

NATIONAL DEVELOPMENT STRATEGY

Eradicating Poverty and Unifying Guyana

A Civil Society Document

- AN OVERVIEW -

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 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.
- 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

- 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 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.
- 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, 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 Pomeroon; 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

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.

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 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.I THE CONCEPT

- 3.I.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.I.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.I.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.I.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.I.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.I.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.I.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.I.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 ethical 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:
 - 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;
 - 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;
 - 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;

appointments to the Court of Appeal and the High Court will be subjected to the approval of Parliament, by a two-thirds majority;

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

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.
- 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 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.
- 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.I THE STATE OF THE ECONOMY

- 4.I.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.I.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.I.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.I.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.I.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.I.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-a-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-a-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-a-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.
- 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 prospective 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.I BASIC FEATURES

5.I.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.I.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.I.3 In general environmental problems in Guyana can be divided into two categories: *resource degradation* and *resource contamination*.

5.I.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.I.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.I.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.I.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.I.8 Agriculture

5.I.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.I.9 Manufacturing

5.I.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.I.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-slimint" 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 lucriveness 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.
- 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;
 - 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 to 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 possesses 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 and 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.I BASIC FEATURES

7.I.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.I.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.I.3 Petroleum

7.I.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.I.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.I.4 Hydropower

7.I.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.I.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 Arisaru in the Essequibo River Basin.

7.I.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 stellingings 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.

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 All 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.

CHAPTER 9

SUGAR

9.I BASIC FEATURES

- 9.I.1 Guyana's sugar is produced by a state-owned enterprise, the Guyana Sugar Corporation (GUYSUCO). Although a parastatal, the corporation has been managed since 1990, under a management contract, by a privately owned British Company, Booker-Tate.
- 9.I.2 The company's mission statement reads as follows: "To establish world-class standards in agricultural practices, sugar factory efficiencies, environmental protection and the productive use of human resources - in order to achieve sustained profitability in any foreseeable marketing environment - so that the sugar industry can make a full contribution to the economic, technological and social progress of Guyana."
- 9.I.3 The sugar sector, which is export-oriented, contributes immensely to Guyana's socio-economic development: 16 percent of the country's total GDP and 30 percent of its agricultural GDP are derived from this commodity; it is the largest *net* earner of foreign exchange in the country; and it is the biggest corporate contributor to public revenue. Moreover, it directly employs 25,000 people or about 10 percent of Guyana's labour force; indirectly, it absorbs a further 10 percent of the country's citizens.
- 9.I.4 Perhaps of as great importance are the services which GUYSUCO provides to the communities in which it operates, in the areas of education, training, health, housing, water and recreation. Indeed, distinct sugar communities exist in Guyana, with all the characteristics of company towns.
- 9.I.5 Although Guyana had produced 395,000 tonnes of sugar in 1971, output had dropped to about 130,000 tonnes by 1990. Since then, however, production has steadily increased to over 300,000 tonnes in 1999.
- 9.I.6 GUYSUCO holds 164,000 acres of Guyana's lands, all on the crowded coastland. Indeed, it is the largest agricultural entity in the country. On average, depending upon cultivation practices, and the disposition of land for human settlement, services and recreation, it occupies between 90,000 and 100,000 acres. It is estimated that about 50,000 acres of GUYSUCO's land holdings are either lands which are not under cane, or lands which have been permanently abandoned.
- 9.I.7 GUYSUCO is a relatively high-cost producer of sugar. Its cost of production was US\$0.23 per pound in 1995/96 and 1996/97, and US\$0.22 in 1997/98. It is estimated that in 1998/99 the production cost was also US\$0.22 per pound. This compared unfavourably with the production costs of the U.S.A., North East Brazil, Mauritius, India, Fiji, Australia, Guatemala, and Malawi, for example.
- 9.I.8 These production costs are not evenly distributed across Guyana. They are highest in the western regions of the country: in Wales, Uitvlugt, LBI and Enmore - the Demerara estates; and lowest in the other four of the eight estates which exist in Guyana: Skeldon, Albion, Rose Hall and Blairmont. The differences in productivity between these two groups of estates are partly due to agro-climatic conditions and, it is sometimes claimed, to contrasting management practices.
- 9.I.9 Despite its comparatively high production costs, GUYSUCO is able to sell almost all its production in Europe, the U.S.A. and in CARICOM countries. This is because of the EU/ACP Sugar Protocol; the EU/SPS programme; the USA sugar programme; and the Common External Tariff (CET) which CARICOM countries apply. These various agreements and arrangements give preference to the entry of Guyana's sugar at

prices that are usually higher than the so-called "world-market" price, or more properly, the price of sugar in the non-preferential market.

- 9.I.10 The fact that the value of the Guyana dollar has depreciated somewhat over the years has assisted GUYSUICO in the payment of local costs, such as salaries and wages, simply because the foreign exchange which it earns abroad realises more Guyana dollars and stretches farther.
- 9.I.11 Although some of the sugar-cane that is grown in Guyana is produced by farmers, as opposed to GUYSUICO's estates, the country has the lowest farmer/estate cane ratio among CARICOM sugar producers. Thus, in the crop year 1997/98 the farmer/estate ratio in Barbados was 66:34; in Belize, and St. Kitts and Nevis 100:0; in Jamaica 53:47; and in Trinidad and Tobago 58:42. In Guyana, however, the farmer/estate cane ratio was 10:90, quite the reverse of that obtaining in the other countries.
- 9.I.12 Cane farmers in Guyana receive a higher proportion of the returns that are obtained from the sale of sugar than in any other country in the Caribbean region.
- 9.I.13 Even though extensive repairs have been undertaken in recent years, the eight sugar mills in Guyana are generally not only old, but obsolescent. Moreover, the small capacity of these mills does not permit GUYSUICO to benefit from the scale-economies that are inherent in modern mills, and that are necessary if the industry is to become competitive.
- 9.I.14 Much of the old farm machinery, with which GUYSUICO operated until the mid 1990s, has been replaced. However, the industry's field operations are not as modernised and mechanised as they might be.

9.II GUYSUICO'S FUTURE PLANS

- 9.II.1 As has been noted, sugar production in Guyana is basically uncompetitive. In other words, were it not for the preferential treatment which it now receives, GUYSUICO would find it difficult to survive. In order to overcome this difficulty, GUYSUICO has formulated a plan which it claims, if implemented, will enable it to become "an entrepreneurial, customer driven, retail market oriented producer of top-quality sugar and associated value-added by-products, at a cost which will enable it to compete in any foreseeable market environment."
- 9.II.2 The objectives of the plan are to increase production to 435,000 tons per annum; reduce the costs of production to US 10 to 11 cents per pound; sell to more countries in CARICOM than they now do; increase the total volume of sugar exports to these territories; develop more regional markets; add value to the basic output through the production of special sugars, and the introduction of new pack sizes and packaging; establish a distillery, if this proves feasible; build a sugar refinery; and develop an intra-Caribbean market for refined sugar.
- 9.II.3 The implementation of the plan is to be phased. It includes, however, the following elements:-
- the construction of a new 350 tch factory at Skeldon (111,000 tonnes) from an expanded cane area;
 - the designation of new lands for mechanisation;
 - the closure of the Rose Hall factory, and the concomitant expansion of the Albion facilities to 415 tch (153,000 tonnes);
 - the utilisation of diffusion technology at both the Skeldon and Albion factories;
 - an increase of sugar production at other factories in order to secure another 171,000 tonnes of sugar per annum;

- the upgrading of agricultural practices, and the introduction of new varieties; and
- the co-generation of power from both the Guyana Power and Light Company and GUYSUCO's own bagasse, for use in the new and expanded factories.

9.II.4 The company asserts that, if its plan were implemented, the benefits which would accrue to Guyana would, *inter alia* be as follows: an increase in gross foreign exchange earnings to a minimum of US\$145 million per year, and net earnings of US\$80 million; the generation of cash resources sufficient to pay dividends from the year 2006; a more equitable distribution of income; and the enhancement of rural wealth through, for example, an expansion in the utilisation of cane produced by private farmers, and increased levels of other economic activity.

9.II.5 The plan assumes that the current preferential markets will remain, albeit at reduced prices; that Guyana will retain its SPS/SP allocation; that this allocation would be augmented by amounts accruing from those CARICOM countries in which sugar production has declined and will decline and therefore fail to meet their preferential targets; and that sugar sales from Guyana to other CARICOM countries would increase to 80,000 tonnes. This last assumption is based on two considerations. First, that CARICOM, at present, imports 120,000 tonnes from outside the region; and second, that the imposition of its Common External Tariff would enable Guyana to be more competitive in CARICOM markets than producers from outside the regional arrangement.

9.II.6 Other measures which would be taken to improve productivity encompass the restructuring of the administration and management both on the estates and at the corporation's head office; the amalgamation of contiguous estates; the out-sourcing of a range of activities and services wherever these prove to be cost-effective; the mechanisation of cane loading; and the introduction of modern processing technology into existing factories.

9.II.7 The new plan envisages, for the Skeldon expansion, the addition of 2,120 hectares of new land at Manarabisi, and a further 6,000 hectares between Skeldon and the Canje river. Thirty percent of the production from this increased area will be derived from cane farmers.

9.II.8 For the Albion/Rosehall consolidation, 2,476 hectares of new land, south of the 43 Koker expansion, will be taken over. There will also be an expansion of cane farmers' land at Blairmont. Moreover, temporarily abandoned land in the East Demerara area will be brought back into cultivation.

9.II.9 The total costs to be incurred would be US\$200 million: US\$87 million for the new Skeldon operations; US\$64 million for the expanded facilities at Albion; and US\$49 million for the refurbishing of other estates. This amount excludes routine replacement expenditure and contingencies. It is projected that these amounts would be raised from loans (US\$130 million); the company's own resources (US\$40 million); and the sale of land (US\$30 million). The possible sources of the loans that are discussed in the plan are listed as offshore borrowings denominated in Euros/US dollars to match revenue streams; concessionary loans to meet providers' requirements; commercial-corporate bonds/commercial paper to be issued for local borrowing; suppliers' credit; and lease purchases.

9.III ISSUES AND CONSTRAINTS

9.III.1 Prices and Markets

9.III.1.1 The importance of the sugar industry to our country's development, now and in the foreseeable future, cannot be over-emphasized. On the one hand, it is evident that a strategy must be formulated which would ensure that the sector continues to contribute, and indeed increase, its contribution to the

country's well-being. On the other hand, because many of the factors which might influence the degree of its contribution to our economy are beyond our control, it is imperative that we proceed in a measured manner and not over-commit our scarce financial resources to a programme of development that might be founded on insecure assumptions and premises. The assumptions to which we refer are the future world price of sugar, the share of the CARICOM market for Guyana's outputs of sugar and sugar products, and Guyana's ability to compete in the globalised world.

- 9.III.1.2 All the evidence suggests that at least to the end of the first decade of the twenty-first century, Guyana would continue to have preferential access to the EU sugar market. In addition, if the current CARICOM agreements hold, as we fully expect them to do, access to this sugar market is also assured. It cannot be stressed too much, however, that what is being emphasized here is *access*. **To sell in these accessible markets, Guyana's sugar export prices must be competitive.**
- 9.III.1.3 It is submitted that it would be a somewhat futile exercise for us to engage in calculations which would somehow indicate what will be the future world price for sugar after the current preferential prices are reduced. It would be an exercise in futility for three basic reasons. First, a time horizon of ten years is too long for any meaningful forecast to be made in regard to the price of a commodity such as sugar, simply because technologies tend to change, there may be significant structural changes in the political economy of the industry, and also because it only takes two to three years to bring idle land into cultivation. Second, there is really no "world price", because most of the world's sugar is either sold in preferential or in home markets in which prices differ considerably, are often subsidised, and are definitely not market prices. Third, the "residual sugar price" or the non-preferential sugar price, has fluctuated wildly over the last decade and a half. There is consequently no reliable trend on which to assess prices, and even if there had been such a trend, because the residual market is only a portion of world consumption, such a "trend" would have little validity in a non-preferential world.
- 9.III.1.4 It follows, therefore, that it is not entirely convincing to base the future of what is certainly one of the most important industries in the country merely on forecasts of future prices (no matter who has made these forecasts). What has to be done, in undertaking the hazardous task of assessing the country's future competitiveness in this area, is to examine the price structure of both GUYSUCO and competing producers, in order to determine which producer, or which country, would have the competitive edge.
- 9.III.1.5 It should be emphasised that we are not suggesting that Guyana will not be in a position successfully to compete with those countries which already incur lower costs. What we are asserting is that GUYSUCO can do so only if radical changes are made in its sugar cane production methods, particularly in West Demerara; and in its sugar cane procurement practices and the prices it pays for farmers' cane. In addition, its management and administration of the various sugar estates will have to be tighter and less costly; and the productivity of its factories will have to be considerably enhanced. Moreover, transportation and shipping costs, which comprise a relatively large proportion of the corporation's expenditure will have to be considerably reduced. Furthermore, in order for GUYSUCO to improve its competitiveness, it will have to mechanise a significant proportion of its field operations.
- 9.III.1.6 The position is not one of unrelieved gloom. On the contrary, it appears that, for several reasons, GUYSUCO is in a position to meet these requirements for increases in productivity and, therefore, of becoming competitive.
- 9.III.1.7 First, the evidence suggests that if a controlled drainage and irrigation regime is applied to the West Demerara estates, the water content of the soils could be considerably reduced at specific periods in the growing cycle, and, as a consequence, the sucrose content of the cane would be significantly increased. In addition, there are methods of ripening which also could contribute to the enhancement of the cane's sucrose content. Indeed, there is much evidence demonstrating the close correlation between the application of these agronomic and chemical methods and the profitability of the West Demerara estates.

- 9.III.1.8 Second, it is possible to reduce the unit cost of cane purchased from private cane farmers, to bring it into line with the prices paid to similar producers in other countries, by assisting them to increase their productivity. If this were done, the total financial benefits accruing to the farmer would be most rewarding, but GUYSUICO's unit costs would be reduced. In other words, it would pay to devote more resources to the training of cane farmers in all aspects of sugar cane production.
- 9.III.1.9 Third, there appears to be a shortage of administrative managerial, and technical skills on several estates. This affects the company's productivity and competitiveness. If steps are urgently taken to train the required personnel, or even to hire professionals of competence, GUYSUICO's competitive position would be much improved.
- 9.III.1.10 Fourth, with the company's plan to purchase a new modern factory, and to amalgamate others, not only would productivity be much improved, but the company would be able to enjoy the benefits of scale economies that are now denied it. Moreover, the company's energy costs, which are a not insignificant portion of its current expenditure, would be reduced, because of its programme to utilise bagasse in much of its future production. In addition the new mills would be much more efficient than those which are now being utilised.
- 9.III.1.11 Fifth, with the improvement of the deep-water facility in the Berbice River, shipping and transportation costs will inevitably be lower.
- 9.III.1.12 Sixth, GUYSUICO proposes to mechanise its loading operations. This, too, will reduce costs.
- 9.III.1.13 Similar considerations apply, in large part to the East Demerara estates, which are currently the highest cost producers within GUYSUICO. They are high-cost producers mainly because, according to the corporation, they utilise a high proportion of relatively poor soils, factory capacity at Enmore and LBI is under-utilised, and management's performance is less than optimal. Steps should therefore be taken to bring new lands into cultivation as far as possible, to replace the mills over time by more efficient modern units, and to improve the effectiveness of the management.
- 9.III.1.14 **Our own calculations indicate, when all these factors are taken into account, that GUYSUICO would be able to reduce its production costs to about US\$0.10 per pound. Indeed, it is reasonable to expect that there would be a market for 500,000 tonnes of sugar per year, and that accordingly, GUYSUICO's unit production costs would be further reduced.** On the other hand, our investigations suggest that those countries which now produce sugar at costs that are lower than Guyana's have in several respects, already attained optimal efficiency. It is most unlikely therefore that they would be able significantly to reduce costs in the future.
- 9.III.1.15 Moreover, Guyana possesses an additional advantage because of its membership of CARICOM. CARICOM currently purchases 150,000 tonnes from third countries to meet their needs. Furthermore, it appears that because of production costs which range between US\$0.40 to US\$0.48 per pound, the governments of Barbados, Jamaica, St. Kitts and Trinidad effectively subsidise sugar production in their countries. This is most unlikely to continue. The captive CARICOM market can therefore provide a most lucrative cushion for our production.

19.III.2 Training

- 19.III.2.1 The new programmes that are planned for the rejuvenation and expansion of the industry would require a number of personnel in new disciplines, and an upgrading of the skills of many of those who are now employed in GUYSUICO. Indeed, there appears to be a shortage of managerial and technical skills in every major activity within the industry. Training will be needed, for example, in co-

generation, in the operation of the proposed distillery, in the packaging and manufacture of special sugars, and in sugar refining practices. Moreover, the management, administrative and negotiating skills of GUYSUCO's top Guyanese need to be somewhat enhanced. It will be necessary also to train both factory and field workers in many areas which will be innovations for most Guyanese: in the new factories, and with new types of field machinery.

19.III.3 Land

19.III.3.1 Land issues in Guyana are most complex. It is for this reason that a chapter in this Strategy is specifically devoted to this topic. However, because GUYSUCO is the largest single occupier of land on Guyana's coast, its land holdings and their disposition deserve special consideration. As pointed out earlier, GUYSUCO holds 164,000 acres of the country's land. The average size of its eight estates is therefore approximately 20,500 acres. Albion, which occupies 28,166 acres is the largest, while Wales with 14,232 acres is the smallest. About two-thirds of the land held by the corporation is leased from the State, while the remaining one-third is owned by the entity. However, because GUYSUCO is a state-owned enterprise, in reality *all* the land held by the corporation is owned by the State, or by the people of Guyana.

9.III.3.2 Much of the land which GUYSUCO now controls is prime land. Furthermore, even the company's most expansionary plans will not require them to utilise all of their land holdings. In contrast, the prospects of many of the other economic and social developmental activities that are put forward in this NDS would be greatly improved if the unutilised lands were to be taken back by the State. This is true for housing programmes; for the development of other types of agricultural products, including aquaculture; for the location of industries; and for the siting of commercial activities. In addition, it has been argued that freehold land on the coast of Guyana is remarkably high-priced, partly because the State owns so much of it, and partly because GUYSUCO holds a relatively large proportion which is not being beneficially occupied. **Steps should therefore urgently be taken to rationalise the use of the land now held by GUYSUCO before it proceeds with its plans. For, as has been pointed out, it intends to sell a significant amount of land for commercial uses in order to raise money to implement its future programmes. It must not be allowed to do so, on its own terms. In other words, it must raise the short-fall of US\$30 million, that would be occasioned if it is not permitted to sell the nation's land, from commercial loans or other sources.**

9.III.4 Employment Costs

9.III.4.1 Employment costs (including incentives and non-pecuniary worker benefits) account for over sixty percent of the cost of producing a tonne of sugar in Guyana. It is evident that the company intends further to reduce its labour force in order to curtail employment costs, particularly as it would be impossible and undesirable to reduce the package of incentives now earned by the workers. This almost inevitable reduction in the labour force is obviously a factor to be taken into account in the formulation of a *national* development strategy.

9.III.5 Cane Farmers

9.III.5.1 Private cane farmers produce cane at a higher cost than the estates, primarily because their yields are lower and the quality of their cane inferior. These defects in the product are in turn due to ineffective drainage and irrigation systems, the relatively primitive nature of the technology that is applied, and the inadequacy of their farming practices. In addition, the co-operatives and private groups which grow sugar cane, tend to be disorganised. Nevertheless, it is desirable, for social reasons, and, as we have seen, ultimately for financial reasons, that private cane farming outputs be increased significantly above their current low level. Accordingly, the inefficiencies that are inherent in the system will have to be rectified.

9.III.5.2 The present procedures for establishing cane prices are cumbersome and, more important, do not appear to be either equitable or to be designed to improve efficiency. There are two determining aspects of the present price structure for farmers' cane: the method whereby the conversion factor from cane to sugar is derived; and the proportionate distribution of the net income from this sugar between the farmer and the processor. Both of these matters are dealt with in the National Cane Farming Committee Act, No. 29 of 1975 (as amended) which establishes that the so-called Puerto-Rican formula be employed to calculate the cane to sugar ratio. The appropriateness and accuracy of this formula have been fiercely challenged by Guyanese cane farmers, and by specialists in this area. Indeed it is now generally acknowledged that the Jamaican Recovery Cane Sugar formula is more accurate and equitable. There is obviously, therefore, a need to revisit this very crucial matter.

9.III.5.3 There are also problems in respect of the share of proceeds. It appears that cane farmers in Guyana are paid more than most similar farmers in other parts of the world. In the face of this, GUYSUCO seems reluctant significantly to expand their dependence on cane farmers. However, the returns to cane farmers are directly linked to the future of the company, be it through favourable sugar prices or efficient factory recoveries. It is evident, therefore, that the entire cane farming structure, from the organisation of farmers, the provision of inputs and extension services, to the methods of calculating both sucrose content and prices, be rationalised.

9.III.6 Transportation Costs

9.III.6.1 As has been emphasised elsewhere in this National Development Strategy, transportation costs for Guyana's exports are generally higher than in most other countries. This is especially true for sugar. If we are going to be competitive we will have to remove those constraints over which we have some control: the absence of an adequate deep-water harbour, the dearth of bulk loading facilities, and the inadequacy of our current port administration.

9.IV SECTORAL OBJECTIVE

9.IV.1 The objective of the sector is to improve the competitiveness of the industry so that it may increase its contribution to the development of Guyana.

9.V THE STRATEGY

9.V.1 The overall strategy will be (i) to utilise the most productive soils that are available within those agro-climatic areas which would yield the highest amounts of sugar at the lowest possible costs; (ii) to increase the productivity of the Demerara sugar estates by adopting more effective agronomic practices; (iii) to improve the quality of the milling process, through the establishment of new mills and the amalgamation of others; and (iv) to add value to the sugar cane raw-material through the expansion and deepening of the manufacturing process, the widening of the range of sugar based products that are produced, and the enhanced packaging of these products.

9.V.2 **Between 2001 and 2005 a detailed plan for the diversification of economic activity in those areas in which the Demerara estates are located will be formulated and implemented.**

9.V.3 **This plan will include the establishment of special micro-credit facilities the provision of training in various disciplines, trades, crafts and entrepreneurship; and the provision of land for cultivation, housing, and business development on favourable terms. In other words, a comprehensive land settlement and land redistribution plan will be implemented.**

- 9.V.4 **At least two housing schemes, one in Western Demerara and the other in Eastern Demerara will be established. The measures and incentives described elsewhere in this NDS, particularly in the Chapter devoted to *Housing*, will apply.**
- 9.V.5 The inhabitants of those areas will be encouraged specifically to engage in the cultivation of high-value non-traditional crops, aquaculture, and to establish specific micro-industries. They will be provided with relevant technical assistance and extension services.
- 9.V.6 **The important point is to ensure that undue reliance is not placed solely on sugar in these districts, and that there would be available other suitable options for employment.**
- 9.V.7 Although the main thrust of the sugar expansion programme would be in Berbice, i.e. Skeldon, Blairmont, Rosehall and Albion, where GUYSUCO'S plans for the extension of both milling and field capacity will be concentrated, sugar production in the Demerara estates will be made more competitive and, at the same time, an enabling environment for the creation of alternative development will be provided.
- 9.V.8 GUYSUCO's overall production capacity will be increased to 500,000 tonnes of sugar per year.
- 9.V.9 **Almost immediately, steps will be taken for *all* the land now occupied by GUYSUCO to revert to the State. The State will then lease to GUYSUCO, at normal rates, the land which it requires for current and future planned expansion.**
- 9.V.10 After consultation with representatives of the cane farmers, the National Cane Farming Act will be revised in order to make it more equitable, to increase the involvement of a greater number of cane farmers in the production of cane for GUYSUCO, to reduce production costs, and to make Guyana's cane more competitive.
- 9.V.11 New contracts, which will endeavour to be fair both to the cane farmers and GUYSUCO, will be negotiated.
- 9.V.12 Cane farmers will be provided with land to enable them to produce more cane.
- 9.V.13 Cane farmers will be trained in a range of agronomic skills to improve their performance. In addition, essential inputs and extension services will be provided to enable them to increase their productivity
- 9.V.14 **Efforts will be made to involve the workers of the industry, the citizens of Guyana, the Government of Guyana and the company which now manages GUYSUCO in the ownership and control of the industry. To this end, twenty percent of the shares will be offered to Booker Tate as a strategic partner, 20 percent to the employees of the industry, 20 percent to the citizens of Guyana, and 20 percent will be retained by the Government. The remaining 20 percent will be offered to the world at large.**
- 9.V.15 **A "claw-back" clause will be inserted into the agreement, in order to ensure that at least for a period of ten years after privatisation, sugar will be produced by the Company in order that the social and economic structures that are attendant on the continuation of the industry are not unduly disrupted and jeopardised.**
- 9.V.16 **It is important that Booker Tate agree to purchase shares in the recapitalised company, not only because they appear to possess better leverage powers in the international markets, but also because their purchase of these shares would provide evidence of their financial faith in the industry, and in the development plans which they have assisted in formulating.**

- 9.V.17 The financial resources that are required to implement GUYSUICO's plans for the future will be raised through a consortium, put together by a lead banker, who will obtain the required amounts on the international market.
- 9.V.18 Intensive training courses will be mounted for all levels of the company's employees, in order to prepare them for the expansion and modernisation of the industry.
- 9.V.19 The Jamaican Recoverable Cane Sugar Formula, rather than the Puerto-Rican, will be employed in determining the sugar content of the sugar cane supplied by farmers to the estates.
- 9.V.20 Because of the importance of the CARICOM market to the survival of Guyana's sugar industry, special efforts will be made by the Ministries of Foreign Affairs and Trade to ensure that the terms of the Common External Tariff are honoured by all CARICOM members.
- 9.V.21 All import duties and consumption taxes will be waived for a period of five years, as for other industries.
- 9.V.22 The sugar levy will be abolished.
- 9.V.23 Mechanical loading procedures will be introduced. The possibility of engaging in mechanical harvesting, particularly in the new planting areas, will be seriously examined.

CHAPTER 10

RICE

10.I BASIC FEATURES OF THE SECTOR

- 10.I.1 The rice industry is the second most important agricultural industry in Guyana. Indeed, it is second to sugar only in terms of foreign exchange earnings. Rice is the largest user of agricultural lands, (some 80,000 hectares being currently double cropped) and absorbs and influences more of the working population than any other industry in Guyana. About 12,000 farmers are involved in production and the industry supports at least 10 percent of Guyana's population directly and many more indirectly. It is the major source of income and employment in rural areas. In addition, the industry contributes approximately 20 percent of agricultural GDP and 12 percent of export earnings. On top of all this it is the main staple of the population, with consumption estimated at being around 50 kg per capita. The by-products, bran and broken rice, are the main constituents of locally produced animal feed. Broken rice is also used in the brewery industry. Moreover, the hull (shell) of the rice is utilised as fuel for paddy dryers and for electricity generation. The recent El Nino phenomenon has brought into focus the need for more use to be made of the rice straw as fodder for livestock.
- 10.I.2 Padi production has increased from 156,000 tonnes (equivalent to 93,444 tonnes of milled rice) in 1990 to 568,186 tonnes (equivalent to 340,911 tonnes of milled rice) in 1997. This has been achieved through increases in acreage and yields. The harvested acreages have grown from 126,878 acres in 1990 to 352,678 acres in 1997, and yields from 1.23 tonnes to 1.61 tonnes during this period. Because of the effect of El Nino on the first crop of 1998, there was a reduction in the acreage harvested, and production fell: the acreage harvested was 319,789, production was 522,907 tonnes of padi (equivalent to 339,890 tonnes of rice), and the average yield was 1.63 tonnes per acre.
- 10.I.3 Production is in the hands of both small and large farmers with holdings varying from less than 10 acres to over 1,000 acres. There are ninety-eight mills operating within the industry, with a total milling capacity of 242 tonnes of padi per hour. The capacity of mills ranges from ½ tonne to 20 tonnes of padi per hour.
- 10.I.4 The institutions specific to this sub-sector are: the Guyana Rice Development Board (GRDB), the Guyana Rice Producers Association (RPA), the Guyana Rice Millers and Exporters Development Association (GRMEDA), the Burma Rice Milling Complex, and the Caribbean Rice Association. It cannot be too strongly emphasised, however, that the future development of the rice industry depends not so much on these institutions, important though they are, but on the macro-policies of Governments, and the performance of institutions such as the Ministry of Agriculture, the Drainage and Irrigation Board, the University of Guyana's Faculty of Agriculture, the Guyana School of Agriculture, and the regional and local authorities. The lending policies of commercial banks would also exert a great influence on the industry's future.
- 10.I.5 In the latter half of the 1970s and for much of the 1980s, the fortunes of the rice industry declined, mainly because of the government's interventionist policies and the very high degree of central control. However, by the late 1980s, the rice policy which relied mainly on price control was clearly not working and Government began to dismantle its pricing and institutional structures. In 1989 the price formula was abandoned and farmers were allowed to sell freely to the market of their choice. The devaluations of the exchange rate in that period also had the effect of dramatically raising rice prices relative to most other prices in the Guyanese economy. Also important was the fact that Government privatised almost all its parastatal rice mills (retaining only one complex). This improved the competitiveness of

the sector and gave farmers and millers the incentive to invest in the industry.

- 10.I.6 These major policy changes, and the institutional restructuring of the industry which accompanied them, were supported by agreements with the IDB for foreign exchange to rehabilitate rice mills, and to buy field equipment, spares; and with CIDA to procure fertilisers.
- 10.I.7 The spectacular growth of the industry during the period 1991 to 1996 was also facilitated by very favourable export prices. This was due mainly to the preferential access to the market. Between 1991 and 1996, the bulk of Guyana's exports went to the EU. However, from 1993 to 1996 most exports were made through the Overseas Territories (OCT) of the E.U., because imports of semi-milled rice through the OCT attracted no levy and there was no quota. On the other hand, exports from ACP countries that were made directly to the European Union attracted a levy of 50 percent. Moreover, a quota of 125,000 tonnes for semi-milled rice and 20,000 tonnes polished brokens was imposed on direct imports from ACP countries.
- 10.I.8 Preferential access contributed to exports increasing from 51,000 tonnes in 1990 to 262,000 tonnes in 1996, with 90 percent of the exports going through the OCT. With the imposition by the E.U. of safeguard mechanisms in 1997, and the establishment of a quota of 160,000 tonnes in 1998, 125,000 tonnes by the direct route and 35,000 tonnes through the OCT – total exports to the European Union have not only declined, but mainly go via the direct route. In 1998 some 97,951 tonnes (41 percent of total exports) went by the direct route and 22,093 tonnes (9 percent of total export) went through the OCT. The reduction of exports to the European Market has forced the industry to seek other outlets in the Caribbean and Latin America. However the prices in these markets are much lower than these that were previously obtained in the European market.
- 10.I.9 Guyana's rice exports to the Caribbean, primarily to Jamaica, have had to compete with exports from the United States which were sold at concessionary prices under the PL 480 Programme. However, this programme is being reduced and may eventual disappear. Guyana will therefore no longer be faced to compete with this low priced product.
- 10.I.10 Another export market is that for parboiled rice in Caricom, particularly in Trinidad. In order to meet the growing needs and preference of Caricom and other markets, Guyana has established three modern parboiling facilities and more are in the pipeline. However, access to the Caricom market has been slow because of its concern over quality, the continuing importation of rice from extra regional sources, and the fact that the CET is not being applied in these transactions. The establishment by specifications for parboiled rice traded in the region, and recent bi-lateral discussions with Trinidad, should address the quality issue.
- 10.I.11 In 1994 the Rice Act streamlined the institutional arrangements. The Guyana Rice Milling and Marketing Authority (GRMMA) was dissolved and a small parastatal rice company was created to operate the Burma mills that are the only rice factories that remain state-owned. In addition, the GREB and the NPRGC were merged into the new Guyana Rice Development Board (GRDB).
- 10.I.12 The role of the Board is (a) to develop the rice industry in Guyana and to promote the expansion of the export trade in rice; (b) to establish facilities for the conduct of research, to conduct research relating to rice, and to extend to rice farmers, through an established system, the benefits derived from such research; (c) to engage in such promotional and development activities that the Board deems necessary for developing the rice industry. Its specific functions are (a) to grade and certify rice and padi and to train and license persons, who are, in the opinion of the Board, qualified to grade; (b) to monitor developments in the rice industry at home and abroad; and (c) to provide sectoral information to farmers, millers and exporters; and (d) to be responsible for research and extension activities relating to rice, this task having been moved from the National Agricultural Research Institute (NARI) in 1995. All its activities are funded from a commission received by GRDB.

- 10.I.13 Two other institutions play an important role in the rice sector: the Guyana Rice Millers and Exporters Development Association (GRMEDA), and the Rice Producers Association (RPA). GRMEDA promotes the development, growth and expansion of the rice industry through the design and implementation of appropriate programmes. It also acts as a conduit for channeling technical and financial assistance to rice industry operators. The RPA is a statutory body which also qualifies as a non-governmental organisation. Its overall objectives are to promote, protect and advance the interests of rice producers generally and to facilitate GRDB's efforts in the operation of research and extension services by being in a position to mobilise and inform rice farmers of relevant meetings, etc. It receives financial support for its activities from the Guyana Rice Development Board.

10.II ISSUES AND CONSTRAINTS

10.II.1 Institutional Framework

10.II.1.1 Regulation of Quality

- 10.II.1.1.1 The privatisation of the rice industry has not been sufficiently complemented by appropriate regulations and standards. The most serious consequence of this is that the reputation of Guyana as a rice exporting country is at risk because exporters enter into contracts which they are not always able to fulfill; provide rice of inconsistent quality; ship rice of a quality and quantity that are incompatible with their contracts; and apply standards of grading which are not acceptable to overseas markets.

10.II.1.2 Analysis and Planning

- 10.II.1.2.1 There is a lack of capacity for analysis and strategic planning for the expansion of the rice industry in Guyana.

10.II.1.3 Provision of Services

- 10.II.1.3.1 Despite the general shift towards divestment and market liberalisation in the rice sector, many services such as research and extension and the grading of rice and padi, are still provided through public sector institutions. These, whenever feasible, should be undertaken by the industry itself.

10.II.1.4 Financing of GRDB

- 10.II.1.4.1 The GRDB is in an unsustainable financial situation as it depends heavily upon its commissions, i.e., an export tax, to finance all of its operations. Other cost recovery options need to be explored.

10.II.1.5 Role of RPA and GRMEDA

- 10.II.1.5.1 As representatives of producers and millers, these institutions need to play a more active role in the development of the rice industry.

10.II.1.6 Institutional Linkages

- 10.II.1.6.1 Inadequate linkages with international research institutions restrict productivity gains, and this could lead to the duplication of research programmes. In addition, Guyanese rice institutions are currently isolated from related agencies such as the Lands and Surveys and the Hydraulics Departments.

10.II.2 Markets

- 10.II.2.1 The European Market - Easy access to the European Union in the past may have given the industry a false sense of security. However, developments within the last two to three years would seem to indicate that this market would no longer be so remunerative. Moreover, because of the current quota system, Guyana may not be able to export as much as it used to.
- 10.II.2.2 The Caricom Markets - The market within Caricom provides for the importation of some 160,000 tonnes of rice – 110,000 tonnes white rice and 50,000 tonnes parboiled rice. The imposition of the CET on rice from extra-regional sources should offer some protection to Guyana's exports. However, the tariff may be inadequate to protect against the import of cheap Asian rice, particularly from Vietnam.
- 10.II.2.3 Other Caribbean Markets – Cuba imports up to 400,000 tonnes of rice annually, practically all of which is sourced from Vietnam. The lack of foreign exchange restricts Cuba's ability to pay cash for its rice. Haiti imports up to 200,000 tonnes annually. In 1997, Guyana exported some 22,000 tonnes of rice to Haiti but in 1998 exports were at a reduced level. When Haiti becomes a member of Caricom, and with the imposition of the CET, Guyana's rice will benefit from preferential access. The Dominican Republic imports annually some 50,000 tonnes. Guyana has not yet been able to access this market.
- 10.II.2.4 The African Market – This market provides for the export of low quality rice e.g. brokens. Potentially, this market can absorb over 50,000 tonnes annually.
- 10.II.2.5 South and Central America - Exports have been made to Colombia, Ecuador, Peru, Nicaragua, Honduras and Mexico on a limited scale. However, a potential market for increased exports lies in these Latin American countries where a market exists for some 2.0 million tonnes – Brazil (1.0m tonnes), Colombia (200,000 tonnes), Peru (170,000 tonnes) etc. Access to these markets would be facilitated by Guyana becoming a member of the Andean Pact and Mercosur.
- 10.II.2.6 Because of inadequate export facilities (wharves, bulk handling and bond facilities) and high handling and transport prices, the costs of exporting rice are high in Guyana. In addition, the constant siltation of Guyana's rivers restricts the size of ships that can use available wharf facilities. Guyana's shipping costs to Europe could be significantly reduced if larger ships could enter its harbours, and bulk facilities were available. This would also reduce transportation costs to other markets.
- 10.II.2.7 The domestic market is characterised by variable supplies and consequently fluctuating prices. The need exists for increased availability of packaged parboiled and white rice.

10.II.3 Productivity and Technology Development

- 10.II.3.1 Power failure during milling contributes to an increase in post harvest losses. Variations in the supply of electricity can lead to complications in operations and to serious damage to rice milling equipment.
- 10.II.3.2 Lack of sufficient investment in the milling sector has left the industry with inadequate equipment, particularly in the areas of drying and storage. Millers are finding it difficult to access finances to upgrade their mills at low interest rates.
- 10.II.3.3 Farmers have restricted access to credit. The main reason for the lack of credit is the insistence of commercial banks on freehold title as loan collateral, and their reluctance to accept leasehold land, especially short leases, or field equipment in its place. The high interest rates charged by the financial institutions contribute to farmers' inability to service their loans, and of course, to invest.
- 10.II.3.4 Despite the large increases in the amount of land that has come under rice cultivation in recent years, the general constraints to the transfer of lands have restricted the producers' ability to access these lands. In addition, delays in the processing of lease approvals and extensions; the existence of short-

term leases for which there are no renewable options; and the difficulty of transferring leasehold land into freehold are factors which contribute to the lack of security of tenure experienced by rice farmers occupying state lands. This insecurity has led to the reluctance of producers to make long term investments in the land. As a consequence, the sustainability of the land and future productivity gains are jeopardised. The establishment of the Lands and Surveys Department as a semi autonomous commission, and the rationalisation of the land tenure system in our country, it is argued, will remove some of the present constraints.

- 10.II.3.5 The size of many of the rice holdings is insufficient to support a household and to keep rural incomes above a certain minimum level.
- 10.II.3.6 The deterioration of the drainage and irrigation network over the past twenty years has been a considerable constraint on increased production and productivity. Although the rehabilitation and improvements which have been undertaken during the last six years have removed some of the constraints, much more needs to be done.
- 10.II.3.7 Companies importing reconditioned machinery and equipment do not always have the necessary spares for repairs. Moreover, opportunities for machine rental are insufficient. As a consequence, Guyanese farmers therefore invest in new machinery even when the size of their holdings makes such an investment uneconomical.
- 10.II.3.8 Farm productivity must be increased through the development of high yielding varieties that are not only resistant to blast diseases, but which also possess good milling and cooking qualities. In addition, varieties need to be of different grain lengths e.g. extra long grains, long grain and medium grains to meet the needs of different markets. The milling potential of the varieties should be between 55 and 70 percent.
- 10.II.3.9 The transfer of technology which is of fundamental importance to the future of the rice industry in order to increase productivity, reduce costs and make the industry internationally competitive, must be optimised. The efforts of GRDB Extension staff should therefore be concentrated on: (i) increasing yields, (ii) improving quality (iii) reducing cost (iv) producing high quality seed.
- 10.II.3.10 The RPA also plays an important role in the extension service. It is mainly responsible for mobilising farmers to attend seminars and demonstrations that are organised by GRDB. It also has the vital function of collecting information from the producers' communities.
- 10.II.3.11 The current strategy of increasing rice production through the utilisation of more land, greater intensity in input use, expanded milling facilities etc. is occurring within a general void of environmental legislation, enforcement, and monitoring. Although the passage of the Pesticide Control Bill and the Rice Factory Acts has addressed some of the environmental concerns, a more comprehensive approach to this problem is necessary.

10.III **SECTORAL OBJECTIVES**

- 10.III.1 The overriding objective is for the sector to become internationally competitive. This would ensure its sustainability in the face of reduced preferential access and falling export prices. In order to attain this primary objective, costs must be reduced throughout the rice production process of the industry.
- 10.III.2 This might be done through a combination of activities. First, the unit cost of padi production must be lowered, primarily by increasing yields per acre. At present the average national yield is around 26 bags per acre. This ought to be increased to at least 35 bags per acre. Second, Guyana's milling yields are currently at around 45 to 60 percent. These rates are significantly lower than those of the U.S.A., for example, which are estimated to be between 55 and 70 percent. And third, transportation

costs need to be reduced by the development of export facilities, including the establishment of bulk loading facilities. The establishment of such facilities will permit the loading of larger vessels and their quicker turn around.

10.IV THE STRATEGY

10.IV.1 The capacity of the GRDB to develop a set of regulations and standards relating to contractual procedures, payment mechanisms, rice quality, etc., will be strengthened.

10.IV.2 The newly promulgated standards and regulations will be supported by a widespread campaign that will be designed to build awareness, and by training holding programmes that are especially targeted to millers and exporters.

10.IV.3 GRDB will collaborate with GRMEDA in conducting seminars to demonstrate the correct procedures for entering into export contracts and maintaining quality control.

10.IV.4 There is no satisfactory mechanism for arbitrating contractual disputes in the rice industry. However, through assistance provided by the IDB, draft arbitration rules have been drawn up. These are now being reviewed by legal personnel and will be enacted following acceptance by operators within the industry.

10.IV.5 The areas devoted to rice cultivation will be expanded. This will require close coordination between relevant agencies, so that the lands which offer the highest potential for rice production may be more precisely identified. However, it is already known that the best areas for expansion, given the suitability of the soils, are:

Region 6

| | | |
|--------------------------------------|---|---------------------|
| Potoco, Left Bank Canje Ricer | - | 45,000 acres |
| Black Bush Backlands | - | 15,000 " |
| Manarabisi | - | 8,000 " |
| Jackson/Moleson Backlands | - | 17,000 " |

Region 5

| | | |
|--------------------------------------|---|---------------------|
| MARDS - South of Jagdeo Canal | - | 20,000 acres |
|--------------------------------------|---|---------------------|

Region 3

| | | |
|-----------------|---|-----------------|
| Hogg Is. | - | 10,000 " |
|-----------------|---|-----------------|

Region 2

| | | |
|------------------------------|---|----------------|
| Akawini/Pomeroon | - | 5,000 " |
| South of Supernaam R. | - | 5,000 " |

10.IV.6 The provision of services will be rationalised, taking into account the relative merits of different institutions and agencies in both the public and private sectors. GRDB (whose functions include regulation and promotional activities) will concentrate on providing services which the private sector cannot perform, for example, research; the establishment of research linkages with international agencies; extension, in collaboration with the RPA and GRMA; marketing information; the training of extension agents; and grading.

- 10.IV.7 Extension services will cover more than the traditional area of providing information on production techniques and inputs (seeds, agro-chemicals). They will, in particular, include farm management as a core activity.
- 10.IV.8 The RPA and GRMEDA will be strengthened and provided with assured sources of financial support from the GRBA, in the short run. In return for this support, these institutions will put in place systems for the full representation of their members, including transparent and democratic elections.
- 10.IV.9 The organisations will also move towards increased cost recovery for the services they offer, and will aim at eventually becoming self-financing.
- 10.IV.10 GRDB will establish a Market Information System. International linkages are especially vital to the future prosperity of Guyana's rice sector, particularly in the areas of market intelligence and research.
- 10.IV.11 A permanent, formal and appropriate mechanism for bringing together the primary institutions of the agricultural sector to discuss and resolve issues such as land use; the need to put down new infrastructure (D&I, roads, etc.) for opening new rice lands; competition for scarce water resources; and environmental matters will be established. Such issues require regular consultations among agriculture officials, other relevant professionals and civil society.
- 10.IV.12 The industry will be assisted by the relevant government industries to continue to access the markets of the European Union, Caricom and Africa. At the same time, it will be helped to develop further the markets in the broader Caribbean, particularly in Haiti and Cuba, and in other countries of Latin America. The use of Information Technology will be of special importance in this regard.
- 10.IV.13 To penetrate these markets successfully, the industry will be encouraged to establish a "consortium" with the capacity to export large shipments, develop export strategies, and a market intelligence service.
- 10.IV.14 Mechanisms for "futures" marketing will be developed.
- 10.IV.15 In addition to the rehabilitation of facilities in Georgetown, and the installation there of bulk and bond facilities, such services will be installed at Corriverton, Rosignol and Essequibo.
- 10.IV.16 A review of the present system of drying and storage will be undertaken in order to effect its improvement as these operations are crucial to the attainment of increases in yields and quality.
- 10.IV.17 Regulations will be issued and enforced to ensure that the quality of rice exported is that which is stated on the export contract.
- 10.IV.18 **The rice industry will be diversified. Fiscal incentives will be provided for the production of such value-added goods as rice flakes, popped rice, rice straw (for mushroom production and as a ruminant feed) and for the use of hulls as a fuel and in concrete production.**
- 10.IV.19 **Within the general policy of facilitating credit to Guyana's producers, measures will be taken to ensure adequate financing for rice producers and millers. In this regard several options will be explored e.g. group lending, in which farmers guarantee each other's loans; and the conversion of existing leaseholds to transferable tenures which could be used as collateral.**
- 10.IV.20 Millers will be provided with more intensive courses in financial management, in the operation of letters of credit, and in other methods of payment, as part of their regular extension and advisory services.

- 10.IV.21 Appropriate institutional and fiscal arrangements will be put in place to ensure that the Drainage and Irrigation system is operated and maintained in an efficient and sustainable manner. This will include greater farmer participation.
- 10.IV.22 **A machinery/inputs pool will be established to reduce costs of production.**
- 10.IV.23 A research programme, based on both market demands and the experience of farmers, will be developed and implemented. Such a programme will be relevant to the farmers' perception of field-level problems, and should lead to the long run sustainability of the rice sector.
- 10.IV.24 Research will concentrate on increasing productivity, decreasing the variability of yields, increasing pest resistance, enhancing quality, and developing and maintaining those characteristics demanded by export markets and domestic consumers.
- 10.IV.25 The economic analysis of research proposals will determine the feasibility of research projects. However, some *a priori* suggested priority areas for research are the improvement of germplasm, integrated pest management, and integrated crop management.
- 10.IV.26 The training programme for extension workers will be oriented to ensure that the interface between extension workers and farmers results in a two-way flow of information. In addition, business management will be emphasised.
- 10.IV.27 The protection of the environment, particularly but not exclusively with respect to the utilisation and disposal of agro-chemicals, will be emphasised throughout the sector.
- 10.IV.28 Extension workers will be trained in environmentally sustainable cropping activities for padi production.
- 10.IV.29 The private sector and agro-chemical suppliers will be encouraged to play a role both in supplying information to farmers through the established extension network, and in providing information on the use of agro-chemicals directly to users.

ACTION PLAN
(Completion Target Dates)

| Main Activities | 2005 | 2010 |
|---|--|--------------------------|
| 1. Increasing Yields | 32 bags per acre | 36 bags per acre |
| 2. Improve milling yields | 50/65 | 55/68 |
| 3. Reduce transportation cost | Rosignol | Corriverton |
| Establishment of bulk loading Facilities. | Georgetown Essequibo | |
| Expansion | Completion of MMA phase II & III Hogg Island Akawini/Pomeroon | Canje Jackson/Moleson |

PROJECTED PRODUCTION AND EXPORTS (2000-2010)

| Production | 2000 | 2005 | 2010 |
|---------------------------------------|----------------|----------------|----------------|
| Acreage | 360,000 | 400,000 | 420,000 |
| Average yield (bags/acre) | 28 | 32 | 36 |
| Padi production (M/t) | 640,000 | 813,000 | 969,000 |
| Rice equivalent (M/t) | 384,000 | 528,000 | 650,000 |
| Exports (M/t) | | | |
| EU | 100,000 | 100,000 | 100,000 |
| Caricom | 100,000 | 120,000 | 130,000 |
| Haiti | 40,000 | 50,000 | 80,000 |
| Africa | 30,000 | 30,000 | 30,000 |
| Latin America (Columbia/Peru, Brazil) | 30,000 | 100,000 | 160,000 |
| <u>Total</u> | 300,000 | 400,000 | 500,000 |

Achievement of the above levels of production and export is dependent on the sectoral objective being attained.

