

I GUYANA – BASIC INFORMATION

- Guyana, with an area of 83,000 square miles or 215,000 square kilometres, is located on the northern coast of South America, and is the only English-speaking country on that continent. It is bounded on the north by the Atlantic Ocean, on the east by Surinam, on the south and south-west by Brazil, and on the west and north-west by Venezuela.
- Guyana is physically divided into four types of landforms: (i) a flat coastal, clayey belt which is about 4.5 feet below sea level, and in which most of its agricultural activity occurs; (ii) a sand belt, to the south of the coastal belt, which includes the Intermediate Savannas; (iii) an undulating, central peneplain which comprises more than half of the country's area, and in which are located lush, almost pristine, tropical forests, and extensive mineral deposits. This landform stretches from the sand belt to the country's southern boundary and encompasses, also, the Rupununi Savannas which border Brazil; and (iv) the highlands which are to be found in the midwestern area. This portion of the Guiana Highlands includes the Pakaraima mountain range.
- Guyana has a plentitude of natural resources: fertile agricultural lands on the coastal plain and in the riverain areas; vast areas of tropical hardwood forests of various ecosystems and with a multitude of plant and animal species; abundant fish and shrimping grounds, both in its numerous rivers and in the Atlantic Ocean to its north; and a wide variety of minerals, including gold, diamonds, a range of semi-precious stones, bauxite and manganese. Moreover, because of its many rivers (the word "Guyana" means "land of many waters"), its potential for hydropower is immense.
- Guyana lies wholly in the tropics and possesses an equatorial climate that is characterised by seasonal rainfall, high humidity, and small variations in temperature. There are two rainy seasons which occur from May to June, and from November to January. The average daily temperature is about 80° F (26° C).
- The country has a multi-racial population which in 1999 was estimated to be about 745,000, or just over three persons per square kilometre. However, because about 90 percent of the country's population lives in the coastal zone which comprises only about 7.5 percent of its total land area, the actual living-space of most of the population is cramped.
- Guyana became independent in 1966 and between then and 1975/76 real GDP grew at an average annual rate of 7.5 percent. However, between 1977 and 1989, because of a combination of factors including the international oil crises and the severely interventionist policies pursued by the government which was then in office, the economy virtually collapsed. As a result, there was a stark decline in per capita income, and widespread poverty.
- In 1989, the then government, through the introduction of an Economic Recovery Programme, embarked on a far-reaching structural adjustment programme which liberalised the economy, and returned it to a path of growth. So much so, that between 1991 and 1999, Guyana experienced positive rates of growth of GDP each year, except for 1998 when growth was negative. In 1999 its GDP per capita was US\$800, about the same level it had attained in 1975/76.
- Despite this impressive recovery, however, about 35 percent of the country's citizens was estimated in 1999 to be below the poverty line, and 21 percent of them was assessed as living under conditions of extreme poverty. Moreover, about 50 percent of the country's workforce did not work, although only 9 percent of the total working population had indicated that they were seeking employment. Only these, therefore, as is the custom, were classified as being unemployed. Rates of underemployment were reported to be high.
- The country's economy is primarily based on the production and export of its natural resources, with agriculture (mainly sugar and rice), gold, timber and bauxite, accounting for most of the output of the productive sectors. However, over the last year or so, the manufacturing sector has displayed significant signs of growth.

II CONSTRAINTS TO GUYANA'S DEVELOPMENT

Politics and Race

- The major obstacle to Guyana's development is to be found in the divisive nature of its politics. Ever since the years leading up to the country's independence, the nation's every activity has been dominated by two political parties, the main followers of which are drawn from one or other of the two major racial groups. By and large, Indo-Guyanese support the Peoples Progressive Party, and African-Guyanese the Peoples National Congress.
- Partly because of the prevalence of fierce racial political rivalries between these two groups, and partly because Guyana's constitution is largely based on the Westminster model which does not embrace inclusivity in governance as one of its main characteristics, there has been little or no meeting of the minds between these powerful political parties on any major political, social or economic issue since Guyana became independent. On the contrary, confrontation of every sort and form

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has been the norm.

- It is evident, however, that if Guyana is to attain even a modicum of development in the next ten years or so, it is essential that a number of decisions, that are based on intelligent, objective discussions and consultations between the two parties, be made. Unfortunately, there is very little that a national development strategy can do about such matters, except to make specific recommendations for more inclusivity in government, for greater participation in the decision-making processes, for increased observance of the principles and tenets which would prevail in a society which cherishes law and order, for greater respect for human rights, and for more openness in government. A detailed strategy for the attainment of these goals has been put forward in the Chapter on Governance in this National Development Strategy (NDS).

Infrastructure

- Guyana is very poorly supplied with roads. Although there is a coastal road which runs along most of the country's coastline, it is not continuous, but is interrupted whenever it intersects the main rivers of the country. Moreover, at least one part of this coastal road is not yet completely sealed. There is also a north-south road which begins in Georgetown, and proceeds south to the Takutu river, on the border between Guyana and Brazil. Most of this road, however, has not been constructed to international standards, and at least one stretch of it is difficult to traverse in wet weather. In addition, there is a number of lesser roads which connect the coastal villages to the east-west road. There are very few permanent roads in the hinterland of the country.
- Of the existing road network of just over 1,600 miles, only 19 percent comprises primary roads, while 21 percent consists of feeder roads which link coastal agricultural areas to the primary road network.
- The gross inadequacy of our transport system militates against our social and economic development in several ways. First, it increases production costs and, therefore, reduces our competitiveness, particularly in the mining and forestry sectors. Second, it inhibits our capacity fully to utilise those of our natural resources (gold, timber, diamonds, soils suitable for agriculture) that are not located on the coastland. Third, by severely limiting communication between those who live on the coast and those who inhabit the hinterland, it effectively divides the country into two almost unbridgeable cultures. Fourth, it acts as a barrier to the unity of the country in both a physical and spiritual sense: because we are not unified physically, we seem to find it difficult to think as Guyanese, to act as if we are one nation. Fifth, it restricts our coastal population's penetration of the interior, and forces coastlanders to live in a cramped and crowded manner on the coast, struggling and competing for land-space and other amenities, while more suitable areas are available farther south. And sixth, our failure to occupy the greater part of our country, might tend to bolster some of the claims of our neighbours to our territory.

Public Utilities

- The main public utilities in Guyana are those which provide electricity and telecommunications services. They are owned by two monopolies, in which the majority of shares are held by foreign companies, with the government holding minority interests.
- Electricity rates are considered to be high by most customers. Moreover, the services that are provided leave much to be desired: outages and brown-outs are not infrequent, and the consequential damage to electronic and electrical equipment not insignificant.
- The telecommunications sector, also, does not, at the moment, appear to be in a position to maximise its contribution to Guyana's development. Access to telecommunications is far from universal. Indeed, unless drastic changes occur, the prospects of even partially attaining such coverage in the near future appear to be remote. This is a somewhat frightening situation, because our effective utilisation of the advances in information technology which have taken place over the past two decades or so, and therefore our capacity rapidly to modernise our economy, depend in large measure on an efficient and modern telecommunications system.

Human Capital

- Guyana's educational system, which at one time was considered to be among the best in the Caribbean, deteriorated severely in the 1980s. And although it has displayed a remarkable recovery in the 1990s, it still does not produce the quality of personnel, in the requisite numbers, that is desperately needed if we are going to stand the slightest chance of modernising our economy. The country lacks a critical mass of expertise in almost all the disciplines and activities on which it now depends, and on which it will increasingly rely in the future.
- In addition, the educational system does not sufficiently focus on the training of Guyanese in science and technology, on technical and vocational subjects, on business management, and on computer science.

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- Furthermore, there are wide disparities, among the geographical regions of the country, in the availability of education, both in regard to its quality and in respect of the physical facilities in which it is provided.
- Perhaps worst of all, many of the better-educated professional teachers have emigrated to other countries over the past two decades or so, mainly because of the low emoluments which are meted out to them in Guyana. As a result, there is a serious dearth of trained teachers at every level of our educational system.
- This shortage of human capital is a most severe constraint to our future social and economic development. Although difficult, it may be possible, over the medium and long-terms, to train and educate a number of the personnel that would be required to assist in the development of our economy in general, and in the implementation of this NDS, in particular. In the short-term, however, measures and strategies must be devised to meet the estimated deficits. These might include the encouragement of expatriate Guyanese either to remigrate permanently, or to return home for specific periods to perform specific tasks; they might embrace the mobilization of overseas Guyanese, who remain permanently abroad, to undertake certain duties, through the utilisation of the new advances in Information Technology; and they might entail the seeking of technical assistance in a number of areas, particularly to implement donor-funded programmes and projects.

Diversification

- Guyana relies too heavily for its economic existence on the production and export of a few virtually unprocessed commodities. In other words, the country's economy is almost totally dependent on the production and export of raw materials. Moreover, most of these products are sold in guaranteed preferential markets at prices which even now are generally higher than those that are obtainable in the non-preferential world. As a consequence, the Guyanese producer has had no incentive, indeed no overwhelming reason, to be competitive, to be as efficient as possible.
- Moreover, because of the ready acceptance of certain of our export products in these favourable conditions, we have tended to concentrate on only a few products, and to continue to employ outmoded production practices. It is evident, however, that within less than a decade, primarily because of the inexorable process of globalisation and the pervasive influence of the World Trade Organisation, this special treatment will be removed. Indeed, the prices obtainable from the preferential markets are already being reduced. We must therefore both diversify our economy and increase our productivity, not only because of the impending worsening of trade conditions in our traditional markets but, more important, because it is intrinsically in our best interests to widen our production base, to become competitive, and to be as profitable as possible.

Institutions

- Many of the institutions which we inherited at the time of independence, and which were designed for different conditions, different times, and different circumstances, are still being used, albeit less efficiently, by our current administration. It should not be surprising to learn, therefore, that many of them act as a brake on our development. This applies to the policy-making arms of our government, to those departments and sections which administer and implement policies, and to those more directly concerned with production. It applies to our research organisations, to our land registration and distribution authorities, and to our judicial system. Indeed, if the truth were told, there is hardly a government agency in Guyana which would not benefit from a searching re-examination of its role, its *modus operandi*, and its effectiveness.

Investment

- The relative absence of massive and regular investment inputs into our country constitutes another of the major constraints to our development. This is not to deny that, over the past eight years or so, there has been some measure of investment in Guyana. Unfortunately, the total dollar value of these investments has not been enough to raise our economy, from the relatively low base to which it had sunk, to any significant degree and, perhaps more important, they have not been made in sectors, and for activities, that could drastically transform our economic structure.
- There are several reasons for this failure to attract suitable investment, among which are political tension; investment policies and strategies that are not unambiguously stated; lethargic investment efforts; inadequate investment promotion and management; and industrial unrest. Whatever the reason, the existing obstacles to investment must be frontally tackled and overcome in an expeditious manner, for without investments, the economy is bound to languish and may indeed ultimately decline.

III THE OBJECTIVES OF THE STRATEGY

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- The overall objectives of this National Development Strategy are as follows:
 - i. to attain the highest rates of economic growth that are possible;
 - ii. to eliminate poverty in Guyana;
 - iii. to achieve geographical unity;
 - iv. to attain an equitable geographical distribution of economic activity; and
 - v. to diversify the economy.
- These objectives virtually speak for themselves. It is necessary, therefore, merely to state (i) that economic growth is essential if the national and sectoral developmental goals that are put forward in this document are to stand any chance of being followed; (ii) that for both economic and ethical reasons no nation ought to tolerate situations in which a significant proportion of its citizens cannot earn enough to provide themselves with the barest necessities of life. Hence the concentration on the eradication of poverty; (iii) that the geographical unification of our country is both developmentally and politically important. Penetrating our interior, and occupying our hinterland would put us in a more favourable position to utilise all the available resources in all parts of our country, would contribute significantly to the moulding of a truly Guyanese society, and would perhaps act as a psychological deterrent to those neighbours of ours who appear to have neo-imperialistic designs on our territory; (iv) that the attainment of an equitable distribution of economic activity would help to remove existing income disparities, and raise the standards of living in areas that are currently economically depressed; and (v) that, as has been already explained, it is vitally necessary to diversify our economy, particularly if we are to survive in the competitive world of globalisation.

IV THE STRATEGY

- A multi-pronged strategy has been devised to attain these objectives.
- The strategy has been informed by two basic considerations. First, that we could considerably assist in removing the scourge of racism from our land, if we developed and put into practice inclusive systems of governance in which all would feel that they have a stake, in which all would know that they are involved, and in which there were established both procedures and penalties to ensure transparency and accountability. Second, that a considerable degree of harmony would prevail in our country if we were able to formulate and implement social and economic policies which would lead not only to significant economic growth, but also to the widest distribution of the benefits of such growth among the population, no matter in what district they are located, and to what racial group they belong.
- Accordingly, the first prong of the strategy has been crafted to ensure that the practices that are followed by all future governments of Guyana are as inclusionary, participatory, accountable and transparent as possible. This imperative applies to the regional and local governments, as well as to the central administration.
- The strategy's second prong, which is inextricably linked to the first because the one cannot succeed in the attainment of ethnic harmony without the existence of the other, lies in the domain of macro-economic policy and economic management, and is multi-faceted. It includes (i) reforming the tax system (by eliminating some taxes, reducing others, introducing a more effective and equitable tax, and simplifying taxation procedures). Through this, it is intended to increase the quantum of investment in Guyana, and to provide incentives for investors both to engage in new ventures and to operate in economically depressed areas; (ii) formulating an investment strategy and code both to encourage financiers to invest in the country, and to spell out clearly the terms and conditions under which they would be required to operate; (iii) establishing a one-stop investment agency to expedite and facilitate the actual investment process in Guyana; (iv) enhancing the efficiency both of the country's revenue collection agencies and of those institutions that are charged with procurement, with other forms of expenditure, and with their monitoring; and (v) designing systems that would focus particularly on trade promotion, and on mobilising our economy to export more. In this regard, one aspect of the strategy is the establishment of two Export Promotion Zones.
- It cannot be over-emphasized that this macro-economic strategy, while containing vital elements for the propulsion of the growth of the economy, is designed to achieve such growth while, at the same time, maintaining low inflation rates, and external viability. The promotion of financial stability remains the primary objective of monetary policy.
- We attach the highest importance to the third element of the Strategy, which is the establishment of a road network

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throughout the length and breadth of Guyana over the next ten years. We have put forward a transport infrastructural strategy which, if followed, will result (i) in the rehabilitation and modernisation of the coastal roads, and the placement of bridges across the Supenaam, the Essequibo, the Demerara and the Berbice rivers; (ii) in the construction of an up-to-date north-south road from Georgetown to the Takutu; (iii) in the building of a series of roads connecting both the coastal road and the north-south highway with all the regions and villages in this country; and (iv) in the establishment of a number of strategic highways linking Guyana with the rest of the Americas, through Brazil, Venezuela and Surinam. Although this road network will contribute to the attainment of all of the NDS's objectives, it will particularly assist in the penetration of our interior, in the opening up of new lands for a wide variety of economic activities, and in the facilitation of eco-tourism. Above all, it will contribute immensely to the social and physical unification of Guyana.

- Essential components of this third element of the Strategy are the construction of two deep water harbours in the Berbice and Demerara rivers, the improvement and extension of Timehri and Ogle Airports, and the rehabilitation of many of the country's interior airstrips.
- The fourth element in the Strategy is devoted to the role which Information Technology can play in the modernisation of Guyana. Considerable importance is attached to this aspect of our development, for we see the new approaches in IT as affording our country the opportunity to circumvent the beaten paths of development, and to leap-frog, so to speak, into the 21st century. The formulators of the NDS see Information Technology as one of the important means of improving our capacity to govern our country and to manage our economy, to increase our competitiveness, to attract investors, to market our products and diversify our production, to enhance the efficiency of our social services and, most important, to acquire knowledge and develop our human capital.
- Because our telecommunications system has been identified as one of the main obstacles to the development of this sector, the first strand in this element of the strategy is the rationalisation and liberalisation of the telecommunications sector.
- Other strands in the IT strategy include (i) the reform of the Public Utilities Commission (ii) the full computerisation of the Public Service, beginning with the ministries, departments, and institutions that are responsible for finance, education and health; (iii) the utilisation of IT in the process of education, and in the provision of health services at all levels; (iv) the establishment of Internet linkages between the University of Guyana and institutions of learning in other parts of the world; (v) the forging of linkages with expatriate Guyanese in order to utilise them as part of the Guyanese work force, even though they may be resident abroad; (vi) the provision of fiscal incentives to encourage the establishment of computer-based services; (vii) the fixing of deadlines for the full computerisation of various sectors of the economy; and (viii) the setting up of public centres to provide access to computers and the Internet for those not fortunate enough to possess the necessary equipment.
- The fifth prong is focussed primarily on the enhancement of our social services and, through this process, on the eradication of poverty, and the improvement of our productivity. Over the next decade or so, the Strategy envisions the expenditure of significant proportions of our financial resources to provide universal access to educational and health facilities at all levels, and in all places. In addition to increasing the number of physical structures throughout the country, from which these services will be offered, particular attention will be paid to ensuring that the necessary teaching materials, medical equipment and medicinal supplies are available. The imperative of having in place adequate cadres of trained teachers and qualified health workers has also been provided for in this prong of the Strategy. In particular, the difficulty of persuading a significant number of trained public servants to work in the hinterland has been acknowledged, and incentives are provided in the Strategy to encourage them to do so.
- The need for the provision of adequate shelter for Guyana's population in general, but especially for those in the lower-income bracket, looms large in the Strategy. Not only are specific fiscal incentives provided to the private sector and to the commercial banks to encourage them to engage either in the financing or in the actual construction of houses for the poor, and for those who now exist in depressed areas, but the distribution of land, free of charge, to the very needy, is also prescribed.
- Strategies have also been evolved in our poverty eradication drive, for the provision of micro-credit to small and medium scale entrepreneurs in the agricultural, manufacturing, and service sectors.
- This description of what may be termed the social element in this NDS is not exhaustive. What are presented here are the barest bones of a more comprehensive attack on those social factors which contribute to the debilitation of our society.
- However, the main means of alleviating poverty lies, in the final analysis, in the nurturing of an enabling environment which would lead to the creation either of jobs or of job opportunities. This thrust is subsumed by the strategies set forth in the section devoted to tax reform and economic management, by our strategy to enhance the quality of our institutions, and by our proposals for land reform, for example.

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- One last point in regard to the measures presented for the alleviation of poverty: many of the prescriptions are location specific in the sense that particular geographical areas are identified either for the provision of incentives, for example, or for the construction of housing schemes, rural roads, or schools and health centres.
- As has been discussed in an earlier section of this chapter, one of the major constraints to our development is to be found in the inadequacy, irrelevance, and obsolescence of many of our government institutions. Accordingly, the sixth plank in the overall Strategy has been the reform of our public sector institutions. Each of these has been examined in the various sectoral chapters, and specific strategies have been put forward for their improvement. This approach has been followed not only in the social, but also in the production sectors.
- A special element of the Strategy, the seventh prong, is directed to such factors as the role of the family in the process of social and economic development, and to the importance of gender considerations in all our social and economic activities. These cross-cutting, but integral, aspects of our socio-economic development are examined with the main objective of ensuring that they are taken into account in the formulation and implementation of policies, no matter what particular subject or sector is being catered for. Specific procedures and policies are put forward for improving the quality of the lives of both the Guyanese family (infants, youths, parents and the elderly) and the women in our society. Perhaps the most important strand in the strategy, however, is our recognition that matters of gender must not be considered as mere appendages to other aspects of development. On the contrary, they must be "main-streamed" and must influence all our decisions.
- Eighth, it has been emphasized that the conservation of Guyana's environment should be the prime consideration in the Strategy. The imperative of conserving our ecosystems and our other natural resources pervades our document and is repeatedly stressed. The chief problem that is envisaged in this area is the reconciliation of economic development with the necessity of conserving the environment. Accordingly, prescriptions are made for the environmental monitoring and control of all of our social and economic endeavours. The importance of sustainably utilising all our resources is, also, carefully delineated.
- Ninth, there is a prong of the strategy that relates particularly to Amerindians. It recognises that theirs is a specially disadvantaged group and, accordingly, it makes detailed prescriptions for their development. These include the demarcation and distribution of land; the preservation of their culture; the improvement of the quality of their training and education at all levels; the improvement of their health facilities; and the general social and economic development of the areas which they inhabit. The Strategy pays particular attention to the facilitation of the participation of Amerindians in the main-stream of Guyanese society while, at one and the same time, ensuring the sanctity of their culture and traditional ways of life.
- And finally, a strategy has been devised to implement the NDS. Apart from financing its implementation from government revenues, and from the normal multilateral and bilateral sources of financing, great dependence is placed on the involvement of private sector financiers even in the construction and repair of road, bridge, and port infrastructure. Specifically, it is strategised that we would enter into a build, operate and transfer ownership (BOT) and build, operate, own (BOO) arrangements with potential investors. In return for their services and finances, these investors will either be allowed to charge tolls, or be recompensed for their expenditure by being given the opportunity to utilise our natural resources, or by being paid in cash over a specific period, or through combinations of all these methods.
- The obtaining of critical masses of personnel effectively to negotiate with potential investors; to design, build and monitor the construction of the infrastructure that it is planned to establish; to formulate developmental policies and strategies and to oversee their implementation; to increase productivity in the agricultural sector; to enhance our manufacturing capacity and capability; and to ensure that our forests are sustainably developed, and that our mineral wealth is exploited for our benefit will be extremely difficult, especially during the early years of the NDS when, although a massive amount of training and education is projected, the trained persons will not yet be available for the various tasks. Therefore, a strategy has been put forward which would rely (a) on the provision of technical assistance by international and bi-lateral agencies, (b) on the remigration of expatriate Guyanese, (c) on the utilisation of the skills and knowledge of non-resident Guyanese; and (d) on the hiring of personnel, from whatever source, if their expertise is considered essential to our progress. A strategy for general migration, as our economy grows and develops, is also put forward.

V GUYANA IN THE YEAR 2010

It is envisaged that, if the programmes that have been formulated in this National Development Strategy are fully implemented, Guyana would, by the end of the first decade of the 21st century, display the features and characteristics that are described in the remaining sections of this chapter. It cannot be over-emphasized that

what is being portrayed here is not a vision of the sort of country we would wish Guyana to be. Our descriptions of the country, and its various sectors, as we perceive that they would be in the year 2010, are based on our analyses of the various strategies we have put forward, and on our assessment of the effects which their implementation would exert on the political, social and economic configuration of our country. It is our view that if we have erred in our assessment, we have erred on the side of caution and conservatism.

The country as a whole

If all our strategies are followed, it is forecast that the average annual growth of the country's Gross Domestic Product, between 2001 and 2010, would be 9 percent. We are convinced that, even if the strategies are not followed optimally, at the very worst, barring a series of cataclysms, the average GDP growth would be of the order of 6.0 percent. **It should be stressed that because of the currently low level of our economy, Guyana at the end of the "strategy period", could not by any means be described as an affluent society. Indeed we would still be far from the forefront of even the developing countries. However, both our standard of living and our quality of life would have been much improved. Moreover, the scourge of poverty would have been, to a great extent, removed from our country, and Guyana would have been firmly placed on the path of sustainable political, social and economic development.**

Furthermore, we would have become, or be in the process of becoming, a self-reliant society; a society which was no longer dependent upon overseas governments and international agencies for its very existence. Indeed, we would have become more private-sector oriented, and would have built-up a significant number of successful entrepreneurs, of all races, and in a variety of fields.

Moreover, we would be more comfortable with ourselves as a nation and, would, in large measure, have been relieved of the social tensions which now so oppressively overwhelm us.

In addition, by 2010, our economy would have become much more diversified, with the manufacturing, service and information technology sectors making much more significant contributions to our GDP than they now do. This is not to suggest that we will not be still actively involved in traditional and non-traditional agriculture, and in forestry and fisheries. What will be occurring in these sectors, however, will be a greater processing of the raw-material that we produce and, consequently, a significant increase in the value that is locally added to our products, before they are exported.

Also, at the end of 2010, economic activity would be more geographically widespread in Guyana. A significant proportion of our country's citizens would have left the coastland and would be occupying the hinterland areas of the forest and mining belt, and of the Intermediate and Rupununi Savannas. This exodus to the interior would have been facilitated by the economic incentives which had been provided for investors in those areas since 2001, by the improvements in the social services that had been made away from the coast, and by the establishment of a network of roads connecting interior villages and settlements to each other, and to the coastland.

Democracy and Governance

By 2010, Guyana would be a truly participatory democratic society in which no one is denied the opportunity to be involved in the administration and management of the nation.

Indeed, the right of minorities to share equitably in the country's governance at all levels, and in all administrative committees and commissions, would not only have been acknowledged in law and in the constitution but would have been conscientiously pursued. Furthermore, oversight institutions would have been established to ensure that these minority rights are honoured, and that those who breach them are legally punished.

Moreover, civil society (including trade unions and other non-governmental organisations) would, by law, have been formally engaged in the formulation and implementation of policies, plans and programmes which affect not only their special concerns and interests, but also those of the nation at large. Such practices would not only have provided the basis of a truly participatory democracy, but would also have ensured the transparency of all government actions and decisions.

In addition, further extending the process and fundamentals of an inclusive democracy, would be a local government system with greatly increased authority, with the power to formulate their own developmental plans and strategies, and with the legal right, within clearly specified boundaries, to enact local laws, and to collect specified rates and taxes, as approved by Central Government.

At the end of the first decade too, it is foreseen that the Central Government of Guyana would be administered by a well-honed Public Service, whose emoluments would have been significantly increased, and whose professionalism would have been considerably enhanced. The primary objective of the Public Service would be the formulation and implementation of policies that would create an environment in which the private sector would be able to flourish, and in which a national entrepreneurial spirit would be nurtured and encouraged. It cannot be too strongly emphasised that the Central Government would have redefined its role and *modus operandi* through a ground-up re-examination of the purposes and functions of each Ministry and agency. Through this process not only would many unnecessary layers of governmental approvals and interventions have been eliminated, but investment and other decisions simplified. Many citizens in the more industrialised economies, including business persons, pass most of their lives without the need to come into direct contact with government officials. Guyana would have moved decisively in this direction by 2010.

By 2010, also, a more representative and better trained and equipped Police Force, capable of maintaining law and order, and protecting the lives and property of Guyanese citizens, would have been put in place and would be working effectively.

The judiciary would also have been transformed. Appointed through a process in which all major political parties would have participated, and provided with adequate resources and facilities, Guyana's judges and magistrates would not only be independent, and thus able to make objective judgements, but would also be better equipped to administer justice fearlessly and professionally.

The Environment

By 2010 Guyana would have been subjected to an environmental regime in which no development project which had not passed the rigorous tests of an environmental impact study, would have been approved. Moreover, projects thus approved would have been continuously monitored in order to ensure that the provisions of the relevant laws and regulations and conditions had been followed. In addition, the country's natural resources would have been sustainably managed. Guyana would have been able to practise sustainable management because it would have paid special attention to the training of a requisite number of environmental scientists and environment inspectors, it would have enacted a body of laws that are designed to protect the environment, and it would have put in place, not only a central Environment Protection Agency but, as important, bodies of trained personnel in each relevant ministry or corporation whose tasks it is to recommend policies and programmes to the central Agency. **Special attention would also have been paid to the preparation and implementation of policies to reverse the despoilation of the country's urban areas and to enhance their environmental quality.**

As a consequence, at the end of the period covered by this National Development Strategy, not only would there be evidence that the quality of life in cities and rural areas had improved, that our natural resources were being managed on a sustainable basis, and that the environment in our hinterland was not being

degraded, but, perhaps as important, it would have also been made clear that the protection and improvement of the environment was one of the major bases of the country's development strategy.

Macroeconomic strategies

The macroeconomic strategies which would have been pursued between 2001 and 2010 would have been based on a radical reform of the tax system. This would have included fiscal incentives for both local and foreign investors, the introduction of a value-added tax, and a phased decrease in rates and taxes, including income tax, across the board. This latter strategy would have been made possible because of the expansion of the economy, and the consequential widening and deepening of the tax base; because expenditure on the Public Service, as a proportion of revenue, would have been reduced as a result of its rationalisation and reorganisation; because debt service payments would by then have been much curtailed as a consequence of the debt write-offs that had been granted by the international community; because revenue collection would have been significantly improved through the reorganisation and strengthening of the country's revenue collecting arms, the recruitment of qualified staff, the provision of modern equipment, and the adoption of more efficient procedures. In addition, tax enforcement mechanisms would have been much strengthened, and new tax sources identified.

Over all, also, the tax system would have been much simplified, and uniform rates established and applied for comparable goods and services.

These fiscal and managerial policies would have been implemented within the context of a strategy to reduce inflation and improve external balances.

By 2010, also, all the Public Enterprises in the country would have been privatised. The strategy which would have been adopted in most of these transactions would have been to capitalise a proportion of the enterprise to a strategic partner, and to share the remaining portion of the ownership among the government, the workers of the industry and the Guyanese public at large.

The disposal of these shares would have been much facilitated by the establishment of a national stock exchange, and the forging of linkages between Guyana's exchange and those in other parts of the Caribbean.

Also, by 2010, the oligopolistic structure of the banking system would have been weakened. Only a relatively few commercial banks currently operate in Guyana. Not surprisingly, there is very little competition among them. This has led to inefficient financial intermediation, as evidenced by the wide spread of interest rates. In order to encourage the establishment of more banks, the requirements for establishing banks in Guyana would have been brought into line with those of other CARICOM countries, while maintaining the highest standards of accountability. In addition, special training courses would have been mounted, with the Government's assistance, for the training of the management and personnel of commercial banks. The courses would have been designed to reduce the high costs which they now seem to incur. There would also be in Guyana, by 2010, a greater deposit of personal foreign remittances. This would have been occasioned by permitting Guyanese citizens, resident in Guyana, to hold United States dollar accounts in the country.

In addition, the currently high reserve requirements would have been reduced. This would have not only enabled more banks to be established, but would also have resulted in increased lending by the banks to the private sector for investment.

Transport Infrastructure

It is anticipated that by the year 2010 an inter-connected road system would have been established in Guyana. This network would have enabled easy access by road to the neighbouring countries of Brazil,

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Venezuela and Surinam; reduced the costs of utilising the country's timber and natural resources, thus making them more competitive in international markets; diversified agricultural development by making more easily available suitable areas in the hinterland, particularly in the Intermediate and Rupununi savannahs; relieved the over-crowded coastland of a significant proportion of its population, thus improving the quality of life of the inhabitants of both the coastal and interior areas; and made more feasible the equitable distribution of economic activity, not only in the agricultural but also in the manufacturing and small-industries sector.

Specifically the road network, by 2010 will comprise:–

- i. A new 4-lane highway connecting Georgetown to the existing Soesdyke/Linden Highway;
- ii. a widened carriageway on the East Bank road between La Penitence and Peters Hall;
- iii. a completed highway linking Linden, by way of Mabura–Kurupukari, Annai–Good Hope and Lethem, to Brazil across the Takutu;
- iv. a road improved to modern standards, with a paved surface, connecting Kwakwani, Ituni, Linden, Rockstone, Anarika, Allsopp Point and Bartica and crossing the Essequibo River by a bridge in the vicinity of Kokerite Island;
- v. a paved two-lane road from Parika to Makouria and Anarika, and between Patentia and Kamuni;
- vi. a two-lane laterite road from Konawaruk southwards to the Siparuni River, to meet the road between Kurupukari and Annai, with a branch to Orinduik and other villages in the Pakaraima Mountains;
- vii. a rehabilitated and completed road between Itaballi and Kurupung;
- viii. a two-lane road between Itaballi and Eteringbang, and a bridge across the Cuyuni River to link the Guyana road system with that of Venezuela;
- ix. a two-lane branch road from the Itaballi–Eteringbang road to Towakaima and Matthews Ridge, and a two lane road from Port Kaituma to Yarakita;
- x. a two-lane road from Supenaam to Towaikaima, with branch roads to Santa Rosa and Koriabo;
- xi. a two-lane road from Kwakwani eastwards to Epira and Orealla and a two-lane road northwards from Orealla to Moleson Creek;
- xii. a two-lane road from Marudi to Camp Jaguar, and another from Marudi to Oronoque Camp;
- xiii. a two-lane road from Orealla to Camp Jaguar;
- xiv. a two-lane road from Annai eastwards to Apoteri to meet the road from Orealla to Camp Jaguar at Lanaballi River; and
- xv. a two-lane road from Port Kaituma to Yarakita.

In addition, there would have been constructed high-span bridges across the Demerara River at the same site as the Demerara Harbour Bridge, and the Berbice River upstream of Everton; a series of bridges and causeways linking the islands in the mouth of the Essequibo River to Morasi on the East Bank and Supenaam on the West Bank; and another high-span bridge across the Essequibo River at Monkey Jump.

Another new feature in 2010 would be the existence of deep water harbours at the mouths of the Essequibo and Demerara Rivers.

Moreover, the airstrip at Timehri Airport would have been extended, and the entire Airport refurbished to accommodate an increasing number of passengers. The airport at Ogle would have been privatised, and much improved and extended.

The Manufacturing Sector

By 2010 the manufacturing/industrial sector would have been much diversified and expanded. There would be more local processing of agricultural products, and more tertiary and secondary conversion of the abundant wood and other vegetable raw material resources which exist in Guyana. Furthermore, a wide range of industry, based on the tertiary manufacturing of traditional agricultural products, such as sugar, rice and coconuts would have been established. Moreover, many of the manufacturing industries which had been established in the late 1970s and in the 1980s, but which had proved to be unsuccessful, because of a variety of factors, would have been resuscitated. In addition, a whole new range of industries, emanating from the two Export Promotion Zones to be established in the Berbice and Demerara Rivers would, by that time, be operational.

This diversification and expansion of the industrial sector would have been achieved by attracting foreign and local investment through a liberal tax regime; by the encouragement of investment specifically in the manufacturing sector; by reducing the corporate taxes now imposed on that sector; and by the general increase in demand for industrial products which would stem from the intensification of activities in the agricultural, construction and transport sectors.

Moreover, the promulgation of a liberal investment code and strategy would have assisted greatly in the creation of an environment that is much more conducive to development than that which obtained in the 1990s.

The spread of entrepreneurship would have been considerably facilitated by the provision of several courses in Business Management, Marketing, Accountancy, and ancillary subjects by both the Government and the private sector. The Government would also have assisted by fiscally encouraging the expansion of credit facilities, especially micro-credit facilities, designed to assist in the establishment of Small and Medium Scale Industries.

Agriculture

The agricultural sector, at the end of the first decade of the 21st century, would also have been much expanded and diversified. In addition to crops, such as rice and sugar, which have been traditionally produced, greater attention and emphasis would have been placed in the first ten years of the new century to the cultivation of crops such as oil palm, coconuts, green vegetables, ground provisions, fruits and flowers. Although a significant amount of these products would be utilised locally, the greater proportion would be destined for the tourist havens of the Caribbean, and the niche markets of North America and Europe.

This expansion and diversification of the agricultural sector would, as in the manufacturing sector, have been greatly assisted by the tax incentives provided by the government; by the market intelligence made available to producers by the central authorities and by the expansion of the information technology base in the country; by help provided by the government, in some cases, in the actual marketing of the products; and by the research and extension services of the National Agricultural Research Institute.

By 2010 the livestock population of the country would have been significantly increased, and its quality much enhanced. As a consequence, not only would Guyana be self-sufficient in meat and milk, but a considerable amount of our beef production would have been exported. This would have come about because of improvements in the quantity and quality of feed supplies through the local production of energy-based and protein feeds; through the extension of the area available for pasturage mainly by improving the productivity of the saline soils to the north, and the acid soils in the interior; through genetic improvement of the livestock; and through greater attention to animal health.

Perhaps of the greatest significance, however, would have been the boost which the sector would have received through the opening-up of new areas for agriculture. This would have been made possible by the improvement and expansion of the country's infrastructure, the provision of adequate social services in the new areas, and the preparation of land use plans and programmes, with the specific objectives of diversifying the agricultural base and increasing production.

Sugar

By 2010, sugar would have become more competitive because of (i) higher field productivity, based on improved farm practices and improved genetic varieties; (ii) the utilisation of additional areas of land mainly in the Skeldon, and Albion/Rosehall areas; (iii) enhanced sugar recovery through the replacement of the existing obsolescent mills by larger state-of-the-art factories which, in addition to giving higher yields, exhibit significant scale economies. Special benefits would have been obtained through the construction of a new 350 tch factory at Skeldon; (iv) the rationalisation of the industry through the merging of some estates and some operations; (v) the utilisation of diffusion technology at two estates; and (vi) the co-generation of power from both the Guyana Power and Light Company and GUYSUCO's own bagasse.

In addition, private peasant farmers would have been supplying a significant proportion of the cane required for the new mills.

By 2010 also, GUYSUCO would be producing special sugars; would have introduced new pack sizes and packaging; established a distillery; built a refinery; and developed a market in the Caribbean for refined sugar.

Rice

The rice industry, also, by 2010 would have considerably improved its competitiveness. This would have come about by the attainment of increased productivity through better farming practices and the use of improved varieties; increased mill recovery through the modernisation and rationalisation of most of the rice mills; and by achieving greater efficiency in the use of water. In addition, because of the assistance which would have been provided by government in the obtaining of market intelligence, there would be a more diversified international market for Guyana rice, although the major importers would remain the European Union and CARICOM.

Greater access to unsecured credit and liberal tax incentives would also have contributed to the spatial expansion of the industry, the main areas of expansion having occurred in the Mahaica-Mahaicony-Abary Rice Development Scheme, south of Jagdeo Canal; the Jackson/Moleson backdams; Black Bush backlands; Manarabisi; Hogg Island; Akawini in the Pomeroun; and areas south of the Supenaam River.

In addition, the rice industry would have become much diversified, and rice straw (for mushroom production and as a ruminant feed), rice flakes, and popped rice would have been regularly produced.

