPC) And the Poverty Reduction Strategy Mechanism (PRSP)

What is HIPC?

The initial HIPC plan was adopted in 1996 as a way in which donors could reduce the debts of the world's 41 most highly indebted poor countries to "sustainable" levels -- levels that countries could afford to service. It also attempted to simplify the process countries needed to complete, in cooperation with the Bank, to formulate national strategies for reducing poverty. These Poverty Reduction Strategy Papers (PRSPs) detail how the money saved will be spent on the social sector.

To qualify for HIPC, the ratio between a country's debt and its exports should be no higher than 150 per cent. Where the ratio of debt-to-revenues is used instead, this should not exceed 250 per cent. By the Bank's reckoning, a country with a ratio lower than 150 per cent is earning enough export revenue to service its debt. The debt is therefore sustainable.

In considering the notion of "failed economies," debt activists often point critically to the structural adjustment programmes which the Bank and IMF have obliged many African states to implement. Despite evidence that these programmes have not only reduced the role of the state in economic life but have also failed to reduce poverty or significantly stimulate economic growth in sub-Saharan Africa, their prescriptions continue to be mandatory for all HIPC countries. They are incorporated into the Poverty Reduction Strategy Papers (PRSP) that each country must prepare in order to qualify for HIPC, and the Poverty Reduction and Growth Facility (PRGF) through which the IMF finances adjustment programmes.

10.2 What is PRSP?

Poverty reduction strategy papers (PRSPs) are prepared by national Governments with broad civil society participation and in collaboration with staff of the World Bank and the International Monetary Fund, and other development partners, including the United Nations system.

The PRSPs are focused documents that are updated annually. They describe the country's plan for macroeconomic, structural and social policies and for three-year economic adjustment programmes to foster growth and reduce poverty. They also describe associated external funding needs and major sources of financing. Policies are based on the Comprehensive Development Framework (CDF) principles of a country-driven, comprehensive, long-term, coordinated, participatory and results-oriented process.

PRSPs seek to translate the CDF principles into practical plans for action and, in so doing:

- to strengthen country ownership of poverty strategies
- to broaden the participation of civil society and the poor themselves
- to improve coordination among development partners

A further aim is to focus the analytical, advisory and financial resources of the international community on achieving results in terms of poverty reduction.

The PRSPs are closely related to the Debt Initiative for Heavily Indebted Poor Countries (HIPC). The main objective of the HIPC initiative is to reduce a country's debt burden to sustainable levels, subject to satisfactory policy performance, in order to ensure that adjustment and reform efforts are not undermined by a continuously high debt and debt servicing burden. It is hoped to provide faster, broader and deeper debt relief in order to strengthen the link between debt relief and poverty reduction. According to the World Bank, countries seeking assistance under the HIPC initiative should have a PRSP in place or should at least be working towards one.

The PRSP represents a plan in which additional funds are earmarked which would otherwise have been spent on debt service obligations. The government still has to raise the finance for the PRSP programme. Its ability to raise the funds will depend very much on the general health of the economy, and for countries dependent on primary production, the market for commodities. If the terms of trade go against the country in question, it may be difficult for it to raise the revenue to implement the programme.

In the case of Guyana, the medium term market for Rice and Sugar will have a great influence on its ability to meet its revenue targets for the PRSP.