CHAPTER 11

AGRICULTURAL INSTITUTIONS

11.I BASIC FEATURES OF THE SECTOR

- 11.I.1 The institutions which service the sugar and rice industries have already been described. Those which support the non-traditional crops and livestock sector are the Ministry of Agriculture; the Ministry of Fisheries, Crops and Livestock; the Ministry of Regional Development; the Regional Democratic Councils, the National Agricultural Research Institute; the University of Guyana; and the Guyana School of Agriculture. This list is not exhaustive, but it contains the main agencies.
- 11.I.2 The Ministries of Agriculture (MOA), and Fisheries, Crops and Livestock (MFCL) are at the centre of the sector. They formulate policies and monitor their implementation. They also collect, process, analyse and disseminate relevant information.
- 11.I.3 The Ministry of Agriculture comprises the Lands and Surveys and the Hydrometeorology and Planning Departments; the Ministry of Fisheries, Crops and Livestock is composed of the Crops and Livestock, and the Fisheries Departments.
- 11.I.4 The Crops and Livestock Department is primarily responsible for the provision of technical and extension services to the farming communities. Associated with the Ministries' extension activities are the following organisations and units that are all functioning far below their optimum and need to be rehabilitated if extension capabilities are to be enhanced – the Agricultural In-service Training Communication Centre (AITCC), which was developed as a centre to provide agricultural information and to train farmers and extension personnel; the Veterinary Diagnostic Laboratory which provides parasitology, haematology, pathology, microbiology and other diagnostic support to the livestock rearing community (this laboratory is currently not operational); and the Livestock Station at Mon Repos, which was originally designed as a centre for livestock research in the Ministry of Agriculture. It has now been transferred to NARI.
- 11.I.5 The present functions of the National Agricultural Research Institute (NARI) are to advise on, and develop, appropriate systems to promote balanced, diversified and sustained agricultural development and optimise agricultural production through adaptive and investigative research; and to facilitate the use of improved production technology by agricultural producers, and establish adequate feedback systems for them in order to achieve and maintain national self-sufficiency and export capacities in food and fibre.
- 11.I.6 An Agricultural Research Committee advises the Minister on matters of policy relating to agricultural research; supervises and controls the functioning and activities of the Institute; approves, oversees and evaluates the programmes being implemented by the Institute; and gives general and technical guidance to NARI's Director.
- 11.I.7 At its inception, the overall objective of the National Dairy Development Programme, which was established in 1984, was to achieve national self-sufficiency in fresh milk by 1988. However, the mandate of the NDDP was expanded and its mission statement was subsequently modified to read as follows:- "to spearhead the development thrust of a self-sustaining, self-regulating, economic viable cattle industry within the context of national self-sufficiency in milk and dairy products, beef and beef products, and the export of these commodities."

- 11.I.8 The original Guyana Marketing Corporation (GMC) was created in 1963. The Corporation operated like the typical marketing board of many developing countries at that time. It bought all farm products offered to it at a predetermined price, and then sold the produce to consumers at various outlets and from trucks going from house to house. Perhaps not unexpectedly there were tremendous losses. Accordingly, in 1985 the policy of the Guyana Marketing Corporation was changed drastically. There was a total cessation of all buying and selling operations, and a mandate to provide market facilitation services to the private sector for the export of non-traditional agricultural produce, facilitate local market development, develop and disseminate post-harvest technology, conduct market research and provide market intelligence services to farmers was adopted. In 1997, the "new" Guyana Marketing Corporation resumed the buying of farmers' produce, but at prices that are negotiated directly with them. Moreover, only quality produce, for which there is a ready demand, is bought.
- 11.I.9 There is also a Technology Transfer Unit which develops and provides training on grading, storage, packaging and the transportation requirements for quality produce; promotes the production of non-traditional crops specifically for the export market; develops and documents the steps involved in exporting perishables to specified markets; and provides market extension services.
- 11.I.10 In addition, there is a Commercial/Market Policy Unit, the aims of which are to provide a one-stop documentation service for exporters of agricultural produce; carry out market research for the private sector for a fee; make available certain kinds of approved packaging for exporting produce; and advise the government on agricultural marketing policy for non-traditional produce.
- 11.I.11 The Guyana School of Agriculture (GSA) offers both a certificate and a diploma programme in agriculture. The certificate programme is a two-year course with a strong practical bias and is intended for youths with a full primary education, who have attained the age of seventeen. It is designed to equip young people for successful farming careers. The diploma programme is a sub-professional two-year course designed for students with a secondary school background.
- 11.I.12 The Regional Educational Programme for Animal Health Assistants (REPAHA) conducts a diploma programme similar to the GSA's and trains students in Animal Health and Animal Production. A survey which was undertaken in the early 1990s has indicated that employers of REPAHA graduates want them to have some competence in animal production and agribusiness management also. This deficiency has been addressed and at the 1994 graduating exercise, the first group of students graduated in Animal Production from REPAHA.
- 11.I.13 The University of Guyana currently offers two first degree programmes which are conducted by the Faculties of Agriculture and Education. The programme offered by the Faculty of Agriculture is a four-year course and leads to a general Bachelor of Science degree in Agriculture. The Faculty of Education offers a Bachelor of Education degree, with an option in Agriculture.
- 11.I.14 Within the existing Regional Democratic Councils (RDCs) the Neighbourhood Democratic Councils (NDCs) are meant to be an institutional structure through which plans and decisions, regarding the needs of farmers and communities in general, can be co-ordinated. There are, in addition, several quasi-governmental entities (e.g. SIMAP) as well as non-governmental and other organizations (co-operatives, producer associations, etc.) which operate at the community level.

11.II ISSUES AND CONSTRAINTS

- 11.II.1 **Poor definition of the roles of this plethora of public and private sector agricultural institutions hinders their performance, and leads to the fragmentation of planning, policy analysis and product implementation capacity. Government institutions must ensure that the activities that they perform are those that the private sector cannot effectively**

undertake. Because of the budgetary constraints facing the public sector, there have been some reductions in staffing and the shedding of many services (e.g. extension services and the supply of inputs) traditionally provided by the MOA, the MFCL, and other agricultural support institutions.

- 11.II.2 The capacity in the MOA and the MFCL for policy review is weak. A further disadvantage is an orientation that is based on the management of centrally provided as opposed to community based services. Moreover, low levels of emoluments in the public service militate against the provision of high quality administrative and planning services. Severe financial constraints have also led to an inadequate availability of equipment and supplies, further limiting the effectiveness of the Ministries' staff.
- 11.II.3 **In terms of agricultural products, there is a dualistic institutional structure characterised on the one hand, by well-organized marketing and other support arrangements for the major export products of rice and sugar; and by fragmented, under-funded and ineffective arrangements for non-traditional crops and livestock, on the other.**
- 11.II.4 There are poor and inadequate linkages among institutions, and poor communications among departments of the MOA and the MFCL.
- 11.II.5 Agricultural technological services are often provided in a context in which important infrastructure and non-agricultural services are not in place. This lack of an integrated approach leads to the poor absorption of technology. In addition, the Ministries' operations are characterized by a limited interface between clients and the planning and executing services. This often results in poor feedback and, consequently, a lack of relevance of plans and programmes.
- 11.II.6 **A general concern in the provision of public agricultural services is that they are not targeted to rural households of modest means. More well-off farmers can afford to, and do, bring in their own private extension advisers on such matters as crop varieties, planting and cultivating strategies. Obviously this option is out of the question for the poorer farmers. Extension services are one hundred percent subsidised, and therefore the question must be posed as to whether it is justified to provide such services, at the expense of the tax payers, to rich clients.**
- 11.II.7 Similar observations can be made in the case of livestock services, and in regard to the assistance provided in the adoption of better post-harvest practices.
- 11.II.8 The specific constraints on NARI's research programme are: inadequate contacts with farmers; poor linkages with agricultural extension and other related organisations in agriculture; inadequate evaluations of research impact; and a lack of staff motivation, at both the professional and the sub-professional levels. In addition, the research programme is frequently not related to the needs of the farming community; does not give sufficient consideration to the economic and marketing components of production; and do not efficiently validate research findings before transferring them to the farmer.
- 11.II.9 The remuneration packages paid to staff at NARI are unattractive.
- 11.II.10 There is an absence of agribusiness and socio-economic marketing experts on the staff.
- 11.II.11 The resources devoted to agricultural research are minimal and derisory.
- 11.II.12 In addition to the financial constraints which reduce the efficiency of almost all the government institutions in Guyana there are certain basic constraints in regard to the delivery of tertiary agricultural education: training is too theoretical and lacks a strong practical dimension; there is a lack of

orientation to national problems and conditions; the student intake is relatively low; there is a lack of basic textbooks and other teaching aids; and the available human resources are not optimally utilized.

11.II.13 Neighbourhood Democratic Councils have only a limited role in the mobilisation and disposition of resources and, under current legal and administrative arrangements, cannot function effectively as providers of services at the local level. Local authorities have been forced to operate through a narrow window of influence at the regional level, and have been made to be responsible primarily to central and regional governmental structures, and not to their constituents.

11.II.14 Studies of the sector have revealed that the supply of credit to farmers is limited by factors such as the risks linked to agricultural production and markets; the sector's small size; and its informal nature.

11.II.15 **The penetration of rural areas by commercial banks is low, leading to inadequate savings, credit mobilisation and delivery. In addition, this unsatisfactory interface and contact between the banks and the agricultural producers, coupled with the preference of commercial banks for asset-based, as opposed to cash-flow, lending, results in an inflexible lending policy towards the sector. As a consequence, only a small percentage of the banks' funds are lent for developmental purposes, while an extremely high percentage is invested in special deposit accounts or Treasury Bills and are therefore not available for productive lending to the economy. Indeed, current lending rules and practices effectively exclude from access to institutional and commercial credit more than eighty percent of Guyana' farm households.**

11.III THE OBJECTIVE

To develop institutions which would facilitate the improvement of the operations of the agricultural sector, by enhancing their efficiency in providing public services in the production and marketing of agricultural produce.

Specifically, the objectives are to:-

- (i) improve institutional support for the development of the diversified small farm sector;
- (ii) give greater priority to the rural poor as beneficiaries of publicly supplied services;
- (iii) improve co-ordination between national and local institutions so that local communities can access information and resources from other levels of government;
- (iv) improve the effectiveness of production and marketing organisations in providing economic benefits to their members;
- (v) enhance the public sector's capacity to assist these organisations;
- (vi) enhance the mobilisation of rural savings;
- (vii) increase credit delivery to agricultural activities that are based on rural savings; and
- (viii) increase the long-run viability of institutions for agricultural finance.

11.IV THE STRATEGY

11.IV.1 A new board will be established to encompass the roles currently being performed by NARI, NDDP, NGMC and the Crops and Livestock and Fisheries Departments of the Ministries. The Directors of this

Board will be appointed by, and be answerable to, the Ministers. The GRDB will act as a model for this Board, which will be named the Guyana Agricultural Research and Development Board.

- 11.IV.2 The Board will maintain strong links with, and co-ordinate and monitor the activities of, non-governmental agencies such as IICA, CARDI, and FAO, in order to ensure that the work being undertaken in Guyana by these agencies conforms to the Government's stated policies and overall directives.
- 11.IV.3 The Board will be semi-autonomous but, in the first instance, will be financed through the present current and capital allocations made to these institutions. However, it will eventually become self-financing through revenue derived from the operation of an export levy on agricultural produce.
- 11.IV.4 The membership of the Board will be broad-based, and will include all interests that are involved in the sector: local government bodies; community organisations; representatives of the rice and sugar sectors, and representatives of training institutions.
- 11.IV.5 Research and extension will be based on the requirements of producers.
- 11.IV.6 The main institutions of training i.e. the Guyana School of Agriculture (GSA) and the Faculty of Agriculture, University of Guyana (FA/UG) will be strengthened in material and human resources through internal and external funding so that they may more effectively produce agricultural scientists and practitioners capable of assisting in the enhancement of Guyana's agricultural productability and its diversification.
- 11.IV.7 **The University of Guyana Degree Programme will be improved along two lines: students will be required to have a better scientific grounding in the early stages of their training programme; and in later stages, they will be exposed to practical farming situations and be oriented, through appropriate coursework, field excursions and assignments to actual problems affecting the agricultural sector.**
- 11.IV.8 Students will be attached for six months, as part of the course of training, to farms of various sizes and with different production techniques and practices.
- 11.IV.9 A higher degree programme will be instituted at the University of Guyana in which all the available resources, both human and physical, of NARI, GRDB, GUYSUCO, NGMC and related organisations such as the Iwokrama and Tropenbos Projects, would participate.
- 11.IV.10 Government will organise incentive packages for trained agriculturists aspiring to become farmers, particularly in the provision of land and in the availability of developmental capital.
- 11.IV.11 Post office-based savings institutions will be revived in rural areas.
- 11.IV.12 A window in the private sector development bank will be devoted specifically to small farmers.
- 11.IV.13 Group guarantee schemes such as that of the Grameen Bank will be instituted.
- 11.IV.14 In addition, a linked set of rural credit unions, both for mobilising more rural savings and for retaining more funds in rural areas through agricultural production and marketing loans, will be created.

CHAPTER 12

NON TRADITIONAL AGRICULTURE

12.I BASIC FEATURES OF THE SECTOR

- 12.I.1 The term "non-traditional agriculture" is used in Guyana to include all components of the agricultural sector with the exception of rice, sugar, forestry and fishing.
- 12.I.2 The major non-traditional crops (NTCs) are the following: *Cereals and Legumes*: corn, blackeye, minica; *Oilseeds*: peanut and coconut; *Ground Provisions*: cassava, sweet potatoes, eddoes, yam, tania/dasheen, plantains; *Vegetables and greens*: tomatoes, cabbage, pumpkin, bora, ochro, boulangier, squash, cucumber; *Herbs, Spices and Seasonings*: eschallot, hot pepper, ginger, tumeric; *Fruits*: banana, pineapple, pear, carambola and watermelon; *Other Fruits*: mangoes, genip, cherry, awara; *Citrus*: lime, grapefruit, orange; *Other Crops*: Coffee, cocoa and cotton; pasture/forage, ornamentals and floriculture.
- 12.I.3 Livestock includes dairy and beef cattle, swine, poultry, sheep, goats, wildlife and other livestock such as rabbits and bees.
- 12.I.4 Non-traditional crops are geographically distributed across the 10 regions.
- 12.I.5 Except for coconut palms, almost all of the fruits, vegetables, legumes and ground provisions are grown by a large number of small farmers mostly along the coastal belt and in the riverain areas, but also in enclaves in the intermediate savannahs and in the townships which border neighbouring countries. In contrast the production of coconut palms is largely concentrated in the coastal areas, and is achieved chiefly by large farmers.
- 12.I.6 Small farmers produce all fruit and most vegetables grown in Guyana, 80 percent of the grain crops, 60 percent of the coconuts, and 40 percent of the palm oil.
- 12.I.7 Non-traditional agriculture comprises farming systems that are small in scale, use a low level of technology, and are labour intensive. Subsistence farming, a tendency to stick to traditional agricultural practices, and an absence of supportive services to encourage farmers to adopt improved methodologies for increasing production and productivity also characterise the sub-sector. However, the sub-sector's contribution to the livelihood of rural households, national food security, and foreign exchange earnings are not insignificant.
- 12.I.8 Guyana is self-sufficient in vegetables (including root crops and tubers), fruits, beef and mutton. Indeed, it is virtually self-sufficient in all crops, except spice and vegetables. Moreover, eggs, poultry and milk production has increased considerably in recent years.
- 12.I.9 Although the sub-sector's export potential remains relatively untapped, overseas markets are opening for a wide variety of crops and will gain momentum with the advent of improved marketing arrangements. The cases of pineapple and plantain are especially noteworthy but there is a growing awareness of production and export possibilities for many other non-traditional crops.
- 12.I.10 The agri-business and agro-industrial development of the sub-sector are in the hands of small, poorly resourced independent operators, and the supply chain is characterised by low productivity, high post-harvest losses, high prices to consumers and praedial larceny. Nonetheless, the sector provides

sustenance to the rural poor, most of whom are self-employed in agriculture or are workers in the rice and sugar industries, both of which are seasonal.

12.I.11 Export volumes of non-traditional crops have increased through the initiatives of small traders rather than through organised and adequately financed operations.

12.I.12 Most of the crop farmers in Guyana are involved in mixed crop farming. Current agronomic practices are consistent with those for systems of low level technological packages.

12.II ISSUES AND CONSTRAINTS

12.II.1 Land and Infrastructure

12.II.1.1 The administration of State lands is inefficient, leading to the frustration of farmers' efforts to obtain information on leases and the availability of unutilised idle land. In addition, there is imprecision in the identification of boundaries.

12.II.1.2 There is no clear demarcation of which land falls under the jurisdictions of the Lands and Surveys Department, the Geology and Mines Commission, and the Forestry Commission.

12.II.1.3 There is growing competition for available land among traditional and non-traditional crops, housing, and industrial land developers.

12.II.1.4 The historical layout of drainage and irrigation infrastructure is consistent with what is required for rice and sugar, but is not necessarily appropriate for the economic production of NTCs and livestock. Yet the necessary modifications to the land infrastructure have not been made, even in cases when farmers wish to emphasise NTCs and livestock.

12.II.2 Extension Services, Research and Development

12.II.2.1 Extension services and research and development are under the jurisdiction, or depend upon, too many government, semi-autonomous, and regional and international agencies that are too dispersed and ineffective.

12.II.2.2 Limited funding, staff shortages, low salaries, poor transport facilities, and inadequate and infrequent meetings of personnel impede collaboration and coordination.

12.II.2.3 Research is sometimes unrelated to the needs of farmers and is spread out over a wide range of crops in diverse geographical zones.

12.II.2.4 The sub-sector is not structured along the lines of those developed for rice and sugar. As a result, incentive packages and specific programmes for some components of the industry have been neglected.

12.II.2.5 Regional training sessions are sporadic. All were cancelled in 1998.

12.II.3 Socio-cultural and economic constraints

12.II.3.1 There is a high incidence of praedial larceny in the sub-sector.

12.II.3.2 There is a high incidence of migration, especially of youths, from the rural to the urban areas.

12.II.3.3 There is much gender discrimination in employment practices

12.II.4 Marketing

12.II.4.1 The production of NTCs and livestock is not guided effectively by market intelligence services. The seasonality of export demand, weather patterns, and input price fluctuations leads to a very unstable supply of produce ranging from gluts to scarcity. Input availability, soil types, farmers' experience and perceived demand also govern production levels and farmers' choices of commodities. There is poor organisation among farmers at local and national levels, and hence there is little exchange of experience and no coordinated effort to obtain information on external markets.

12.II.4.2 Essential marketing linkages (local and overseas) are limited. Knowledge of existing trends in prices and demand, and of the availability of supplies, is therefore restricted. Much needed information on existing acreages, costs of production, seasonality etc., that is required for farmers' planning purposes is poorly collated.

12.II.5 Transportation

12.II.5.1 Inadequate transportation infrastructure and poor transport services are a major impediment to the marketing of agricultural products within and out of Guyana. Poor transportation services contribute to the wide spread between ex-farm and retail prices. Riverain producers and consumers are particularly subject to very inadequate transportation linkages, but, in general, both water and road transport are unreliable and high priced. Local roads are in very poor conditions.

12.II.5.2 Exporters are seriously inconvenienced by poor port facilities, limited cargo space, and the frequent need for transshipment of goods through Trinidad.

12.II.6 Storage and handling

12.II.6.1 The extreme unavailability of power and potable water supplies are major causes of post-harvest losses and are a most serious constraint to the development of milk pasteurisation units and meat storage facilities.

12.II.6.2 The country has a shortage of trained cadres in post-harvest technology and very few entrepreneurs in agro-processing. A high percentage of wastage therefore results, and less than one percent of total production is exported.

12.II.6.3 The six established wholesale marketing centres (except Black Bush Polder) have been sidelined by private initiatives and local retail markets (34 municipal and 36 roadside), and are poorly serviced with basic amenities.

12.II.7 Product Standards

12.II.7.1 The handling of foods in production, manufacturing, transportation, storage and in other stages in the farm-to-market chain leaves much to be desired. The health and the nutritional status of the population are affected by adulteration, and the presence of industrial pollutants, environmental contaminants, toxins and chemical residues in the food consumed. The Government Analyst's Department cannot effectively oversee all stages of food production, and seems to concentrate its activities on the microbiological surveillance of retailed food.

12.II.7.2 Legislation to ensure that standards are met for the inputs used by the sub-sector is not enforced.

12.II.8 Credit and Investment

12.II.8.1 The highly risky nature of agricultural production in an environment that is not supportive of its development is not conducive to the procurement of lines of credit. Lending agencies do not seek out businesses in rural districts and are truly ignorant of farmers' financial needs. For whatever reason, GAIBANK, the major agricultural lending agency in the past, did not seek to recover funds expeditiously from defaulters. This has assisted in creating a poor credit servicing mentality in rural areas, which in turn increases the difficulties of obtaining new credit.

12.II.8.2 Prospective investors in NTCs and livestock have been unable to fulfill the conditionalities of creditors, and have been discouraged by unattractive terms for financing. Misleading investment guidelines further exacerbate the farmers' predicament. Tax evasion and nonpayment of duties are prevalent in the system.

12.II.9 Labour and Other Inputs

12.II.9.1 For the most part, agricultural labour has over the years moved into the rice, logging and sugar subsectors, or totally out of agriculture. The difficulties that farmers experience in obtaining basic inputs (particularly from overseas) and the low prevailing income levels are disincentives to the development of the subsector.

12.II.10 Education and Training

Youth

12.II.10.1 The teaching of agriculture in primary schools was catered for by the fifth component of the SSEE syllabus but this was discontinued in the early 1980s, due to financial and staffing constraints. At the secondary school level Agricultural Science is offered at CXC. The number of students taking this subject is extremely low, and the proportion of passes derisory.

Adult

12.II.10.2 Pre- and post-service training in agriculture is provided by the Faculties of Agriculture and Education of the University of Guyana, the Guyana School of Agriculture (GSA), the Regional Educational Programme for Animal Health Assistants (REPAHA), the Agricultural In-service Training Communication Center (AITCC), the Ministry of Agriculture (MOA), the Ministry of Fisheries, Crops and Livestock (MOFC&L), and the National Agricultural Research and Development Institute (NARI). Most of these institutions lack adequate teaching instruments, do not offer programmes that are relevant to the country's developmental needs, are strapped for funds, and do not have the required numbers of skilled teachers. The end result is under-qualified and poorly trained graduates, unable to function in the farming communities to which they are later exposed.

Continuous farmer training

12.II.10.3 Apart from the Dairy Training Centre at the St. Stanislaus College farm, there is no teaching institute established specifically for training farmers.

12.II.11 Germplasm Supply

12.II.11.1 Germplasm is produced both by the governmental and privately owned agencies. Collectively they are unable to satisfy the demand for plants and, apart from using old stock, are in need of infrastructural rehabilitation. This problem is now being addressed.

12.II.12 Plant Protection and Quarantine Services

- 12.II.12.1 The inadequate monitoring of our ports, places the country's agriculture at risk. Guyana's plant health capabilities are inadequate and, accordingly, the country is unable to make definitive statements on the incidence of pests and diseases. This affects the ability to export.
- 12.II.12.2 The Office of the Quarantine Services has no authority to withhold a consignment after Customs' clearance. Very often, because of the ignorance of the staff of the Customs' Department, importers are allowed to clear agricultural products without import licenses, phytosanitation certificates or inspections from Plant Quarantine officers.
- 12.II.12.3 The country has no facilities for the bulk treatment of fruits and vegetables earmarked for export.

12.II.13 Livestock

- 12.II.13.1 Guyana is "self-sufficient" in fresh meats but not in milk and poultry. Although the production of milk and poultry has increased considerably over the years, livestock production is still well below its potential capacity. The industry requires a well-coordinated infusion of support services to sustain and increase production, and ultimately to capture export markets. Low-level technological applications prevail in the subsector, and farmers (particularly pig and small ruminants producers) operate largely at subsistence levels.

Nutrition

- 12.II.13.2 Liveweight gains, milk production and the reproductive performance of all livestock classes are sub-optimal because of inadequate nutritional programmes.
- 12.II.13.3 The supply of readily available energy-based feeds, rice bran and wheat middlings, has been reduced abruptly because these products are exported to preferential markets for cargo rice, and because of the unlimited importation of processed flour.
- 12.II.13.4 Protein feeds are imported at high costs, thus contributing to the elevated prices for poultry and pork.
- 12.II.13.5 Ruminant producers continue to compete with traditional crop farmers for land for pasturage.

Animal Health

- 12.II.13.6 The country's livestock population is relatively disease-free except for endo- and ecto-parasitic burdens and their associated diseases. Tuberculosis in cattle has been identified in some enclaves. Poultry producers have been experiencing undiagnosed conditions of respiratory ailments and nervous (tremor) syndromes. Pigs and small ruminants continue to be affected by endo-parasitic burdens that have not been evaluated.
- 12.II.13.7 The veterinary services offered by MOFC&L are very poorly supported, and veterinarians are incapable of carrying out their functions because of the lack of transportation, drugs, equipment and facilities. A case in point is the inability to carry out the Bovine Tuberculosis Eradication Programme because of the inadequacy of transportation.

Genetic Improvement

- 12.II.13.8 There are no specialised breeding programmes in place, except for cattle via the National Dairy Development Programme's (NDDP) Artificial Insemination Service, which uses imported frozen semen from improved beef and dairy breeds.

- 12.II.13.9 Poultry and swine breeding is *ad hoc*, and mainly consists of a selection process. The introduction of new breeds for these classes of livestock is at a standstill.
- 12.II.13.10 For all types of livestock financial constraints and the absence of adequate physical facilities inhibit progress in animal breeding in relation to acquiring germplasm for tropically adapted breeds from overseas, and establishing evaluation programmes.
- 12.II.13.11 There is no monitoring agency to document and evaluate what is occurring in the field, though it is known that farmers, based on their own preferences and experience, are conducting breeding experiments.

Management

- 12.II.13.12 The constraints highlighted in the paragraphs relating to nutrition, health and genetic improvement are indicative of the low level of management practices that are employed in livestock rearing. Poultry and pig rearing is basically intensive, while cattle, sheep and goats graze extensively in very diverse management systems. Ruminant livestock are generally considered as a family asset, only to be drawn upon as the need arises and not to be developed economically. Farmers do not seek to find markets for their meat animals but sell only when approached by butchers and middlemen. Poultry farmers tend to plan for the immediate future and frequently make market predictions that lead to economic losses in addition to causing serious disruptions in supply. New approaches to integrated farming practices have not caught on with the farming community, despite the fact that many small producers have both livestock and crops on their farmsteads. Often, one activity influenced by short-term market conditions will be undertaken to the detriment of another.

12.III **SECTORAL OBJECTIVE**

- 12.III.1 The overall objective of the sector is to increase the rate of growth of its output, in the knowledge that by doing so a most significant number of job opportunities would be created.

12.IV **THE STRATEGY**

12.IV.1 **Extension Services, Research and Development**

- 12.IV.1.1 A modern computerised information centre to facilitate the collection, storage and retrieval of agricultural information, will be established at NARI.
- 12.IV.1.2 Research and development studies will be concentrated on selected commodities and in geographically delineated zones. The selection of the commodities will be based on their production potential and marketability.

- 12.IV.1.3 Research on relevant farming systems, particularly those relating to farm mechanisation, will be developed.
- 12.IV.1.4 Extension officers will pay particular attention to imparting information on agro-processing and post-harvest losses, and will give guidance on the selection of plant and animal germplasm.
- 12.IV.1.5 The private sector and the farmers will become more involved in establishing the specific goals of agricultural research, by themselves participating in extension through, for example, workshops at both the community and national levels.
- 12.IV.1.6 The National Science Research Council, comprising agricultural agencies and the heads of relevant institutions, will be resuscitated to ensure collaboration and exchange of ideas on a regular basis.
- 12.IV.1.7 **A National Livestock Development Agency** will be established. This will be similar in structure and function to the NDDP (semi-autonomous), and will incorporate the NDDP as well as development programmes pertaining to small ruminants (sheep and goats), swine, apiculture, rabbits and farmable wildlife (e.g. alligators, iguana, deer, etc.).

12.IV.2 Marketing

- 12.IV.2.1 An advisory services agency will be established to provide marketing intelligence (including market opportunities) to farmers on a timely basis. The agency will also help producers in finding inputs, obtaining access to markets, and in directing farmers' concerns to relevant institutions. It will establish a computerised information network with linkages to overseas markets. The encouragement of agro-processing as the thrust for the future will be the focus of this agency.
- 12.IV.2.2 More individuals will be trained in post-harvest technology. The concept of marketing centres will be revived, and the management of the municipal markets will upgrade facilities for weighing, storage, sanitation, communication, banking, parking, rate collections, etc., in an all encompassing effort to provide more adequate services to buyers and sellers.
- 12.IV.2.3 The private sector will be involved in the management of marketing centres.
- 12.IV.2.4 The Food and Drug Act will be updated to conform with international standards for chemical and disease free food.

12.IV.3 Credit and Investment

- 12.IV.3.1 Microcredit schemes will be put in place in order to assist in the development of this sector. This will be an integral part of the country's overall poverty elimination programme.
- 12.IV.3.2 Credit agencies will be sensitised to farmers' financial requirements by extending their outreach programmes into the rural communities and will introduce systems of lending via small loan schemes for farmers without collateral.

12.IV.4 Rural Development Centres and Agricultural Cooperatives

- 12.IV.4.1 The NDDP has made a positive step in registering all cattle owners in Guyana and unifying them by forming village groups, distinct and regional associations and by ensuring their participation at national cattle farmer congresses. A similar arrangement exists for the rice farmers via the RPA, with the GRDB acting as a regulatory body. This type of organisation will be encouraged for the NTCs and other livestock producers, with support from the NGMC, IICA, CARDI, and the Extension Division of the Ministries of Agriculture, and Fisheries, Crops and Livestock.

12.IV.4.2 Agricultural Cooperatives will be revamped to encourage the formation of self-help societies that aim to improve the economic welfare of its members through planning and management.

12.IV.4.3 Government will support these groups via direct contracts for food supplies to Government-managed institutions and feeding programmes for schools and the needy.

12.IV.5 Other Inputs

12.IV.5.1 Government and private investors will together foster the creation of machinery pools and fabrication units to cater for the mechanisation needs of farmers. Government will take active steps to encourage reputable international fruit marketing firms to come to Guyana and enter into contract farming.

12.IV.6 Education and Training

12.IV.6.1 **Agriculture will be re-introduced into the primary school curriculum.**

12.IV.6.2 Learning institutions will be better equipped with teaching instruments - laboratories, audiovisual aids, experimental plots and cages, green houses.

12.IV.6.3 Improved working conditions and salaries will be provided to attract a higher calibre of teaching staff.

12.IV.6.4 The mandate of the FTC will be to promote awareness of technological advancement and to educate farmers continuously on developments in agriculture. The FTC will cater for residential courses and will be equipped with audiovisual and publishing facilities for the production of films, radio programmes and newsletters that can be disseminated through the media.

12.IV.7 Agronomic Practices

12.IV.7.1 The Crop Improvement Programme and the Extension Service units of the MOA in collaboration with research agencies will create programmes that have applicability to existing farming conditions, and are consistent with the varying levels of farmers' economic resources. Priority will be placed on developing agronomic programmes for crop varieties that have assured markets (particularly export markets). Cropping systems that allow for the continuous supply of those food crops that are traditionally seasonal will also be given special attention.

12.IV.7.2 Water management; the control of weeds, pests and diseases; fertilizer application and soil fertility; land preparation; planting methods; harvesting; and crop suitability for various ecological and climatic zones will be specifically considered.

12.IV.8 Germplasm Supply

12.IV.8.1 A programme for the attainment of self-sufficiency in germplasm will be established. The programme will address collection, characterisation, certification and varietal improvement.

12.IV.8.2 If importation must continue in the short run, strict guidelines for quality standards, adaptability and phytosanitation will be formulated and applied.

12.IV.8.3 The supply of germplasm has an enormous potential for cost recovery. Government will progressively remove subsidies in this venture. This step may cause farmers to be more careful in the handling and care of purchased planting material.

12.IV.9 Plant Protection and Quarantine Services

- 12.IV.9.1 A survey on the main pests and diseases affecting local crops will be conducted.
- 12.IV.9.2 Programmes to control, prevent and eradicate the major pests and diseases identified in the survey will be developed and implemented.
- 12.IV.9.3 Workshops on critical pest and disease problems will be organised, and crop farmers will be apprised of their incidence, location, and relevant control methods on a timely basis.
- 12.IV.9.4 Plant quarantine laws will be utilised to provide greater authority to officers in the execution of their duties.
- 12.IV.9.5 New surveillance points will be opened along the country's borders to restrict the entry of pests and diseases.
- 12.IV.9.6 A National Surveillance Service Unit (NSSU) will be established.

12.IV.10 Livestock

Nutrition

- 12.IV.10.1 **The production of alternative energy feeds (low quality rice, corn, sorghum, or cassava) to counteract the decline in the supply of rice and wheat by-products will be pursued. Private investment in this area will be encouraged, through the provision of fiscal incentives.**
- 12.IV.10.2 **Similar incentives will be provided for the establishment of a rendering plant to produce high protein meat meals from the quantities of fish, poultry, swine and ruminant processing wastes that are currently discarded.**
- 12.IV.10.3 The livestock population of Guyana would, of course, require adequate pasturage to support its sustainable development. Efforts will be made to improve the productivity of the saline soils to the north and the acid soils farther inland for livestock rearing.
- 12.IV.10.4 Research will continue on the development of nutritious forage species that are adaptable to soil conditions.
- 12.IV.10.5 Land use capability studies will seek to ascertain the most appropriate areas for livestock rearing.
- 12.IV.10.6 An animal nutrition project that aims at educating farmers on correct feeding principles will be undertaken, collaboratively, by all relevant agencies (MOFC&L, NDDP, CARDI and IICA).

Animal Health

- 12.IV.10.7 The Veterinary Laboratory at Mon Repos will be rehabilitated to provide all the services needed for disease surveillance and laboratory diagnostics. Diseases of immediate concern are tuberculosis, and bovine paralytic rabies, since clinical evidence points to their presence in Guyana. The laboratory staff will also be involved in disease eradication and control programmes and in developing systems of herd health prophylaxis. Clients will be charged for services.
- 12.IV.10.8 Clearance for the export of meat (particularly beef) from Guyana hinges on proper abattoir facilities, a functional diagnostic laboratory, and well-equipped field veterinarians. Guyana will seek to put in place these facilities and initiate meat exports, in accordance with OIE guidelines. Increased rates for slaughtering will provide the finance necessary to improve the conditions at the abattoirs and to

maintain inspection programmes, and to ensure the optimal functioning of a **Meat Marketing Board**, the establishment of which is an absolute priority.

12.IV.10.9 The Government will improve the emoluments of veterinary staff, and provide transportation facilities to allow them to execute their functions. Charging for drugs and surgical procedures will contribute to the costs involved. Core funding, however, will remain the responsibility of the relevant Ministries.

12.IV.10.10 A survey of the health status of all livestock in Guyana will be undertaken as a priority measure.

Genetic Improvement

12.IV.10.11 The livestock development programme for Guyana will include an Animal Breeding Unit, The unit will support itself by the sale of breeding stock; charges for artificial insemination; and donor-financed projects.

12.IV.10.12 It is important that breeds be fully identified, breed performance be evaluated, and cross-breeding programmes be established to derive optimal performance parameters. In sheep, the Corentyne white breed has shown superiority on empirical evidence. A complete study will be carried out to measure all technical performance parameters of this breed. Other proven tropical breeds for sheep, goat and pigs will be introduced and their performance evaluated. In addition, tropically adapted breeds will be included in a national breeding programme.

Management

12.IV.10.13 Integrated farming systems will be encouraged, to allow farmers to market produce and be self sufficient in their household requirements for meat, milk and vegetables.

Livestock Research

12.IV.10.14 The following types of livestock research will be undertaken: on-farm management systems; nutrition, especially mineral/trace element requirements and the use of chemical growth and production enhancers; reproductive physiology; applied Breeding and Genetics; livestock diseases, especially as they relate to endo and ecto parasitisms; the sociology of farming groups; post harvest storage and the shelf life of product; the use of antibiotics and anti-parasitic drugs and the development of resistance thereto; the environmental impact of production systems, and production methods and their relation to inhumane animal stress.

CHAPTER 13

FISHERIES

13.I BASIC FEATURES OF THE SECTOR

13.I.1 Fisheries and the National Economy

13.I.1.1 The fisheries sector is of critical importance to the country's economy. Its importance is evident in five key areas: first, fish is the major source of animal protein in Guyana. It is estimated that per capita annual consumption of fish rose from 9 to 27 kilograms between 1980 and 1988, jumped dramatically to 45 kilograms in 1991, and reached 59.8 kilograms in 1998. This is more than four times the world average consumption of 14 kilograms per year; second, fisheries contributed 6.2 percent of the country's GDP in 1997; third, Guyana's export earnings from fisheries, which were US\$20.5 million in 1994, rose to US\$41.8 million by 1997; fourth, the fishing industry employs some 4,800 people in harvesting and 5,800 in processing. Many more citizens benefit indirectly from fishing-related occupations, such as boat-building and boat maintenance activities; and fifth, the fishery sector is a significant net contributor to the Government's revenue. Indeed, the ratio of the sector's revenues to the government's expenditure on it is more than 80 to 1.

13.I.2 The Fisheries

13.I.2.1 The fisheries sector of Guyana comprises three primary components: marine fisheries, inland fisheries, and aquaculture.

Marine Fisheries

13.I.2.2 Guyana has a coastline of 432 km. and a continental shelf area of 48,665 sq. km. The average width of the continental shelf is 112.6 km. The area of the Exclusive Economic Zone (EEZ) is 138,240 sq. km. Most of Guyana's fishing occurs in the relatively shallow waters of the continental shelf. The *marine resources* exploited within the EEZ are mainly the demersal fishery resources and, to a much more limited extent, the pelagic fish resources which are to be found both over the continental shelf and toward the continental slope. Some of the demersal species, particularly prawns and shark, are showing clear signs that they are being exploited at an unsustainable rate. On the other hand, some deep slope demersal and pelagic species are underexploited in spite of their greater potential. From a commercial viewpoint, the most important stocks may be the cross-boundary species. Harvesting these stocks and ensuring that they are exploited in a sustainable manner will require joint initiatives with Venezuela, Suriname, French Guiana and Brazil.

13.I.2.3 Although, for the most part, data on the sector are estimates which are not especially consistent, the table below summarises the most reliable information on the stocks of marine resources and recent production levels.

Resource and Production Levels in the Fisheries Sector

| Item | Amount |
|-------------------------|---------------|
| Resources | |
| Pelagic fish biomass | 300,000 mt |
| Demersal fish biomass | 69,000 mt |
| Shark biomass | 3,000 mt |
| Squid biomass | 2,000 mt |
| Total estimated biomass | 374,000 mt |
| Production | |
| Industrial fisheries | 10,160 mt |
| Artisanal fisheries | 37,121 mt |
| Inland fisheries | 800 mt |
| All fisheries | 48,681 mt |

- 13.I.2.4 All of the production from artisanal fisheries, and also a significant portion of the industrial, are taken from the demersal stocks. The pressure on these stocks is therefore intense. In contrast, the pelagic species are hardly touched, except by poachers from other nations. These data immediately suggest the need to impose sustainable management processes on demersal stocks and, at the same time, the desirability of expanding seaward to deeper waters.
- 13.I.2.5 The industrial fishery dominates the export market, which is concentrated on shrimp, whereas the artisanal and inland fisheries, almost in their entirety, are oriented toward the domestic market. The industrial fishery consists of 125 trawlers, five fish/shrimp processing plants, and many wharves and dry docking facilities. The ice and freezing facilities which service this fishery are owned and operated by persons within and outside the fishery subsector. The trawlers are 54 percent foreign owned. Foreign trawlers mainly exploit prawns (*Penaeus* species) with finfish as a by-catch, while locally owned trawlers mainly exploit a smaller shrimp called seabob, and finfish. The total number of trawlers has fallen by about 20 percent since the early 1980s, reflecting a decline in the prawn population, and the enforcement of a management decision not to increase the level of the trawling fleet.
- 13.I.2.6 The trawler fleet is classified in terms of their operations (prawns, seabob/finfish, finfish). The prawn vessels operate as a limited-entry fleet with the upper limit being eighty vessels. The seabob/finfishing fleet's upper limit has been set at 30 vessels. A smaller number has been established for the seabob/finfishing fleet because of uncertainty about the seabob resource, and because of the fact that these vessels operate within the breeding and nursery grounds of the marine fishery. Local trawler owners and operators have all moved into seabob/finfish thus ignoring the upper limit for seabob trawlers. The Fisheries Department is reviewing catch data and is in discussion with industry to change the vessel limits to 75 for prawns and 45 for seabob.
- 13.I.2.7 Trawlers catching prawns take on board finfish and are required to land 15 mt of this by-catch each year. However, dumping of by-catch at sea is still a widespread practice.
- 13.I.2.8 Some trawlers, especially those configured for seabob, target finfish when seabob is not in abundance. While the stress on the prawn resource has been evident for a number of years, seabobs too are now being more fully exploited, and several new seabob processing plants have been opened. Moreover,

the seabob/finfish trawlers have been operating increasingly close to shore, leading to a greater incidence of conflict between the industrial and artisanal fisheries.

- 13.I.2.9 In addition to the trawlers, fishing boats known as handliners, which fish at depths between 120 m and the edge of the continental shelf, target snapper and grouper. It was recognized that there was room for a limited expansion of this fishery in view of its potential sustainable yield, with production oriented toward export and the developing tourist markets. Accordingly, in 1997/1998, ten foreign vessels were licensed, and local fishermen switched to the use of traps and converted the larger artisanal vessels to fish for snapper. There is now need to control the mesh size of the traps, as well as the poaching by foreign vessels in the snapper/grouper areas.
- 13.I.2.10 Small scale or artisanal fishery is not only an important source of food, in both rural and urban areas, but it is also increasingly significant as sources of employment, income and foreign exchange. This type of fishery experienced rapid growth, both in numbers of participants and volume of landings, up to 1992, but since then production has leveled off. This is probably due to a reduction in the volume of fish resources. Indeed, there are increasing complaints by drift seine fishermen that they are obliged to spend longer periods at sea, use longer nets, and fish farther from shore to maintain the levels of their catch.
- 13.I.2.11 There are about 4,500 small scale fishers. Of these about 1,000 are boat owners. Sixty to seventy percent of the boat owners are members of fishermen's cooperatives which acquire and sell fishing requisites to their members. Activity in the inshore artisanal fishery is pursued exclusively by Guyanese, who have been experiencing difficulties in obtaining fishing licences to fish in the waters at the mouths of the Corentyne River and off the Suriname Coast.
- 13.I.2.12 The development of onshore infrastructure (wharves, ramps, workshops, fuel depots, requisite shops, ice machines, and fish storage bins) at eight sites along the coast, financed by the Government with assistance from CIDA and the EEC, has been completed. Five of these complexes have been leased to fishermen's cooperatives. However, poor management and the lack of capital hinder the operation of most of them.

Inland Fisheries

Subsistence fishery

- Freshwater fishing is conducted in rivers, creeks, lakes, reservoirs, canals, and in savanna areas where the seasonal increase in rainfall gives rise to large expanses of seasonally flooded lands. This type of fishing is influenced by the down period in agriculture and the unavailability of other economic activities. For example, in the sugar estate areas the intensity of fishing varies adversely with the harvesting of sugar cane and rice. Freshwater fishing is undertaken with small, flat-bottomed, dory type vessels and cast nets, seine or handlines.
- The limited data available indicate that most inland fishing is carried out by Amerindians, although non-Amerindians fish in inland waters near the coast and in the vicinity of logging and mining communities situated in the interior of the country. At present, the effort is largely directed at subsistence fishing, although a few fishermen participate in small-scale commercial fisheries based on inland waters.
- The country's flowing waters are the "blackwaters" typical of rain forest regions. They are characterised by an acid or very acid reaction and a low level of dissolved minerals. Their level of biological production is low unless the waters are retained in lakes or canals, where their nutrient status and productivity tend to rise. Many of these waters do, however, support a diverse population of fish, which often reach large sizes. This apparent anomaly between an

environment low in productivity and a relative abundance of catchable fish could be due to the very low level of exploitation to which the fish in these waters have been subjected until recently. Indeed, the steady increase in fishing pressure has already brought about a decline in the sizes of some of the fish that have been caught. **The implication is that the resource cannot sustainably support a yield much above that which meets subsistence requirements.**

- **However, areas that seasonally alternate between dry savanna grasslands and a shallow floodplain caused by heavy rainfall and rivers overlapping their banks usually have a high level of fish production. This is caused by the abundance of nutrient materials absorbed into the water from the dry lands when the flooding occurs. There are some forty or fifty thousand square kilometres of these seasonally inundated floodplains in the southwestern areas of the country, especially in the Rupununi, and a potential harvest of up to 100 tonnes per square kilometre may be achievable.**
- There is also a limited amount of harvesting, especially of crab, in intertidal and shallow sub-tidal areas along the coast, without the use of vessels. The main crab species taken are the blueback or blue sheriga (*Callinectes bocourti*), the bunderi (*Cardiosoma guanhani*) and the red sheriga (*Portunus rufiremus*). Better access to cold storage or processing facilities could add considerable value to this fishery.
- There are many informal reports and a limited amount of systematic data to support the contention that water pollution and habitat degradation, particularly from mining and forestry activities on the river systems of the interior, are having a negative impact on the spawning and growth of many freshwater species.

Ornamental fish industry

- There is a small but active trade in ornamental fish. In 1997 over five million of these fish were exported, with a value of G\$36 million.
- Collectors catch ornamental fish mainly in riverain areas, utilising craft powered by outboard engines, and varying types of fishing gear (dragnets/seines, dipnets, pin-seines). Fish mortality rates are very high.
- It should be noted that some of the more valuable species are now being cultured in the U.S.A, and that this development may have a long-term impact on the demand for ornamental fish from countries like Guyana. Furthermore, some consumers in overseas markets are demanding that strict environmental standards be followed in the harvesting of ornamental fish. This also may have a negative impact on the industry's development.
- **Nevertheless, significant opportunities for exporting ornamental fish still exist, provided that the quality of catch is improved, suppliers move into pond production, and exports are made directly to Japan and the EEC. It is thought that some of the present exports to the U.S.A. are re-exported to those countries.**

Aquaculture

- 13.I.2.13 Although activities in aquaculture first started in Guyana in the 1950s, the development of the industry has been slow. It has been retarded by the lack of investment capital; inadequate technical skills; the utilisation of inappropriate technologies, equipment and inputs; and the almost total absence of research and training. Moreover, there has been very little foreign investment in the industry since investment prospects generally have been better elsewhere in the region.
- 13.I.2.14 Two forms of aquaculture are basically practised in the country: traditional extensive brackish water culture, and freshwater pond culture. Brackish water farms operate as extensive polyculture systems utilising the existing sluices and dams from the sea defence structures which control the exchange of water at high tide. In the empoldered areas, farmers often construct their own dikes and sluices to regulate the flow and exchange of water within individual ponds. In most cases, the trapped fish and shrimp grow to marketable sizes without any additional inputs. Brackish water culture occurs mainly in the swamps along the Atlantic Coast of the Corentyne. The average size of a farm is eleven hectares. *Tilapia mossambica*, *Tilapia nilotica* and, to a limited extent, *Hoplosternum littoral* (catfish), are the main species cultured in Guyana, in freshwater farms.

13.II ISSUES AND CONSTRAINTS

13.II.1 Issues

Sustainability

- 13.II.1.1 The key to the development of any type of fishery is long-term sustainability. If exploitation rates are not controlled, the continuous contribution of fisheries to GDP, exports, employment, and nutrition, will be significantly jeopardised. Conservation and management measures to control harvesting levels and protect stocks are therefore the highest priorities in the development of a strategy for the sustainable growth of Guyana's fisheries sector.
- 13.II.1.2 Another basic area of concern, which has become a bottleneck for the development of the artisanal fishery, is the inadequacy of facilities for processing and cold storage, and the existing deficiencies in quality assurance.

Inland fisheries

- 13.II.1.3 The most pressing issues in this sector are (i) the need to protect the waterways from environmentally destructive practices associated with the expansion of mining and forestry operations, and (ii) the development of potential inland fisheries and aquaculture.
- 13.II.1.4 Pollution from mining activities and the use of chemicals and pesticides threaten these resources. Moreover, while fresh water stocks are relatively abundant in many areas, the indications are that their reproductive capabilities are limited. No effort should therefore be made to expand harvesting levels before the facts concerning their stocking and rates of reproduction are ascertained. The current and potential fisheries activities in hinterland communities must therefore be carefully examined; and appropriate development options, including fish stocking and aquaculture initiatives, be identified. Moreover, with six months of rain and six months of drought in inland areas, there is a need to improve methods for preserving fish to stretch the food supply through the year.
- 13.II.1.5 There is pressure to expand the harvesting of certain ornamental fish from the interior water systems. Concerns about stock conservation and a lack of in-depth knowledge of the market dynamics for

ornamental species demand a cautious approach even here. With proper research and development, there may be potential to produce ornamental fish by means of aquacultural methods.

Aquaculture

- 13.II.1.6 The aquaculture industry is still in its infancy. However it has significant growth potential both for the production of low cost food supplies, and for processing and export. **Aquaculture is the sub-sector of fisheries with the greatest potential for the expansion of production, the creation of employment and the generation of foreign exchange earnings.** Very significant potential exists in both freshwater and brackish water aquaculture activities.
- 13.II.1.7 Although in some coastal areas the soils are acid – sulphate and thus inappropriate for aquaculture, many of the natural conditions that are required to raise shrimp and fish already exist in Guyana. The existence of a natural marine shrimp industry to provide post-larval shrimp to the ponds would be an important advantage in the early days, before the construction of hatcheries becomes feasible. Moreover, the infrastructure is already in place for the processing, marketing, and handling of shrimp and fish.
- 13.II.1.8 **An in-depth investigation will be required to determine the overall economic potential for fish and shrimp culture, and to decide on the areas that might be suitable. However, it is already evident that development options include the more intensive use of creeks, canals and polder lands for food production for local markets, the introduction of new species (particularly shrimp), and the use of aquacultural techniques to produce ornamental fish for export. These investigations should be embarked upon as soon as possible.**
- 13.II.1.9 The few currently operating tilapia culture facilities in Guyana are producing only 20 tonnes from 20 ha of ponds and employ perhaps 20 Guyanese. With a transfer of technology, a propitious policy environment, and entrepreneurship, it is conceivable that by the year 2004 Guyana could have 500 ha of ponds producing 2,500 mt of freshwater finfish annually, for the local market. This would imply approximately 100 freshwater farms and employment of about 1,000 Guyanese. By the year 2010 the area of ponds could be doubled, with corresponding increases in production and employment rates.
- 13.II.1.10 The only brackish water aquaculture currently being undertaken in Guyana consists of the operations along the Corentyne Coast. Those operations are extensive in nature and rely on natural tidal flows and wild post-larval shrimp and inputs of water and seed. The yields obtained from these operations are low, at only 0.2 mt per hectare per year.
- 13.II.1.11 A sustainable intensification of brackish water aquaculture in Guyana can occur only if the seed for the operations comes from a hatchery as opposed to a collection process from the wild. Of the 725 square miles of coastline surveyed in 1990 by the Department of Fisheries, 284 square miles were found to be suitable for brackish water aquaculture. If only a portion of this area is developed in a semi-intensive way, the potential for success is excellent. By the year 2004 it is conceivable that 2,000 hectares will be in semi-intensive operation, producing 4,000 mt of cultured shrimp from 200 farms and employing 2,000 Guyanese. It is envisaged that the operations would double in size, output, and labour absorption by 2010.
- 13.II.1.12 The prerequisites for the development of the sector are more applied research and development, greater levels of investment and modern technology, and more effective training and extension work with industry. There is an urgent need for the formulation of a regulatory framework that takes adequate account of environmental constraints, particularly in the foreshore areas.
- Institutional Capabilities

- 13.II.1.13 The compelling paradox of Guyana's fisheries is that during the period of strong industrial growth, the Government's capacities to regulate and manage the industry were sharply reduced. Indeed the Government of Guyana has not been able to offer salary levels that are competitive with the private sector. As a result, qualified personnel currently occupy only 9 of the 32 professional and technical positions that are available in the Department of Fisheries. Today, with the rapid expansion of industry and the concomitant danger of over-exploitation, it is imperative that the Government's ability to manage the sector and to plan and control its development be enhanced.
- 13.II.1.14 The Department of Fisheries should be provided with the budget and staff to collect and analyze data, regulate and monitor the domestic fisheries, promote aquaculture and other development options, provide adequate extension support to the fishermen's cooperative societies, impart the training that the industry needs, and enforce Guyana's sovereignty within its territorial waters.