Fisheries

The fisheries sector, also, would, by 2010, be displaying much vitality. There would have been increased production of both shellfish and fin-fish in an environmentally sound manner, and the production base would also have been considerably expanded, i.e. both industrial trawling for marine fish and small scale artisanal fishing would have been intensified. In addition, inland fishing, for food and for ornamental fish, and both brackish and fresh water aquaculture would have been much expanded and thriving. Indeed, growth in this sector would have been achieved mainly through the expansion of aquaculture.

Concomitant with the increase in the supply of fish, which would have been exploited on a sustainable basis, would have been a most significant expansion in the country's trawling fleet and processing plant.

The growth of the sector would have been mainly due to tax incentives; the rehabilitation of the Botanic Gardens Fish Culture Station and the efficacy of its pilot-scale demonstrations; the increased harvesting of currently under-utilized marine fish species by private investors; improved quality in the post-harvest handling of artisanal fin-fish; the expansion of cold storage facilities; the provision of market intelligence by the government; the provision of assistance in the marketing of fish (especially ornamental fish) by the government; and the transfer of suitable areas of government-owned land for aquaculture activities.

Forestry

By 2010 all of the State Forests of Guyana would be sustainably managed, through long-term concessions and tenurial arrangements which would have facilitated the obtaining of credit to establish infrastructure, the utilisation and maintenance of modern equipment in both forests and the mills, and the adoption of silvicultural and management systems which ensure the regeneration of the forests. The necessity for conserving the environment in all forestry operations would have been the guiding principle in the utilisation of our forests.

In addition, all the forests would have been regularly inventorised. A full knowledge of the resources would therefore be in the nation's possession.

Moreover, areas for production; and areas to be protected for both environmental and bio-diversity purposes, would have been identified and demarcated. In particular, a significant proportion of our forests would have been specifically set aside for the purpose of carbon sequestration, and non-timber utilisation.

There would also have been a marked expansion and increase in production and productivity of the forest industries sub-sector. There would be fewer but qualitatively better sawmills with increased capacity, and more wood-based panel mills.

Perhaps of greatest significance would have been the expansion of tertiary conversion processes in the forest industries sub-sector, not only for furniture, but also for parquet flooring, tooth picks, wooden toys, wooden ornaments, paling staves, walking sticks, clothes pins, etc. Collectively these minor products would be making a significant contribution to economic development and growth. There would also have been a decisive increase in the production of cane furniture from nibi and kufa, and a steady expansion in the production of palm hearts.

Moreover, more Amerindian commercial forestry activity, with the advice of the Forestry Commission, would have been undertaken in areas especially demarcated for them.

All this enhanced activity would have taken place with strict adherence to sound environmental principles.

Because of the increased production of the wood raw material from the forests, and the massive diversification and deepening of the forest industries sub-sector, forestry's contribution to GDP would, by 2010, have grown substantially.

The reasons for the improved contribution of forestry to the country's development; would have been the fiscal incentives provided to both local and foreign inventors; and an expanded, strengthened and more efficient Forestry Commission capable of advising on the sustainable management of the forests, on the type of industries to be established and, most important, of monitoring the performance of the sector in order to ensure that its efficiency and competitiveness are achieved within sound environmental parameters.

Mining

At the end of the first decade of the 21st century, the activities in this sector would have been greatly increased because of improved access to the hinterland, the enhanced security that would have been given to holders of mining titles, the provision of tax incentives and the improvement of exploration techniques and methodologies.

As a result, the mining sector's contribution to GDP would also have grown significantly. The particular areas on which expansion would have been based are the gold and bauxite sub-sectors. After a relatively quiet period in the early part of the decade, the gold sub-sector would have increased production, partly because of an improvement in world prices, but mainly because of the opening of new mines, and the intensification of gold-mining activities by local producers. There would also have been much improvement in the performance of a privatised bauxite sub-sector, and the start-up of a new bauxite company.

In addition there would have been a not insignificant increase in the production of semi-precious stones such as amethyst, agate, green quartz and jasper.

Mining operations would, of course, have been subjected to the prevailing environmental laws of the country, and would have been continuously monitored by adequate numbers of environmental inspectors located within the mining areas themselves.

By 2010, also, there would have been greater local processing of minerals.

Furthermore, greater attention would have been paid to the social conditions prevailing in the mining communities. Minimum acceptable standards would have been established, monitored and enforced by the GGMC in collaboration with the Ministries of Health and Education. Moreover, the GGMC would also have co-operated with the Ministry of Health and the Guyana Forestry Commission in the design and implementation of programmes of malaria control and eradication in the hinterland.

Furthermore, as a legal requirement, special attention would have been paid to the improvement of social conditions (infrastructure, health education, culture, sports etc.) on those Amerindian lands on which there were mining activities.

Urban Development

By 2010 all municipalities would have been rehabilitated largely through programmes implemented with the assistance of the Inter-American Development Bank. These programmes would have included improvements of the drainage systems in coastal towns; the rehabilitation of the transport infrastructure in all of them; the repair and expansion of existing markets and the erection of new ones; the upgrading of water and sanitary services; the clearance of slums; the rehabilitation of abattoirs; and the disposal of solid waste.

The illegal occupation of municipal space by vendors would have been curtailed, mainly because of the expanded and improved market services provided under the IDB programme, and because of the intensification of the law-enforcing activities of both Municipal and Central Government's police officers.

Incentives to beautify and care for the cities, accompanied by the infliction of massive penalties for their desecration, would have resulted, by the end of the first decade of the 21st. century, in clean attractive

municipalities. The provisions of the Environmental Protection Act would have been strictly enforced.

Several interior villages would have been upgraded to towns, e.g., Bartica, Mabaruma, Lethem. The rates and taxes of the cities would have been increased, and an upward valuation of the properties in the cities undertaken to enable City Councils to raise sufficient revenue to perform their tasks efficiently. In addition, City Councils would have been receiving pre-determined annual subventions from the State, by law and as of right, in order to enable them to maintain and improve the municipalities for which they are responsible.

And finally, an IDB project on slum clearance would have led to the selection of new sites for the construction of low income housing within and outside of the boundaries of the cities.

Human Resource Development

During the first decade of the 21st century, the highest priority would have been assigned to the development of the country's human resources. Consequently, through various programmes assisted by international funding agencies, the physical infrastructure for education at the primary, secondary, tertiary and technical levels would have been rehabilitated and expanded. Moreover, particular emphasis would have been paid to the development of the country's human resources in the hinterland.

There would also have been a special focus on the training of teachers at all levels. This upgrading in quality would have been accompanied by increases in teachers' emoluments. Schools and other educational institutions, again mainly through international assistance, would have been provided with modern teaching aids.

Throughout the educational system, special emphasis would have been placed on computer training, and by 2010 most of the students in primary and secondary schools would have been computer literate. Indeed, a considerable proportion of government's expenditure on education would have been devoted to this aspect of development. Furthermore, the country's facilities in distance education would have improved significantly during the period under review, mainly because of the use of computers and the Internet.

Moreover, in the secondary schools and at the University, greater emphasis would have been placed on science (including environmental science) and technology; first degree courses would have been expanded in range and their quality improved; and post graduate work would have been increasingly being undertaken, in such disciplines as forestry, geology, computer science and various aspects of engineering science.

By 2010 there would have been an increase in the number of private schools at all levels. These would have operated under policies and guidelines established by the government. The government schools, also, would have been managed by Boards comprising mainly members of civil society. Indeed, consciously and deliberately, the government would have involved NGOs and community-based organisations in the formulation and implementation of all aspects of human resource development at both the national and regional levels.

An increasingly greater proportion of the country's revenues would have been expended on education between 2000 and 2010, with the highest percentage being spent on primary education. Partly as a result of this, partly because of the increasing use of Information Technology, and partly because of the rapid increase in the number of trained teachers, the incidence of functional illiteracy in our society would have significantly decreased.

Moreover, by the end of the first decade, the inequality in expenditure on education between hinterland and coastal areas and among regions, would have to a large extent been corrected. In addition, special incentives would have been provided to teachers who chose to work in the hinterland.

The inequities inherent in the relationship of the expenditure between the poor and the rich would also have been addressed, and more resources would have been targeted on the more needy students, and to remedial courses for the young and the more mature. In addition, although cost–recovery procedures would have been applied at some educational institutions, the amounts charged would have been based on means tests. The poor, therefore, would still have been obtaining their education free of charge.

Health

If a survey was conducted in 2010, of the life–spans of the citizens of Guyana, it would already be evident that average life expectancy had increased since the end of the 20th century, and that the health disparities among the social groups of the country had been significantly reduced. More specifically, steps would have been taken to address both the leading causes of mortality (forms of heart disease, endocrine and metabolic diseases, conditions occurring in the perinatal period, respiratory diseases, and diseases of the digestive system), and the main morbidity problems (dental caries, malaria, acute respiratory infections, acute diarrhoeal disease, hypertension, worm infestation, diabetes mellitus, rheumatism and arthritis, and scabies). This improvement would have come about by facilitating the population’s access to health care, and by enhancing of the quality of care offered. These measures would also have made a major contribution towards the attainment of the equity or distributional objective of the NDS.

The survey would also have noted that, because of the activities of the Ministry of Health, and because of the linkages which had been established with other sectors of the economy, especially those responsible for monitoring the environment, Guyanese in 2010, lived in healthier circumstances.

The administrative delivery of health services in 2010 would also be more efficient and effective than it was in 2000: institutional responsibilities would have been redefined and rationalised; there would have been greater participation in all stages of health governance by NGOs and local communities; and the geographical and hierarchical structure of the health care system would have been drastically reorganised.

Moreover, the corporatisation of the main hospital in the country, the Georgetown Public Hospital, would have contributed greatly to the enhancement of the quality of health care.

In order to meet the specially acute shortage of medical personnel in the hinterland, a system of incentives to work in these areas would have been established.

The general shortage of medical practitioners would have been attended to, in some respects, by expanding and upgrading the medical faculty of the University of Guyana, by the use of Information Technology, and by increasing significantly the emoluments given to doctors and other government employees in the health sector. In addition, there would have been intensified in–service training in a number of areas. Furthermore, arrangements would have been put in place for the regular attendance in Guyana of medical specialists from abroad to cover those disciplines in which Guyana was deficient. The evacuation of medical patients overseas for treatment not available in Guyana, though much reduced, would have become more efficient and effective. Special units for the treatment of cancer and kidney ailments would have been established.

A system of targeted and selective fees, depending on the financial status of the patient, would have been implemented. This policy would have been formulated and implemented in order to ensure that more resources were available for health care, while not denying anyone’s access to basic medical services because of the inability to pay. Indeed, the primary objective of the targeting exercise would have been the obtaining of additional resources in order to assist the poor more effectively. Within this context, the charges for private wards and private rooms in Government–owned hospitals would have been substantially increased.

It would also have been noted in the survey of 2010 that the quality and compass of primary health care had been significantly improved, a full range of services (preventive curative, supportive and rehabilitative) being offered.

There would also have been a heightened public awareness of the deleterious effects of AIDS and the methods that could be followed to minimise its dissemination. This would have come about as a result of an intensive and aggressive anti-AIDS campaign conducted throughout the first decade of the 21st century.

Housing

A big dent in the housing problem which existed throughout Guyana at the end of the 20th century, would have been made by 2010.

This achievement would have been due to joint action by Government and private enterprise. On its part, Government would have provided land and infrastructure at little or no cost (depending upon the financial status of the citizen), and financial incentives to builders and the banking system: tax concessions, reduced tax rates on building materials, incentives to banking institutions etc. On their part, the Private Sector would have helped by investing in all types of housing for low, middle and high income groups. In addition, commercial banks and the New Building Society, would have assisted through the provision of loans with longer payback periods and lower rates of interest, because of the support provided by the Government.

There would also have been a re-location of squatting areas through the provision of alternative sites, improved infrastructure, and enhanced utilities. Special attention would also have been paid to the improvement of squatting areas through the use of international financing, as has been done, e.g., in Mexico and Trinidad, and through the granting of titles to squatters.

Moreover, many houses would have been built between 2000 and 2010 as a result of the B.O.T. infrastructural arrangements which had been made with respect to roads and bridges. This was especially important for the middle and upper classes. In addition, a significant number of houses would have been built as a result of self-help schemes.

Most important, the strategy for housing development, had taken into account the establishment of more settlements in hinterland areas e.g., the Intermediate savannahs, the Rupununi, the Bartica Triangle, and the North West District. This was important with respect to the attainment of the overall objective of equitably distributing economic activity throughout Guyana.

It should also be noted that the implementation of the housing strategy, in addition to fulfilling a social need, would also have greatly assisted in the country's overall economic development by providing jobs not only in the construction sector, but also in the forests, in the sawmill and the plywood industries, and in the transportation sector.

In order to ensure the smooth operation of the strategy, great reliance had been placed on a reactivated urban planning unit and on the implementation of the following fiscal measures: the establishment of a special fund for providing rental subsidies to low income families; another for supplementing the mortgage payments of low-income families; a re-discount line for mortgages in the Central Bank; and the reform of mortgage banking institutes.

A significant proportion of the funds obtained under the HIPIC arrangement for the eradication of poverty, would also have been devoted to providing houses and house facilities for those below the poverty line.

Gender Issues

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If a survey were also undertaken in 2010 on the status of women in our society, it would have been noted that the situation of women had been considerably improved. In particular women would:–

- i. be more significantly involved in mainstream enterprises, because of specially targeted credit schemes, operated by both commercial banks and women’s credit institutions, and supported by government’s policies and tax incentives;
- ii. occupy more positions of high status in both the public and private sectors, in numbers closer to their proportionality in the population. This degree of progress would have been the direct result of special government programmes to train women in certain non–traditional areas, including public and private management, and to identify women of exceptional capacity. Moreover, focal points would have been established in all Ministries and agencies to ensure the inclusion of gender considerations in policy making. In addition, private firms and government agencies would have been ranked by their performance on various gender indicators, thereby encouraging both sectors to move towards gender equality;
- iii. have a greater representation than men as students at the University of Guyana. This would be the continuation of a trend which began in the 1990s. This increased representation of women at the tertiary level of education would have been due to policies, established since 1975, to extend co–education to *all* secondary schools, and to institute reforms aimed at addressing gender sensitivity in education; and
- iv. be exercising greater control in their engendered roles within the household. The strategies adopted to attain this important objective would have included the establishment of special funds for supplementing mortgage and house rental payments; the improvement of health education and health services and the stricter and more pervasive implementation of legislation, passed in the early 1990s, to address the domestic violence from which women so seriously suffered.

Underwriting these specific measures would have been the improvements made in the education system, the general growth in the economy, and the massive increase in work opportunities across the country.

Moreover, legislation on the concept of ‘equal pay for work of equal value’, would have been enacted and enforced, and a number of benefits for pregnancy and maternity would have been provided.

Poverty Eradication

By 2010 the levels of poverty in Guyana, in both rural and urban areas, would have been considerably reduced, if not completely eradicated, and the disparities in wealth among regions significantly attenuated. This most important objective would have been attained primarily because of the rapid growth of the economy in the first decade of the 21st century. The expansion of the economy would have led to the creation of new jobs; the fiscal and monetary strategies formulated in the overall NDS would have made access to credit by all classes of our society much easier than it had been in the 1990s; and the training programmes in management, marketing and accountancy, for example, together with the technical assistance provided in these disciplines, would have increased the number of entrepreneurs and widened the population of this important group.

In addition, the special attention paid in the NDS to general education and health would, by 2010, have removed many of the poverty–making factors which inhibited the economic and financial development of the erstwhile poor.

It should also be noted that a special HIPIC programme which began in 2000 was designed specifically to alleviate poverty in Guyana. This programme, would have contributed to enhancing the access of the poor to health, education and adequate housing; to increasing job–opportunities through the provision of micro–credit; and by formulating and implementing projects directly targeting the poor and poverty–stricken areas.

Labour

As has already been described, by 2010 there would be little or no unemployment, the range of employment opportunities would have been considerably expanded, the labour force would be much better trained, and there would be a rapidly growing and vibrant class of entrepreneurs.

Moreover, the Public Service would have been significantly down-sized. Most of the employment opportunities would therefore be in the private sector.

In order both to ensure the rights of workers and the profitability of private enterprises, new systems of negotiation would have been evolved. Most important, the various Trades Unions would have become more sophisticated and professional, possessing the capacity and capability to collect and analyse their own data. They would also, by 2010, be in a better position objectively to criticise management policies and practices and to offer suggestions for their improvement. The habit of confrontation that was so prevalent in the 1990s would have changed to one of negotiation. In addition, the ILO conventions with regard to such matters as child labour, acceptable standards of employment, the physical protection of workers, and the provisions affecting minimum wages would have been studiously followed.

Perhaps most important of all, there would have been established among the government, the trades unions, and the private sector, a Social Partnership Agreement. This would have been based on the recognition that there are a mutuality of interests, and an inherent interdependence, among them. The parties to this social contract would have agreed, *inter alia*, to subscribe to a prices and incomes policy, to a series of long-term wage agreements, and to specific procedures governing the recognition and settlement of disputes. All this would have been based on their acknowledgment that the success of any sustained social and economic progress in Guyana would depend upon their collective commitment to a philosophy of governance which is characterised by participatory democracy and the subjugation of sectoral interests to the national good.

Youth, Culture and Sport

The strategies that were formulated in the NDS with regard to youth would have come to fruition by 2010. So that, by that year, the education and training systems which they had followed would have enabled them to obtain meaningful employment, either as entrepreneurs, as employed salary or wage earners, as professionals and technicians, as skilled craftsmen, or as teachers. The choices and opportunities available to Guyana's young people would have been considerably enlarged.

Special courses in leadership would also have resulted in a new population of young Guyanese men and women capable of assuming leadership roles in politics, business, public administration, and management.

Furthermore, the housing situation which in the 1980s and 1990s exerted such a restrictive influence on the physical and psychological freedom of Guyanese youth would have been much eased. Indeed, most of them would by 2010 have been able to buy or rent houses on reasonable terms and conditions.

Young people's involvement in sports would also have been considerably intensified. This would have come about, first, through identification and selection processes that would have enabled sports leaders to spot potential sportsmen and sportswomen throughout the length and breadth of Guyana, in the towns and in the villages, on the coastland and in the interior at a relatively early age; second, by the establishment of playing fields and sports facilities in all the country's regions; third, by the construction of at least two sports stadia to facilitate the improvement of our sports persons through their exposure to international competition, and to enable the Guyanese public to enjoy and appreciate all aspects of sport at the highest level; fourth, by the provision of coaches for every major sport, in many parts of Guyana; and fifth, through the organisation of regular and frequent national and local competitions.

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In all these matters, special attention would have been paid to the primary and secondary schools, and to the University. Specific incentives would also have been provided for the establishment of Youth Clubs.

By 2010, also, there would be clear and indisputable evidence that the racial problems which now exist in our country would have, to a large extent, been overcome. This would have resulted primarily because of the sustained improvements of the economy; the more equitable geographical distribution of economic activity throughout Guyana; and the inclusive, participatory systems of governance which had been followed throughout the decade.

In addition to the general influence of the economic environment, a specific strategy would have been followed. The first step of which would have been to teach the history and culture of each racial group throughout the school system, in order to instill pride in their various origins. Second, the strategy would have demonstrated how, from the strengths of all our cultures, a truly Guyanese multi-cultural nation could be woven and how this weaving together of the different strands was absolutely necessary for our survival. Great care would have been taken in the selection of both reading material and teachers. Special techniques would have been used in this important exercise.

The Family

The Guyanese family too would, in 2010, be much more self-reliant than it is today. This metamorphosis would have come about because the majority of the members of the family would be better educated; be in better physical health; would be better housed and sheltered; and would be in a much better economic position than they were in 2001, because of the greater access to educational and health facilities, and the increased availability of jobs and job opportunities.

Moreover, because a Family Code would have been formulated and implemented, to give guidance to families on the maintenance of values and acceptable standards of conduct, the dysfunctional behaviour which was so integral a part of the characteristics of some Guyanese families, at the turn of the century, would have to a large extent been replaced by more understanding and co-operative attitudes. Indeed, the tenets of this Family Code would have been taught in both primary and secondary schools by teachers and social workers specially trained to impart such attitudes and ways of life to the young.

Because, also, special attention will have been paid to the child, the youth and the elderly in our society, their conditions would have been much improved, e.g. programmes on drug and alcohol abuse, domestic violence, and teenage pregnancies would have been mounted for our youth; the NIS's medical care benefits would have been continued after retirement specifically to help the elderly; new senior citizens institutions would have been built to specifications which ensured that all the special services necessary for the comfort and security of the aged were in place; a programme of home-help for them would have been instituted; and facilities for adult training to give retirees a chance to update their skills and enable them to continue to contribute to the development of our society would have been put in place. Furthermore, arrangements would have been legalised for the state to provide counselling for abused and abandoned children; and legislation would have been enacted to increasing the minimum amount of child maintenance, to regulate day-care practices and facilities, and to empower the Children's Services Unit to remove children found to be in dangerous and threatening situations from their parents or guardians.

This list of the strategies laid down in the NDS to assist the child, the young and the elderly in our society, and people with disability is not exhaustive. It indicates however, the improvements which would have occurred, within the family, by 2010, if the strategy were followed.

Land

By 2010, all those who desire land in Guyana, would be in a position to acquire it easily and expeditiously. This would have come about because of the drastic removal of the red tape which hindered the transfer of land in Guyana, up to the year 2001; and by decisions of the State to lengthen the duration of leaseholds so that they might be used as collateral in loan transactions, to sell or transfer land of a minimum area to individuals; and to grant land, free of charge, to all those who are below the poverty line and desire such ownership. Restrictions would have been placed on speculating with this granted land within a specified period, and conditionalities would have been enforced in respect of its beneficial occupation.

In addition, those institutions that are responsible for the registration of land, and the transfer of titles, would have been made more efficient through the upgrading of their staff, the computerisation of their operations, and the rationalisation of their functions.

As a result, Guyanese in 2010 would not find it as difficult, costly and time-consuming, as they now do, to acquire and dispose of land, provided that they respect and meet the requirements of the zoning laws, and conform to the Environmental Protection Act.

Perhaps most important, the claims of the Amerindians and African Guyanese for the utilisation and titling of what may be generically described as ‘ancestral land’ would have been resolved.

Tourism

One of the most radical changes in Guyana’s social and economic structure, by 2010, would have occurred because of the operations of the eco-tourism sector. By 2010, the contribution of tourism to our GDP would have overtaken that of many of the traditionally important sectors in our economy. This would have come about because of the implementation of the strong tourism development strategy in the NDS, which includes a range of incentives for the development of the sector.

A number of national parks, protected areas, and national monuments will have been established and maintained, and would have provided the main attraction for our eco-tourists. In addition, an adequate number of interior resorts, hotels in Georgetown and other cities, and general tourism facilities would have been located throughout the country.

Moreover, special training courses would have been mounted in order to enhance the quality of service of those who work in all sub-sectors of the industry. In addition, campaigns that were designed specifically to apprise the general public of the social and economic advantages of tourism, and of the importance of courtesy in our tourism endeavours, would have been conducted.

The spill-over effects of the rapid growth of tourism during the decade of the strategy would have, of course, significantly influenced the growth and development of other sectors of the economy e.g. the farming community, small-scale retailers, sculptors and painters, entertainers, transport operators, and so on.

Amerindians

The Amerindians would be perhaps the ethnic group which would be most positively affected by this NDS. Indeed, by 2010, there would have been considerable improvements in their way of life; poverty would have been virtually eradicated in their areas; their land disputes would have been resolved and their lands demarcated and legally transferred to them; and their access to education, health facilities, water and housing would have been considerably enhanced and brought into line with the also improved conditions of the coastland. Moreover, because of the incentives provided, there would have been no shortage of teachers and health practitioners servicing their districts; there would have been a surge of economic activity in many of the areas that were in close proximity to their locations, for which their approval would have been an

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essential requirement, and which would have provided them with opportunities for gainful employment; and, because of the training and education which they would have received, they would have been eligible for, and capable of undertaking, any available job in the entire country. Most important, the Amerindian of 2010, will have profited from the special efforts that would have been made to assist them to maintain their traditional values, and customs, while benefiting from the higher standards and quality of life which would then be prevailing throughout Guyana.

CHAPTER 1

ORIGINS AND METHODOLOGY

1.1 In most countries, development plans and strategies are prepared by national governments. Although in some cases certain sections of the population are consulted during various stages of the preparation of such documents, in very few instances, if any, are representatives of civil society actually involved in the identification of the objectives of national development, in the formulation of policies and strategies to attain the identified goals and, perhaps most important, in the management of the entire process.

1.2 By civil society is meant individuals and groups, organised or unorganised, who interact in the social, political and economic spheres of a country. Neither governments nor political parties are included in this definition of civil society although many of the members of civil society almost inevitably belong to or support either the government or the political opposition.

1.3 In 1993, Dr Cheddi Jagan, the then President of Guyana, approached the Carter Center seeking help in the formulation of a National Development Strategy (NDS). The Carter Center agreed to provide both financial and technical assistance in the preparation of a first draft, which was published in 1996.

1.4 Although many Guyanese experts contributed to the preparation of the series of documents which comprised the Strategy, the management of that project was not placed in the hands of Guyana's civil society. Moreover, a number of well-qualified persons did not have the opportunity to participate. In addition, the major opposition party objected to it being put forward as a national strategy mainly on the ground that it would be used by the People's Progressive Party, the political party in Government, as its manifesto for the elections which were due in the following year.

1.5 The first draft was therefore never brought to Parliament. It soon became apparent, however, that a policy framework document, such as the NDS, would provide a useful guide for the future development of Guyana. It was also evident that the 1996 Strategy contained so much useful information and so many useful analyses that it would be a pity to discard it in its entirety. However, it was rapidly becoming out-of-date because the dynamics of the economy since its formulation had altered somewhat. Furthermore, it seemed more than likely that a mere revision would be met by the same objections that were made to the methods of preparing, and to the perceived political objective of, the original document.

1.6 Accordingly, the Carter Center, after consulting the then Minister of Finance, Mr. Bharrat Jagdeo, approached a number of members of Guyanese civil society and discussed with them their possible participation in the formulation of a second and final draft of the National Development Strategy. It was pointed out to these citizens of Guyana that they would be in full control of the process, and that their proposed strategy, once formulated, would not be censored in any way. A very high proportion of those who were contacted agreed to serve and, in September 1998, a broadly representative national civil committee, now known as the National Development Strategy Committee (NDSC), was assembled.

1.7 The arrangement between the Minister and the NDSC is that the report, once completed, will be submitted to him. It will then be discussed in Cabinet and laid, unaltered, in the National Assembly. There, the Government, as well as opposition parties, would be free to express their views on the Strategy.

1.8 At its first two meetings, which were the only ones attended by the Minister of Finance, the NDSC elected five co-chairpersons whose task it was to co-ordinate and manage the process. Before formally taking up their positions the co-chairpersons, either together or in groups, met the leaders of all the parliamentary political parties and apprised them of the intention to re-write the NDS, the broad composition of the NDSC, and the procedures which would be followed in formulating the Strategy. The co-chairpersons,

in addition to chairing all meetings of the NDSC, where draft chapters were considered in detail, met among themselves each week. They also kept the Minister of Finance informed of the progress that was being made in the Strategy's preparation.

1.9 Immediately after the convening of the NDSC, sectoral committees were selected to undertake the work of developing revised drafts of all the existing chapters, and of preparing new drafts for chapters on Governance and the Guyanese Family, which were not included in the original NDS. Every race, every religion, every political party, every economic sector, and every ideological persuasion was represented on the NDSC, and/or the sectoral committees. It must again be stressed that these sectoral committees were not merely engaged in updating the document published in 1996. Their rewriting of the chapters entailed, in many cases, changes in philosophy, substance and thrust. Put in another way, the entire strategy has often been changed and entirely new sectoral versions have been put forward in some instances. Change was not made for change's sake, however. Indeed, wherever it was realised that the early drafts still met the requirements of Guyana's future development, they were substantially retained.

1.10 This National Development Strategy is essentially an exercise in summary plagiarism. In addition to drawing upon the expertise of members of its sectoral and central committees, it relies very heavily on the reports of visiting consultants, studies undertaken by the Government itself, assessments of the economy by the Bretton Woods institutions and other members of the United Nations system, reports of donor countries and non-governmental organisations, and the manifestoes of the major political parties. Most important, were the inputs of ordinary Guyanese citizens throughout the length and breadth of the country. Their views were solicited through questionnaires, and through consultations, particularly in regard to the preparation of the first draft of the National Development Strategy.

1.11 Each new sectoral draft, on its completion, was discussed at joint meetings of the National Development Strategy Committee and the relevant sectoral committee. A final version which took into account the decisions made at the joint meetings was then prepared. These sectoral chapters are published in their entirety as separate documents, as separate appendages to this report. However, the individual sectoral strategies were distilled into the succinct coherent national development framework which is presented here.

1.12 The new chapters on Governance, the Guyanese Family and Information Technology are perhaps illustrative of the all-embracing approach which the NDSC has taken with regard to Guyana's socio-economic development. The Committee is convinced that there can be little or no economic progress in Guyana if there is not good governance. Accordingly, it has made prescriptions in respect of, *inter alia*, civil rights, the rule of law, the independence of the judiciary, public administration (including the Public Service, and systems to ensure accountability and transparency), and the delegation of authority from the Centre to the regions and villages. The chapter on the Guyanese Family emphasises the crucial importance that is attached by the Committee to the enhancement of human values in our society, and to the vital role which should be played by the family in this area. Particular attention is paid in this new chapter to the plights that are currently being experienced by our young and elderly persons, and strategies are put forward towards the alleviation of the problems which they face. The other new chapter emphasises the necessity of utilising the recent advances in Information Technology in modernising Guyana. It stresses the need for their application to all aspects of the country's development in order to enhance its knowledge base and to improve its efficiency.

1.13 The importance of gender and environmental issues pervades the document.

1.14 It cannot be too strongly emphasised that the NDS is not an economic development plan in the conventional sense of the term. For example, it does not attempt to assess the total amount of capital that would be required to finance the country's development during the first decade of the twenty-first century, and although it provides forecasts on the rates of economic growth that would occur if all or some of the

strategies that are put forward in the documents are implemented, these must be considered as being merely indicative. It is hoped that the strategy, if accepted, would be converted into programmes and projects, which would then be costed, some for financing by the public sector and others by private enterprise. The costed public sector projects would then provide the basis for annual budgetary requirements and allocations.

1.15 This National Development Strategy is put forward by Guyanese civil society both as a compass and as a framework for realising our potential and for releasing our society and economy from the shackles which now so decisively restrain us. It seeks to define our most urgent priorities and, in every area, clearly lays down concrete policy reforms and actions. It is the product of many of us: Guyanese of all races and of diverse professions. To implement it and to realise the dream it embodies would require the collaboration of the entire nation.

1.16 What has happened in Guyana, in regard to the formulation of the National Development Strategy, has been a rare, if not unique, occurrence. Indeed, it is perhaps the first truly inclusive and participatory development exercise ever to be undertaken in our country. It is the hope of all the members of both the National Development Strategy Committee and the Sectoral Committees that this Policy Framework Document, once debated, and hopefully approved in Parliament, with whatever changes that body may wish to make, would provide the basis for the future development of our country in the years to come.

CHAPTER 2

NATIONAL OBJECTIVES

2.1 As the National Development Strategy, for the period 2000 to 2010, was being finalised at the end of 1999, Guyana's economy appeared to be faltering. The budgetary deficit which over the last ten years or so was slowly becoming manageable, seemed to be attaining unacceptable proportions. Moreover, the rate of foreign investment on which the country is so highly dependent, had weakened significantly, and the value of the Guyana dollar had depreciated somewhat.

2.2 In addition, the rate of inflation which had been significantly reduced between 1992 and 1998, grew in 1999 to 7.4 percent. Perhaps not surprisingly, the rates of economic growth which had been so impressive between 1991 and 1997 had faltered, recording a negative performance in 1998, and recovering only to 3 percent in 1999, and the economy appeared to have lost its momentum.

2.3 Furthermore, although the rate of unemployment for those who indicate that they are actively seeking jobs had decreased in 1999 to 9 percent, almost 50 percent of the country's workforce was not gainfully employed. Moreover, the incidence of absolute poverty at 36.4 percent, though declining, remains high and 8.6 percent of the population experiences critical poverty.

2.4 These economic difficulties are aggravated by the political and racial tension which now appears to be an integral part of Guyana's social and economic landscape. It is an ailment which feeds upon itself: economic disparities and backwardness provide some of the fuel for ethnic and political conflagration which, in turn, leads to strikes and street protests and other forms of economic violence which, in turn, result in the decline of economic activity, economic growth, and general economic development

2.5 All this, despite the special character of our nation. Guyana, land of many waters, is in many respects unique in landforms and ecosystems. It is a land of savannas, majestic waterfalls, and renowned forest wealth. It is a land of rich coastal and riverain agricultural soils, and fabulous mineral deposits and marine resources.

2.6 It has the vigour of a multi-racial society, embracing the gamut of cultures: African, Amerindian, Asian and European. It possesses an outstanding educational tradition. The country's language is the *lingua franca* of the world, opening up international contacts and stimuli for all Guyanese, to an extent that is not true, not only for other developing countries in South America, but also for large parts of Africa and Asia.

2.7 With this background and potential, it is the greatest of ironies that Guyana, one of the world's least populated countries in relation to its geographic space, has become a cramped society characterised by small horizons, and bedevilled by self-doubt. Perhaps without realising it, over the decades of independence, we have grown to accept, almost unquestioningly, accretions of restrictions and constraints. By not expanding our transport and energy systems into our vast interior, we have allowed ourselves to become crammed into a narrow retreating coastal zone, trapped between seawall and backdam. Our capital is hemmed in by the Atlantic Ocean, the Demerara River, and expanses of cane and rice fields, with no adequate outlets for the urgent demands for housing, and for industrial development.

2.8 By accepting an overweening, interventionist, and controlling role of governments, which have to approve our access to land, our private investment decisions, and almost all the major decisions we make in life, we have restricted our social and economic space, and have placed a massive incubus on our creative energies. Too many of us now instinctively look to government, instead of to ourselves, for charting and

following our own courses. We are not a confident, self-assured civil society.

2.9 We have allowed the shadows of our history to dominate our potential and to perpetuate fear. We have become captive to our own racial and political stereotypes.

2.10 Guyanese who have chosen a life abroad have earned well-deserved reputations for hard work and competence. Those of us who have stayed, or have returned, to engage in the labour of building our nation can do so as well; provided that we free ourselves of these self-imposed restrictions. This means expanding into our geographic interior; extending our civic and private sectors; and putting central government in its proper roles of policy maker and regulator, not commander. It requires the strengthening of our local government system to allow fruitful participation by all. It demands resisting appeals to act and react on the basis of race. It implores us to conduct ourselves first and foremost as Guyanese.

2.11 This also means the further widening of our economy from the narrow base of sugar, rice, and minerals on which it has rested for decades. It means drastically diversifying our agriculture. It means moving from a predominantly agricultural society to an agro-industrial economy in which the value that is added to our products accrues in this country. It means utilising all the available technology rapidly to modernise our country, including especially, information technology.

2.12 The sad fact is that despite the interventions of the Bretton Woods institutions in Guyana since 1989, the political economy of the country has been neither restructured, modernised, nor diversified. We are still basically an agricultural society which depends, more or less, on the same crops which we have been producing for over a hundred and fifty years. We are still basically two countries: one located on the coast, and the other in the remote interior, with very few cultural and physical linkages between us. We are mostly still distinct ethnic groups which, in times of stress, unhealthily oppose each other. We still utilise, albeit inefficiently, the institutions which we inherited at independence; institutions which were designed for different times and with different purposes and objectives in mind.

2.13 The objectives of the National Development Strategy which would provide a policy framework and a set of guidelines for the country's development during the first decade of the twenty-first century must therefore provide a blueprint for the attainment of a wide-ranging set of objectives.

2.14 First and foremost, a strategy which would lead to the attainment of the highest rates of *economic growth* that are possible in the time-frame of the NDS must be formulated. This is an imperative. The other developmental objectives of the strategy would be, in large measure, dependent upon rapid economic growth.

2.15 The second objective of the strategy is that of *poverty alleviation*. In addition to the direct concerns for the plight of the most disadvantaged groups, the well-being of all societies depends upon significantly enhancing the living standards of the poor. The attainment of this objective would require not only massive investment in basic services such as health, education, water and housing, but also the formulation and implementation of effective programmes to place low income families on a self-sustaining path of betterment, programmes that are based on well-designed packages of incentives.

2.16 The third objective of the NDS may be described as the achievement of *geographical unity*. In effect, this means integrating the country spatially so that all its regions can become full partners in every sense. This is a matter of the highest national priority, given the present difficulties and costs of internal transport, and the fissiparous tendencies which appear to be growing in our society. Its urgency is attested to by the facts that several hinterland areas, in which Portuguese is commonly spoken, have more extensive relations with Brazil than with the rest of Guyana; and that Venezuela has unconcealed pretensions to a large part of Guyana's territory. The attainment of this objective would, also, of course, lead to the penetration of the interior and to a more rational distribution of the country's population.

2.17 The fourth objective, to a great extent, complements the third. **It is the equitable distribution of economic activity.** Its primary purpose is the removal of the disparities in income and economic activity among the regions, and the support of the process of shifting the country's population from the coast to the hinterland.

2.18 Fifth is the objective of *diversifying the economy*. The country cannot continue to depend on a narrow economic base, especially one that is so dependent on preferential agreements and tariffs. It is therefore necessary to diversify within the agriculture sector; to extend the range of economic activity to include agro-based industries; and perhaps of most importance, to adapt and apply cutting-edge technology wherever feasible in our country. The argument is that a developing country such as Guyana need not be condemned to repeat the technological learning process that the industrialised nations have passed through. It must attempt to bridge the gap.