International Fisheries Management

- 13.II.1.15 Current stock assessments suggest that the most important commercial fish stocks in Guyana's Exclusive Economic Zone are cross-boundary stocks. Effective management and stock conservation will therefore require cooperative initiatives with the governments of Suriname, Cayenne, Brazil, Venezuela, and Trinidad and Tobago. Indeed, there are already problems with illegal foreign fishing, and over-the-side sales within Guyana's EEZ. The expansion of surveillance and enforcement activities should be carried out on a regional basis, with close cooperation and communication among the governments involved.

Cooperatives

- 13.II.1.16 Fishermen's cooperative societies have played a crucial role in the mobilisation of artisanal fishermen, in education and training, and in the maintenance and management of fish landing sites. Through programmes which have been supported by the Canadian International Development Agency (CIDA), to improve landing sites, and to establish a line of credit to purchase fisheries equipment, the cooperatives have contributed significantly to the growth of finfish exports.
- 13.II.1.17 The cooperatives should provide more services to their members and their communities in marketing and processing activities, and in fisheries management and conservation. They should develop their capacities to finance their own expansion, possibly through joint ventures with other investors, to improve their organisational and management practices, and to identify and correct their weaknesses. To accomplish these goals they will need strong support from extension workers of the Department of Fisheries and the Cooperatives Department.
- 13.II.1.18 To play a role in the improvement of marketing, both for export and for domestic sales, it is essential that they obtain cold storage equipment.

Marketing and Post-harvest Processing

- 13.II.1.19 Currency devaluation, competitive wage levels and a well-developed processing infrastructure have all contributed to the growth in sales of processed fish products. With declining prawn landings, the main prospect for export growth is now finfish from artisanal harvesters. There is also potential for the development of new pelagic fish products. Quality improvement also will be one of the keys to growth.
- 13.II.1.20 Limited cold storage and processing capabilities in the artisanal sector make it difficult for finfish exporters to expand their markets.
- 13.II.1.21 A lack of information and expertise related to international fish markets also inhibits the development of cottage industry exports.

13.II.1.22 Over-capacity in the industrial sector and under-capacity in the cottage industry processors are important issues to be addressed. There is also a need for improvements in market intelligence and quality control.

13.II.2 Constraints

General

13.II.2.1 Some major commercial stocks are being exploited near or above maximum sustainable yields.

13.II.2.2 No arrangements are in place to manage or protect trans-boundary stocks.

13.II.2.3 The fisheries management system in Guyana is inadequate.

13.II.2.4 There are resource constraints in both the Department of Fisheries and the Guyana Coast Guard. Neither agency has an adequate surveillance vessel.

13.II.2.5 The fishing gear that is currently being utilised is inadequate and leads to excessive amounts of by-catch and the destruction of stocks of juvenile fish.

13.II.2.6 The mangrove habitat is being destroyed, thus reducing breeding grounds for shrimp and other species.

13.II.2.7 Guyana's post-harvest infrastructure is underdeveloped throughout the country.

13.II.2.8 Industrial fishermen utilise outmoded technologies. They are consequently high-cost operators.

13.II.2.9 Very little market information is available in the artisanal sector.

13.II.2.10 There are very few management skills in the artisanal sector to enable its members to conduct self-sustaining businesses.

13.II.2.11 Our inland waterways are being damaged by environmentally destructive practices.

Constraints in Aquaculture

13.II.2.12 Operators are unable to obtain suitable freehold land or to secure leases of long duration.

13.II.2.13 Capital costs in the industry are high.

13.II.2.14 There is no coherent policy to promote investment in the sector.

13.II.2.15 There is little or no infrastructure to facilitate research, development and extension activities by the Department of Fisheries.

Institutional Constraints

13.II.2.16 The staff of the Department of Fisheries is undermanned, undertrained and underqualified in view of the duties they are asked to undertake.

13.II.2.17 The structure of the Department of Fisheries is archaic.

- 13.II.2.18 The facilities for data management, research, and general administration are most inadequate.
- 13.II.2.19 There is a dearth of qualified human resources to undertake research and extension activities in the Department of Fisheries.

13.III THE STRATEGY

13.III.1 Achieving Sustainable Production Levels

Industrial Fishery

- 13.III.1.1 Shrimp trawling in waters shallower than 18 fathoms will be prohibited in order to reduce the damage to the juveniles, increase the total sustainable yield, and minimise conflicts with artisanal fishermen.
- 13.III.1.2 Regulations on turtle excluding devices (TEDs) in all trawlers, will be enforced, to protect diminishing turtle populations and to safeguard Guyana's seafood exports to the U.S.A.
- 13.III.1.3 A programme of seasonal closures of the prawn fishery will be instituted during the approximately three months of most intensive recruitment of the species, for selected locations initially, so that the effects of the programme may be studied and properly evaluated.
- 13.III.1.4 The present monitoring system (vessel logbook and plant logbooks) for seabob and prawns will be improved and implemented to provide accurate information on catch.
- 13.III.1.5 A regional approach to management of the prawn resource will be encouraged and promoted. Guyana will pursue the fullest possible participation in the activities of the proposed Western Central Atlantic Fisheries Commission (WECAFC) Scientific and Advisory Committee for the Management of the Shrimp Fisheries of the Guyana-Brazil Management Area on Shrimp.
- 13.III.1.6 A study to determine the areas of high adult abundance and the level of seasonality of the seabob resource will be undertaken. This will be done with a view to reducing conflicts with artisanal fishermen and damage to nurseries and juveniles, and to determine whether a closed season is needed for seabob.
- 13.III.1.7 The annual fees for trawler licences will be significantly increased to reflect the true value of the resources and discourage their overexploitation. The licences will be made to be fully tradeable among boat owners.
- 13.III.1.8 The prawn trawler fleet will be rationalised by reducing the number of prawn trawler licences. Studies of the resource base will be conducted at intervals of three years to determine the specificities of the rationalisation.
- 13.III.1.9 After reviewing existing information to determine the appropriate size of the trawler fleet for demersal finfish, a limited entry approach will be introduced.
- 13.III.1.10 Mesh size and regulations for finfish trawling will be introduced in order to reduce the catch of juveniles.
- 13.III.1.11 An economic study of the industrial fishery will be undertaken to facilitate the establishment of an economic data base for use in bio-economic modeling and the continuous determination of suitable licence and voyage fees.

- 13.III.1.12 For large pelagic fisheries, joint ventures will be facilitated to encourage commercial investment, particularly for the deep slope fishery, in order to promote technology-transfer to local fishermen. This will be part and parcel of the general financial incentives to be provided to investors in all sectors of Guyana's economy. However, the model based on factory ships ("mother ships") will not be pursued, because experience has shown that it does not bring significant benefits to the host country, but rather to the country of origin of the large ships. Moreover, it diminishes the amount of the exploitable resources that are left for local fishermen.
- 13.III.1.13 Given the highly migratory nature of the larger tunas and related species, management linkages with international regulatory bodies such as ICCAT will be developed, in order to access vital information to manage the fishery properly.
- 13.III.1.14 New regulations (licences, data requirements, restrictions on gear and mesh sizes, etc.) will be formulated for the pelagic fishery.

Artisanal Fishery

- 13.III.1.15 The registration and licencing of vessels will be made comprehensive. Gear will also be registered, by type. These actions will be carried out largely through collaboration with the Fishermen's Cooperatives.
- 13.III.1.16 The general strategy to make available investment funds for micro-enterprises will embrace fishermen who are not owners of their boats and wish to purchase them.
- 13.III.1.17 Controls will be established over Chinese seines, which are the most damaging nets to juveniles, by registering all of them and phasing down the number that are permitted. Concomitantly, closed grounds and seasons will be established.
- 13.III.1.18 Minimum mesh sizes will be established and enforced for pin seines, drift nets, and nearshore nylon gill nets. The use of such nets will be restricted to specified fishing grounds, perhaps on a rotating basis, after adequate studies of the options are carried out. The hook sizes of Cadell lines will be regulated to ensure that only larger sizes of fish are targeted.
- 13.III.1.19 Strengthened mechanisms will be established for dialogue with artisanal fishermen on sustainable management issues, emphasis will be on the role of the Fishermen's Cooperatives.
- 13.III.1.20 Limits will be placed on landings of shark and possibly mackerel, their levels to be established as a result of scientific studies of the resource.
- 13.III.1.21 **A mangrove protection and management plan will be formulated in consultation with the concerned coastal communities, and implemented with their cooperation.**

Monitoring and Surveillance

- 13.III.1.22 Arrangements will be made to assist in augmenting the resource of the Coast Guard by paying them fees for supplying services in the offshore, inshore and inland fishing zones. These service fees will be taken from the increased licensing charges to be levied on fishermen.
- 13.III.1.23 A Fisheries Surveillance and Enforcement Coordinating Committee will be established with suitable representatives of the Department of Fisheries, the Coast Guard, the Guyana Defence Force, the Ministry of Foreign Affairs, the Customs and Excise Department, and the Marine Police. This Committee will plan, supervise and evaluate surveillance and enforcement operations, coordinate the

development of legislation and regulations, and oversee the generation of adequate operational budgets for fisheries surveillance and enforcement operations through interdepartmental cooperation and sharing of resources.

Post-harvest Management (Processing and Marketing)

- 13.III.1.24 A feasibility study of fishmeal processing and marketing, both domestically and internationally, will be carried out and its results made available to the interested public.
- 13.III.1.25 Investment in cold storage facilities and ice making capacity for the operating fishport complexes and Fisherman's Cooperatives will be encouraged through the fiscal measures that are described elsewhere in this NDS.
- 13.III.1.26 Access to freehold land for cottage processing facilities will be improved through the land tenure strategies that have been put forward in this NDS.
- 13.III.1.27 Procedures for approvals and licensing of processing plants will be simplified and speeded up.
- 13.III.1.28 A national export quality control system will be established with effective mechanisms for its monitoring and enforcement.
- 13.III.1.29 Rules and procedures for the export of fish products will be simplified.
- 13.III.1.30 Market intelligence services for the fishing industry will be expanded.
- 13.III.1.31 Training for the proper handling of fish for quality control will be provided to crews, onshore handlers, cottage processors, and marketing agents by the Fisheries Department. Suitable fees will be charged.
- 13.III.1.32 Trade missions will be undertaken to selected export markets, for all types of fish including ornamental fish.

Inland Fishery

- 13.III.1.33 Methods of preservation, such as salting and smoking, will be demonstrated in the rural floodplain and hinterland areas, to preserve fish during periods of glut, for sale during leaner periods. Priorities will be given to Amerindian communities.
- 13.III.1.34 Discussions will be developed with the principal fishing communities of the hinterland, so that they may participate in the development of operational plans for eliminating the use of explosives and poisons in fish harvesting, and for enforcing regulations on minimum mesh sizes in nets. NGOs will be urged to assist in these efforts, and the rural women's networks will be utilised to the fullest in this undertaking.
- 13.III.1.35 A comprehensive assessment of inland fish resources and habitat will be carried out.
- 13.III.1.36 With the assistance of national and international NGOs, and the Amerindian Studies Unit at the University of Guyana, a survey will be undertaken of Amerindian involvement in fishing. Particular attention will be paid to problems and prospects.
- 13.III.1.37 A feasibility study for the development of a sport and recreational fishery in inland waters, that is linked to the overall development strategy for ecotourism, will be carried out.
- 13.III.1.38 A joint commission which will be formed with representatives of the Department of Fisheries, the Guyana Geology and Mines Commission, the Environmental Protection Agency, Amerindian leaders, and concerned NGOs, will be requested to develop regulations and procedures for controlling and

mitigating the impact of mining on inland fish habitats, with special emphasis on the effects of missile dredges and alumina wastes.

Aquaculture

- 13.III.1.39 The land policies that are put forward in this NDS will be applied to aquaculture production. **Suitable areas of land for the conduct of aquacultural activities will be identified, and arrangements will be made for that land to be held in freehold or in 99-year transferable leases.**
- 13.III.1.40 Guyana will seek to join the Commission for Inland Fisheries of Latin America and the Caribbean (COPESCAL). Membership in that body will put Guyana in a position to share in and benefit from the experiences of other countries in Latin America and the Caribbean.
- 13.III.1.41 Two National Aquaculture Research Stations will be constructed, one a Freshwater culture Research Centre at Mon Repos, and the other a Brackish water Fish and Shrimp Research Centre, on a site still to be identified, but possibly in the North West.
- 13.III.1.42 Demonstration farms for both freshwater and brackish water culture will be established, both to improve deficiencies in technology transfer and to enhance the capacity of the Department of Fisheries to provide extension services.
- 13.III.1.43 The capacity of the extension services unit of the Department of Fisheries will be increased to include the delivery of fingerlings to interested parties as well as the tendering of advice on various aspects of aquaculture. A special extension subunit will be created to work with Amerindian communities in both freshwater culture (in the hinterland) and brackish water culture (in the North West).

Institutions

- 13.III.1.44 The Department of Fisheries will be reorganised and reconstituted as an autonomous Guyana National Fisheries Commission.
- 13.III.1.45 The Board of Directors for the Commission will be a Fisheries Advisory Board, and will comprise as follows:
- A representative of the Minister of Agriculture
 - The Permanent Secretary of Agriculture
 - A representative of the Minister of Finance
 - A representative of the Coast Guard
 - A representative of the Environmental Protection Agency
 - A representatives of Fishermen's Cooperatives
 - A representative of the industrial processors
 - A representative of the cottage producers
 - A representative of the small exporters

13.III.1.46 The Chief Fisheries Officer will be an *ex officio* member of the Board.

Other Strategies

13.III.1.47 The Government will promote initiatives with the Governments of Venezuela, Suriname, French Guiana, and Brazil to regulate and control fishing in transboundary areas.

13.III.1.48 A certificate programme in fisheries management and quality assurance will be initiated at the University of Guyana.

13.III.1.49 The Department of Fisheries will develop a programme, and oversee its implementation, for the improvement of working conditions for women in fish processing plants and markets.

CHAPTER 14

FORESTRY

14.I BASIC FEATURES OF THE SECTOR

14.I The Forest Lands

- 14.I.1 About 65,000 square miles (168,000 km²), or more than 75%, of Guyana's total land area, are forested.
- 14.I.2 Some 13.58 million hectares of the country's total forest area lie within the gazetted State Forest boundaries, where all commercial timber exploitation occurs. There have, however, been excisions from this block of land for Amerindian communities, the Iwokrama Rain Forest Reserve, and mining leases.
- 14.I.3 Although many of the plant and animal species which abound in Guyana's forests are as yet unidentified, it is known that the forests are a most significant reservoir of biodiversity. In addition, the forests provide important services to the country's inhabitants: they protect the soil from erosion; they regulate and purify the nation's water supplies; and, perhaps of greatest importance, they ensure environmental stability.
- 14.I.4 In addition to the services which the forests offer, and the wood which they yield for housing and industry, they are a source of non-timber forest products, the commercialisation of which could also greatly assist in the country's social and economic growth and development. Indeed, the forest resources of the country, taken as a whole, can play an important role in transforming and developing the relatively uninhabited hinterland of Guyana. This is especially so because the forest industry sector possesses characteristics which are capable of providing much of the economic stimulus which Guyana requires at this stage of its development. For example, the capital requirements of the sector range from very low to very high; its technological requirements range from very simple to very sophisticated; and individual forest industries may be either labour- or capital-intensive. Forest industries can, therefore, be accommodated at any stage in the country's social and economic evolution, and are amenable to successful investment by both local and foreign entrepreneurs, and by both the moderately and well endowed financiers.
- 14.I.5 Furthermore, the amenities which the forests provide, and the richness of their flora and fauna, are important for the enhancement of ecotourism, recreation, and scientific research.

14.I.2 The Forestry Sector Today

Forestry's Contribution To Gross Domestic Product

- 14.I.2.1 Before 1994, when the effects of the lease granted in 1992 to the Barama Company Limited began to be felt, the contribution of the forests to the country's economic development was negligible. Between 1988 and 1993 forestry contributed just over 2 percent to Guyana's Gross Domestic Product, (GDP). In 1994, however, it jumped to 4.4 percent, and 1999 saw the sectors contribution to the GDP at nearly 8%, the highest level ever attained in the country's history.

Log Production

- 14.I.2.2 Since 1987 there has been a significant increase in log production from Guyana's forests. The intensity of this increase rose markedly in 1994, when log production reached 420,000 cubic metres and continued through to 1997, when it had grown to 513,000 cubic metres. It is interesting to note that the production of chainsaw lumber, which had been negligible up to the mid-1990s, rose steeply to 41,823 cubic metres in 1995. This kind of production dropped, however, to 38,250 cubic metres in 1996 and to an even lower amount, 32,375 cubic metres, in 1997. Although it is too early to be definitive, it seems that chainsaw lumber production reached its peak in 1995 and is now significantly declining.

Other Products

- 14.I.2.3 The felling of Manicole Palm (*Euterpe edulis*) has been reasonably stable between 1994, when production was 5,946,633 stems, and 1997 when 6,625,749 stems were produced. However, there has been a downward trend in Mangrove Bark production over the five-year period between 1993 to 1997. In 1993, 73,400 lbs. were produced. Output fell to 23,950 lbs in 1996 and nothing at all was produced in 1997.
- 14.I.2.4 The felling of bulletwood trees, from which balata is produced, was restricted in the 1940s to enable a survey to be made to ascertain the frequency of occurrence of the species.

Export Volume and Value

- 14.I.2.5 Plywood exports assumed increasing importance in 1993, at which time the products of the Barama Company came on stream. In 1993 plywood accounted for only 27 percent of the total volume of timber exports and 39 percent of the total value of these exports. By 1996, however, plywood's contribution to this sub-sector had jumped to 70 percent of its volume and 76 percent of its value. However, because of depressed market conditions in 1997, plywood's share in the exports of wood products dropped sharply to 37 percent of volume and 57 percent of value, and in 1998 it decreased even further. Plywood remains, nevertheless, the biggest single contributor to the country's export of wood products.

Employment

- 14.I.2.6 Employment in the forestry sector increased significantly in the 1990s. Between 1992 and 1996 employment in the sector rose from 11,412 to 15,275. In 1996, 7,450 persons (48.7 percent) were employed in logging, 5,100 (33.4 percent) in sawpits and sawmills, 1,750 (11.5 percent) in plywood manufacturing, 800 (5 percent) in Manicole Palm production and the remainder in other areas such as charcoal and mangrove bark production. Employment in the sector in 1997 was around 16,000 and, by the end of 1998, total employment in forestry had reached 19,000.
- 14.I.2.7 The largest increases in employment were in plywood and manicole palm production. This is understandable, due to the fact that two foreign companies (one in each industry) began production in 1993 in these areas. As a result, the plywood industry's absorption of labour grew from 80 persons in 1992 to nearly 2,000 in 1999, while that of the manicole palm industry rose from zero in 1992 to about 1,000 in 1999.

Industry Structure and Trends

14.I.2.8 The forest industries sub-sector comprises mainly logging and sawmilling operations. These enterprises may be divided into two groups:

- (i) the low capital, labour-intensive activity of small entrepreneurs who sell logs to sawmillers; and
- (ii) the medium-to large-scale, capital-intensive logging operations of integrated firms, with their own sawmills and ancillary equipment, in which modern, heavy-duty logging and road building equipment is used.

14.I.2.9 In 1999 there were 85 active sawmills, 70 of which were old, inefficient and required heavy recapitalisation. Not surprisingly, their product recovery rate is low, being on average about 25 percent of capacity productivity. The quality of lumber produced is often poor, but relatively expensive.

14.I.2.10 Although lumber production from formal sawmills has been falling steadily since the late seventies, much of the absolute drop in the domestic consumption of formal lumber has been offset by the rapid increase in the production of chainsaw lumber.

14.I.2.11 Because there are no seasoning or preservation facilities at most of the mills, there has been a definite trend towards the substitution of lumber by imported steel and cement in new construction. The implications of this trend are significant, since they reduce the productivity of the housing sector and increase the country's expenditure on foreign exchange.

Foreign Investments

14.I.2.12 The launching of the plywood operations of the foreign-owned Barama Company in the early 1990s heralded what, in future years, may be seen as a decisive break with the exploitation patterns of the past. The first, and perhaps most significant, difference is the fact that it is not a "greenheart operation." The species of interest are baromalli (*Catostemma fragrans* and *C. commune*). Although plywood manufacture, utilizing mainly baromalli, is not new to Guyana (a small plywood plant with an installed capacity of 5,000 cubic metres per annum having been in operation since the 1980s) the scale of the Barama Company's operation, the integrated nature of the exercise, the relatively high quality of its product, and the sophistication of its equipment make its activities a most unusual and positive development in the sector. At full production the Barama mill will have an output of nearly 240,000 cubic metres per annum. This will mean an almost phenomenal increase in the consumption of baromalli, and other peeler species that were hardly significantly utilized in the past. The remarkable surges in export revenues from plywood manufacture, due almost entirely to Barama's production, have already been emphasised.

Chainsawn Lumber Production

14.I.2.13 A recent trend has been the extensive use of chainsaws for the sawing of logs into lumber at the stump. Although chainsaw lumber operations lead to less environmental damage than conventional logging, the large number of individuals involved and the scattered nature of their activities make monitoring difficult. Moreover, the ability of the Guyana Forestry Commission effectively to manage the forests in the areas in which such conversion operations are prevalent is severely limited. In addition, there is strong evidence that large scale timber wastage occurs in the process. This wastage is compounded by the often poor quality of lumber produced and by the additional costs which are of necessity incurred during the process of re-manufacturing.

Furniture and Millwork

- 14.I.2.14 There are about ninety joinery establishments in Guyana. These, together with those micro enterprises that produce lumber, millwork, lianes (nibi and kuffa articles), crafts, charcoal and shingles, are fast becoming a most significant source of income and employment. Indeed, in recent years, there has been growing interest in the export of furniture and millwork to the Caribbean, Europe and the USA, and important investments have been made in equipment, technology and training to ensure the accurate and proper finishing of furniture and furniture components. Furniture and millwork exports represent one of the most exciting possibilities for investments in the forestry sector.

Sawmilling

- 14.I.2.15 The domestic market for lumber has historically been very important for the forest industry. So much so that over the past two decades, the domestic consumption of sawnwood has consistently absorbed well over 80 percent of the country's total production. However, the traditional sawmilling industry is losing its share of the market to chainsaw lumber, and wood in general is being replaced to some extent by imported cement. Indeed, both total lumber production and the domestic consumption of lumber from formal sawmills have shown a steady decline since the mid-1970s.

Conclusions about the Forestry Sector Today

- 14.I.2.16 It cannot be too strongly emphasized that the very much increased contribution which the forestry sector is making to the country's Gross Domestic Product is due almost entirely to the introduction of foreign investment, especially by the Barama Plywood Company. It is perhaps true to say, therefore, that much of the newly found buoyancy of the sector depends upon that Company. This cannot be considered a felicitous circumstance. It is therefore essential that investments in the sector be not only increased, but that the sources of such investment be diversified. Moreover, the dependence on only a few export markets ought to be more closely examined.

14.II ISSUES AND CONSTRAINTS

14.II.1 Outmoded Harvesting Practices

- 14.II.1.1 Outmoded harvesting practices, which recover an insufficient number of timber species and which require frequent entries to each forest site, adversely affect both the economic and environmental sustainability of the forestry sector. Not only are logging costs inordinately high, but frequently the ecological conditions that are necessary for regenerating the required forest species are not created. Moreover, the often rapid incursions into particular forest areas increase the intensity of damage to the forests. The basic requirement is for harvesting to be based on forest management plans which at one and the same time include not only the optimisation of extraction but also the conservation of the forest ecosystem.

14.II.2 Low Levels of Efficiency

- 14.II.2.1 Low levels of efficiency in the utilisation of equipment, facilities, personnel and timber are common. Because the royalties that have been charged on felled trees have remained relatively low over the years, many firms have been financially successful, even when operating with very low levels of technical and economic competence. In addition, the scale of Government's interventions in marketing has discouraged market development by the private sector. Furthermore, the relative unavailability of foreign exchange for more than two decades has prevented private investors from upgrading equipment and expanding facilities.

14.II.2.2 The tolerance of Guyanese for low-quality goods has also contributed to the sector's inefficiency. Historically, the average sawmiller was able to sell almost anything which was produced, because of this somewhat uncritical acceptance of shoddy material, and because there are neither formal building codes nor official standards for the timber which is sold locally in Guyana. There was therefore no economic incentive for the production of high-quality goods. Today, however, the traditional producer is beset by several problems: logging costs have increased because timber is not as easily accessible as in the past; much of the equipment used is obsolescent; and most of the personnel are untrained. As a result, production costs have increased. On top of all this, the traditional producer is now obliged to compete with chainsaw lumber producers who, even though they recover a smaller volume of the wood from the trees than conventional timber producers, are more competitive because of their lower overheads. It is not surprising, therefore, that the profitability of traditional timber products has eroded over the years. Although there has been a recent upswing in the production of lumber from sawmills, it is perhaps true to say that it would be difficult to sustain this apparent recovery if steps are not taken to modernise the industry, and enhance the quality of operations through training and the development of value-added capability.

14.II.3 Lack of Skills

14.II.3.1 It is generally agreed that although in recent years there has been some improvement, there is still a critical shortage of skilled human resources in the Guyana Forestry Commission. It is also quite evident that the need for skilled personnel is equally critical in the private timber industry itself.

14.II.3.2 The types of training required both by the GFC and private producers are many and varied. Training needs of the GFC relate not only to its major functions as guardian and manager of the forest estate, but also to its role in the conservation of ecosystems and the regeneration of the forest estate. The training requirements of the forest products industry lie in the areas of business management, forest inventoring, forest harvesting, manufacturing and marketing.

14.II.4 Unavailability of Capital

14.II.4.1 Capital, in the amounts required for investments in forest harvesting, manufacturing and marketing, and under the longer terms and conditions that are essential for forest industries, is not available locally. The undeveloped nature of local equity markets coupled with short, non-exclusive and non-tradeable leases, makes it difficult for local firms to use their cutting rights to attract joint venture capital. Loans for working capital and export financing are difficult to obtain from local banks.

14.II.5 Non-timber Products and Services

14.II.5.1 It is important to stress the multiple functions of our forests. They yield not only timber, but also recreational values and non-timber products. Indeed, it should be noted that Amerindians have traditionally used the forests to produce a variety of goods such as plants for medicines, fibres and fruits. This knowledge should provide them with important opportunities for development in ways that are socially and culturally attractive to them. It is surprising that traditional forest producers have not yet taken advantage of the multiplicity of uses of the forests which have been leased to them and have not attempted to combine timber production with, say, the utilisation and sale of lianes for furniture manufacture and the reservation of part of the larger forest leases for eco-tourism.

14.II.6 Land Use Planning

14.II.6.1 Although there has recently been an attempt by the government to prepare a land-use plan for the country, its implementation leaves much to be desired. As a consequence, much land is misused, and conflicts arise in the reconciliation of competing uses. This is especially true for the hinterland of the country where it is expected that many large-scale operations will take place in the future. It is

therefore necessary to put in place rules and structures to allocate land for different uses, and to speed up the process of defining permanent production forestry areas, protected areas, Amerindian lands, and mining areas.

14.II.7 Government Investment Policies and Procedures

14.II.7.1 In the past, when there was no requirement for forest management plans, and when there was no insistence on the sustainable management of Guyana's forests, the absence of a comprehensive forest investment policy, though reprehensible, was perhaps excusable. However, the policies and strategies which will be highlighted in this document now demand a concomitant statement of the Government's policies in regard to private investment in the sector. These will be presented later in this chapter and will take into account the fees and royalties which should be paid for the wood raw material and its utilisation; the nature and degree of incentives which should be provided to forest producers; and the provision of a window in the development bank, which is a major element of this National Development Strategy, for local forestry development. The investment policy will, of necessity, embrace the tenurial aspects of forest concessions in so far as they pertain to the provision of finance from commercial banks. Under prevailing conditions, no expenditure on roads and other facilities is being made beyond those that are essential for survival, because there is no security of tenure, and loans for forestry development are not easily obtained from commercial banks.

14.II.8 Regulatory Framework and Monitoring Capacity

14.II.8.1 Chainsaw "milling" has helped in no small measure to stabilize the price of lumber on the domestic market, because its product undersells the lumber produced by established sawmills. In the short run, therefore, it has been beneficial to some consumers. However, unless regulated and adequately monitored, the fast growing number of informal chainsaw milling operations could become a major threat to the development and success of sustainable forest management. Recent efforts to consolidate areas held under smaller and shorter permits into units of more viable size which would be easier to monitor, will have to be continued. In addition, steps would have to be taken to rationalise chain saw lumbering by, for example, confining its activities to specific, more monitorable, areas.

14.II.9 Inability of the Guyana Forestry Commission to Fulfil its Mandate

14.II.9.1 There is need to define precisely the Guyana Forestry Commission's position in the overall governmental or quasi-governmental structure; to delineate the degree of autonomy under which it would operate; and to identify the sources of funding for its activities. The lack of clarity in these areas has resulted in undue interference in the Commission's day-to-day functions and an uncertainty about its over-arching role.

14.II.9.2 Most important, the role of the professional, technical and administrative staff of the GFC must be clearly distinguished from that of its Board.

14.II.9.3 Because the Guyana Forestry Commission is under-manned and ill-equipped it is crucial also that the quantity of staff, at both the professional and technical levels, be increased, and that its quality, in all disciplines, be enhanced. This remains critical even though, in recent years, more personnel have been recruited, the Commission has been restructured, and more citizens are being trained in forestry. This shortage of adequate human resources, in both quantitative and qualitative terms, also prevents the GFC from acting expeditiously on matters of obvious emergency.

14.II.10 Hinterland Development

14.II.10.1 Guyana's history, small population, and the bountiful harvests of sugar and rice that are produced by the fertile soils of the coastal plain, combined with other factors such as difficult access to the country's

interior where the forests are located, have resulted in the fact that the hinterland is virtually unknown to most Guyanese, and there is severe overcrowding of the population on the narrow coastland. The difficulties of communicating with the interior, and the virtual absence there of adequate health, educational and other social services, are major obstacles to the sustainable development of the country's hinterland. Indeed, many otherwise viable forestry development projects become prohibitively costly for private firms because, in addition to their normal production costs, they are forced to expend additional financial resources to provide access, transportation and other communication facilities, energy, and such basic social services as education, health and security, to serve not only company settlements but their surrounding areas.

- 14.II.10.2 It is evident therefore that the development of the forestry sector should not take place in a vacuum. It should be part of a comprehensive plan for the development of the hinterland. If this is done, not only would questions such as the extent of Amerindian lands, the nature and location of protected areas, the provision of transport and social services infrastructure to interior communities, be squarely faced and answered, but the costs of forestry production would inevitably be reduced.

14.II.11 Research

- 14.II.11.1 The basic requirements for the practice of sustainable management are information on the area of forests and their location, the range of forest types, the composition of the forest by species, the rates of growth of different species under various logging intensities, the synecology of forest ecosystems, and the autecology of species. It is only with this kind of knowledge that limits to the size and species of tree which could be felled might be prescribed, and decisions made with regard to specific areas to be logged, with any hope of sustaining and optimising production, while conserving the forests. Guyana does not possess much of this essential knowledge. A considerable amount of research therefore needs to be undertaken if the goal of sustainable management is to be attained.

14.II.12 Forest Products Association

- 14.II.12.1 The Guyana Forests Products Association does not play as important a role as it might in the development of the country's forestry sector. The industry itself suffers from a virtual absence of professionally trained and experienced foresters. Not surprisingly, this is reflected in the staff of the Forest Products Association. As a result, the Association is unable to perform the pivotal tasks it should, not only in the furtherance of its own interest but perhaps more important, in increasing the contribution of the forests it exploits to the growth of the economy. Moreover, it has little or no expertise in the conservation of the forest environment through, for example, directional felling and the construction of road networks that are environmentally friendly. The country's forest estate is therefore at risk, and a greater onus and responsibility devolve upon the already burdened Guyana Forestry Commission.

14.II.13 Certification of Exports

- 14.II.13.1 One constraint to the optimisation of social and economic returns from Guyana's forests is the growing practice by some timber importing countries, under pressure from environmental lobbyists to cease importing tropical timbers, arbitrarily and capriciously, if they are not satisfied that the forests from which the timber is being exploited are being sustainably managed. It is therefore essential that Guyana transparently manages its forests in a sustainable manner, that it ensures that such management practices are understood and appreciated in importing countries, and that it formulates credible and acceptable methods of issuing its own certificates.

14.III **SECTORAL OBJECTIVES**

14.III.1 The *overall* objectives for the sector are to:

- a. increase the economic, benefits which Guyana derives from its forests and associated natural resources, and
- b. distribute equitably the benefits of forest-based development to Guyana's rural and interior areas.

14.III.2 The *specific* objectives are to:

- a. promote sustainable and efficient forest activities, which utilise a broad range of forest resources and contribute to national development, while allowing fair returns to local and foreign entrepreneurs and investors;
- b. achieve improved sustainable forest resource yields while ensuring the conservation of ecosystems, biodiversity, and the environment; and
- c. ensure watershed protection and rehabilitation.

14.IV **THE STRATEGY**

14.IV.1 **Land Use**

14.IV.1.1 The nation's forest policy will be an integral part of a comprehensive series of land use plans. These plans will recognise the conflicting but legitimate interests of different stakeholders and promote a process of developing a consensus on land use. Accordingly, regional authorities and local communities will be involved in their formulation and approval. They would provide:

- (i) guidelines for environmental protection and sustainable resource utilisation;
- (ii) a legal framework for resource management;
- (iii) national programmes for resource management; and
- (iv) an institutional framework for implementing land use guidelines.

14.IV.1.2 Amerindian Councils and private owners with more than 100 hectares of forest land will be encouraged to develop and implement sustainable management plans for forests on their lands. The Guyana Forestry Commission will assist in the preparation of these plans.

14.IV.1.3 Pending the finalisation of a national land use plan, a land use committee, which would serve as a forum for resolving land use conflicts at the institutional level, will be established.

14.IV.2 **Forest Management**

14.IV.2.1 The ownership of all forest resources, except those on private property and on Amerindian lands, will be vested in the state.

- 14.IV.2.2 All forests, including those now on State Lands, but with the exception of forests privately held, will be designated State Forests.
- 14.IV.2.3 **All resources of the forests will be managed in a sustainable manner for the optimisation of their social, economic and environmental benefits. The systems of forest management which would be adopted, will be designed to conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and, by so doing, maintain the ecological functions and integrity of the forests.**
- 14.IV.2.4 The first step in the process of ensuring the sustainable management of the nation's forest patrimony would be an assessment of its forest resources. Accordingly, inventories will be undertaken by the Guyana Forestry Commission.
- 14.IV.2.5 Concessionaires will be required to undertake more detailed inventories for the purpose of formulating and implementing forest management plans. These will be checked and approved by the Guyana Forestry Commission.
- 14.IV.2.6 Topographic and other relevant surveys will also be conducted, as a matter of priority, by the relevant authorities in order to identify vulnerable ecosystems.
- 14.IV.2.7 The ecological and economic impact of utilising timber and non-timber forest products will be assessed by the Guyana Forestry Commission in conjunction with the Environmental Protection Agency, and their extraction regulated as appropriate.
- 14.IV.2.8 Management or operational plans will be required for the harvesting of all non-timber resources of the forests before a licence or permit is issued.
- 14.IV.2.9 The Guyana Forestry Commission, in association with stakeholders, will develop a Code of Practice, which will contain the monitoring criteria and indicators to be utilised for forest management. The Code will be made available to the public.
- 14.IV.2.10 A legislative framework will be developed for conflict avoidance and resolution, in relation to the multiple uses of State Forests Resources, without compromising the conservation of ecosystems and species. Moreover, quick response criteria will be established in order to ensure that negotiations are not unduly protracted.
- 14.IV.2.11 In the absence of conclusive research data, the regenerative capacities of identified forest types and species will be conservatively estimated, taking into account all relevant environmental factors.
- 14.IV.2.12 Commercial exploitation of the State Forests will be undertaken only under concession agreements. Concession licences and permits will be allocated through a process of advertisement and bidding or tendering.
- 14.IV.2.13 Concessions will also be granted for forest uses other than timber extraction.
- 14.IV.2.14 The Guyana Forestry Commission, through its approval and monitoring of management and operational plans and the development and monitoring of the Code of Practice, will be responsible for the regulation of operations in concessions. It will develop a fair and transparent framework for the allocation, revocation, renewal and renegotiation of forest concessions; and it will identify blocks of forests eligible for concessions. These blocks will be of different sizes, in order to provide for investors of different scales.

- 14.IV.2.15 The Guyana Forestry Commission will also develop a standard agreement so that all concessionaires would operate under the same conditions in regard to fiscal provisions and general forest management requirements.
- 14.IV.2.16 A form of forest tenure will be developed which would enable forest concessions to be used as collateral for forestry development loans.
- 14.IV.2.17 **Concessions will be audited biennially by the Guyana Forestry Commission in order to ascertain whether the concessionaire is meeting the standards and conditionalities defined in the sustainable management plans, following established guidelines and maintaining production. The duration of the concession will be rolled over for two years, if the required criteria are met. If they have not been met for two consecutive audits, the concession will be abrogated. However, to guard against arbitrary decisions by the GFC, the concessionaire will have the right to appeal to the judiciary.**
- 14.IV.2.18 **The Guyana Forestry Commission in conjunction with other stakeholders will develop national standards for Certification. These standards would be the criteria against which timber exported from Guyana would be certified as being extracted from sustainably managed forests.**

14.IV.3 Infrastructural Development

- 14.IV.3.1 Forest harvesting and related infrastructural development in the permanent production forests will be co-ordinated and regulated in accordance with the prescribed forest management plans, to maintain levels of log production that are consistent with the need to safeguard environmental quality and ecological balance. Furthermore, the establishment of primary access roads by concessionaires will be co-ordinated and regulated in accordance with the National Development Strategy, to improve the road infrastructure of Guyana's hinterland.
- 14.IV.3.2 **Forest concessionaires will be compensated, either by being permitted to charge user fees, e.g. tolls, or by a reduction in forest fees, or by any other arrangement entered into with the Guyana Forestry Commission at the time of signing concession agreements, whenever the extraction routes which they construct form part of a centrally approved national road network plan, and on condition that the extraction routes are constructed to specific requirements and are maintained to those specifications.**
- 14.IV.3.3 The use of secondary roads by other parties will be regulated by private agreements between the concessionaire and those parties. All roads constructed by the concessionaire will become open to public use once a concession expires or has been taken away by the Government for one reason or another.

14.IV.4 Chainsaw Lumbering

- 14.IV.4.1 A licensing system for chainsaw operators will be urgently instituted. This would require that those transforming the wood resource to lumber be registered and licensed before operating chainsaws in authorised areas of State Forests. Chainsaw lumbering will be confined to areas that are designated for this purpose by the Guyana Forestry Commission.
- 14.IV.4.2 Chainsaw operators will be trained in skills that would assist them to achieve operational efficiency and reduce ecological damage during felling, harvesting and lumbering.

14.IV.5 Fiscal Measures

- 14.IV.5.1 Because the forests of Guyana vary in forest types and regenerative capacity, it would be difficult equitably to prescribe fees for the utilisation of the country's forest resources that are based on the spatial area of concessions. Fees will therefore be charged on the volume of timber felled. The rates charged will be common to all species, no distinction being made among species.
- 14.IV.5.2 Based on approved forest inventories and forest management plans, concessionaires will be required to extract a minimum volume of timber from their concessions each calendar year. The fees to be charged on this minimum volume will be paid in four *tranches*. The first installment will be paid at the beginning of each year and would cover the volume planned to be felled in the first quarter. At the end of that quarter, there will be a reconciliation between the amount which had been advanced and the volume actually felled. Further felling will not be allowed unless all outstanding royalties and fees for the assessed quarter had been paid, and unless the second *tranche* or installment were paid in advance of the operations of the following quarter. The same procedure will be followed for succeeding quarters. If, at the end of any quarter, the lessee has made payments in excess of fellings, the surplus payments will be credited to the upcoming quarter.
- 14.IV.5.3 All fees will be payable in the official currency of Guyana. The fees charged for the felling of trees will be half of the combined value of the area charges (concession rents) and stumpage fees now levied by the Guyana Forestry Commission. These will be revised upward in five-year periods, so that after the first two revisions, i.e. by 2010, the fees would be equivalent to those prevailing in 1998. Further revisions will be the result of negotiations between the Guyana Forestry Commission and the Guyana Forest Producers Association.
- 14.IV.5.4 All the fiscal measures adumbrated in this National Development Strategy, will be applicable to the forestry sector. No distinction will be made between local and foreign investors.
- 14.IV.5.5 A proportion of the fees collected will be retained by the Guyana Forestry Commission, the remaining revenues will be placed in the Consolidated Fund for the use of the people of Guyana. The share of fees allotted to either party will be decided by negotiations between them.
- 14.IV.5.6 One percent of the fees allocated to the GFC will be placed in a fund for the improvement of the operations of the Guyana Forests Products Association, in order to ensure that some of the constraints which now impede the progress of forestry in Guyana are removed.
- 14.IV.6 Forest Industries**
- 14.IV.6.1 **Priority areas for attracting foreign investment will be the more capital-intensive, higher technology projects, and those that are linked to an overseas marketing network.**
- 14.IV.6.2 **Fiscal incentives will be provided to encourage the utilization of logs in downstream activity, i.e., to add value to the product.**
- 14.IV.6.3 The commercial production and processing of non-timber forest resources, such as fibers, latex, oils and fruits will be promoted as an essential element of sustainable forest utilisation.
- 14.IV.6.4 Through the employment of fiscal measures, financially viable local markets will be developed for Guyana's timber and timber products, with emphasis being placed on the utilisation of lesser-used species.
- 14.IV.6.5 New technologies for the economic utilisation of timber to broaden and diversify the range of species available, to minimise waste, and to maximise the returns from the conversion of felled trees will be developed jointly by the Guyana Forestry Commission and the Guyana Forest Producers Association, so long as the sustainability of the forests is not impaired. Individual initiative will also be encouraged.

- 14.IV.6.6 A Policy and Planning Unit will be established within the Guyana Forestry Commission. The unit will, *inter alia*, collect and disseminate information to both established and potential investors on forestry-related matters, and collaborate with the Guyana Natural Resources Agency.
- 14.IV.6.7 All commercial processing activities, including those of non-timber resources, will be licensed by appropriate institutions. All processing operations will be classified by their installed capacity.
- 14.IV.6.8 Existing timber grading rules will be revised and expanded to incorporate other forest products and a wider range of end-uses.
- 14.IV.6.9 Standard sizes of timber, lumber and other forest products will be developed for various applications by the Guyana Forestry Commission, in consultation with the Forest Products Association, Guyana Manufacturers Association, Bureau of Standards, engineers, architects and the building trade.
- 14.IV.6.10 The marketing of lesser-used species will be optimised through research and development to identify appropriate processing technologies at various stages of the supply chain: log conversion, storage, machine and tool setting, and post conversion treatment such as preservation and drying.
- 14.IV.6.11 The Forests Products Association and the Guyana Forestry Commission will be encouraged to establish a Market Research Unit to develop the export trade in wood and other forest products.
- 14.IV.6.12 The legal authority now vested in the Guyana Forestry Commission for the overseas marketing and export control of Guyana's timber will be removed.

14.IV.7 Research, Education and Information

- 14.IV.7.1 A Forest Research Committee will be established to formulate and monitor a national forestry research programme; determine priorities for research and development; advise on the most suitable ways for conducting forestry research; ensure close collaboration with organisations responsible for research in other aspects of land use; and seek and co-ordinate the use of funds for research. Moreover, a National Centre for Research in Forestry will be established. In addition to conventional activities, research into the development of non-timber forest products will be undertaken, with emphasis on the sustainability of the resource.
- 14.IV.7.2 In order to ensure that adequate financial resources will be available for forestry research and development in Guyana, a fund will be established by the Guyana Forestry Commission.
- 14.IV.7.3 Training and education in forestry and forestry related disciplines will be provided at all levels and for all types of forestry activities. Wherever relevant, on-the-job training will be given in private mills and in the forests of concessionaires.
- 14.IV.7.4 The principles of equal opportunity and affirmative action will be applied particularly in respect of
- 14.IV.7.5 The Board of the Guyana Forestry Commission will establish an Education and Training Sub-committee as the principal agent for the co-ordination of training and education.
- 14.IV.7.6 Collaborative efforts in forestry education and training will be established between the Forestry Commission and the University of Guyana.
- 14.IV.7.7 The Forestry Certificate Course at the Guyana School of Agriculture will be developed, strengthened and supported, so that it could meet the needs of the Guyana Forestry Commission, the forest industry sub-sector, and other organisations.

- 14.IV.7.8 Relationships will be established with all international and overseas-based programmes which operate in Guyana to allow those programmes and their staff to be utilised in the post-graduate training of students of the University of Guyana.
- 14.IV.7.9 A dedicated Forestry Education and Training Fund will be established by the Guyana Forestry Commission.
- 14.IV.7.10 National standards will be developed for training, and provision will be made for the monitoring and enforcement of standards. Action will be taken at the instance of the Education and Training Sub-Committee and will involve the Board of Industrial Training or a similar National Agency.
- 14.IV.7.11 A Forestry Vocational School will be established in the Interior.

14.IV.8 Forest Administration

- 14.IV.8.1 The functions of the Guyana Forestry Commission, as set out in Section 4 (1) of the Guyana Forestry Commission Act, will be reviewed in the light of new legislation for other agencies, and will take into account current administrative practices. This review will result in the formulation of a new integrated National Forest Act.
- 14.IV.8.2 The new integrated National Forests Act will re-establish a Guyana Forestry Commission which will include:
- a Chairman of the Commission;
 - the Commissioner of Forests as an *ex-officio* member;
- 14.IV.8.3 Representatives of other relevant government agencies as *ex-officio* members; and representatives of the Forest Products Association and Non-Governmental organisations operating in the natural resources sector.
- 14.IV.8.4 The professional head of the Staff of the Guyana Forestry Commission will be designated Commissioner of Forests. The Commissioner of Forests will be the Chief Executive Officer of the Forestry Commission.
- 14.IV.8.5 To supplement its own human resources, the Guyana Forestry Commission will from time to time and through contractual and other arrangements, enlist the expertise of private persons and agencies and non-governmental organisations, for the performance of its operational functions, e.g., the inventoring of forests and the preparation of management plans.
- 14.IV.8.6 The responsibility for forestry matters will be transferred to a newly created Ministry of Natural Resources. This new Ministry will also absorb the functions now undertaken by the Guyana Natural Resources Agency which will be abolished.

CHAPTER 15

WATER

15.I BASIC FEATURES OF THE SECTOR

15.I.1 General

- 15.I.1.1 Approximately 90 percent of Guyana's population lives on a narrow coastal strip that accounts for only 5 percent of the country's total land area. This coastal strip, which stretches between the country's borders with Venezuela and Suriname, has rich alluvial soils suitable for the cultivation of rice, sugar cane, and other agricultural crops. Unfortunately, it lies between 1.5 to 3.5 feet below the mean high-water mark. The area therefore must be protected by defences to prevent inundation from the sea, and soil deterioration due to saline intrusion. Drainage, which is as important as sea defence, because the disposal of high surplus surface runoff by gravity is also complicated by the low level of the coastal plain, is effected through sea and river sluices which are opened during the low stage of the tide. Without these sea defences and a proper drainage system, all coastal property would be in jeopardy.
- 15.I.1.2 Compounding the difficulties of topography, are the problems that are inherent in the rainfall regime of the country. The average annual rainfall of Guyana is about 100 inches, with maxima and minima being 140 and 60 inches respectively. There are two distinct periods of high rainfall: May to June/July and November to December. In between these two wet seasons, there can be periods of severe drought.
- 15.I.1.3 The coastal plain of Guyana is also endowed with ground water. However, increasing demands for water for various uses severely challenge the availability of this resource. Perhaps not surprisingly, the competition of various uses – irrigated agriculture, the domestic sector, industry and commerce – is particularly felt in the dry seasons, during which severe water shortages are experienced throughout the country. The situation is aggravated by inappropriate water resource management, and inadequate institutional arrangements. Uncontrolled water withdrawal, inadequate water tariffs, an absence of economic incentives for water conservation, all contribute to the wasteful use of the water resource in both domestic and irrigation activities. Moreover, the environmental aspects of water development and urban sanitation are sometimes neglected and result in water contamination.
- 15.I.1.4 This coastal zone is protected from the intrusion of saline water by mangroves, dikes, sluices, and sea walls that have been built over the past two centuries. With the extensive drainage, irrigation and flood control network, the sea defences serve to make the coast habitable and cultivable. Without this hydraulic system, cultivation and settlement would have to be located much farther inland.
- 15.I.1.5 The area has a dense network of irrigation and drainage canals and other structures to provide water to the crops and keep it free from excess water for agriculture and other economic activities. The water for irrigation during moisture deficit periods is provided by conservancies which also serve to retain surplus rainwater, thus providing security against the flooding of the coastal plain. The conservancies and the drainage and irrigation infrastructure are, therefore, crucial to Guyana's economy.
- 15.I.1.6 Until the mid 1970s, sea defences and drainage and irrigation accounted for most of Guyana's capital expenditure. However, as has been frequently disclosed in this document, the country's economy went into decline during the 1980s. The maintenance and repair of sea defences and drainage and irrigation works were therefore seriously neglected. Indeed, over the years approximately forty

kilometres of sea defences have either collapsed or have been brought to the point of failure; and the drainage and irrigation system has been reduced to a state of total disarray.