2.19 These then are the main objectives. However, it cannot be too strongly emphasised that to attain these targets certain conditions must be put in place.

2.20 First, there must be a greater degree of political inclusivity in the governance of the country. It is absolutely necessary that the polity be restructured in a way that is widely acceptable, and in a manner in which all segments of society feel that they have an equal stake in the political process and in the country's future. Moreover, the effectiveness and transparency of government must be improved, for they affect all aspects of our social, economic and political life.

2.21 Second, to attain high rates of economic growth and higher standards of living, there must be higher productivity. Many factors contribute to raising productivity but, above all, productive forces can be unleashed through better basic education and vocational training, more productive infrastructure, and a clear economic policy framework which leads to a simplification and clarification of such matters as investment procedures, the obtaining of licences to perform various business activities in Guyana, and the ownership and transfer of property. The important point is that the Government's rules should no longer inhibit investment and production, but facilitate them.

2.22 Third, it is vital that the educational system be re-examined if the policies that are put forward in this National Development Strategy are to stand any chance of being translated into successful programmes and projects. The details of how this may be achieved are put forward later in this document. Suffice it to state, at this stage, that educational reform should embrace more effective teacher training, a greater emphasis on the basics of primary education, a more focussed attention on science and technology, and a consolidation and improvement of both the courses and facilities at the University of Guyana at Turkeyen. Failure to develop adequately our country's human resources can be the main constraint in the attainment of the nation's developmental goals.

2.23 To summarise, the objectives of the National Development Strategy are:

- i. the attainment of the highest rates of economic growth that are possible, by the year 2010;
- ii. the alleviation of poverty;
- iii. the attainment of geographical unity;
- iv. the equitable geographical distribution of economic activity; and
- v. the diversification of the economy.

CHAPTER 3

GOVERNANCE

3.1 THE CONCEPT

3.1.1 The United Nations has defined governance as the exercise of political, economic and administrative authority in the management of a country's affairs. Governance comprises the complex mechanisms, processes, relationships and institutions through which citizens and groups express their interests, exercise their rights and obligations, and mediate their differences. Good governance is characterised by participation, transparency, accountability, effectiveness, equity and strict adherence to the rule of law.

3.1.2 Participation occurs when citizens or their representatives possess adequate and equal opportunities to initiate discussions on issues which concern them, to be consulted on matters of national or regional or parochial interest, to express their views and preferences on these issues and matters, and to play a role in formulating the ultimate decisions.

3.1.3 Transparency may be described as the absence of secrecy in all transactions and activities of the government, except those specifically excluded by law. Transparent systems of governance permit a wide range of information to be accessible as of right; are characterised by clear procedures for decision-making; and have open channels of communication between stakeholders and officials. Such systems enable citizens to scrutinise and assess all aspects of a government's business, to uncover wrong-doing, and to protect their rights.

3.1.4 Accountability is simply the requirement that government officials be responsible to citizens for any malpractices which they might perpetrate during the course of their work. Transparent systems of governance are a prerequisite of accountability.

3.1.5 It is possible, of course, for a government to be participatory, transparent and accountable and yet be ineffective. It should be obvious, however, that effectiveness, the capacity to realise objectives, is of paramount importance. As the United Nations has succinctly expressed it, "effectiveness requires competence; sensitivity and responsiveness to specific, concrete, human concerns; and the ability to articulate these concerns, formulate goals to address them, and develop and implement strategies to realise these goals."

3.1.6 The term equity speaks for itself. It implies that an essential element of good governance is that all citizens should be treated justly and without partiality; that no group, or race, or religion, or class should be discriminated against or given special privileges.

3.1.7 The final concept is that of the rule of law. The basic features of this fundamental of good governance are that (i) the law must prevail over all persons, and all institutions, including even the government (ii) citizens must be shielded from arbitrary and unlawful acts by other persons and by the state; and (iii) all citizens should be given equal treatment before the law and should be subject to the law. The rule of law is an essential precondition for accountability. For the rule of law to prevail there must be *inter alia* knowledge of the law and the legal system, an independent magistracy and judiciary, an uncorrupted and incorruptible police force, and the nondiscriminate application of the law itself.

3.1.8 **It is now generally acknowledged that there can be little lasting and sustainable social and economic development in the absence of good governance.** This is true for all societies. It is especially true, however, for multiracial societies such as Guyana in which obsessions with ethnic origins often transcend policies, plans, strategies and performance.

3.I.9 Bad governance inhibits sound economic development in several ways. First, it creates a tension between the government and those who perceive that they are being excluded from government, or are being treated unfairly by the legal system or by law enforcement officers. The results are unnecessary strikes that occur too frequently and persist for too long; other forms of economic sabotage; frequent street marches, demonstrations, and other types of protest; and a general environment of disorder and upheaval. Second, there is often a reduced respect for established authority. Laws are therefore flouted as if to countervail against the illegalities that are intrinsic in bad governance. Third, it is often accompanied by corruption. As a consequence, there is a loss of revenue to the State; over-expenditure on development programmes; and, in general, so inefficient an execution of projects that their poor quality leads to their early deterioration and, ultimately, to high maintenance and repair costs. Fourth, where transparency does not exist, there is often a perversion of economic choice with all its concomitant ills. Fifth, there is an overall loss of growth and development throughout the State. And sixth, a country that acquires a reputation for bad governance often does not attract investment because of the high unofficial rents that are often demanded in such places.

3.I.10 This list of the ills which beset nations that are badly governed is not exhaustive. It is submitted, however, that it is sufficiently long to underscore the overarching importance, in the development process, of the quality of a country's governance. **It is perhaps therefore true to state that if key elements of the strategy that is presented in this chapter are not implemented, it is most unlikely that the social and economic developmental objectives which have been established as the overall goals of this National Development Strategy, will ever be attained.**

3.II THE CURRENT SITUATION

3.II.1 An exhaustive survey of the state of governance in Guyana has not been undertaken. It was therefore found necessary, in preparing this section, to study and assess various reports by those international and bilateral agencies that are interested in the social, cultural and economic development of Guyana; reports and statements of the government itself; newspaper articles and correspondence; submissions to the Constitutional Reform Committee; and relevant articles in social, economic and political journals.

3.II.2 The picture that emerges is very disturbing. As many of the problems which now exist are historical, and owe their origins to the practices of past governments, or to the combined follies of past and current opposition and ruling parties, what follows is not intended to cast aspersions on the performance of any particular group. All Guyanese, in one way or another, have contributed to the poor quality of governance which has prevailed, and still exists, in our country.

3.II.3 Participatory Democracy

3.II.3.1 Given the nature of the country's history and its current constitution, it should not be surprising to learn that there is little participation by Guyanese non-governmental groups and other sections of civil society, in the formulation of public policies and in their implementation. Opposition parties, as always in the country's political history, are not routinely and formally consulted on legislative matters, nor are the trades unions and the private sector. It seems to be the rule that such organisations are asked to participate in the decision-making processes only in times of crisis, particularly when there is industrial strife and political violence. Successive Guyanese governments have failed to appreciate that if consultation and participation were made essential stages in the exercise of government, the frequent confrontations which have become an integral part of the country's life would be considerably reduced, if not eliminated.

3.II.3.2 The diminution of strife would be of value in any country, for, as has been pointed out, frequent demonstrations and incidents of economic violence either dissuade financiers from investing in a country or,

because of the perceived risk, incline them to demand higher rates of return on their investments. In either instance, economic and social development is severely hampered. The reduction of strife would be doubly beneficial in a country like Guyana in which every disagreement is given a racial connotation, and where problems, which in other communities would be considered to be normal political or industrial disputes, are intensified and made fearful by the racial cleavages which prevail in the society. Consultation and participatory procedures need therefore to be institutionalised in all aspects of government and at all levels. In this regard the trades unions, the private sector, non-governmental organisations, and civil society as a whole, should be seen as partners in the country's quest for equity and sustainable development.

3.II.3.3 The roles of the trades unions, the private sector, and non-governmental organisations which represent specific interests are well-known. It might, however, be useful to state what is meant by the term "civil society". The United Nations Development Programme defines it well. "Civil Society", it states, "is more than just society. It is the part of society that connects individuals with the public realm and the state – it is the political face of society. Civil society organisations channel people's participation in economic and social activities and organise them into more powerful groups to influence public policies...". It should be evident, in the context of Guyana's social, economic and political environment, that civil society organisations should play a more important part in both shaping and implementing public policies.

3.II.3.4 The parliamentary opposition parties should also be part of the process. However, apart from their participation in the Public Accounts Committee in Parliament, they do not appear to possess any constitutional or legal right to engage, except in negative ways, in the business of governance. It is therefore considered necessary to enshrine in the law measures which would ensure that the opposition parliamentary parties be included in a more creative way in the law-making processes.

3.II.3.5 The history of governance in Guyana demonstrates that the country's very origins; its various Constitutions, the political systems under which it has been governed, culminating in a Westminster type arrangement; and its political configurations, have militated against consensus-building and the practice of participatory and consultative democracy. Indeed, often, the only objective of the political exercise is to confound the opposing political party. In such circumstances, opacity in government is seen as a virtue, and transparency an impediment in the exercise of power. Moreover, because voting preferences are not based on performance in government, or on the policies of contending political parties, but are almost inextricably linked to race, accountability and effectiveness are often considered to be irrelevancies. As a result, most Guyanese do not appear to have as yet fully developed that level of political sophistication which demands good governance as of right. This is the basic reason for the necessity to establish guidelines, rules of procedure, and laws to ensure inclusivity.

3.II.3.6 The current systems of local and regional government also do not lend themselves to meaningful participation. Indeed, in many respects, they accentuate the imperfections of the central government, by replicating both the winner-take-all syndrome, and the absence of statutory and formal procedures for consultation. If anything, because the power to make decisions which impinge upon regional and village life rests almost entirely with the Centre, the peripheral systems impede, rather than assist, the development of local democracy. For example, budgetary allocations and expenditure are controlled by the Centre; the most senior regional public servant is employed by the central government and reports directly to the minister responsible for regional and local government; and the laws which the regional and local authorities administer are initiated, enacted, and imposed by the Centre. It follows, therefore, that no matter what the political allegiance and complexion of the regional and local governments, the economic and social decisions which influence and control the lives of their citizens are made by the Centre. The current local government system therefore, to a large extent, acts as a brake on regional democracy.

3.II.3.7 There must therefore be a much greater degree of decentralisation to the regional and local authorities. Systems must be put in place which would empower the regional authorities to make laws and to

impose local taxes. There must be popular participation in the development process at all levels of our society.

3.II.4 The Rule of Law

3.II.4.1 It must be emphasised at the outset that Kafkaesque situations in which the authorities knock on the doors of innocent citizens, throw them into prison without even stating the reason for their seizure, and relentlessly pressure them into confessing to they know not what, do not often obtain in Guyana. Nevertheless, there is strong evidence that many people in the country are of the opinion that the rule of law does not always prevail. They hold the view that the administration of justice is unpredictable and often biased; and that law enforcement officers often ignore the rights of the population, employ unnecessary force and violence in their dealings with certain classes, and appear either to be unable to solve problems of any complexity or choose not to bring the perpetrators to justice if they are rich or influential. In any event, many law enforcement officers are considered to be rent-takers. These impressions of the ordinary Guyanese citizen are difficult to substantiate to the degree that would be required in a court of law. Moreover, they are generalisations which should not be applied to the entire judiciary, magistracy and police force. The sad fact is, however, that it is agreed by all objective commentators that the Guyana justice and law enforcement systems have deteriorated severely over the years.

3.II.4.2 Consider the justice system. Court facilities, although having been improved in recent times, are still, in general, shabby and in various states of disrepair. Court staff are depleted in numbers and not as qualified as they are required to be. Indeed, almost fifty percent of the positions in the judicial system is vacant, and many of the existing staff occupy positions that are well beyond their education and capabilities. In addition, the law libraries do not possess basic reference documents and reports, and are not kept up-to-date.

3.II.4.3 Moreover, there are reported to be inordinate delays in the trying of cases, mainly because (i) court files very frequently cannot be found, because of the absence of indexing systems, the low quality of security, and the inefficiency of the filing procedures; (ii) inadequate noticing procedures for litigating parties, attorneys, witnesses, and the police; and (iii) the dearth of qualified staff. As a consequence, there is a tremendous backlog of cases. Even more reprehensible is the practice by many judges of handing down their judgments long after the trials over which they presided have been finished. The combined result of trial delays and late judgments is that, often, innocent persons serve long periods in jail pending trial, business transactions are stymied, and economic development is hindered.

3.II.4.4 Furthermore, Guyana's courts are not supported by modern technology. Computers are virtually unknown. Indeed, the equipment that is currently utilised is often so obsolescent that spare parts cannot be obtained for them. In addition, the organisational structure of the administration which manages the judicial system is, at best, very early twentieth century.

3.II.4.5 It is argued by many that the overarching reason for this devastating inefficiency is the uncompetitive salaries that are paid to those who work in this important branch of government. Except for a dedicated few, it is simply impossible to attract the best and most experienced. It is evident, therefore, that in the national development strategy, provision must not only be made for improving the management system, modernising its procedures, refurbishing its premises and providing it with relevant equipment, but also for increasing salaries, and for putting in place an organisation which would ensure that the emoluments of the judiciary are not subject to the whims and fancies of politicians, or those who make decisions on their behalf.

3.II.4.6 In Guyana, members of the judiciary are appointed by a Judicial Service Commission whose members are selected by the President, after consultation with the Minority Leader. As there is widespread belief in the country that there is often political interference in both the appointment and promotion of judges, their integrity and impartiality are often challenged. This matter too must therefore be addressed.

3.II.4.7 The fundamental importance of a well-functioning judiciary in the economic and social development of a country such as Guyana cannot be overemphasised. It is now well-documented that one of the reasons for the persistent underdevelopment of many poor countries has been the failure of the governments of these countries to ensure that the basic legal framework of liberalised economies is provided. The vigour of the marketplace depends in large part on the establishment of an environment in which legal rights, especially property and contractual rights, are enforced and protected.

3.II.4.8 The legal environment should therefore comprise competent, ethical, well-paid professional judges, who administer rules that are designed to promote, and not to hamper, economic development. The judges should be advised by competent, ethical and well-paid lawyers. Their decisions should be enforced by competent, ethical and well-paid policemen and bailiffs. And the judges should operate within a framework of easily ascertainable rules and practices. Perhaps above all, the judges should be insulated from interference by the legislative and executive branches of government.

3.II.4.9 What is required in Guyana is an independent and capable judiciary that is dedicated to upholding the Constitution and the rule of law, and to protecting individual and community rights. In order to attain the necessary independence, it will be necessary to devise a system which minimises the influence of the executive on the selection of the Chief Justice, the Chancellor, and the Judicial Service Commission. To this end, the selection panels should comprise persons chosen mainly from the legal profession, but including also representatives of Civil Society. Parliament should be empowered to approve recommendations from these panels, by some proportion that is more than a simple majority. The salaries of the Judiciary should be financed from a fund especially established for that purpose.

3.II.4.10 The problems which beset the Police Force are similar in many respects to those which so adversely affect the judicial system: poor salaries, a shortage of equipment and the virtual absence of modern aids and technology. Moreover, in addition to being 30 percent under strength, a large proportion of the existing force is poorly educated and virtually untrained. This is particularly true of, but not confined to, the lower ranks. On top of all this, the physical facilities in which the Force operates are frequently inadequate. Means must therefore be devised to overcome these obstacles to development, and to remove the concomitant incentives to bribery and corruption. It would also be necessary, because of the racial tensions which seem always to exist in Guyana, to devise means of ensuring that the composition of the Police Force reflects the ethnic diversity of Guyanese society. Because it has been argued that, for one reason or another, certain ethnic groups do not wish to work in the Police Force, efforts to recruit them should not only be intensified, but the processes of recruitment should be transparent and should be publicised.

3.II.5 Civil Rights

3.II.5.1 The current constitution of Guyana enshrines the rights of the Guyanese people. Indeed, it includes certain rights, such as that of free education, which the courts have ruled to be merely declaratory and not justiciable. There can be little doubt, therefore, of the intention of the framers of the Constitution to provide Guyanese citizens with a set of legal principles that are designed to ensure that they enjoy certain basic benefits. The trouble lies in the recognition and enforcement of these rights by the authorities. Indeed, many Guyanese seem to be unaware that even the justiciable rights are enforceable.

3.II.5.2 This state of affairs has come about partly because mechanisms have never been established in Guyana to inform citizens not only of the existence of these rights, but also what they mean in practice, and what steps should be taken to ensure their enforcement; partly because no specific civil rights statute exists;

and partly because there are few institutions in the country which seem capable of thoroughly and impartially investigating complaints of breaches of civil rights, of preparing cases against those who are accused of committing such breaches, and of prosecuting the offenders in the court.

3.II.5.3 The Race Relations Commission which has been established in recent years has not gained the approval of the major political opposition party, and has not been allocated adequate financial resources. As a result, it seems to be incapable of vigorously pursuing allegations of racial discrimination and violence in Guyana.

3.II.5.4 The Ombudsman's Office, strictly speaking, should not be considered to be a civil rights authority, because its mandate confines its investigations to the administration of the public sector. In any event it does not seem to have dealt with any major case of public service maladministration, over the last two decades or so, despite the many allegations of governmental malfeasance that are made by Guyanese citizens.

3.II.5.5 It is evident that the list of civil rights must be revised and modernised; that a body of laws should be enacted to ensure that the nature and extent of these rights are clearly defined, and the penalties for their breach are known; and that institutions with a sufficiency of resources to investigate civil rights claims and to take them to the courts be established as soon as possible. Above all, a system must be put in place to formulate policies and enact and enforce laws prohibiting discrimination on the basis of race, disability, sex, religion and national origin.

3.II.6 Public Administration

3.II.6.1 It is now generally accepted by most Guyanese that, in future, the private sector would play the leading role in the social and economic development of the country. It may therefore be considered to be somewhat paradoxical that, in such a context, the importance of a competent and efficient Public Service should increase rather than diminish. This is, however, the case. For if the private sector is to be the engine of growth for the economy, the Public Service's duty is to create the most favourable environment for such growth, and to ensure that all the citizens of Guyana benefit from the activities of investors and entrepreneurs. Moreover, the Public Service would be required to become more efficient and cost-effective in the formulation and implementation of social and infrastructural policies.

3.II.6.2 Therefore, what is required in Guyana today, and in the years to come, is a Public Service that is capable of:

(i) formulating macro-economic and other public policies which would enable the private sector, and other sections of civil society, to flourish and develop;

(ii) negotiating agreements with potential investors which would, at one and the same time, ensure fair returns to the State and the financier;

(iii) establishing the social and physical infrastructure (or creating the conditions for its establishment) which would enhance the quality of life of all citizens; and

(iv) putting into place institutions which would monitor the performance of the general economy, and of the private sector, not only to assist in its successful development, but also to make certain that the interests of Guyanese citizens are always taken into account.

3.II.6.3 This entails the identification of a range of possible developmental objectives and the selection of those that would be most beneficial to the Guyanese people; the analysis of the various options that might be available for the attainment of the selected objectives; the formulation of plans and strategies to optimise the

returns from the chosen objectives; and the devising of methodologies, mechanisms, and institutions to implement the strategies and/or to monitor their implementation.

3.II.6.4 Such a Public Service must possess the skills of policy formulation and policy analysis; must be knowledgeable of relevant modern technologies and techniques; must either have at its disposal the most up-to-date information on a wide spectrum of topics, or know how to gain and interpret such information; must be able to analyse and adapt this knowledge to Guyana's needs, situations and environment; and must be able to apply such information in its dealings with the Private Sector.

3.II.6.5 Guyana does not have such a Public Service. Although the country is fortunate to possess a number of Public Servants with the capacity to perform many of the policy-making, administrative and technical functions of a modern government in a developing economy, critical masses of well-trained and experienced Public Servants do not exist in many areas. Indeed, in several vital disciplines, there is a complete absence of qualified personnel.

3.II.6.6 The Guyana Public Service is too large in certain non-essential areas and too small in many crucial fields. Moreover even where required skills are available, they are often under-utilised because of poor deployment practices and the existence of weak institutions.

3.II.6.7 In almost every tier of the Public Service morale is low. It is low because of still unrewarding salaries, a perception of political interference by employers, and a dearth of incentives. There are no merit rewards, and the system of annual increments has long been abolished. As reprehensible as the absence of rewards is the absence of penalties for inefficient performance.

3.II.6.8 On top of all this, Public Servants operate in systems which not only lack transparency and accountability, but in which mechanisms for asserting authority have broken down. It should not be surprising, therefore, that the probity of the Public Servant is most suspect, and that some of them have been accused of demanding and accepting bribes. The practice of rent-taking is allegedly particularly rife in the revenue collection agencies, and in those institutions that are involved in the tendering processes, and in the execution and implementation of government contracts, e.g., in the procurement of medicinal and educational supplies, and in the establishment of transport and building infrastructure. There are also serious claims that there is much discrimination and corruption in the allocation of land and housing.

3.II.6.9 Although many of these claims and allegations might be unprovable, there is little doubt that all the procedures which permeate these activities provide opportunities for fraud. The reform of the Public Service, which is now in process, should therefore be intensified, with a view to streamlining its structure and rationalising its activities. Special attention needs to be paid to the internal structures and working procedures of individual ministries and departments, the relationships and linkages among them, the objectives and functions of the various Boards which have been established, and the strategic utilisation of personnel who possess skills and expertise that are in much demand throughout the Government, but are in short supply.

3.II.6.10 Salaries, incentive schemes, packages of perquisites, and the enticement of expatriate Guyanese to return to their country of birth to fill certain positions, will have to be examined. Perhaps above all, systems which ensure accountability and transparency, and which increase the possibility of detecting illicit acts, would have to be established.

3.II.6.11 The term public administration includes, of course, Ministers and the entire ministerial apparatus. Because, in Guyana, many allegations of financial impropriety are levelled at this group, it would be necessary to define clearly the responsibilities of Ministers and to distinguish them from those of public servants. There is also need to examine carefully the entire ministerial structure; to determine whether there are too many ministries; to enquire, for example, whether the duties of the Ministries of Trade and Finance

overlap, and whether the responsibilities for some aspects of economic development, which seem to have been assigned to the Ministry of Foreign Affairs, do not add yet another unnecessary layer to the bureaucracy; to consider whether there is not duplication and waste in possessing both a Ministry of Agriculture and a Ministry of Fisheries, Crops and Livestock when in a reformed Public Service all that should be required of Ministries is the formulation of policies and the monitoring of their implementation. Moreover, it would be essential to establish transparent and accountability procedures which would make it easier to detect and punish transgressions. An important first step would be the reduction or elimination of the wide discretionary powers now held by Ministers.

3.III THE OBJECTIVE

3.III.1 The general objective of governance in Guyana is to ensure that the nation is administered and managed effectively and equitably, at all levels of government and in all geographical areas of the country.

3.III.2 The specific objectives are that (i) governance should be participatory and inclusionary, (ii) the rule of law should prevail throughout the land; (iii) governance should be transparent, and (iv) government officers and politicians should be accountable to Guyanese citizens.

3.IV THE STRATEGY

3.IV.1 Participation and Inclusion

3.IV.1.1 It will be a requirement of law that permanent parliamentary committees be established to participate in all stages of the drafting of all legislation. No bill will be brought to Parliament if it had not been subjected to the scrutiny and examination of these committees.

3.IV.1.2 It will be enshrined in the law that all such permanent parliamentary committees must consult with relevant sections of civil society and relevant non-governmental organisations during their deliberations on proposed legislation.

3.IV.1.3 Non-governmental organisations will be registered, and their right to be legally consulted on a range of issues, including legislative matters, enshrined in the country's laws.

3.IV.1.4 It will be a legal requirement that a number of days be set aside in each session of Parliament for the consideration of legislation originating from the Parliamentary Opposition Parties.

3.IV.1.5 Guidelines will be legally established in order to ensure that governments consult civil society and non-governmental organisations on the objectives and contents of national economic and social programmes, on the means and strategies for their implementation, and on their respective roles and responsibilities in their formulation and execution.

3.IV.1.6 Legal provision will be made for all regional assemblies to make laws, within clearly defined boundaries, and for them to impose taxes.

3.IV.1.7 Parliament will devise a formula for the sharing of state funds among the centre, the regions, the municipalities and the village authorities. This formula will be based on the amount of revenue accruing from the particular area, its population, its economic potential and its needs.

3.IV.1.8 Provision for periodic revisions of the formula will be enacted.

3.IV.1.9 A framework will be devised, and legislation enacted, empowering regional governments to *deliver* educational, health, water, infrastructure and a range of other services in the regions for which they bear responsibility. The Regions will be required to carry a proportion of the costs of delivering such services.

3.IV.1.10 Every opportunity will be taken to re-examine the relevance of the Westminster system of Government to Guyana; and to have a series of structured national discussions on (i) the meaning of consociatism and federalism and other forms of inclusivity and power sharing, and (ii) their applicability to Guyana.

3.IV.2 The Rule of Law

3.IV.2.1 The refurbishing of court facilities throughout the country will be intensified.

3.IV.2.2 The law library will be improved by ensuring the sustained supply of up-to-date publications of case and statutory law, and relevant jurisprudential publications. Linkages will be established with law libraries in other countries in order to benefit from any relevant services which they provide. The library will be computerised.

3.IV.2.3 Administrative systems and procedures will be put in place so that court records and trial transcripts would be more readily available.

3.IV.2.4 Modern technology, through a phased programme, will be introduced into Guyana's Court system.

3.IV.2.5 The emoluments of the magistracy and judiciary will be significantly increased, over a period of time. The programme for the proposed increases would be the result of negotiations between the Guyana Bar Association and the Judicial Service Commission.

3.IV.2.6 Subject to the decisions of Parliament in its current constitutional reform exercise, it will be recommended as follows:

- i. the Head of the Judiciary be nominated by the President on the recommendation of the Judicial Service Commission, which would have made the recommendation only after consulting the Guyana Bar Association. The President's nominee must be approved by a two-thirds majority of Parliament;
- ii. the President will appoint the Judicial Service Commission after consulting the leaders of parliamentary parties, the Law Faculty of the University of Guyana, and the Guyana Bar Association;
- iii. the Judicial Service Commission will include the Head of the Judiciary, the Attorney General, a representative of the Law Faculty of the University of Guyana, a representative of the Bar Association, and the Chairman of the Human Rights Association;
- iv. appointments to the Court of Appeal and the High Court will be subjected to the approval of Parliament, by a two-thirds majority;
- v. the Judiciary will be financed by a special vote on the Consolidated Fund and managed by a separate financial administration responsible to the Head of the Judiciary. To provide the Judiciary with its own budget both bolsters its independence and places it in a position to maximise its efficiency; and
- vi. Guyana will become a member of a Caribbean Court, which would be a final court of appeal in all constitutional actions and in important civil and criminal matters.

3.IV.2.7 Responsibility for court administration, including budgeting and postings, will be in the hands of the judges themselves and will not be left to the government or public service.

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- 3.IV.2.8 The promotion of judges will be based on objective factors, such as ability, integrity and experience. The selection of judges for promotion will involve the judiciary itself, and not the executive.
- 3.IV.2.9 Time limits will be set for the handing down of judgements by magistrates and judges. These limits will be established by the judiciary itself, after consultation with the Bar Association.
- 3.IV.2.10 Minimum qualifications will be prescribed and enforced for all levels of court staff.
- 3.IV.2.11 Higher educational standards for recruitment into the Guyana Police Force will be established.
- 3.IV.2.12 Continuous intensive training courses will be conducted for police officers at all levels. Specially selected policemen will be trained, in Guyana or abroad, in the collection and analysis of intelligence information. Modern equipment and technology will be utilised in this regard.
- 3.IV.2.13 The Police Force will be provided, over a period of time, with modern policing equipment and an adequate number of vehicles.
- 3.IV.2.14 The emoluments of the Police Force will be significantly enhanced over a period of time. Increases will be linked to achievement targets, and to educational and training qualifications.
- 3.IV.2.15 Internal investigative, judicial and disciplinary systems will be strengthened in the Police Force. Policemen found guilty of infractions, particularly those involving bribery and excessive violence, will be severely punished.
- 3.IV.2.16 The physical facilities in which policemen operate will be upgraded.
- 3.IV.2.17 The organisational structure of the Police Force will be rationalised in order to increase its efficiency and its responsiveness to appeals for help from the public, and to emergency situations.
- 3.IV.2.18 Systems will be put in place to make the Police Force more "citizen friendly". The current alienation of the Police Force from the ordinary people of Guyana must be reversed.
- 3.IV.2.19 The further establishment of neighbourhood community police forces will be encouraged. These civil society organisations will be trained by the Guyana Police Force and will be responsible to it.
- 3.IV.2.20 A massive recruitment drive will be undertaken in order to encourage those ethnic groups who have not traditionally sought employment in the Police Force to enter the Service. The aim will be, as far as possible, for the Police Force to reflect the ethnic distribution of multi-racial Guyana and, also, to enable the Force to deploy its officers and ranks in geographical areas to which they might better relate.
- 3.IV.2.21 The capacity of the Police Force to solve difficult crimes, the solution of which is dependent upon sophisticated "intelligence systems" will be enhanced, though the institution of special training courses, the recruitment of personnel already qualified in this area and, if necessary, the provision of technical assistance by friendly countries.

3.IV.3 Civil Rights

3.IV.3.1 It will be recommended to Parliament, if it has not already concluded its deliberations on constitutional reform that:

- i. there be included in the new constitution a statement to the effect that the citizens of Guyana are committed to the

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establishment of a democratic society in which all races are considered and held to be equal before the law; in which there is equal opportunity for advancement; in which there is no discrimination with respect to gender and sexual preferences; in which respect is paid to all religions and all cultures; in which individual enterprise is encouraged; in which the privacy of all citizens is sacrosanct; in which there is freedom of expression, access to information, and freedom of association; in which the judiciary is independent and the laws fearlessly and objectively administered; in which the rights of the indigenous peoples, children; the family and disabled persons are respected and enforced; in which the state shall use its best endeavours to provide comprehensive and well administered health and educational systems; and in which every person shall have a right to life, liberty and personal security; and

ii. these principles should be incorporated in a Bill of Rights.

3.IV.3.2 A continuous campaign will be mounted in order to ensure that all citizens would not only know that civil rights exist, but would also understand the importance of these rights and the procedures and means of enforcing them.

3.IV.3.3 A set of laws will be enacted to define those civil rights which are justiciable and to provide penalties for their breach.

3.IV.3.4 It will be recommended to Parliament that provision be made, within the constitution itself, for the establishment of institutions to monitor the honouring of civil rights by the government and people of Guyana. It is considered that the rights of the people of the country are of too great importance to be left to the whims and fancies of any particular government. If, however, the framers of our Constitution do not share this view, laws (outside of the Constitution) will be enacted to put in place such institutions. To this end a Civil Rights Commission will be established.

3.IV.3.5 This Civil Rights Commission will comprise at least two divisions: an Equality Division and a Human Rights Division. The Equality Division will be charged with the responsibility of ensuring that the principles of racial and ethnic and gender equality be observed throughout the society, by both the private and public sectors. The Human Rights Division's main concern will be with the enforcement of those other civil rights that are enshrined in the Constitution or in the law. Other Divisions will be added from time to time as the need arises.

3.IV.3.6 The mission of the Civil Rights Commission will be, first, to enforce all those

laws which prohibit exclusion and discrimination; and second, to educate the public in regard to their civil rights so that all Guyanese would be treated with dignity and would be able to enjoy fully all the benefits and privileges which flow from being Guyanese citizens and residents.

3.IV.3.7 The range of the mandate of the Civil Rights Commission will be wide. It will cover discrimination on the basis of race, sex, physical disabilities, religion and national origin; it will include discrimination in respect of voting; and it will embrace, *inter alia* discrimination in education, employment, credit, housing and land distribution.

3.IV.3.8 The Civil Rights Commission will be provided with the financial and human resources that are necessary to enable it to investigate complaints with regard to breaches of civil rights; to mediate extra-judicially if the complaints warrant such an approach; to bring cases before the courts whenever the necessity arises; to co-ordinate relevant civil rights activities in areas in which other arms of the government are engaged; and to prosecute cases which either cannot be, or are not sufficiently, addressed by other authorities, particularly in respect of misconduct by state and regional government functionaries.

3.IV.3.9 There will be a special section devoted to the prohibition of discrimination in the distribution of state houses and state land. Another section will concern itself with discriminatory activities by lending

institutions, particularly in respect of loans for housing and business entrepreneurship.

3.IV.4 Public Administration

3.IV.4.1 The process of Public Service Reform which has been undertaken since 1990 will be intensified. The objective will be to hone the Service into an efficient organisation capable of performing the increasingly sophisticated duties of a modern society. To this end the numbers of the Public Service will be reduced; its operating systems modernised; modern technology introduced; and higher salaries paid.

3.IV.4.2 When public servants retire or resign from non-essential positions, these posts will not be filled.

3.IV.4.3 In addition to the process of attrition the required reduction will be attained through the provision of incentives to resign from the Service. Potential departees would be trained in various fields to enable them to work either alone as entrepreneurs, or in paid employment in the private sector. Moreover, those opting to operate their own business, be it in farming, or in commerce, or in construction, or in industry, will be granted low interest loans, repayable over relatively long periods. Resources for such loans have been obtained by at least one African country from the Bretton Woods institutions. In addition, tax holidays for a specified period and lump-sum monetary benefits will be granted to public servants who voluntarily go into early retirement and become self-employed. Public Servants who lose their jobs as a result of the reform Programme will, of course, be compensated, according to the prevailing laws. The unions representing the members of the Public Service will be consulted in all these matters, before their implementation.

3.IV.4.4 The salaries of public servants will be increased, over a specified period, in accordance with a formula agreed between the government and the Public Service Union. This formula will take into account comparable salaries and perquisites in the private sector, the ability of the government to pay increases, the productivity of the Public Sector, and rises in the cost-of-living index.

3.IV.4.5 A special land and housing allocation scheme will be established specifically for public servants.

3.IV.4.6 Public Service Reform will not be confined to a reduction of its members and an improvement of its salary structure. It will also include a reassignment of personnel from areas in which their experience and qualifications are not now fully utilised, to others in which their full potential and their talents would be optimised.

3.IV.4.7 Special attention will be paid to enhancing the quality of the institutional environments in which public servants operate, and to raising their morale.

3.IV.4.8 Special compensation packages will be offered to Guyanese experts who possess rare skills that are needed in Guyana to encourage them to join the Public Service if they are already in Guyana, or to return home if they live abroad. UNDP's TOKTEN programme, which funds expatriates of developing countries for short periods in their own countries, will be utilised more intensively. In addition, a register of expatriate Guyanese will be prepared and arrangements will be made with those who are willing to do so for them to undertake a number of duties while living abroad, through the utilisation of Information Technology.

3.IV.4.9 A code of conduct will be established for public servants. Penalties will be prescribed for breaches of this code. These penalties will be strictly enforced.

3.IV.4.10 The system of annual increments will be re-introduced. These increments will, however, not be obtained automatically. Civil Servants will be required to receive positive recommendations from their supervisors before earning these increments.

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3.IV.4.11 The Ministries of Agriculture, and of Fisheries, Crops and Livestock will be merged.

3.IV.4.12 There will be a new Ministry of Natural Resources which will be responsible for the mining and forestry sectors. The forestry activities now performed by the Ministry of Fisheries, Crops and Livestock will be absorbed by the new Ministry, as will the wide range of activities currently undertaken by the Guyana Natural Resources Agency, which will be abolished.

3.IV.4.13 The functions of the Ministries of Finance and Trade, and the activities of the Ministry of Foreign Affairs which impinge on economic development, will be rationalised.

3.IV.4.14 A National Anti-Corruption Committee will be established and charged with the responsibility for devising and monitoring a strategy against corruption. In effect, this body will constitute a citizens' oversight board. Its duties will be to (i) assess the government's procedures in public procurement, tendering, contracting, and make recommendations for their improvement; (ii) investigate public complaints of corruption that are brought to its attention; (iii) identify key areas on which the anti-corruption effort might focus in the first years of its operation; and (iv) monitor the performance of any procedures against corruption which have been established. This National Anti-Corruption Committee will be a civil society organisation comprising representatives of the trades unions, the private sector, the consumers' association and various professional organisations.

3.IV.4.15 A systematic review of the discretionary powers now wielded by ministers and public servants will be undertaken. Thereafter, these discretionary powers will be substantially curtailed in order to reduce the possibilities of venality. Replacing these discretionary powers will be well-defined rules of procedures that are designed ultimately to eliminate corruption in the country.

3.IV.4.16 The Auditor General's office will be strengthened. More resources would be devoted to its modernisation and the introduction of new technologies.

3.IV.4.17 The accounting services in all government departments will be strengthened.

3.IV.4.18 A public information campaign against corruption will be mounted.

3.IV.4.19 It has been demonstrated in many parts of the world that corruption is a symptom of fundamental economic, political, and institutional causes. Accordingly, a number of social, political and economic reforms have been proposed as an integral part of the overall development strategy. Among these are some which would unambiguously reduce opportunities for corruption: lowering tariffs; eliminating enterprise subsidies; minimising regulations, licensing requirements, and other barriers to entry for new firms and investors; privatising assets; enforcing prudent banking regulations and auditing and accounting standards; improving financial management and tax administration; and strengthening the legal and judicial systems.

3.IV.4.20 Tender Boards will be re-organised in order to provide civil society with the dominant role in the tendering system. The procurement of goods and services for every level of governance will be regulated by an Act of Parliament, which would make provision for the appointment of independent and impartial tender boards to deal with such procurement.

3.IV.4.21 The tendering system will be fair, public and competitive and tender boards will on request give reasons for their decisions to interested parties.

3.IV.4.22 No organ of state and no member of any organ of state will improperly interfere with the decisions and operations of the tender boards.

3.IV.4.23 All decisions of all tender boards will be recorded.

3.IV.4.24 A unified Procurement Code will be formulated. This will establish the basic principles and practices to be followed in public procurement.

3.IV.4.25 Bidding documents will be standardised, and simplified purchasing procedures for special kinds of procurement will be established.

3.IV.4.26 A public information programme will be mounted. It will be addressed to all parties, the public, suppliers, contractors and officials, and would clearly define all the procedures that relate to the public procurement of goods and services.

CHAPTER 4

MACRO–ECONOMIC STRATEGIES

AND THE

MANAGEMENT OF THE ECONOMY

4.1 THE STATE OF THE ECONOMY

4.1.1 After more than a decade of economic decline, an Economic Recovery Programme (ERP) was introduced into Guyana in 1989. Since 1991, when the Programme began to take effect, the Gross Domestic Product has grown significantly in each year, with the exception of 1998 when Guyana experienced a downturn in production because of a combination of factors which will be discussed later.

4.1.2 The fundamental objectives of the ERP, which is still, to a great extent, being pursued in our country, are to establish internal and external equilibrium, to promote greater efficiency in resource use, and to attain greater international competitiveness. These are regarded as the preconditions for sustainable economic growth.

4.1.3 These objectives are to be achieved by shifting resources from the production of non–tradeables to that of tradeables; by greater reliance on competitive processes, and on pricing and marketing mechanisms; by the liberalization of external trade; by reducing the role of the public sector, and concomitantly, by encouraging the private sector to assume functions which were previously undertaken by the state.

4.1.4 Although stabilization, i.e. the reduction of current account deficits, lies at the heart of the Economic Recovery Programme, its ultimate objective is to restore economic growth.

4.1.5 It was anticipated that, at least in its early stages, the ERP would adversely affect the social and economic well–being of many persons in our society. Accordingly, the Social Impact Amelioration Programme (SIMAP) was established, in order to cushion the ill effects of this Structural Adjustment Programme.

4.1.6 Some aspects of the performance of the country’s economy from 1991 to 1999, are presented below:

– In 1991 Guyana’s *external debt* stood at US\$1.855 billion. This rose to US\$1.967 billion in 1992, and to US\$2.05 billion in 1995. Since then the debt burden has declined to US\$1.20 billion at the end of 1999.

– In the same period the country’s *domestic public debt* rose from G\$12,669.9 million in 1991 to G\$18,794.7 million in 1992; and then very steeply to G\$37,678.0 million in 1996. In December 1999 it stood at G\$49,852.4 million.

– In 1991 there was a deficit in the balance of visible trade of US\$40.7 million. This rose to US\$61.0 million in 1992. However, between 1993 and 1996 the trade gap narrowed substantially to US\$20.2 million. It rose steeply to US\$54.2 million in 1998, but by the end of 1999, it was down to US\$25.2 million.

– The exchange rate of the Guyana dollar to the US dollar in 1991 was 122.75. In 1992 it was 125.00; and in 1998 it was 165.25. At the end of 1999 it had depreciated still further to 180.00.

- Since 1990, the inflation rate in Guyana has been significantly contained. In that year it was over 100 percent; by 1991 it had fallen to 26.1 percent; it was reduced to 8.1 percent in 1995, to 4.5 percent in 1996, and to 4.1 percent in 1997. It was 4.8 percent in 1998. By December 1999, however, it had risen to 7.4 percent.
- The rates of growth in real terms of the Gross Domestic Product for the period 1991 to 1999 were as follows:

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Percent	5.9	7.7	8.3	8.5	5.1	7.9	6.2	–1.3	3.0

4.I.7 This list of economic indicators is, of course, not exhaustive. It is sufficiently long, however, to indicate that, not only has a significant measure of fiscal and monetary stability been achieved in the country, but there had been noteworthy increases in the rates of economic growth between 1991 and 1997. Moreover, inflation rates have been contained at single digit levels, a remarkable attainment when it is remembered that in 1990 inflation was recorded at over 100 percent. Real interest rates have also dropped to manageable proportions; the budgetary deficit was reduced up to 1997, to levels that could be financed internally and externally without difficulty; a comfortable amount of foreign exchange reserves has been secured; and the exchange rate, though depreciating, displayed a certain degree of stability up to 1997. Indeed, throughout the period 1991 to 1997, Guyana has managed to meet the targets that were established by the Bretton Woods institutions. As a result, a significant amount of debt relief has been obtained.

4.I.8 It should also be noted that total social sector spending as a proportion of current expenditure declined from 16.5 percent in 1989 to 8.5 percent in 1992 and then increased at an annual average rate of 20 percent for the period 1993 to 1999.

4.I.9 There can be little doubt, therefore, that not only did the economy perform well between 1991 and 1997 at the macroeconomic level, but that the social sector, particularly education and health, benefited significantly from its positive performance.

4.I.10 However, since 1997, the economy has shown signs of weakening. For example, there was negative growth in GDP in 1998, and the increase in 1999 was very modest; there has been a sharp depreciation in the value of the Guyana dollar; and there was an increase in the foreign trade deficit in 1998, its reduction in 1999 being due almost entirely to a decrease in imports rather to an increase in export earnings.

4.I.11 Moreover, despite these undoubted improvements to 1997, a closer examination of all the available statistics would reveal that the country's economy *is still extremely fragile, and still remains vulnerable to the slightest of internal and external shocks.*

4.I.12 The decreases in the rates of growth of GDP in 1995, 1997, 1998 and 1999 are a reflection of the extreme brittleness of our economy, for they were the result, first, of under-production by the Omai gold mines in 1995 because of a shut-down of operations to reconstruct a spill-over pond; second, of low productivity in 1997 in the agricultural sector because of the effects of El Nino, and in the forestry sector because of the Asian crisis; and third, in 1998 and 1999 both because of social, political, and industrial unrest in the country, and an unfavourable external environment.

4.I.13 The basic problem is that Guyana's economy is too narrowly based and is not sufficiently diversified. Moreover, the country relies almost exclusively, for its economic development, on the production and export of raw materials. Very little value is added to that of the raw materials before they are exported, and the manufacturing sector is still, in many respects, embryonic.

4.I.14 There are other underlying weaknesses in the economy, which remains rooted to a great extent, in the 19th century. We still, by and large, depend upon the commodities which we produced and exported in the colonial era. We still, more or less, utilise the same technologies. And we still, to a great extent, experience the same infrastructural and utility deficiencies. In short, the economy has not been modernised.

4.I.15 Moreover, even the growth in GDP which has occurred since 1991, has not been widespread enough to have had a positive effect in many parts of the general economy. It has not been developmental. It has taken place in relatively small economic enclaves, and has positively affected only a relatively few of the country's population. As a consequence, one out of every three persons in Guyana exists below the poverty line, and is therefore unable to put together a sufficiency of resources to provide himself or herself with the very basics of life. Moreover, approximately 50 percent of the workforce in this country has no jobs, although only 9.1 percent of them acknowledges that they are seeking employment.

4.I.16 In addition, there seems to have been little or no attempt to integrate poverty alleviation measures into the mainstream of macroeconomic policies. Very few fiscal incentives, for example, have been directed specifically to poverty-stricken areas and groups; and not enough attention seems to have been paid to the specific problems of job creation. Reliance for the alleviation of poverty has been placed almost entirely on SIMAP, and non-governmental organisations which have simply been overwhelmed by the magnitude of the task, and have not therefore responded as effectively as it was hoped.

4.I.17 Much progress has been made, however, on the construction of social infrastructure. For example, many more schools have been built and a significant amount repaired and refurbished. Furthermore, a number of health centres and hospitals, including particularly the Georgetown Public Hospital, has been extensively rebuilt and more effectively equipped. Indeed, expenditure in the social sector has risen almost exponentially between 1991 and 1999.

4.I.18 Perhaps the underlying cause of our developmental woes, however, has been our failure to attract more significant amounts of investment to our country. We cannot diversify our economy, we cannot produce more goods and services, we cannot attain even a modicum of equity in our development, at both the individual and regional levels, unless there is more investment in Guyana. This is one of the major problems which shall be addressed in this National Development Strategy.

4.I.19 In the latter half of 1999, Public Servants received a significant rise in their emoluments. This they deserved, for their wages and salaries were abysmally low. However, it should be obvious that the gradual but persistent reduction in the budgetary deficit which had taken place during the preceding decade would be curtailed to some extent, unless steps are taken immediately to increase the revenue base and to improve the efficiency of revenue collection. The options for decreasing expenditure are few.

4.II ISSUES AND CONSTRAINTS

4.II.1 The macroeconomic constraints which hamper the smooth and rapid development of Guyana's economy are many and varied. Some are caused by occurrences in the external sector; most exist because of our country's own short-comings and deficiencies. Whatever the source of our problems, collectively they hinder our competitiveness, inhibit investment and capital formation, and adversely affect our capability to

manage and administer the country's affairs effectively and efficiently.

4.II.2 Globalisation

4.II.2.1 In the context of this National Development Strategy, the term 'globalisation' is used to describe the closer integration of the national economies of the world, particularly through trade, and capital and financial flows. In a sense Guyana is already globalised. Because of the small size of our local markets, and because of the economies of scale that are inherent in many of the production processes which we employ, we are often forced to produce more than we can nationally consume, and must therefore export our surpluses. Moreover, it is of course essential that we earn a sufficiency of foreign exchange to purchase those goods and services that are vital to our development, but are not produced locally. It is evident, therefore, that we have no choice but to trade. In other words, there is no alternative but to take part in the process of globalisation.

4.II.2.2 What seems to be the cause of concern in this regard, however, is the high probability that Guyana's exports would be unable to compete in the open market, if the preferential access and relatively high prices which they now enjoy were removed. Although the indications are that for the next eight years or so our access to these areas would be maintained, it is almost certain that the prices offered for our commodities would be reduced. Indeed, there are already clear signs that this process of price reduction has already begun. So much so, that although we produced and exported a significantly greater amount of sugar and rice in 1999 than we did in 1998, we earned less foreign exchange.

4.II.2.3 Surely the imperative is to make those industries, on which so much of our economy depends, as highly competitive as possible. There is not much to be gained in idle lamentation over the removal of preferences and the reduction of prices. We should use the period between now and their removal to endeavour to rationalise production in our existing export industries by increasing the productivity of the land and labour used in the various processes, by adding as much value as possible to the raw materials which we now export and, at the same time, by diversifying our economy. Above all, we must modernise, not only by utilising the best available and relevant technology in our current production, but by adding completely new types of products to our existing export mix. In addition, in order to gain the time to improve our competitiveness, we must arm our Foreign Ministry with sufficient expertise to assist countries such as Guyana in obtaining the most favourable terms in the new dispensation.

4.II.2.4 This is not to deny that the process of globalisation poses new threats to human security, particularly in poor, vulnerable countries such as ours. Many people in the developing world fear for their jobs and for their environment. Many are afraid of cultural dominance by the developed world. The situation calls for strong, democratic governance, and modernised institutions. Above all, it cries out for policies and strategies which would enable and prepare the citizens of our countries, at every level of national life, to seize the advantages of global markets and competition, while ensuring that the process of globalisation does not unravel the social fabric of our societies. In addition, we must strive in international fora and with our colleagues in CARICOM to negotiate arrangements which would not only yield us a longer period in which to adjust to the new dispensation, but would also ensure that we do our business on a level playing field.

4.II.2.5 Domestic policies too have a great deal to do with the competitiveness of our exports. First, any level of import tariffs, no matter how small, tends to weaken the international competitiveness of exporting sectors, if the tariffs are imposed on goods and commodities that are inputs to our exports, because they raise the costs of production. In this regard, the progress in recent years in reducing average tariff levels represents a positive trend. Nevertheless, customs levies still exist, and the fact that they adversely affect the exporting sectors to some degree should be recognised, and reconciled with the necessity of collecting more revenue.

4.II.2.6 Second, exports from Guyana are made more costly than necessary by the inadequate state of transport infrastructure, and by the currently restrictive policies for commercial aviation. Although these

constraints are not macroeconomic in nature, they are flagged here because of the importance of the competitiveness of our exports.

4.II.2.7 Third, the difficulties that domestic firms experience in obtaining credit and, sometimes, in getting foreign exchange, place them at a disadvantage vis-à-vis their competitors in other countries, and point to the need for continuing improvements in the domestic banking system. The very high levels of excess liquidity, which the banks have accumulated in the face of urgent needs for working capital by businesses, is a clear symptom that the system of financial intermediation is still deficient in some important respects. The downward trends in real interest rates are a welcome sign but do not fully address this concern. The automatic approval of dollar loans, and the introduction of measures which oblige domestic banks to engage in interbank trading in foreign exchange, are steps which should be urgently taken.

4.II.2.8 Elsewhere in this document we emphasise the necessity to enhance our competitiveness through the reform of our institutions, through the provision of fiscal incentives for export and for marketing, and through the improvement of the quality of our infrastructure. Indeed, the whole thrust of this strategy is to improve our competitiveness through increases in productivity. Such an approach would have been necessary even if we did not have to operate in a globalised world, for Guyana's economy is extremely vulnerable to the external environment. This may be illustrated by the fact that the country's exports and imports exceed 100 percent of GDP. In other words, the slightest changes in the terms of trade can seriously affect the country's development. We must therefore be either competitive, or perish.

4.II.2.9 The other aspects of globalisation, i.e. capital and financial flows, ought not adversely to affect Guyana's economic development *at this stage*. On the contrary, they ought positively to assist in the process. What is important in this regard, however, is the need to have in place a Public Service capable of formulating policies to ensure that these capital and financial flows are not accompanied by unnecessary conditionalities and doubtful practices which restrict our degrees of freedom in policy prescription, and our capacity to defend ourselves against the depravities of international speculators. In this context, it might perhaps be worthy of note that most of those Asian emerging economies, which were in deep crisis some months ago, have displayed remarkably little interest in capital control, in their successful attempts to overcome their financial difficulties. On the contrary, they concentrated their efforts on strengthening their financial systems.

4.II.3 Capital Formation

4.II.3.1 Except for education and training to improve the quality of the labour force, capital formation is the most basic factor in the process of economic development. It is therefore incumbent on any Government of Guyana to avoid doing or saying anything, whether intentionally or not, which might discourage the process.

4.II.3.2 In this regard, perhaps the most fundamental constraint is that of perception. It appears that many local and foreign investors still remain unconvinced of the total commitment of the Government to the principles and practices of the free market. It is essential, therefore, that this perception be removed, and that steps be taken to ensure that this or any other government's dedication to a dominant role of the private sector, and to the necessity for private investment, be made abundantly clear. Without confidence in a government, capital flight occurs and the wealth of the country is undermined. Without confidence, skilled human beings emigrate and the country's major resource is woefully depleted.

4.II.3.3 Moreover, no person or group in Guyana should make pronouncements which, wittingly or unwittingly, may cause potential investors to shy away from risking their financial resources in our country.

4.II.3.4 Above all, a clear investment strategy and statement of principles, which provide comparable treatment to investors in all sectors, should be formulated, publicised and implemented. Moreover, the

approval process for investments should be simplified and made transparent. Of equal priority is the reduction of the range of variations in the consumption taxes and customs duties, so that differing products and sectors are treated more equitably.

4.II.3.5 Other measures, which are quite important in this respect, include making agricultural land leases tradeable, removing regulations that restrict land rents, and privatising State-owned enterprises. This last measure would also open the door to the participation of strategic investors in the recapitalisation of major industries.

4.II.3.6 A reduction in the rate of issuance of Government bonds would also favour private investment as it would lower the "crowding-out" effect in financial markets that such bonds tend to have.

4.II.3.7 Thus, the constraint to greater levels of capital formation can be seen to have the following dimensions: a) a psychological one of confidence, b) a financial one related to the effectiveness of domestic financial intermediaries, c) a fiscal one related to Government's behaviour in the financial marketplace, d) a regulatory one in respect of investment and tax codes and investment approval processes, and e) an institutional one in terms of land tenure and the ownership of productive assets. All these aspects of this constraint are susceptible to improvement through sound policy decisions and policy implementation.

4.II.4 Trade

4.II.4.1 One of the prerequisites of a market economy is to have in place an adequate set of incentives or relative prices—for both private and public agents—so that the production, distribution, investment and consumption of goods and services can be as socially efficient as possible. In a small economy open to world markets, incentives for firms exporting or competing with imports are often the key to achieving a path of sustainable development, because the expansion of domestic demand cannot by itself alone be expected to provide the basis for sustained growth. For these reasons, issues concerning the level of protection (this term is used in this chapter to include indirect measures of protection) of domestic producers vis-à-vis the rest of the world are important. Protection levels that are too high encourage inefficiency and the mismanagement of resources, while protection levels that are very low or negative might discourage social and economically profitable activities.

4.II.4.2 In discussing the current trade structure, its contribution to the economy and its future development, it is necessary to bear in mind the possibilities of developing new markets for existing goods and new exportable goods. Given that Guyana is well endowed with natural resources (timber, gold and other minerals, fish and shrimp, etc.), appropriate measures should be employed to encourage their exploitation along sustainable lines. It is also important to remember that sectors which are currently sheltered by international quota agreements will probably see the benefits of such agreements reduced in less than a decade. The diversification of exports is therefore an essential goal for the medium term.

4.II.4.3 The existing skewness in tariff structure, caused by an alarming pattern of exemptions, can create especially important distortions in a trade-based economy such as that of Guyana. Because it taxes final goods and inputs at different rates, it discourages efficiency in the overall economy. In particular, it plays against the development of efficient import-substitution processes that are necessary for the country's development. A producer of a final good will benefit from having a higher level of protection for the output than for inputs, but a local producer of capital goods or intermediate inputs will find himself in a disadvantageous position. Consequently, the substitution of efficiently produced local articles for imported intermediate goods would require a longer term to be achieved, thus retarding development. Moreover, since the producer of final goods finds it cheap to use imported intermediate and capital goods, the demand for labour is also reduced.

4.II.4.4 Our tariff structure also has a bias against agricultural exports. This is of particular significance because the agricultural sector is a potentially important source of foreign trade expansion for Guyana. A local producer of exportable agricultural goods often pays high prices for inputs because of the tariff structure, thus losing competitiveness vis-à-vis exporters in countries that have a lower tariff structure. In addition, the higher tariff rate that is currently in place for agricultural goods weakens incentives to improve productivity.

4.II.5 Monetary Policy and Management

4.II.5.1 In regard to monetary policy the question is how to rise above the technicalities of monetary programming and put forth some new guiding principles that are simple yet compelling. One such principle could be a loosening of the monetary targets, on two grounds: i) the economy has declined recently and needs stimulus, not monetary stringency; and ii) a review of the behaviour of monetary aggregates since 1992 shows that they have declined in relation to nominal GDP, although in the course of economic development they should increase as financial deepening proceeds. It would appear that the accords with the IMF have not given due recognition to the requirement of increasing the degree of monetization of an economy as it develops.

4.II.5.2 Another principle could be the abandonment of the practice of floating bonds for the purpose of "liquidity sterilization." It is illogical. The bonds are issued because the government deficit has given rise to inflationary pressures, and yet the burden of interest payments on them contributes either to a worsening of the deficit, or to making even more daunting the needed improvements in revenue collection. In place of the sterilization bonds it seems that it would be advisable to return for a five-year period to the instrument of reserve requirements for monetary management (under looser overall monetary guidelines). The goal should be to reduce the government deficit to less than 3 percent of GDP within those five years, so that by the end of that period neither the sterilization bonds nor high reserve ratios would be needed.

4.II.5.3 Of course higher reserve ratios for the banking system would mean that savers and investors would have to pay the cost of inflation control, through higher margins of financial intermediation. It should be clear, however, that someone has to pay that cost, and that in the long run the goal would be that taxpayers in general would shoulder the burden, through more vigorous revenue collection. Actually, it would mostly be particular groups of taxpayers: businesses who do not currently pay their taxes, and agriculture, which in general is virtually untaxed. And in any case, it is submitted that although of tremendous importance, inflation control is not the most pressing priority at the moment, but rather a reactivation of the economy, with more employment creation.

4.II.5.4 The existence of a liquidity overhang in the financial system is one of the major issues facing the financial sector. Added to the fact that the presence of a high level of excess liquidity implies less lending to support potentially high-yielding private investment, it has major implications for price and exchange rate developments. Excess liquidity, if not effectively sterilised, can result in substantial pressures being placed directly on domestic prices. It can also exert pressure in the foreign market resulting in a larger-than-desirable depreciation of the domestic currency.

4.II.5.5 Financial instruments that are available to the investing public consist mainly of treasury bills. Financial reforms in Guyana since mid-1988 have resulted in a shift from a system of monetary control by using interest rate ceilings, quantitative credit quotas, and reserve requirements, to one based on the use of indirect instruments, predominantly in the form of the primary sale of treasury bills.

4.II.5.6 The market-based environment requires a new approach to monetary management. Accordingly, new and increasing demands will continue to be placed not only on policy makers but also on market participants, especially commercial banks and other financial intermediaries. While the Bank of Guyana has

already taken some initial steps for organisational restructuring and capacity building, much more is required. For financial intermediaries in general, and commercial banks in particular, the need for organisational restructuring and capacity building is also critical.

4.II.6 Exchange Rate Management

4.II.6.1 Spreads between the buying and selling rate for bank and non–bank dealers in foreign exchange have continued to be relatively small and stable. This suggests a reasonable degree of market competitiveness. However, reports of queuing of import orders in some periods indicate that noncompetitive behaviour sometimes exists.

4.II.6.2 A related concern is that there is still a notable reluctance on the part of banks to buy and sell foreign exchange among themselves. This problem, and the queuing for foreign exchange, will have to be solved, and the mandatory surrenders of foreign exchange eliminated, before the exchange system can be termed to be completely liberalised. There are unsubstantiated reports, however, that certain banks, for one reason or another, export almost all the foreign exchange they receive, thus contributing to the shortage of currency and the depreciation of the Guyana dollar.

4.II.7 The Exchange Rate

4.II.7.1 The recent depreciation of the Guyana dollar creates especially difficult circumstances for low–income families. However, if appropriate policies are followed the changes in the exchange rate can have favourable consequences for the competitiveness of Guyana’s producers in the context of world markets. Therefore there exists a potential for greater increases in production and employment in the future than would have occurred in the absence of the depreciation. Nevertheless dealing with the negative short–term effects must remain a priority for economic policy.

4.II.7.2 In this situation, policy should be guided by the following three aims:

- to ensure that the depreciations do not degenerate into a continuing spiral of inflation and further depreciations which feed each other. Under that kind of scenario, inflation would erase the gains in competitiveness and would impose even higher economic costs on consumers;
- to strengthen the social safety net for low–income households, to offset some of the near–term economic pain for families who already are in conditions of poverty; and
- to ensure that the potential gains in production and employment are in fact realised, so that in the medium term the benefits to Guyana would be greater than the near–term losses.

4.II.7.3 To achieve the first objective of avoiding a spiral of inflation and depreciation, it is essential to reduce the fiscal deficit. Under any conditions, the surest and most sustainable way to attain stability in the exchange rate, and lower domestic inflation rates at the same time, *is to reduce the deficit in government spending and keep it at low levels*. An additional benefit of that policy would be the lower interest rates which would result from the fact that government would compete less with the private sector for access to funds on financial markets, as its deficit is reduced. Lower interest rates in turn stimulate growth, by promoting fixed investments and the acquisition of working capital for production.

4.II.7.4 In contrast, the policy of using high rates to attempt to stabilise the exchange rate has not been sustainable, has had negative effects on investment, and has been prejudicial to the expansion of production. It has not been sustainable because in the long run Guyana depends on exports to generate both more employment and more foreign exchange earnings. Any policy that inhibits export development undermines

the exchange rate eventually. In its defence, it can be argued that the high lending rates, and the prevailing high margins of financial intermediation, have saved Guyana from the bank failures which have occurred in many other developing countries. Moreover, interest rates have to rise in the immediate aftermath of a significant depreciation, since domestic inflation will increase as a consequence of the rise in the cost of imports, and low or negative real interest rates are not conducive to the mobilisation of savings. These points must be acknowledged but, after the short-term effects of the depreciation have passed, it will be important to put policy on a path of effecting gradual reductions in real interest rates. The recently announced reduction in required bank reserves marks a step in that direction, but more still needs to be done.

4.II.7.5 Achieving the second objective of widening the social safety net requires expanding SIMAP and related programmes. This is a short-term measure. Of greater importance is the formulation of policies which would lead to greater job creation and more intensive economic activities in depressed areas. The attainment of this objective can also be promoted through innovative social policies, such as we have outlined in the Chapters on Housing and on Land in this NDS.

4.II.7.6 Obviously, there can be a contradiction between the goals of reducing the fiscal deficit and expanding the social safety net. However, this contradiction can be avoided by appropriate policies such as the following:

- in the first place, it is anticipated that there will be a modest reduction in external interest payments, as a result of fulfilling the conditions for debt relief under the HIPIC conditions. These fiscal savings can be devoted in part to supporting the basic needs of low-income families;

- secondly, tax administration can be improved considerably, thus generating significantly more revenues. This issue is discussed at length below;

- thirdly, it will be important to continue to effect gradual reductions in government staffing. The current rate of expenditure on government salaries, as a share of GDP, is high by the standards of developing countries. However, such reductions should be made in a humane way. This matter is also examined more thoroughly in other parts of this NDS.

4.II.7.7 To achieve the third objective of encouraging businesses to take advantage of their enhanced competitiveness on international markets, and to expand production and employment correspondingly, it is essential that the existing bureaucratic barriers to investment approval, and access to land, be reduced. These barriers to development discourage both domestic and foreign investment and are inimical to the nation's growth prospects. In the short run, there is a great danger that they could prevent the economy from increasing its export production. These issues are also reviewed below.

4.II.8 The System of Taxation

4.II.8.1 A tax system that is fair, equitable and efficient is one of the cornerstones of any policy of good governance. The broad issues in tax administration are twofold. First, many taxpayers, including many businesses of a respectable size, are left completely out of the tax network. And second, there are no systems in place for tax enforcement; indeed, not even for tax collection in the usual sense of the term. So much so that one international advisor on tax administration in Guyana has characterised our existing tax collection system as "a charitable operation," referring to the practice of tax payments being sent in only by those who desire to do so, and to the fact that there is no follow-up mechanism in place for those who default.

4.II.8.2 The reforms that have been proposed in the context of the new Revenue Authority include the universal promulgation of a unique taxpayer identification number, computerised procedures for assessing the degree of compliance, procedures for follow-up in cases of failure to file tax returns, procedures for audits,

higher penalties for lack of compliance, and procedures for the filing of grievances on the part of taxpayers. The planned reforms also include much higher salaries for personnel in the Revenue Administration, extensive staff training and, at the same time, easier procedures for dismissal of personnel in cases in which fraud or other abuse of authority has occurred. If fully implemented, these reforms should result in considerable improvements in tax administration.

4.II.8.3 In the area of customs duties, a major problem is that customs agents routinely and arbitrarily revalue invoices for shipments of imports. This exercise of discretionary power is a clear invitation to abuse. In cases of doubt about the correctness of invoices, the accepted international procedure is to communicate with the exporting countries in order to verify whether the values stated on the invoices are correct. In this day of instantaneous communications via faxes and e-mail, there really is no excuse for not using this methodology. Regulations should therefore be implemented which allow only proper evidence from the exporting country to be used as a basis for altering the valuation on the invoice. Such a step would remove the question of valuation from the domain of negotiation between the importer and customs agent. In addition, the prescribed penalties for fraudulent invoicing should be enforced when the international evidence proves that it has occurred. Easily accessible and swiftly administered grievance procedures should also be established for citizens who pay customs duties.

4.II.8.4 A computerised system for the registration and the tracking of all containers and other shipments that arrive, which also includes the value of the invoice and the amount of customs duty paid in each case (and any actions taken to verify the invoiced value), would go a long way to reducing corruption in customs administration.

4.II.8.5 A further deterrent to abuses on the part of customs agents would be a regulation, fully enforced, which establishes a maximum span of time for the release of shipments from the control of customs. Currently, under-the-table payments are reportedly made not only to attain reductions in the amount of duty paid but also to obtain releases of the shipments.

4.II.9 Customs Duties and Consumption Taxes

4.II.9.1 Consumption taxes, customs duties, and other kinds of taxes have been characterised by progressively falling rates during the decade of the 1990s. This has been a welcome development, as many of the rates have been quite high by international standards. Nevertheless, a not insignificant number of them continues to be very high, e.g. the 50 percent consumption tax on certain types of fuel; consumption tax rates on numerous other items that are still set at 30 percent; and the corporate income tax rate of 45 percent.

4.II.9.2 The problem with high rates is that they encourage evasion; and, to the extent that they are enforced, they discourage investment and production. As has been repeatedly emphasized in this document, because it is a small economy, Guyana's future prosperity depends largely on its being able to increase its exports. Therefore, requiring exporters to pay high taxes on inputs and incomes is, in many respects, the economic equivalent of deliberately causing a self-inflicted wound. Moreover, since the rates are high, they tend to propitiate a policy stance of granting exemptions and tax holidays. The result is a tax structure that is not only highly non-uniform but that is also subject to frequent modifications at the discretion of Ministers.

4.II.9.3 This kind of inconsistent tax structure suffers in turn from two basic problems. First, it very often creates economic inefficiency and is therefore inimical to growth. And second, because it is not transparent, it is potentially subject to abuses, since the exemptions and tax holidays are granted by subjective government decisions.

4.II.9.4 A study by the NDS of the existing structure provides concrete examples of the high degree of variability in the current rates that are applied to consumption taxes and customs duties. The former vary

mostly from zero to 30 percent, with a few items still at 40 percent and 50 percent. Rather than reduce the burden of this tax by bringing down the whole structure uniformly, many rates have been dropped to zero while many others remain at the very high levels of 30 percent or more. Moreover, in a number of cases, very similar products have very different rates, often at extremes of zero and 30 percent. In other words, the rate variations appear to have neither rhyme nor reason. As well as inhibiting efficient economic decisions, as noted above, this pattern of taxation undermines confidence in government's objectivity in administering economic policy.

4.II.9.5 One sinister aspect of the present system of customs duties is that the current rates, which vary generally from zero to 25 percent, with some going as high as 40 percent, encourage negotiations between importer and customs officer as to which duty category is applicable. In addition, they represent onerous taxes for many items, including food.

4.II.9.6 Another problem with the structure of the consumption tax is that it levies both intermediate and capital goods, often at high rates. A guiding principle in regard to consumption or sales taxes is that they should tax final consumption, and not intermediates that are used in production. Taxing the latter raises the cost of production for export as well as domestic sales, thus undermining the country's international competitiveness.

4.II.9.7 Another unusual aspect of the current system is that taxes on specific items may be remitted by Ministerial order, without the approval of Parliament. This feature introduces an element of discretionality that is highly undesirable, for it undermines the transparency of the system and creates uncertainty about its nature in the future. It also provides incentives to business people to direct their energies towards lobbying for the remission of taxes rather than concentrating on increasing the productivity of their operations. The normal practice in the field of taxation is for the legislative assembly to have sole authority to modify the tax regime. For purposes of promoting economic efficiency, it is important that the regime be stable over time (except for programmed and uniform reductions to comply with international agreements) as well as being uniform over categories of goods.

4.II.10 Company Taxes

4.II.10.1 Corporate income tax rates have remained very high by international standards, in spite of many recommendations over the years to reduce them. In response to the concerns raised about these high rates, the same policy that has been applied to consumption taxes and customs duties has been adopted: some industries have been exempted for periods of up to ten years, thereby creating strong non-uniformities in the system. The difficulties inherent in such actions is compounded by the fact that, again, the decision to grant the exemptions is wholly discretionary.

4.II.10.2 A careful study would have to be carried out of the corporate income tax system to determine its true revenue potential. However, it could be reasonably hypothesised, on the basis of the experience of other countries, that the amount of revenues which are currently being generated from the corporate income tax system could be collected under a uniform rate of no more than 25 percent, (instead of 45 percent), if all businesses were registered and if no tax holidays were granted. A lower rate would, among other things, encourage companies to declare earnings instead of classifying them as cash reserves, or investments under loose definitions of the term, or other kinds of business expenditures.

4.II.10.3 If tax holidays are felt to be necessary to encourage foreign investment, they should be applied to all forms of productive enterprises, domestic as well as foreign, and should be of a much shorter duration than ten years. However, an argument can be made that foreign investors would be equally impressed with a low corporate tax rate and low customs duties and consumption taxes if all of them were applied impartially. Ireland, for example, has had notable successes in attracting investment with a 12.5 percent corporate tax

rate.

4.II.11 New Approaches for the Sources of Government Revenue

4.II.11.1 The main sources of government revenue are consumption taxes, personal income taxes (including withholding taxes), company taxes, and import duties, in that order. At present, property taxes and land rents generate very small amounts of revenue. Indeed, the travel tax yields larger revenue flows than the property tax.

4.II.11.2 Some of the possible directions in which the tax system could be restructured have already been indicated. One way would be to lower the company tax rate while simultaneously broadening the coverage of companies registered to pay that tax. Another way would be to reduce drastically the use of tax holidays in a context of lower rates. These steps, which are not mutually exclusive, would lead to greater fairness and transparency in the tax system, without sacrificing revenues.

4.II.11.3 Consumption tax rates should be made more uniform also. As in the case of customs duties, eliminating the exemptions should permit a lowering of the higher rates. However, before too much energy is spent in tinkering with a fundamentally flawed consumption tax, efforts should be directed at converting the consumption tax into a value added tax. The experience of Trinidad, Barbados and other countries has shown that, properly administered, a value added tax can yield considerably more revenue than a consumption tax at the same rate, thus giving scope for a reduction of rates. Moreover, a value added tax is basically self-auditing, in that the tax forms supplied by various businesses constitute mutual checks on their veracity.

4.II.11.4 In the long run, the main pillars of a revenue system should be: import duties, value added taxes, and income taxes (personal and corporate). Special levies and excises such as travel taxes and the tax on automobile purchases will always play a role, but their contribution is relatively less important. Consideration should be given to the elimination or considerable reduction of the very minor export taxes, as they contribute almost nothing in revenue and encourage evasion. In this kind of overall scheme, natural resource royalties can begin to play their proper role of regulating the use of the resources. For example, significant annual licensing fees should be imposed on in-shore trawlers, to reduce the over-exploitation of stocks of shrimp and seabob in that zone, but no such fees, or much lower ones, should be required for ships outfitted to fish in the waters of the deep slope. Likewise, timber stumpage fees need to be scaled to the value of the standing timber, while the royalty rates on mining activities need to be made competitive. Import duties are not desirable from a viewpoint of economic efficiency but their ease of administration makes it difficult to eliminate them. However, the policy goal should be a low duty rate.

4.II.11.5 It can also be argued that *in the longer run* relatively less emphasis should be placed on income taxes as a revenue source, by reducing their rates. Income taxes in Guyana appear to be inherently unfair, since persons in the informal economy, and almost the entire agricultural sector, indeed almost all in the self-employed category, do not pay them. The obstacles to making an income tax system truly universal are formidable. It would therefore be advisable gradually to de-emphasise their role in the revenue system, to the extent that revenue requirements can be satisfied through greater emphasis on other sources. However, while their rates are being lowered their coverage should be broadened as much as possible, for the sake of both fairness and revenue collection. Lower rates will encourage greater participation in the system.

4.II.12 Policies for Promoting Investment

4.II.12.1 The third policy objective in the post-depreciation period is vigorously to promote investments in order to take advantage of Guyana's enhanced international competitiveness. The key elements of an investment promotion policy would include the following:

- a) a consistent macroeconomic policy. This means, above all, control over the fiscal deficit;
- b) uniform and low rates of taxes and duties, efficiently administered in a transparent way;
- c) one–stop and rapid approvals of investments and concessions for exploitation of natural resources. The only criteria for approval should be compliance with regulations concerning the environment, sustainability, minimum wages, and occupational safety. While the one–stop concept has been endorsed, it has not been put into practice effectively;
- d) a market system for access to land, for factory sites and for agricultural operations, that does not depend on government approvals.; and
- e) a well–designed programme to market Guyana’s economic potential, which is considerable, to investors in other countries. Such a programme should present and explain the preceding four elements of policy.

4.II.12.2 The land situation has become extraordinarily confused and completely non–transparent. There are many experiences of potential investors, mostly domestic, but including a significant number of foreigners and expatriate Guyanese waiting years for approval of an application for access to land. A start has been made at converting leaseholds to freehold, which would enable potential investors to purchase the land they desire, but to date only tiny steps have been taken in that direction. Government has also agreed in principle that long–term land leases should be transferable, that is, that any leaseholder should be able to sell his lease to any other individual, at a price negotiated between the two of them, without seeking government approval. The only requirement would be to register the transaction. Among other benefits, this form of lease, which has been implemented in Trinidad, enables leaseholds to be used as collateral for bank financing. However, this policy has not yet been fully implemented. Putting it in practice would also facilitate ready access to land on the part of investors.

4.II.12.3 Implementing policies of this nature for investment promotion would perhaps have greater possibilities of attracting investments than the approach of granting tax holidays on a discretionary basis, in the context of the very uneven system of taxes and duties that is administered in a non–transparent way, and against the backdrop of a land allocation process that is thoroughly bureaucratized and suspect.

4.II.13 Export Promotion

4.II.13.1 In the near term, as we have emphasised throughout this National Development Strategy, investments, new technology and innovation will be essential if Guyana is to diversify its economy and experience high growth rates. Joint ventures that are well executed, in addition to providing new markets, may also provide access to these key ingredients to local companies. Government should, as we have already argued, therefore review its incentive regime for the private sector and strengthen institutions that support this sector. However, the success of sustaining private investments, in particular export oriented entities will, in part, depend on (i) access to markets; (ii) improvement in quality standards; and (iii) maintaining regular supplies of goods and services.

4.II.14 Access to Markets

4.II.14.1 To improve the access of local products to international markets, government and the Private Sector Commission should consider the following:–

- adopt a cost sharing formula to recruit experts to advertise Guyana’s products abroad, and
- share costs to send private sector delegations to participate in international trade fairs.