15.I.2 Sea Defences.

15.I.2.1 Over the years, it has become understood that the design of sea defences must take into account the following five factors. First, the land level of the coast lies below that of mean high-water spring tides by about one metre; hence, any development along the coast must be protected against flooding during high tides; clay embankments are recommended, because they are inexpensive and watertight. Second, incoming waves, which are much higher during high tides, will break against any obstruction they encounter. Sea defence structures must therefore be resistant to wave action. Because earthen embankments will erode under such wave action, either the seaward face of the embankments must be adequately protected, or other forms of sea defences, e.g., concrete or sheet piling walls, should be used. Third, the foreshore of Guyana experiences the passage of large mud-banks that originate from deposits of the Amazon River. Wherever mud-banks are present, the foreshore will be high and sand and shell beaches may form. At locations between mud-banks, the foreshore will experience erosion and its levels will be much lower. The seaward toe of any sea defence at these locations should therefore be placed below the erosion or scour level, or else undermining, which will result in failure, will occur. Fourth, the fine nature of the predominant foreshore material does not encourage its deposition against barriers, so groynes are not very effective as protection structures. These structures are only useful where the transported material is sandy, and deposits easily. As such, groynes should be constructed only along the estuaries where sand is present. And fifth, the weak nature of the foreshore soils must be considered in sea defence designs. Embankments should therefore have gentle slopes or else the earth will slide and heavy structures will experience excessive settlement over time. Finally, it cannot be over-emphasized that the efficient operation of the sea defence system is dependent upon adequate maintenance.

15.I.3 Drainage and Irrigation

15.I.3.1 In Guyana, the drainage and irrigation (D&I) system was developed by sugar estate owners along the coastlands to draw water from the marshy lands behind their estates. The irrigation system basically consists of primary and secondary canals. The primary canals draw water from the conservancies, or any perennial source such as a river, through a control structure/pump system at the head, and distributes it to the secondary system through a control mechanism for onward transfer to the fields. The drainage system also consists of secondary and primary drains, the latter of which generally discharge water to the rivers or the ocean through sluices. The system which is operated today is still much the same as it was when it was originally constructed. Many primary drains do not drain directly into the sea but into a facade drainage canal running parallel to the coastline, which in turn drains into the sea through a sluice. Drainage and irrigation for the whole area therefore is dependent on the effective management of the network.

15.I.3.2 The efficient operation of this system is also dependent on regular maintenance. Canals require weeding and clearing between two to three times a year. If this does not take place, the vegetation reduces the flow of water and causes the canals to silt up quickly. This of course further retards the flow. As a consequence, both agricultural productivity and production are considerably reduced.

15.I.4 The Hydrometeorological Service

- 15.I.4.1 The Hydrometeorological Service operates the National Meteorological Station Network (NMSN) and the National Hydrological Station Network (NHSN) and evaluates the climate and water resources. By collecting, processing, archiving, retrieving and analysing the data from both Networks, it is able to provide information to those agencies that are planning and designing agricultural and water development projects, and maintaining the sea defences. It also analyses the lower and upper atmospheric weather data of the western hemisphere, and disseminates the information to the aviation and other sectors.
- 15.I.4.2 Besides its regular duties the Hydrometeorological Service collects and analyses information on long-term climate trends, water flows and tides, thus serving as an early warning system for climate change.

15.II ISSUES AND CONSTRAINTS

15.II.1 Issues

Sea Defences

- 15.II.1.1 The interval between the identification of critical sea defence areas which need maintenance or repairs, and the commencement of physical works is too long. The movement of mega mudbanks along the shoreline may result in dramatic changes that require a quick response. However, the current rules of the bureaucracy require that any contract of a value greater than G\$6 million must go through the Central Tender Board. This is often time consuming and frequently leads to delays in project execution. A more flexible and practical system should therefore be devised to help in the more timely execution and implementation of such project activities.
- 15.II.1.2 Procurement of quarry products is a major item in sea defence works. Unfortunately despite the recent increase in competition through the resuscitation of a third quarry, the cost of quarry material remains high. It is hoped that the road and canal infrastructural work which has been prescribed in this National Development Strategy will assist in reducing the transportation costs of these materials.
- 15.II.1.3 The Sea and River Defence Board has the legal responsibility for all declared sea and river defences. The Hydraulic Division is the Board's executing agency and is part of the Ministry of Public Works and Communications. As such, it shares the institutional problems common to all ministries. To overcome these limitations, the Project Execution Unit was formed in 1994 to manage donor agencies-funded programmes and to train counterpart staff. It has no formal legal mandate but was given some autonomy in accounting and procurement. It should be evident that the effective management of this organisation is vital if the limited skills that are available in this area in the country are to be effectively utilised. It is not at all certain that this qualify is to be found in this unit. A longer-run concern is that the Project Execution Unit was envisaged as a temporary unit. Therefore, after the donor-supported rehabilitation of sea defences is completed, there will be need for an effective, permanent agency to manage maintenance tasks and ensure that maintenance works are not again neglected.
- 15.II.1.4 **New policies are needed to ensure adequate funding for maintenance of the sea walls on a continuing basis. The lack of such funding in the past has led to severe deterioration of the structures, and hence the current necessity to resort to external sources of funding for major rehabilitation.**
- 15.II.1.5 **Because of the stringent preconditions of the donor agencies, local and regional contractors find it difficult to pre-qualify for some sea defence projects. The contractual**

arrangements should be re-examined to enable local contractors to be eligible for at least the smaller projects. In addition, measures should be taken to encourage them to acquire relevant skills.

- 15.II.1.6 The finances provided under the current donor agencies programme fall in the range of US\$6 million and US\$14 million. This has led to restrictions in the selection of suitable contractors for the EC and IDA tenders, effectively excluding local contractors. Including them is likely to result in substantial reductions in the cost per kilometre of rehabilitating sea walls.
- 15.II.1.7 The Project Execution Unit is currently self-accounting. Auditing is undertaken by the Auditor General's Office. Expenditure is recorded under two headings: "local expenditure" and "specific expenditure." The accounting of Hydraulics Department is managed through the Ministry of Public Works and Communication using the traditional public service accounting procedure. One system should be applied.
- 15.II.1.8 There are two principal reasons why the sea defences are in such deteriorated state today: lack of performance of regular maintenance duties over the years, and failure to protect the mangrove areas that once were very prevalent along the coast. The remaining mangrove zones must be urgently protected, and a gradual programme of reforestation of other areas should be undertaken. Experience throughout the world has underscored the necessity of working closely with artisanal fishermen and local communities in designing and implementing such programmes.
- 15.II.1.9 Sea defence data need to be upgraded and a monitoring programme established. Among the immediate requirements are hydrographic surveys and wave measurements. Aerial photography to help in the determination of land use patterns, the extent of mangroves, and the locations of sea defences should be undertaken and then repeated regularly to monitor changes. A programme for monitoring erosion and accretion should be put in place.
- 15.II.1.10 Guyana can ill afford to continue sea defence construction at current costs. Methods to reduce the financial requirements should be investigated.
- Drainage and Irrigation.
- 15.II.1.11 There are too many agencies with a role to play in the management and operation of Guyana's drainage and irrigation systems. In addition, the institutional framework is characterised by a lack of clear policy objectives, inadequate supervision and coordination, multiple overlapping jurisdictions, significant variations among Regions in organisation and effectiveness, and imprecise roles of the various agencies. The institutions also differ in professional capability, in their knowledge and utilisation of modern technology, and in their managerial infrastructure.
- 15.II.1.12 The level of technical education in water sciences in the regional engineering departments is poor, as is the level of education in the accounts section. Indeed there is no separate academic programme for hydrology or water resources. There is also no short or long term training programme for middle level water sector professionals, sub-professionals, or other support functionaries.
- 15.II.1.13 The newly established National Drainage and Irrigation Board needs reinforcement in many departments. In addition, it ought to be linked to international centres of excellence in water sector management, in order to exchange experts, knowledge and information.
- 15.II.1.14 The present system allows for little or no direct involvement of farmers, although they are supposed to be the beneficiaries of the D&I system. They have almost no representation or voice in planning, and very little participation in maintenance. Thus, the group that has the greatest incentive to be involved in developing an efficient system is excluded from it.

- 15.II.1.15 Little consideration has been given to the role of D&I in the context of the country's entire hydraulic system, and its impact on the water balance of the country. The interaction is only at the top level and that also is not very effective.
- 15.II.1.16 The key to the deterioration of the infrastructure is the failure to secure financing for operation and maintenance. The financing of operation and maintenance depends on the collection of drainage and irrigation rates, with the added complication of conservancy and land development scheme rates. The rates are low and collection is poor. Indeed, rate collection is currently only about 30%. Farmers are unwilling to pay for the poor quality of services currently being provided by public agencies, while the main reason for the poor services is the severe financial constraints experienced by these public agencies.
- Hydrometeorological Service.
- 15.II.1.17 The National Meteorological and Hydrological Station Network has been affected over the past two decades by a lack of spare parts and the rapid loss of skilled staff. This has resulted in the closure of several important stations in the approved World Meteorological Organisation Network Design, and the consequential loss of data. Also, most stations are in remote hinterland areas which can be accessed only by aircraft and other expensive means of transportation.
- 15.II.1.18 The unit handling the hydrometeorological services needs strengthening both in terms of institutional infrastructure and personnel capacity building.
- 15.II.1.19 Approval has been given by Government to institute a system of charges for data supplied by the Hydrometeorological Service. It is a service-oriented organisation and forecasts have been generally issued free of cost to the media and all the interested agencies/individuals. However, charges are usually applied to specialised data requests, thus helping to offset partially the expenditures for these special investigations and field analyses. Overall, cost recovery has been very low and ways need to be sought to increase it.
- 15.II.1.20 With no specific mechanism in place for the recovery of the costs incurred in the maintenance of the sea defences, Guyana relies almost entirely on donor agencies to rehabilitate the critical areas. However, only the most urgent needs are being met. As a consequence there are many areas which are unrepaired and unmaintained. It is, therefore, no exaggeration to state that the coastal plain is always in imminent danger of inundation.
- 15.II.1.21 Because of the insufficiency of funds and the low salaries that are paid, a significant number of trained and capable staff has left the Hydraulics Division over the years.
- 15.II.1.22 The widespread lack of public awareness of the value of mangroves for sustaining marine fisheries and preventing the flooding and erosion of sea defences, has represented a major constraint in this sector. Equally, protection of coast-lands against the sea has been hindered by the lack of a forward-looking programme based on developing a consensus with coastal communities on how best to manage mangroves.
- 15.II.1.23 The sector suffers from a major shortage of trained and qualified personnel. The fundamental reason for this is the lack of training and educational facilities in water sciences.
- Inadequate mapping
- 15.II.1.24 The NDIB which is now the custodian of the D & I system of the country does not have detailed documents which show the infrastructure of different areas. During the transfer of the Hydraulics

Division from the Ministry of Agriculture to the Ministry of Works, all the maps and reports of the D & I system were retained by the Hydraulics Division. None is, therefore, available in the NDIB. The drawings, which are reported to be old and often do not show all vested works or residential areas, are also not available in the NBID. More seriously, works under the responsibility of the local authorities are not mapped. This obviously represents a major drawback in assessing what the scope of rehabilitation works in the D&I areas should be. The NDIB thus does not have precise information of the assets that are supposed to be under its control.

- 15.II.1.25 The Conservancy Boards are required to operate the head regulators on the conservancies but, in practice, little control is exercised by them, and water users have a lot of freedom to interfere with the gates. This is a serious problem, as the assessment of water availability and water needs should determine irrigation flows. In fact, the available information on the water potential of the conservancies lies almost exclusively in the hands of on the sugar estates. Consequently, the interests of one group of water users, the sugar growers, tend to guide water-use decisions. Ideally, a body that is independent of the water users, or a representative group of farmers of all interests, should undertake and be responsible for the distribution of water. However, without the support of the sugar estates, it is likely that the system would have collapsed totally. With the establishment of the National Drainage & Irrigation Board, it is appropriate that the conservancies now operate under this national institution.

15.III **SECTORAL OBJECTIVES**

- 15.III.1 The overall objectives of the sector are, in respect of sea defences, to ensure that the assets, productivity and livelihood of those Guyanese who inhabit the coastal belt are protected from the ravages of the Atlantic Ocean and, in regard to drainage and irrigation, to contribute to the national goal of equitable and rapid economic growth by facilitating increased agricultural production and other economic activity on the coastland. The objective of the Hydrometeorological Service is to support sea defence, and irrigation and drainage activities, through the provision of services to all water-using organisations, as well as to such users as airport and port authorities.

15.IV **THE STRATEGY**

- 15.IV.1 A National Water Commission, (NWC) responsible to a Cabinet Sub-committee, which shall oversee and co-ordinate the activities of all water related agencies will be established. Representatives of the main water-users will be on the Commission.
- 15.IV.2 The NWC will also be authorised to formulate the mechanisms for the implementation of this National Water Strategy.
- 15.IV.3 A standardised national electronic water information system, with a network of data banks and compatible data bases allowing for exchange of data, will be established. Apart from the data on water availability and actual water use, the system will include a facility for comprehensive and reliable timely projections of future demands for water for diverse purposes.
- 15.IV.4 Periodic assessments of both surface and ground water resources, and their utilizable component on a basin - wise basis, will be conducted.
- 15.IV.5 There will be a closer integration of water use and land use policies. The planning of water use will take into account land capability and will be supportive of land improvement.

- 15.IV.6 **Legislation will be enacted to ensure that ground water is utilised only for domestic purposes, until additional exploitation is supported by confirmation of the sustainability of ground water supplies. Ground water is of immense value and a natural resource which may or may not be sustainable in Guyana. Until adequate recharge is assured, groundwater will be utilised for domestic uses only.**
- 15.IV.7 A public awareness strategy will be mounted to emphasise the value of both surface and ground water resources. Users will be encouraged to utilise more surface water as this is available abundantly in relation to the country's present and future needs. This strategy will not only conserve ground water, but will also prevent salt water intrusion in the coastal aquifers.
- 15.IV.8 Surface water *storage* facilities for agricultural, domestic and other uses will be established. The available information indicates that there is competition for this commodity during times of scarcity. This competition is not due to inadequate rainfall, but to avoidable spillage and inadequate storage.
- 15.IV.9 **Cost recovery programmes will be adopted. However, the price charged for water will take into consideration the feasible level of recovery from the user.**
- 15.IV.10 Low rainfall areas will be made less vulnerable to drought-associated problems through soil moisture conservation measures and the transfer of surface water from surplus areas where feasible.
- 15.IV.11 The drainage of agriculture and homestead lands will be an integral component of water, urban and sea defence planning.
- 15.IV.12 Water resource development projects will, as far as possible, be planned and developed as multipurpose projects, with the basin as the unit of planning. Hydropower development will receive prime consideration.
- 15.IV.13 The erosion of land, and the ingress of salt water, whether by the sea in coastal areas or by river water inland, will be minimised by suitable cost effective measures.
- 15.IV.14 The institutions tasked with the development and management of water resources for different uses and purposes will be adequately strengthened in terms of modern technology and professional capability.
- 15.IV.15 Training programmes will be organised in the latest project planning and management methods.
- 15.IV.16 International donor-funded contracts will be split, wherever feasible, to allow regional and local contractors to participate.
- 15.IV.17 **Local contractors will be encouraged and assisted to form joint ventures to tender for the larger projects.**
- 15.IV.18 A sea defence maintenance tax will be instituted, and will be paid by all those living on the coastal belt, that are not exempt from the paying of income tax. The revenue collected by way of this mechanism will be deposited in a special account for the maintenance of sea defences.
- 15.IV.19 **The priority for the maintenance and repair of sea defences, until the system becomes routine and all sea defences are intact, will be based on the areas along the coastland that require immediate protection. Land use and shallow foreshore levels will be the main criteria used for selection, with housing areas being afforded the main priority. These areas will include the Essequibo Coast between Supenaam and Maria's Delight,**

Wakenaam, Leguan, East Bank Essequibo, East and West Demerara and No. 78 and No. 83 on the Corentyne Coast.

- 15.IV.20 In areas where there are no residences, retirement of the sea defence line, when breached, will be the main criterion for intervention. If a small section of an exposed coastline is protected, then continued erosion upstream and downstream will require additional lengths of the shoreline to be protected or a headland will be created.
- 15.IV.21 It has been the experience that the time span between critical area identification and the commencement of physical works has been too long. The Project Executing Unit will maintain and update at appropriate intervals records of critical areas. In addition donor agencies will be asked to expedite procurement procedures.
- 15.IV.22 **Together with rock armouring protection, other viable methods of defence, including the management of mangrove forests and the placement of groynes, will be pursued. Mangrove management will be actively implemented in the areas between Mahaica and Rosignol; and in the lower Corentyne areas.**
- 15.IV.23 The construction of houses and other buildings, and the installation of supporting infrastructure, will be prohibited within a certain distance of the sea defences. This distance will vary along the country's coastline, but will not be less than 200 feet. At locations along the coast where there is no intensive housing development, any plans for such development will be revisited, taking into consideration the need for present and future sea defence protection. Future housing development will be restricted to areas south of the Public Road, as far as possible.
- 15.IV.24 In order to optimise the sustainable operation and maintenance of the drainage and irrigation system, the newly formed D&I Board will develop a simplified, two-tier institutional structure, which will be financially viable.
- 15.IV.25 Farmers themselves will determine the most appropriate institutional arrangement for managing the secondary systems in their localities, whether through the existing Local Government Authorities (LGAs) or through the Water Users' Associations (WUAs).
- 15.IV.26 The Board will support and encourage the formation of associations of farmers who will be responsible for the operation and maintenance of secondary systems. Once fully operational, these WUAs will be self-financing, self-regulating, and self-governing, and will assume full control over the secondary system in their localities. The Board will also propose a legislative framework within which the WUAs will operate.
- 15.IV.27 Where farmers are satisfied with the current institutional arrangement, the Board will support and strengthen the capacity of the LGAs to administer the operation and maintenance of secondary systems by providing training, advice and support.
- 15.IV.28 **Water users, whether through WUAs or LGAs, will bear in full the costs of the operation and maintenance of drainage and irrigation of secondary systems. The rates set and collected by the WUA or LGA will eventually cover all costs associated with the secondary system. In addition, farmers will pay rates to cover costs for the operation and maintenance of primary irrigation canals, and to contribute to the operation and maintenance of conservancies.**
- 15.IV.29 The Board will establish standards for operation and maintenance, implementation and monitoring of the activities of the local level entities, and for ensuring that the secondary system functions satisfactorily, in an environmentally sound manner.

- 15.IV.30 In order to increase agricultural production and productivity in Guyana, D & I services will be improved and extended to include:-
- rehabilitation and modernisation of the existing D & I system with façade drain and pumped drainage as integral components;
 - the placement of D & I facilities in unserved areas that are already under cultivation;
 - special schemes for islands; and
 - modern D & I facilities to new potential agricultural area.
- 15.IV.31 Those hydrometeorological stations which now exist but are not being utilised will be reactivated. In addition the number of stations will be increased, in order to improve the design network for enhancing forecasting capabilities.
- 15.IV.32 Staff skills will be improved through seminars, and on-the-job training. Research capabilities and other related skills will be further developed.
- 15.IV.33 Real time data transmission from remote stations to the central station via satellite will be effected.
- 15.IV.34 **The Hydrometeorological Service will be made functionally autonomous. It will continue, however, to receive funds from the public treasury.**
- 15.IV.35 **The Service will determine prices to be charged for information, to offset the expenditures it incurs. It will begin to levy charges on users such as airport authorities and water related agencies which, to date, have been receiving these services free.**
- 15.IV.36 All development projects will be examined by the hydromet services with a view to assessing the relevant data/ information used in project planning/ design.
- 15.IV.37 The Hydrometeorological Service will be a permanent member on the water boards and other related agencies.

CHAPTER 16

MINING

16.I BASIC FEATURES

16.I.1 Contribution to the Economy

16.I.1.1 The mining sector makes invaluable contributions to the country's economy. It accounted for 17 percent of GDP in 1998; and, every year since 1991, the value of its exports was higher than that of every other sector, as were the amount of revenue that it engendered. Moreover, the industry directly absorbs between 15,000 and 20,000 of Guyana's labour force.

16.I.1.2 Indeed, the sector is both labour and capital intensive, the high degree of mechanization requiring a considerable range of support services. These include metal fabrication, machine construction and repair, transportation, carpentry, plumbing, welding, pipefitting, and blasting.

16.I.1.3 The larger mining companies and the Guyana Geology and Mines Commission (GGMC) are also involved in the construction and repair of hinterland roads, thereby improving the quality of the country's infrastructure, and facilitating the penetration of its interior.

16.I.1.4 The mining sector has also contributed significantly to the development and improvement of social infrastructure such as schools and health facilities.

16.I.2 Guyana's Mineral Wealth

16.I.2.1 In addition to its well-known deposits of gold, diamonds and bauxite, Guyana's mineral heritage includes occurrences of industrial minerals such as kaolin, silica sand, soapstone, kyanite, feldspar, mica, ilmenite, columbite-tantalite, and manganese; base metals such as copper, lead, zinc, molybdenite, tungsten, and nickel; ferrous metals, of which iron as magnetite and laterite is the main type; uranium; and semi-precious stones such as amethyst, green quartz, black pearl, agate and jasper.

16.I.3 Gold

16.I.3.1 Historically gold production has, almost exclusively, been from alluvial and eluvial deposits. More recently, however, the large open pit at Omai Gold Mines Limited has considerably increased the country's gold production. Indeed, while gold declarations from local producers have been maintained at approximately 110,000 ounces per year, Omai produces, on average, approximately 300,000 ounces per year. Gold continues to be Guyana's highest value export commodity.

16.I.3.2 Gold was first produced in Guyana by "porkknockers" using hand mining methods which revolved around ground sluicing, the long tom and the battel or gold pan. This method was later supplemented and to an extent mechanized with the introduction of couple jet dredges which had the capability of mining the river bottoms under the guidance of aqualung equipped divers. Couple jet units have now been largely superseded by the remote controlled, diver-less gravel pumps or missile dredges, which possess the capability to mine deeper channels and river banks, and to explore river-bottoms more efficiently. However, because the river beds are becoming exhausted, a larger percentage of the local production is increasingly derived from land dredges, which work large pits in fossil placers, terraces and eluvial/saprolite hosted deposits.

16.I.3.3 There is only one established, locally-owned and operated, open pit hard rock gold mine in Guyana which employs blasting, crushing and gravity recovery circuits. In this system spent ores are being stockpiled for additional treatment at a later date.

16.I.3.4 Omai Gold Mines Limited is the only large scale open pit, hard rock mine now operating in Guyana. It is controlled by the Canada based Cambior Inc. and the USA based Golden Star Resources Ltd., with the Guyana Government holding a 5 percent equity interest. There are other large scale hard rock gold deposits in Guyana: Marudi Mountain in the South Savannah, Eldorado in the Kaburi Area, Peters Mine in the Potaro, Eagle Mountain in the Mahdia area and Tassawini, Mariwa and Aurora in the Cuyuni; they are not, however, currently operational.

16.I.4. Diamonds

16.I.4.1 Diamonds were first reported in 1887 from the Puruni River Area and in 1890 from the Putareng River. Diamond production, mainly from the Mazaruni River Basin, peaked in the 1920s with over 200,000 carats being annually declared. The diamond sector has however been in decline since about 1970 and, in the last five years, the annual declaration of diamonds has been only about 35,000 carats.

16.I.4.2 Most diamonds are found in fluvial environments either on the 25,000 square kilometres Roraima Plateau or within twenty five kilometres of the escarpment. Some diamondiferous gravels are also located at distances of as much as 150 kms from the Roraima rocks. In such cases they are associated with the deposits of the White Sand series which are thought to be derived from the erosion of the Roraima sediments.

16.I.4.3 The diamonds produced in Guyana are eminently cuttable octahedras and rounded dodecahedras; the production tends to be about 60 percent gems, 10 percent near gems and 30 percent industrials; the average stone size is 10 to 13 points; and the average value tends to be about US\$100.00 per carat. While resources of the order of millions of carats are postulated, the relative remoteness and inaccessibility of the diamond fields, the lack of roads, power and labour, and the relatively small stone size and value, render most of this resource sub-economic at this time.

16.I.5 Bauxite

16.I.5.1 Bauxite was first produced in Guyana in 1917. Until 1971, the industry was totally owned by two major North American integrated multinationals, Alcan and Reynolds. However, the Alcan subsidiary, Demerara Bauxite Company (DEMBA), and the Reynolds subsidiary, Reynolds Berbice Mines, were nationalised in 1971 and 1975, respectively.

16.I.5.2 For the ten years immediately following its nationalisation, the industry experienced a period of reasonable success. During that time, production increased, positive net income was recorded, and substantial contributions were made to the nation's economy in the form of dividends, corporation taxes, employment, and export earnings. The industry, however, entered a period of steep decline after 1981 and, by 1991, was technically bankrupt. Efforts by the Government to obtain international institutional financing for its revival led to a commitment to its privatisation.

16.I.5.3 A condition of the financing, which was received from the World Bank to improve its performance before divestment, was the dissolution of Guyana Mining Enterprise Limited (Guymine) which owned and managed the entire industry, and the establishment of two separate companies – Linden Mining Enterprise (Linmine) and Berbice Mining Enterprise (Bermine) centred around the two operating divisions of Guymine, with Linmine being placed under foreign management and an Initial Reconstruction Programme (IRP), while Bermine continued under local management.

- 16.I.5.4 The IRP did not achieve the expected results: the production of refractory bauxite (RASC), the pillar of the programme, fell continuously over the next five years and, with falling prices, resulted in a worsening of the company's financial position. It was therefore decided by the management that the market for the company's only product, refractory bauxite (RASC), had deteriorated to the point where the company was no longer a viable entity.
- 16.I.5.5 Attempts to privatise Linmine in 1996 on a piece-meal basis, with the core activity, the production of refractory bauxite, being offered to interested parties, evinced little interest. The government therefore decided to give the entity a grace period of 5 years to become profitable. If profitability was not attained it was to be either sold or abandoned. Since its performance had not improved, the Government, at the end of September 1998, decided to advertise the company again for privatisation, with a view to completing the process by the end of 1999. However, by the end of March 2000, there were no offers to take over the company. Linmine's fate is therefore still to be decided.
- 16.I.5.6 Bermine's performance after the re-structuring was also indifferent. Although the company recorded a positive net income in 1993, it made considerable losses over the next three-year period. And even though it recorded a small profit in 1997, and shows prospects of becoming viable, that company also had been identified for privatisation with the same schedule as Linmine. In 2000, a tentative offer for a merger with Bermine was put forward by the Aroaima Bauxite Company, (ABC) which is the third bauxite company existing in Guyana. This offer was rejected by the government. A foreign company has since expressed an interest in entering into a partnership with Bermine but no decision has as yet been made on this matter.
- 16.I.5.7 The two producing companies comprising the state sector control considerable bauxite reserves and installed production capacity which are currently under-utilised. While much of the capacity is in a poor state of maintenance, resulting in the effective capacity being significantly below the installed capacity, some of this capacity could be restored with relatively low levels of carefully planned and executed capital investments.
- 16.I.5.8 Both state-owned companies own production facilities, which, in their current state of maintenance, are not capable of operating anywhere close to their rated or installed capacity.
- 16.I.5.9 The third company, ABC, is owned jointly by the Government of Guyana and Reynolds Bauxite Company. The equity in ABC, which was established in 1989, is shared on a 50:50 basis. ABC pays neither taxes nor duties. It has never distributed any dividends.
- 16.I.6 **Miscellaneous Minerals**
- 16.I.6.1 Manganese was discovered in 1903 in the Matthews Ridge Area in the north-west of the country, but was not put into production until 1960. This operation closed in 1969, although substantial reserves still exist.
- 16.I.6.2 Columbite was mined in the Morabisi area of the Mazaruni River from 1952 to 1959, when mining ceased because of a fall in its price in the world market.
- 16.I.6.3 In the 1960s copper was discovered at Groete Creek; lateritic nickel quantified at Blue Mountain; and molybdenum (molybdenite), and tungsten (scheelite) identified at Eagle Mountain. Numerous sulphide and iron ore occurrences and industrial minerals such as talc, kaolin and magnesite have also been identified over the years in different parts of the country. Uranium was extensively prospected for in the early 1980s.

16.I.7 Petroleum

- 16.I.7.1 Guyana's hydrocarbon (petroleum and natural gas) potential was noted since the 1850s, with the first well being drilled in the Waini Estuary in 1917. Exploration for hydrocarbons continues today in the coastal onshore, coastal offshore and the Takutu Basin.
- 16.I.7.2 The Takutu Basin, which is situated in the southwest of the country and straddles the Guyana/Brazil border, is the only area in which petroleum has so far been found. The Guyana portion of the Takutu Basin is approximately 10,300 sq. km. In 1979 Home Oil Canada conducted a seismic programme and drilled two wells. The second well, Karanambo-1, was a discovery well producing 400 barrels of oil per day, apparently from fractured Apoteri Volcanics. Home Oil was hampered by the remoteness of the discovery area and the absence of infrastructure.
- 16.I.7.3 Statistics such as gross unit thickness, net sand/carbonate and porosity indicate good reservoir potential in the Offshore Basin. For the offshore, the reservoir potential seems to be best in the Tertiary Carbonates and clastics even though there is reservoir potential in intra-Cretaceous formations such as the Stabroek Formation.
- 16.I.7.4 Ten exploratory wells have been drilled in offshore Guyana since 1967. In that year Teneco drilled the first. Total drilled the last in 1992. However the government of the country has recently entered into an agreement with CGX Energy Inc. giving this company permission to drill offshore, in the Corentyne area.
- 16.I.7.5 There is, as yet, no petroleum production in Guyana.

16.I.8 Sand

- 16.I.8.1 Silica sands, which are widely dispersed in the northeast of Guyana, cover about 5,000 square miles of the country. The white sands are a vast resource of high-purity silica oxide.
- 16.I.8.2 In 1993, for the first time, silica sands were exported to the Caribbean region, where their superior quality as a feedstock for glass manufacture, as a construction and land fill material, and as a basic input in golf course development has been recognized. Their future development in this regard will, in large measure, depend upon whether the near intractable large bulk transport problem which confronts the Caricom region is solved. Environmental considerations, associated with the preservation of tourism including beaches in Caricom, may make the nearly inexhaustible silica sand deposits of Guyana a shared strategic resource of the region.
- 16.I.8.3 The sands are also critical to the civil works and building sectors of the economy. Their utilisation as a land fill, concrete and asphaltic base, and in other industrial processes, such as porcelain and cultured marble manufacture, making them a resource without which development could be seriously curtailed.
- 16.I.8.4 The sands were used, in the 1970s and 1980s, in the production of glass at Yarrowkabra. However, the facilities were closed for reasons totally unrelated to the quality and availability of the sand resource.

16.I.9 Coarse grained aggregates

- 16.I.9.1 Coarse grained aggregates for roads and other civil works, building construction and sea defences have been produced in Guyana for well over a century.
- 16.I.9.2 Because of their relatively low value, and therefore the necessity to access cheap transport, all of the rock quarries were located along the Essequibo, Demerara, Berbice, Mazaruni, and Cuyuni rivers. Over

the passage of time, eight quarries were operated in the Essequibo River, nine in the Mazaruni River, one in the Cuyuni River, four in the Demerara River, and one in the Berbice river. At the present time, only the St Mary's and the Monkey Jump Quarries on the Essequibo River, and the Teperu/Itabu Quarry, now called Mazaruni Granite Products Limited, on the Mazaruni River are being actively worked.

16.II ISSUES AND CONSTRAINTS

16.II.1 Regulatory Regime

16.II.1.1 There is currently no dedicated Minister of Mines. Although the Prime Minister holds the portfolio, he is not in possession of any ministerial staff in support of the concept-utilisation formulation and implementation of policy. This is an almost untenable situation, which often appears to lead to the neglect of the sector at every level.

16.II.2 Investment and the Tax System

16.II.2.1 It is extremely important that we immediately begin to mobilise the risk capital and investment funds that are needed for the sound and early development of our mining sector. Investment, as we have repeatedly emphasized elsewhere in this document, is urgently needed if we are going to be able to propel our economy into the 21st century. Over the last decade our mineral growth has been achieved almost entirely by the private sector. Future growth will continue to depend on our capacity to attract to our country foreign mining companies with the technical and managerial capability to find new deposits and develop new operations. Mining investments are capital-intensive, and usually involve time-horizons of ten to twenty years or more. Investors therefore require competitive terms and conditions, and solid assurances that the investment environment will be stable.

16.II.2.2 Guyana's current tax structure for the mining sector is not, on the face of it, competitive. It includes charges of five percent royalty on gold, three percent on diamonds, and a thirty-five percent corporate income tax. Both the royalty and the corporate income tax are located in the upper echelons of international norms. Indeed, the former is especially, considered to be one of the highest in the Commonwealth.

16.II.2.3 In a comparative study of the mining tax regimes of various countries, which was published in 1996, the following percentages of pre-tax mining revenues, which would accrue to governments, prevailed:

| | |
|---------------|--------|
| Chile | 15.00% |
| Bolivia | 27.06% |
| Venezuela | 32.82% |
| Peru | 36.52% |
| United States | 36.61% |
| Mexico | 37.21% |
| Botswana | 40.10% |
| Brazil | 40.85% |
| Argentina | 46.13% |
| Canada | 46.71% |
| Guyana | 48.16% |
| Australia | 50.60 |

16.II.2.4 The study also analysed the Government's share of the profits repatriated to shareholders abroad. Those shares were as follows:

| | |
|---------------|-------|
| Venezuela | 32.8% |
| Chile | 35.0% |
| Bolivia | 36.2% |
| Peru | 36.5% |
| United States | 36.6% |
| Mexico | 40.3% |
| Brazil | 40.9% |
| Argentina | 46.1% |
| Botswana | 49.1% |
| Canada | 49.4% |
| Australia | 50.6% |
| Guyana | 55.9% |

- 16.II.2.5 The fact that Guyana ranks at or near the bottom of both lists ought to be a matter for concern in terms of our capacity to attract investors for mining activities. It is not necessary for Guyana to move to the top of the list, but its present situation clearly puts it at a competitive disadvantage internationally.
- 16.II.2.6 Both import and export duties are fiscal measures used in Guyana to secure revenue. Although in recent years customs duties on some major mining equipment have been waived, miners have expressed the opinion that the 15-20 percent import duty, which is still charged on several mining inputs, is excessive and burdensome. A more relevant concern may be the range of variation in such duties.
- 16.II.2.7 Local miners experience great difficulty in obtaining investment capital to develop their claims or permits. Mining requires extremely high risk equity or loan capital, the potential returns on which are not easily gauged because local miners are usually unable to provide quantitative measurements and reliable estimates of the minerals located in their enterprises. Moreover, their mining operations are located in remote areas which are not easily accessible. These two factors make financial institutions extremely reluctant to finance investment in mining.
- 16.II.2.8 Any Government of a mineral-rich developing country, such as Guyana, that is interested in expanding the mineral sector with foreign investor involvement, and that is eager to reap substantial benefits from it while ensuring both technical and economic efficiency in exploitation, should have in place a fiscal regime that satisfies, at least, the following criteria:
- (i) as a general rule, the tax system should be so structured that it may be expeditiously applied in a variety of projects and circumstances. The process of formulating a unique fiscal regime for each project is not only time-wasting, it often creates confusion. A standard fiscal regime is one of the most attractive elements of policy to investors. This is not to say that the same tax system should be applied to all types of minerals., What is being stressed is that its rules should be the same for gold, the same for diamonds, the same for bauxite, and so on;
 - (ii) the fiscal regime should also show a reasonable sensitivity to the investor's ability to pay the dues that are imposed, so as to avoid, as far as possible, creating financial strains that may jeopardize the viability of the project. At the same time, it must reflect the legitimate aspirations of the Guyanese public;
 - (iii) stabilisation agreements should be included as a cornerstone of the mineral policy. A thoughtful and well formulated standard contract should amply serve the best interests of mining investors and relieve the Government of what would otherwise be the potentially unmanageable burden of negotiating untold numbers of such agreements; and

- (iv) the investor and the Government should be able to foresee the fiscal consequences of alternative actions in managing the project or of events occurring in the international market that affect project operations.

16.II.2.9 From an investor's viewpoint the royalty rate and the free equity provision which have become standards in most mining agreements in Guyana are somewhat controversial. The royalty rate of 5 percent, which as has been pointed out is at the very top of the international scale, also causes special problems in the case of gold, where it encourages leakages of the product across the hinterland borders to neighbouring countries, and other forms of evasion. In this case, a complicating factor is that the borders are quite permeable. Indeed, access to neighbouring countries from some hinterland mining districts is easier than access to Georgetown. Hence in practice the attempt to sustain the royalty rate above that of Brazil's, for example, results in reduced declarations nationally.

16.II.2.10 Investors also contend that royalties, because they are payable whether or not losses are incurred, are in some respects unfair. It should be noted that many mining countries have no royalty provisions, and those that do typically have a rate of 2 or 3 percent.

16.II.3 Shipping

16.II.3.1 Because it is difficult for large vessels to dock at the local ports trading opportunities are adversely affected. The high cost of shipping also contributes to making Guyana's exports uncompetitive, particularly in the bauxite subsector. For example, it is cheaper to ship bauxite from Australia and Jamaica to Europe than from Guyana. This obviously serves as a deterrent to the attraction of foreign direct investment. The reason for this high cost is the depth of the approach channels to the Demerara and Berbice rivers from which bauxite is shipped. Until recently, these channels, even after substantial dredging, have had depths of 30 feet and 18 feet respectively, allowing vessels to load a maximum of 22,000 tons capacity. The proposals in this Strategy for the construction of two deep water harbours would go a long way towards the alleviation of this problem.

16.II.4 Poor Accessibility to Services in the Hinterland

16.II.4.1 Guyanese residents in the hinterland do not have proper access to essential services such as education and health. This is caused in part by poor connectivity and accessibility, in terms of both quantity and quality, and the high cost that this engenders. This issue hinders investment in resource extraction activities in the interim. The net effect is to compromise significantly hinterland and, indeed, the entire country's development.

16.II.5 Gold Marketing

16.II.5.1 Considerable controversy has arisen over the role of the Guyana Gold Board which is a holdover from a different era of economic policy. Independent miners resent the monopoly position of this Board, the necessity to travel from their hinterland sites to Georgetown to declare and sell their gold, and the high royalty rate applied to those sales. These circumstances are unfavourable for all concerned in that they tend to promote evasive behaviour, especially when the difficulty of monitoring border crossings for transactions in other countries is taken into account.

16.II.5.2 Transportation Costs

16.II.5.3 Some mining areas are located on the periphery of our national borders while others are found in equally remote areas. As a result, access to these areas (all lacking in infrastructure) is only possible by chartering private aircrafts. Because of this, small miners are unable to make regular flights in or out of the interior. Consequently, a not inconsiderable amount of the nation's gold and diamonds is

not sold to the Gold Board and to local licenced diamond traders, but is leaked into the economies of our neighbours.

- 16.II.5.4 Moreover, there appears to be no policy to build new roads to service either areas with mineral endowments, or those in which mineral discoveries have already been made. Indeed, not much effort is displayed even to maintain and repair those that do exist. The wheel and hub concept can be developed where a few airstrips, capable of handling large aircraft can serve as staging points for distribution by smaller planes thus taking advantages of the cost effectiveness of the larger aircraft.

16.II.6 Availability of Suitable Labour

- 16.II.6.1 The mining industry is faced with shortages of local geologists, engineers, and drillers among others, basically because the University of Guyana is not currently attracting, and is not capable of adequately training, a sufficient number of candidates in fields relevant to the mining sector. Moreover, very few scholarships are being offered. In addition, the graduates from the University of Guyana have limited field experience.

16.II.7 Land Titling and the Mining Sector

- 16.II.7.1 Under the Mining Act all minerals are vested in the State. In relation to the demarcation of Amerindian lands, under the current laws of Guyana different enterprises could have rights to different minerals within the same land unit. This provision could potentially cause problems. Furthermore there is currently no clear land use policy. As a result, conflicts among rights holders, in general, but particularly between those who possess surface and sub-surface rights, are common. In addition, there are numerous examples of agencies granting rights for which they have no mandate.

16.II.8 Alienation Schemes and Practices

- 16.II.8.1 The system of Property Rights associated with industrial minerals is adequate. There is, however, an unclear definition of the manner of the treatment of competing land uses. The area of conflict surrounds what priority use if any is accorded the surface rights holder viz-a-viz the mineral rights holder, if in fact they are separate. No guidelines or mechanisms are in place to help in predicting with some assurance the optimally beneficial outcome.
- 16.II.8.2 Silica sand which is a very low-value product is being treated in the same manner as high-value gold. The rental rate on large-scale silica developments is punitive and should conform to comparable rates, as in the aggregate business.
- 16.II.8.3 Exorbitant import duties continue to be applied to machinery, equipment and supplies that are bound for the quarry sector. These constitute a barrier to the flow of investment in an industry which needs new investment for retooling and expansion.

16.II.9 Bauxite

- 16.II.9.1 Most countries that are endowed with bauxite almost exclusively produce the ore for the manufacture of alumina and aluminium. Guyana has, however, acquired the status of being a diversified bauxite producer with bauxite that is meant for aluminium production – (metallurgical bauxite (MAZ)) accounting for the smaller percentage of its total production. The major proportion of the sector's output was in non-metallurgical bauxite, especially Refractory bauxite, for which it had a monopoly and which was more profitable. In assessing the future market prospects for the industry it is, therefore, necessary to evaluate the different markets for its products, especially since they are affected by different economic, technological and market forces.

- 16.II.9.1 The specifications for metallurgical bauxite and its mineralogical composition have changed considerably over the years. These developments have widened the choices of the aluminium producers for sourcing bauxite, and have resulted in bauxite prices falling in absolute terms over the past 20 years or so.
- 16.II.9.2 Guyana's bauxite has always ranked among the highest quality metallurgical bauxites in the world. In addition to being consistently high in recoverable alumina, it possesses a pure gibbsite, and has excellent settling characteristics. The only disadvantages are its low iron content. This is especially significant because of the increasing emphasis that is now being placed on high purity aluminium. However, while Guyana's bauxite in its current form would hardly be used as the total feed for an alumina refinery, it is highly desirable as a sweetener in the alumina process.
- 16.II.9.3 The supply of world bauxite is going through significant changes. Because most of the world's low-cost, high-grade bauxite deposits are nearing exhaustion, a high percentage of the increase in bauxite demand, by those alumina refineries that are dependent upon imported bauxite, has come over the past 15 years, from the expansion of *existing* bauxite mining capacity. Indeed, Aroaima Bauxite Company (ABC) has been the only new project undertaken over that period. However, the two existing projects providing the bulk of that increase are approaching the limit of low-cost expansion, hence new projects could become competitive. Moreover, certain technical deficiencies make the bauxite that is produced by those companies which had earned the bulk of the supply unsuitable for low temperature digestion refineries and costly for high temperature ones.
- 16.II.9.4 **With all these developments pointing toward higher cost and, to some extent, lower quality bauxite, Guyana's bauxite which is still of the highest grade, both in terms of recoverable alumina and mineralogy, has become most competitive. For example, ABC has demonstrated that Guyana is in the lowest percentile of new bauxite developments, in terms of capital cost per annual tonne of capacity – ABC being under US\$30 per tonne, compared with an estimated US\$46 to US\$70 by other producers. ABC has also shown that with a project of the appropriate scale of production and efficient management, Guyana could become competitive in the metallurgical bauxite market. The establishment of the Berbice deep-water facility has also significantly reduced the freight disadvantage suffered by Guyana, thereby widening the country's markets and enhancing its competitiveness.**
- 16.II.9.5 **It should also be noted that all experts agree that there will be a most significant increase in the demand for aluminium, which is based on metallurgical bauxite, over the next 15 years or so. Indeed it has been estimated that an additional 60 million tonnes of metallurgical bauxite would be required by the year 2015. Regardless of the location or strategy for the increased aluminium capacity, the additional bauxite would have to come from countries with bauxite resources. It is therefore more than probable that Guyana would be in an excellent position to meet some of the world's growing demand for MAZ, provided that its companies are adequately financed.**
- 16.II.9.6 The production of Refractory bauxite constitutes its second largest application. However, with the lack of growth in the Refractory bauxite market and the dramatic fall in RASC sales over the past 10 years, the industry needs to reassess its positioning in the refractories market, and consider itself as a supplier of High Alumina Refractory raw material rather than just a producer of Refractory bauxite (RASC). The rationale for this form of product diversification exists in the raw-material, in the technology, and in the production base available to Linmine. However, data on the production and consumption of high and special alumina refractory materials are limited. A more detailed study would therefore have to be undertaken. Evidence suggests, however, that Guyana might be able to compete also in this area.

- 16.II.9.7 Although there has been a fall in the demand for chemical bauxite from around 600,000 tonnes in 1980 to the current level of 300,000 tonnes, Guyana satisfies about 75 percent of the market.
- 16.II.9.8 The scale of operation of both Linmine and Bermine is well below the minimum for a viable operation in a mining activity involving the stripping of overburden, with overburden to ore ratios in excess of 4:1. The two operations are probably the smallest in the world, except for a number of small chemical and cement grade bauxite operations in a number of countries that satisfy small domestic demand. The companies are forced to maintain, to some extent, an infrastructure established for operations three to ten times their current levels. Moreover, in spite of a significant reduction in personnel, the companies still carry staff two to three times that of operations of similar size. **To put it plainly, the current scale of operations of both Linmine and Bermine is too low for them to be efficient and to become financially viable. The companies are involved in a highly capital intensive industry and must achieve a certain minimum scale to be efficient. While Bermine has recently earned a small profit and is operating just above break-even-point, it needs a substantial increase in the scale of its operations to earn an acceptable rate of return. Linmine continues to make losses and would also need substantially to increase its scale of operations if it is to become viable. The two companies also compete with each other. Their operations therefore cry out for rationalisation.**
- 16.II.9.9 The most fundamental issue which faces LINMINE is that its cost of production is above the price received for its product. As a result it annually incurs net losses which are met by the Treasury. This high cost of production is, in great part explained by the presence of a thick over-burden which must be removed before the bauxite ore is reached. The other reasons for LINMINE's relatively high cost of production are (i) the high cost of transportation, particularly because of the absence of a deep water harbour and the consequent necessity to transport smaller than optimal loads; and (ii) the cost of still providing a number of community services, even though the company has been relieved of the duty of supplying many of them.
- 16.II.9.10 Moreover, it is reported that because it is now no longer in charge of its electricity supplies, the cost has increased, and regularity in supply is no longer assured.
- 16.II.9.11 It cannot be over-emphasized that a major disadvantage in exploiting Guyana's reserves is the depth of overburden. Indeed, this was the major factor behind the country's loss of competitiveness in the MAZ market and, hence, the virtual stagnation and later decline in production of this product. This depth of overburden also has an impact on the competitiveness of RASC, which is now in competition with Chinese and Brazilian refractory bauxite, fused aluminium oxide and calcined alumina made from bauxite produced in countries with low mining costs.
- 16.II.9.12 RASC, upon which heavy dependence was placed in the past, now faces a static and fiercely competitive market. The possibility exists, however, that Guyana could enter the wider high alumina market, producing along with regular RASC, materials with lower and higher alumina content for which there is substantial market. Investment in additional processing facilities is needed for this development, but the main advantage lies in the fact that the raw materials for production of those materials currently form part of the overburden which is removed and discarded in the mining process.

16.II.10 Gold

- 16.II.10.1 The demand for, and the price of, gold are projected to rise from their relatively low state in the medium and long term. The International Monetary Fund has forecast that the American economy will sustain its remarkable economic growth, at least in the medium term. Moreover, the European economy has begun to recover and the signs are that this recovery will be prolonged. In addition, the emerging economies which were so badly financially battered in 1997 and 1998 are already displaying strong resilience. All this suggests that the prospects for gold are most encouraging.

16.III OBJECTIVE

- 16.III.1 The overall objective of the national strategy for mining is to establish the foundations for the continuing growth of the sector so that it may contribute to the economic growth of the country, the equitable geographical distribution of economic activity throughout the nation, the diversification of our economy, the penetration of our hinterland, and the eradication of poverty, particularly in depressed interior areas.
- 16.III.2 Put in another way, the sector's primary objective is to consolidate the gains it has made over the years, to set the stage for the expansion of production of both existing as well as new commodities, and to diversify and increase the value of its primary products by value added manufacturing and other down stream processing.