4.II.15 Improving Quality Standards

4.II.15.1 One of the major constraints facing the private sector is maintaining high standards for products that are earmarked for the external market. The provisions of the World Trade Organisation (WTO) in terms of packaging and other set standards, further complicate the issue. It is important that exporters not only strive to improve the quality of their products, but also to ensure that products conform to the standards of the WTO.

4.II.16 Ensuring regular supplies of goods to the market

4.II.16.1 Several reasons have been given for the inability of the local private sector to meet their orders regularly, either in the Caribbean or elsewhere. While poor shipping facilities and poor road networks in the interior may contribute to this, the lack of proper planning by suppliers and the absence of private sector institutions to ensure that members meet their obligations are largely to be blamed. Measures should be taken to ensure that these *lacunae* are filled.

4.II.17 Export Promotion Zones

4.II.17.1 As we have often stressed in this document, Guyana's economy must in future be essentially export-oriented. To this end a number of fiscal measures has been proposed to provide incentives to exporters and to enhance the competitiveness of our exports. An additional mechanism, which has been successfully employed in many countries, is the establishment of Export Promotion Zones (EPZs).

4.II.17.2 The importance of having Export Promotion Zones in Guyana cannot be overemphasised. Such zones can become a source of dynamism for the entire economy in terms of efficient production, economic diversification, expansion of employment, provision of much needed foreign exchange, investment and technological transfer.

4.II.17.3 One of the outstanding characteristics of an EPZ is its ability to provide large amounts of employment opportunities for the labour force. To the extent that goods and services produced in the EPZ are labour-intensive, which they usually are, the relatively lower wages prevailing in Guyana would constitute an important advantage over other competitors in world markets, although we will have to ensure that the productivity of our labour is somewhat enhanced.

4.II.17.4 It should also be emphasised that EPZs usually provide an important income source for low-income families. Moreover, they can become a most significant additional income source for a family, thus improving living standards. Also, though a fraction of intermediate inputs is imported, an important share of exports from an EPZ is usually based on domestic products. In addition, although non-tradeable components can be very significant (electricity, construction materials, machinery maintenance, etc.), local producers can also supply several tradeable components more efficiently if their domestic production is sufficiently competitive and international transportation costs are high. Furthermore, an important aspect of EPZs is their ability to attract investment not only from abroad but also from domestic sources. Although it can be argued that there is some diversion of investment from domestic projects towards EPZ activities, it is also very likely that an important source of funds corresponds to a reduction in capital flight and rent-seeking activities or, at worst, a contraction in socially less profitable investment projects.

4.II.17.5 Another aspect of investment in EPZs is their contribution to human capital accumulation. A successful firm in an EPZ requires qualified personnel in production and, probably more important, marketing activities. Labour force training, as well as developing managerial capacities, is therefore key to

the success of an EPZ. These factors in turn have important spillover effects on the rest of the economy.

4.II.17.6 One usually overlooked advantage of EPZs is their role in bringing in and transferring technology to the rest of the economy. The establishment of a firm that will compete directly in foreign markets requires a high degree of specialisation and quality control. There can therefore be significant effects on efficiency and overall welfare. Moreover, when using domestic intermediate inputs, the requirement of quality goods delivered in a timely manner imposes a competitive discipline on the rest of the economy.

4.II.17.7 In setting up an EPZ, two considerations should guide the project: the fostering of dynamic comparative advantages and the requirements for private sector development. By *dynamic* comparative advantage is meant the development of industries that are not yet in production but could arise from the working of the EPZ. In Guyana, although the advantages of developing forestry industries (such as sawn wood or plywood) for EPZs would be apparent in view of the country's abundant forests, it is likely that wood derivatives such as doors or furniture or parquet flooring may represent a better long-run investment strategy. In a similar manner, the processing of diamonds and gold could become an important source of value added. In addition, clothing assembly plants are a possible area for investment.

4.II.17.8 It must be understood from the outset that an EPZ should be a private sector business area. The attractiveness of an EPZ for the private sector would be based, in great part, on the fact that firms are allowed to develop in an environment that, being free of Government intervention, can guarantee investment returns and the required flexibility to adjust to world market conditions.

4.II.17.9 It is necessary, however, in establishing an EPZ that Government define which exporting activities are to be developed in such zones; set the basic regulatory framework for EPZ activities (e.g., labour regulations and protection, legal responsibilities, installment fees, etc.); establish the locations, in consultation with the private sector, on which EPZs would operate; provide adequate infrastructure for the EPZs to be successful, especially adequate deepwater harbour facilities; provide the land for the EPZs very cheaply or at no cost; and establish the criteria for the selection of enterprises for the EPZs. These criteria should emphasise employment, and the net export earnings generated per unit of investment.

4.II.18 Privatisation through broad-based ownership strategies

4.II.18.1 A number of state-owned enterprises in Guyana still remain to be privatised. In order to involve more Guyanese both in the privatisation process, and to encourage them to participate more in the ownership and development of the country's economy, such privatisation, wherever possible, should be founded on broad-based ownership strategies. Similar requirements in other parts of the world have led to the development of voucher-based mass privatisation programmes in Central Asia, Eastern Europe, and in the former Soviet Union; to non-voucher variations that pool equity that is distributed to citizens in countries as diverse as Bolivia and Zambia; and to discounted public offerings to elicit worker participation in privatisation, or to achieve a wide ownership of privatised firms, in many other countries. These three basic techniques for achieving broad-based ownership: voucher – based programmes, collective investment programmes, and public offerings, offer social advantages over more traditional privatisation methods. They also contribute to the development of capital markets.

4.II.18.2 Unlike traditional privatisation methods, broad-based ownership schemes allow governments to address concerns about the distribution of wealth. Redistribution can be accompanied by issuing vouchers (the number or value of which may vary with the recipients age or years of work), by offering discounts on shares, or by limiting participation in collective investment schemes to low-income groups.

4.II.18.3 Moreover, public offerings of enterprise shares have been used by many developing countries in order to achieve widespread share ownership. To be successful, public offerings require a well-functioning

and absorptive domestic capital market.

4.II.18.4 Guyana should explore the possibilities of adopting one, or a combination, of these broad-based ownership strategies as the means of privatising its remaining state-owned enterprises.

4.II.19 Stock Exchange

4.II.19.1 It is desirable that a Stock Exchange be established in Guyana as early as possible, for a number of reasons. First, it is one of the general objectives of this National Development Strategy to create an environment in which all citizens are given the opportunity to participate in all of the country's development activities, but especially in governance and as stakeholders in the firms and businesses of as wide a cross-section of the economy as possible. Second, if the proposals for collective investment which have been put forward in earlier sections of this chapter are to bear fruit, suitable mechanisms must be put in place to facilitate both the buying and the selling of the shares of the country's privatised entities. And third, it is essential that, in the new entrepreneurial Guyana which it is hoped this National Development Strategy will assist in creating, institutions be established which would help in the process of involving all citizens, no matter how limited their means, in the ownership of enterprises.

4.II.19.2 Since 1991, studies have been made in Guyana in regard to the feasibility of establishing a stock market in the country. Although these studies have been generally positive, a major constraint has been identified, i.e. the relatively few companies in Guyana which may seek to have their stocks listed, and indeed, the small number of firms with such a capability.

4.II.19.3 It may therefore be necessary either to follow a stage by stage approach to the establishment of a stock exchange in Guyana, or to link an embryonic Guyanese exchange with those which currently exist in other Caribbean countries. It might even be more fruitful to combine these approaches, i.e. go slowly in the founding of a Guyanese stock market but, while doing so, establish the strongest links with other Caricom exchanges. It is important, however, to appreciate that very few Stock Exchanges in developing countries have begun with a critical mass of stock listed companies. On the contrary, most Stock Exchanges in developing countries began with relatively small markets which ultimately developed a momentum of their own, both on the part of investors and on the part of registered businesses.

4.II.19.4 The Securities Industries Act should therefore be revisited. It should more specifically outline the regulatory framework within which the Stock Exchange would operate, and lay down the procedures to be followed in establishing a Stock Exchange Commission (SEC). The role of the SEC would be to ensure efficient markets in terms of seeking greater disclosure of information about publicly traded companies, as well as avoiding abuses such as price rigging and inside trading. The SEC should not only overview the activities of the market, but should also license the brokers on the exchange. The structure of the market should also be developed in the law.

4.II.20 Micro-credit

4.II.20.1 If we are to reduce our rate of unemployment; if we are to diversify our economy not only in terms of producing a greater variety of goods and services but also in creating and nurturing a completely new class of entrepreneur; and if we are to reduce our dependence on external investment for the absorption of our burgeoning labour force; then one of the mechanisms which might be employed is the provision of micro-credit for the establishment of micro-enterprises.

4.II.20.2 In Guyana there is an increasing number of people for whom micro-enterprises can be a source of income and employment, particularly in the prevailing circumstances in which no other options appear to be available. These citizens include those who produce a diversity of goods in makeshift shops, or engage in

small trading and retailing activities, or undertake small-scale farming. In urban areas, a growing percentage of the working population is engaged in micro-enterprise activity while, in rural settings, many families combine small-scale trading with small-scale farming. Unfortunately, for several reasons, but mainly because of the absence of collateral and the reluctance and inability of the commercial banking system to cope with small debtors, credit remains unavailable to most of these citizens, especially from the established and formal banks. As a result, many of those who wish to participate in such ventures are too discouraged to do so, and the operations of those who risk such engagement remain small. In general, the small-scale entrepreneur in this country is by no means financially self-sufficient. Indeed, many who are engaged in such activities in Guyana remain below the poverty line, in spite of their best endeavours.

4.II.20.3 Fortunately, over the past two decades or so, new techniques for giving micro-credit have evolved in several parts of the developing world. These new processes have shattered the conventional wisdom which has held that micro-enterprises were too risky and too costly for any financial agency to service profitably. Indeed, on the contrary, it has been found that lending organisations are more able to reduce their risks not by analysing loans more thoroughly or requiring more collateral, but by giving clients strong motivations to repay e.g. either through peer group lending, or through the promise of ongoing, – and increasing – access to credit for borrowers who repay on time. Moreover, lenders have found ways to slash their administrative costs through simplified and decentralised loan application, approval and collection processes. And finally, lending agencies have found that borrowers are often willing and able to pay interest rates that cover the higher costs associated with providing credit in small amounts, merely to gain access to credit that would either have been denied them or would otherwise have cost them far more through the informal system, or would even have been unsustainable.

4.II.20.4 Micro-credit should be one of the main weapons in our attack on poverty, and in our general quest for equitable economic development.

4.II.21 Restructuring ‘distress’ companies

4.II.21.1 It is clear that measures will have to be taken to reduce the economy’s vulnerability to the vagaries of international price changes. In the short-term to medium term, there is an obvious need to restructure ‘distress’ companies.

4.II.21.2 Of immediate attention is the restoration of the economy’s productive capacity. At present several companies are (i) on the verge of receivership; (ii) under the yoke of heavy debt burden; or (iii) lack working capital as a result of high interest rates and bad management practices. In addition, despite the decline in treasury bill rates to single digits, prime lending rates remain alarmingly high, making it difficult for several firms to service their loans. It is therefore crucial that we find sources of financing at lower interest rates, for private companies that are prepared to restructure their operations; pay their debt including arrears to local commercial banks; and undergo fundamental training exercises to improve their management practices. Such an exercise can begin immediately while the private sector considers proposals for the establishment of a development bank.

4.II.21.3 As part of implementing this strategy, the following should be considered:–

- the Private Sector Commission should be assisted to restructure and seek loans for ‘distress’ companies through the provision of experts;
- assistance should be sought from multilateral and bilateral donor agencies for training and workshops in modern management practices for private sector companies; and
-

reviews to reduce the debt–servicing burden of participating ‘distress’ companies should be undertaken.

4.III THE OBJECTIVES

4.III.1 At the beginning of the 1990s the objective of our macro–economic strategy was necessarily stabilisation and structural adjustment. However, the successes of our efforts throughout that period now demand that the aims of our policy be significantly extended.

4.III.2 The successes to which we refer include, among other things, bringing inflation under control; freeing up prices throughout the economy, including interest rates and the price of foreign exchange; privatising state–owned assets to make them more productive; increasing fiscal revenues; reducing the fiscal deficit; lowering customs duties on average; generating adequate levels of foreign exchange reserves; substantially reducing the external debt; and strengthening, in some measures, the country’s financial institutions. And although, as has been pointed out, problems still remain in several of these areas, the broad picture is quite different from that which obtained in 1989. For that reason, the priorities of macroeconomic policy should now embrace, to an even greater extent, the growth process itself, and should address questions of how to promote growth, how to ensure its sustainability, and how to make certain that its benefits are as widely distributed as possible.

4.III.3 Specifically, the objectives of macroeconomic policy for the next ten years are as follows:

- promote high growth rates of output and employment;
- ensure that inflation remains at relatively low levels;
- ensure that the population’s basic needs are met and that the growth process contributes to a reduction of poverty; and
- ensure that the growth path is sustainable in fiscal, environmental and institutional terms.

4.III.4 In order to satisfy these objectives, it will be necessary to meet a number of subsidiary objectives, or more specific macroeconomic criteria, the most important of which include:

- adopting policies that encourage exports and improvements in the international competitiveness of Guyana’s producing sectors and firms;
- increasing the rate of external and internal investment;
- improving the solidity and efficiency of the system of financial intermediation, in order to promote both savings and investment and safeguard the system’s integrity;
- giving priority in expenditure policy to the basic social needs of health, education, and poverty alleviation; and also to social infrastructure such as potable water and sewerage systems;
- ensuring a broader tax base, a more uniform rate structure within each type of tax, a reduction of the reliance on indirect taxes, greater revenues from user fees, and improved tax collection methods; and

– promoting policies that enhance the role of the private sector in the economy and encourage greater levels of participation in decisions related to economic development and economic management on the part of families, communities, associations of diverse kinds, and local governments.

4.IV THE STRATEGY

4.IV.1 Monetary

4.IV.1.1 The volume of bond emissions for the purpose of liquidity sterilisation will be reduced. This will be done, first, because these bonds ultimately aggravate the problem of fiscal indebtedness; and second, because it is now clear that it is essential that the economy be placed on a path of more rapid growth. Moreover, the current reliance on the issuance of treasury bills will, obviously, increase the deficits of future governments in the years to come.

4.IV.1.2 At the same time, debt instruments will be issued for much longer terms.

4.IV.1.3 These two elements of the strategy will reduce the pressure in financial markets that has tended to keep interest rates relatively high.

4.IV.1.4 Although the monetary targets will be revised to reflect the higher growth expectations, care will always be taken to safeguard the monetary stability that has been achieved. This is of the utmost importance.

4.IV.1.5 The government will build up its deposits in the Bank of Guyana and redeem a share of the treasury bills held by commercial banks.

4.IV.1.6 The liberalisation of the exchange market will be completed by, for example, eliminating the mandatory requirements for surrender of part of foreign exchange receipts and developing measures to strengthen the domestic interbank market in foreign exchange. In this regard, the Bank of Guyana will promote a market-maker and help it to launch the interbank market on a collateral basis. If this is not considered feasible at this stage, the Bank of Guyana itself will establish and operate the interbank market on a collateralised basis until it is well-grounded.

4.IV.1.7 Improvements will be made in the clearing and payment systems in Guyana. To this end, a greater degree of competition and the use of electronic transfers will be promoted. In addition, the accounting framework for the clearing process will be strengthened.

4.IV.2 Fiscal

4.IV.2.1 There will be a comprehensive reform of the tax system in Guyana. The new system will come into effect on 1 January, 2001.

4.IV.2.2 Because the country has committed itself to reducing the Common External Tariff, its tax base needs to be broadened even to maintain current levels of revenues. This will require among other things, a move from the consumption tax to a value added tax (VAT) regime. Under a VAT, the final consumer pays the tax, regardless of whether it is a good or service that is purchased. As has been emphasised, one of the advantages of a VAT is that it has a larger component of self-enforcement than other tax systems, and it permits easy cross-checking since both the purchaser and the seller of intermediate goods and social services file their receipts with the tax authorities.

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4.IV.2.3 There will be a single rate of 15 percent for the VAT, which will be levied on a price that is inclusive of custom duties and excises. However, there will be a zero rate on hospitals, medical and dental care (including medicines), education (including prescribed text books and equipment), non-profit organisations, locally produced food, and local cultural activities.

4.IV.2.4 The purchase tax now collected by the IRD will be incorporated into the import duty.

4.IV.2.5 The remaining months of the year 2000 will be utilised for training revenue officers in the collection of the VAT and in apprising the public of its mechanisms, and of the advantages to the country.

4.IV.2.6 There will be accelerated allowances for capital depreciation, as are laid down in the In-Aid-of-Industry Act.

4.IV.2.7 No import duty will be levied on developmental machinery and equipment and on raw materials that are imported by registered manufactures.

4.IV.2.8 In order to encourage exports, and to make them more competitive there will be no export tax.

4.IV.2.9 In addition, allowances will be granted to companies in Guyana which export all or a proportion of their products, provided that such products are not sold to CARICOM countries. The allowances, which will be a percentage of export profits, will be as follows:–

<u>Percentage of export sales to total sales</u>	<u>Percentage of export profits deductible as export allowance</u>
under 10 percent	Nil
11 to 30 percent	25
31 to 50 percent	35
51 to 70 percent	65
over 70 percent	85

All exemptions of dividends for the withholding tax will be removed.

4.IV.2.10 Cost-recovery systems will be introduced and enforced both as a mechanism for increasing revenues, and also as a tool of redistribution. Higher income households will be charged for certain health services which are now provided free; and educational subsidies will be targeted more effectively on low-income households. In addition, user charges will include road tolls, drainage and irrigation fees, and tariffs on water that are calculated through metering. These cost recovery schemes are discussed more fully in the sectoral chapters.

4.IV.2.11 Because the current import tariff regime is still somewhat non-uniform, especially when the rebates are taken into account, further simplifications will be made in the import tariff schedule. There will be four categories of goods for the purpose of applying tariffs: capital goods, intermediate goods for production,

ordinary consumer goods, and luxury goods. Capital and intermediate goods will be exempt. There will be a 15 percent rate for consumer goods and a 25 percent rate for luxury goods.

4.IV.2.12 Corporate taxes for non-commercial companies will be reduced to 30 percent.

4.IV.2.13 Corporate taxes for commercial companies will be reduced to 40 percent.

4.IV.2.14 The annual licensing fees for motor vehicles will be significantly increased.

4.IV.2.15 A special tax regime will be developed for the export items that will be produced in the Export Promotion Zones.

4.IV.2.16 The royalty and licensing regimes for forestry, fisheries and mining will be revised as indicated in the sectoral chapters devoted to these subjects. Overall, more revenues would be generated thereby.

4.IV.2.17 All residents will be permitted to have foreign currency accounts in local banks.

4.IV.2.18 All discretionary powers in respect of all types of taxes will be removed.

4.IV.2.19 In future, tax holidays will not be granted on an individual basis, but will be applied to all forms of productive enterprises, both domestic and foreign, and will be for a maximum duration of five years.

4.IV.2.20 The thresholds for the payment of personal income tax will be considerably increased over time with a view to reducing their role in the revenue system, and thereby assisting in the evolution of a more equitable tax system in Guyana.

4.IV.2.21 Prior to the establishment of the Private Sector Development Bank, an arrangement will be worked out with the Private Sector whereby distressed businesses will be granted loans at lower interest rates to restructure and to repay their debts, together with the necessary technical assistance.

4.IV.2.22 In addition, assistance will be sought from multilateral and bilateral donor agencies for the training of private sector companies in modern management practices.

4.IV.2.23 As described in the Chapters on housing, land, and poverty alleviation, specific tax incentives and access to land at relatively low costs will be granted to financiers who invest in low-income housing and in activities that are designed to alleviate poverty either through providing significant job opportunities, or through establishing businesses and other economic ventures in identified geographic locations in Guyana. In particular, incentives will be given for the establishment of businesses and other developmental activities in the Rupununi and in the Intermediate Savannas, in depressed bauxite regions, in depressed urban areas, and in the coastal rural districts with high rates of poverty, for example in *parts* of regions 2. 3. 4. 5 and 6.

4.IV.2.24 Private sector and other non-governmental organisations, as well as ordinary commercial banks will be encouraged, by way of tax incentives, to establish micro-credit facilities for the purpose of assisting in the attack on poverty in Guyana.

4.IV.3 Investment

4.IV.3.1 An *investment policy* paper will be finalised and presented to Parliament as a White Paper. It will be structured in the manner presented below, and will provide the basic information adumbrated in the following paragraphs.

Information on Guyana

4.IV.3.2 Geographical location; size of country; physical, climatic and land–use zones; population and racial mix; economic indicators over the last decade or so. The fact that we are the only English speaking country in South America with a relatively high rate of literacy will be stressed; as will be the preferential linkages which we possess with CARICOM and the European Community. The range and composition of the country’s natural resources will be described.

Economic Opportunities

4.IV.3.3 An outline of current economic activity will be presented, together with the existing range of exports. The need to diversify our economy, in an environmentally sound manner, will be emphasised.

4.IV.3.4 Opportunities for investment will include:–

– mining

: gold, diamonds, bauxite, petroleum, other minerals;

– forestry

: extraction, sawmilling, plywood and particle board manufacture, furniture of all types, parquet flooring, wooden implements and toys, prefabricated wooden houses, etc;

– agriculture

: sugar, rice, vegetables, root crops, orchard crops, herbs and spices, oil palm;

– *horticulture*: various types of fruit and flowers;

– fisheries

: fresh and salt water fish and shrimp; aquaculture;

– agro–industries

: processing, canning and bottling of agricultural products, including rice, sugar and various non–traditional crops;

– manufacturing

: jewellery and ornaments based on gold, diamonds and semi–precious stones; building materials based on silica, stone, and clay; textiles; ceramics and tiles based on local kaolin;

– tourism

: accommodation both in the towns and in the hinterland; recreational facilities in the interior; transport facilities; restaurants, tours, craft shops. etc.;

– infrastructure development

: private sector involvement in road and bridge building, and public utilities establishment through BOT and BOO arrangements will be described and emphasized;

– Export promotion zones

: the presence of two export promotion zones in Guyana will be emphasized, the total exemption from duties and taxes for those who operate in these zones will be stressed, and the types of activities permitted in these areas will be described.

4.IV.3.5 It will be stressed that this list is not exhaustive but only indicative, and that Guyana would welcome expressions of interest in other areas.

Incentives

4.IV.3.6 A detailed list of the incentives that have been described elsewhere in this chapter will be presented.

Tax System

4.IV.3.7 The tax regime which has also been outlined in earlier parts of this chapter will also be presented in the White paper on the country's investment policy.

Investment Procedures

4.IV.3.8 Reference will be made in the Investment Policy paper to the existence of an *Investment Agency* which will have been established for dealing with potential investors, and for expediting the decision-making process in regard to investment in Guyana. The mechanisms which this Agency will follow, and the delegated authority which it will possess, as detailed later in this chapter, will be fully described in the White Paper.

4.IV.3.9 In addition to the publication and dissemination of a White paper on investment in Guyana, an adequate amount of financial resources will be set aside in each annual budget for the marketing of Guyana. Investment in our country is of such crucial importance that it cannot be left only to the Public Service. Accordingly, an advertising firm with a proven track record in presenting an attractive image of both state and private enterprises will be chosen to assist in the formulation of a strategy designed to sell Guyana to international financiers.

4.IV.3.10 Moreover, within the framework of the "sell Guyana" strategy, joint Private Sector/Government/Civil Society/Political Parties/missions will be mounted to selected countries to apprise potential investors of the investment opportunities that are available in Guyana, of the receptive nature of the government and people of Guyana in regard to investment, and of the incentives and tax structure which has been formulated to facilitate such investment. Strenuous efforts will be made to include members of the political opposition parties in such missions, no matter which political party is in office.

4.IV.3.11 In addition, the Ministry of Foreign Affairs will be restructured in order that its overseas missions would be in a position continuously not only to supply data on the investment opportunities available in Guyana, and on the fiscal environment prevailing in the country, but also to promote Guyana. In other words, our overseas missions, as well as the Ministry of Foreign Affairs itself must, in addition to providing information on our country, be enthusiastic advocates of Guyana.

4.IV.3.12 This new orientation might well require a different type of foreign officer, and a Foreign Ministry in which the promotion of trade and investment is considered to be one of its main functions.

4.IV.3.13 A one-stop Investment Agency will be established. This Agency will be the sole government authority for receiving and approving proposals for investment in Guyana. The responsibility for the operations of the Investment Agency will reside in the Ministry of Finance.

4.IV.3.14 The functions of the Agency will be as follows:

(i) collect, compile, and disseminate to potential investors all relevant data on the possibilities and conditions for investment in Guyana. This information will include, *inter alia*, descriptions of the types of economic and social activities in which investment will be encouraged in the country; the fiscal incentives which will be available both across-the-board, and for investment in specific geographical areas or for specific sectors; the prevailing system of taxation; and the location of available sites for investment;

(ii) prepare a list of the requirements for investment in Guyana, either of a general nature, or for specific sectors and projects, as the law requires;

(iii) receive applications and investment proposals from perspective investors. These will be accompanied by official documents, completed by the investors, embodying the relevant requirements for investment in Guyana;

(iv) decide, within a period specified in the law, whether the application for investment is approved or not; and

(v) inform the Minister of Finance and, through him, relevant ministries and central government institutions, on a regular basis, of the applications received, their status, and of the reasons either for their approval or rejection.

4.IV.3.15 The authority to approve investment applications for various developmental activities and for different sectors of the economy will have been delegated to the Minister of Finance by the several line Ministries. The Minister of Finance will in turn delegate approval authority for a selected number and levels of activity, to the Director of the Investment Authority.

4.IV.3.16 Such delegation of authority from other Ministries to the Ministry of Finance, and from the Minister of Finance to the Head of the Investment Agency, would have been much facilitated by the total removal of the prevailing discretionary powers, and by the specificity of both requirements and incentives.

4.IV.3.17 The Investment Agency will be staffed by Guyanese of the highest probity, integrity and competence. In addition to including a core of high-level administrators, economists, financial specialists and managers, the organisation will be bolstered by high-level members of the Ministries of Forestry, Mining, Agriculture, Manufacturing and Trade and Regional Development whose duty it would be to liaise with their ministries, and to ensure that their technical policies are being taken into account.

4.IV.3.18 The Investment Agency will rely heavily on computerised data and computer systems to enable them not only to access relevant information from various sections of the Public Service, and indeed from several countries of the world, but also to process investment applications as quickly as possible.

4.IV.4 The Restructuring of the Private Sector

4.IV.4.1 A comprehensive strategy for the restructuring of the private sector will be implemented. Although this strategy will focus on the rehabilitation of those companies which now find themselves in financial difficulties, it will not be confined to them.

4.IV.4.2 Approaches will be made to and agreements entered into with the International Financial Institutions and bi-lateral donors for technical assistance in restructuring those companies which indicate that they wish to utilise such facilities; and, utilising the same funding services, workshops, seminars, and training courses will be mounted to apprise members of the private sector on modern practices in management.

4.IV.4.3 Government will seek sources of financing to enable those companies in distress, but whose undertakings have passed the most rigorous feasibility tests, to obtain credit at relatively low interest rates, for specific periods of time. These concessions will be made conditional on the companies' acceptance of recommendations to improve their management practices and to restructure their organisations.

4.IV.5 Export Promotion

4.IV.5.1 In order to conserve human and financial resources, and to profit from the synergies which exist between export promotion and investment, the pro-active measures *re* investment which have been put forward in this chapter will also be followed in regard to promotion. Indeed, wherever possible, joint missions and joint publicity campaigns will be mounted.

4.IV.5.2 Moreover, in addition to the fiscal incentives which will be provided to encourage potential financiers to invest in export-oriented businesses and activities, and to the rewards which will be granted to those who successfully export significant proportions of their products, there will be established two Export Promotion Zones, one to be located on the left Bank of the Berbice River, in the vicinity of the deep water facility, and another to be located on the left Bank of the Demerara River, south of the proposed deep water harbour.

4.IV.5.3 Subject to environmental considerations, there will be no restrictions on the types of industries that might be undertaken in the EPZs. However, in the first instance, the following will be encouraged: textiles and garment making; leather craft; ceramics; non-metallic minerals manufacture of articles based on clay, kaolin and silica; jewellery manufacture (gold, diamonds and semi-precious stones); glass manufacture; production of building materials e.g. clay bricks, tiles; manufacturing of packing materials; manufacture and production of wooden products: finished furniture, furniture parts, pre-fabricated buildings, house parts (doors, windows, panels, parquet flooring), clothes pins, toothpicks, etc.); processing, canning and bottling of agricultural products, the manufacture of chemical products; and optical goods.

4.IV.5.4 In particular, the provision of various types of electronic services will be encouraged in the EPZs, as will be electronic products.

4.IV.5.5 The operators of firms within the EPZs will not be subject to any taxes, but will be able to obtain incentives which include the duty-free entry of capital goods and raw materials; tax holidays on corporate profits; tax holidays on dividends; and free repatriation of capital and dividends among many others.

4.IV.6 Privatisation

4.IV.6.1 The privatisation of the remaining state-owned enterprises will be undertaken apace.

4.IV.6.2 The standard formula for such privatisation will include (i) the selection of a strategic partner with a sufficiency of finances to recapitalise the enterprise, and with adequate marketing connections and influence to enhance the sale of the products of the public corporation. Of equal importance will be the management structure that is proposed by the strategic partner, and a plan for the social and economic development of the corporation. These will have to include acceptable provisions for social and other benefits to local employees. The strategic investor will not normally have more than 51 percent of the equity; (ii) provision for the workers of the enterprise to hold at least 20 percent of the shares; (iii) provision for the government to hold another 20 percent; and (iv) provision for the Guyanese public to purchase the remaining proportion of the equity.

4.IV.6.3 It should be emphasised that this is the standard formula which we propose should be followed. However, there may be particular instances in which, in the interests of the country's overall development,

other arrangements might be followed.

4.IV.6.4 A "claw-back" clause to the effect that if the new firm or company does not honour the work-plan that has been agreed upon, and does not adhere to the "social contract" *re* workers in the agreement for a period of at least five years after the signing of the agreement, the government will have the right to take back the corporation. In other words, an investor will not, for example, be permitted to buy a corporation as a business enterprise, and then dispose of its assets, and either run-down the business or cease operations, within a specified time.

4.IV.7 Stock Exchange

4.IV.7.1 The aim is to have a full fledged, autonomous Stock Exchange in Guyana by the year 2003. Indeed, the amended legislation for securities trading and its regulation will be immediately introduced. As has been already pointed out, the main objective of establishing a Stock Exchange in Guyana is to involve the ordinary Guyanese citizen in the ownership of the country's assets and businesses, and to attract small investors who, until now, have invested only in bank deposits and savings bonds. Perhaps an equally important objective, given the current state of our economy, is that of involving overseas financiers in our development. In other words, the existence of a stock exchange would assist in raising the volume of investment in the country.

4.IV.7.2 Until the Guyana Stock Exchange becomes fully operational, arrangements will be made for a rudimentary organisation to meet perhaps for two hours, once a week, to buy and sell the shares of registered firms.

4.IV.7.3 Ultimately, what is required is a CARICOM Stock Market. This can come about, however, only after there exists in the various CARICOM countries, national Stock Exchanges with a minimum amount of registered companies and trading activities.

4.IV.8 Micro-enterprises

4.IV.8.1 To a large extent, an essential aspect of this National Development Strategy hinges upon the creation of a new entrepreneurial class, and on the evolution of a number of small manufactures, small-business persons, and small-scale farmers who collectively will assist both in increasing production and productivity, and in diversifying the economy. To this end, the resources that are available to the Institute of Private Sector Development (IPED), which has been successful in facilitating credit, training and support to micro-enterprises, will be increased.

4.IV.8.2 However, in order to enhance the competitiveness of the micro-enterprise financing agencies in Guyana, the establishment of other such organisations by NGOs and semi-governmental organisations will be encouraged in the rural, urban, and hinterland areas. These entities, in addition to providing credit and mobilising local savings, will train micro-entrepreneurs in all relevant aspects of business management.

4.IV.8.3 NGOs will be encouraged, until they become entirely self-financing, to blend grants and soft loans with funds borrowed from banks including the Private Sector Bank, from which most of the original financial resources would flow. The ultimate objective will be gradually to eliminate subsidies from the lending operations.

4.IV.8.4 Savings mobilisation, particularly among the urban, rural and interior areas of the country, will be an important aspect of the micro-credit scheme. In order to achieve this objective, a number of savings institutions will be established in all regions. Every effort will be made to ensure that the spread between lending and savings rates is such that these institutions are able to be profitable, while offering loans at interest rates that are competitive, and providing savers with generally positive real rates of return on their

deposits.

CHAPTER 5

ENVIRONMENT

5.1 BASIC FEATURES

5.1.1 It is important at this early stage to enunciate the "environmental philosophies" on which Guyana's social and economic development will be based:

- (i) environmental considerations should underpin all aspects of development, whether physical or social;
- (ii) where there are threats of serious or irreversible damage, the absence of scientific certainty will not be used as a reason for postponing the formulation and implementation of measures to prevent environmental degradation;
- (iii) environmental protection is a matter of human survival. Each generation owes it to the next to act responsibly and to ensure that no irreversible damage is done to the environment. No generation has the right to leave future generations with a more limited choice than that which it inherited. Indeed, the current generation has an obligation to expand the range of such choices, and to improve the quality of the environment;
- (iv) ultimately, the success of a development strategy will depend on the extent to which it integrates, conceptually and operationally, environmental and developmental imperatives;
- (v) life on earth depends, in the final analysis, on the support provided by the physical environment. This means that to maintain life the integrity of the ecosystem must be preserved. In other words, the capacity to accommodate changes in natural conditions and in the processes which sustain it cannot be exceeded without causing it to collapse, or to lose its identity, with unpredictable consequences; and
- (vi) sustainability is not merely a question of ethics. There are limits to the extent to which natural systems can be utilised. Beyond these limits their performance becomes impaired. Indeed, they may even be destroyed. Moreover, environmental systems are complex and unpredictable. We do not, therefore, always fully understand and appreciate their dynamics. Accordingly, we must, wherever such knowledge is not available, restrict our activities.

5.1.2 For several reasons Guyana is especially vulnerable to environmental pressures. First, more than 75 percent of the country's land area is covered by forests, many of the ecosystems of which are inherently fragile, and therefore liable to react adversely to interventions which alter their ecological balance. Second, about 90 percent of the country's population lives on a narrow coastal belt which is not only too small in area for them, but which lies below sea level. As a result the space in which they exist is not only cramped and infelicitous, and therefore prone to a large number of specifically environmental problems, it is continuously threatened by inundations from the Atlantic Ocean and the rivers which bring with them the difficulties caused by flooding, the deposition of silt, erosion and so on. Third, almost the entire economy is dependent upon coastal agriculture, and upon the exploitation of the country's forest wealth and minerals. This means that the *ordinary* economic activity of the *ordinary* Guyanese constitutes a continuous threat to the environment. And fourth, Guyana is a poor country. Its citizens might therefore not only find it difficult to resist the temptation to over-exploit its natural resources but also not to repair any damage which might occur as a result of such over-exploitation. It follows, therefore, that it is imperative that an effective environmental strategy be formulated and implemented as soon as possible.

5.1.3 In general environmental problems in Guyana can be divided into two categories: *resource degradation* and *resource contamination*.

5.1.4 Some examples of resource degradation, which are experienced in our country, include: overfishing leading to the depletion of stocks, especially of breeding stocks of commercial species; the deforestation of mangrove swamps, resulting in the loss of habitats for juveniles of important marine species, and an increase in the danger of flooding in coastal areas; the over-harvesting of inland forests with a consequential loss of habitats and a reduction of species diversity; and soil erosion, with the attendant diminution of the water-holding capacity of watersheds, thus rendering the affected area susceptible to episodes of flooding and siltation.

5.1.5 The most common examples of resource contamination are associated in Guyana with water pollution from mercury, cyanide and other chemical wastes through mining; untreated human and animal wastes; and agricultural and industrial wastes. However, air pollution is also a public health concern, particularly in areas such as Linden, where suspended mineral particulates have been implicated in certain human respiratory disorders.

5.1.6 In the light of these problems, it must again be stressed that a National Development Strategy must be predicated on the basic principle that Guyana's development must not threaten the integrity of the environment. While it is acknowledged that no development can take place without the alteration of some aspect of the natural environment, such impacts must be restricted to the absolute minimum. In other words, the approach to development must be based on the *prevention* of environmental degradation, rather than on the application of remedial measures of doubtful efficacy, after the damage has already been done. It follows, therefore, that the environmental costs of development projects must at all times be factored into their overall economic analysis.

5.1.7 The environmental problems in the coastal zone in Guyana are intimately linked to activities associated with human settlement and, as has been indicated, with specific effects that are related to population concentration and economic activity. These include waste generation – solid, liquid, gaseous, chemical, heat, etc.; flooding from the increased runoff caused by the replacement of natural vegetation by built structures; and coastal erosion aggravated by various types of engineered structures and by activities such as sand-mining.

5.1.8 Agriculture

5.1.8.1 Our agricultural practices also adversely affect the environment in several ways. For example, the intensive cultivation of our main crops requires the use of fertilisers, the excess of which is carried by runoff or by leaching into waterways. The resultant nutrient enrichment of the waters induces an intense growth of aquatic vegetation which in turn blocks and fouls the water courses, and changes their ecology. In addition, chemical pesticides are utilised to control pests. Inevitably, these percolate or are washed into streams where they may directly destroy aquatic life, or enter the food chain through the process of bioaccumulation, causing either the extermination or the decline of wildlife.

5.1.9 Manufacturing

5.1.9.1 It has also been noted that even the relatively small incidence of industrial activity in Guyana sometimes results in air pollution caused by the burning of fuel and wastes, and from fugitive dust; in water and soil pollution resulting from the release of chemically contaminated effluent; in noise pollution; and in thermal pollution caused by cooling water in industrial plant.