16.IV THE STRATEGY

16.IV.1 Fiscal

- 16.IV.1.1 There will no longer be any special agreements in respect of the mining sector. The fiscal regime will be so structured that it could be applied to a variety of projects and in a number of circumstances without wasting time and resources in devising a unique set of arrangements for each project.
- 16.IV.1.2 There will be a standard regime for each mineral or set of minerals.
- 16.IV.1.3 The royalty rate for gold will be on a sliding scale based on a maximum of 3 percent of the prevailing price of gold.
- 16.IV.1.4 A half percent royalty will be paid, for exploitation on Amerindian lands, into an Amerindian Development Fund, from the existing royalty stream
- 16.IV.1.5 The corporate income tax rate will be fixed at 30 percent for all mining projects.
- 16.IV.1.6 Export duties on minerals will be reduced to zero.
- 16.IV.1.7 The consumption tax on fuel will be 10 percent CIF. A coupon system for miners will be put in place.
- 16.IV.1.8 The consumption tax and duty on mining equipment, spares and supplies will be zero rated.
- 16.IV.1.9 The withholding tax on repatriated dividends will be fixed at 6.25 percent, which is the rate applied in the case of Omai, rather than the 15 percent rate that is normally applicable.
- 16.IV.1.10 A special commission will be convened to determine new, land rental rates in mining and to develop a sliding scale which correlates rental rates with the length of time the claim is held without beneficial occupation.
- 16.IV.1.11 However, rental rates on mineral land during the exploration stage will be fixed at
- US \$ 0.12/acre - Yr1
 - US \$ 0.175/acre - Yr2
 - US \$ 0.225/acre - Yr3
 - US \$ 0.275/acre - Yr4
 - US \$ 0.325/acre - Yr5

16.IV.1.12 A special tax will be applied to the purchase and to the operation of missile dredges, the proceeds of which will be deposited in a special fund to be used for the rehabilitation of river banks. The Environmental Protection Agency will oversee the management of the fund and the rehabilitation activities.

16.IV.1.13 A special reduction of the income tax to 25 percent will be offered to any company that sets up a regional gold processing mill, receives ore from independent miners for processing, and uses technologies that minimise the environmental impact of the processing (e.g., that do not result in discharges of mercury in the waterways). While exceptions to the tax code should be strictly limited, this one is justified because of its beneficial environmental externalities. Mercury is particularly long-lasting and pervasive in its transmission through the food chain, thus endangering public health.

16.IV.1.14 Because mining operations deplete mineral resources, up to half of the royalty income from mining will be allocated to a Fund for Guyana's Development that will be invested appropriately in long-term instruments and whose interest earnings will be allocated to projects concerning infrastructure, the environment, poverty alleviation, housing, and health care, according to special regulations formulated for the utilisation of the Fund.

16.IV.2 Gold Sales

16.IV.2.1 There will be a system of licensed and bonded buyers of gold. Each person or corporation that wishes to become a licensed buyer must submit financial statements, provide bonds against liabilities for royalty remittances, and must show a programme that involves a physical presence in the interior for at least part of each year. The buyers will be responsible for remitting the royalties to the Government. Buyers will invoice all purchases and sales of gold and will be tightly supervised by the GGMC.

16.IV.3 The Environment

16.IV.3.1 As noted above, Government will take steps to mitigate the harmful consequences to the environment of some types of mining operations, through the fund for the restoration of riverbanks and the fiscal incentives for regional gold processing mills.

16.IV.3.2 In addition, GGMC will make inspections on a continuing and regular basis to assess the state of the art in mining and milling technologies, with the aim of ensuring that the most appropriate and up-to-date environmentally-friendly methods are utilised in Guyana. In mining contracts, fines for incidents of negligence such as the collapse of tailings dams will be significantly increased.

16.IV.4 Administration

16.IV.4.1 The GNRA will be abolished and all its relevant authority transferred to an adequately staffed and equipped Ministry of Natural Resources.

16.IV.4.2 The GGMC will be completely reorganized and restructured with a separation of roles; the Ministry will deal with legal, administrative, financial and policy issues and the GGMC with technical, monitoring and regulatory issues. The GGMC will divest itself of all service functions. These will be outsourced to organizations better capable of providing quality and cost effective services.

16.IV.4.3 The mining industry will be overseen by a standing committee of parliament.

16.IV.4.4 The GGMC will commission a national mineral resource inventory and assessment, and publish the results for wide dissemination.

16.IV.5 Security of Titles and the Nature of Concessions

- 16.IV.5.1 The 1989 Mining Act contains sound dispositions with respect to mining titles. Nevertheless, in practice, confusion continues to arise and there appears to be too great a discretionary element in the awarding of these titles. These discretionary elements will be removed. A tighter set of regulations for the Act, in this area, will be formulated. This is a crucial issue from the viewpoint of investors and it is in our own interest to eliminate the ambiguity surrounding it.
- 16.IV.5.2 A related issue concerns the uses to which a concession may be put. Once the concession has been issued, different kinds of minerals may be discovered or, on the other hand, some concessionaires may be disappointed in the quality or quantity of the deposits and decide that the forest resources on the land are more valuable than the minerals. Accordingly (i) if the additional minerals occur in association with the first ones, then the original mining contract will continue to apply; and (ii) if the additional minerals occur substantially separately, and require a separate mining operation on the same land, a new contract will be drawn up.
- 16.IV.5.3 In the event that the concessionaire wishes to transfer all or part of the concession to a non-mining use, then he or she may freely do so, negotiating a price with a new concessionaire, and paying a transfer fee to GGMC. This policy is exactly that adopted by the forestry sector, for the reverse case of forestry concessions, or part of them, being transferred to mining uses. This policy helps to ensure that land is optimally utilised, and that the appropriate regulatory agency is adequately informed of the transfer process.

16.IV.6 Social matters

Industry Study

- 16.IV.6.1 An indepth study of the industry will be jointly undertaken by the Government and the private sector. This industrial profile will, inter alia, provide all relevant information on the technologies that are utilised and applicable to the sector, its profitability, its contribution to the national economy, and its demographic, social and cultural attributes.
- 16.IV.6.2 GGMC will collaborate with the Ministries of Health and Education in undertaking social surveys in the mining communities. The results of the surveys will be distributed to mining operators and miners associations. Medium and large operators will be encouraged to make special contributions to health and education projects in the communities where they are present.
- 16.IV.6.3 GGMC will collaborate with the Ministry of Health in the design and implementation of an urgent and massive programme of malaria control in the hinterland.

16.IV.7 Roads

- 16.IV.7.1 Miners will be compensated either by being permitted to charge user fees or by a reduction in the fees they are legally obliged to pay the government, or by any other arrangement entered into with the GGMC, whenever the roads which they build form part of a centrally approved national road network plan, and on condition that the extraction routes are constructed to specific requirements and are maintained to those specifications.
- 16.IV.7.2 The use of secondary roads by other parties will be regulated by private agreements between the concessionaire and those parties.

16.IV.8 Bauxite

- 16.IV.8.1 As has been pointed out, it is essential in formulating a strategy for the development of the bauxite sector in Guyana that certain factors be taken into account. Among these are (i) the importance of the bauxite industry to the social and economic environment of the areas in which the industry is located; (ii) the extent and quality of our bauxite resources; (iii) the status of future markets; and (iv) the international structure of the industry.
- 16.IV.8.2 **Because the quality of life and the standard of living of the inhabitants of almost an entire region depend upon the existence of the bauxite industry, the companies which mine, and process and sell the ore should not be allowed to collapse without a further effort being made to rescue and revive them, provided that it can be demonstrated that the companies can be made profitable within a reasonable period of time.**
- 16.IV.8.3 Recent studies have indicated that there exist more than sufficient reserves of bauxite in our country, of the highest quality, to permit both national bauxite companies, LINMINE and BERMINE, to produce a range of types of product, for which there are ready markets. Moreover, the available evidence strongly suggests that both companies can be financially viable provided that they expand their operations, and provided that they receive adequate injections of capital.
- 16.IV.8.4 The bauxite–alumina–aluminum industry is falling more and more under the control of a small group of multi-national corporations. In other words, the industry is essentially managed and controlled by private enterprise in the form of the multinational grants. It might therefore be to our advantage to try to involve one or other of these multinationals in the funding and ownership of the two national companies.
- 16.IV.8.5 **It cannot be too strongly emphasized that if the formulators of this National Development Strategy did not consider the industry to be potentially profitable it would have been allowed to wither away and die, and other non-bauxite strategies would have been put forward for the region’s development. This, however, does not appear to be necessary, at this stage, because of the arguments adduced in the preceding paragraphs.**
- 16.IV.8.6 Accordingly, both BERMINE and LINMINE will be supported for a maximum period of four years, beginning on 1 January 2001. This support will be in the form of loans from commercial banks that are guaranteed or otherwise underwritten by the Government of Guyana, or in any other form that can be negotiated either with bi-lateral or international donors. The Government will seek the approval of the Bretton Woods institutions to enter into any such arrangements, if, by so doing, their conditionalities will be breached.
- 16.IV.8.7 While this essential expansion and rehabilitation process is proceeding, further efforts will be made to privatise the two companies. However, the necessarily long and tedious privatisation process will not be followed. Instead, prospective investors, selected from the major multinationals, will be directly approached with proposals for them to enter into joint ventures with the government and the management and workers of the enterprises. The proposals will embrace two options: they will be given the choice either to capitalise LINMINE or BEMINE separately, or to take them over and run them as a single entity.
- 16.IV.8.8 If acceptable offers are obtained for the separate purchase of the enterprises, then the ownership models will be different. Because BERMINE lends itself to a joint venture agreement in which the foreign financier, the government and the management/workers will be owners, with the controlling interests being held by the foreign participant, this will be the arrangement. However, in respect of LINMINE, the participation of the management/workers in equity holdings will not be pushed.
- 16.IV.8.9 In all these options, there will be five-year income tax holidays; the importation of machinery, equipment and spares will be duty-free; as will be the importation of Bunker C fuel oil and diesel fuel.

16.IV.8.10 While the fate of the bauxite companies is being settled, urgent steps will be taken to diversify the economy of the region in which they are located. This will be attained through the provision of a range of incentives for investment in the area, the provision of micro-credit to develop a cadre of small and medium scale enterprises in agriculture, commerce and manufacture; and the improvement of its social and physical infrastructure.

16.IV.8.11 In addition to the arrangements which have been proposed for LINIMNE and BERMINE, an intensive sales campaign will be mounted to attract investment in an entirely new bauxite mining operation, for which there exist ample reserves. This course of action is not directly linked with the possible privatisation of the two enterprises. It might however, assist in the redeployment of labour, should the worst occur.

16.IV.9 Petroleum

16.IV.9.1 Guyana will continue to utilise the Production Sharing Contracts (PSC) in its arrangements with oil exploring and production companies. The PSC is almost a standard in the petroleum industry today. The important distinction between the PSC and concessions is that under PSCs the state retains ownership and control of the resources. In Egypt the government retains 85 percent of the profits, while the Libyan government keeps 81 percent. However, the ratio between the Government of Guyana and CGX, Energy which is to begin oil explorations off the Corentyne coast by mid 2000, will be on a 50:50 basis, if commercial quantities are discovered.

16.IV.9.1 Although committed to the PSC, extensive studies of the share that has been negotiated by other government in these types of activity will be undertaken in order to ensure that while we remain competitive, we do not make unnecessary concessions.

CHAPTER 17

MANUFACTURING

Manufacturing and agro-processing are defined in this National Development Strategy as the application of technical knowledge and processing equipment, in alliance with capital and labour, to the transformation of locally available or imported raw materials and/or intermediate inputs, into final or intermediate products. These include agricultural (marine, forestry, livestock, crops), industrial and mineral materials.

17.I BASIC FEATURES OF THE SECTOR

17.I.1 General

17.I.1.1 Guyana is manifestly rich in commercially exploitable natural resources. Moreover, North America, Western Europe, and the islands of the Caribbean appear to offer immense market opportunities for manufactured products via the enabling CBI, Lomé and CARIBCAN arrangements and the CARICOM single market. On the face of it, therefore, Guyana could readily develop the required competitive advantage for the production and export of manufactured products. In spite of these potentialities, however, growth in the manufacturing sector has been limited. Indeed, with the exception of bauxite processing and sugar milling, the sector has not contributed significantly to the gross domestic product of the country.

17.I.1.2 In Guyana, the secondary sector's share of GDP was actually higher in the period 1950-75 than it has been in recent years. In part, this has been because of the absence of rational and conducive policies at the macroeconomic level specifically for the manufacturing sector and, in part, because of the failure of local investors to display the required initiative. Nevertheless, in recent years, the number of manufacturing units has risen significantly and, in key subsectors such as engineering and wood products, there has been noteworthy expansion in average plant size. Moreover, while natural resource-based subsectors, such as wood processing and agro-processing, account for the bulk of the employment in manufacturing, there are other subsectors of importance, such as textiles and metal working.

17.I.2 The Subsectors of Manufacturing

Minerals, Sand, Stones, Rocks and Clays

17.I.2.1 Although Guyana is well-endowed in mineral resources, the only minerals exploited to date on a commercial basis have been manganese, bauxite, gold and diamonds. Semi-precious stones are available extensively but are not yet utilised in any meaningful amount. Petroleum is known to exist but is not commercially produced. There are widespread deposits of clay types suitable for a variety of ceramic applications, but only a few are being used. Apart from construction and recreation, for which it is being used locally and exported in small amounts, sand is also a vital raw material in the manufacturing process which is virtually neglected in the manufacturing process in Guyana. Bauxite and gold are the only products from the earth which have been subjected to some amount of processing and yet, all these products have significant long-run potential as inputs for enhancing the contribution of the sector to Guyana's development.

Marine Products

- 17.I.2.2 The marine subsector has been a cornerstone of the economy in processing and exports for a number of years. It includes plants for the processing, deep freezing, packaging and storage of prawns, seabob, and some finfish. The bulk of the prawns caught are beheaded and/or shelled, blast frozen, packaged and exported to markets in North America.

Forestry Products

- 17.I.2.3 Products derived from wood draw upon the extensive forest resources of Guyana. The forest products subsector is highly segmented and embraces logging, sawmilling, plywood manufacture, charcoal production, furniture manufacture, and prefabrication. Sawmilling and plywood operations tend to be vertically integrated. In recent years, the subsector has attracted significant foreign investments, inducing extensive competition in the market, and forcing local firms to upgrade their technologies and improve their management systems in the battle to retain and improve their share of the market.
- 17.I.2.4 The most positive developments in the subsector, over the last dozen years or so, are the emergence of plywood as a principal export, and the expansion of production and export of furniture.

Dairy and Livestock

- 17.I.2.5 Some of the production centres for dairy and livestock, inclusive of beef, mutton, pork, poultry, eggs and milk, are spatially mismatched in relation to the demand points. This is particularly true of beef, in which the country largely satisfies its needs. There is significant importation of chicken and eggs from North America, and milk products from Europe.

Dairying

- Dairy production is concentrated along the coastal belt in order to facilitate quick access to markets. There are only three large commercial units with modern milk processing facilities. Two of these companies do not appear to be effectively run. The bulk of the existing milk production comes from farmers located in close proximity to Georgetown, with between one to twenty-five head of cows.

Beef

- The Rupununi has immense potential for the expansion of beef production. The realisation of this potential has, however, been somewhat stymied by the region's inaccessibility to markets. The completion of the road to Lethem and the lifting of restrictions on air traffic will provide great assistance to production in this area in the future. However, despite the experience of the Rupununi, beef production has been on the increase overall.

Mutton

- This is the least popular meat in Guyana. Recently, however, demand for it appears to have surged. In the Guyana context it is not a versatile meat that readily lends itself to processing activities. This may change in the medium term as tastes become more sophisticated, and as the demand for meats in general continues to grow.

Pork

- Pig farming is generally small in scale and is, as a rule, part of mixed farming operations. Pork is the third ranking meat by volume. Two large operations have modern facilities for the dressing and packaging of this product, and for the manufacturing of ham, bacon and sausages.

Chicken and Eggs

- By far the most popular meat in Guyana is chicken. However, the expanding production only partially satisfies ballooning demands, the bulk of which is met by imports from North America. Imports also account for most of the eggs consumed locally and for those used for the reproduction of meat birds and layers. This component of the subsector is dominated by medium-sized farms which rear between one thousand and five thousand birds on a batch basis.

Processed Foods

17.I.2.6 Guyana boasts an extremely wide variety of foods which are manufactured locally for both the domestic and export markets. The traditional products have been rice and sugar. However, although there has been a most significant increase in the production of non-traditional foodstuff (juices, beverages, condiments, jams and jellies, and starch powder) because of liberalised trading policies, the influx of foreign products has not abated. Moreover, although the quantity and value of non-traditional exports have consistently risen, over the last decade or so, demand has consistently outstripped supply for both domestic and overseas markets.

17.I.2.7 The New Guyana Marketing Corporation is responsible for advising farmers and manufacturers on production, processing and the marketing of non-traditional agricultural products. However, this institution does not have sufficient human and capital resources to dispense its mandate effectively.

17.I.2.8 Entrepreneurs engaged in local agro-processing are generally motivated by identifying niche markets particularly in the Caribbean and North America. However, greater emphasis ought to be placed on high valued products outside niche markets. Additionally, market research ought to focus on "off season" produce in North America and Europe. Mexico, Central America and Kenya have effectively utilised this strategy to export tomatoes to the USA and vegetables to Europe during seasonal "windows".

Metal Fabrication, Foundry and Machine Related Products

17.I.2.9 This subsector has been gaining momentum over the last decade or so, primarily because of the high cost of procuring metal products from overseas sources.

17.I.2.10 The major concentration in this sector is the manufacture of brass, iron castings, and pumps; and the fabrication of equipment for the sugar, rice and mining industries. Most of the items produced are for replacements or spares and for the repair of engine blocks and crank shafts. However, in more recent times, many companies have installed quite modern and sophisticated equipment and are manufacturing and fabricating top quality parts and components.

17.I.2.11 The scope for the development of this sector is great and new small operators surface on a regular basis to add to the ingenuity and innovation of Guyanese craftsmen who benefit from training courses at the local Technical and Vocational Institutes, the University of Guyana, the GITC and even from overseas training programmes.

Leather, Textile and Packaging Products

- 17.I.2.12 This subsector is not well developed but has the potential of making a substantial contribution to the growth of the economy. Given the heavy incidence of livestock rearing in the Lethem-Rupununi area, this Region can be seen as a potential area for the development of the leather industry in all its diverse forms (shoes, belts, bags etc.). Leather treatment facilities can be established quite easily and, with the relevant research and development programmes put in place, the prospects for a dynamic leather craft and related industries subsector should be bright.

Beverages

- 17.I.2.13 This subsector, which includes the distilling and/or manufacturing of soft drinks (aerated beverages), beer, malta, wines and rum, is becoming a very significant contributor to the manufacturing sector. In recent years, a greater degree of competition has been infused into the subsector with the two largest operators (DDL and Banks DIH) now introducing, on a regular basis, beverages of international brand names. Along with these two major manufacturers there is a number of smaller operators, primarily in the manufacture of soft drinks.
- 17.I.2.14 The manufacturers of the sector appear to be mainly devoted to import substitution. This subsector contributes significantly to the employment profile of the country.

Chemical Products

- 17.I.2.15 Guyana Pharmaceutical Corporation, the largest operator in this subsector, is involved in the manufacture and dispensing of a number of drugs, most of which are sold locally. There is scope for increased exports.

Paper-Related Products

- 17.I.2.16 Paper-related activities (printing, publishing, etc.) are undertaken by many computer companies, and Guyana Publications Ltd. They cater basically for the needs of the local inhabitants. Some operations, devoted to the production of simple packing materials, are based on imported paper.

Other Products

- 17.I.2.17 This category includes the operations of such companies as Guyana Refrigerators Ltd. (GRL), Colgate Palmolive Guyana Ltd., Demerara Tobacco Company Ltd. The important contribution of these to the economic well-being of the country lies in the import substitution nature of their products.
- 17.I.2.18 Within the context of a much broader and clearly articulated development strategy for the manufacturing sector, a number of small manufacturing entities can be established for the satisfaction of local needs, the important impacts being the saving of foreign exchange and the generation of more employment and income.

17.II ISSUES AND CONSTRAINTS

17.II.1 Regional Imbalances in Manufacturing Facilities and Inputs

- 17.II.1.1 A review and mapping of the processing facilities and inputs in Guyana would highlight an important inconsistency: raw materials that are meant to be processed are often not located where optimal returns are possible, if the high cost of transporting bulk commodities is taken into account. In other words, processing facilities are frequently not located where there are considerable low cost primary

inputs. For instance, there is in Region 2 an abundance of coconuts, cassava, plantains, nibi, coffee beans, carambola, citrus fruits, pineapples and guava which readily lend themselves to the production of oil and animal feeds, pulps, jellies and jams, juices (fruits and citrus), chips, crisps, plantain and cassava flour, furniture, and ground coffee. Yet there are only two old, antiquated manufacturing operations in the Region producing jams and jellies of a quality that are sold country-wide and could possibly be exported. And although there has recently been established a coconut processing plant, there is still scope in the Region for the expansion of manufacturing capacity. The same is true for Region 9 with its vast potential for dried and processed meats, and cashew and peanuts.

17.II.2 Export Processing Zones and Industrial Estates

17.II.2.1 Industrial estates have already proven their usefulness as a mechanism for the promotion of manufacturing and agro-processing in Guyana. They offer the users benefits of externalities and scale and common services at significantly reduced unit costs. The industrial estates of Ruimveldt and Beterverwagting, where all the sites are beneficially occupied, are cases in point. For industrial estates to succeed, they have to be located at the source of either labour, markets or materials. Moreover, adequate physical infrastructural facilities, such as access to transportation, power, water, and telecommunications are critical. The relative absence of these facilities partly explains why the Government seems to be having difficulty in encouraging genuine manufacturers, as opposed to land speculators, to avail themselves of opportunities at the Coldingen complex.

17.II.2.2 A recent version of the industrial estate which has attracted much attention is that of the science park. These estates are based on the application of high technology, and focus on activities with a high component of value added. Apart from requiring all the conditions that are essential for successful industrial estates, they depend on linkages with research and development institutions which supply relevant technological knowledge and advice. The science park concept will be explored in association with the National Agricultural Research Institute (NARI) and the Institute of Applied Science and Technology (IAST). In the case of NARI, viable ventures could be supported in, for example, the genetic propagation of high value, seasonal exports to temperate markets. Similarly, in the case of IAST, high technology manufacturing could be supported in the electrical and electronic fields. The Ministry of Trade, Tourism and Industry could spearhead their establishment, in consultation with the relevant private sector bodies.

17.II.2.3 The establishment of Export Processing Zones (EPZ) is another mechanism for the promotion of manufacturing and agro-processing, which has already been discussed. Although many CARICOM member countries have long established EPZs the success story of EPZs in the Caribbean is to be found in the Dominican Republic. There the concept, which was implemented in 1970, has been credited with the creation of nearly 200,000 jobs. The static short term gains from an EPZ are largely employment creation and foreign exchange earnings. However, the dynamic gains tend to be more diverse and are derived from the development of linkages between the EPZs and the primary and tertiary sectors. Without strong linkages of this nature, the danger that firms could pack up and leave the EPZ almost always exists. However, on balance, EPZs are strongly conducive to the expansion of manufacturing and agro-processing. The conditions for their success are similar to those of industrial estates and science parks. Hence, they pose no unique set of challenges in terms of establishment and operation. As such, they should be promoted. Here again, the Government, specifically the Ministry of Trade, Tourism and Industry, should consider their establishment and promotion.

17.II.3 Competitive Performance

17.II.3.1 While the manufacturing and agro-processing sector offers considerable scope for expansion in the

future, it appears that at present a significant number of our industries might not be competitive. What is the source of the high costs? In a study which compared the manufacturing cost structure of Jamaica, St. Lucia, Grenada, and Guyana, it was found that Guyana was the *least* competitive of the countries. And this despite the fact that the wage rates prevailing in our country were the lowest. In Guyana the cost of energy and transport was double that of the other countries; the transaction costs, which include the time spent in consultations with the Government, were deemed to be the highest; and the technology that was generally utilised in the manufacturing processes was considered to be not appropriate.

17.II.3.2 We have to be an export-oriented economy if only because we do not possess a large enough, and rich enough, internal market to consume all that we can produce; if economies of scale are to be taken into account; and if only because it is absolutely necessary for us to earn foreign exchange. Maintaining competitiveness is therefore vital to our very survival. The issues raised here suggest that the very top priority must, accordingly, be assigned to sustaining a policy framework that aids competitiveness. This means that the liberalisation of the economy has to be taken to the point where the remaining vestiges of protectionism which sheltered and nurtured policies of import substitution manufacturing are dismantled, with some provisions being made, of course, for the stimulation of infant industries and the development of certain geographical areas of the country. In addition, we must begin to increase the competitiveness of our manufactured and agro-processed exports such as rum, rice and sugar, that are subject to special preferential arrangements via CARIBCAN, Lomé and CBI, so that we would be in a position to respond effectively to the progressive decline in the level of preference dictated by the inexorable process of globalisation.

17.II.3.3 Adjustment of the sector to a market environment, in which competitive advantages drive output and exports, has become all the more urgent in the light of the irreversible enlargement of trading blocs and the avowed intentions of the WTO. However, the adjustment must proceed in a manner that minimises dislocation in social costs, specifically to the sector and the economy more generally. The proposed policy in manufacturing and agro-processing must address what could be classified as the key challenge to the sector, namely, the transition from protected and preferential markets to the dynamics of the competitive global market place. Once this is achieved, the sector would have been launched on the path to sustainable development.

17.II.4 Business Ethics

17.II.4.1 There is also need to focus on the ethical dimension of the conduct of representatives of the business community and, particularly, manufacturers who are also exporters or importers of final and/or intermediate products and/or base materials for transformation. This pertains to the strict and timely compliance with the existing laws, regulations and guidelines laid down by the competent authorities in the public interest. The private sector must recognise that, as its scope to operate is expanded via an improved enabling environment, its response to the ensuing challenge must in part entail a discernible effort to improve corporate behaviour. If this response is not forthcoming, it will become necessary to enforce the laws condignly.

17.II.5 Institutional Roles and Linkages in the Manufacturing Sector

Governmental Agencies

17.II.5.1 At the governmental level, the concerned agencies fall into two categories. In the first category, the apex institution is the Ministry of Trade, Tourism and Industry (MOTTI). The MOTTI is currently the responsible body for the manufacturing sector for policy making, implementing and monitoring. Specific aspects of its sectoral responsibility, such as the one stop investment promotion function and the trade promotion function, are vested in the Guyana Office for Investment Promotion (GOINVEST) and the Guyana Export Promotion Council (GEPC). Neither of these has yet achieved full effectiveness.

MOTTI, which itself has retained core responsibility for the sector, does not have sufficient capacity for policy design. Its management is preoccupied with the day-to-day tasks and related activities of the management function, with little policy coherence. At the central level, the Ministry of Finance, through its fiscal, monetary and planning instruments can, and does, profoundly affect the course of the sector. MOTTI has not the capacity to relate to basic issues for the sector at the key political and technical levels. Indeed, there appears to be a distinct asymmetry in authority. Unless some balance is restored, MOTTI may find, when it comes to policy design for the manufacturing sector, that it has the responsibility without the authority to deliver effectively, but remains accountable for sectoral performance. In the present circumstances, it seems necessary to review the effective roles and distribution of labour and authority of these four institutions namely, the Ministry of Finance; the Ministry of Trade, Tourism and Industry; and Go Invest and the Export Promotion Council with a view to making them, together, more efficient and effective. The recent unification of Go Invest and the Export Promotion Council, together with their transfer to the Office of the President does not inspire confidence.

- 17.II.5.2 The other category of governmental agency is the quality assurance bodies. These are responsible for the setting, monitoring and enforcing of standards and quality principally, but not exclusively, in the manufacturing sector. They include the Food and Drugs Department, the National Bureau of Standards and the Public Health Office of the Municipality, among others. There do not appear to be any inter-linkages among these bodies, and they do not function in the context of a clear Government sectoral policy.

Consumer Entities

- 17.II.5.3 At the second level, there are the Guyana Consumers Association (GCA) and the Consumers Advisory Bureau (CAB). They are institutionally weak and lack adequate financial support. They attempt, as best they can, to represent public interests in respect to manufactured products among others. The facts that they have no statutory base and their relationship with the Consumer Affairs Division of MOTTI is ill defined, hinder their effectiveness. Despite the similarity in function, there is no interlinking between them.

Private Sector Bodies

- 17.II.5.4 At the third level, namely that of corporate, private sector interests, institutions have multiplied over the years with the development of the manufacturing sector. There now exist Chambers of Commerce in Demerara, Berbice and Essequibo; the Guyana Manufacturers Association; and the Consultative Association of Guyanese Industry. In 1992, the umbrella Private Sector Commission (PSC) was created apparently to overcome the problems of fragmentation.

- 17.II.5.5 The PSC would also need to integrate the interests of the other class of private sector organisations with a strong interest in the manufacturing sector as regards policy matters at the level of the various Governmental agencies. These include the Guyana Forest Products Association and the Guyana Gold and Diamond Miners Association.

- 17.II.5.6 A process of continuous consultations institutionalised between these three levels of agencies should be put in place at the earliest opportunity in order to improve on the design and execution of an all-embracing policy for the manufacturing sector. Partisan consultations and the persistence of organisational conflicts will certainly work against a full and beneficial involvement of the private sector in the process of accelerated development of the manufacturing sector of Guyana.

17.II.6 Physical Infrastructure

Telecommunications

17.II.6.1 Although privatisation has resulted in some improvement in the provision of telecommunication services, there are still important deficiencies. Telephone services are now supplied on a reasonably reliable basis on the coastland and, coupled with transmitting and related systems for hinterland communication, along with the recent introduction of cellular telephones and beeping systems, a network of telecommunication services is in place which is helpful to manufacturers and, indeed, to the entire country. However, the telephone lines network has not yet been extended to a desired level, and their basic inefficiencies somewhat hamper the process of development in the manufacturing sector.

Energy

17.II.6.2 The state-owned Guyana Electricity Corporation has been recently privatised, and is now the Guyana Power and Light Company. It is projected that its costs will rise at least in the short-term. When it is recalled that the costs under the GEC were so high that they contributed to the uncompetitiveness of the manufacturing sector, this projection of even higher charges seems frightening. However, it is hoped that in the medium and long terms costs will be significantly reduced and that, in addition, the costs now incurred because manufacturers are now forced to install power-generating sets of their own, will be eliminated. It is also fervently wished that the reliability of power supplies would be much enhanced.

Transportation

17.II.6.3 Improvements are being made with respect to road and air transportation, especially to the hinterland areas, which should significantly reduce costs to sector. In addition, water transport has benefited from the rehabilitation and refurbishing of existing ships, etc., thereby making available a more dependable water transport system. When the reforms put forward in the Chapter on Transport take effect, Guyana's competitiveness in manufacturing will be considerably enhanced. However, there needs to be a resumption in the transport of bulk-cargo. Moreover, limitations on private air carriers need to be reviewed.

17.II.6.4 Manufacturers themselves need to enter into discussions with the ocean freight lines servicing the country on improved rates to North America and Western European destinations.

Water

17.II.6.5 Water supply has been a major deficiency but a programme is in place for its improvement. This will much enhance the sector's competitiveness.

17.II.7 Social Infrastructure

Basic Education

17.II.7.1 The development of a viable manufacturing sector depends critically on a literate and numerate work force. Such a workforce does not generally exist in Guyana, today. The strategies for returning the country to the standards of literacy and numeracy, for which it was once proud, have been outlined in the Chapter on Education.

Technical and Vocational Training

17.II.7.2 The network of technical and vocational institutions providing training in the array of skills and techniques essential to the efficiency of the operations of the manufacturing and agro-processing sectors is in disarray. All are in dire need of improvements of physical facilities; revision of their curricula, and the introduction of relevant programmes, in keeping with the dynamics of the market

place. Above all, a system of management is required which links these institutions with the workplace of the manufacturers.

Tertiary Education

- 17.II.7.3 The private sector on the whole feels that graduates coming out of the University of Guyana into technical and managerial positions find it difficult to function effectively in the work place. In general there are communication problems; questions about the relevance of the imparted technical and managerial expertise, concerns about leadership quality, and an apparent lack of independence and drive on the part of the graduates.

17.II.8 Labour

- 17.II.8.1 There are significant imperfections in the labour markets. The framework which the labour legislation currently provides is derived from the period of import substitution industrialisation. It needs to be modified to balance better the interest of the two key social partners, with a neutral public authority. Further, as the structure of ownership in the sector shifts over time from the family-owned to the shareholding type firms, industrial relations stability should improve. But it would certainly help for other shareholding firms to review the experience of Banks DIH to see what lessons could be learnt and to put them into practice. Harmony in the sector is a key factor in the competitive market place. Considerations in respect of employee shareholding ownership plans could help the process.

17.II.9 Livestock and the Agro-processing Sector

- 17.II.9.1 The livestock and dairy subsector faces a number of shared constraints to expansion. The first pertains to stockfeed. While rice bran, copra meal and molasses are available, the element of seasonality occasionally generates a mismatch between supply and demand, and thus artificially forces up the price. The key component of stockfeed is protein which is imported as concentrates. It is costly and proper formulae for blending imported inputs with local materials are yet to be worked out.
- 17.II.9.2 The second constraint is abattoir facilities. The abattoirs under municipal ownership and management are neither sanitary nor functional. The private sector has demonstrated that it can efficiently run such facilities. Both Bounty Farms Limited and C and F Meat Centre have their own modern abattoir facilities which are most efficient.
- 17.II.9.3 Third, backward integration of the livestock sector is generally insufficient. Yet, as the cases of BFL and CFMC have shown, backward integration contributes significantly to value added. The scope for further processing of livestock products is considerable. While ham, bacon, and sausages are being processed, their quality and variety could be enhanced, and new products, such as dehydrated meats for soup mixes and other manufactured food preparations, introduced.
- 17.II.9.4 The agro-processing industries can be aided enormously if greater effort is made towards large scale orchard production for crops. Far too often, there is inconsistency in both the quantity and quality of the fruits produced.

17.III SECTORAL OBJECTIVES

- 17.III.1 The principal national objective for the manufacturing sector is that it increase its contribution to the economy's overall development. There are three aspects to this broad objective: first, the strategies should seek to promote a rapid increase of production and employment in the manufacturing sector; second, they should stimulate a judicious degree of diversification, in keeping with Guyana's current and potential comparative advantages; and third, they should lead the wider utilisation of relevant and adaptable modern technology.

- 17.III.2 Put in another way, the overall roles of the manufacturing sector are to enhance the vertical integration of principal resource-based sectors and to produce a constantly more diverse and widening stream of goods. This means not only expanding outputs such as millwork, furniture, doors and mouldings, veneer, etc., and industrial diamonds, processed gold, polished semi-precious stones and jewellery, it also means reviving former traditions in sectors such as metal working and textiles, building vigorously on the rich base of non-traditional agriculture to produce a variety of processed foods, and introducing over time the manufacture of entirely new products.
- 17.III.3 Meeting these challenges will be crucial to Guyana's moving to a higher stage of development in the first decade of the next century. The obstacles in the path are formidable, but the potential is there to be reaped, for the benefit of all citizens.
- 17.III.4 The operational sub-objectives set out for the private sector as a whole in another part of this National Development Strategy are all directly relevant to achieving the broad objectives established for the manufacturing sector.

17.IV THE STRATEGY

17.IV.1 Manufacturing

Export Processing Zones

- 17.IV.1.I The creation of two export processing zones, one in Demerara and the other in Berbice, is one of the foundations of this National Development Strategy as regards the promotion of the manufacturing sector. It is essential that the EPZs be located within close reach of a deepwater harbour. Accordingly, the area around the improved port facility in Berbice recommends itself for this purpose. However another will be established in Demerara, once the deep water harbour facilities are created there. This Demerara harbour EPZ appears to be essential if the increased export and import traffic, that is envisaged through the establishment of the road to Brazil, materialises. The harbour in the Berbice River will be deepened, principally by dredging the channel, until the goal of permitting ships of 60,000 dwt to pass easily is attained.
- 17.IV.1.2 Concomitant improvements in the unloading and warehousing facilities will be pursued in order to be competitive with other harbours in the region.
- #### Competitiveness
- 17.IV.1.3 These policies are presented elsewhere in the National Development Strategy. They are of the highest importance, if the manufacturing sector is to be made able to prosper in the future. Some of the most important of the policies include labour force training, improved mechanisms for industrial relations, a more uniform and liberal tax regime, and the maintenance of a stable exchange rate over time. It is worth reiterating that, at the moment, the manufacturing sector in Guyana is at a competitive disadvantage *vis-a-vis* other countries in the region in these four policy areas, and that this disadvantage offsets a significant portion of the cost advantage which Guyana obtains from its relatively low-cost labour.
- 17.IV.1.4 The corporate taxes on manufacturing enterprises will be further reduced in order to widen the existing differential between the manufacturing and commercial sectors, thus encouraging more investment in manufacturing.
- 17.IV.1.5 Fiscal incentives for value-added export products will be put in place by way of an export allowance.

- 17.IV.1.6 Investors will be encouraged, through a package of incentives, to locate their manufacturing enterprises in certain areas of Guyana, (for example, the Intermediate and Rupununi Savannas; and Regions 1, 2,7, 8, 9 and 10), in order to place industries closer to the raw materials wherever possible, to attain an equitable distribution of economic activity, and to occupy our hinterland.
- 17.IV.1.7 Investors will be encouraged to establish townships within these areas, to facilitate the recruitment of personnel and to provide amenities to workers. These matters are discussed in the Chapters on land and housing.
- 17.IV.1.8 For a wide range of machinery and equipment the duty and consumption tax rates will be zero.
- 17.IV.1.9 The duty and consumption tax rates will also be zero on most raw materials imported by manufacturers.
- 17.IV.1.10 There will be accelerated allowances for capital expenditure, depending on the rate of expenditure incurred.

Institutional Aspects of the Private Sector and Business Ethics

- 17.IV.1.11 A Task Force will be established to focus on Smart Partnerships, a new framework for encouraging businesses. Such an initiative would encourage community members to work together. International donors may be willing to support an amplified programme of this nature.
- 17.IV.1.12 A Joint Action Plan will be developed by Private Sector entrepreneurs and Public Sector support agencies to formulate a structure of responsibilities based upon their institutional capabilities. The Action Plan will focus on the Effective Transformation of enterprises and will contain measures to drive value added changes into the enterprise, and increase productivity and efficiency in order to strengthen export led growth.

Regulatory Arrangements

- 17.IV.1.13 Regulatory mechanisms will be rationalised and intensified in order to standardise and regulate various aspects of commerce and production. These will assist in the elimination of malpractices such as importing expired items and relabelling them. Regulatory batch testing by the FADA will be institutionalised especially in food and food related products including fertilisers, pesticides, insecticides etc.

Industry and the Amerindian Community

- 17.IV.1.14 Too often in discussions of industrial policy little or no consideration has been given to the possible role of the hinterland communities, including the Amerindians. A more balanced regional development, wherever it makes financial sense, would have the advantage of generating more stable employment and lowering the incidence of poverty in the hinterland. Such development will be based on small-scale manufacturing and agro-processing, and specialised developments such as the proposed regional gold refineries. In this respect, without doubt the completion of the all-weather road to Lethem and the lifting of restrictions on private air services will be essential ingredients of the policy. The potential of the Rupununi, especially in vegetables and livestock products, will be integrated into the rest of the economy, as well as that of other hinterland areas that are endowed with deposits of semi-precious stones and other resources.

Policies for Selected Subsectors

- 17.IV.1.15 The GGMC and GGDMA will rehabilitate the lapidary operations, initially as a pilot project, to demonstrate their possible commercial viability. Gold and diamonds which are used locally, specifically for the manufacture of jewellery for the domestic market and for informal export will be supported by the following strategy: it will seek (a) to infuse design expertise and state-of-the-art technologies, into the industry, and will train craftsmen and upgrade management in order to reduce unit costs and to break into the higher value market niches and (b) transform the informal into formal exports and expand marketing opportunities.
- 17.IV.1.16 Again the GGMC and GGDMA will, with the existing manufacturers and distributors and other established parties, detail an operational strategy that would enable the country to capture an increasingly larger stream of the potential benefits which the raw materials in question are capable of offering by way of manufacturing activities.
- 17.IV.1.17 **Government will divest itself of the provision of abattoir services and have them transferred to the private sector on strict performance conditions while strengthening the capacity of the municipal agencies to monitor compliance with tariffs and sanitary standards.**

Some Investment Opportunities

- 17.IV.1.18 Manufacture of high quality wooden furniture in both finished and knock-down forms.
- 17.IV.1.19 Manufacture of fitted kitchen furniture.
- 17.IV.1.20 Manufacture of furniture made from lianes (nibi and kufi)
- 17.IV.1.21 Manufacture of standard sized doors, windows, panels (groove & tongue), and other household fittings.
- 17.IV.1.22 Manufacture of plywood and veneers.
- 17.IV.1.23 Manufacture of particleboard
- 17.IV.1.24 Manufacture of wooden garden furniture.
- 17.IV.1.25 Manufacture of prefabricated wooden houses.
- 17.IV.1.26 Manufacture of parquet material and floor tiles.
- 17.IV.1.27 Manufacture of an assortment of wooden items: toys, coat hangers, clothes pins, walking sticks, wooden brushes, etc.
- 17.IV.1.28 Processing, canning and bottling of agricultural produce.
- 17.IV.1.29 Manufacture of chemical products (such as fertilizers, insecticides, herbicides for agricultural production and for use in processing and preservation).
- 17.IV.1.30 Manufacturing of packaging materials and containers for transport of finished products.
- 17.IV.1.31 Manufacture of jewellery and ornaments based on gold, diamond and semi-precious stones.
- 17.IV.1.32 Manufacture of leather products and souvenirs

3.5.6 Ceramics and Non-Metallic Minerals.

- 17.IV.1.33 Manufacture of articles based on clay, kaolin and silica sand.
- 17.IV.1.34 Manufacture of garments and textiles for local and export markets (mainly U.S.A. and Canada). This sub-sector is a very dynamic one with over 80% of the companies in the industry being export oriented.
- 17.IV.1.35 Production of building materials such as stone, cement, clay blocks, tiles.
- 17.IV.1.36 Manufacture of glass.

CHAPTER 18

EDUCATION

18.I BASIC FEATURES

- 18.I.1 Although Guyana's educational system was considered to be one of the best in the Caribbean during the 1960s, it is probably among the weakest today. Its decline is due to a number of economic and social factors which have already been considered in this document. Suffice it to say that these factors have led to a most unsatisfactory and unacceptable state of affairs: learning rates in the schools are extremely low; a large proportion of the teaching force is unqualified and untrained; absenteeism on the part of both teachers and students is rife; and textbooks and other instructional materials are often unavailable.
- 18.I.2 Guyana's success in attaining universal access to primary schools in the early 1970s has been eroded, and has been replaced by rising repetition and drop out rates. Moreover, a survey of school-leavers and the adult population has revealed alarmingly high levels of functional illiteracy.
- 18.I.3 The educational system includes (non-compulsory) preschool, six years of primary school, four to seven years of secondary school, and between three and four years of higher academic or practical education.
- 18.I.4 Schooling is mandatory up to the age of fifteen years. This means that the average student is required to complete the full primary course plus three years of secondary education. The statutory age for entering school is five years nine months, and students are usually expected to remain in the school system until age sixteen. Individuals who may have left the school system with low scores or no qualifications have an opportunity to participate in a limited number of adult education courses offered by the University of Guyana, the Institute of Distance and Continuing Education (IDCE), or the Adult Education Association, as well as by various NGOs and the private sector.
- 18.I.5 With the introduction of the regional system in 1980, a greater element of decentralisation occurred. As early as 1985, the ten Regional Democratic Councils were given the mandate to construct and maintain schools in their jurisdictions; allocate resources among schools; recruit and pay temporary and acting teachers; and ensure that schools operate according to regional and national objectives. The central Ministry retained responsibility for monitoring educational indicators across the regions; ensuring that there are no significant disparities in the quality of education across regions; procuring and delivering textbooks to all schools; coordinating and administering the main primary and secondary school examinations; providing support services to the schools in Georgetown; and directing the operations of most of the institutions of higher education, including the post-secondary institutions and the Teacher Training College. The University of Guyana is autonomous in academic matters; however, most of its funds come directly from the Ministry of Finance.
- 18.I.6 The educational system has four basic levels: nursery, primary, secondary, and post-secondary. In total there are 1,273 schools in Guyana: 386 at the nursery level; 426 at the primary, a similar number (426) at the secondary level, including 322 secondary departments in primary schools; 21 prevocational institutions; 1 teacher training college; and 1 university. In addition there are 7 special education and 5 private schools.
- 18.I.7 The number of teachers in Guyana in 1997-1998 was 9,495, of whom 2,066 were male and 7,405 were female. There exists a female dominance in the teaching staff at every level.

- 18.I.8 Nursery education is available to children who are 3 years 9 months by the end of the first term of the school year. Pupils spend two years in a programme designed to develop their social, intellectual and psychomotor skills through activities that are based mostly on child development rather than on subject matter disciplines.
- 18.I.9 The programme is delivered in discrete nursery schools and also in primary schools that carry nursery classes. Of the 1,978 nursery level teachers in the system in 1997/98 only 54 were graduates, and only 668 were trained.
- 18.I.10 Primary education, which is compulsory and of six years' duration, is aimed at providing basic literacy and numeracy skills. The official age of entry is 5 years 9 months by December 31 of the year of admission. Net enrolment is about 98 percent. Attendance rates have been improving, but there is still great variation among regions.
- 18.I.11 In the 1997 - 98 academic year there were 418 discrete primary schools and eight primary classes in the public system. There were also five privately-run primary schools. Pupil/teacher ratios range from 21:1 to 33:1. The ratio of students to trained teachers is less satisfactory, ranging from 41:1 to 186:1. There has been a steady decline in the percentage of trained teachers: while in 1985/86 trained teachers comprised 77 percent of the teaching population, by 1997/98 the percentage had dropped to about 50 percent. The shortage of trained teachers is more pronounced in the hinterland areas where over 60 percent of the teachers is untrained.
- 18.I.12 There are two secondary education programmes: a four-year programme which is offered in the Secondary department of Primary (All-Age) Schools and discrete Community High Schools. This programme offers a mix of academic and pre-vocational skills with a strong bias towards the pre-vocational skills, especially in the final year; and a five-year programme which is done in General Secondary Schools and prepares students to write the Caribbean Examinations Council (CXC) examination and/or the General Certificate of Education (GCE) examination ordinary level at the end of five years. This programme is more academically-oriented. Students who perform well at these examinations have an opportunity to pursue studies for the GCE Advanced Level ('A' Level) Examinations or Caribbean Advanced Proficiency Examinations (CAPE).
- 18.I.13 About fifty-five percent of the teachers at this level is professionally trained. This represents a ten percent reduction in the proportion of trained teachers since 1986.
- 18.I.14 In view of the need to improve the quality, relevance, equity and efficiency of education, preliminary work began on a Secondary School Reform Project in 1995 with funds from the World Bank. Under this project, twelve pilot schools (one Senior Secondary School, one General Secondary School, seven Community High Schools, and three All-Age schools) are being used as the testing ground for the reform.
- 18.I.15 Post-secondary education is provided by the University of Guyana, the Cyril Potter College of Education; technical and vocational education and training institutes; and private sector institutions.
- 18.I.16 **The University of Guyana offers courses leading to first degrees in all Faculties, i.e., Agriculture, Arts, Education, Health Sciences, Natural Sciences, Social Sciences and Technology. Undergraduate diploma and certificate courses are also conducted in all Faculties. In addition, associate degrees are provided in the Faculty of Health Sciences. There are Graduate Diploma programmes in Education Development Studies and International Studies. Programmes leading to the Master's degree are given in Guyanese History, English, Social Sciences, Natural Sciences and Education.**

- 18.I.17 The Teacher Training Programme at the Cyril Potter College falls into two categories: (i) in-service training for teachers already in the service; and (ii) pre-service training for individuals intending to make teaching a career.
- 18.I.18 A network of technical and vocational education and training institutions offers a wide range of training programmes. These institutions include: the Government Technical Institute; the New Amsterdam Technical Institute; the Linden Technical Institute; the Guyana Industrial Training Centre; the Carnegie School of Home Economics; and the Guyana School of Agriculture.
- 18.I.19 Other institutions including the Board of Industrial Training, the Private Aircraft Owners Association; the Guyana Sugar Company, the two government-owned bauxite companies, the Light and Power Company, and the Guyana National Engineering Corporation contribute meaningfully to education.
- 18.I.20 Over the last decade there has been a proliferation of private schools in computing, accountancy and business, electronics and mechanics.
- 18.I.21 During the last decade what can be described as a parallel system has developed alongside the formal Ministry-controlled system of education. Both because of its nature and because no serious analysis of it has yet been done, there are few, if any, quantifiable data available. An out-of-school education system has also developed in response to the perceived shortcomings of the educational system.
- 18.I.22 Many Non-Governmental Organisations (NGOs) including various churches, parent associations, community groups, and firms, are involved in education. In addition, the international donor community has long recognised the need to strengthen Guyana's educational system and provides support in numerous ways.

18.II ISSUES AND CONSTRAINTS

18.II.1 Sector-wide Issues

Financing of Education

- 18.II.1.1 The enviable reputation established by Guyana in the 1960s as having one of the best educational systems in the Caribbean was based on a combination of factors, among which were a system of private and public schools and the payment of tuition fees. However, fees were abolished in 1976 for all levels of education, when all schools were brought under State control. Perhaps not surprisingly, the Government soon found it difficult to meet growing public expectations for full access to education of a high quality. Moreover, this inability to maintain standards was exacerbated by the oil crises which occurred soon after, and the consequential further decline of the economy. Declining financial allocations from the State since then have adversely affected both the quality of education in Guyana, and citizens' access to it.
- 18.II.1.2 In the period 1989 to 1992 Guyana's expenditure on education was only 5.5 percent of its total revenue. This compared unfavourably with almost all the countries in the world. By 1998 the rate had improved to 12.9 percent. It was still, however, far short of norms for the hemisphere and the world. Two of the most grievous consequences of this allocation level are low teachers' salaries and a shortage of funds to improve physical plant and to supply materials.
Balance Between Different Levels of Education
- 18.II.1.3 It is generally acknowledged that the returns to a nation are greatest from investments in primary education. Yet available data demonstrate that in Guyana the level of public expenditure at the primary level is still relatively low. **There is a need for national commitment, as a matter of fundamental**

urgency to basic education and re-education, both in the rural and hinterland regions and in the capital city and its environs. Primary education, the platform for all future learning, where the fundamentals of the basics are learned, must be given the priority it deserves.