5.1.10 Fisheries

5.I.10.1 Our marine fishery resources also have been threatened by commercial fishermen who, in recent decades, have intensified their efforts in order to satisfy export markets. In addition, shrimp trawling, with its attendant dumping of by-catch, has progressively altered the species composition of inshore marine fauna.

5.I.10.2 Furthermore, fish farming in the littoral zone has been accompanied by the clearing of mangrove stands, thus exposing the affected areas to erosion by wave and tidal forces, and destroying habitats for breeding and juvenile stocks.

5.I.11 Mining

5.I.11.1 It is in the bauxite and gold mining industries, however, that the greatest signs of environmental degradation are to be found. Bauxite mine clearing involves the removal of forest cover to allow stripping to be carried out. This represents a direct destruction of portions of the ecosystem, the major casualties being elements of fauna and flora. Thereafter, the overburden is removed, or stripped. This process creates huge craters which eventually become receptacles of stagnant water. With the subsequent removal of the bauxite ore in the mining process, these pits are considerably deepened. The sediment released in these operations is transported in run-off and causes the siltation of streams and rivers. This, in turn, affects the drainage system in the mining area, with various ecological consequences.

5.I.11.2 In the process of drying and calcining the bauxite, the ore is heated to remove moisture and to effect a limited degree of chemical transformation. Very frequently, these processes result in the escape of fugitive dust from the kilns, accidental oil spillages, and the release of bauxite tailings.

5.I.11.3 Mechanical methods of different scales and levels of sophistication are currently employed in most gold mining operations. The largest operator, Omai Gold Mines Limited (OGML), uses a process of electrolytic recovery from a cyanide "solution" prepared from crushed rock and saprolite. Another widely used process in gold mining is that which utilises the so-called missile dredge, a diverless suction dredge, which operates mainly along river banks for varying depths, often penetrating considerable distances in accordance with the distribution of the deposits.

And finally, a land-based method of gold recovery which essentially achieves the same results as dredge mining by using a powerful water jet to create a slurry from which the gold particles are recovered in a manner analogous to that employed in dredge mining.

5.I.11.4 In all of these operations, the preparatory phase involves the removal of vegetation cover and topsoil to permit access to the deposits or the gold-bearing rocks. This represents both a direct loss of biodiversity and a destruction of habitats, the cumulative impacts of which could be very significant.

5.I.11.5 In addition, waste material from the treatment of mined material – comminuted rock or residual sand/gravel – is discarded on the land or in rivers, with largely unknown consequences for the ecosystem or environmental services. Of immense ecological significance, also, is the fouling of streams by colloidal clay suspensions produced by "de-sliming" of deposits in preparation for final recovery of the metal. The more obvious effects of this fouling are the prevention of the growth of aquatic plants as a result of light exclusion, leading to the "death" of streams; the fouling of fish gills causing death by asphyxiation; the smothering of the eggs of aquatic animals, further depopulating streams; and the displacement of human communities due to the loss of domestic water supplies from streams, and of fish and wildlife.

5.I.11.6 Final gold recovery involves chemical treatment – amalgamation with mercury and subsequent separation by heat in the case of dredge – and "land" – mining, and "dissolving" in cyanide solution followed by electrolytic separation. In both cases, chemical pollution of the environment occurs, with serious and diverse long-term consequences. In the amalgamation procedure, mercury almost invariably escapes into the environment, polluting soil and water, and eventually entering the food chain and accumulating in human and

other animal tissues. The cyanide recovery process involves the planned release of spent cyanide solution into the Omai and Essequibo Rivers.

5.I.12 Wildlife

5.I.12.1 The lucrateness of the trade in wildlife has led to a "mining" mentality in relation to this natural resource; and attempts to regulate the activity are often fiercely resisted by exporters who enlist the aid of the exploited trappers who plead the possible loss of their livelihoods if the trade is curtailed. What is generally overlooked in this ongoing debate is the critical ecological role of wildlife in their natural environment. This includes functions such as the stabilisation of natural populations, the pollination of flowers, and the dispersal of fruits and other propagules.

5.I.13 Biodiversity

5.I.13.1 In recognition of the significance of its biodiversity assets, Guyana signed the UN Convention on Biological Diversity during the Earth Summit of 1992. This Convention commits signatories to adopt regulations to conserve their biological resources. However, to this date Guyana has taken few effective steps to protect its biodiversity.

5.I.14 Kaieteur National Park

5.I.14.1 Kaieteur National Park was established in 1929 by the Kaieteur National Park Act. It is widely regarded as Guyana's "jewel in the crown" and boasts a spectacular waterfall, rare species of plants, and is the only known site in the world of the "golden frog" (*Colestethys beebi*).

5.I.14.2 The park is currently served by no more than two wardens who lack radio communications. As a result, their effectiveness is limited. Moreover, the park is not adequately maintained and is being damaged by vehicular traffic, the inappropriate cutting of vegetation and, to a lesser extent, the deposition of litter from tourists. Of serious concern is the existence of a sizeable community at Menzies Landing where various shops and houses have been erected and where residents are causing damage to the fragile park environment. Illegal timber and mining operations are also having a detrimental impact.

5.I.15 Environmental Administration and Management

5.I.15.1 Guyana's environmental policy is formulated and implemented by an Environmental Protection Agency (EPA) which was established by an Act of Parliament. The EPA has an extensive list of functions and responsibilities. These include the effective management of the natural environment so as to ensure the conservation, protection, and sustainable use of its natural resources; the coordination of the environmental management activities of all persons, organisations and agencies; establishing and coordinating institutional linkages and playing a coordinating role in the preparation and implementation of environmental cross-sectoral programmes; the coordination of coastal zone management; the sustainable use of biological diversity, a national parks and protected areas system and a wildlife protection management programme; the prevention and control of pollution; the undertaking of environmental impact assessments; and advising on general environmental policy and the impact of development.

5.I.15.2 The EPA also has certain statutory duties, among which are to produce physical accounts of Guyana's natural capital; to carry out surveys and obtain baseline information on natural resources; to make these surveys and information available to members of the public; to provide annually general information on the state of the environment; and to maintain registers of information available to the general public showing all environmental impact assessments carried out, environmental authorisation granted or cancelled, prosecutions brought etc.

5.I.15.3 The EPA suffers from a lack of financial and human resources at various levels. As a consequence, it has been unable to carry out its mandate as effectively as it might.

5.I.15.4 There is also an Environmental Assessment Board, the functions of which include conducting public hearings into all environmental impact assessments and studies, as well as appeals from the EPA. The Board has recently been provided with detailed rules which should enable it to undertake its tasks more effectively, and should also ensure consistency in its approach towards all developers and investors.

5.I.15.5 And finally, in the environmental protection hierarchy, is the Environmental Tribunal. This is a superior court of record and has power to hear appeals against the refusal, cancellation or suspension of environmental authorisations; the conditions contained in permits or licences; and enforcement or prohibition notices.

5.II ISSUES AND CONSTRAINTS

In this section of the chapter a number of environmental issues, and environmental constraints to the development of Guyana, are raised. These are valid, and are highlighted to draw attention to the possible adverse effects of over-enthusiastic approaches to our development. It must be emphasized, however, that all developmental activities will be subject to intensive environmental assessments and studies.

5.II.1 Agriculture

5.II.1.1 Soils in the Intermediate Savannas are generally sandy and fragile. They are expected, therefore, to be nutrient-poor as a result of leaching. The pursuit of agriculture in these areas will have therefore to take into account two major constraints: the possible alteration of the physical structure of the soil as a result of tilling, thus rendering it more susceptible to erosion; and possible limitations on the use of fertilisers because of leaching, thus inflating costs and promoting the contamination of streams and groundwater from run-off and leachates.

5.II.1.2 It should be noted, however, that intensive land-utilisation surveys, and detailed soil analyses, have already been made of these Savannas. These have indicated that there are many areas in which the soils are either brown sands or brown loamy sands that are capable of producing certain types of crops, e.g. pineapples, peanuts and various types of tree crops. In addition, the area is eminently suitable for many kinds of agroforestry.

5.II.2 Road Building

5.II.2.1 The construction of roads in connection with hinterland development in Guyana will inevitably open up vast areas of our country to a variety of other activities, with environmental implications: the possible displacement and destruction of wildlife; an influx of settlers, with the further possible destruction of habitats, and the generation of waste and pollution; and an increase in the scale of hunting and the exploitation of wildlife. It will therefore be necessary, in the implementation of the transportation strategy of this NDS, to ensure that, in undertaking the legally required environmental impact assessments, these very critical matters be taken into account.

5.II.2.2 As has been stressed earlier in this document, transportation is a basic requirement for our development since it facilitates trade and the movement of goods and people both within Guyana and between Guyana and other countries. However, any transportation system must be environmentally sustainable or the short-term benefits of increased trade will be outweighed by the long-term damage to our

country's natural resources, and by the negative impact on the health of our citizens. These costs must be taken into account both from the beginning and throughout each stage of the design process.

5.II.3 Forests

5.II.3.1 The Dry Evergreen Forest which occupies the white sand belt behind the coastal plain in the eastern part of the country is easily accessible from the major population centres along the coast, and has therefore been subjected to intense exploitation over the years. Indeed, in some areas these forests have already been cleared, or are being threatened by over-logging. It should also be noted that the soil conditions in these forests do not encourage natural regeneration, especially in the face of constant disturbance.

5.II.3.2 In contrast, extensive areas of forest in the Northwest District of Guyana are characterised by swampy conditions. Such ecosystems also are somewhat fragile. It is important, therefore, that logging practices in such forests, as indeed in all our forests, accord with their productive and regenerative capacity.

5.II.3.3 An economically and socially significant recent development in the Northwest District is the establishment of the heart of palm industry, based on a non-timber forest product the manicole palm, *Euterpe edulis*, which mainly inhabits riverain swamps. Care should be taken to ensure that the population of this species does not decline from over-harvesting; that there is no mortality or loss of vigour of the residual shoots in harvested clumps; and that there is no decline in fruit yield as a source of food for birds and animals. It should not be overlooked, however, that experiments which have been conducted on the regeneration of this species in other parts of South America, particularly in Brazil and Bolivia, have revealed not only that the species can be naturally regenerated, but also that artificially regenerated plantations can be established.

5.II.4 Mining

5.II.4.1 Responsible development requires good environmental stewardship in all mining activities, from exploration and processing to decommissioning and reclamation. Environmental concerns must therefore be integrated in the decision-making process if Guyana is to achieve optimum economic benefits from its mineral sources.

5.II.4.2 It is recognised that in Guyana the mineral wealth of the country must be exploited, if it is to be able to attain the rates of economic growth that have been posited in this document. However, this exploitation must be properly regulated. Standards which are set too vaguely, in order to encourage development through mining, may create large and lasting environmental damage in return for a type of economic development which is merely transitory and limited.

5.II.5 Transportation

5.II.5.1 Any future road building programme must be subjected to a proper environmental impact assessment which takes into account all negative environmental effects.

5.II.5.2 We face a future of increased congestion and pollution unless the true costs of motor vehicular traffic is passed on directly to road users, rather than to society as a whole. Road charges, tolls, parking fees, increased vehicle licence fees and weight charges for heavy duty lorries should be imposed, and a proportion of the revenue so obtained allocated to the provision of alternative transportation, such as public transportation and proper paths for cycling and walking thereby enabling citizens to choose their method of transport.

5.II.5.3 Guyana has the opportunity to develop an integrated and environmentally sustainable transport network drawing on the lessons learned in other countries, without paying the price of their mistakes. The transportation system must be designed to benefit not only the car-owning elite but also the majority who do not own a vehicle and are forced to rely on an unsafe public transportation system.

5.II.6 Iwokrama

5.II.6.1 The Iwokrama Rain Forest Centre was established by law in 1996, on the basis of an undertaking given by the President of Guyana at the Commonwealth Heads of Government Conference in Malaysia in 1990, to devote a significant proportion of Guyana's tropical rain forest to research on a number of topics. The Centre is now an autonomous International agency that is located in our country. The Centre is planning to embark on an extensive bio-prospecting exercise with an initial funding of US\$1.2m from the European Union. Under the Iwokrama legislation all discoveries belong to the Centre, although Guyana has the right to use such discoveries. However, the benefits to the people of Guyana from Iwokrama's bio-prospecting exercises in Guyana's forests are not sufficiently clear. In addition, the apparent absence of an adequate institutional and legal framework and the reliance on contractual mechanisms for a great proportion of its work, make it difficult to ensure that Iwokrama will itself be able to obtain full benefits from biological discoveries or to protect Guyana's biological resources against acts of bio-piracy.

5.II.7 Protected Areas

5.II.7.1 A national protected areas system is unlikely to succeed unless there is commitment from all citizens and unless benefits flow to Guyanese nationals. It is therefore essential that the current perception of most Guyanese that a national protected areas system means that development cannot take place in all protected areas, must be corrected. It is essential that our citizens realise that there are different categories of protected areas, ranging from strict protection reserves to parks in which some natural resource exploitation (such as mining or forestry) may be allowed.

5.II.8 Institutions

5.II.8.1 The key to successful development is the wise use of resources rather than the continuation of unrestrained exploitation of our natural wealth. In order to achieve this objective, Guyana must establish an efficient and effective system for the management (including conservation and exploitation) of natural resources and the environment. The multiplicity of institutions, agencies, committees and other entities dealing with natural resources and the environment should be reduced and the current system rationalised.

5.II.8.2 In addition, a further shift in thinking is needed if our natural resources and environment are to be used wisely for development to benefit the nation as a whole. There needs to be greater consultation, more transparent decision-making and greater accountability by Government. Decisions by technical agencies should not only be made on scientific and technical grounds but must be transparent so that they may be seen to be free of political interference.

5.II.8.3 In the long-term the EPA should be removed from the influence of the Office of the President which should retain an adviser on Science, Technology and the Environment.

5.II.8.4 A new ministry should be created which would include the EPA, the new Guyana Lands and Surveys Commission, the board responsible for the Kaieteur National Park, and any other agency or unit which is responsible for environmental protection. Agencies which have a dual role in respect of environmental protection and resource utilization (e.g. tourism, agriculture, mining, forestry) would remain with their subject ministries but would have their environmental protection functions transferred to the EPA.

5.II.8.5 The conflict between the protection of the environment and the use of natural resources for development is an ongoing and at times difficult one. By putting in place adequate processes, by holding Government accountable and by ensuring that citizens have access to information, we may be able to improve the quality of our decisions. It is our responsibility not to foreclose the options of the next generation.

5.III OBJECTIVES

5.III.1 Guyana's principal environmental policy objectives are:

- to enhance the quality of life of the country's inhabitants by utilising its natural resources while neither degrading nor contaminating them;
- to ensure that the natural resource base for economic growth continues to be available in the future; and
- to intensify and widen the dimensions of our living standards through the conservation of unique habitats, natural treasures, biodiversity and our cultural heritage.

5.III.2 To these ends, in the area of *resource contamination*, priority will be given to reducing the incidence of those problems that affect public health; and in the area of *resource degradation*, priority will be given to the sustainable management of those renewable resources that provide the critical foundation for our current and long-term economic development, in particular, fisheries, forests, soils and water supplies.

5.IV THE STRATEGY

5.IV.1 The provisions of the Environmental Protection Act will be rigorously enforced by the Environmental Protection Agency.

5.IV.2 Programmes and projects that are aimed at promoting public awareness and environmental education will be systematically pursued among broad sections of the population, but particularly with persons involved in developmental activity.

5.IV.3 Moreover, community participation will be vital in our efforts to manage many vulnerable ecosystems and to conserve the resources of protected areas. The relevant local communities will therefore be involved at both the design and implementation stages, in order to increase the chances of success for the strategy. The EPA will take the lead in organising and informing community members about these undertakings, in collaboration with the Ministries of Works, Communications and Regional Development. However, in the final analysis, considerable responsibility for the management of the programme at the local level will be devolved to the communities.

5.IV.4 Rural communities which participate in the management and protection of biosphere reserves will be compensated through a foundation that will reward their effective participation by means of local infrastructural projects that have been agreed upon by the communities.

5.IV.5 The EPA will set, monitor and enforce standards for air emissions, effluent discharge, and noise levels for industries; ensure strict compliance with environmental management plans; conduct regular environmental audits; and promote, in collaboration with industry, the training of adequate numbers of technicians to monitor the nation's adherence to legal environmental standards.

5.IV.6 The successful identification, evaluation, mitigation and management of the causes and impact of coastal degradation will depend on the availability of baseline data and adequate monitoring and regulation by appropriate institutions designed for integrated, cross-sectoral management. Because many of these coastal-related issues are complex, the EPA will establish a special unit to identify problems as early as possible and make recommendations for their management. Such problems include sea-defence breaches, damage to drainage and irrigation structures, and the need to recharge coastal aquifers.

5.IV.7 In general, the EPA will strictly enforce conservation measures that have been prescribed in this NDS, in respect of forestry, fisheries, mining and agriculture.

5.IV.8 In particular, development policies for the wallaba forests will take into account the vulnerability of that environment in relation to charcoal burning, sand mining, and logging for timber and timber products.

5.IV.9 Operations in the coastal mangrove areas will be carefully monitored, and felling in these ecosystems absolutely banned.

5.IV.10 Moreover, the specific environmental problems that are associated with the exploitation of manicole palm, which have already been described, will be addressed.

5.IV.11 The conservation of any forest, but particularly tropical high-forests, benefits the world at large. However, the conservation of Guyana's forest is especially important since this country is only one of thirteen with extensive areas of rainforest. Moreover, "the Guyana Shield", of which Guyana's forests are a part, is a unique and endangered region that stretches from Amapa in North-East Brazil, through French Guiana, Surinam, Guyana, Venezuela and Colombia until it reaches the Andes. Indeed, the region is known to contain tremendous and largely endemic biological diversity. Although there is no comprehensive listing of its medicinal plant species, Amerindian customs and practices indicate that as much as 10 percent of the plant species that are found in our forests may have medicinal properties. The forest also provides a habitat for wildlife and is of international significance for scientific and tropical forestry research. Furthermore, Guyana's forests make an essential contribution to the hydrological balance and climatic stability both of the immediate region and the rest of the world.

5.IV.12 Given the fiscal constraints which the country faces in its quest for economic improvement, and the fact that the conservation of our forest ecosystem brings benefits not only to Guyana but also to the entire world, mechanisms will be put in place to finance the non-timber uses of the forests. Put in another way, a scheme will be devised and implemented to compensate Guyana for any decision it makes not to exploit its forests for the production of timber and timber products. A special foundation, which may be known tentatively as the Guyana Rainforest Foundation, that will mobilise funding from international NGOs, corporations, and bilateral governmental donors, will be established. This foundation will set up an endowment fund to receive donations and will apply the earnings from the endowment to the payment of royalties and fees which will compensate the people of Guyana for the opportunity costs that will be incurred from not utilising a proportion of their forest resources. These fees and payments will be assessed to cover and will include the loss of taxes and royalties, job opportunities, technological advancement and industrial processes, among other things.

5.IV.13 The proposed Guyana Rainforest Foundation will also seek to promote ecotourism, the medicinal uses of the forest, and other income-generating activities which do not entail the felling of trees for

commercial purposes. It will also promote international agreements on carbon offset (for industrial pollution in developed countries), as another source of compensation to Guyana for setting aside part of its natural resource base.

5.IV.14 Mining companies which operate in Guyana, will, at a minimum, be required by law to:–

(i) recognise environmental management as a high priority, notably during the licensing process and through the development and implementation of environmental management plans. These will include early and comprehensive environmental impact assessments, pollution control and other preventive and mitigative measures, monitoring and auditing activities, and emergency response procedures;

(ii) adopt best practices to minimise environmental degradation;

(iii) adopt environmentally sound technologies in all phases of mining activity and increase the emphasis on the transfer of technologies which lessen adverse environmental impacts, including those from small-scale mining operations; and

(iv) encourage long-term mining investment by establishing clear environmental standards with stable and predictable environmental criteria and procedures.

5.IV.15 The backfilling of excavations and the re-vegetation of sites (under the supervision of GFC personnel) as mining operations proceed will be mandatory.

5.IV.16 Run-off from dewatering activities in the mines will be channeled initially into settling ponds and not directly into rivers and creeks.

5.IV.17 Maximum allowable dust emission levels will be established and enforced by the EPA.

5.IV.18 Operating mining entities will be legally required to equip themselves with the necessary equipment and tools to deal effectively with accidental spillages.

5.IV.19 The replacement of top soil in mined-out areas will be an essential part of site restoration.

5.IV.20 Methods of mining that are feasible and least destructive to the environment will be enforced by the mining authority.

5.IV.21 Regulations on the handling of waste will be established, and waste disposal practices monitored for compliance.

5.IV.22 Alternatives to the use of highly toxic materials in the recovery process will be introduced. In the interim, the storage, usage and eventual disposal of these materials will be carefully managed and scrupulously monitored to avoid serious damage to the environment.

5.IV.23 In regard to wildlife – the existing environmental regulations will be replaced by new legislation which reflects international best practices and establishes a comprehensive system for the management, use and conservation of wildlife and the protection of biodiversity.

5.IV.24 A new wildlife authority will be established by statute, and procedures will be put in place to enable it to meet modern standards of accountability, transparency and good governance.

5.IV.25 Wildlife trading will be rigorously controlled in accordance with the requirements of CITES.

5.IV.26 The provisions in the Forestry Bill in respect of wildlife, will be deleted, and wildlife dealt with under one comprehensive system.

5.IV.27 Community–based wildlife management programmes will be established.

5.IV.28 In regard to transport, a safety programme will be established; and standards for cleaner fuels to eliminate lead and sulfur emissions will be introduced.

5.IV.29 The impact of transport programmes and projects on the country’s natural resources, and on safety, will be regularly monitored.

5.IV.30 The design and evaluation of transport projects will take into account the effects on non–motorized transport.

5.IV.31 Road–user charges that reflect externalities (road damage, air and noise pollution, congestion, and safety) will be put in place and enforced.

5.IV.32 The greater use of non–motorized transport will be encouraged, by providing improved physical facilities for non–motorists. The following steps will be taken:– the speed limit will be enforced; separate lanes for cyclists on existing main roads will be constructed; additional pavements for pedestrians will be put in place; and motor vehicle traffic will be excluded from the centre of Georgetown, except for specific times for commercial deliveries.

5.IV.33 All new roads will be built with separate lanes for cyclists and animal drawn carts away from motor vehicles; and all will have pavements for pedestrians.

5.IV.34 As a matter of urgency emission standards will be set for all vehicles. However, because vehicles which meet acceptable emission standards tend to be more expensive, the Government will encourage the purchase of such vehicles by reducing the taxes on their importation. The target date for the complete transfer to such systems is 2005.

5.IV.35 The current practice of importing reconditioned vehicles into Guyana will be phased out by 2005.

5.IV.36 Standards will also be established to restrict noise pollution, i.e. to reduce the maximum levels of noise.

5.IV.37 A feasibility study on the re–introduction of railways will be undertaken.

5.IV.38 The draft forest legislation will be revisited and new legislation which establishes a comprehensive framework for the development of the forestry sector on the basis of environmental sustainability and economic benefits will be produced. The new Act will ensure that the GFC meets modern standards of transparency and accountability and is suitably empowered to undertake its functions.

5.IV.39 The community at Menzies Landing will be transferred to another suitable site and the area rehabilitated and restored.

5.IV.40 All timber and mining operations within the Kaieteur National Park area will be stopped. Mining operations in close proximity to the park area will be carried out in such a way as to prevent damage to the park environment.

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5.IV.41 The amendment to the Kaieteur National Park Act which recognises and protects the existing rights of Amerindians will be brought into effect.

5.IV.42 No bio-prospecting will be permitted in Guyana until and unless there is in place an adequate legal and institutional framework. Such a framework will be developed in consultation with stakeholders.

5.IV.43 Amerindian intellectual property will be recognised and protected by law. The sharing of traditional knowledge should take place only on the basis of informed consent and a fair share of the benefits for the communities.

5.IV.44 Guyana will accede to the following:–

- the Ramsar Convention of Wetlands of international significance;
- the London Guideline for the exchange of information on chemicals in international trade;
- the Cartagena Convention on the marine environment in the Wider Caribbean Region; and
- the Kingston Protocol on Specially Protected Areas and Wildlife (SPAW).

5.IV.45 The establishment of a National Protected Area System will begin in the year 2000.

5.IV.46 The Guyana Lands and Surveys Commission Act will be thoroughly amended to establish a proper national land use planning system.

5.IV.47 The Land Use Planning Unit which is currently in existence will be disbanded and its resources transferred to the new Commission.

5.IV.48 The following existing bills will be reviewed and amended to achieve consistency with the national commitment to development which is environmentally sound:–

- the Guyana Biosphere Reserve Bill, authorising the establishment and management of biosphere reserves in Guyana;
- the Conservation and Wildlife Bill, providing for the establishment of wildlife sanctuaries and the protection of listed wild animals and birds;

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- the Forestry Bill and the Guyana Forestry Commission Bill;
- the Drainage and Irrigation Bill; and
- the Civil Aviation Bill.

5.IV.49 In addition, a thorough review of the existing legislation relating to natural resources and the environment will be undertaken with a view to its harmonisation and rationalisation in keeping with national priorities. This should result in a comprehensive legal framework for the management of the environment and natural resources.

5.IV.50 The following are areas in which legislative changes will be made:–

- the consolidation and revision of existing legislation in the various sectors, incorporating new environmental protection provisions; and
- the preparation of consequential amendments to related legislation.

5.IV.51 The EPA will be institutionally strengthened through the provision of additional financial and human resources.

5.IV.52 The environmental regulatory functions of all the sectoral agencies will be transferred to the EPA.

5.IV.53 The EPA will regularly monitor all operations which affect the environment and will prosecute for breaches of the Environmental Protection Act.

5.IV.54 The forest policy functions of the GNRA will be transferred to the GFC.

5.IV.55 The mining policy functions of the GNRA will be transferred to the GG&MC.

5.IV.56 The GNRA will be dissolved. The rationale for its existence is difficult to comprehend. Its functions in relation to macro-policy is best exercised by the EPA, while its sectoral policy functions should be devolved back to the sectoral agencies.

5.IV.57 The EPA will be removed from the influence of the Office of the President, which should retain an adviser on Science, Technology and the Environment. The EPA will then become a semi-independent agency.

5.IV.58 A new Environmental Protection Commission will be established. This will include the EPA and all other agencies that are responsible for environmental protection.

5.IV.59 The EPA will assume the entire responsibility for ensuring that its policies and strategies are implemented, particularly in the areas of forestry and mining. To this end the duties now assigned to the GFC and the GG and MG, in the specific area of environmental monitoring, will be taken over by the EPA.

5.IV.60 The conflict between protection of the environment and the use of natural resources for development is an ongoing one which at times it is difficult to resolve. By putting in place adequate processes, by holding Government accountable, and by ensuring that citizens have access to information, we may be able to improve the quality of our decisions. It is our responsibility not to foreclose the options of the next generation.

CHAPTER 6

INFORMATION TECHNOLOGY

6.I BASIC FEATURES

6.I.1 In recent years, Information Technology (IT) has become pivotal to the process of economic development. Because of the tremendous strides which have been made in this discipline over the past two decades or so, information technology now provides the most efficient and cost-effective ways of exchanging information and transacting business. In addition, it has changed the very nature of the world's financial and other service sectors. Perhaps its most important potential contribution to the social and economic development of countries such as Guyana, however, is the fact that it embodies in its mechanisms and modalities the means of considerably enhancing our human and institutional capacities.

6.I.2 In this globalised world in which we live, information technology is now arguably one of the most important determinants of competitiveness and social and economic growth. Countries and firms are becoming more competitive because of their knowledge, rather than because of their natural resources and the low cost of their labour. What now determines a country's advantages are its access to information technology and knowledge. What is now more important than ever in the attack on economic underdevelopment is man-made not "natural", in the traditional sense of the term. And since man-made comparative advantages can only be acquired by knowledge, the implications with regard to labour markets, technical education, and human capital formation are tremendous and far-reaching. Countries that invest in, and quickly adapt, information technology will develop socially and economically. The inhabitants of those countries which do not so invest and adapt are, more than likely, doomed to lives of abject penury.

6.I.3 The prerequisites for the creation of an information-based economic structure are the existence of an efficient telecommunications infrastructure and effective telecommunications services. Unfortunately, Guyana's telecommunications infrastructure is far from adequate, mainly because there is a very serious shortage of telephones in the country, and the demand for inexpensive data connections, with adequate band widths, far outstrips their availability.

6.I.4 Until 1st June 1990, when an agreement for its privatisation was signed, Guyana's telecommunications sector was serviced by the Guyana Telecommunication Corporation (GTC) which was a public corporation wholly owned by the government. GTC had, at that time, 21,000 telephone lines and there was a waiting list of potential subscribers of well over 40,000. Moreover, the telephone system in use was obsolescent, there was the greatest difficulty in making overseas calls, and there were problems of audibility and speed of connection even with respect to local calls. In short, the sector suffered from the constraints which are usually associated with state monopolies.

6.I.5 GTC was privatised by converting it into a private limited company called the Guyana Telephone and Telegraph Company Limited (GT&T), and by selling 80 percent of the shares of the new company to an overseas investor – the Atlantic Tele Network Limited (ATN).

6.I.6 The agreement between the Government and ATN, and the licence granted to GT&T, provided the new company with monopoly rights, in respect of some of its telecommunications operations, for a period of twenty years. These rights are renewable, at the option of the licensee, for another twenty years.

6.I.7 In return for this partial monopoly, ATN agreed to formulate a plan, the objective of which would be to expand GT&T's facilities and operations, in a significant manner, within a period of three years. ATN also agreed to raise the resources that would be required to implement the plan. The original date for completion of the plan was December, 1993. However, the first proposals were amended, and the termination date was

extended to February, 1995. Even so, by the end of 1999, GT&T had not yet completed the exercise. Accordingly, the Government has referred the matter to the Public Utilities Commission (PUC), an independent body with responsibility for regulating the telecommunications sector in Guyana. Its task is to act as an objective referee in order to ensure that both the consumer and GT&T are treated in a fair and just manner.

6.I.8 In addition, the agreement included *inter alia* the obligations to provide universal service to all subscribers, to fulfil all service requests that are deemed to be reasonable, and to interconnect the telecommunications system of licensed operators whenever practical, on a compensation basis.

6.I.9 It should be noted that no reference is made in the licence to value-added services; that the government can direct GT&T to provide interconnection to third party operators, and to license third party operators for the provision of long-distance services for distances greater than 50 kilometres; that the government can operate its own domestic and international network with interconnections to the public switchboard network; that GT&T must maintain quality-of-service standards that are equivalent to internationally recognised specifications; that GT&T is prohibited from entering into arrangements with international carriers which may unfairly restrict access to third party operators and must inform the PUC of all joint ventures; and that the government has the right to license a second mobile wireless operator.

6.I.10 Since 1991, GT&T has introduced a number of telecommunications-related services to Guyana: it has installed over 400 public telephones across the country; it maintains three public telephone centres from which the public can make international and domestic calls; it has increased the numbers of international circuits from 75 to just over 1,000; and it has established two satellite earth stations, one for international circuits and the other to connect remote interior locations. Moreover, it has invested in a wireless local loop service, a cellular service, and a fibre optic cable network which connects most of GT&T's switches. In addition, the number of telephone lines had grown to 63,500 by October 1999. However, the backlog is still immense. Indeed, it is now higher than when the new company signed the Agreement in 1991. Moreover, there appears to be little rationality in the allocation of telephone connections for, frequently, areas that are sandwiched between serviced districts are ignored and, far too often, individuals in particular streets are by-passed.

6.I.11 GT&T has contended that the primary reason for its failure to provide the universal service it has contracted to give the Guyanese public is the fact that the PUC has not given it the necessary permission to raise rates, even though the terms of the agreement and the licence warrant the granting of such permission.

6.I.12 Information Technology is currently utilised in Guyana in a very modest way. In the Public Sector, the government has introduced Personal Computers (PCs) to assist in its general administration, the Ministry of Finance, the Revenue Authority, the Lands and Surveys Department, and the Public Service Ministry being the main users of computer systems. They employ them, however, in a somewhat rudimentary manner. In the private sector, information technology is utilised largely to provide financial information.

6.I.13 There are many retailers of personal computers, and back-up support is available in Guyana. Computer hardware is duty free.

6.I.14 There are four internet service providers. There are also a few internet cafes which offer access to the internet. In addition, many local businesses and NGOs have developed websites. It must be again emphasized, however, that growth in the country's utilisation of the internet system is severely restricted by the unavailability of a suitable national telecommunications infrastructure.

6.I.15 Computer training has been introduced into some schools, primarily in the leading secondary schools, about twenty percent of which possess computers. Computers in such schools are usually located in a small

computer laboratory, and are not generally distributed in classrooms. Moreover, computer literacy classes have been started in a number of schools and a few are actually teaching CXC information technology and CAPE information technology courses. A few primary schools also possess computers and offer elementary training in their use. Because a very small proportion of the schools which have computers possess telephones; most of them have absolutely no access to the internet.

6.I.16 The National Centre for Education Research and Development (NCERD) is in the process of formulating an information technology curriculum, mainly for secondary schools. NCERD has a small information technology unit and laboratory which also provides some support to teachers of information technology. It also utilises computers for administrative tasks and curriculum development. CPCE has a functioning information technology laboratory and offers courses for trainee teachers.

6.I.17 It is planned to establish through one of the projects of the Secondary Schools Rehabilitation Programme a pilot system in which a number of schools will each receive four computers to be utilised in the delivery of their curricula.

6.I.18 The main offices of the Ministry of Education have small networks of computers for administrative purposes. The Planning section maintains databases of information on schools.

6.I.19 The University of Guyana uses computers both for administrative purposes and for tuition. Unfortunately, coverage is very incomplete in both areas. Indeed, only one computer laboratory service is available for the entire student population. In general, students on campus have no Internet access, and staff access is normally limited to e-mail, using one terminal.

6.I.20 Instruction in computer science, to the diploma and degree levels, is provided by the Faculty of Natural Sciences, which includes the Department of Mathematics and Computer Science. However, the success of the programmes is constrained by inadequate staffing, the large sizes of the classes, and the inadequacy of practical training.

6.I.21 A number of private commercial computer schools exists in many parts of the country. They provide short business-oriented courses on basic computer skills, and are usually based on one particular software package. The emphasis in these schools is on the acquisition of practical skills. Unfortunately there is limited hands-on time, and the standards are not always high.

6.II ISSUES AND CONSTRAINTS

6.II.1 Telecommunications

6.II.1.1 As has already been pointed out, the basis of any efficient information technology sector is an adequate telecommunications system. Such a system should provide a number of services that are considered essential for the creation of an information-based economy. Among these, at the very minimum, are 'universal' services, (which term is interpreted to mean the provision of telephone lines to all who apply for them); and adequate band-widths for any number of computers. As we have noted, these essential requirements are not yet available in our country.

6.II.1.2 The reasons for this sorry state of affairs include the nature of the franchise of GT&T and the imperfections of the PUC. Indeed, the Public Utilities Commission seems unable to resolve issues pertaining to the levels of revenue to which GT&T is entitled, the true nature of the rights and obligations of both the government and ATN under the terms and conditions of the agreement, and the payment of management fees

to ATN by GT&T. If these problems are not solved expeditiously, the citizens of Guyana will derive little or no advantage from the tremendous advances which have been made, and are still being made, in Information Technology. If these issues are not resolved, Guyana will be obliged to continue to utilise outdated and obsolescent information mechanisms at a time when the country's development cries out for the employment of modern processes.

6.II.1.3 It is not the intention of the NDS even to attempt to resolve the *contretemps* between the Government and ATN. These are essentially of a legal nature, and ought therefore to be settled either by the PUC or by the courts. It is our opinion, however, that a word on the nature of "telecommunications monopolies", in this day and age, might not be remiss. **First, GT&T's licence does not appear to embrace a great number of the new services that are becoming available through the rapid changes which are occurring. It is more than probable that if there was competition in Guyana, many of these new facilities would have been marketed. Second, competition in telecommunications is now occurring to a rapidly increasing degree throughout the world in both developed and developing countries. This almost universal trend towards the curtailment of telecommunications monopolies is obviously of great importance to Guyana. We must not be left behind, again, in this matter. We must, therefore, explore every possibility of modernising this sector, if only because it is so basic to our development. Third, it is becoming more and more evident that the telecommunications industry in some developing countries has been able continuously to meet the demands of their consumers, and to provide universal service. In others however, it has been unable to do so. Why is this so? The simple answer appears to be that those countries which have been successful in satisfying the telephonic needs of its citizens have encouraged competition, while those which have failed to do so have tended to be monopolistic. And fourth, it is now becoming generally accepted that there are few, if any, economies of scale in the modern telecommunications industry. This was the contention that was made in the past to justify telecommunications monopolies. This argument does not now appear to be relevant. This is so because there is a range of technological advances which currently enables telecommunications companies to make profits even when competing with others in relatively small markets.**

6.II.1.4 **It therefore seems that in order to be sure that the basic telecommunications infrastructure which is required for the country's development is established, the nation's objective should be the liberalisation of its national telecommunications system.** In doing so the strategy should be first to provide a non-contentious environment in which a framework for the modernisation of telecommunications can be negotiated; second, to take advantage of those escape clauses, in the existing GT&T agreement and licence, which already permit competition in some areas; third, the government should seek to renegotiate the GT&T agreement and licence with ATN; and to develop new partnerships among the regulating authorities, entrepreneurs, consumers and itself; and finally, failing all else, it should resort to the courts.

6.II.2 Trade

6.II.2.1 As has been strongly emphasised in the Chapter on Macro-economic Strategies, Guyana's economic future is to a great extent dependent upon trade, and upon its capacity to be competitive in a globalised world. Indeed, our capacity to export will determine the degree to which investments and economic growth are expanded without the encountering of balance of payments deficits and debt repayment problems. Trade is, therefore, of the most crucial importance to our social and economic development.