Inequities in Spending on and Access to Education

- 18.II.1.4 Recent patterns in educational spending show a distinct bias in favour of the students who are academically more advanced, many of whom come from families who might be capable of defraying part of the cost of their children's education. **This phenomenon is part of a larger syndrome in which educational expenditure does not seem to contain any element of targeting. It must be recognised that the provision of free education amounts to a fiscal subsidy, and that the targeting of such subsidies to the most needy students would enable the existing levels of funding to be more effectively utilised for raising the quality of education.**
- 18.II.1.5 An inequitable pattern, which is directly linked to the issue of teachers' salaries, is emerging, where families who are able to afford the cost of private tutoring increasingly take recourse to that option. Families of the lower-income strata are unable to provide this benefit, and so their children become educationally disadvantaged. The allocation of funds to all schools should be based on a more rational and equitable basis, having regard to programme, location, etc.

Gender Sensitivity

- 18.II.1.6 Gender imbalances are present at all levels of education in Guyana. For example, few female students specialise in the areas of science and technology, despite the fact that boys and girls are required to be involved in all subject areas up to Form 3 (Grade 9). In addition, the large drop-out rate of male students could be related to the fact that there are relatively few male role models in the profession, a situation which may be linked to low salary levels.

Administration of Education

- 18.II.1.7 The programmes that are implemented by the Regional Administration sometimes deviate significantly from the plans and programme of activities initially established by the Ministry of Education, in conjunction with the Regional Education Department. This is caused, in large part, by the inadequacy of the structural relationships among the Central Ministry, the Regional Education Department, and Regional Democratic Councils. As a result the educational system appears to be incapable of dealing effectively with the recent surges of capital and technical assistance inflows from bilateral and multilateral agencies. In addition, planning at the regional level currently does not always include officials serving in their respective communities.

Quality of Education

- 18.II.1.8 The overriding objective of the entire educational sector is to enhance the quality of education, i.e., improve the process by which children and youth learn. Attaining this objective will require an array of measures, ranging from improvements in the salaries, academic and technical qualifications and training of teachers, to curricular changes and improvements in physical plant, and to the promotion of greater community involvement in schools.

Social Infrastructure

- 18.II.1.9 **The collapse of social infrastructure - pride in community, social values and graces, civility - has made the teaching environment more difficult.**

Current Levels of Literacy

- 18.II.1.10 **There is a literacy problem in Guyana. Indeed it is estimated that there is a 21 percent rate of absolute literacy in Guyana, and an overall functional literacy rate that is just over 50 percent. This state of affairs is due in part to weaknesses in the education system and in part to the absence of a culture of literacy in many home environments. As a result of this constraint many students graduate with low levels of literacy and have little or no opportunity of developing into functionally literate citizens.**

18.II.2 Issues Specific to Levels of Education

Pre-school Child Care

- 18.II.2.1 The demand for day care and play school facilities in terms of formal requests has risen significantly, particularly in Georgetown, but also in other urban centres. While the problem may not be as acute in the rural areas, hard data on which to base any type of planning of facilities are difficult to acquire.
- 18.II.2.2 The provision of day care and play school facilities is not within the competence of the Ministry of Education. However, there is a logical link between the day care and the play school systems on one hand, and the formal schooling system on the other, particularly at the entry level of nursery education. Given this nexus, all concerned stand to gain by at least exchanging views and reaching broad agreements on the relationships between the two, in order to ease the transition from one stage to the other and to enhance the level of comfort of the new entrants into the schooling system.

Nursery Level Education

- 18.II.2.3 The two-year programme at the nursery level is designed to provide young children with a learning environment that will facilitate their physical, social, emotional, and intellectual development, as well as the development of basic skills and desirable attitudes to learning. However, the majority of Guyanese children speak home languages that are different from the official language of the country and, unless this fact is recognised, the literacy and language problems which characterise our school-age children at present, will continue.
- 18.II.2.4 Overcrowding exists, especially in Georgetown schools, due to parents' requests that children be placed in schools near to their place of work rather than home, and due to parents' perception that some nursery schools are linked to "good" primary schools.
- 18.II.2.5 The Government's school feeding programme, supported by the World Food Programme, is not fully accessed, particularly in areas where nutritional deficiency is more pronounced. Forty percent of the children in this category have no access to vital supplements. The percentage is as high as 60 in the riverain and hinterland areas.

Primary Level Education

- 18.II.2.6 **The schools with successful track records are experiencing growing overcrowding, while the ones with poor records are underpopulated. This has created gross imbalances in the demand and supply of educational facilities.**
- 18.II.2.7 **Because of the pivotal role of primary education in regard to eventual access to higher education, and subsequently to the job market, access to quality primary and basic education has been identified as critical to poor families, indigenous peoples, and marginal workers. As noted above, State funding for education has failed in the past to reflect the priority of primary education.**

- 18.II.2.8 The wide ranging differences in the interpretation and delivery of the curriculum offered at various primary schools throughout the system is a source of much concern.
- 18.II.2.9 Other basic concerns at this level are the need for teachers to spend more quality time in the classroom, the need to promote more faithful attendance by pupils, the need for improved provision of instructional materials, the need to improve facilities, and the need for greater parental and community involvement in the schools.
- 18.II.2.10 Teachers, and especially head teachers, need professional training in administration and in managing the relationship between school and community.

Secondary Level Education

- 18.II.2.11 **About 50 percent of the nation's eleven year olds are directed into schools which have programmes of shorter duration than the standard, and teachers who are generally under-qualified and untrained. Moreover, they often occupy derelict and badly-designed buildings and are required to learn in a depressed environment. In this respect, a strategic concern that merits review is the present structure under which a child's educational fate is virtually sealed at the end of primary school, when the examination results determine whether his or her future track will be academic or vocational. Given that there are "late bloomers" in any system, the present structure may be shunting aside potential academic talent.**
- 18.II.2.12 A growing number of students, especially boys in the secondary department of the primary programme and the CHS, are dropping out before grade 9 (before the completion of basic education).
- 18.II.2.13 The secondary school curriculum and the general teaching methodology are driven by the examination process and not by an overriding concern to stimulate and encourage critical thinking and optimise assimilation of material. As a consequence, the evaluation mechanism which monitors the reliability and consistency of the teaching-learning process is deficient.
- 18.II.2.14 **The persistent shortage of secondary school teachers has created a situation where about half of the secondary school teaching staff is employed on a part-time basis. Although salaries were recently increased, conditions of service remain uncompetitive with respect to the packages offered by the local private sector and in overseas markets. The net result is an increase in extra lessons throughout Guyana. This in turn leads to limited participation of pupils in both co- and extra-curricular activities despite sporadic attempts by the management of schools to organize and structure such activities on a regular basis.**
- 18.II.2.15 **The core curriculum, in these days of globalisation and informatics, fails to provide students with basic computer literacy and foreign language competence. The attempts to correct this are as yet too feeble.**
- 18.II.2.16 Secondary, like primary schools, need greater parental and community involvement, rehabilitation of facilities, and better instructional materials.

Training of Teachers and Inspecting of Schools

- 18.II.2.17 **The lack of adequate numbers of suitably qualified applicants has caused the Cyril Potter College of Education (CPCE) and the Faculty of Education to lower their entry requirements for persons seeking to be trained as teachers. The high demand for graduates from these institutions has often permitted graduates to be recruited to teach at higher levels in the system than those for which they were trained. Two other major difficulties are the**

recruiting of suitably experienced lecturers to train the teachers and the inability of the current staff to properly assess the practical aspects of the training.

18.II.2.18 Inspection is done at all levels: nursery, primary and secondary, on an average of only once every three years. This is as a consequence of the shortage of staff, the non-existence of necessary amenities such as computers and the scarcity of transportation facilities.

University Education

18.II.2.19 **Tertiary institutions in most parts of the world which are developed, or are successfully developing, generally enjoy a level of autonomy which frees them from political and extraneous influences that would jeopardize or impair their ability to accomplish their mission. There are clear indications that the University of Guyana does not enjoy this level of autonomy. Heavy reliance on Government funding, and the uncertainty of the level of funding have undermined the ability of the University to operate as an autonomous tertiary institution.**

18.II.2.20 **The University of Guyana is not performing to its full potential because of a number of factors: these include undue interference in its management, many years of inattention to the physical plant; a number of minimally qualified lecturers; a lack of basic equipment; and inadequate facilities and low salaries.**

18.II.2.21 **Most importantly the University has failed to keep pace with the development of technology.**

18.II.2.22 Low standards of intake adversely affect the University's performance, as some of its limited resources are being used to deliver remedial courses to bring students up to entry level requirements.

18.II.2.23 The University needs to mobilise more funds and improve its capacity for financial management. It must strive to increase its cost effectiveness.

18.II.2.24 **The University's records highlight a strong student bias to enroll in the social sciences and the arts, and to avoid technology and natural sciences. This bias may also be a reflection of the state of education at the primary and secondary levels. Given the current demand for engineers and technicians, it is critical that the enrollment in these latter areas be increased either directly at the University or indirectly in special contractual arrangements.**

Technical and Vocational Education and Training (TVET)

18.II.2.25 **Technical education in Guyana appears to be delivered haphazardly, and to be without a vision or a grand design. It is poorly financed and managed; the linkages between those who deliver TVET and the private sector which absorbs the graduates are tenuous; and the basic training of the students is often inadequate.**

18.II.2.26 A few industries provide their own training programmes, but they are primarily for a narrow range of skills.

18.II.2.27 A survey of existing TVET institutions ought to be speedily made, and a system developed to use their combined facilities in a more rational manner. There is a dearth of female students entering the field of technical education. The reason for this state of affairs ought to be identified and rectified.

Special Needs Education

- 18.II.2.28 The term "special needs" is used to refer to slow learners and children with emotional and physical learning disabilities, as well as the gifted. There are very few schools in Guyana which are dedicated to children with special needs: David Rose's, Saint Barnabas, and the Sophia Special Schools. Four other schools have a classroom dedicated to children with special needs: Saint Rose's High School for the blind; South Ruimveldt Park Primary School for the hearing impaired; Diamond Primary School for multiple disabilities; and the New Amsterdam Primary School also for the blind. These facilities are meant to respond to all levels of children with disabilities. None is adequately staffed and equipped.
- 18.II.2.29 Considering the limited available resources, it could be presumed that most special needs children are either in regular schools or at home, and that their special educational needs are left unmet.

Adult Literacy Programmes

- 18.II.2.30 Many adults in Guyana are illiterate, or at least not functionally literate. However, there has not been enough emphasis on adult literacy campaigns.

18.II.3 Constraints

General Constraints

- 18.II.3.1 **In spite of an upward trend in recent years, budgetary allocations to education are still far from adequate.**
- 18.II.3.2 Teachers' salaries are in general too low to attract and retain the most qualified staff.
- 18.II.3.3 There is an insufficiency of instructional equipment and material.
- 18.II.3.4 Physical conditions have deteriorated.
- 18.II.3.5 **The levels of training for many teachers are inadequate, especially in the hinterland regions.**
- 18.II.3.6 **Many teachers are not academically qualified for the levels or subjects they teach.**
- 18.II.3.7 **The relative lack of amenities in many hinterland areas makes it more difficult to recruit teachers for those areas.**
- 18.II.3.8 There has not been a strong tradition of involvement in the schools by parents and communities, although there has been an increasing trend in this regard. Experience worldwide has shown that such involvement tends to raise the quality of instruction, reduce student absenteeism, improve the condition of physical plant, and assist in identifying supplementary sources of financing for schools.
- 18.II.3.9 Men are underrepresented in the teaching profession; hence there is a relative lack of role models for boys.
- 18.II.3.10 Constraints Specific to Levels of Schooling and Functions
- 18.II.3.11 In addition to these general constraints, there are several additional constraints which are specific to each level. They are as follows:
- a. In the *administration* of education:
 - Shortage of skilled manpower

- Poor conditions of service
 - Inadequate central and regional interface
 - Poor communication facilities
 - Inadequate data to monitor budgets, enrolment, and school and teacher performance
 - Poor regional department/school interface
- b. In *Nursery Level* education:
- There is persistent failure on the part of some teachers and many parents to present the curriculum in a subject-centred mode.
 - The lack of data on the demand for nursery schools, by region, is a major constraint to the planning and development of additional facilities.
- c. In *Primary* Education:
- Many teachers have no curriculum guide to follow, while others only have limited access to these basic support documents.
 - **The curriculum is dominated by the drive to prepare the students for the SSEE.**
 - In many instances, educational programmes are not articulated to facilitate smooth transitions from one level to the other.
 - Not enough teaching is being done in most classrooms due to lack of discipline and frequent absences by teachers, while some teachers are overloaded with non-teaching work.
 - **Funding at this level is exceptionally low, well below that of other Caribbean countries on a per-pupil basis.**
- d. In *Secondary* Education:
- Absence of instructional supervision for teaching staff and relatively poor quality in the administration of the system.
 - Inadequacy of structural and regular staff development programmes for both teaching staff and regional supervisory officers.
 - **Poor physical conditions of many schools. A persistent shortage of equipment (science, audiovisual, technical, and sports), textbooks, library books, and teaching aids, especially in the CHS and the secondary departments of primary schools.**
 - **The funding of CXC examinations and President's College places a heavy burden on general education funds.**
- e. In *teacher* training:

- Unacceptable standards in the quantity and quality of staff.
- Shortage of full-time staff at CPCE and at the in-service centres.
- Poor conditions of service (including salaries) for teacher educators, and a shortage of trained teacher educators.
- **Inadequate focus on the impact of sensitive issues on the development of children.**
- Lack of effective coordination of effort among CPCE, NCERD, the Education Faculty of the University of Guyana, and IDCE in the preparation of teachers for the educational system.
- Absence of continuous evaluation of teacher training programmes.

f. At the *University* of Guyana:

- **Student-teacher ratios that are very low in some faculties, raising the unit costs of instruction.**
- **Inadequate qualifications and experience of a not insignificant number of teachers.**
- Unattractive salaries. Many lecturers are forced to pursue outside opportunities at the expense of their students, and relevant research.
- Weak capacity in financial management in the University's administration.
- A decline in the quality of the first-year students entering the University over the last decade.

g. In *technical, vocational education and training*:

- **Insufficient volume of TVET in relation to the growing needs of industry and commerce.**
- TVET curricula are not fully attuned to the requirements of employers.
- **Lack of mechanisms for wider private sector participation in funding the costs of TVET and in sharing in the education and training process.**
- Absence of continuous evaluation of TVET programmes.

h. In *special needs education*:

- Adequate provisions not being made in the existing schooling system for children with special needs.
- Insufficient data on the total numbers, geographic distribution, school levels, and classification of special needs children.

- Functionally illiterate out of school youth and adults not being adequately catered for.
- No coordination of efforts to provide a second chance for the large numbers of school youth and adults for whom functional illiteracy constitutes a special handicap.
- No coherence in programming that would lead to a national certificate of literacy. It is therefore difficult for these individuals to re-enter the learning stream.

18.III SECTORAL OBJECTIVES

18.III.1 The three fundamental, all-embracing, objectives of the nation's educational system are:

1. raising levels of literacy and numeracy in the population;
2. improving the population's command of life skills; and
3. meeting the special educational needs of children who are physically or mentally challenged in one way or another.

18.III.2 To facilitate the achievement of these basic objectives in the context of the current issues and constraints affecting the educational system, the following broad operational objectives will be pursued.

- i) Increasing the relative importance accorded to primary education within the system.
- ii) Undertaking a remedial or recuperative campaign at the level of adult education, for all school leavers and other adults who have not attained sufficient levels of literacy.
- iii) Increasing student attendance.
- iv) Increasing the effectiveness of instruction at all levels in the system, per unit of resources expended.
- v) Mobilising greater amounts of financial resources for all levels and types of education.
- vi) Targeting the expenditures on basic education more effectively.
- vii) Maximising the results throughout the education system, from Kindergarten to University.
- viii) Increasing public awareness of the value of education and functional literacy.
- ix) Making the system more flexible in order to accommodate students who mature academically at different rates.
- x) **Reducing regional inequalities in education.**
- xi) **Increasing the gender sensitivity of the system at all levels with regard to specific issues affecting both male and female students.**
- xii) **Focussing more on scientific and technical education, computer literacy, and informatics.**

18.IV THE STRATEGY

Financing of Education

- 18.IV.1 **The share of the national budget allocated to education will be raised continuously from the present level of approximately 14 percent to 20 percent by 2005, and will be sustained at or above that level for the rest of the decade.**
- 18.IV.2 **All current administrative and legal barriers to the establishment of private schools will be removed.**
- 18.IV.3 Private schools will be required to comply with Ministry guidelines on curricula, teacher qualifications and safety standards of physical facilities. However, maximum freedom will be given to those schools in respect of staff management and promotion, the kinds of educational materials used, and other areas of operational decisions. Indeed, innovation will be encouraged in school administration. By permitting private schools to emerge and absorb part of the student population in a self-financing way, the resources available to the public system will yield higher levels of support per student.
- 18.IV.4 **Mechanisms for improving consultative processes with communities and target groups on cost-sharing activities, on the development of school financial plans and related topics, and for the involvement of community watchdog groups in the monitoring of the use of physical facilities to reduce repair costs will be expanded and made more systematic.**
- 18.IV.5 **Selected school administrative services, such as transport, catering, etc. that could be more competitively delivered commercially, will be contracted out.**
- 18.IV.6 **A modest basic fee that would contribute to books and materials, and school security and first aid services, will be established for primary and secondary schools. Mechanisms for parent involvement and consultations will, at the same time, be put in place. It must be recognised that, at present, most parents do pay for their children's education, through the purchase of materials that are not readily available and through extra-curricular lessons to compensate for the existing deficiencies of the system. This demonstrated willingness to pay needs to be channelled in directions that would help to strengthen the system. Every effort will be made to enhance partnerships between parents and schools. Mechanisms will be put in place to identify those families that should be exempted from paying fees.**
- 18.IV.7 **Examination subsidies for CXC and GCE, except for the poorest families, will be reduced significantly. The payment of even these reduced subsidies will be based on satisfactory performance by students at the national fourth form test.**
- 18.IV.8 **The restructuring of administration, enrolment and expenditure at President's College, which has already begun, will be continued. Attempts will be made to maintain standards and the capacity to deliver quality education. Other residential schools will be improved to bring them more in line with President's College.**
- 18.IV.9 **Aspects of the Secondary School Reform Project (SSRP) and the Primary Education Improvement Programme (PEIP) support the involvement of parents and other members of the community in the development of school improvement plans. Partnerships will be expanded and schools will be allowed to raise, by these and other mechanisms, supplementary funding without prejudicing their regular allotment from the Ministry of Education. In this way, schools will be given additional incentives to strengthen**

community alliances. The supplementary funding mobilised in this way will be used for purchasing additional equipment and materials, establishing programmes of teacher incentives, providing additional financial resources to special education, and establishing bursaries for students of low-income families.

18.IV.10 **Modest charges for the after-school care of young children will be made. Care of this kind can become an activity that more than pays for itself, thus contributing to funding the central educational mission of the schools.**

18.IV.11 **The hiring-out of premises will be done during periods when they are not utilised for schooling.**

Targeting Educational Expenditure

18.IV.12 **The financing strategies which have just been outlined will also enable the better targeting of educational expenditure on needy students, so that in the end the subsidies implicit in this expenditure would go to those who most require them.**

18.IV.13 The variations in the amount of spending per student between regions with similar characteristics will be reduced.

Balance between Different Levels of Education

18.IV.14 Notwithstanding the emphasis that needs to be placed on primary education because of its fundamental place in the acquisition of basic education, it is also essential to realize the interdependence that necessarily exists among the various levels of the educational system. One level feeds the other both up and down the system. Today's unqualified or under-qualified teachers are the products of yesterday's classrooms. The nation cannot wait ten years to see improvement in the functional literacy levels of today's six-year-olds, while at the same time seeing its stock of functionally illiterate out-of-school youth and adults increase. **To break the cycle, emphasis will be placed on securing appropriate literacy and numeracy skills throughout the system. There will be an attack on illiteracy from multiple points. This will include the testing for literacy levels and the building in of remedial programmes well in advance of CXC examinations. This will be the premier priority for the first decade of the 21st century.**

18.IV.15 **Candidates for entry to UG and CPCE will be required to write admission tests in English Language, Mathematics and Social Studies with difficulty levels which are at least on par with an upgraded fifth form level; or successfully complete a remedial programme as a requirement for entry.**

18.IV.16 **To facilitate improved standards, students who enter these institutions will be required to demonstrate the ability to write cohesive prose compositions that are devoid of spelling and grammatical errors.**

Gender Sensitivity

18.IV.17 **Specific material on sensitivity with respect to gender will be included in the curricula for teacher training. In these courses, trainee teachers will be exposed to gender-free teaching skills and techniques.**

18.IV.18 A special commission will review the curricula of the system, and its teaching and learning materials, with respect to gender considerations, and appropriate revisions will be made.

18.IV.19 Monitoring tools and mechanisms will be developed by the Ministry of Education for following the treatment of gender issues in the school system, and for providing corresponding feedback to school administrators and teachers.

18.IV.20 **Special bursaries will be established to encourage girls to go into scientific and technical vocational fields and also to encourage boys to complete high school. Increased attention will be given to providing encouragement to males to stay in school and to develop intellectually. Positive role models will be used to help them discover the value of education.**

Administration of Education

18.IV.21 Improved baseline data, along with their computerisation, and systematic budgetary monitoring procedures will be developed and implemented.

18.IV.22 The relationships between and among the Central Ministry, the Regional Education Departments and the Regional Democratic Councils will be redefined and clarified and their respective coordination mechanisms strengthened.

18.IV.23 Training programmes for school administrators, central educational authorities and regional officials will be strengthened and applied more broadly. Special orientation and training programmes will be instituted for newly appointed regional officials.

18.IV.24 Mechanisms will be developed to involve community members more fully in the annual planning exercise for each school and in the implementation of such plans. Particular emphasis will be given to involving the families of children with special needs.

18.IV.25 Similarly, mechanisms will be developed for the involvement of representatives of local communities and regions in overall education planning and delivery, including issues related to the curriculum.

18.IV.26 Policies Specific to Levels of Education

Pre-School Care

18.IV.26.1 Training will be provided to day care and playgroup instructors.

18.IV.26.2 A survey will be conducted in order to develop a greater understanding of the demand for day care and play school facilities.

18.IV.26.3 Partly as a function of the results of this survey, a programme will be launched to upgrade existing facilities and build new ones. Regular meetings will be set up between concerned agencies and representative parents and teachers, in order to arrive at a common understanding of the basic elements of a "curriculum" for day care and play groups.

18.IV.26.4 A campaign will be carried out to establish strategic alliances with the business sector, NGOs and community-based organisations to provide enhanced child care facilities within nursery schools in general, and in particular in the main urban centres.

Nursery Level Education

18.IV.26.5 The new curriculum, which has been formulated, will be continually monitored to:

- help students deal better with sensitive issues such as gender biases and discrimination by race, religion or social status, and to minimize the emergence of such attitudes as the children mature;
- facilitate the children's transition from the use of their dialect or home language to standard English;
- assist children to validate themselves personally in the context of the society, i.e., develop respect for the achievements of their ancestors and a sense of pride in their own person, interests and talents; and
- encourage children's sense of curiosity and willingness to explore their world on a conceptual plane.

18.IV.26.6 **Campaigns will be undertaken to increase the enrolment in nursery schools by at least 15 percent over the next five years, with particular emphasis on the hinterland and deep riverain areas. By 2010, nursery education will be available to all children in the relevant age cohort.**

18.IV.26.7 Expanded training activities will be provided for teachers to improve their capabilities. The quantitative goal of the expanded training programme will be to increase the number of trained teachers at this level by at least 20 percent annually.

18.IV.26.8 The number of facilities specifically built for purposes of nursery schooling will be increased. Through the PTAs, the private sector will be encouraged to help in providing more of these facilities.

18.IV.26.9 Teachers at this level will also be trained to teach English as a second language.

18.IV.26.10 Informational material and short courses will be developed for community groups, NGOs, and parents who wish to participate in the delivery of early childhood education. This will expand initiatives already started by the Community Based Rehabilitation (CBR) programme and the MOE

Parent Education programme.

18.IV.26.11 Provision will be made for the nursery schools to offer supervision for children who cannot be picked up immediately at the end of the session. Fees commensurate with the effort will be charged for providing this service, or alternatively parent volunteers will be recruited.

18.IV.26.12 Guidelines and documentation will be available to communities that wish to start their own nursery schools.

Primary Level Education

18.IV.26.13 **The percentage of primary teachers who are professionally trained will be increased annually, so that the proportion of trained teachers, by the year 2010, will be at least 80 percent. Distance learning methods for in-service training will be utilised as well as the regular programme of the CPCE. Care will be taken to ensure that training programmes are conducted in such a way as not to have a disruptive effect on students.**

18.IV.26.14 **A programme for raising salaries with the additional budgetary allocations will be developed, giving special consideration to hinterland areas and introducing mechanisms for the effective implementation of performance-based incentives (merit increments) for all teachers. Performance-based incentives, including financial assistance, will also be**

given for the attainment of appropriate relevant and additional academic and professional qualifications.

- 18.IV.26.15 **Except where there is a major learning difficulty, the focus at the primary level will be on improved literacy, numeracy and communication skills.**
- 18.IV.26.16 **Curricula relevant to the lives of students and to challenges of current and evolving trends will be developed. The curriculum will therefore include introduction to a foreign language and computers and the development of life skills or problem-solving abilities. Values, moral underpinnings and factual material for good citizenship will also be stressed. A panel of experts will be convened for the purpose of revising the curriculum.**
- 18.IV.26.17 Student performance norms, according to grade, level and subject, will be established.
- 18.IV.26.18 There will be a review of current assessment practices, supported by a system of improved record-keeping in schools to institutionalise continuous assessment.
- 18.IV.26.19 This system of continuous assessment will be put in place with a view to effecting a smoother transition from Primary to Secondary Level. Such assessments will be supported by the use of cumulative record cards, which are currently being developed. A national committee will be convened to evaluate the SSEE with the aforementioned performance norms and continuous assessments.
- 18.IV.26.20 There will be more than one entry point into the academic stream. Eliminating the SSEE will not alleviate the problems associated with the lack of sufficient places in good schools and the lack of qualified teachers.
- 18.IV.26.21 Primary teaching guides will be made available to all teachers in the system at this level. The guides will also be provided to all supervisory staff, in order to improve the capacity of the inspectorate and regional supervisory staff to monitor the implementation of the curriculum.
- 18.IV.26.22 Assistance from external donors and local NGOs will be utilized to strengthen school-feeding programmes so that virtually all primary schools will be covered.
- 18.IV.26.23 The programmes of rehabilitation and construction of schools will continue. Assistance for this activity and for the design of purpose-built structures for different levels of enrolment will be sought from donor agencies. Special attention will be paid to schools in poverty-stricken areas.
- 18.IV.26.24 The location of new schools and the rationalisation of existing schools will be informed by data gathered in a recently completed School Mapping Exercise and by norms established in the new Education Act and Regulations. The School Mapping database will be updated each year by information gathered from the returns of the annual statistical questionnaires, which are sent out to all schools.
- 18.IV.26.25 Alliances with programmes such as SIMAP, BNTF and others, for activities such as the repair of schools, provision of furniture, creation of libraries, and supply of developmental materials, will be maintained and strengthened. PTAs will be actively involved in the coordination of outside support for the schools.
- 18.IV.26.26 The libraries established under the PEIP will be maintained. PTAs will be encouraged to undertake the establishment of school and community libraries in cooperation with head teachers, teaching staff and students.

- 18.IV.26.27 Depending on the outcome of the current project, additional schools with past achievement rates that are below average will be converted into magnet schools through an intensive and coordinated programme of renovation of physical plant, introduction of additional teaching materials, and provision of intensive in-service training to the teaching staff.
- 18.IV.26.28 Ancillary staff will be reintroduced into schools with more than 500 pupils.
- 18.IV.26.29 The testing of strategies for facilitating the transition between nursery and primary and between primary and secondary, which has been started with assistance from UNICEF, will continue. By the end of the decade, there will be well-researched and documented strategies for improving the transitions among these levels.

Secondary Level Education

- 18.IV.26.30 **Community high school programmes will be extended by one year. The first year will be utilised for repeat and remedial work in language, mathematics and science, as a first step to the unification of GSS, CHS and the secondary departments of the primary schools.**
- 18.IV.26.31 **The relevance of the curriculum will be improved by incorporating Spanish and more intensive work with computers, and by devoting more attention to technical and vocational subjects and general life- skills.**
- 18.IV.26.32 A more structured system of supervised teaching in the secondary schools, especially from Form One to Form Three, where the learning of basic concepts is crucial to increasing students' capacity to understand and apply analytical tools at subsequent levels in the educational system and later in the world of work, will be enforced.
- 18.IV.26.33 **Guidelines for teachers to help students develop cognitive learning skills will be prepared and distributed. Teachers will be encouraged to foster analytical skills, critical thinking and advanced application skills and to set questions that test all levels of the cognitive domain.**
- 18.IV.26.34 **A more equitable system for awarding CXC subsidies to students based on need, and on their performance and demonstrated ability, will be established.**
- 18.IV.26.35 A programme for implementing measures to increase the cost-effectiveness of all residential schools will be implemented: the pupil-teacher ratio will therefore be increased, but not to exceed the national recommendation for secondary schools which will be outlined in the new Education Act; greater accommodation will be made for students from the hinterland; and the administrative staff will be rationalised.
- 18.IV.26.36 A policy of assigning available and experienced form teachers who are able to offer advice, guidance and pastoral care to all students, and in particular to those of Forms One and Two, will be formulated and implemented. In addition, consideration will be given to engaging the services of persons qualified to give guidance and care to students and if necessary, to families.
- 18.IV.26.37 Efforts to ensure that the first forms have a full complement of teachers for all subject areas will be redoubled. Whenever possible, experienced teachers will be placed in the early forms as well as in the examination years.
- 18.IV.26.38 **Years of compulsory schooling will be extended either to the age of 16 or to the completion of a five-year secondary programme.**

18.IV.26.39 Certification at the secondary level will be broadened to include an examination which, by means of content and reporting, will give indication of the level of achievement of students.

A Second Chance at Basic Education

18.IV.26.40 **The non-formal system of education will be strengthened. Programmes will be designed both to develop basic literacy skills and to raise the level of functional literacy and numeracy of young Guyanese adults as well as the older members of the population. This will be a part of the priority programme.**

18.IV.26.41 A Guyana Council for Adult and Continuing Education will be established as a coordinating body involving all stakeholders in adult education. This body will set strategic directions, develop logical progressions, and ensure coherence and standards in the learning path for adults, including certification. It will also seek funding, and establish creative partnerships between centres for basic and functional literacy and the private sector.

18.IV.26.42 Basic and functional literacy classes for adults, as well as core secondary curricula content, will be conducted at suitable locations. Teachers and other literacy facilitators will be specially trained to teach adults.

Training of Teachers

18.IV.26.43 **Eighty percent of all teachers will be trained by 2010.**

18.IV.26.44 **The number of trained graduates will be increased by 50 percent in the same period.**

18.IV.26.45 **New training centres at the regional level and the development of modalities of distance training will be established. The establishment of an accreditation body will ensure that there is sufficient equivalency in the various teacher-training programmes.**

18.IV.26.46 **Assistance will be sought from external donors to secure access to improved technologies for teacher training.**

18.IV.26.47 **The cost-effectiveness of teacher training by distance education methodologies will be improved. However, trained teacher educator ratios in training programmes will be increased.**

18.IV.26.48 **A part of each year's increase for education in the national budget will be allocated to improving the salaries until they are at a realistic level. Savings realised through increases in the cost-effectiveness of training programmes will also be directed in large measure to increasing salaries.**

18.IV.26.49 **A more realistic assessment of the cost of training a teacher than currently exists will be made, and this cost will be factored into contracts. In the event that teachers break their contracts, they will be required to repay on a pro-rata basis.**

18.IV.26.50 Entry requirements for teacher training programmes will be strengthened.

18.IV.26.51 Teacher training will emphasise:

- Teaching the fundamentals of literacy and numeracy.

- Teaching more analytical approaches to basic material and ways to encourage students to think creatively.
- Approaches that will enable teachers to cope with the realities of the modern classroom which include various forms of indiscipline.
- The importance of inculcating self-esteem and self-worth in students.
- **The use of modern technology including the computer.**
- Greater emphasis on teaching foreign languages.
- Techniques for teaching remedial classes.
- Critical thinking on the part of teachers themselves, with greater openness to different methods of doing things.
- Guidance and pastoral care in schools.

18.IV.26.52 Greater opportunities will be provided for training of the current stock of teachers through short courses and seminars given *in situ*, and through distance learning.

18.IV.26.53 **Incentives will be provided to teachers for participating in training programmes, especially those linked to acquisition of knowledge and techniques in mathematics, sciences, technology and languages.**

18.IV.26.54 A system through which highly qualified persons who have not come through the educational curriculum in their tertiary studies can acquire professional teaching competence through intensified and abbreviated courses in teacher training will be provided. In addition, provision will be made for such persons to participate in teaching on a part-time or occasional basis without having received full certification from a teacher-training programme.

18.IV.26.55 Provision will be made for licensing teachers who are trained at institutions other than CPCE and the University of Guyana.

18.IV.26.56 The relationships among CPCE, NCERD and the University of Guyana will be rationalised to emphasise greater linkages between programmes.

18.IV.26.57 A systematic evaluation of all teacher-training programmes will be undertaken every five years to establish levels, benchmarks and relationships between the various teacher-training programmes.

18.IV.26.58 In the long term all heads of schools will be academically and professionally qualified prior to their appointment. They will also receive specific training in management and administration.

18.IV.26.59 Provision will be made for the teacher educators to receive periodic refresher materials and courses.

18.IV.26.60 Guidance teachers, and vocational guidance personnel, will be trained and appointed to schools.

18.IV.26.61 Instruction in the teaching of English as a Second Language will be provided at Teachers' College and will be a requirement for certification.

18.IV.26.62 **All candidates for Teachers' College will be required to pass a special college admission test in English and Mathematics.**

- 18.IV.26.63 **There will be limits as to the length of time an unqualified or under-qualified teacher, currently employed, continues to teach without improving his/her academic and professional qualifications.**
- 18.IV.26.64 A code of conduct for teachers will be developed and implemented by the teachers' union and Ministry of Education.
- 18.IV.26.65 Teacher training programmes and management courses will include the presentation of racial, ethnic, religious and other sensitive issues.
- Tertiary Education
- 18.IV.26.66 **The University of Guyana Council will be appointed by a broad-based, non-partisan body which will include the government, the opposition parties, representatives of religious bodies, the private sector and the trade unions.**
- 18.IV.26.67 **A predictable, reliable level of subvention to the University will be maintained over the long term, based on a transparent and workable formula.**
- 18.IV.26.68 **The public subvention to the University will be transferred in a lump sum on an annual basis at least two months before the commencement of the academic year.**
- 18.IV.26.69 The University will seek to have a more viable and cost-effective grouping of courses.
- 18.IV.26.70 The University will seek to achieve more significant efficiency in the utilisation of its existing income by improving its management, attention being paid to the number of administrative units and positions and to the ratio of ancillary to academic staff.
- 18.IV.26.71 Training and assistance will be provided to improve the institution's capacity for sound financial management and coordination.
- 18.IV.26.72 **Management will act more speedily to commercialise the University's potential services in research and development. Consultancy services will be expanded.**
- 18.IV.26.73 **Fees will be maintained and will vary from programme to programme.**
- 18.IV.26.74 **The student loan scheme will be maintained.**
- 18.IV.26.75 Greater support for the University will be mobilised, through both domestic and foreign sources, including contributions to scholarship funds.
- 18.IV.26.76 Rolling five-year plans will be prepared for capital and recurrent expenditures, to ensure greater predictability and probity in the use of funds.
- 18.IV.26.77 A University grants commission will be set up, with membership drawn in part from the University Council, to recommend medium and long term Government financial allocations.
- 18.IV.26.78 **The University's entry requirement of five O' Levels or five CXC, inclusive of English, will be retained.**

- 18.IV.26.79 **To expand the intake of students, high school diplomas will be considered in conjunction with other requirements for entry. A scholastic aptitude test will be utilised as part of the selection process.**
- 18.IV.26.80 The University's capacity to provide remedial teaching prior to enrolment will be strengthened.
- 18.IV.26.81 **Scholarships will be provided to needy students.**
- 18.IV.26.82 Adult and continuing education programmes will be strengthened.
- 18.IV.26.83 Triennial reviews of course offerings will be undertaken with a view to revising them in the light of the requirements of the economy, modern trends and international developments.
- 18.IV.26.84 **In 2001, the University will develop a long term plan for establishing and strengthening centres of excellence which eventually could draw students from the Caribbean region and elsewhere. Special support from industry and international donors will be sought for research and teaching programmes (and student scholarships) in those centres. Topics that commend themselves as natural candidates for such centres include tropical forestry and forest management, geology and mining, and fisheries management.**
- 18.IV.26.85 Forms of collaboration with the University of the West Indies and other universities will be intensified.
- 18.IV.26.86 The University's foreign language offerings, especially Spanish, will be improved as a priority.
- 18.IV.26.87 **The mainstreaming of gender will be introduced in more course offerings. Faculty and administrators will be given special materials and seminars on the subject.**
- 18.IV.26.88 The availability of cultural and sports facilities for students will be increased and support will be given to activities which will enhance the quality of the students' social life.
- 18.IV.26.89 The most deteriorated aspects of the physical plant will be urgently rehabilitated and systematic maintenance of all facilities will be implemented.
- 18.IV.26.90 **A stronger University presence will be created in both Berbice and Essequibo, which may be expanded as demand and resources permit.**
- 18.IV.26.91 **The emoluments of the University teaching staff will be scrupulously scrutinised to ascertain whether its various levels enable it to recruit teachers of the highest available calibre.**
- 18.IV.26.92 **The University will establish and strictly enforce, academic and experience requirements that are comparable to those obtaining in the Caribbean, for the recruitment and promotion of its academic staff.**
- 18.IV.26.93 **A special pre-university science course will be established at the University in order to increase its intake of students for training in science and technology. Course applicants will be required to pass a special test.**
- Technical and Vocational Education and Training
- 18.IV.26.94 A tripartite council comprising representatives of the trade union movement, the private sector and government will be established.

- 18.IV.26.95 This council will provide guidance in financial management and will take responsibility in such areas as the certification of graduating students and the periodic evaluation of the TVET system.
- 18.IV.26.96 Employers will be encouraged to support TVET programmes in kind as well as in cash, by contributing employees' time and making available equipment and materials.
- 18.IV.26.97 The TVET system will be structured, so that it might offer more short-term courses in general for those with a basic education, craft programmes for qualified Form IV graduates, technician and diploma programmes for Form V graduates with appropriate CXC qualifications, and the opportunity for admission to programmes at the University of Guyana for outstanding graduates.
- 18.IV.26.98 **In consultation with GUYSUCO, the facilities offered at their technical institutes will be remodelled in order to provide training to a wider cross-section of students than those now catered for at these institutions.**
- 18.IV.26.99 **Special emphasis will be given to short courses in rural areas on topics that have the potential to enhance the income of farmers.**
- 18.IV.26.100 The increased funding available for TVET will be used to expand its scope, and to improve the quality of instruction. The expansion will take place in areas indicated by the tripartite council.
- 18.IV.26.101 **Information technology and design and technology programmes at primary and secondary levels will be introduced.**
- 18.IV.26.102 **The geographical coverage of the TVET system will be widened and made more accessible to rural/hinterland communities.**
- 18.IV.26.103 **A programme to increase the number of female applicants in non-traditional fields will be initiated.**
- 18.IV.26.103 **The provision of entrepreneurial studies in the curricula of primary, secondary and tertiary institutions will be an important aspect of this sub-section of the education sector.**

Special Needs Education

- 18.IV.26.104 The National Strategy for Special Needs Education will focus on putting children with special needs into the mainstream of education. Those who are severely challenged will be catered for in special institutions, to ensure an appropriate educational climate, including relevant curricula with effective instructional materials and the requisite support services and physical infrastructure; foster informed involvement of immediate families of children with special needs as well as interested communities; train teachers in the essential skills and techniques required in special needs education; develop partnerships with support groups and non-governmental organisations; and ensuring the provision of suitable challenges for the gifted.
- 18.IV.26.105 A programme of early and regular diagnostic testing will be instituted in the schools to identify learning difficulties and put in place timely remedial measures. In this regard, the Ministry of Health will work in close collaboration with the educational system for the early detection of special physical needs and the design of timely interventions where necessary, preferably before school age. This cooperation will also encompass the educational needs of street children, dropouts, juvenile delinquents and abused children.
- 18.IV.26.106 All schools will be required to articulate their multi-year and annual plans and resource requirements for satisfying children's special needs.

- 18.IV.26.107 The nature of examinations and assessments to which special needs students are subjected will be reviewed to make them more varied and appropriate.
- 18.IV.26.108 Existing special needs schools will be strengthened in all aspects to enable them to cater more effectively to their students.
- 18.IV.26.109 The committee on Special Needs will be resuscitated, more formally recognised, expanded in the scope of its activities, and empowered to deal more effectively with associated issues. The committee's substantive responsibility will be to develop, introduce, support, and monitor appropriate educational programmes for those students with special needs.

Other Educational Policies

- 18.IV.26.110 Guyana will become a centre of learning for English as a second language, for persons from the countries of South America. A task force will be established to review possibilities in this area and formulate recommendations.
- 18.IV.26.112 **To preserve its traditions and meet the challenge of interacting on a greater scale with the external world, programmes will be developed to promote reading and creative writing as a means of sustaining Guyanese art forms.**
- 18.IV.26.113 **Textbooks and other teaching materials will reflect the character of Guyanese society. Curricula will include ethical and moral instruction to provide the platform for discussing civic virtues, tolerance and understanding in a multi-racial society.**
- 18.IV.26.114 **The school programme will endeavour to inculcate, discipline, courtesy and orderliness in students and, through them, in the general society.**

CHAPTER 19

HEALTH

19.I BASIC FEATURES OF THE SECTOR

19.I.1 Health Conditions of the Population

- 19.I.1.1 One of the most unfortunate consequences of Guyana's economic decline in the 1970s and 1980s was that it led to very poor health conditions for a large part of the population.
- 19.I.1.2 Compared to other neighbouring countries, Guyana ranks poorly in regard to basic health indicators. In 1998, life expectancy at birth was estimated at 66.0 for Guyana, 71.6 for Suriname, 72.9 for Venezuela; 73.8 for Trinidad and Tobago, 74.7 for Jamaica, and 76.5 for Barbados. In Guyana, the infant mortality rate in 1998 was 24.2, in Barbados 14.9; in Trinidad and Tobago 16.2; in Venezuela 22; in Jamaica 24.5; and in Suriname 25.1.
- 19.I.1.3 Maternal mortality rates in Guyana are also relatively high, being estimate at 124.6 for 1998. Comparable figures for other Caribbean countries are 50 for Barbados, 75 for Trinidad and 100 for Jamaica.
- 19.I.1.4 It must be emphasized, however, that although Guyana's health profile still suffers in comparison with most of the Caribbean, there has been remarkable progress between 1988 and 1998
- 19.I.1.5 In Guyana the leading causes of mortality for children under the age of one are: certain conditions originating in the prenatal period (46.9%); intestinal infectious diseases (15.6%); congenital anomalies (10.4%); diseases of the respiratory system (6.7%); nutritional deficiencies 5.8%); bacterial diseases (4.0%); diseases of the blood and the blood-forming organs (2.0%); endocrine and metabolic disease immunity disorders (1.8%); accidents (1.6%); and diseases of the Nervous System (1.1%).
- 19.I.1.6 The leading causes of mortality for all age groups are cerebrovascular diseases (11.6%); ischemic heart disease (9.9%); immunity disorders (7.1%); diseases of the respiratory system (6.8%); diseases of pulmonary circulation and other forms of heart disease (6.6%); endocrine and metabolic diseases (5.5%); diseases of other parts of the Digestive System (5.2%); violence (5.1%); certain condition originating in the prenatal period (4.3%); and hypertensive diseases (3.9%).
- 19.I.1.7 The picture in regard to morbidity patterns differs. The ten leading causes of morbidity for all age groups are, in decreasing order: malaria; acute respiratory infections; symptoms, signs and ill defined or unknown conditions; hypertension; accident and injuries; acute diarrhoeal disease; diabetes mellitus; worm infestation; rheumatic arthritis; and mental and nervous disorders.
- 19.I.1.8 This morbidity profile indicates that it can be improved substantially through enhanced preventive health care, better education on health issues, more widespread access to potable water and sanitation services, and increased access to basic health care of good quality.
- 19.I.1.9 Poor environmental health is in part responsible for the seriousness of vector borne diseases, including malaria, filaria and dengue fever. Malaria is endemic and represents the major cause of morbidity in Regions 1, 7, 8, which are also among the poorest areas of Guyana. Filaria is endemic along the coastal strips, and dengue fever is prevalent especially also in the coastal area. In general, diseases spread by vectors and those associated with environmental problems show the most rapid rates of increase.

- 19.I.1.10 The high incidence of dental caries can be addressed through preventive and conservation care, including oral education. This incidence is influenced by the lack of qualified dentists. Moreover, public interventions have been confined to emergency care, especially to extractions, the state providing little or no curative and conservation treatments.
- 19.I.1.11 Although cancer is becoming an increasingly serious health issue for Guyanese, there is no system of diagnosis. This, of course, impedes a sensible appreciation of the magnitude of the problem. However, the incidence of cervical cancer appears to be rising among the female population, even though its impact could be reduced by preventive actions such as early detection. Smear tests are taken in Georgetown, Linden, and New Amsterdam. Most of the women whose test was positive could have reduced the severity of their condition through earlier detection and cure. At present there is no oncologist in Guyana, and the assessment of the urgency of each cancer case is very often not accurate. A Cancer Board, which is in the process of drafting a national cancer programme, was established in September 1998.
- 19.I.1.12 There are significant differences in the incidence and patterns of morbidity by Region. This is due in part to the geographical isolation of some communities and the attendant difficulties of delivering equipment and services to them, and in part to the fact that the deterioration of health infrastructure mainly affected the most remote communities. The Regions with the lowest overall morbidity rates are Regions 3, 4, 6 and 10. However, the reliability and completeness of the data are not uniform across regions, and are especially poor in areas where there are no health clinics, or where clinics are poorly staffed and statistics poorly reported. Hinterland areas are often the least accessible both by river and by air, and suffer from a lack of basic infrastructure and facilities, such as electricity and potable water, which makes the delivery of certain services a difficult task.
- 19.I.1.13 While malaria is mainly responsible for the high rates of morbidity in the hinterland, food accessibility and availability vary across regions. Moreover, the nature of the most pressing health concerns varies by population group. An analysis of disease patterns and other socio-economic variables has revealed particular groups and areas of vulnerability, namely: 1) women's health; 2) children's health; 3) people affected by STDs/AIDS; 4) people affected by mental health problems and drug abuse; 5) disabled people; 6) elderly people; and 7) the Amerindians.
- 19.I.1.14 The incidence of HIV/AIDS has grown almost exponentially in recent years. Indeed, the impact of this ailment could have extremely serious and deleterious effects on the individual, on the population as a whole, on the development of the economy, and on the social stability of the nation. Indeed, it is estimated that if the present trend is not reversed, life expectancy in Guyana could be reduced to 52 years by as early as 2010, and that 50% of the AIDS cases would be concentrated in the 10 to 24 age group.
- 19.I.1.15 Amerindians represent one of the most vulnerable groups to health issues. Their conditions are particularly difficult in respect of malaria, acute respiratory diseases, water borne diseases, nutritional deficiencies, and access to health care.

19.I.2 Environmental Risks to Health

- 19.I.2.1 *Air pollution* is mainly derived from the blowing of bauxite dust and the spraying of pesticides in the canefields, however their effects have not been investigated thoroughly.
- 19.I.2.2 Bacteriological *contamination of water* continues to occur in the distribution system and often surface water is used without treatment or disinfecting facilities. Moreover the high concentration of soluble organic matter encourages the rapid growth of bacteria.

- 19.I.2.3 *Basic sanitation* is poor. Sanitary conditions are dismal in squatter areas, many of which have no hygienic means of waste disposal. New housing schemes, factories, commercial institutions and industries have been developed without complying with the existing land development laws. In fact, individual septic tanks and pit latrines are often the only means of sewage disposal and are frequently not constructed at the recommended distance from the water supply.
- 19.I.2.4 The current *housing stock* is inadequate. Overcrowding in buildings is therefore common. This encourages the transmission of obstructive pulmonary and other communicable diseases. Furthermore, the lack of housing has encouraged the expansion of squatting areas.
- 19.I.2.5 In the *work environment* several health risks are prevalent. Most injuries occur in agricultural occupations, followed by the manufacturing and mining sectors. In the agricultural sector, the main risks to health are also derived from the use of pesticides. Moreover, workers in the rice and sugar industries have been recorded as suffering from silicosis and bagassosis. Silicosis, dermatitis, hearing loss, heat stress and diseases related to the absence of proper ventilation affect workers in the mining industry.
- 19.I.2.6 In the *home*, domestic violence represents a major health problem in Guyana, causing physical harm and damaging mental health.
- 19.I.2.7 Food contamination also constitutes an important health risk. Despite Government regulations and food inspection programmes, the chemical contamination of food continues to occur. Enforcement mechanisms are weak.