6.II.2.2 Information technology can assist our trade prospects in several ways. First, it can enable us to discover new markets not only for our traditional exports, but also for those new products that would result from our diversification programmes.

6.II.2.3 Second, we can improve our trade performance and our efforts at trade promotion by quickly and regularly accessing, through the internet and other means, relevant information on prices, the demand and supply of particular products and services, their specifications, potential buyers, and the periods in which they are frequently required. The inadequate exchange of such data is one of the main reasons for the low-level of commercial trade between Guyana and, for example, the rest of CARICOM. Trade thrives best when producers, exporters and consumers know about each other's products, product quality, and supply and demand capabilities.

6.II.2.4 Third, the use of computer technology for data processing could speed up delivery time, and reduce transaction costs.

6.II.2.5 Fourth, the application of information technology could help producers to deal directly with exporters thus circumventing the middle-man and, thereby, increasing their profit.

6.II.2.6 Fifth, small-scale producers, in various areas of the country, could, through the use of computers and the internet, combine with each other to obtain and supply export orders which they might not have been able to service on an individual basis.

6.II.2.7 And finally, information technology could extend the scope of our tradeables in the service sector. Through the adoption of electronic commerce we could be in a position to provide or receive, for example, a range of legal, accounting, medical, educational, financial, data processing, retailing and tourism services. Indeed, new types of jobs and new fields of endeavour could become available through access to the information economies of the world: software development, translation services, data entry and data housing services, and data conversion, to mention only a few of the already available opportunities.

6.II.3 Macro-economic and Public Sector Management

6.II.3.1 Although a most significant amount of progress has been made since 1989 in the management both of the country's economy and its public sector, very much still remains to be done. As we have seen, the country's economy has not yet been placed on a path of self-sustaining growth, and the incidence of poverty, though reduced, is still disturbingly high. There is also strong evidence that there are inefficiencies both in the mobilisation of resources, and in their utilisation once mobilised. Efforts in stabilising the macro-economic environment, and in improving the efficiency, transparency and accountability of our governance can be greatly assisted by the application of information technology. Such systems can also help us to design, implement and monitor the performance and the effects of the various policy reforms which have been initiated.

6.II.3.2 Moreover, we can use information technology to (i) follow-up on tax collection and validate revenue collection against expenditure; (ii) apply simulation techniques simultaneously to maximise revenue and minimise the tax burden in selected income groups and (iii) help to simplify purchasing procedures. In short, information technology systems, and computer-based modeling, should be used in as wide a range as possible of our governmental transactions.

6.II.4 The Small and Medium Scale Entrepreneur

6.II.4.1 One of the main thrusts of our economic development strategy between 2001 ad 2010 will be, as has been described elsewhere, the upgrading of the capabilities of small and micro-enterprises (SMEs) in Guyana. In this regard, we have emphasised that particular attention will be paid to the provision of credit, the liberalisation and reform of our land tenure system, and the training of small-scale entrepreneurs. In addition to all this, however, because the members of this group operate in an information-starved

environment, it will be necessary to provide them with the most basic types of data. Moreover, the means of delivering technical learning to these budding Guyanese entrepreneurs are, as yet, poorly developed. Indeed, they often do not exist. We must therefore utilise information technology effectively to increase the flow of information to these fledgling business–persons and to increase their capacity to "learn–by–copying."

6.II.4.2 Information technology can also help small and medium scale enterprises to form networks and to build alliances. In many developing countries, the building of alliances and networks has led to the formation of clusters of SMEs which reinforce each other, improve their international competitiveness, and expose them to technological change.

6.II.5 Agriculture

6.II.5.1 Although one of the main objectives of this National Development Strategy is the diversification of our economy, Guyana, for a significant time to come, will have to rely on agriculture, in both its traditional and non–traditional guises, for much of its development. Consequently, specific strategies have been put forward in the sectoral chapters that are devoted to various aspects of agriculture, with a view to improving the sector's productivity and efficiency. The implementation of these strategies would, however, be much enhanced through the adoption of information technology. For example, information systems could be developed to monitor our draining and irrigation systems, the utilisation of our land resources, and the control of crop diseases. Moreover, through information technology, access to new techniques and technologies for improving agricultural production would be considerably increased. Extension officers would then be able to advise growers on ways to step up their productivity. Indeed, the type of knowledge now being disseminated by information technology systems include advances in genetic engineering which could offer opportunities for Guyanese to use seeds and plants that are adaptable to areas of relatively low water availability and sub–optimal soil conditions, and would therefore be of infinite assistance in our utilisation of such locations as the Intermediate and Rupununi Savannas.

6.II.5.2 If Guyana is to emerge quickly from the morass which now seems to hinder its social and economic development, it cannot afford to follow time–worn and beaten paths. We must piggy–back on the new knowledge bases that are being established. We must leap–frog our development. Agriculture is one of the areas in which this process can best occur. Indeed, this is already taking place in many developing countries. For example, in Nigeria and Indonesia the utilisation of information technology has helped immensely in developing agricultural research databases; in Kenya, microcomputers are being used to improve crop forecasting; and, in Thailand, they are assisting in the regulation of irrigation systems in accordance with environmental parameters. The opportunities for the utilisation of information technology to develop Guyana's agriculture appear to be limitless.

6.II.6 Education and Training

6.II.6.1 Rapid human capital development is essential for sustained economic growth and poverty alleviation in Guyana. As shall be demonstrated later in this National Development Strategy, our country does not currently possess critical masses of trained personnel in almost any of the main areas of our developmental thrust. The inadequacy of our manpower base is therefore one of the main obstacles to our future progress.

6.II.6.2 Serious problems pervade the entire educational system. We need *inter alia*, to improve both its quality and its relevance; to increase teacher–student ratios; to overcome the limited availability of instructional material; to provide more exposure to science and technology in our schools; and to enhance the access of our University students to international journals and adequate research facilities.

6.II.6.3 Most of the problems of our educational system are caused by inadequate funding and the inefficient use of available resources. Information technology offers a wide range of low–cost solutions. For example,

distance education systems which are economic, flexible, and adaptable may be utilised to pursue conventional and unconventional educational ends. Information technology can be employed to establish linkages between the University of Guyana and the University of the West Indies and indeed, with universities further afield, in order to exchange ideas, facilitate research, and to supplement the fragile knowledge base of our country. In addition, new technologies can be utilised to teach classes in a range of schools from one central position, thus requiring a significantly reduced amount of teachers. This can be of particular importance in the country's thrust to expand the scope of its training and its coverage of technology.

6.II.6.4 The wide potential of information technology in education can be illustrated by the operations of the African Virtual University (AVU). This is a satellite-based distance-education project that was initiated by the World Bank in 1995. Its objectives are to educate and train world-class scientists, technicians, engineers, business managers, health care providers, and the other professionals that are needed to support economic development in Sub-Saharan Africa. Such a scheme might, with imagination, be adapted to Guyana's conditions. It might help, for example, to solve the persistent problems of low budgets, too few lecturers and professors, obsolescent and obsolete equipment, and limited facilities at the University of Guyana.

6.II.7 Health

6.II.7.1 From what has already been written in respect to the importance of information technology to other sectors, it should be evident that, given the relatively parlous state of our health sector, the new technology can also assist Guyana in several ways. For example, it could help in the establishment of a decentralised decision support system, which seems a necessity in the remote parts of our country; it could provide information on health profiles; it could enhance our health administration and management through the establishment of medical information systems; and, of the greatest importance to Guyana, it could link our health centres and delivery systems, and help to co-ordinate the medical transportation of patients, especially those who are referred from a lower echelon of the health structure to a higher, in our interior and rural areas.

6.II.7.2 Moreover, with moderate investments in software and hardware, hospitals can create on-call tele-radiology systems or consult on remote cases over the Internet. There is little doubt, also, that the use of the Internet could also considerably improve the quality of training that is available to our medical students.

6.II.8 The Environment

6.II.8.1 Internet technology could be used in the formulation of environmental strategies by providing data for co-ordinated environmental management in monitoring the implementation of environmental decisions, and by disseminating environmental information. It should become an integral part of the mechanisms that are utilised by the Environmental Protection Agency.

6.II.9 Costs

6.II.9.1 Apart from the inadequacy of our telecommunications services, the high cost of computers and software is perhaps the most serious obstacle to our easy access to the world of information technology. Indeed, the cost of a computer can be higher than Guyana's annual per capita income.

6.II.9.2 One way of reducing costs, though not perhaps significantly, could be through the waiving of duty on computer software, in addition to that already waived on its hardware.

6.II.9.3 Another way, could be to purchase in bulk. It may well be that suppliers would be willing drastically to reduce prices if there is a commitment to purchase relatively large amounts over time. Using a planning framework, which details the quantities and qualities of the required computers, and spells out how many will

be required and at what times, the government might be able to bargain with wholesalers to purchase the necessary amounts at wholesale prices over the time horizon of the plan or strategy.

6.II.9.4 It has also been suggested that, because the design capacity of computers and software is invariably not utilised by the majority of their users, buyers pay for features and qualities which they do not really require. Indeed, it has been put forward that a computer that is perfectly serviceable for Internet connections, word-processing and graphics can be built for less than one-fifth of the cost of the 'average' computer. It has also been argued that a modest colour display, with a 13-inch window into the Internet, is better than no window at all. Our researchers have indicated, however, that it is more than probable that Guyana, on its own, can do little to create a market for this type of product. Nor is it likely, it is claimed, that our country on its own would be in a position to persuade suppliers to produce such "minimalist" types. It is therefore recommended that Guyana should discuss this matter with manufacturers, potential donors, the Caribbean Community, and with other developing countries that are even farther afield, in order, possibly, to arrive at an arrangement which might significantly assist in our development.

6.II.10 Institutions

6.II.10.1 It is important to appreciate that no strategy for the development of information technology in Guyana can be realised unless there is established an appropriate institutional, legislative, and regulatory framework which clearly describes, as a minimum, the role of private enterprise, the role of the market in telecommunications development, and the degree and extent of public regulation to which the sector would be subjected.

6.II.11 Constraints

6.II.11.1 Some of the constraints to the efficient operation of the information technology sector are again emphasized below:–

- – the apparent existing prohibitions on the creation of private telecommunications networks (whether based on user-owned or leased facilities) and the difficulty in obtaining the required interconnections with the public networks;
- – the difficulty in obtaining licences to access international communication carriers;
- – the absence of an appropriate legal framework for the creation of enterprises or associations which provide value-added services;
- – the difficulty in obtaining capital for the start-up and expansion of information technology businesses;
- – the high cost of leased lines;
- – the underdeveloped nature of our laws on intellectual property rights, particularly in regard to software;
- – the high cost of software;
- – the lack of human resources to develop, manage and maintain information technology infrastructure, and services;
- – the lack of awareness of the true potential of information technology at the policy-making level in both the private and public sectors;
- – the contract between the government and GT&T which, if unaltered, could stifle the long-term development of information technology in Guyana;
- – the existence of a regulatory body that does not appear to possess the functional capacity effectively to regulate the telecommunications provider;
- – the fact that electricity, the main *supporting* information technology infrastructure, is too costly and unreliable. Computer equipment is sensitive to blackouts, voltage fluctuations, brownouts and spikes. Unfortunately, the Guyana Power and Light Company is by no means free of these problems. As a result, information technology equipment is either frequently damaged or the cost of its use is increased because of the necessity of installing anti-current fluctuation mechanisms; and
- – the inadequacy of the training of many local information technology "professionals".

6.III OBJECTIVES

6.III.1 The overall objective of the sector is to assist in the modernisation of Guyana through the application of information technology to all aspects of the country's development, including especially macro-economic and public sector management, the production and export of agricultural and industrial goods, and the provision of the basic social services of education and health. In all these areas the utilisation of information technology would enhance the country's knowledge base, and improve its efficiency in the formulation and implementation of public and private sectoral policies, plans and strategies.

6.III.2 The specific objectives are:–

- (i) to rationalise the telecommunications sector by clearly defining the role of competition in its operations, and by establishing a legal and operational framework for its regulation;
- (ii) to develop an information infrastructure which would comprise *inter alia* adequate data bases and other management services, as well as a comprehensive, integrated, management system;
- (iii) to assist in the reform of the public service by utilising a technology-oriented approach which would include a much greater degree of automation;
- (iv) to provide universal access by the Guyanese population and its private and public institutions to the Internet at affordable rates, through the encouragement of the development of systems that allow for the widest dissemination;
- (v) to foster a new generation of citizens, with the capability to utilise information technologies with facility in order to help in Guyana's and their own development;
- (vi) to establish a strong, reliable local information technology industry, able to service the needs of the country, to introduce new technologies, and to compete regionally; and
- (vii) to establish adequate standards for information technology goods and services, including hardware, software, and training.

6.IV THE STRATEGY

6.IV.1 Telecommunications

6.IV.1.1 The telecommunications agreement between the government will be revisited with a view to liberalising the sector, enhancing its internal competitiveness, conforming with the relevant regulations of the World Trade Organisation and, in general, bringing it into line with the prevailing telecommunications contractual arrangements which now obtain in many CARICOM and other developing countries.

6.IV.1.2 In order to implement this basic plank in our strategy, negotiations will begin immediately with ATN to ascertain whether there is the possibility of a meeting of minds on this matter. If new terms and conditions cannot be realised through negotiations, the government will take the matter to the Courts for their decision.

6.IV.1.3 It cannot be too strongly emphasised that both the licence issued to the incumbent telecommunications provider and the existing agreement will be honoured, unless there is mutual agreement to alter the provisions, or unless the Courts decide that they can indeed be altered.

6.IV.1.4 While these processes are being followed, the government will encourage the provision of those goods and services, not covered by the agreement with GT&T, by other private national or international investors. To this end, relevant enabling legislation will be enacted and adequate incentives provided. The opportunity will also be taken to review existing telecommunications laws and regulations. These are now outdated and need to be recast in order to assist in the creation of a modern telecommunications sector.

6.IV.1.5 The legislation under which the Public Utilities Commission currently functions will also be re-examined. The objective of such a re-examination, and of the amending legislation which will almost inevitably flow from it, would be the establishment of a strong, independent authority that is capable of regulating the operations of the telecommunications sector, including activities pertaining to those services

provided by companies other than GT&T. The new regulatory body will be required especially to safeguard the goal of "universal service".

6.IV.1.6 Among the other objectives of the PUC will be the protection of user interests, the resolution of user complaints, ensuring that competitive entrants become established in specified segments of the telecommunications services industry; the establishment of a 'non-discriminatory policy', to stimulate innovation; the encouragement of investments in the public network; and, of very great importance in the context of Guyana's current arrangements with GT&T, the creation of a favourable environment for the interconnection of more network operators and new kinds of customers, with the existing system.

6.IV.2 The Public Service

6.IV.2.1 The Public Service will be completely computerised by the year 2004.

6.IV.2.2 A comprehensive plan will be formulated in 2000 to attain this objective. The plan will contain, *inter alia*, information on the existing supplies of computers and other information technology hardware and software within the service, their state of repair, and their current disposition. It will also include an estimate of the current and future demand for computerisation equipment, indications of where the equipment will be required, and proposals for the steps to be taken to meet the demand.

6.IV.2.3 Pending the completion of this detailed plan, priority in the computerisation process will be afforded to financial matters and the educational and health sectors.

6.IV.2.4 Resources for the computerisation of the Public Service will be obtained either from the annual government budget or from externally-funded projects that are designed to assist particular sectors. In other words, care will be taken to ascertain whether the equipment component of any externally funded project can legitimately contain provisions for the purchase of computers. For example, the now HIPIC programme for the alleviation of poverty should contain provisions for the purchase of computers to aid in the development of the health and education sectors and to assist in the enhancement of access to the services of both sectors.

6.IV.3 Financial Matters

6.IV.3.1 Because revenue collection and expenditure, financial management, investment, and trade promotion are of such vital importance to the development of our economy, attention will be first paid to equipping fully the Revenue Authority; the Budget Office; the Accountant General's Department; the Debt Management Division; the Tender Board Division; State Planning Secretariat; and the Bureau of Statistics of the Ministry of Finance; the Export Promotion Section and Go-invest of the Office of the President, the Aid-Co-ordination Unit in the Ministry of Foreign Affairs; and the Auditor-General's Office.

6.IV.3.2 In addition, the accounting services in each Ministry and Government Department will be completely computerised.

6.IV.3.3 A modern system will also be installed to enable interconnections to be made between and among the various financial and accounting arms and branches of the government.

6.IV.3.4 It cannot be over-emphasised how important it is that the Internet be used, as early as possible, to "sell Guyana" to investors and to promote Guyana's exports. A comprehensive plan that is designed to implement these two important objectives will be formulated immediately.

6.IV.4 Education

6.IV.4.1 At least one computer will be installed in each primary school throughout Guyana by the year 2004. These computers will not necessarily be tied-in to the Internet. It will therefore not be essential that there be reliable telephonic connections in these schools. The purpose of these computers in primary schools will be to expose students to the mechanisms and to train them in the rudiments of their use.

6.IV.4.2 At least one Computer Centre will be established in each secondary school by 2004. Each of these Computer Centres will be provided with three computers. Telephone linkages will be provided wherever it is technically possible to do so. These centres will train students not only in the rudiments of computer use but, more important at this stage, in all aspects of the utilisation of the Internet.

6.IV.4.3 Facilities similar to those prescribed for secondary schools will also be placed in all the technical schools and institutes which it has been decided to establish in the Chapter on Education. The target date for such minimum facilities is also 2004.

6.IV.4.4 Each department in the University of Guyana will, also by 2004, have had installed at least three computers, with capabilities for accessing the Internet in general, and a range of universities and relevant research organisations, throughout the world, in particular. Moreover, the central computer pool which now exists at the University of Guyana will be considerably strengthened and expanded. In addition to providing hardware and software for students who cannot be expeditiously accommodated at their Department Computer Centres, this central pool will offer lessons in techniques and in the usage of computers and the Internet.

6.IV.4.5 A comprehensive Computer/Internet system will be put in place in order that the country's distance education programme might be strengthened and expanded. Indeed, the use of the Internet will increasingly play a greater and more important role in this exercise. Relevant, distance-teaching material will be prepared and/or adapted from other sources, focal areas for its dissemination identified, and suitable arrangements made for the installation of the relevant raw material.

6.IV.4.6 The PUC will negotiate with GT&T for the establishment of the necessary telecommunications systems so that the hierarchy of educational institutions, and its distance-learning components, might be adequately serviced. This might entail, for example, the establishment of satellites, as has already taken place in the Rupununi. It might also necessitate the granting of competitive rights to other private firms to participate in this very important aspect of our national development strategy.

6.IV.4.7 Internet linkages will be established by the Department of Forestry at the University of Guyana with the Iwokrama Project; with the Agency which will be established in Guyana to formulate, implement and monitor plans for the undertaking of carbon sequestration exercises in Guyana's tropical forests, and with a select number of Departments of Forestry in other Universities abroad which specialise in teaching, and research in, tropical forestry and tropical forest products. This will be important in the context of the decision that has been expressed in other parts of the NDS to promote forestry as one of the University of Guyana's "areas of specialisation", one of its "fields of excellence".

6.IV.4.8 It will be a requirement that for any teacher to graduate from Cyril Potter Teachers' Training College, he or she must have passed in computer sciences.

6.IV.4.9 All teachers who possess qualifications in "computer science", or display a facility with the computer and a capacity to impart these skills to students will be provided with special allowances.

6.IV.5 Incentives

6.IV.5.1 Incentives will be offered to the private sector to establish training institutions in computer science.

6.IV.5.2 All computer hardware will continue to be imported free of import duty. In addition, all computer software will be exempted from import duty.

6.IV.5.3 The government will enter into negotiations with GT&T with a view to persuading the Company to establish a series of Internet Centres in all the major towns, and in strategic rural and interior locations in Guyana. These Centres will be operated along the lines of those now established in Georgetown which facilitate the Guyanese citizens with no private access to telephones to make overseas calls. Through these new Internet Centres, Guyanese with no private access to the Internet will be able to utilise at a price, a publicly provided resource. If GT&T, for one reason or another, is unable to establish such facilities, other members of the private sector will be encouraged to do so. If the private sector fails to take advantage of these opportunities, the government itself will establish the necessary Centres.

6.IV.6 Health

6.IV.6.1 The priority that will be given to the computerisation of the health sector is equal to that afforded to the management of our finances, and to the education and training of our people. The improvement of access to health facilities and health services is one of the most important facets of the NDS's attack on poverty. Accordingly, computer systems will be devised (i) to identify specific needs for pharmaceuticals and other medicaments; to ascertain where it would be most cost-effective to buy them; to undertake and monitor their purchase, distribution and use; and to make timely orders for their replacement; (ii) to coordinate the system through which patients are referred from one health centre to another, to follow-up the progress and treatment of such patients; and to provide transportation as necessary to move patients from the hinterland to the coast; and (iii) to rationalise the relationships between the central government and the various agencies of the regional administrative health system, by providing relevant information, and by establishing linkages among them.

6.IV.6.2 All these targets will be met also by 2004.

6.IV.7 Other Sectors

6.IV.7.1 Once the problems of the telecommunications system and the operations of the PUC have been sorted out; once the basic strategy of computerising the financial arms of the Public Service and the educational and health systems has been implemented, once computerisation has become part and parcel of our every day lives and the objective of laying the foundations for a completely computer literate society has been attained; the stage will have been set for the computerisation of those activities in the agriculture, industry, and service sectors which have been adumbrated in the earlier parts of this Chapter. So much so that it is envisaged that, by the end of 2010, the utilisation of all facets of information technology would have become a significant aspect of our culture.

CHAPTER 7

ENERGY

7.1 BASIC FEATURES

7.1.1 The fact that Guyana does not itself produce any significant amount of energy, combined with the high price of imported fuel, has had a profound effect on the country's economic and social development. Between 1966, the time of independence, and 1975/76, Guyana's economy grew at an average rate of over 7 percent per annum. However, with the coming of the oil crises in the mid 1970s, the frailties that were inherent in its economic management were exposed, and growth became negative. The radical steps which were then taken to adjust the economy and reverse its decline did not work. As a result, Guyana's citizens experienced severe economic and financial hardships, the effects of which are still being experienced. It is arguable, therefore, that the energy factor was one of the main contributing elements in the creation of a depressed economic climate which, in turn, added fuel to latent political dissatisfaction.

7.1.2 The principal primary sources of energy in Guyana are petroleum products, (which are all imported), bagasse and fuelwood. In 1999 they accounted for 67 percent, 26 percent and 7 percent respectively, of the energy produced. Portions of all are transformed to electricity for use in all sectors. In 1999, electricity generation, industry, and mining accounted for 90 percent of the utilisation of the primary energy supplied.

7.1.3 Petroleum

7.1.3.1 Although intensive petroleum exploration had been undertaken in Guyana since the late 1950s, petroleum has been brought to the surface only in the Takutu Basin in the late 1970s. There has never, however, been any commercial exploitation of this fossil fuel.

7.1.3.2 Petroleum exploration is currently being promoted in three areas of Guyana: the offshore Guyana Basin, the onshore coastal section of the Guyana Basin, and the Takutu Basin, which is inland in the Rupununi District. Seismic coverage on all these areas has improved significantly since 1985, and the existing policy is to offer attractive production sharing agreements to investors for fields with upside potential.

7.1.4 Hydropower

7.1.4.1 The economic potential of hydropower is estimated to be in the region of 7000MW. Although this resource is not now being exploited to any significant extent, it is considered that a large part of the solution to the country's long-term power requirements lies in hydro-energy.

7.1.4.2 The Guyana Natural Resources Agency (GNRA) has prepared a position paper on the development of medium and large scale hydroelectric facilities in Guyana. Based on existing data and previous studies, six sites have been identified with the purpose of selecting one for development in the first instance. These six sites are located at Tiboku in the Mazaruni Potaro River Basin; at Amaila and Tumatumari in the Potaro River Basin; at Kamaria in the Cuyuni River Basin; at Tiger Hill in the Demerara River; and at Arisaruru in the Essequibo River Basin.

7.1.4.3 All these sites have been studied up to the pre-feasibility level, but environmental impact assessments have not yet been undertaken.

7.I.4.4 It is evident that Hydro Power represents a major economic endowment and opportunity for Guyana both as a primary source of power for domestic consumption, and as the hub around which the development of the country's economic potential could revolve. It would seem from the available data, that priority should be given to the development of Amaila, the utilisation of which would enable the establishment of industries such as the smelting of aluminum, and yet leave sufficient excess capacity to serve the remainder of Guyana's domestic and industrial needs for some time to come. It is also clear that urgent attention should be given to the promotion of investment in mining and other energy intensive areas of Guyana's economy.

7.I.5 Bagasse

7.I.5.1 Bagasse is currently used for the co-generation of steam and electricity in the sugar industry. An analysis of the potential of this energy source has confirmed that more electricity could be generated than is currently the case if bagasse was utilised more extensively as a fuel. Two of the potential barriers to expanding the supply of electricity based on bagasse, include the absence of year-round cane supplies, and the cost of converting the installed machinery in sugar mills to accommodate the bagasse raw material. It is proposed, however, to utilise relatively large quantities of this raw material in the modern sugar mill which, as described in another chapter of this document, will be established in the near future. This modern mill will be designed for the co-generation of bagasse and other types of fuel.

7.I.6 Fuelwood

7.I.6.1 Forests cover approximately 75 percent of the country's land area. However, the active encouragement of increased fuelwood consumption would have to be tempered by environmental concerns. *In situ* woodwaste from the timber industry remains a viable potential source of energy. At the current time, two lumber enterprises generate a total of 3 MW of power from woodwaste for their industrial use. In order to tap, more effectively, the fuelwood potential over the longer run, it is important to begin reforestation efforts promptly in the deforested zones adjacent to coastal areas.

7.I.7 Other Sources

7.I.7.1 Rice husk is also a potential source of energy and is now currently used by two rice millers for steam and electricity generation. And although solar and wind energy play a very small role in Guyana's energy spectrum, their potential contribution in the long-term cannot be disregarded.

7.I.7.2 Biogas digesters provide methane gas for cooking and refrigeration. In the residential sector, the impact is more social and environmental than economic, because the cost of construction of these digesters is almost prohibitively high. For large commercial and agricultural enterprises, however, this technology can be cost-effective.

7.II ISSUES AND CONSTRAINTS

7.II.1 No country in the world has been successful in shaking loose the shackles which hold back a developing country such as Guyana without gaining access to the services which a modern energy sector provides. The history of development identifies an efficient energy system as one of the prerequisites to facilitate social development and to fuel growth. There is no evidence to the contrary. There is however, voluminous evidence confirming that the lack of such access constrains social development and economic growth.

7.II.2 The underlying purpose of any energy strategy is the stimulation of economic development by securing reliable sources of energy as economically as possible. Since energy is an input to other activities, its demand is derived. Consequently, the desirable level of energy production and supply cannot be specified independently of expected levels of activity in other areas of the economy. Energy production is, however, not in itself the only requirement for successful development. As important, is the necessity for it to be reliably supplied. This latter consideration implies a steady supply, 24 hours a day and 365 days per year and, in the case of electricity, one that is not plagued by voltage fluctuations.

7.II.3 Unfortunately, the Guyana Power and Light Company, which generates most of the energy consumed in Guyana, does not meet the required criteria: its production volumes are too low, and it is far from reliable. It follows, therefore, that unless steps are taken expeditiously to improve this company's performance, or to secure additional sources of energy, our developmental progress would be somewhat hindered, and the attainment of many of the objectives of the National Development Strategy would be curtailed.

7.II.4 Petroleum products, which account for almost 50 percent of our energy supply, are all imported. Because our supplies of foreign exchange are, at the best of times, not overly plentiful, this is yet another serious constraint to our development. We must therefore seek to reduce our dependence on this commodity, primarily by conserving energy but also by the increased exploitation and utilisation of indigenous energy resources. It is perhaps unnecessary to state, however, that it is essential that considerations of cost-effectiveness be kept at the forefront when planning the possible utilisation of each potential source of energy.

7.II.5 Overall, energy demand can be expected to grow much more rapidly than the general economy, in part because the manufacturing, agricultural and services sector will expand faster than the GDP, and in part because some of the major new industries that are strategised for in the National Development Strategy are especially intensive in the use of electricity. Thus the demand for electricity in Guyana which was 70.0MW in 1999, is conservatively projected to increase to about 90 MW by 2005 and to 120.2MW by 2010.

7.II.6 Finances are another major constraint to the development of energy supply systems in Guyana, for such systems usually require large capital investments. It should be evident that the Government is unable, and will be unable for a long time to come, to fund such development from revenue, even if taking such a course was desirable. It would also be tremendously difficult to raise such funds through borrowing in the open market, if only because the conditionalities of the Bretton Woods institutions do not currently permit the taking of such a step. This constraint, therefore, effectively limits the capability to invest, for example, in our hydropower resources.

7.II.7 Potential investors in other sectors of Guyana's economy are discouraged not so much by the unit cost of utility electricity as by the sheer inconvenience of self-generation, and the damage that is currently caused by its erratic supply. In addition, small enterprises, potentially the most important source of new employment, are discouraged from starting up their businesses because of the high cost of generating their own power.

7.II.8 Another constraint to the development of the energy sector is the fact that, like many small developing countries, Guyana has very little indigenous technological capability in energy supply systems. The country therefore remains technologically dependent, even though our manufacturing sector has demonstrated some capability in the production and development of some types of energy supply equipment. One firm, for example, has manufactured a mini-hydropower turbine. Another company is producing solar water heaters. Programmes to develop and disseminate biogas and solar drying technologies have also had some degree of success. However, the country has neither the productive capacity nor the technological knowledge to produce large-scale energy supply systems.

7.II.9 One additional issue which faces the sector, from a technological point of view, is the cost–competitiveness of some technologies for using some of our domestic energy resources. For example, many ideas for utilising renewable energy sources such as solar and wind power, are appealing, but the costs are high. However, it seems to be the view of many experts that wind energy applications can prove cost–effective, and researchers are confident that in the future the cost of solar power generation could be considerably reduced.

7.II.10 The imperative of avoiding environmental degradation in the development process has already been emphasized, and the need to take into account the potential environmental effects of all projects, including those that are related to energy, has already been stressed. Suffice it merely to state here, therefore, that the assessment of the impact of all energy development projects on our environment will be an integral part of all our efforts in this direction. As will be indicated later in this chapter, the National Development Strategy places great emphasis on the utilisation of our hydro power resources for our future development. This could, however, have major localised environmental effects which will be monitored closely. In many respects, the environmental imperative presents a greater challenge to energy planners than to most other sectors.

7.III SECTORAL OBJECTIVES

7.III.1 The energy sector can play a strategic role in the development of Guyana’s economy. Indeed, as we have strongly indicated, if our country is to realise its very considerable development potential, a reliable system of electricity generation and transmission is essential. We simply cannot competitively produce goods and services in the hinterland of our country, if the companies that are engaged in such exercises are forced to generate their own power. The costs and inconveniences that are inherent in the self–supply of electricity are so high that they are effectively prohibitive for smaller enterprises; and, of course, they are out of the question for most householders. In any case, a modern economy cannot be built on the basis of individual electricity generators. A properly functioning system with adequate capacity is therefore needed.

7.III.2 Accordingly, the principal and overall objective of the energy sector is the securing of an adequate and dependable supply of electricity in order to ensure the country’s future economic development. This includes improving the quantity, quality and reliability of the electricity supply. It implies reducing the frequency and magnitude of voltage fluctuations, as well as the frequency of outages. Specific objectives include (i) reducing our dependency on imported petroleum products; (ii) increasing the utilisation of new and renewable domestic energy resources; (iii) ensuring that energy is used in an environmentally sound and sustainable manner; and (iv) encouraging, through public awareness programmes and incentives, energy conservation practices.

7.IV THE STRATEGY

7.IV.1 The general strategy will be, through fiscal incentives, to encourage investment in the energy sector, particularly in locations away from the coast. It is imperative that the energy–generating capacity in the interior districts be significantly enhanced, if we are to be able to increase economic activity in all parts of Guyana, attain an equitable distribution of economic activity, and eradicate poverty in the most depressed areas of our country.

7.IV.2 Whenever feasible, locally available energy resources will be utilised in local production e.g. bagasse in sugar and rice mills, and wood waste in sawmills. Producers will be encouraged to utilise these resources through the provision of tax credits.

7.IV.3 Similar schemes will be put in place to encourage the use of wind and solar energy.

7.IV.4 Of the potential hydropower sites that have been listed earlier in this chapter Amaila, in the Potaro River Basin, has proved to be the most feasible. Its feasibility depends of course, upon the significant utilisation of the energy which it generates. In putting forward proposals for its financing, therefore, the potential market for the energy which will be supplied from Amaila, will be carefully described. A sales campaign will be mounted specifically to promote investment in this project. An investment package which will involve, in addition to private sector financiers, bi-lateral donors and the International Financial Institutions, will be formulated. The idea will be to persuade a consortium of financiers to invest in the project. The proposals to the consortium will include provisions for Build–operate–transfer, or Build–own–operate arrangements.

7.IV.5 While all this is being arranged, Guyana will enter into negotiations with the Venezuelans to purchase power from Guri. This will be the culmination of a process which was begun in 1991. It is more than possible that the Inter–American Development Bank would be interested in the financing of such a project. It is perhaps fortunate that an agreement has recently been reached between Brazil and Venezuela, for Brazil to purchase energy from the same source. As the Brazil power lines will run to an area very near to the Takutu, across Brazil’s border with Guyana, it will be relatively easy and inexpensive to tap the necessary resource. The energy so obtained will be utilised throughout Guyana, and will be connected to the national grid.

7.IV.6 The intention will be to run lines from Boa Vista to Lethem, and thence to Mabura Hill. At that point, there will be a divergence, with one branch running to New Amsterdam through Kwakwani, and the other going through Linden to Georgetown.

7.IV.7 One important advantage of this arrangement is that it will immediately make feasible the production of aluminium and a range of other industries in the interior of our country.

7.IV.8 The available information strongly indicates that the type of inter–connection that is being described here will be vigorously supported by the Organisation for Latin American Energy Development, where the main mission is the establishment of a Latin American energy network throughout Central and South America. There is additional information that Surinam would be desirous of becoming involved in such an arrangement, if only because it would be much cheaper for them to access electricity from such a proximate source. Guyana will, of course, profit from such an exercise through its obtention of transit fees.

7.IV.9 When Guyana’s hydropower supplies come on stream, they too can be connected with the continental grid, and be sold to other buyers.

7.IV.10 There is no intrinsic reason why such a scheme should not work. Indeed, in many parts of Africa, and, of course, in Europe, these inter–connections between and among countries are commonplace. It is probable, though, that Venezuela’s claims upon our territory might cause some Guyanese to be cautious and to reject the idea, despite the obvious economic benefits. It is for this reason that it is urged that there be the fullest consultation on this matter between whatever government is in power and the citizens of Guyana. This is, of course, part and parcel of our strategies on governance. In these types of exercise, inclusivity and transparency are of the utmost importance.

CHAPTER 8

TRANSPORT

8.I BASIC FEATURES OF THE SECTOR

8.I.1 ROADS

8.I.1.1 The Network

8.I.1.1.1 The main coastal roads are, from west to east, the Essequibo Coast Road, the Parika–Vreed–en–Hoop Road, the East Coast Demerara and West Coast Berbice Roads, and the Corentyne Highway from New Amsterdam to Moleson Creek. All these roads are paved.

8.I.1.1.2 South of Georgetown the primary road is the East Bank Demerara Road, a two–lane road which runs from Georgetown to Timehri, where the Cheddi Jagan International Airport – Timehri (CJIAT) is located. In the period 1966 – 68, Soesdyke, located on the East Bank Demerara Road, was connected to Mackenzie by a modern two lane highway, now called the Soesdyke – Linden Highway. This road was constructed as a section of a highway connecting Georgetown with Lethem. In 1968 a bridge was built across the Demerara River at Linden, and in 1974 it was decided that the route to Lethem would cross the Demerara River at Linden and go south, along the watershed of the Demerara and Essequibo Rivers, through Mabura, to Kurupukari. From Kurupukari it would run parallel to the old cattle trail to Annai, and from Annai it would follow an already existing road to Lethem.

8.I.1.1.3 In the early 1970s a two–lane road with modern geometry and surfaced with laterite was built between Linden and Rockstone. This road was later connected to Mabura and Kurupukari. In 1990–91 a two–lane laterite road was constructed between Kurupukari and Annai and a vehicle ferry installed at Kurupukari. Since there was already an existing road between Mabura and Kurupukari, and between Annai and Lethem, it was now possible for vehicles to travel between Georgetown and Lethem.

8.I.1.1.4 In the period 1974–78, an attempt was made to build a road between Rockstone and Kurupung to facilitate the construction of a large hydroelectric station. From Rockstone it headed north to Suribanna, where a pontoon ferry was installed across the Essequibo River to Sherima. From Sherima the road went westward, intersecting the Bartica – Mahdia Road at Allsopp Point 19 miles from Bartica. From Allsopp Point the road followed the existing road towards Bartica and branched off 5 miles from Bartica going to Teperu in the lower reaches on the Mazaruni River. At Teperu a pontoon ferry was installed across the Mazaruni River to Itaballi. From Itaballi the road went westward to Peter’s Mine on the Puruni River. From Peter’s Mine the road continued as a penetration road to Kurupung. This road is referred to as the UMDA Road.

8.I.1.1.5 There is in addition a hinterland east – west main road system which extends from Kwakwani in the east, through Ituni, Linden, Rockstone, Sherima to Bartica in the west. Linden is therefore one of the main hubs for road transportation in the hinterland.

8.I.1.1.6 The existing road network is approximately 1,610 miles long, 19 percent of which comprises primary roads in the coastal and riverain areas serving the agricultural sector, while the road to Linden serves the mining and forestry sectors. Twenty–one percent is made up of feeder roads which link the agricultural areas along the coast to the primary road network. The remaining 60 percent is composed of interior roads and trails. Most access roads are in poor condition. However, the Central Government has targeted several of them for complete rehabilitation, and already many have been rehabilitated.

8.I.1.1.7 Outside the existing main roads there are several other interior roads and/or trails which comprise approximately 1,570 km. Most of those roads are unpaved, and will deteriorate if maintenance remains inadequate. They are found mostly in the hinterland and riverain areas and provide linkages with a number of important mining and forestry activities thus facilitating transportation between the mining and forestry communities and the more developed coastal areas. Parts of this road/trail network can be developed into an arterial road system linking the hinterland communities with each other and to the main road network. It is estimated that roads carry 80 percent of Guyana's passenger traffic and about 33 percent of its freight.

8.I.1.2 **Maintenance**

8.I.1.2.1 To maximise the benefits to be obtained from investment in roads it is necessary to maintain the roads. Failure to do so results in higher vehicle operating costs, increased time in moving from one point to another, serious physical discomfort, and reduced safety in travelling. Timely and continuous maintenance prolongs the intervals between rehabilitation.

8.I.1.2.2 In Guyana, the maintenance of the main road system has been woefully inadequate. In 1980 the Ministry of Works was regionalised and the maintenance of all public roads outside of Georgetown became the responsibility of the Regional Democratic Councils. This resulted in poor standards of public road maintenance throughout the country. In the late 1980s the responsibility for the maintenance of the Soesdyke–Linden Highway was returned to the Roads Administration Division (RAD). However, because of inadequate financing, the maintenance of the country's public roads continues to be extremely unsatisfactory.

8.I.1.3 **Major Bridges**

8.I.1.3.1 The coastal main road system is not continuous. There are gaps whenever it intersects the Essequibo, Demerara and Berbice Rivers. People and goods move across these gaps by ferry systems and, in the case of the Demerara River, by way of the Demerara Harbour Bridge (DHB).

8.I.1.3.2 The Demerara Harbour Bridge is a two-lane floating bridge, 1.2 miles long, near the mouth of the Demerara River. It is primarily a low-level bridge which possesses an elevated span with a vertical clearance of 26 feet in the middle of the river to permit small craft to pass. In addition, across the shipping channel, there are two spans which retract to permit the passage of ocean going vessels. The DHB is a toll bridge. From mid 1998 toll revenue has been credited to the account of the DHB and not to the Government of Guyana, as it was until then. This is a step towards the establishment of the DHB as an autonomous statutory authority. At present the toll revenue meets the operational and maintenance costs of the bridge.

8.I.1.4 **Railways**

8.I.1.4.1 Commercial railway services for both passengers and cargo were operated until 1974 in Guyana. The two areas of operation were Vreed-en-Hoop/Parika (18.5 miles) and Georgetown/Rosignol (65 miles). With the upgrading of the West Coast Demerara/East Bank Essequibo and the East Coast Demerara/West Coast Berbice roadways, the Government decided in mid 1970s to cease operating these railway services, which were being run at a loss.

8.I.1.4.2 A railway service is still, however, operated in Linden, mainly to move bauxite ore. In addition, in the Matthews Ridge area, there is a 32-mile railway service.

8.I.2 AIR

8.I.2.1 Air transport plays a vital role in the development of Guyana. Within the country, it provides a link between the coastal areas and communities in the hinterland, many of which are inaccessible by any other means of transportation. Thus, the economic and social well being of these areas and their integration into the fabric of the nation are critically dependent on the availability of air transport. Externally, passengers are moved to and from the country almost entirely by air. In addition, the potential of this mode of transport for the carriage of cargo, especially exports, continues to increase.

8.I.2.2 Although air transport in Guyana had its early beginnings in the 1920s when the first "bush" services were introduced, Government's earnest participation can be dated from 1947 when a Director of Civil Aviation was appointed to regulate the industry. In 1955, the Government purchased the British Guiana Airways, a private airline that had been operating regular internal services since 1939. However, external services continued to be supplied almost exclusively by foreign airlines until the Guyana Airways Corporation commenced regional air services in 1979. Subsequently, restrictions on the repatriation of profits in foreign exchange and other circumstances contributed to the withdrawal of services to Guyana by foreign airlines, with the exception of BWIA. Guyana Airways Corporation was therefore obliged to fill the breach by commencing jet operations to Miami, New York and Toronto. In the 1980s Guyana Airways Corporation's domestic operations started to deteriorate for a number of reasons, not least among them the unrealistically low fares it was required to charge and the lack of access to foreign exchange for imported aircraft parts and other requirements. The private sector therefore began to fill the gap and by 1991 three major domestic charter operators had emerged.

8.I.2.3 In the meantime, Guyana Airways Corporation's domestic service continued to deteriorate and, by 1993, possessed only one Twin Otter DHC-6 to service the entire country. Under new management it was revitalised and saw a partial return to its original domestic role with the reintroduction of several domestic scheduled routes, because of the addition of two Shorts Skyvan SC7 aircraft, and a second Twin Otter DHC-6 aircraft.

8.I.2.4 At present, nearly 200 airfields, of which more than 100 are in use, are located across the country. The average interior airfield is unpaved and approximately 2500 feet long. This limits the class of aircraft that can use them. Moreover, their general state is borderline, even for STOL operations. Indeed, many of them become unserviceable during the rainy seasons.

8.I.2.5 Ogle, one of the main secondary aerodromes, is located about 6 miles east of Georgetown. It is the base from which small private aircraft operate regular and chartered flights from the coastland to the hinterland and overseas.

8.I.2.6 Guyana has one international airport, the Cheddi Jagan International Airport – Timehri (CJIAT) that is located at Timehri, about 25 miles south of Georgetown. This airport has been much improved since 1996: the size of the terminal has been more than doubled and has been made more user-friendly; and a modern departure wing, with adequate check-in counters and facilities for airlines and comfortable areas for departing passengers has been added. Immigration and Departure Gate facilities have also improved. Moreover, the level of safety has risen, new runway lights have been installed and stand-by power is adequate. In addition, the Control Tower has undergone extensive rehabilitation and is now in a fair condition.

8.I.2.7 There is no approved Air Transport Policy for Guyana. Although a Civil Aviation Act was passed on 15 December 1996, the Air Navigation Regulations which were necessary to implement the Act have not yet been formulated. As a consequence, the U.K. Colonial Air Navigation Order of 1961 still administers Guyana's air transport sector.

8.I.3 MARINE

8.I.3.1 It is generally agreed that, for the movement of bulky low-value goods over great distances, water transport is cheapest. This is especially true where, as in Guyana at the moment, road infrastructural development is not well advanced. Moreover, with the widespread decentralisation of economic activity that is being proposed in this Strategy, and with the corresponding development of the interior regions of the country, the demand for water transport, even if the proposed road building projects are speedily implemented might, perhaps paradoxically, increase rather than diminish.

8.I.3.2 At present, virtually all our exports and imports are transported by sea.

8.I.3.3 The infrastructure that supports water transport in Guyana is located along the banks of the navigable rivers, namely, the Essequibo, Demerara and Berbice. In addition to the wharves and stellings that provide coastal and inland linkages, there are facilities that handle both the country's overseas and local shipping requirements.

8.I.3.4 The main port of Georgetown, located at the mouth of the Demerara river, comprises several wharves, most of which are privately owned. In addition, three berths are available for oceangoing vessels at Linden.

8.I.3.5 Draught constraints limit the size of vessels using Georgetown's Harbour to 15,000 dwt. However, recent improvements in the channel in the Berbice river have made it possible for ships of up to 55,000 dwt. to dock there.

8.I.3.6 Guyana's foreign trade is handled by foreign shipping companies.

8.I.3.7 The largest bulk exports are bauxite and sugar, and the largest volume imports are petroleum and wheat flour.

8.I.3.8 Important breakbulk exports include rice and timber.

8.I.3.9 Containers are used but because they are not part of the internal transport system, they are loaded and unloaded at the ports.

8.I.3.10 Internal barge transport is important for bauxite, sugar, rice and aggregates. In the case of sugar, for example, 98 percent of exports is delivered by barge to the port of Georgetown for export. Rivers are used for moving logs and account also for a significant share of those persons who travel to the interior.

8.I.3.11 It is estimated that about 1,000 km of waterways in Guyana are utilised for commerce in Guyana. In addition, drainage canals are important transport channels for collecting sugar on the estates and for personal travel.

8.I.3.12 Ferry services link the primary roads in the coastal area, and Guyana with Suriname. The Government's Transport and Harbour Department provides scheduled ferry services in the Essequibo, Demerara and Berbice rivers. Small privately-owned river-craft supplement these services.

8.I.3.13 Only two ferry services consistently show profits: the Rosignol–New Amsterdam and the Parika–Adventure. For the remainder, in particular for the Berbice River and the North West services, the Government provides a cross-subsidy funded out of the profits that are always realised by the Harbour Branch of the Transport and Harbours Department. Nevertheless, ferry operations have the potential to be profitable, provided that capital investments are made to improve their physical assets. With the

establishment of a Maritime Administration and subsequently a National Sea Ports Authority the ferry operations must either be privatised or operated as a commercially viable autonomous agency. While some increases in rates may accompany privatisation, it is anticipated that the quality and capacity of the service would be improved.

8.I.3.14 Ultimately, key ferry links will be replaced with bridges, starting with one from Rosignol to New Amsterdam across the Berbice River.

8.I.3.15 The fleet of ferry vessels owned by the Transport and Harbours Department, at the end of 1999, comprised nine motor vessels, six of which ranged in age from 15 to 55 years. Indeed, two of the vessels were over fifty years of age, and three over 30 years, with an average age of thirty–five. Perhaps not surprisingly, they are in almost continuous need of repair.

8.II ISSUES AND CONSTRAINTS

8.II.1 ROAD

8.II.1.1 Issues

8.II.1.1.1 The portion of the East Bank road between the Demerara Harbour Bridge and Georgetown is extremely congested. Indeed, most of the East Bank road is likely to become even more clogged because of increasing economic and housing activity in the catchment area which it serves. It is therefore necessary both to widen the road in this area, and to construct an additional route for commuters and other citizens.

8.II.1.1.2 The area between Mahaica, Parika and Timehri is developing as a conurbation centred on Georgetown, with significant flows of commuter traffic. There is need to supply enough road space to accommodate this traffic so that commuter time may be reduced.

8.II.1.1.3 There is a conflict between vehicles and vessels for the use the space where the DHB intersects the shipping channel at high tide, which is when ocean going vessels move along the Demerara River.

8.II.1.1.4 The time taken while waiting to cross the Berbice River is inordinately long. This often leads to much anger and annoyance on the part of passengers, and to a curtailment of economic activity.

8.II.1.1.5 The road between Linden and Mabura is a health hazard. In addition, road users suffer much discomfort.

8.II.1.1.6 The hinterland east–west main road between Bartica, Linden and Kwakwani is not adequately maintained. Travel on it is rough, uncomfortable and sometimes impossible.

8.II.1.1.7 The geometry of the road between Mabura and Kurupukari, and the design of the bridges, do not meet modern highway standards and are considered dangerous.

8.II.1.1.8 The pontoon ferry at Kurupukari has limited capacity. As a result, waiting time is long if the number of vehicles arriving for a particular crossing exceeds the ferry capacity.

8.II.1.1.9 The road between Annai and Good Hope is rough and stretches are subject to seasonal flooding and erosion.

8.II.1.1.10 Vehicles using the roads in the South Rupununi Savannas cross the creeks by fording. However, rainstorms often cause the water in the creeks to rise significantly and impede fording.

8.II.1.1.11 There is an insufficiency of all weather access roads connecting mining, forest and agriculture areas, in the hinterland, to the Georgetown – Lethem Road.

8.II.1.1.12 There are not enough disciplined forces to patrol the borders of Guyana and reliance has to be placed on the placement and development of the civilian population near the borders. Access to such areas by all weather roads is therefore vital. As important, is the fact that access roads in these regions would enable surplus agricultural products to be sold to markets in urban centres.

8.II.1.1.13 There is an alarming overloading of axles on the main road network.

8.II.1.1.14 Vehicles with containers 40 ft. long exceed the legal limits of vehicle size. A significant number of 45 ft. long containers are also in use.

8.II.1.1.15 Gross weights of a significant number of large vehicles exceed the design live loads of bridges. To place weight restrictions on vehicles crossing major bridges would increase the cost of transportation of goods and would require significant police resources to enforce. The bridges themselves ought, therefore, to be re-designed and strengthened.

8.II.1.1.16 The number of accidents, fatal and non-fatal, on all the roads in Guyana is unacceptably high.

8.II.1.1.17 There is inadequate maintenance of the road network.

8.II.1.1.18 There is encroachment on road reserves; moreover, reserves are not legally defined for roads in hinterland areas.

8.II.1.1.19 There is no official national highway system and no official highway policy.

8.II.1.1.20 There is need to establish such a system in Guyana, and connect it to the national highway systems of Brazil and Venezuela.

8.II.1.1.21 In case of a disaster caused by the flooding of Georgetown, there is inadequate road capacity between Georgetown and Timehri to enable the rapid transport of persons from Georgetown and its environs to higher ground.

8.II.1.1.22 Guyanese road builders, in general, have not yet developed modern road construction techniques.

8.II.1.2 Constraints

8.II.1.2.1 Limited institutional capacity. The existing public service entity does not have the capacity effectively to perform all the tasks required for establishing and maintaining road transport in Guyana.

8.II.1.2.2 Inadequate financial resources from general tax revenues.

8.II.1.2.3 Lack of a sufficient number of experienced road contractors in Guyana to provide road construction and maintenance services on a significant scale on a competitive basis under contract with road authorities.

8.II.1.2.4 Lack of sufficient cost recovery mechanisms in the sector to finance road construction and maintenance activities.

8.II.1.2.5 Lack of contact between the highway authorities of Guyana, Suriname, Brazil and Venezuela to promote development of the highway system across these countries.

8.II.2 AIR

8.II.2.1 Civil Aviation in Guyana is still being administered under the United Kingdom Air Navigation Order of 1961. This Order does not take into account the evolving changes in the aviation environment both internationally and locally.

8.II.2.2 The public service bureaucracy impedes the operations of Civil Aviation as it relates to the decision-making and implementation process for Air Transport Operations and Licensing.

8.II.2.3 The government's anachronistic financial and procurement systems restrict the efficient functioning of airports that are required to provide services, facilities, and air navigation systems on a 24-hour basis.

8.II.2.4 International air connections remain limited, in respect of types of aircraft and the frequency of flights. Moreover, passengers on too many international flights are forced to change services in neighbouring countries before reaching their final destination in Guyana.

8.II.2.5 Regulations for international travel are inappropriate from the viewpoint of enhancing fair competition among airlines and promoting the protection of passengers.

8.II.2.6 There are areas of conflict between national legislation and internationally accepted rules, regulations, and procedures applicable to international civil aviation.

8.II.2.7 Major international conventions on civil aviation have not been ratified.

8.II.2.8 There is no coordinated airports and air navigation plan to provide for the rehabilitation of interior airfields, to foster the development of national air navigation systems in a cohesive way, and to improve generally the airport and navigation facilities throughout the country.

8.II.2.9 There is a shortage of opportunities and facilities for the development of personnel employed within the sector.

8.II.2.10 There is no effective and fully equipped Search and Rescue Unit within the air transport sector to provide emergency services.

8.II.2.11 The dependence of the Civil Aviation Department on budgetary allocations by the government is not conducive to the development of the sector and to its adjustment to rapid changes in civil aviation.

8.II.2.12 There is an insufficiency of navigational aids and facilities for airport services within the country.

8.II.2.13 No Air Services Agreements exist between Guyana and most countries in the world. There is need, also, to regularise such Agreements even where they are already in existence, because there are often many disparities among them and they are quite frequently out-of-date.

8.II.2.14 The limited capacity and substandard quality of airfields both in the interior and on the coast restrict the type of aircraft operations and contribute to their relative costliness.

8.II.2.15 The operation of commercial air services by the Guyana Defence Force (GDF) provides unfair competition with all other operators.

8.II.2.16 The limitation as to the approval of helicopter operations by privately owned companies, unnecessarily restricts ingress to and egress from the hinterland, and reduces the efficiency of search and rescue operations.

8.II.2.17 The limited runway length at Cheddi Jagan International Airport – Timehri severely reduces the opportunities of utilising it for international flights.

8.II.2.18 The substandard physical facilities at Ogle Aerodrome, including taxiways, runways, and approach and take-off clearways inhibit its use for both internal and external flights.

8.II.3 MARINE

8.II.3.1 There has been a shift in emphasis from the Demerara transshipment station to the Berbice River Deep Water facility which was created by the Aroaima Bauxite Company to facilitate the entry and exit of Panamax size ships, thereby allowing for the transshipment of great quantities of bauxite, a situation that was previously impossible. The success of the operations in this facility illustrates the necessity for the creation of full-service deep water harbours to cater for both imported and exported cargo.

8.II.3.2 The selling prices of quarry products and lumber for use in the urban centres, for road construction and in industry, are greatly increased by the high cost of transportation in Guyana. Indeed, it is because of this factor that it is sometimes argued that it might be cheaper to import some of these products, as against relying on indigenous sources of supply.

8.II.3.3 In an environment in which speed is often of the essence, a reduction in the distance of transportation in terms of nautical miles by the establishment of berthing facilities at Supenaam and Morshee might be eminently feasible. For example, the construction of a wharf at Supenaam would allow for a faster turn around of the Transport and Harbours Department vessel, thereby increasing the number of daily trips, and providing a distinct advantage to commuters.

8.II.3.4 The demand for a reliable and efficient water transport service to the outlying areas of Guyana continues to put a strain on the ageing fleet of vessels operated by the Transport and Harbours Department.

8.II.3.5 The absence of a functioning coast station impedes the process of effective maritime communication; stultifies search and rescue operations; constrains the surveillance capacity of the Coast Guard; and encourages piracy, the vandalism of navigation aids, drug operations, and fish poaching in our territorial waters, and the evasion of customs duties.

8.II.3.6 The nonexistence of a buoy tender makes it very difficult to position and repair aids to navigation.

8.II.3.7 The Georgetown Harbour has a plethora of wrecks which pose a hazard to effective navigation. Unless this situation is addressed as a matter of urgency, the harbour could eventually be declared unsafe for navigation by international marine regulatory agencies. This would obviously have an adverse effect both on our exports and imports, on the performance of the economy, and on our quality of life.

8.II.3.8 The inadequacy of financial resources to acquire the requisite equipment to boost or maintain an efficient and reliable maritime transport service is an obvious constraint to the development of the sector, and to the growth of the overall economy.

8.II.3.9 The failure to grant autonomy to the Transport and Harbours Department prohibits the organisation from establishing realistic fares and tariffs for the facilitation of commercially viable port and ferry services, and limits the development of the sector. In addition, weak institutional arrangements within the Department, and the poor remuneration of employees, result in a lack of commitment and a high attrition rate.

8.II.3.10 Because of the relatively old age of the vessels maintenance costs are high, and the reliability of the services that are rendered most problematical.

8.II.3.11 The ferries, because of their own inherent inefficiencies, and because also of the low prices charged for the transport of goods, vehicles and personnel are, as we have seen, for the most part uneconomic to run and are a drain on the exchequer.

8.III SECTORAL OBJECTIVES

8.III.1 ROAD

8.III.1.1 The overall objective of the sector is to construct a national road transport network which would provide the basis for the economic development of the entire country, and assist in the attainment of its social integration.

In particular, it would:–

- (i) provide adequate access to all the regions in Guyana to enhance their social and economic development;
- (ii) assist in the occupation of as much of the country as possible for security reasons; and
- (iii) establish road linkages with Brazil and Venezuela, and through these countries with the rest of South and Central America, and North America in order to facilitate trade.

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8.III.2 AIR

8.III.2.1 The general objectives of the air transport sector are (i) to improve the standard of living and the quality of life of Guyanese by providing air access to different parts of the world and to different areas in Guyana (ii) to enhance penetration into the country's interior; (iii) to provide facilities to enable easy ingress to, and egress from, the interior in times of emergency; and (iv) to assist the tourism industry.

8.III.3 MARINE

8.III.3.1 To promote reliable and efficient maritime transport in the coastal and riverain areas of the country, particularly as it relates to the major sectors of the economy.

8.III.3.2 To ensure that the facilities and services that are available at the ports and harbours of the country optimise the export and import of all types of commodities from and into Guyana.

8.IV THE STRATEGY

8.IV.1 ROAD

8.IV.1.1 A north–south highway, parallel to the existing East Bank road will be constructed between Eastern Mandella Avenue and Soesdyke. There will be at least four east–west roads connecting the East Bank road to the new highway.

8.IV.1.2 The road connecting Georgetown–Soesdyke–Linden–Mabura–Kurupukari, Annai–Good Hope and Lethem will be the north–south national highway.

8.IV.1.3 The road between Linden and Lethem will be improved to the same standard as the highway between Georgetown and Linden.

8.IV.1.4 The ferry at Kurupukari, on the Essequibo River, will be replaced by a bridge.

8.IV.1.5 The carriageway on the East Bank Demerara road between La Penitence and Peter’s Hall will be widened to accommodate four lanes of traffic.

8.IV.1.6 The east–west national highway, that is the road between Georgetown and Moleson Creek would be much improved. In particular the pavement and the bridges between Sheriff Street and Enmore will be strengthened to the design standards of a national highway system; and a new highway will be constructed between Enmore and the Berbice River Bridge.

8.IV.1.7 A two–lane bridge across the Demerara River, adjacent to the Demerara Harbour Bridge, with a vertical clearance over the navigational channel which would enable ocean going vessels to pass under the bridge, will be constructed. This new bridge will be connected to the East Bank Demerara Highway and the West Bank Demerara Road. It will replace the Demerara Harbour Bridge which will then be dismantled and its components used to construct bridges elsewhere.

8.IV.1.8 A two–lane bridge across the Berbice River, with a vertical clearance over the navigational channel which would enable vessels using the river to pass under the bridge, will be constructed.

8.IV.1.9 The road connecting Kwakwani, Ituni, Linden, Rockstone, Anarika, Allsopp Point and Bartica will be improved to modern standards, with a paved surface. It will cross the Essequibo River by a bridge in the vicinity of Kokerite Island.

8.IV.1.10 Bridges across the creeks on the road from Lethem to Marudi will be constructed.

8.IV.1.11 A paved two-lane road from Parika to Makouria and Anarika, and between Patentia and Kamuni will be constructed.

8.IV.1.12 A two lane laterite road from Konawaruk southwards to the Siparuni River, to meet the road between Kurupukari and Annai, with a branch to Orinduik and other villages in the Pakaraima Mountains, will be constructed.

8.IV.1.13 The UMDA Road between Itaballi and Kurupung will be rehabilitated and completed.

8.IV.1.14 A two-lane road between Itaballi and Eteringbang, and a bridge across the Cuyuni River to link the Guyana road system with that of Venezuela will be built.

8.IV.1.15 A two-lane branch road from the Itaballi–Eteringbang road to Towakaima and Matthews Ridge, and a two lane road from Port Kaituma to Yarakita will be constructed.

8.IV.1.16 A two-lane road from Supenaam to Towaikaima, with branch roads to Santa Rosa and Koriabo will be constructed.

8.IV.1.17 A bridge across the Takutu River at Lethem to connect the Guyana road system to that of Brazil will be built.

8.IV.1.18 A two-lane road from Kwakwani eastwards to Epira and Orealla and a two lane road northwards from Orealla to Moleson Creek will be put in place.

8.IV.1.19 A two-lane road from Marudi to Camp Jaguar, and a two lane road from Marudi to Oronoque Camp will be constructed.

8.IV.1.20 A two-lane road from Orealla to Camp Jaguar will be built.

8.IV.1.21 A two-lane road from Annai eastwards to Apoteri to meet the road from Orealla to Camp Jaguar at Lanaballi River will be constructed.

8.IV.1.22 A two-lane road from Port Kaituma to Yarakita will be built.

8.IV.1.23 The capacity of the roads and bridges between Georgetown and Parika, Georgetown and Timehri, and Georgetown and Mahaica will be increased to reduce commuting time.

8.IV.1.24 These roads, when established, will provide a network which traverses the length and breadth of Guyana. They will connect all the Regions of the country, give access to all its economic zones and link the country with all its neighbours. They will enable easy movement within the Regions. The network will also permit Guyanese to travel by road to all parts of South America, Central America and North America.

8.IV.1.25 An autonomous highway and bridge agency, the structure of which will include, *inter alia*, a highway division, a bridge division, a geotechnical services unit and an environmental management unit will be established. This agency will be staffed with suitably academically qualified and experienced engineers. The highway division will also have a small construction unit to enable it to develop new road construction techniques and to train Guyanese contractors in their use.

8.IV.1.26 Contracting firms owned by Guyanese nationals will be assisted through the facilitation of credit, the establishment of machinery pools, and the provision of relevant training in the undertaking of large scale

road construction projects, to enable them to compete with foreign contractors.

8.IV.1.27 Modern standards for the construction, operation and maintenance of the national highway system will be established.

8.IV.1.28 Funds for road maintenance are currently derived from general revenue and foreign donors loans or grants. An appropriate schedule of user charges will be formulated in order to generate revenues to replace or supplement transfers from the Central Government for road maintenance.

8.IV.1.29 An annual road maintenance budget will be prepared in which the roadways that should be maintained are identified and prioritized.

8.IV.1.30 A separate road maintenance fund will be established, with decision power on its allocations vested in a Board that includes representatives of the Ministry of Finance, the Ministry of Public Works and Communications, the Ministry of Local Government, RDCs, NDCs, and the Private Sector Commission.

8.IV.1.31 Tolls will be imposed for the use of new major bridges and new roads.

8.IV.1.32 Higher taxes will be required from vehicle owners. Indeed, the entire vehicle tax system will be periodically updated.

8.IV.1.33 The regulatory and operational functions of government will be separated.

8.IV.1.34 The policy of driving on the left hand side of the road will be reviewed *pari passu* with the establishment of road links with Venezuela and Brazil.

8.IV.1.35 Plans will be developed for a new bridge across the Demerara River, to be carried out through a build, operate and transfer ownership (BOT) arrangement. The Demerara Harbour Bridge has been rehabilitated with funding from EU. This work will extend the life of the bridge up to 2012. Work on plans for a new high level bridge will be initiated immediately, so that it may become operational before 2012. It may turn out that the only practicable way to carry out the construction, operation and maintenance of the new bridge is by a BOT arrangement, or by a build, operate, own (BOO) arrangement.

8.IV.1.36 All road-related projects will conform to the findings of environmental impact assessments.

8.IV.1.37 There is a critical shortage of skilled staff to discharge the functions and responsibilities of the RA+D. A new autonomous public works agency with the capacity to pay attractive salaries will be established, and would help in this regard.

8.IV.1.38 In addition to attractive remuneration and adequate incentive and fringe benefits packages, and the training and upgrading of the skills of the staff, prospects for long-term career development in the context of the strategies adumbrated here will also be stressed.

8.IV.1.39 Training in the Faculty of Technology at the University of Guyana will be expanded and upgraded.

8.IV.1.40 Weight controls will be enforced on all roads, along with increased frequency of inspection for weight and for observance of safety regulations. Penalties will be increased for unsafe operations of minibuses, violations of weight controls, and encroachment on road reserves.

8.IV.1.41 Guyana can ill afford the wanton loss of lives on our roads resulting from minibus accidents. Safety measures will therefore be established and enforced to lower the accident rate. Fines for the violation of transport safety regulations will be increased and the random inspection of operating minibuses will be carried out with greater frequency.

8.IV.1.42 Stopping areas for minibuses will be identified in the towns, rural areas and the hinterlands at which public transport will be required to load and unload passengers.

8.IV.1.43 Investment Strategies

8.IV.1.43.1 To date, investment in the road subsector has been largely left to the Government. However, the magnitude of the investment needed in the road transport subsector if this Strategy is to be implemented, is overwhelming. Due to limited resources, the Government is unable to undertake such investment. There is therefore scope from both local and foreign financiers, who will be encouraged by the provision of adequate incentives, to supplement the Government's effort through BOT and BOO arrangements for the construction, operation and maintenance of new transport infrastructure. The arrangements will allow for private investors to build, operate and maintain infrastructural facilities, to recoup their investment and make reasonable profits.

8.IV.1.43.2 In developing the hinterland, emphasis will be placed on core investors. If the hinterland is developed by small investors only, it would be difficult for such a strategy to produce arterial roads. Core investors would be those firms investing in large mining, forestry, agricultural or hydro-power projects in areas which require significant expenditure on roads to connect the project area to the national road system. The traffic on such roads would be traffic into and out of the project area generated by the mining, forestry or agricultural operations of the project. Incentives will be given to this type of investor, if the roads that are built conform to the national road plan, and are consonant with the national engineering specifications.

8.IV.2 AIR

8.IV.2.1 The physical facilities at Cheddi Jagan International Airport – Timehri including runways, taxiways, aprons, communications and navigational aids, and the air navigation system at airfields throughout the country will be improved.

8.IV.2.2 A feasibility study to lengthen the runway at Cheddi Jagan International Airport – Timehri, will be immediately undertaken.

8.IV.2.3 An autonomous Airports Authority for the management of the international airport at Timehri and other government airports will be established.

8.IV.2.4 An autonomous Civil Aviation Authority for the regulation of the Civil Aviation sector will be established.

8.IV.2.5 The 1996 Civil Aviation Act will be updated, and concomitant Air Navigation Regulations will be prepared and implemented.

8.IV.2.6 Wherever possible, Air Services Agreements will be concluded with all countries with which Guyana wishes to exchange air services.

8.IV.2.7 Where such Agreements exist, but do not meet international requirements, they will be renegotiated.

8.IV.2.8 Interior and coastal airfields will be rehabilitated and upgraded in accordance with a plan to be formulated by the government and the private sector.

8.IV.2.9 The use of military aircraft for civil commercial operations will be prohibited.

8.IV.2.10 The existing limitations on helicopter operations by privately owned companies will be removed, subject to the establishment of regulatory standards by the Civil Aviation Authority.

8.IV.2.11 Ogle Aerodrome will be developed into a Municipal and Regional Airport of Entry, and will be privatised.

8.IV.2.12 The development and expansion of privately owned airlines will be promoted and encouraged by a system of incentives.

8.IV.2.13 The frequency of international air services at both Timehri and Ogle will be increased by the upgrading of services and facilities to promote such operations.

8.IV.2.14 Systems will be put in place to improve the country's search and rescue capacity. This will entail close cooperation between the private and public sectors.

8.IV.2.15 All restrictions on Guyanese privately owned airlines, will be eliminated. Such airlines will, of course, be subject to the country's air operation laws and regulatory procedures.

8.IV.3 MARINE

8.IV.3.1 wrecks which affect navigation and the smooth flow of traffic in and out of the harbours will be removed.

8.IV.3.2 Regulations will be established and implemented to ensure a high degree of safety standards on board all the vessels which ply the coastal waters of Guyana and those engaged in regional and international shipping.

8.IV.3.3 Better dredging schedules will be organised and implemented to keep open the access channels to Guyana's ports of entry and exit.

8.IV.3.4 Wharves and berths in the major ports will be upgraded so that they reflect standards in keeping with prescribed harbour and port regulations.

8.IV.3.5 All aids to navigation in the access channels in the major rivers of Guyana will be improved.

8.IV.3.6 It will be ensured that all coastal and foreign-going vessels are issued with seaworthy certificates by duly registered dockyards from the national grid as well as internationally recognised certification bodies.

8.IV.3.7 Conditions will be put in place to ensure a reliable twenty-four hour per day pilot service in the ports and harbours of the Country.

8.IV.3.8 It will be ensured that the design of bridges be such as not to restrict the normal size of barges which enter our rivers and travel to their upper reaches.

8.IV.3.9 A canal will be dug to link the Demerara and the Essequibo Rivers in order to reduce the distance, time and costs of transportation between Essequibo and Demerara. This canal will significantly decrease the cost of transporting quarry products and lumber from the Mazaruni, Cuyuni, and Essequibo Rivers to other parts of the country.

8.IV.3.10 A comprehensive study will be conducted of the waterways in Guyana to ascertain whether the establishment of canal linkages between various rivers would be feasible, both physically and economically.

8.IV.3.11 A Maritime Administration will be established as a matter of urgency. This would allow for Port State and Flag State Control regulations to be administered and enforced. This is of particular importance since the State is now party to the Caribbean Memorandum of Understanding on Port State Control.

8.IV.3.12 The Harbours Division will be separated from the Ferries Division to facilitate a greater concentration on the development of the port. The new entity will be established as the National Ports Authority. All navigable waters, inclusive of the economic zone, which are under the jurisdiction of Guyana, will fall under the Harbours/Port Authority in terms of regulations.

8.IV.3.13 Given the fact that Guyana has acceded to a significant number of key International Maritime Conventions, provision will be made for these to be incorporated into comprehensive new national legislation to guarantee full compliance.

8.IV.3.14 As a flag State, Guyana will ensure that the requisite provisions are in place to provide continuous training for its seafarers, at least at the deck ratings level. With the enforcement of the International Regulations pertaining to Standards of Training and Certification of Watchkeeping Officers (STCW) 1995, Guyanese seafarers are finding it extremely difficult to keep their places on board foreign vessels because they are not certified in keeping with the STCW 95 Convention.

8.IV.3.15 The Coast Station will be upgraded to offer an effective service to the maritime community. This would include 24 hours per day VHF and HF services to facilitate, *inter alia* Search and Rescue Operations. At the present time this facility, for which the Guyana Telephone and Telegraph Company is responsible, is non-functional.

8.IV.3.16 Deep Water Harbour:

8.IV.3.16.1 It is projected that the development of road links between Brazil and Guyana, and Guyana and Venezuela, would give Guyana a strategic advantage, if such a facility was utilised as a hub for cargo destined for areas in these two neighboring States where easy access by sea is not practicable. A deep water facility will therefore be established on the West Bank of the Demerara River within two miles of the Transport and Harbours Department Stelling at Vreed-en-Hoop. This area is easily accessible from the main ships' channel, and could be easily connected to the West Demerara Highway.

8.IV.3.16.2 The Berbice River deep water facility will continue to be dredged and maintained.

8.IV.3.16.3 Consideration will be given to the use of small gas turbine shallow displacement vessels to gain access to the interior regions of the country thereby enhancing eco-tourism development.

8.IV.3.16.4 Standards will be established for horizontal and vertical clearances under new bridges across rivers such as the Mahaica and Mahaicony. The horizontal clearance will be 120 feet and the vertical

clearance 7 feet, above mean high water level.

8.V PRELIMINARY INVESTMENT PROGRAMME

8.V.1 ROAD

8.V.1.1 The following projects are identified for investment over the next five year period:

- (i) Completion of the Essequibo Coast Road Rehabilitation Project.
- (ii) Completion of the Main Road Rehabilitation Programme Phase 1 – Timehri to Mahaica.
- (iii) Completion of the Main Road Rehabilitation Programme Phase 11 – Bridge Rehabilitation.
- (iv) Rehabilitation of the ECD Road from Mahaica to Abary, and the WCB Road from Abary to Blairmont.
- (v) Improvement of the stretches of the Linden – Lethem Road between Mabura and Kurupukari and between Annai and Lethem to modern two lane geometric standard with laterite surface, and construction of a bridge across the Essequibo River at Kurupukari to replace the ferry.
- (vi) Reconstruction of the East Bank Demerara Road between La Penitence and Peter’s Hall as a four lane highway.
- (vii) Construction of a bridge across the Berbice River, with its access roads.
- (viii) Construction of a new highway between Georgetown and Soesdyke.
- (ix) Construction of a road between Parika and Suribanna and between Patentia and Kamuni.
- (x) Rehabilitation of the Corentyne Highway.
- (xi) Paving the Linden – Mabura stretch of the Linden – Lethem Road.
- (xii) Improvement of the road between Linden and Bartica to enable cars to travel on it, and construction of a bridge in the vicinity of Kokerite Island to replace the ferry between Suribanna and Sherima.
- (xiii) Improvement of the road between Linden and Kwakwani to enable cars to travel on it.
- (xiv) Construction of bridges over creeks on the road between Lethem and Marudi.
- (xv) Construction of a two lane road between Moleson Creek and Orealla.
- (xvi) Execution of a feasibility study for a high level bridge across the Demerara River to replace the DHB.
- (xvii) Improvement of the roads connecting Bartica, Mahdia and Issano.
- (xviii) Construction of a network of roads connecting the villages and towns in Regions 8 and 9.

(xix) Construction of a network of roads in the Intermediate savannahs.

(xx) Construction of a bridge over the Berbice River.

8.V.2 AIR

8.V.2.1 The following projects are identified for investment over a five–year period:

Safety and security would be given priority in the following long–term programme.

(i) Cheddi Jagan International Airport, Timehri:

- ◆ Extension of the main runway (subject to results of the feasibility study)
- ◆ Resurfacing of the runways
- ◆ Apron Expansion
- ◆ Rehabilitating and improving runway approach lights
- ◆ Construction of a cargo complex, including freezer facilities
- ◆ Upgrading the crash/fire rescue service
- ◆ Implementing the CNS/ATM system, inclusive of equipment modernisation in the air navigation and DGPS systems

(ii) Implementation of the preliminary master plan for Timehri and Ogle airports prepared under UNDP/ICAO Project (1993) updated to reflect current trends and needs.

(iii) Development of Ogle Municipal and Regional Airport:

- ◆ Construction of new runway and taxiways
- ◆ Construction of new Terminal Building
- ◆ Improvement of Navigational and Telecommunication Aids
- ◆ Construction and Improvement of Air Traffic Control Tower
- ◆ Improvement of Fire Hall and CFR Equipment

(iv) Upgrading and Rehabilitation of Interior and Coastal Airfields

(v) Provision of modern Search and Rescue resources to the Civil Aviation Authority.