19.I.3 The Health Care System

- 19.I.3.1 The delivery of health services is provided at five different levels in the public sector:
- 19.I.3.2 ***Level I: Local Health Posts (166 in total) that provide preventive and simple curative care for common diseases and attempt to promote proper health practices. Community health workers staff them.***
- 19.I.3.3 ***Level II: Health Centres (109 in total) that provide preventive and rehabilitative care and promotion activities. These are ideally staffed with a medical extension worker or public health nurse, along with a nursing assistant, a dental nurse and a midwife.***
- 19.I.3.4 ***Level III: Nineteen District Hospitals (with 473 beds) that provide basic in-patient and outpatient care (although more the latter than the former) and selected diagnostic services. They are also meant to be equipped to provide simple radiological and laboratory services, and to be capable of providing preventive and curative dental care. They are designed to serve geographical areas with populations of 10,000 or more.***
- 19.I.3.5 ***Level IV: Four Regional Hospitals (with 620 beds) that provide emergency services, routine surgery and obstetrical and gynaecological care, dental services, diagnostic services and specialist services in general medicine and paediatrics. They are designed to include the necessary support for this level of medical service in terms of laboratory and X-ray facilities, pharmacies and dietetic expertise. These hospitals are located in Regions 2, 3, 6 and 10.***
- 19.I.3.6 ***Level V: The National Referral Hospital (937 beds) in Georgetown that provides a wider range of diagnostic and specialist services, on both an in-patient and out-patient basis;***

the Psychiatric Hospital in Canje; and the Geriatric Hospital in Georgetown. There is also one children's rehabilitation centre.

- 19.I.3.7 This system is structured so that its proper functioning depends intimately on a process of referrals. Except for serious emergencies, patients are to be seen first at the lower levels, and those with problems that cannot be treated at those levels are referred to higher levels in the system. However, in practice, many patients by-pass the lower levels.
- 19.I.3.8 The health sector is currently unable to offer certain sophisticated tertiary services and specialised medical services, the technology for which is unaffordable in Guyana, or for which the required medical specialists simply do not exist. Even with substantial improvements in the health sector, the need for overseas treatment for some services might remain. The Ministry of Health provides financial assistance to patients requiring such treatment, priority being given to children whose condition can be rehabilitated with significant improvements to their quality of life.
- 19.I.3.9 In addition to the facilities mentioned above, there are 10 hospitals belonging to the private sector and to public corporations, plus diagnostic facilities, clinics and dispensaries in those sectors. These 10 hospitals together, provide for 548 beds.
- 19.I.3.10 Eighteen clinics and dispensaries are owned by GUYSUCO.
- 19.I.3.11 The Ministry of Health and Labour is responsible for the funding of the National Referral Hospital in Georgetown, which has recently been made a public corporation managed by an independent Board. Region 6 is responsible for the management of the National Psychiatric Hospital. The Geriatric Hospital, previously administered by the Ministry of Labour, became the responsibility of the Ministry of Human Resources and Social Security in December 1997.
- 19.I.3.12 The facilities at the other levels receive their funding from the Ministry of Local Government. In each of the Regions there is a Regional Health Officer reporting to higher levels of the Ministry of Health on professional and technical matters. The Regional governments are responsible for health care within their boundaries, and administrative control over health resources rests with the Regional Executive Officer.
- 19.I.3.13 The Ministry of Health is responsible for establishing and implementing health policy and standards, accrediting facilities, and identifying the human resource requirements of the sector throughout the country. It has responsibility for the procurement and distribution of pharmaceuticals and medical supplies in all regions. It funds and manages the vertical health programmes, including vector control, rehabilitation services, dental care, mental health programmes, Hansen's disease, AIDS, and alcohol and drug abuse.
- 19.I.3.14 The possibilities of confusion and overlapping among these agencies are obvious. Indeed they often occur.
- 19.I.3.15 Recent proposals for reforming the Regional system by creating Regional Health Authorities have been advanced and approved by Cabinet. However implementation modalities have not been thoroughly discussed. Under the new system, the Ministry of Health and Labour will not be responsible for day-to-day management and service delivery, but it will have responsibility only for policy formulation, regulation, planning, standard setting, monitoring and evaluation.
- 19.I.3.16 The personnel in the system include 336 doctors (190 within the public sector), 1597 registered nurses, 127 Medex officers (medical extension workers who are qualified as nurses and have 18 months of clinical training), 133 community health workers, 80 pharmacists (3 public, 77 private), 24 environmental health officers, and 27 dentists. There is heavy reliance on overseas personnel in some disciplines. For example, more than 90 percent of the specialist medical staff in the public sector are expatriates. Many medical

personnel in the public sector also work in the private sector, and some observers have noted a neglect of their duties in the former, in favour of the latter.

- 19.I.3.17 In the public health sector the staff vacancy rates range between 25 and 50 percent in most categories. Moreover, imbalances exist in terms of staff distribution: almost 70 percent of the doctors are located in Georgetown, where one-quarter of the population lives. In rural areas and in some specialisations such as pharmacy, laboratory technology, radiography and environmental health, the vacancy rates are at the higher levels.
- 19.I.3.18 Per capita Government spending was US\$26 in 1997, which is well above the US\$12 per capita assumed as the minimal threshold by international organisations for a basic primary health care package. However, biases occur in the allocation of resources, thus reducing the efficacy of Government expenditure, for example, the stated priority of Primary Health Care is under-funded, the major bias being towards hospital services all over the country. Indeed, in 1998, as much as 35 percent of total recurrent Government expenditures on health was allocated to the Public Hospital in Georgetown. The Regional budget for health was 25 percent.
- 19.I.3.19 The University of Guyana and the Liliendaal Annex of the MOH undertake almost all health-related training. UG offers curricula in medicine, pharmacy, medical technology, radiography, environmental health, health sciences tutoring, and health service management. In collaboration with the Institute of Adult Learning and Continuing Education, evening classes for health professionals are offered in mental health, developmental psychology, care of the elderly, and childcare.
- 19.I.3.20 The Liliendaal Annex manages a variety of clinical and technical health education programmes, including professional education for those who intend to work as Medex personnel, nurses, X-ray technicians, dental auxiliaries, laboratory aides, community health workers, physiotherapy assistants, pharmacy assistants and nursing aides. It also offers a public health nursing programme. The Health Education programme of the Ministry of Health includes two nursing schools that are attached to the public hospitals of Georgetown and New Amsterdam. The Linden Hospital Complex operates a nursing school (Charles Rose Nursing School), and internal training is provided at the St. Joseph's Mercy Hospital (private).
- 19.I.3.21 GUYSUCO provides diagnostic and outpatient services for their employees and their dependants, and some of them also have NIS coverage. GUYSUCO also carries out preventive activities through the annual screening of all employees, family planning, and immunisation through collaborative actions with the Ministry of Health. For example, GUYSUCO and the Ministry of Health joined their efforts for the implementation of the Yellow Fever and MMR Immunisation Campaign launched by the Ministry at the beginning of 1999. As noted, the quality of GUYSUCO's health services is generally high.

19.II ISSUES AND CONSTRAINTS

- 19.II.1 Twelve and one-half percent of Guyana's population does not have access to any health care. The situation is proportionally more severe for the lower-income groups. For example, among the lowest group twenty-four percent of the ill or injured does not seek medical care "due to expense or distance factors"; in the next lowest, the corresponding figure was nineteen percent; but in the highest it was only three percent.
- 19.II.2 The most important factors affecting the demand side of health care utilisation are the distance and travel time to a health facility, the perceived quality of the care, the education level of the patient, the type and severity of the illness and the out of pocket expenditures for health. The price of the service plays an important role, but is not the only determinant of health services demand.

- 19.II.3 The poor quality of the care offered at the lower levels has encouraged many patients to by-pass the referral system and seek care directly at the higher levels, thus causing the break-down of the referral system.
- 19.II.4 Overall, both structural and process quality is poor. In spite of recent increases in financing and improvements in management, the health sector still operates with vacancies in several key positions, and with malfunctioning and obsolescent equipment. Storage facilities for drugs are inadequate, as are quality control standards and implementation. Patients routinely purchase their own pharmaceuticals and medical supplies and are forced to spend excessively long time in repeated visits to medical facilities. Moreover, the overall quality of operations has not improved. Indeed, in some respects they continue to decline. In large part this is due to problems in the institutional structure of the sector, in its management practices, and in the unavailability of adequate financing.
- 19.II.5 **Health services are not responsive to users, particularly those most in need, thus resulting in increased inequity. In addition, poor accountability to users undermines the responsiveness of the system.**
- 19.II.6 **Both allocative and technical inefficiencies plague the sector, particularly the public health sector. Allocative inefficiencies derive from the fact that resources are not allocated to the services that are most cost-effective. Technical inefficiencies result from an inefficient utilisation of those areas in which facilities are adequate. Unit costs of facilities at all levels are high.**
- 19.II.7 Institutional responsibility for the public sector system of health care is dispersed among too many Ministries and agencies. Under the present system, the operational responsibility for the implementation of the Ministry of Health's policy lies with the Regional Health Officer (RHO). The RHO reports to the Regional Executive Officer (REO), who also has the financial authority and responsibility for programmes in all sectors. The REO, however, is not accountable to the policy-making Ministries. The Ministry of Health, therefore, has virtually no downstream control on the implementation of its policies. There is no mechanism to hold the REO accountable for the delivery of the sectoral programmes. The restructuring of institutional responsibilities should therefore be a key component of the institutional reforms of the public health care system.
- 19.II.8 **Although Guyana's public expenditure on health has increased significantly during the 1990s, because the system had deteriorated resources remain below the levels necessary to restore it to the desired state. If national health priorities are to be properly addressed, adequate funding for them is vital. There is also a compelling need to improve financial management, so that the available funds are used more efficiently.**
- 19.II.9 There is difficulty in establishing the overall resources needed in the public health sector because budgets are not based on actual cost estimates or productivity criteria.
- 19.II.10 There is a scarcity of qualified and experienced professionals in health care accounting and financial management.
- 19.II.11 Salaries in the public health care sector are still well below those that are offered in the private sector. Moreover, perhaps as a result, absenteeism of medical personnel is a major concern. Furthermore, those reforms that are intended, under the Highly Indebted Poor Countries Initiative, to upgrade salaries up to 80 per cent of private sector levels, have not yet been implemented. In addition, more flexible and efficient personnel policies are required.
- 19.II.12 **In principle, the referral system is well-suited to Guyana because of the geographic barriers to communications and transport. However, in practice it is not functioning well.**

Technical inefficiencies, and the failure to provide adequately trained medical staff, supplies and equipment at the lower level induce patients to bypass the system and seek care in the National Public Hospital, or in private hospitals concentrated in the Georgetown area. In a cruel irony, it is the poor who visit in disproportionate numbers the local facilities and endure the consequences of lower-quality care.

- 19.II.13 **The principal administrative and managerial reasons why the referral system is not working as planned appear to be the following: the lack of sufficient administrative co-ordination between the Ministry of Health and the Regional authorities; shortages of funding; technical and allocative inefficiencies; the inability of the Ministry of Health to provide leadership to the Regions; the lack of authority in the Ministry of Health to implement policies or to set the budgets of the Regional Administrations; the lack of training in public health or in administration of Regional Health Offices; the failure continues to pass on patients' files to higher stages of the system. Indeed the failure to keep files on them; and the fact that in some parts of some Regions, it is easier to travel to Georgetown than to the appropriate health facility in the Region.**
- 19.II.14 **The spatial distribution of health centres is critical, for they provide a wide range of preventive services and some curative care. However, those in Regions 3, 4 and 6 cater to at least twice as many people as in the other regions. And yet, a distribution of health centres based on the population to be catered for would be highly inequitable. Inefficiencies in the spatial distribution of health centres are somehow inevitable given the geographical features of the Guyanese territory and the difficulties of travelling. A trade-off between equity and efficiency seems therefore to exist in that what is an equitable spatial distribution of health centres does not necessary constitute the most efficient solution. The proposals which have been put forward in the Chapter on the Transport sector would go a long way towards the resolution of this difficulty.**
- 19.II.15 **It is widely recognised that the supply and distribution of pharmaceuticals and medical supplies is a major bottleneck in the health care system. There are periodic shortages vis-à-vis needs, delivery is often not timely, and wastage frequently occurs because of poor management. There is obviously a need to correlate estimates of annual drug requirements, procurement, distribution and the allocation of adequate financing. It is also necessary to provide adequate storage facilities, and effective security to prevent the leakage of drugs and other supplies to the private market. An increase of salaries might reduce this transfer of assets from the public to the private sector.**
- 19.II.16 **There is an absence of standard treatment protocols for drug use in treatment of common diseases.**
- 19.II.17 There is a gross insufficiency of qualified pharmacists within the public system.
- 19.II.18 Storage facilities are inadequate and in many cases not suitable to the storage of drugs both at central and regional levels. In addition, part of the space that is available is taken up by expired drugs, drugs that should be destroyed because of their poor condition, and by unused medical equipment.
- 19.II.19 There is no comprehensive management information system for pharmaceuticals and other supplies in use at the Pharmacy Bond.
- 19.II.20 Planning is inadequate. In the Regions, planning for health services is often the responsibility of managers with no expertise in the health sector. Strategic plans for health services development in the Regions are not produced regularly and the planning of outreach activities is minimal. Decision-making is rarely based on supporting evidence. On the contrary, decisions are often made as a crisis response rather than as a result of a rational planning process. There are no mechanisms through which data on the health status

of the population and the incidence of particular diseases and syndromes can be channelled into the decision-making process.

19.II.21 The unavailability of qualified personnel is one of the major weaknesses of the public health system. Moreover, the available staff is not optimally distributed. Major problems occur especially in certain key areas, such as pharmacy, laboratory technology, radiography and environmental health. In addition, the shortage of nurses, who form by far the largest percentage of the work force and are the backbone of the health sector, severely hampers the ability of the system to deliver quality care. There is also a dearth of medical specialist staff and other technical health professionals. As a result, the ratio of physicians and nurses to population is still unacceptably low in some Regions, especially in Regions 1, 5, 8, 9 and 10.

19.II.22 **The management of the system is poor and most personnel in key positions lack managerial training and planning expertise. Difficulties are experienced in the recruitment, retention, training, deployment and utilisation of staff. The development and management of human resources is still not approached in a systematic and organised fashion. The major factors contributing to the public health sector's inability to attract, recruit and retain staff within the public health system are as follows: low incentives (salaries and employment benefits), unappealing working conditions, the lack of career development systems; limited opportunities for in-service training, a general shortage of adequately trained teaching staff and teaching-related materials, and the absence of a comprehensive human resources development and management plan.**

19.II.23 **The shortage of physicians is not necessarily a shortage in numbers. Rather, the problem is one of poor distribution since most physicians prefer to practise in Georgetown and surrounding areas. However there is a definite shortage of specialist physicians. Nursing shortages include both a dearth in absolute numbers and a lack of specialist such as anaesthetic, psychiatric and paediatric nurses. Services in health-related fields such as medical technologists, pharmacists and radiographers are most critical.**

19.II.24 **The lack of adequately designed rewarding systems for health care workers serving the interior mostly account for the inability to attract personnel to these areas. Hinterland conditions are poor, infrastructure and educational facilities for families inadequate, and the cost of living is generally higher than in Georgetown. Better incentives will need to be designed.**

19.II.25 Health education and training systems for all types of health workers are inadequate and not always efficient. There is an absolute shortage of personnel in certain positions, which could be addressed through the enhancement of training activities. But there is an all-pervading absence of suitably trained educators and trainers.

19.II.26 Distance learning, which could amplify the coverage of programmes and of in-service training, has not been developed thoroughly. In the past, distance education was used for the continuous on-the-job training of medexes serving the interior, through weekly radio communication. The process was, however, discontinued because of the disrepair and poor maintenance of the radio equipment. Distance education would not only increase incentives for people to stay in the interior, but also would assist to retrain and upgrade staff's skills. New health learning materials also need to be developed.

19.II.2 Buildings and Equipment

19.II.2.1 Guyana's health infrastructure is very old and many buildings are in need of repair. The condition of the equipment is also poor because of its age and the lack of maintenance. The utilisation rate of the public facilities, especially at Health Centres and Health Posts, is very low. This is due mainly to the shortage of

supplies, equipment, and health personnel; to the high hidden costs for the users (lengthy transportation, and waiting time); and to the relative inaccessibility of the Centres and Posts

- 19.II.2.2 The successful implementation of vertical programmes such as vector control, sexually transmitted diseases and HIV/AIDS, Hansen's disease, tuberculosis, dental services and veterinary public health is severely hampered in Guyana because of the institutional factors related to the existing Regional system. In addition the programmes are constrained by over-stretched staff at the central level; insufficient support and field staff; inadequate inter-institutional co-ordination in programmes such as malaria control; and inadequate supplies of reagents, drugs and equipment.

19.III **SECTORAL OBJECTIVES**

- 19.III.1 In the broadest sense, the objectives of the sector are to increase the length of healthy life for all people in Guyana, and to reduce health disparities among social groups. Put in another way, the objectives are to ensure that, increasingly, most Guyanese enjoy a better quality of life, and to minimise the incidence of illnesses and disabilities. To this end, the focus will be on primary health care and the promotion of preventive health measures.
- 19.III.2 The overall operational objectives for attaining these goals are to improve the population's *access* to health care and the *quality* of the care that is offered, while ensuring that the health services are provided cost-effectively.
- 19.III.3 The question of access is double-sided. From the perspective of supply, improving access requires increasing the availability of health services and ensuring that these services are responsive to the needs and preferences of the clientele at all levels of the delivery system. From the perspective of demand, improved access requires the reduction in the household costs of accessing care (i.e. of reducing all direct and hidden costs).

19.IV **THE STRATEGY**

19.IV.1 **Administration and Management**

Ministry of Health

- 19.IV.1.1 The Ministry of Health will be responsible for health policy formulation, health planning, and monitoring and regulating the health sector.
- 19.IV.1.2 The Ministry of Health will develop the capacity to prepare service agreements, monitor their implementation and assess the performance of devolved authorities.
- 19.IV.1.3 ***The Ministry of Health will be restructured to reflect the decentralisation of service delivery functions. It will operate in a regulatory capacity over the entire health sector, rather than in its traditional role as the centralised manager of the public health system. Service delivery and management responsibilities will be devolved to the health authorities and other agencies, which will report to the Ministry of Health. In the re-structured Ministry, the following functions will be retained and strengthened centrally: the development of policies and strategies; the allocation of resources; the establishment of objectives; the review of performance; regulation setting; and research and development.***
- 19.IV.1.4 Legislation will be introduced to require allied-health-field personnel to register with a Paramedical Professional Council which will be established.

- 19.IV.1.5 **Procurement of all pharmaceuticals and supplies for the public sector will be contracted out. A Procurement Board in charge of procurement and distribution of drugs and medical supplies will be established for this purpose.**
- 19.IV.1.6 **The Procurement Board will be autonomous and managed according to business principles.** Private physicians and facilities would be able to purchase drugs and supplies from the Board. The Board will be required to carry out an assessment of needs for pharmaceuticals and supplies in the entire system, to procure them, to deliver them in required quantities to facilities in all regions of the country, and to assure their quality and their safe storage prior to delivery to the purchaser.
- 19.IV.1.7 All devolved Authorities will arrange their own purchases of drugs and supplies from the Board, and will negotiate prices taking into account transport costs.
- Regional Health Authorities
- 19.IV.1.8 Regional Health Authorities (RHAs) will be established. These will be decentralised public bodies with the responsibility for health service delivery. They will assume responsibilities for operating and maintaining those health facilities that are now under the aegis of the Regional Administrations.
- 19.IV.1.9 The Regional Health Authorities and hospitals will be operated by Boards.
- 19.IV.1.10 The Boards of the RHAs will be autonomous. They will comprise members of the Guyana Medical Association, *ex officio* representatives of the Ministry of Health, with a preponderance of representatives of the Regional government and local communities.
- Human Resources
- 19.IV.1.11 *The health personnel of the RHA's will report to a Ministry Director or functionary:* The Regional Authorities will account for their performance to an appropriate functionary at the central Ministry of Health.
- 19.IV.1.12 All Senior Regional Officers will be trained in health administration, by way of a structured training programme which the Ministry of Health will establish.
- 19.IV.1.13 **Salaries in the sector will be increased. Special attention will be paid to the need to provide incentives for well-qualified medical and administrative personnel to serve in the hinterland facilities.**
- 19.IV.1.14 **In order to increase the flexibility of the public health system, the salary structures of health personnel will be de-linked from the public service. In addition, a set of special categories for health personnel will be developed.**
- 19.IV.1.15 All personnel in key management positions, e.g., programme managers, hospital administrators, district-level health officers, medical superintendents, and public health nurse supervisors, will have adequate training in health administration.
- 19.IV.1.16 A manpower plan for the health sector that indicates ways to upgrade and improve staffing levels and analyses alternatives to overcome the shortage of specialist personnel such as medical technologists, pharmacists, dental technologists, radiographers and X-ray technicians will be developed.
- 19.IV.1.17 **Adequate incentives will be developed in order to stimulate the service of health personnel in the hinterland. In order to overcome the problems of staffing, all persons trained by the Government in medical disciplines and allied fields will be asked to serve in an interior**

location for two years. Training local people, as in the case of the Community Health Workers, has already proved a successful strategy, and will be strengthened also in the case of extension personnel, such as Medex and Dentex. Outreach activities will be further expanded to increase access to health services in remote areas.

19.IV.1.18 Pre- and in-service recruitment and training plans will be developed and implemented in order to meet the manpower needs of the health system. At present there is no linkage between the needs of the sector and the structure of the training programmes.

19.IV.1.19 **Physicians will be trained in the role of medical extension personnel and primary health care. Where such training is not otherwise available, it will be provided on an in-service basis.**

19.IV.1.20 The education and training of health professionals will be updated and evaluated in order to assess the appropriateness of existing curricula and course requirements.

19.IV.1.21 Mechanisms will be put in place to ensure collaboration between the Liliendaal Annex, the University of Guyana, and the Ministry of Health on the development of curricula in order to guarantee consistency and relevance to the sector's needs.

Health programmes

19.IV.1.22 *A division of primary health care will be established* in the Ministry of Health, to work in close co-operation with the Regional units, where most of the primary care is provided.

19.IV.1.23 The Ministry will develop a strong Epidemiology department to undertake on-going health needs assessment, direct and assist health authorities and other devolved agencies to identify the health needs of their populations; and assess their effectiveness in satisfying these needs.

19.IV.1.24 The Ministry will institute a mechanism to monitor the quality of health care provided in both the public and private health sectors. Quality assurance programmes will be developed. This will include clinical and organisational audit, and the development of multidisciplinary quality assurance programmes and quality standards.

19.IV.1.25 Arms length and outreach activities will also be strengthened, including the use of mobile clinics.

19.IV.1.26 The institutional and functional capacity of the Government Analyst Department will be reorganised and strengthened so that the quality of drugs manufactured, imported and sold in Guyana might be ascertained.

Facilities and Services

19.IV.1.27 A detailed survey will be carried out to verify whether all the existing facilities of the five-tiered referral system are needed, and what is their current status.

19.IV.1.28 **Hospitals, that are currently underutilised, will be closed. Funds could in this way be made available to upgrade other 'strategic' facilities, as well as to provide a fleet of ambulances and other transport facilities, to ensure that radio communication networks are available in all localities, and to finance an expansion of a programme of rotating visits.**

19.IV.1.29 **In addition, depending upon the results of the survey some of the health centers, especially those in coastal areas, might be closed. The funds released by this process will be utilised to strengthen selected District hospitals and establish more health posts in remote areas.**

- 19.IV.1.30 Following the survey mentioned above, a ***master plan for the rehabilitation of facilities***, including the acquisition and maintenance of an improved fleet of air and river ambulances, will be developed by the Ministry of Health.
- 19.IV.1.31 **Every regional hospital and other district hospitals will have at least one ambulance for emergencies.**
- 19.IV.1.32 **All health centers will be equipped with a phone or radio for emergency calls.**
- 19.IV.1.33 **All hospitals will have adequate power generation supplies.**
- 19.IV.1.34 Health posts will be maintained and improved, as they are vital for the tasks of medical education, preventive care and arranging for medical transport to other facilities.
- 19.IV.1.35 An essential Medical Supplies list will be formulated outlining types and specifications of supplies that will be stocked.
- 19.IV.1.36 Investments will be made to improve the storage facilities for pharmaceuticals in public hospitals, health centres and health posts.
- 19.IV.1.37 **The programmes of rotating visits to the remotest facilities by physicians will be strengthened, so that villagers would know in advance when a doctor would be in the nearest health centre, for example on specified days of the month.**
- 19.IV.1.38 **Arrangements will be made for teams of foreign medical specialists, who are qualified in disciplines in which Guyana is in short supply, to visit the country in order to examine and treat patients.**
- 19.IV.1.39 **A Cancer Centre, headed by an oncologist, and provided with supporting staff, will be established.**
- 19.IV.1.40 Dialysis equipment will be installed in order to provide assistance to patients suffering from relevant kidney disorders.
- 19.IV.1.41 The services of the Medical Faculty at the University of Guyana will be expanded and upgraded through the utilisation of Information Technology, and the linkages which will be established with a network of foreign universities both in the Caribbean and further afield. Through these Internet connections, Guyanese students will be able to undertake practical courses abroad.
- 19.IV.1.42 Information Technology will also be utilised extensively in the health sector, in administration, the procurement of medical supplies, in the co-ordination of the referral system, and in the rationalisation of the relationships between the central government and the region.
- Financing
- 19.IV.1.43 Funding will be allocated to RHAs on the basis of service agreements negotiated with the Ministry of Health. Mechanisms to ensure financial accountability for public health will be put in place.
- 19.IV.1.44 ***Hospitals operated by parastatals which receive budgetary allocations will operate under similar service agreements. As the quality of the national health system improves, and the parastatals focus increasingly on their own financial requirements, a transfer of their hospitals to the national public system will be undertaken.***

- 19.IV.1.45 Financial reforms will proceed in parallel with institutional reforms, in order to make expenditure on health care more effective.
- 19.IV.1.46 **The Central Government's budget will continue to be the principal source of funding for the public system of health care. Government health expenditure will reach 5 percent of GDP by the year 2002 and will increase progressively to 10 percent of GDP by the year 2010.**
- 19.IV.1.47 ***General taxation* will remain the main funding mechanism for health in Guyana. However, *earmarked health taxes* will be levied from the year 2003 when it is projected that the economy would be more robust.**
- 19.IV.1.48 Resources will be allocated from the centre to devolved authorities on the basis of a funding formula. Public resources will be prioritised to highly cost effective services, such as primary health care (services like immunisation, sanitation, vector control, diagnosis and treatment of tuberculosis, malaria, sexually transmitted diseases, the provision of maternal and child care, health education, and public health interventions).
- 19.IV.1.49 ***Cost recovery* mechanisms will not be directed to financing the health requirements of the vulnerable. Cost recovery will be utilised only for services for which public resources are inadequate, because they have been already allocated to other priority or essential health services. Indeed, user fees for well-defined services are currently charged at certain public care institutions. These include the Public Hospital Georgetown,(private rooms, pregnancy tests and physiotherapy services), at two Regional hospitals (X-rays mortuary service, laboratory tests), at the National Dental Care Centre (all treatments), at the Ptolomey Reid Rehabilitation Centre (for Orthotic and Prosthetic Appliances and hearing aids), at the National Blood Transfusion Centre, and at the Food and Drugs Administration. For other services, selective payments by patients will be imposed.**
- 19.IV.1.50 **Within a system of selective fees for medical services, cost recovery will never hinder access to health care and no patient will be refused service because of the inability to pay fees.**
- 19.IV.1.51 **Financial contributions to complement the public budget will be sought from communities, or through Community Hospital Associations. This approach will also enable the communities to have a greater role in planning health services and monitoring their quality.**
- 19.IV.1.52 **The government will develop further a health insurance scheme as a supplementary financing option.**
- 19.IV.1.53 **An extensive review of the NIS and a corresponding reform programme will be developed, in order to improve the NIS actuarial basis and strengthen its performance as a provider of social health benefits.**
- 19.IV.1.54 **A modest *registration fee* for both inpatients and outpatients will be charged at the Public Hospital Georgetown, and will be introduced in all district and regional hospitals from the year 2003, after the quality of service in these areas will have been improved.**
- 19.IV.1.55 ***Fees for patients bypassing the referral system* will also be charged from 2003, in order to avoid the overuse of upper-level facilities for care that could have been provided effectively at lower levels. Such a system of fees requires a definition of the rules governing the referral system and the establishment of adequate incentives and disincentives for providers of services at lower levels. These requirements will be met.**

- 19.IV.1.56 **At the Public Hospital Georgetown, *already existing charges* (e.g., physiotherapy, the use of private wards, the medical library, pregnancy tests) will be increased to reflect the real value of the resources necessary to provide the services.**
- 19.IV.1.57 **Fees will also be levied for other services, including laboratory procedures, X-Rays services, other specialised diagnostic services (e.g., CT), specialised surgery, medications. The application of some of these fees will be subject to a means test.**
- 19.IV.1.58 **The sale of services to the private sector will be extended. *Existing charges for services sold to the private sector* at the Food & Drug Administration and at the Blood Bank will be increased.**
- 19.IV.1.59 **The utilisation of equipment and facilities at the ACSD unit at the Public Hospital Georgetown will be optimised by *allowing private doctors to use equipment in public hospitals on payment of a fee*, subject to scheduling their use so that priority is given to the public physicians. Charges for patients admitted to public hospitals while under the care of private physicians will be imposed.**
- 19.IV.1.60 ***Services for which excess capacity exists will be sold to the private sector.* At the PHG these include, for example, non-clinical services such as the laundry, the kitchen, and the sterilisation unit.**
- 19.IV.1.61 **The tentative arrangements that have already been negotiated with CARICOM countries for the complementary utilisation of each other's medical facilities and services will be finalised. To this end, a special fund will be established to expedite the evacuation of indigent patients to Caribbean countries for treatment in those ailments for which services are not available in Guyana.**
- 19.IV.1.62 **No charges will be made for preventive and primary health care at the community level. This will encourage the population to give greater emphasis to seeking adequate preventive care.**
- 19.IV.1.63 **The establishment of cost recovery measures poses serious challenges in terms of public sector 'capacity'. *Several administrative and legal issues need to be resolved in order for the system described above to work effectively.* The health sector will complete effectively a process of institutional strengthening in order to tackle these problems.**
- Health Promotion and Protection
- 19.IV.1.64 **Programmes addressing gender specific health issues, for example, in the areas of reproductive health, the impact of STDs and HIV/AIDS, and cancer will be developed.**
- 19.IV.1.65 **Gender sensitivity analysis will also be included in the planning, implementation, monitoring and evaluation of all health programmes.**
- 19.IV.1.66 **Information systems will be designed to provide adequate gender-differentiated information in support of policy and decision making processes.**
- 19.IV.1.67 **The curricula of schools will be reviewed to ensure that health education forms an integral part.**
- 19.IV.1.68 **Adolescent health issues will be tackled through educational programmes within schools, in collaboration with school welfare departments and social workers.**

- 19.IV.1.69 Public awareness programmes to sensitise people about the dangers of smoking will be strengthened.
- 19.IV.1.70 Education on nutrition and healthy lifestyles will be brought into schools. Campaigns to reach the entire population will also be strengthened.
- 19.IV.1.71 Improved nutritional care will be provided in hospitals, through the recruitment of dieticians and the provision of diet counselling.
- 19.IV.1.72 **Monitoring of the nutritional status of the population, especially the most vulnerable groups, will be carried out on a regular basis.**
- 19.IV.1.73 The vector control programme will be revised and modified to become a 'National Advisory Board', with the tasks of monitoring, research, emergency and crisis response, and the preparation of technical guidelines for guidance in the execution of programmes.
- 19.IV.1.74 Extensive inclusion of the community in the management of these diseases and vectors will form an Integral part of a national control policy to have effect. Such a policy will be prepared.
- 19.IV.1.75 STDs and HIV/AIDS constitute priority areas for health intervention in Guyana. The "National HIV/AIDS Prevention Plan, 1999-2001" recently prepared by the Ministry of Health will be thoroughly implemented, and rolled over, and funding from local and international organisations will be secured accordingly.
- 19.IV.1.76 Measures to treat all the population suffering from acute respiratory infections will be strengthened in all affected areas.
- 19.IV.1.77 Health education will become an integral part of the day-to-day health services given to patients and the community. These include the strengthening of counselling and informational services given to patients.
- Vulnerable Groups
- 19.IV.1.78 **A social assessment system to determine eligibility to exemptions will be established. Until such a system is in place, means assessments will be carried out at public health facility level.**
- 19.IV.1.79 Inequalities in access to health care are of particular burden to the poorest categories. The Ministry of Health will examine ways to improve the provision and delivery, of services to these groups. The health needs of vulnerable groups are concentrated in the areas of nutritional problems, poor environmental health, vector-borne diseases and sexually transmitted diseases. Hence a health development strategy centered on the objectives of primary health care and health promotion will be designed and implemented to address the needs of the most vulnerable.
- 19.IV.1.80 While institutional reforms in the public health sector pursue objectives of equity, access and quality improvements of health services, an explicit stance will be taken to target the most needy.
- 19.IV.1.81 Policy documents addressing the health needs of each vulnerable group and detailing the action plans as well as institutional responsibilities will be prepared through processes of national consultation, involving all major social actors. This has been the case, for example, of the National Consultation on HIV/AIDS, which took place in November 1998 and was developed into a policy document and the National Plan for HIV/AIDS Prevention, 1999-2001.

- 19.IV.1.82 Besides the preparation of 'basic package' of services targeting Primary Health Care interventions, to be made accessible to the entire population, the Ministry of Health will design extra basic packages for needy groups. The institutional responsibilities for the delivery of such packages will be assigned through a process of consultation.
- 19.IV.1.83 **Financing mechanisms, including those for cost recovery, will not be implemented unless they are accompanied by exemption policies and mechanisms targeting the most needy (the elderly, disabled, etc.), other categories of the medically indigent, and the poor (e.g.,: the employed poor, falling in the group of people at minimum wage; the unemployed; single-parent or single-earner households; the homeless; the youth with no formal education and no job).**
- 19.IV.1.84 **Special health needs of vulnerable groups will be identified and attributed adequate priority. For example the availability of drugs and access to physicians for the elderly, currently poor, is essential for the wellbeing of this vulnerable category.**
- 19.IV.I.85 Targeting groups with certain well-identified health needs will help addressing their poverty status.

CHAPTER 20

TOURISM

20.I BASIC FEATURES OF THE SECTOR

20.I.1 The Opportunity

20.I.1.1 The economies of other countries, that are similar to Guyana, have been transformed in short order by tourism. Travel and tourism are on the brink of becoming the world's largest single industry. Worldwide, tourism receipts are projected to grow by anything from 3 percent to 6 percent annually for the next ten years.

20.I.1.2 The overall benefit of tourism is that most of the steps, which a developing country needs to take in order to improve its standard of living, are exactly those which are required to develop tourism within a country. Some of the benefits of tourism are:

- (i) the provision of a larger tax base;
- (ii) the generation of foreign exchange;
- (iii) the creation of a significant number of new job opportunities;
- (iv) the promotion of rural and interior development; and
- (v) human resources development

20.I.1.3 Tourism is not simply an attempt to save the environment; it is also an important opportunity for Guyana's economic development. Properly managed, it is a non-depleting, non-consumptive industry that provides ever-increasing economic benefits in a sustainable manner.

20.I.1.4 The main distinguishing feature of the current Guyana visitor profile is a relatively high proportion of business visitors and persons visiting friends and relatives. These two categories, together with international volunteers, currently make up over 95 percent of all visitors to Guyana. Moreover, the total number of visitors to Guyana, a little more than 100,000 annually, is small compared to those who go to other tourist destinations. The potential for growth is, however, large.

20.I.1.5 The peak season for northern visitors to Guyana is in the winter months.

20.I.2 Types of Tourism

20.I.2.1 Tourism takes diverse forms, each with a special appeal to a particular class of tourist, and with its own implications for the country's infrastructure and the revenue which it can generate. Before any real and meaningful development of tourism in Guyana can take place it is necessary to have an understanding of the type of tourism products that are both suited to and suitable for Guyana.

20.I.2.2 **Nature-based tourism** can itself be advantageous to Guyana because it endeavors to respect the natural environment and the different cultures of a society. It is a type of tourism which tends to concentrate on small numbers of tourists paying relatively high prices, thus maximizing the economic

benefits to the country, while minimizing those negative effects on the environment and society that are generally associated with traditional or mass tourism.

20.I.2.3 **Adventure tourism** is another rapidly growing segment of the global tourism market. Adventure tourism is characterized by activities such as observing animals in the wild, whitewater rafting, rock climbing and mountain biking. Recent changes in modern tastes and lifestyles have made these types of holidays extremely popular, and with Guyana's undeveloped interior, there is enormous scope for the development of such a product.

20.I.2.4 **Multi-destination tourism** might also be of much benefit to our country. This is a growing segment of the tourism industry, as more holiday makers appear to be eager to spend more money and to travel farther, they have become very amenable to visiting two or more countries at a time. Given Guyana's distance from its main markets of Europe and America and its proximity to the Caribbean, joint destination packages could be very beneficial for us.

20.I.2.5 **Heritage and cultural tourism** can promote a number of Guyana's sites both for their historical and architectural value. Sites suitable for this type of tourism include Georgetown, Fort Island, Magdalenburg and Kyk-Over-Al. Amerindian, African, and Indian culture are also of potential interest to tourists. However, at the same time, it is important to protect these cultures and communities, particularly the Amerindian communities, from the negative impact which tourism can have on their traditional ways of life.

20.I.2.6 **Cruise Ship Eco-Tourists.** Cruise ship tourism of the wrong kind can destroy the very values that Guyana is trying to sell. It cannot be too strongly emphasised, therefore, that this type of tourism should be carefully monitored and controlled in order to ensure that the detrimental effects of mass tourism do not occur. Accordingly, what should be encouraged are cruise ship passengers who come here specifically as eco-tourists.

20.I.2.7 **Eco-tourism**, which has been defined as a form of travel for pleasure that is focussed on the natural and cultural environment, represents a very small but expanding niche market. It is designed to have a low impact on the environment, give the visitor a better understanding of the unique qualities of the place being visited, contribute to the well-being of the local population, and promote conservation.

20.I.2.8 **Guyana is ideally placed to take advantage of eco-tourism, which is currently the fastest growing segment of the tourism industry, because of two basic comparative advantages. First, the diversity of Guyana's flora and fauna, its virgin rainforests and its vast array of waterfalls, rivers and creeks; and second, the fact that Guyana is the only English-speaking country in the South American Amazon Basin.**

20.I.2.9 If Guyana is serious about eco-tourism it needs to embrace overarching environmental policies and ethics and promote genuine indigenous culture so as not to be perceived as fake.

20.II ISSUES AND CONSTRAINTS

20.II.1 The income which Costa Rica generates from its 2 million hectares of protected areas is as much as Guyana's GNP. While Guyana cannot expect to attain, within the foreseeable future, such high levels of revenue from tourism alone, it is more than feasible that the sector can, within 10 years, contribute 5 to 10 percent of the country's expanding GNP, provided that the right policies and incentive structures are put in place.

20.II.2 **The creation of a Protected Area System, or at the very least, the according of special status to areas known to possess unique natural characteristics, is fundamental to the development of tourism.**

- 20.II.3 Guyana will never overcome the antipathies of the environmentalists and the potential eco-tourist while it remains the only country on this continent without an effective national protected area system. Our country has the potential to establish a comprehensive, ecologically representative protected area network in a supportive matrix of well-managed forests and other ecosystems. A significant level of eco-tourism development is unlikely to occur unless Guyana becomes known as a country where high standards of environmental stewardship are applied to all aspects of its natural resource utilisation and management.
- 20.II.4 **Marketing is the mainstay of tourism anywhere in the world. Guyana's lack of an image as a tourism destination, coupled with its failure to formulate and implement a serious public relations and marketing campaign for the country, are possibly the biggest obstacles to the development of tourism. Guyana needs to realize that marketing is a business and cannot be accomplished by amateurs in its embassies.** In any event, the country does not have embassies and consulates in most of the major target cities. Professional representation in the markets that Guyana wishes to attract, with the necessary financial resources, is therefore vital. In addition, there should be adequate expenditure on advertising in all the media. It should also be appreciated that tourism is an export industry and should therefore be eligible for the benefits normally afforded to other export sectors.
- 20.II.5 **In Guyana, the involvement and support of Amerindian communities and other people living in the hinterland is essential for the development of an effective park system that can significantly attract and support tourism. The level of this involvement should include planning and policy-making at the national and local levels. It is equally necessary that social partnerships are encouraged between Amerindians and private investors, and that Amerindian communities have access to capital to foster their own direct involvement in the industry.**
- 20.II.6 Tourism presents Amerindians with an opportunity to build an indigenous industry which is labour intensive and would benefit local communities. Tourist agencies and the National Protected Areas System when it is established could involve Amerindians in their eco-tourism activities. Amerindians could be trained as park rangers and guides, since they have an unrivaled knowledge of the local terrain and its natural resources. Further, they are more likely to remain in these areas in the long-term than the average coastlander.
- 20.II.7 On the other hand, jobs linked to eco-tourism could be seasonal and subject to world economic conditions. While eco-tourism is meant to be small in scale, it has the potential to make local communities, which are more likely to suffer from a decline in the tourism sector than the country as a whole, too dependent upon it. In addition, eco-tourism has the potential of attracting productive labour from small communities that depend upon agriculture and other primary activities.
- 20.II.8 The influence of foreign cultures may also impact upon communities in such a way that traditional values may be lost. Moreover, the commercialization of culture can lead to the development of a pseudo-culture and folklore that have been specially devised for tourists, the alteration of traditional crafts because of commercial pressures, and the replacement of traditional handicrafts by less authentic but more saleable souvenirs.
- 20.II.9 Before tourism can benefit Amerindians, therefore, there must be fundamental institutional strengthening. This requires a participatory approach that must be applied through direct discussion, education and practical training programmes. Amerindian groups should also be empowered financially and otherwise, to start their own tourist ventures in a small and manageable way.

- 20.II.10 The development of tourism cannot be considered *in vacuo*. It must be accompanied, for example, by the provision of easier access to Guyana and its interior, and by the improvement of all types of transport infrastructure, water systems and medical services. It must be supplemented by the provision of adequate security. It must be underpinned by simpler and rational procedures for obtaining permits to travel into the interior and for obtaining visas.
- 20.II.11 Areas in which standards and regulations are urgently needed include those for licensing tour operators, for building eco-tourist resorts, and for customer servers and services such as taxi and boat drivers, and hotels and restaurants.
- 20.II.12 **Policies that protect the environment and promote safety must be accompanied by policies that could attract investment. The Guyanese tourism industry is currently considered to be a high-risk business by investors and bankers because of the multiple problems which exist in the country. In addition to the financial risks normally associated with tourism itself, there are problems peculiar to Guyana: the country's democracy is considered to be fragile; the investment climate is uncertain; and Guyana is still an emerging tourist market.**
- 20.II.13 The behavior of tourists can be an important issue. Tourists should not only be educated about their responsibilities to the environment, they should also be educated about the environment. It is therefore useful for citizens of a host country or region to recognize the elements of the natural environment that may be of interest to the visitor.
- 20.II.14 **Local people also need to be educated on the potential impacts of receiving tourists as well as the expectations of such visitors. An informed and trained citizenry is the backbone of any successful development process.**
- 20.II.15 The lack of skilled staff for the tourism industry is another major constraint to its development. The design and implementation of a programme to upgrade the skills of personnel in the sector are therefore imperative.
- 20.II.16 At present, Government regulations and support services for the tourism industry are provided through the Tourism Division in the Ministry of Trade, Tourism and Industry. The Division is understaffed and lacks the internal systems and structures for the smooth facilitation of programmes and activities required for its work. It is affected by many of the same ailments that are prevalent in other Government departments, such as a shortage of skills, a lack of facilities and no legal mandate to perform many of the functions that are required.
- 20.II.17 **There is a proposal for the institutional arrangements for tourism to be placed under a Minister responsible for Environment, Protected Areas and Amerindian Affairs. However, while there is merit in linking protected areas and tourism under a general environment ministry, Amerindian Affairs which involves a much wider range of issues, probably justifies having a separate Ministry.**

20.III OBJECTIVES

- 20.III.1 The broad objective of the sector is to contribute to the sustainable development of Guyana by earning foreign exchange and providing job opportunities, while conserving the natural environment and the multi-faceted culture of the country.

- 20.III.2 To achieve this overall objective, a number of specific objectives can be defined.
- (i) The promotion of an industry that makes appropriate use of Guyana's resources and takes full advantage of market trends.
 - (ii) The development of the industry by placing the protection of its natural resource base as its highest priority through the use of sustainable practices.
 - (iii) The establishment of standards and practices that are commensurate with the market that is being targeted.
 - (iv) The development of an industry which ensures that its activities and operations are of benefit to as wide a representation of Guyanese as possible, but particularly the Amerindian community.

20.IV THE STRATEGY

20.IV.1 The central thrust of these new policies for tourism is a focused and unambiguous strategy of pursuing high quality, up-market eco-tourism in controlled numbers that do not exceed scientifically determined carrying capacities of interior sites. All other policies should flow from this central thrust.

20.IV.2 Ministerial Responsibility

20.IV.2.1 Tourism is currently part of the Ministry of Trade, Tourism and Industry. Unfortunately, the range of the portfolio of this Ministry is so wide, and trade and industry so important in the developmental strategy of our economy, that tourism is often not given the attention it deserves. Since the future of tourism will be heavily dependent on the protection and sustainable development of the environment, a Ministry of Tourism and Environment will be established.

20.IV.3 National Tourism Board or Authority

20.IV.3.1 **A National Tourism Board or Authority will be established. This will replace the defunct Tourism Advisory Board. Its main responsibilities would be regulation, marketing, research and product development. The Authority will be established by an act of parliament as a body corporate.**

20.IV.3.2 The composition of the Authority is critical for its success. It will therefore be composed as follows: the Permanent Secretary, Ministry of Tourism and Environment; The Permanent Secretary, Ministry of Regional Affairs; two persons from the Tourism & Hospitality Association; one person from the Private Sector Commission; one person from the Private Aircraft Owners Association; and one person from an Amerindian NGO.

20.IV.3.3 The Chairman of the Authority will be elected by the board members of the Authority and appointed by the Minister. Membership of the board will be for a period not exceeding two years.

20.IV.3.4 The Authority will be funded from contributions of both the private sector and the Government by way of a formula to be agreed upon by the parties concerned.

20.IV.4 Protected Areas

20.IV.4.1 **The according of special status to areas known to possess unique natural characteristics is fundamental to the development of tourism in Guyana. Therefore the work which has already begun to establish a Protected Area System will be expeditiously concluded.**

20.IV.4.2 It is important that certain criteria, including definitions for the carrying capacity and guidelines for visitation, be established for each protected area in the interest of tourism. Among the guidelines for visitation will be specifications regarding the length of stay of visitors, requirements for trained guides, the means of access to protected areas, controls on the removal of flora and fauna and the taking of pictures, access by individuals or groups, etc. Within the park itself, in order to protect the area's biodiversity, there may be areas in which absolutely no one is allowed to go.

20.IV.5 Amerindian Involvement in Tourism

20.IV.5.1 Amerindian communities will of course decide for themselves if nature-based and eco-tourism ventures are worthy of their involvement and participation, on a project-by-project basis. However, in the process of developing the tourism industry, efforts will be made to ensure that Amerindians are involved at all levels.

20.IV.5.2 Tourism activities will be started at a slow and measured pace in Amerindian communities so as not to overwhelm local capacity and result in an increase in social stresses.

20.IV.5.3 Because of the limited experience which Amerindians have with development projects, those tourism ventures that are to be started and managed by Amerindians will be accompanied by: intensive and extensive training of Amerindians in business management, and account-keeping; start-up capital; the encouragement of partnerships among Amerindians, investors and nature and conservation NGO's in developing tourism sites; and continuous information sharing and consultation with Amerindians.

20.IV.5.4 Non-governmental organisations will be encouraged to assist in all these endeavours.

20.IV.5.5 Guidelines will be provided and enforced in respect of tour operators entering Amerindian communities.

20.IV.5.6 An overall code of conduct will be developed between tour operators and the Amerindians. Such a code will provide rules, for example, concerning the taking of photographs, access to sacred sites, and times of visiting. Amerindian communities may develop stricter codes.

20.IV.5.7 The collection of head fees by Amerindian communities will be legislated, and the responsibility for this placed within the proposed Board of Tourism.

20.IV.6 Investment

20.IV.6.1 An incentive regime will be introduced that will endeavour to make the industry attractive to investors. The regime will compare favorably with those of other countries which are developing tourism and will offer no less than the following:

- a tax holiday of up to five years for hotel and resort development and tour operator enterprises;
- exemption from duty and consumption taxes for items to be used in the construction, expansion, refurbishment and equipping of licensed hotels or resorts and for the creation, expansion and equipping of licensed tour operator enterprises and tourism facilities as approved by the Board. This exemption will apply to all interior resorts, and to hotels in Georgetown of not less than 10 rooms;

- replacement and refurbishment for hotels resorts and tour operators once every 5 years; and
- accelerated capital allowances on the construction cost of the hotel or resort.

20.IV.7 Air Transport

20.IV.7.1 *The strategies for liberalising activities in the air transport sector, and for attracting investment to it, are outlined in the Transport Chapter of this National Development Strategy.*

20.IV.7.2 **The Tourism strategy is dependent upon the development of the Cheddi Jagan International Airport at Timehri to meet international requirements.** Other key imperatives are:

- the redevelopment of Ogle as a municipal airport; and
- an airstrip, as a complement of the road system, will be immediately developed to the West of Kurupukari.

20.IV.8 Visitor Safety and Security

20.IV.8.1 **The security of visitors will be given priority throughout Guyana and steps to this end will include raising awareness among the local population as well as within the security forces. Training on interactions with tourists will be provided to the police force. In the long run, consideration will be given to the development of a division of police within the force who are specifically responsible for visitor security.**

20.IV.8.2 Search and rescue mechanisms will be put in place with the capability of dealing with all eventualities, and will include high-level detection methods, fast and effective evacuation procedures and top level medical training and equipment. This will be facilitated by an established mechanism between the Private Sector, the Government, the police and the army.

20.IV.8.3 Tour operators will be obliged by law to possess adequate safety equipment for the tours they conduct.

20.IV.8.4 Training in first aid and CPR will be mandatory for all persons/guides conducting or in charge of tourists, and adequate emergency evacuation plans and procedures will be set for all tour operations and resorts. These safety procedures and equipment will be linked to the licensing of these operations. Failure to comply with the minimum safety standards set for the industry will carry severe penalties.

20.IV.8.5 Adequate insurance for all resorts, hotels, charter airlines and tour operations will be made mandatory and linked to the licensing of tourism operations. In order to facilitate this, the laws pertaining to insurance will be amended to give the tourism industry access to adequate levels of insurance.

20.IV.9 Marketing

20.IV.9.1 A comprehensive destination-marketing plan will be developed and implemented to allow the country to benefit from the rapidly expanding market for adventure and nature tourism.

- 20.IV.9.2 One of the many functions of the Guyana Tourism Authority will be the marketing of Guyana as a tourism destination.
- 20.IV.9.3 The Tourism Authority will handle two types of promotional activities: on-shore and off-shore. For onshore promotions, the Tourism Authority will organize group familiarization tours and other promotional functions. For offshore promotions the Tourism Authority's representatives in the major target cities will establish contacts with international travel industry partners and combine efforts to promote Guyana in the major markets of the world. In addition, the Tourism Authority will participate in trade shows and promotions that are best suited for the target markets.
- 20.IV.9.4 The Tourism Authority will conduct a series of seminars with the operators of qualified tourist facilities to assist in developing and improving the performance of the tourism industry.
- 20.IV.9.5 A tourism accreditation system will be established and implemented by the Tourism Authority and minimum design criteria will be established to ensure that nature-based tourism facilities in Guyana meet international standards for visitor accommodation. The design criteria will emphasize low impact structures, appropriate use of local materials, and proper response to the local climate in order to maximize efficiency.
- 20.IV.9.6** The urban zoning laws for which provision is made elsewhere in this NDS will be strictly enforced.
- 20.IV.9.7 Guidelines will be developed to mandate buffer zones around lodges, the distance between lodges, etc.
- 20.IV.9.8 A project to list all those sites in the interior that have been identified as desirable areas for the development of lodges will be formulated and implemented.

20.IV.10 Product Development and Improvement

Kaieteur Park

- 20.IV.10.1 **The boundaries of the Kaieteur National Park will be determined as a matter of urgency. Consultative mechanisms for incorporating representatives of local Amerindian groups in the decision-making process concerning the site will be developed.**
- 20.IV.10.2 **All mining in the Kaieteur watershed and gorge below the falls will be immediately stopped.**
- 20.IV.10.3 A comprehensive site and topography survey that will embrace the testing of soils and their bearing capacities, the examination of watershed characteristics, the location of significant site features, including types of flora and fauna and other biodiversity richness, and studies to determine any significant archaeological sites, will be undertaken.
- 20.IV.10.4 The OAS proposal for the Kaieteur National Park will be opened for private sector, Amerindian and other civil society comment before its finalization and implementation. Key recommendations include the following:
- A lodge facility will be constructed in the Kaieteur Park.
 - The trail system in the Park will be extended.
 - A boardwalk will be constructed in the Falls area.
 - Ranger outposts and satellite camping facilities will be created.

- Razing of Menzies Landing and construction of security post.

20.IV.11 Other Tourism Ventures and Networks

- 20.IV.11.1 Eco-tourism ventures, with full Amerindian participation in identified Amerindian villages, will be developed.
- 20.IV.11.2 A network of small-scale eco-tourism lodges will be established at Kaieteur, Chenapau, Orinduik and near Marabiakru Cliffs.
- 20.IV.11.3 An eco-tourism facility will be established at the Iwokrama Field Station near Kurupukari. This will be operated in partnership with the local private sector and with Amerindian community controlled ventures, in and around the Iwokrama reserve.
- 20.IV.11.4 A circuit of eco-tourism facilities and activities will be put in place in and around Annai and Surama with linkages to Rock View and Karanambu Resorts in the North Rupununi.
- 20.IV.11.5 In the Central and South Rupununi nature-based and eco-tourism ventures will be developed with Dadanawa Ranch, Savannah Inn, the Lethem Rodeo and other related enterprises, ranches, resorts and entities.
- 20.IV.11.6 The border near Orinduik will be secured in order to prevent illegal incursions from miners who operate in Potaro and Mazaruni watersheds.
- 20.IV.11.7 Strict zoning and building codes will be enforced in Georgetown. New buildings in the city will be made to conform to Georgetown's rich architectural heritage. Sections of the city represent significant opportunities for architectural preservation and the development of tourism sites. It is important therefore that building in the city be very carefully regulated and monitored to preserve the product before it is completely devastated by new developments.
- 20.IV.11.8 Investors will be encouraged through tax incentives to develop small-scale inns in the style of the existing historic architecture of Georgetown.
- 20.IV.11.9 The Botanical Gardens will be converted into a Biodiversity Park.
- 20.IV.11.10 The National Museum, the Walter Roth Museum and the Nicholson Collection of African Art will be refurbished and expanded and a survey to upgrade and develop a network of other existing museums in Guyana undertaken.

CHAPTER 21

URBAN DEVELOPMENT

21.1 BASIC FEATURES

- 21.1.1 Guyana has six urban municipalities: Georgetown with an estimated population of 177,900; Linden with a population of 33,500; New Amsterdam, the population of which is 21,700; Corriverton with a population of 15,700; Rose Hall with a population of 8,000; and Anna Regina with a mere 2,600 citizens.
- 21.1.2 Despite their relatively small sizes, these urban areas are very poorly serviced. In all of them the roads are in various states of disrepair. In all but one of them the drainage systems are so ineffectual that there is flooding every time the rainy seasons come around, and often even in the dry seasons. Silt and solid waste and various other kinds of refuse block the drains; water overflows into the streets and yards; and whatever detritus there is in the water finds its way into the dwelling places, particularly of the poor. There are heaps of rubbish in most parts of the cities, sometimes even on the main roads. In short, the cities are unsanitary and a breeding ground for the vectors of many diseases.
- 21.1.3 Multitudes of people abound within the yards of the poor, where small rooms are occupied often by upwards of eight people: men, women, and children, frequently spanning three generations. There are, on average, about eight rooms per yard. In each of the yards there are, on average, two latrines and one stand pipe.
- 21.1.4 Water supplies are generally erratic and often impure.
- 21.1.5 The abattoirs and municipal markets are unclean and over-crowded.
- 21.1.6 The main streets are crowded by vendors who occupy both the pavements that are intended for pedestrians and the roadways that are meant for vehicles. Not unnaturally, progress in certain areas is slow and hazardous. Indeed, driving in the cities is considered by some to be somewhat of a lottery.
- 21.1.7 In many of Guyana's municipalities, street lighting is extremely rudimentary, either because there are no lighting facilities, or because there are no electric bulbs available. In the one city in which a few traffic lights have been installed, they are more often off than on.
- 21.1.8 The municipalities are supposed to be governed by two pieces of legislation: the Municipal and District Councils Act of 1969, and the Local Democratic Organs Act of 1980. These Acts give very wide powers, as well as responsibilities, to the Municipal Councils. Through them the municipalities are responsible for water supply, sanitation, street paving, drainage, solid waste management, street lighting, environmental matters, recreation, markets and abattoirs. They may also take grants, accept loans, and issue bonds, all with the approval of the Ministry of Local Government and Regional Development (MLGRD). However, although the Municipal Councils possess wide powers, they are subject to a set of bye-laws which are archaic, and ought to be amended to suit modern requirements.
- 21.1.9 The Municipal Councils, in addition to being liable to the direct supervision of the MLGRAD, are required, by law, to follow the various policies of the Central Government. Often, therefore, there is an overlap of functions and authority, and much obfuscation.

- 21.I.10 Allied to the problem of administrative and managerial responsibility, is the fact that the Municipal councils themselves are either under-staffed, or possess staff of relatively poor quality.
- 21.I.11 On top of all this, they are, in general, severely under-funded. They are supposed to obtain the financial resources to undertake their manifold tasks through the collection of rates and taxes, rents, and a plethora of fees, and through subventions from the Central Government. However, the existing rates, taxes and fees are based on parameters which have been established a long time ago and are now woefully out-of-date, especially as they have not, over the years, taken account of inflation, increased property values, and, most important, greater demands on the cities' coffers. For example, while a not very successful attempt was made by the Georgetown municipality to revalue the property in Georgetown in the early 1990s, the other municipalities still use valuations which were undertaken in the late 1960s and early 1970s.
- 21.I.12 Moreover, many properties, in addition to those which are currently under-valued, have never even been recorded. No taxes of any kind are therefore received from their owners.
- 21.I.13 Government subventions to the Municipalities are also derisively low. In addition, there appears to be no system on which transfers are made from the Government to the Municipalities. For example, in 1997, the last year for which relevant statistics are available, the transactions were as follows:-

| | Georgetow | Linden | New Amsterdam | Corriverton | Rose Hall | Anna Regina |
|-------------------------------------|-----------|--------|---------------|-------------|-----------|-------------|
| Transfer from Government (US\$'000) | 118.5 | 66.7 | 74.1 | 44.4 | 51.8 | 51.8 |
| Population ('000) | 177.9 | 33.5 | 21.7 | 15.7 | 8.0 | 2.6 |

- 21.I.14 The disparity in the population/subventions ratios is most evident. Moreover, even though Government transfers were in every case the major source of funding, the amounts that were ultimately transferred were almost never assured before the actual subvention was made. This, of course, seriously inhibits any sort of planning and meaningful budgeting. Indeed, the amounts transferred often appear to be subjectively assessed and, more reprehensibly, to be linked to the political configuration of the members of the municipalities.
- 21.I.15 There is no fixed procedure for evaluating requests for funding. Often it appears that resources are allocated on an *ad hoc* basis, or on perceptions of the council's ability to spend in areas which meet the central government's, not the municipality's, criteria and priorities.
- 21.I.16 The amount of subvention given by the Central Government, when added to the revenues collected by the cities and town councils, is insufficient to provide for the efficient financing of municipalities.
- 21.I.17 The members of the town councils are elected under a system of proportional representation, from a slate presented by the leaders of political parties, and not on the basis of constituencies. There is therefore very little, if any, organic and political connection between a councillor and a particular part of the city. No one seems to be accountable to any group of voters. Not surprisingly, therefore, the quality of the services provided by the councillors is very often poor, even when the low level of funding is taken into account.
- 21.I.18 Much of the work that is performed by the municipalities is undertaken by the staff of the municipality itself, even though an increasing amount of their services is now being provided by contractors. This latter procedure is, however, the exception rather than the norm.

- 21.1.19 In addition to the poor hygienic conditions which have already been mentioned, water supplies in the urban areas are sub-standard, the treatment of sewage inadequate, and there is a plentiful number of stagnant pools of water that encourage the breeding of mosquitoes.
- 21.1.20 These deficiencies and inadequacies are manifested in low levels of public health, insufficient recreational facilities for children, juvenile delinquency, and higher levels of crime than for other areas of the country.
- 21.1.21 The Central Housing and Planning Authority is the principal element in the local physical and planning system. It is the hub with direct functional linkages with Regional Democratic Councils, local authorities, and the Central Board of Health. It also liaises closely with those statutory authorities which supply such urban services as electricity and water, and maintain the sewerage system.
- 21.1.22 In most towns, development seems to be haphazard and unplanned. While there are zoning regulations, these are honoured more in the breach than in the observance. Everywhere, in all the towns, business places, vehicle repair shops, and manufacturing enterprises are permitted to grow up, like Topsy, alongside and within districts that have been zoned for residential occupation alone.
- 21.1.23 There is much illegal occupation of land. Indeed, so-called "squatting" areas abound mainly on the outskirts of the towns. Apart from being unseemly, they tend to contaminate the areas in which they are sited, because of a multitude of poor hygienic practices and conditions, and because of the intricate drainage and irrigation systems which service the coastal areas of Guyana.

21.II ISSUES AND CONSTRAINTS

- 21.II.1 The basic issues and constraints to urban development in Guyana are financial, administrative, and managerial. Because of the low levels of rates and taxes that are collected, because of the low bases for these rates and taxes, and because Government subventions bear no relationship to the needs of the urban areas, the amounts available to the municipalities for their mere existence are always most inadequate.
- 21.II.2 Also, mainly because the municipalities cannot afford to pay attractive salaries, they are unable to hire the most competent persons. As a result they spend even the pittance which they collect and receive, most ineffectively. Moreover, because the councillors are elected from lists, they do not, as has been pointed out, have any allegiance to, and responsibility for, any particular district. As a consequence, often the whole municipality is neglected. Ways must therefore be found to widen and deepen the revenue base; ensure that funding from the central government is both adequate and reliable; and make certain that individual councillors are accountable to specific districts.
- 21.II.3 Very little urban planning is being undertaken. Whatever planning is being done does neither attempt cohesively to establish goals and objectives at a national level, nor to link their attainment with economic and financial policies. In practice, sectoral strategies have been formulated in isolation, with little attempt being made to integrate them into national strategies, and with little consideration as to how the plans are to be implemented, whether through communities, the private sector, the municipality, or even the government.
- 21.II.4 The expanded boundaries of the city of Georgetown and other municipalities have placed severe strains and pressures on their drainage systems. In addition to the heavy siltation of canals and the dumping of refuse, the lack of *maintenance* of the sea and river defences, indeed of the entire drainage system, is the main cause of poor drainage of the cities.

- 21.II.5 The Sewerage system in Georgetown was established nearly seventy years ago, and has not been extended. It cannot therefore now cope with the demands of a much greater Georgetown, and is overloaded. In addition, it is in a state of disrepair. In other words, it needs both extending, repairing and modernising.
- 21.II.6 The sewerage outfall at the mouth of the Demerara River is too close to land, and must be extended several more kilometres out to sea.
- 21.II.7 Septic tanks without leaching beds and pit latrines are malfunctioning and discharging effluents into adjacent drainage canals and ditches, in many parts of the extended city and are fast becoming a great health hazard.
- 21.II.8 All the cities have inadequate telephone services, poor supplies of electricity, and unreliable supplies of water.
- 21.II.9 Waste disposal and refuse collection in urban centres has reached a critical situation as large amounts of waste are being dumped outside the identified sites, creating nuisance and health hazards to the people. Municipalities are unable to maintain and clear the areas under their control due to a lack of manpower and a shortage of garbage trucks. The incinerator in Georgetown, which is very old, does not have the capacity to burn the very large quantities of refuse that is thrown up in the city every day. Therefore, the municipalities have to resort to dump sites for disposal and are finding difficulties in identifying new sites away from residential areas, that are economical. New systems to dispose of the very large volumes of refuse must be developed as economic ventures so that this service could be self-financed.
- 21.II.10 For the reasons listed above (inadequate finances, unqualified staff, and ineffective management) all classes of services that are provided by the municipalities have considerably deteriorated. Most important is the lack of direction to support effective and efficient services. To improve, organise, maintain, develop and sustain a high standard of environmental development (e.g., adequate and well-maintained drainage, roads, recreational facilities, markets, abattoirs, day care centres, waste disposal, sanitation), there must be greater attention from the municipalities.
- 21.II.11 The irresponsible behavioural traits of the municipalities have impacted heavily on the urban societies of Guyana, and have transferred themselves to the communities, into the negative attitudes of some youths as they mature into adulthood. This has resulted in an increased incidence of crime, a disregard for law and order, and a lack of a sense of responsibility for other members of the community.
- 21.II.12 The severity of urban sprawl has a greater effect within the boundaries of Georgetown, although it also affects other urban centres, to a lesser degree. Containment will be very difficult because education, employment, and government administrative facilities are all in the capital city, where most of the commerce and industries are located. However, Georgetown's 'advantages' in these matters are in many respects only a mirage. It will therefore be necessary to develop the other towns and rural areas of the country, if Guyana's overall quality of life will be enhanced.
- 21.II.13 Unauthorised development on the fringes of the growing urban area violates sanitation and environmental regulations, planned development, and exerts severe pressure on existing infrastructure and related services. As a result, the population becomes more susceptible to disease and flooding as uncontrolled housing development escalates. In addition, the sprawl will eventually increase daily transport times for most residents.
- 21.II.14 High costs of materials, labour and machinery are the major constraints that restrict infrastructural development and the execution of other development work. Larceny and the deliberate damage of

materials and equipment contribute to the financial burden of municipalities, government, and other related agencies.

21.II.15 A major factor which impedes better performance are the poor working conditions found in the government agencies (malfunctioning equipment, cramped office space, poor lighting, sanitation and telephone services, etc.). In addition, many agencies, - Neighbourhood Democratic Councils, regions, municipalities, GUYWA, GSWC, GPL, CH&PA, the Central Board of Health, etc. – operate in isolation, within their own institutional framework, and do not benefit from the synergies which ought to exist in a rational system. Indeed, because in many instances their functions and responsibilities overlap, they hinder development by their very presence.

21.II.16 The lack of full-time paid mayors and deputy mayors, chairmen and vice-chairmen of Neighbourhood Democratic Councils, also affects levels of participation and involvement for effective coordinated efforts to improve urban development.

21.II.17 Until the signing of an agreement with the Inter-American Development Bank very little capital was available to improve and adequately maintain infrastructure. Development has therefore been heavily constrained due to years of economic crises in the public sector, which resulted in the increased migration of skilled manpower. A high poverty ratio and a still high unemployment rate are elements of concern for municipalities, local government, and other institutions, as they affect the economic base of the urban centres.

21.II.18 Some of the constraints in the water area are:

- parts of the water and sewerage system date back to the late 19th century;
- adequate investment to meet increasing operational and maintenance costs not been available over the last two decades;
- the inability to provide satisfactory remuneration for senior employees is having a negative impact on the ability of the organisation to improve operations;
- the poor structural conditions of most of the water distribution network, lead to water losses of up to 75 percent of total production;
- the poor operation of the sewerage system due to pumps being out of service, broken sewers, and blocked lines, sometimes makes the cities virtually unlivable;
- many of the electrical and mechanical plants are in very poor condition; and
- there are too many undefined policies and goals for the system, with unclear strategic directions; and
- Georgetown has expanded beyond its boundaries, eroding even its greenbelt zone around the city. Even some of the open spaces within the city and towns are now being used for residential development. This trend has to be stopped.

21.III **SECTORAL OBJECTIVES**

21.III.1 The overriding objective is to make Georgetown and other cities more habitable places in the 21st century, meeting their citizens' requirements for improved access to basic services and amenities, and

fulfilling their physical potential to be unique and attractive places in which to live and work and take recreation.

21.III.2 More specifically the objectives are as follows:

- (i) To improve, upgrade and sustain urban infrastructure.
- (ii) To improve the quality, efficiency and effectiveness of municipal management and services
- (iii) To improve the financial status of the municipalities.
- (iv) To improve the capabilities of the staff of municipalities.
- (v) To facilitate greater interagency coordination, especially as between infrastructure agencies and municipalities.
- (vi) To embark on an environmental education programme aimed at sensitising the population about urban development and related issues.
- (vii) To reduce the level of unauthorised development and to regularise informal development.
- (viii) To promote higher-density development and re-establish a greenbelt around Georgetown with recreational facilities.
- (ix) To develop an improved system for managing the city's canals and draining areas of water accumulation.
- (x) To zone Georgetown in a way that protects residents from noxious activities and also protects its priceless architectural heritage.

21.IV THE STRATEGY

21.IV.1 The financial base of municipalities and local authorities will be broadened and strengthened through the revaluation of properties and road licenses, revenues, improved systems of rate collection and through municipalities being granted a percentage of the road licenses and other such revenues being collected by the Central Government.

21.IV.2 The authority to make valuations in urban areas in the future will be vested in the six municipalities.

21.IV.3 Special training courses in property evaluation will be conducted in Guyana for these municipalities. In addition, the better students will be sent abroad for further training, and on study tours to observe the valuation methods that are used in other places.

21.IV.4 Higher rates and taxes will be charged for all property in municipal areas. These new rates will not be imposed in one fell swoop, but will be increased gradually over a period of five years. Thereafter they will be raised at stated periods of time.

21.IV.5 The municipalities will begin to contract out the task of rate collection, with commissions paid in relation to the amounts collected.

21.IV.6 Automatic grants at a rate to be decided by the Central Government and the Municipalities, and then inscribed in a law will be distributed annually to municipalities and NDCs in proportion to their respective populations.

- 21.IV.7 Income generating activities for urban centres will be initiated. Such activities will include surcharging heavy trucks that use the road networks of the municipalities; selling fertile top soil to farmers in areas of poor soil, for agricultural activities; and exporting sand and other products to local and overseas markets. These activities will be under the direction of professional managers appointed by the Council and all profits will be utilised to improve the general welfare of the towns.
- 21.IV.8 Municipalities will introduce road taxes on heavy vehicles that utilise the roads of the inner cities.
- 21.IV.9 To curtail urban sprawl a three-pronged strategy will be put in place: (i) State lands will be allocated to a greenbelt and freehold land will be purchased for that purpose wherever necessary, (ii) measures will be adopted to encourage higher-density housing for the middle class, and (iii) secondary centres will be established beyond the greenbelt with adequate roadways cutting through the greenbelt to the city.
- 21.IV.10 The following criteria will be used in identifying the proposed secondary centres: population concentration; levels of existing services and facilities; distance from existing urban centres; communication linkages; and functional, economic, and logistic characteristics. Based on these criteria, the following areas will be considered Mahaica, Mahaicony, Rosignol, Lethem, Soesdyke, Parika, Supernaam, Grove, Charity, Bartica, Vreed-en-Hoop. These secondary centres already have access to resources such as waterways for river transport, roads, airstrips, etc.
- 21.IV.11 With the development of those secondary centres that already have the prerequisites of a town (road networks, markets, education and health facilities, etc.), pressure on the already overloaded systems will be minimised. Development of the infrastructure in these centres and provision of incentives will encourage investors to establish businesses that would create employment for the residents.
- 21.IV.12 A physical development plan will be prepared for the greenbelt policy and estimates will be made of the required amounts of State land and the cost of acquiring the necessary freehold land.
- 21.IV.13 A greater density of urban settlement will be created by encouraging the private sector to construct duplexes and condominiums for sale to the middle class. This Strategy is developed more fully in the chapter on Housing. This population group would be the main target group that would need to be persuaded over time to shift its preferences (in part) away from single-family dwellings and towards structures of greater population density. Higher density dwellings will have the further advantage of generating more tax revenues per acre than the current pattern of settlement does.
- 21.IV.14 In addition, high density business offices will be established. This will help to release more individual homes for residential purposes.
- 21.IV.15 Garbage collection in all municipalities will be contracted out, with a special system of incentives for cleaning up loose paper and garbage as well as that which is deposited in designated collection points.
- 21.IV.16 New landfill sites will be identified taking care to avoid seepage into groundwater supplies and to observe other environmental requisites.
- 21.IV.17 Urban zoning regulations will be updated and their enforcement provisions strengthened.
- 21.IV.18 Special zoning provisions will be made for Georgetown's architectural heritage, ensuring that buildings constructed or rehabilitated conform to the historical architectural style. Existing buildings that do not conform architecturally need to be required to put on specified kinds of wood facing to bring them into approximate conformance.

- 21.IV.19 Standard criteria will be adopted in order to instal comparable and uniform methods of property tax assessment.
- 21.IV.20 A computer mass appraisal (CAMA) system will be selected and adapted for property tax assessment.
- 21.IV.21 Staff will be trained in data collection and entry tasks; and in mass appraisal methods.
- 21.IV.22 In all six municipalities, steps will be taken, with the assistance of an international lending agency, to rehabilitate and maintain all the municipal roads and drainage networks, reconstruct commercial facilities such as markets, abattoirs and stelling, as well as rehabilitate street lighting systems, and upgrade municipal government facilities. All this will be done by 2005.
- 21.IV.23 In order to improve the drainage system in Georgetown the several sunken wrecks, which are now located at the mouth of the Demerara river, will be removed.
- 21.IV.24 "Pick-up" and "put-down" passenger points will be constructed at strategic places in all the towns in order to regulate the flow of traffic and to enhance the convenience of passengers. These points will be applicable to all mini-buses and other forms of public transport.
- 21.IV.25 The private sector will be encouraged to construct parking garages, particularly in Georgetown, by way of incentives and tax rebates.
- 21.IV.26 Municipalities will also lay down parking sites for private drivers, mini-buses and taxis. These will have to be paid for. Parking requirements will be strictly enforced. Parking metres will be put in place.
- 21.IV.27 The revised fees for the upgraded laws will be strictly enforced.
- 21.IV.28 All the avenues in Georgetown will be upgraded and refurbished, along the lines of the Camp Street rehabilitation scheme. This will be the combined effort of the central government, the municipality, and the communities who live along the roads.
- 21.IV.29 The policing arm of the municipalities will be strengthened in order to enable them to deal specifically with all aspects of municipal crime.
- 21.IV.30 For the municipalities the system of proportional representation, in which councillors are elected from lists supplied by party leaders, will be changed to a first-past-the-post constituency system, in which prospective councillors stand for election in various "wards" or "constituencies".

CHAPTER 22

LAND

22.I BASIC FEATURES OF THE SECTOR

- 22.I.1 There is no land-use policy in Guyana. Although over the years, several attempts have been made to devise comprehensive land capacity classifications for the country, and to utilise these as the basis for land zoning and land allocation, the process is far from complete. As a result, land-use throughout the country is haphazard, unplanned and wasteful.
- 22.I.2 The problems that are inherent in the absence of a land-use policy and land-use plans are compounded by the complexity of our land tenure system. We have already referred to the special circumstances of GUYSUCO's land holdings. In addition to this, there are the two following types:-
- (i) Publicly owned lands that comprise State Lands and Government Lands. State Lands, formerly called Crown Lands, are controlled by the Commissioner of Lands and Surveys. However, the Guyana Forestry Commission, the Guyana Geology and Mines Commission, and the Lands and Surveys Department administer land that is utilised for forestry, mining, and agriculture, respectively. Each of these three Government agencies may issue titles for different purposes over the same land space. Government lands are those purchased by, or granted to, the Government to be developed for general revenues, such as hospitals, schools, government administrative buildings, and land development schemes. State and Government Lands are approved by the Ministry of Agriculture, while under the existing legislative framework, Cabinet must approve the sale of State and Government Lands.
 - (ii) Freehold Private Lands are those lands that have been "alienated" from the State and which are held by private or corporate interests. Freehold land administration is carried out by the Deeds Registry under the Office of the Attorney General of the Supreme Court. There are two systems of land law and property recordings governing the private market, namely, the "transport index" based on Roman Dutch legal practices, and the "index of land transfer of title," that is, the Torrens System introduced in the early 1950s by the British. An owner of a transported property theoretically owns the land from the centre of the earth to the sky above subject to Government interests, e.g., airplanes flying overhead, minerals, etc. To effect a transport sale of property, proposed sales must be published in the Official Gazette for two weeks before the transaction. If no objections are filed, the transaction is allowed to go on. If timely objections are made, the matter is settled in court. Transported properties are found mainly in the cities. Nearly all of Georgetown's and New Amsterdam's properties are held under this system.
- 22.I.3 The Guyanese Government owns about 90 percent of the national territory. In coastal areas where most of the population is concentrated, roughly half of the farms are freehold properties. The distribution of lands is characterised by the predominance of small farms of 5-15 acres each. This structure of distribution originated during the colonial period when both the size and number of plots that were allocated to former slaves and indentured workers were restricted. In the post colonial years the predominance of small farms has continued to be encouraged by Government policies that limit the size of plots that are leased or granted to individuals by the State to hypothetical minima that could support a family.
- 22.I.4 For purposes of defining policies for this National Development Strategy, it is necessary to distinguish several classes of interest in land. These are: (a) *holders of State leases* who are the legal occupants

and possess lease documents that are issued by the Land and Surveys Department; (b) *sub-lessees of State leases* who rent lands from principal lessees. Under the present lease arrangements, they are considered illegal occupants of State lands; (c) *unregularised occupants of State Lands*: those who have applied for lands they occupy while waiting on the applications to be approved; (d) *squatters on State Lands* who are illegal occupants of State Lands, not including sublessees; (e) *owners of freehold lands*: those who have purchased from the State or previous holders by way of transport or certificate of title; (f) *renters of freehold lands*: those who rent under private arrangements from freeholders, both formally and informally; (g) *unregularised occupants of freehold lands*: those who have claims to the lands they occupy but whose claims are not legally documented. This is often the case on old freehold estates that have been subdivided but for which individual titles have not been issued; (h) *squatters on freehold lands*: illegal occupants of privately owned lands; (i) *indigenous communities*: Amerindian communities throughout Guyana, recognised as Amerindian Districts, Areas and Villages; (j) *the sugar industry*: meaning GUYSUCO and inclusive estates; (k) *prospective investors*: those who seek to possess lands for agricultural or other purposes; and (l) *the landless*, may be classified as citizens of the lower income bracket, desirous of obtaining land for agriculture but who are deterred by cost factors, the laborious process and other associated arrangements.

22.II ISSUES AND CONSTRAINTS

- 22.II.1 Each of the categories of land holdings that have been listed in the previous section of this Chapter embraces a number of issues and constraints in terms of access to lands, the land market, and especially security of tenure. This has led, among other things, to a thriving informal land market, which is beneficial to many absentee land holders, either of freehold or leases, from which the Government loses a considerable amount of revenue that could have been applied to improving land administration, other related services, and infrastructures. It is imperative that these issues be dealt with promptly in order to ensure increase agricultural productivity.
- 22.II.2 The large number of agencies and sub-agencies that are concerned with the allocation of land and the collection of rents and fees from the plethora of land types has led to accusations of unfairness, bribery and corruption. What is certain is that this high number of government organisations lead to inefficiencies. The whole system of land administration therefore needs to be rationalised.
- 22.II.3 Land Selection Committees have been established and authorized to approve or deny applications for leases of state land. Their procedures are inefficient because of the absence of clear-cut criteria for approval or denial of applications; the time-consuming and bureaucratic process of decision-making involving the Regional Democratic Council, in addition to the district and regional land selection committees; and the abuse of power by members of the land selection committees at both the district and regional levels.
- 22.II.4 There exist over 2,000 provisional leases, waiting for surveys to be done before their final determination. Land in this circumstance cannot be used as collateral for production financing, so the 'provisional' lessee is prevented from investing as he or she desires in the land occupied. This obviously impedes agricultural development. This situation also increases the possibility of boundary disputes, since formal boundaries are never demarcated. The Lands and Surveys Department is not now in a position to deal with disputes adequately, because of human resources limitations and the lack of support from an internal legal unit.
- 22.II.5 The unattractive conditions of State leases include: the *duration* of leases, which is currently twenty-five (25) years. There is great difficulty in obtaining production financing, since most banks do not accept a lease of 25 years as collateral; *transferability and use for collateral*: " The lessee shall not transfer or mortgage his interests in the lands occupied in this lease or any part thereof except in accordance with the provisions of the State lands regulations." This provision also limits the use of

leases as collateral; and *subleasing*. "The lessee shall not sublet or give possession of the land thereby leased or any part thereof." This provision creates major difficulties for the lessees in cases of illness or economic difficulty and limits their ability to utilise the land to its maximum capacity and accumulate capital. The landlord/tenant relationship is not recognised. Sublessees are denied access to formal financing for investment in agriculture since their tenure is not recognised. The provisions also limit long term investments by farmers of leased land who have tilled the same plot of land for a number of years, but are restrained from making significant capital investments for fear of the termination of a lease or sublease, and the lack of security over the long run.

- 22.II.6 The low rents paid by lessees of State lands directly impact on fiscal revenues and the quality and efficiency of administration and management of State lands. This situation gives rise, among other things, to land speculation and has the effect of subsidising those who are least in need of subsidies, e.g., large landholders, who sublease the land at market rates. Land, like any other input of production, should be priced as close as possible to its market value. If not, the resource will be underutilised or misused. Increased land rents would also serve as a deterrent to land speculation and would, in fact, encourage intensive land use and reduce the amount of idle lands. Ultimately, land rents would provide funds for agricultural research and development and for funding the Land and Surveys Commission towards an efficient and effective agricultural land administration and sustainable land resource development.
- 22.II.7 Unregularised occupants also include those who have inherited a lease or have had the original lease transferred to them without the necessary documentation, due to the time-consuming process of applying to Lands and Surveys for approval or permission to do so; as well as those whose leases have expired and have not bothered to renew it but still occupy the land.
- 22.II.8 The illegal occupation of State lands for agriculture and other purposes, especially housing, has increased over the last decade or so. Much of the land squatted on for housing is prime agricultural land for both cultivation and grazing. Many persons resort to squatting for agriculture as a result of slow administrative procedures for granting land. This situation thrives due to a lack of enforcement mechanisms at the Lands and Surveys Department.
- 22.II.9 The Land and Surveys Commission has been unable to discharge its statutory functions effectively, since under this system the responsibility for routine cadastral surveying and the administration of State lands, was transferred to the Regional Democratic Councils. This has had a profoundly negative impact on the national system for administering Government leases. The absence of an efficient communication system between regions and with head office adds to the inefficient regional service.
- 22.II.10 There is a tremendous backlog of surveys to be done, because of the inability of the Lands and Surveys Department to perform parcel surveys in support of agriculture leases. In addition, there are outdated cadastral index maps that undermine the reliability and integrity of the records, resulting in uncertainty of land ownership.
- 22.II.11 As has been emphasized the Registrar of Deeds under the direction of the Attorney General is responsible for the registration of all transactions involving freehold land: buying and selling, creation and cancellation of mortgages, encumbrances, private leases, use rights, etc. It also records intellectual property and functions as a commercial registry. It is considered that both land and commercial affairs are too much for the current registry to deal with adequately, as persons wishing to transact property business at the registry compete for attention with those who are there for commercial affairs.
- 22.II.12 As has been pointed out, in order to effect a transport (sale) of property, proposed sales must be published in the official Gazette for two weeks before the transaction. If no objections are filed, the transaction is allowed to go on. If timely objections are made, the matter is settled in court. Such a

requirement for all transactions is burdensome, expensive and time consuming. In principle, this process could be completed in about the three months that would be necessary for publishing requirements and file review. However, transactions can take a year or much longer, due to institutional and human resource related inefficiencies.

- 22.II.13 The Torrens System relies heavily on surveyors to demarcate the land into plots. Over the last 15 to 20 years surveying has become problematic. The survey process has greatly slowed and there is little money in the system to pay surveyors and few are willing to work at the rates the Government pays. The decentralisation of survey functions as a result of regionalisation has also contributed to the deterioration of the process of registration of freehold property, since this also requires cadastral surveys.
- 22.II.14 Freehold lands held under the "transport" and "certificate of title" systems, are administered by the Deeds Registry. Although both yield a secure title to land, they are both subject to procedural problems due to the inefficiencies in various areas of the Deeds Registry, the most important of which are poor data handling systems, the inadequacy of funding, and unqualified personnel.
- 22.II.15 There is evidence of significant incidences of underutilised freehold lands due to a lack of sufficient stimulation and incentives for agriculture production; the poor state of maintenance of the drainage and irrigation system in many areas; absentee landlords, who either have gone overseas or have neglected the land for other, possibly urban, careers; and restrictive procedures for land rental, which discourage renting out land that the owner cannot utilise.
- 22.II.16 The complications in trying to rent or lease out freehold land are particularly vexing. Some freehold lands are left idle or are underutilised, leading to the unavailability of good land for agriculture investment, directly as a result of conditions stipulated by the "Rice Farmers Security of Tenure Act" which serve as severe deterrents to rental.
- 22.II.17 Squatters who have had sole and undisturbed adverse possession of a tract of land for twelve years and more, have the right under prescriptive title, to obtain title to the said land. As a transport deed a new title is passed in the squatter's name; in the case of registered lands, an application is made for a declaration of title. This involves a declaration being published in the Gazette and press; after a period of twelve months the title is passed once there is no objection. The problem lies with the inability of the Deeds Registry to expedite such matters swiftly. As it stands now, a squatter may wait for years before he is granted prescriptive title.
- 22.II.18 Over time, owing to the workings of legacies, some land holdings have become very fragmented. A peculiar problem has arisen in that the form of agricultural plots has become very long and narrow, in order to assure that each plot retained access to irrigation and drainage canals. In Essequibo some plots are known to have dimensions of 12 feet wide by more than 9,200 feet deep, while in Berbice the extreme dimensions are 12 feet by more than 12,000 feet. Such distorted shapes are highly unsuitable for cultivation.
- 22.II.19 Unclear or unmarked boundaries of indigenous settlements have led to encroachment from loggers and miners and a general sense of insecurity regarding rights and ownership of the Amerindian peoples.
- 22.II.20 Underutilised land resources under indigenous holdings are sometimes exploited by others (e.g., foreign investors), and all benefits and incomes they produce elude the community and its peoples, resulting in growing feelings of exploitation and mistrust for the Government.
- 22.II.21 **GUYSUCO holds a large percentage of coastal lands; although much of it is cultivated a portion has been left idle for some time. This has created a situation where there is idle land that is not available to those who might put it to productive use.**

22.II.22 **Many prospective investors interested in acquiring portions of land for agriculture, aquaculture and other pursuits are often deterred by unavailability of data regarding the particular parcel of land and the process they are forced to pursue to acquire the land needed. Given the need to promote foreign and local investment, clear and transparent procedures regarding the application and granting of leases should be adopted.**

22.II.23 **More than eight thousand farm families possess less than ten acres of land with an average holding of two acres in that group. This clearly is an infrasubsistence level of land holding, and very likely it is the major explanation for the poverty found in rural areas. Indeed, because a holding for the rural non-poor is about 26 acres, it might be argued that this disparity in access to land is a contributing factor to rural poverty. Undeniably, the fundamental fact is that having larger farms means having more income. Everything else being equal, too many rural families have too small a land base to rise above poverty.**

22.II.24 No central data base system exists for the storage, analysis, management and retrieval of data on title and tenure conditions. There is also inadequate data on existing land-use, soil type, temperature, rainfall, slope, land tenure, indigenous settlements, physical infrastructure, social infrastructure and population, etc. The lack of data hinders the planning and implementation of a land-use plan and subsequent development projects, as well as individual choices and decisions in land-use for agricultural and other purposes.

22.II.25 **The absence of a clear strategy for the opening of new agricultural lands puts a greater demand on already limited lands with the necessary infrastructure.**

22.II.26 **There is no consistency between the acreage restrictions in land development schemes and the lack of such restrictions on the acreage of land that may be leased outside them.**

22.II.27 The absence of environmental regulations on the occupation and utilisation of the land resource, can lead to environmental degradation of the land resource through deforestation, pollution from waste disposal etc.

22.II.28 The issues of land distribution, in general, and of ancestral lands, in particular, are of extreme importance in Guyana. Indeed, they are considered by many to be as potentially explosive as the racial problem. Strategies for the settlement of the claims of Amerindians for land titles and extended land rights have been put forward in Chapter 24, which is devoted to Amerindians. However, somewhat similar claims have been put forward by Guyanese of African origin who assert that they have a unique right to be provided with the lands which their ancestors bought and occupied in the years immediately after the abolition of slavery, but which they afterwards lost. It is necessary that these claims be examined and conciliatory mechanisms be established to arrive at an equitable solution to this matter, within the context of the viability of Guyana, and the legitimate desires of all the citizens of the country.

22.III SECTORAL OBJECTIVES

The principal broad objectives for land policy are:

22.III.1 To improve the efficiency with which land resources are utilised in production.

22.III.2 **To provide increased access to land on the part of landless rural and urban families and farming families with limited acreages.**

22.III.3

To rationalise the land selection process and committees, in order to ensure that applications are reviewed objectively and acted upon expeditiously.

- To eliminate the backlog of provisional leases.
- **To improve lease arrangements towards providing greater security of tenure.**
- **To improve access to production financing for agricultural investments.**
- **To improve the transferability of leased land and its use as collateral.**
- To extend security of tenure to sub-lessees of State Lands.
- **To accelerate the process of conversion to freehold.**
- To improve the process by which the public gains access to State and Government lands by way of efficient lease administration by the Land and Surveys Commission.
- **To make more effective the management of Guyana's State land resources by putting in place a proper lease management system, with better documentation, and an effective system for collecting lease rentals.**
- To regularise the occupancy of State and freehold lands as promptly as possible.
- To eliminate and prevent squatting on agricultural lands, in part by providing better access to land for poor families and in part by improving the usability of the rental instrument.
- To re-centralise the Land and Surveys Commission functions towards more efficient land administration.
- To make more timely surveys and improve the quality and coverage of data on land registration and land characteristics, and to modernise data management systems.
- To rationalise and modernise the responsibilities of the Deeds Registry and improve its functioning.
- To improve renting conditions of freehold lands, and so make more agricultural land available and increase the average intensity of its use.
- To stimulate and increase the productive use of freehold lands while improving the contribution of such lands to national revenues.
- To eliminate and prevent squatting on such lands.
- **To establish clear Amerindian District boundaries both on the ground and in maps.**
- **To make available the sugar industry's unutilised land for agriculture and other development.**
- To improve access to State lands for agriculture, aquaculture and other development.
- To provide equal opportunity and improved access to lands for the gainful employment of the landless.

- To improve the coordination and communication among all related institutions, in order to attain improved land utilization.
- To improve the functioning of each institution responsible for land allocation and administration.
- **To clarify national land policy, at a broad level in this Strategy and more specifically in subsequent documents.**
- To improve the collection, storage, retrieval and dissemination of data nationally.
- **To acquire the land use and land capability data necessary for investment.**
- To develop new lands that have the potential for sustaining economic activities, clarifying intentions and programmes in this regard.
- To provide economic sized land holdings for all farmers.
- To promote the sustainable use of land for agriculture and other purposes by continuous environmental impact assessments.

22.IV THE STRATEGY

- 22.IV.1 **The selection of lessees for lease on state lands shall be made using clear established criteria, such as the applicant's ability to work the land, the amount of land already in the applicant's possession, the size of his family, etc. These criteria will be weighted. Reasons for decisions will be clearly spelled out and made available to all concerned, with timely appeal mechanisms in place to deal with queries.**
- 22.IV.2 **There is no need for the Regional Democratic Council to be involved in decision making since it has delegated to a district and regional land selection committees the authority to review applications, interview applicants and make recommendations before forwarding the application to the Lands and Surveys Department. In this light, the Regional Democratic Council will be omitted from the land selection process.**
- 22.IV.3 **The members of the land selection committees will be elected to office by the people of the district, and the regional committee will comprise elected members from each district committee. It is important that the composition of both committees reflects the people's choice. Regional committees will no longer review applications directly, but will rather review the functioning of the district committees and once a year issue a report containing observations and recommendations, if any, regarding the process of selection.**
- 22.IV.4 **For plots that are already surveyed, a time limit of 20 days will be established for review of each application by the district committee and 20 additional days by the L&SD. If no decision is made within those periods, it will be construed as automatic approval of the application at the respective level. Applications will be dated upon submission at each level, and the date will be acknowledged for the applicant in writing. If the 20 days pass with no explicit decision, the recording secretary at the respective level will be required to write "application approved by reason of no decision before the deadline" on the application, enter the corresponding date, and provide a copy to the applicant.**
- 22.IV.5 The responsibility of carrying out field inspections for application purposes will be delegated to the

Districts land selection committee, since they are familiar with their specific area. The land selection committee will include in its recommendation report, the present status of the land in question.

22.IV.6 The Land and Surveys Commission will embark on a special project to eliminate the existing backlog of surveys. This will involve contracting out the surveys that need to be done, and hiring temporary staff, as technical assistants and others, to do the necessary clerical work. *Donor agencies will be asked to fund this project.* Funds will then be recovered over a period of time from the lessees who will be obligated to pay for their surveys.

22.IV.7 A new standard agricultural lease will be formulated. This will include the following provisions:

- **Lease terms of 99 or 999 years compared with the present 25-year limit.**
- **The ability of lessees to transfer leases freely and fully after ten (10) years of beneficial occupancy, without requiring administrative approval. The parties involved would, however, be obliged to register the transfer for accurate record keeping.**
- **The ability to use leased land as collateral without seeking approval from Lands and Surveys as is now the case. Lessees will, however, be required to register the mortgage with Lands and Surveys.**
- The ability to sublet in full and in part any portion of the land that has been leased, without the consent or approval of the lessor, provided that the sublease is pursuant to a written instrument filed with the Commissioner, in accordance with regulations promulgated from time to time. The lessee will then be obligated to inform the Lands and Surveys Department of such transaction to allow for accurate record keeping. This is administratively simple and effectively regularises the *de facto* position.
- **Lessees who have beneficially occupied the same plot of land for a period of more than fifteen (15) years, will be allowed on conclusion of the leasehold to convert to freehold consistent with established freehold criteria.**

22.IV.8 The new policy for managing leases on State lands mandates the introduction of market valued land rents, based upon relatively few aggregate categories of land, which should be determined by the land's capability, its proximity to transportation and the adequacy of its drainage and irrigation. Few categories will be defined to keep administration of the system as simple as possible and to avoid an upsurge of disputes over land classifications. The method of determining rents will include: an assessed market value based on surveys of price of comparable freehold lands; an administration cost related to cost incurred by the Government in the administration process; and an amortisation cost, to recover monies spent on improvements to the land. The rents need to be reviewed and adjusted annually to ensure they are as close as possible to real market values.

22.IV.9 **Special rent provisions will be made for the rural poor (defined as families with incomes below the prevailing poverty line). These rentals will also be subject to annual adjustments.**

22.IV.10 The current status of each lease will be investigated and the findings recorded in a computerised lease management system. This system needs to be compatible, permitting a network with all other related data systems, e.g., land register at Deeds Registry, etc. It may be seen as forming part of a multipurpose land information system. Such a system with the data in place will serve as a base for the billing by notice and the collection of rents. A separate unit needs to be formed within the L&SD to deal specifically with billing, collection and accounting of lease fees. This unit needs the support of a

legal unit to help with cases involving defaulters. If the unit is not able to make significant progress within a year, then collection of lease fees will be contracted out to private agencies, on a commission basis.

- 22.IV.11 The Lands and Surveys Department will embark on a special project involving the inventory of occupancy, specifically to identify unregularised occupants with the intention of regularising their occupancy (granting or renewing leases) once their occupancy can be supported. The need for this will be avoided in the future by implementing the improved procedures through which the public gains access to State lands.
- 22.IV.12 Given the existing problem of housing and the trend to regularise the process, squatters on State lands that show marginal or no agriculture capability should be regularised into a formal housing scheme. Should the lands be of good agriculture quality (be it for cultivation or grazing), squatters should be removed on legal grounds.
- 22.IV.13 **However, being sensitive to the housing crisis, this process should be done after housing areas are identified and made available, specifically to existing squatters. The land involved should then be made available for agricultural leases. It is also necessary that a legal unit be formed within the Lands and Surveys Department to deal appropriately with the legal aspects of removing squatters.**
- 22.IV.14 **The selection of citizens for land for housing will follow the same procedures set down for agricultural land.**
- 22.IV.15 **Land for housing will be granted free of charge to all those below the poverty line.**
- 22.IV.16 The regional Lands and Surveys offices, will be reorganised and strengthened to carry out an efficient service throughout the country, regionally.
- 22.IV.17 The regional offices will be staffed with clerks and land rangers as necessary, to handle applications and inspections for applications, along with the district and regional land selection committees.
- 22.IV.18 The regional offices will be linked by a computer/telecommunication network. The importance of being able to relay rapidly data cannot be underestimated in this sector. With improved communication the Commissioner will be able to deploy statutory functions effectively, especially that of surveying.
- 22.IV.19 An accurate land register and cadastral maps will be established. Some of the information needed will have to be acquired from an inventory, to verify occupancy on the ground with the existing title records. The acquired data will then be recorded in a computerised land register system that would allow easy access, updating and the production of cadastral index maps.
- 22.IV.20 Other than the time required for judicial procedures, the time required for transactions under the "Transport System" will be reduced significantly. This will be done by creating a procedural system for receiving and processing transactions, grouped according to subject.
- 22.IV.21 **The Deeds Registry will be established as a semi-autonomous body. Under this arrangement the Registry will be able to retain a portion of revenues generated by its services. Since many fees and charges are outdated, it is also necessary to revise and implement realistic charges for services, to put the institution on a financially sustainable basis. With available funds under a semi-autonomous arrangement, better wages and benefit packages will be offered to personnel. Entrance requirements will be raised from three subjects to five subjects. In-house training programmes will be offered in modern systems of property registry.**

- 22.IV.22 The State will embark on a land registration process to regularise those who have legal claims to parcels of land but have no title to confirm this. The process by which this is done will be revised to ensure its efficiency, this would mean the revision of the Land Registry Act.
- 22.IV.23 **An assessment of the status of all lands held by GUYSUCO will be made to determine immediate and future needs, and to develop a programme for relocation of lands to other users.**
- 22.IV.24 L&SD will start a central data base where information to guide prospective investors can be accessed, such as land capability maps. The process of applying for land will be improved and opportunities for funding or credit will be sought by providing full documentation on the land to banks.
- 22.IV.25 At the same time, Government will identify and open new frontiers for agriculture development. The necessary infrastructure can be made available through two schemes:
- (i) Granting land to those capable of providing the necessary infrastructure on condition that a portion is released to small farmers without charge, except annual D&I maintenance fees paid to a users' group.
 - (ii) **Government will carry out an institutional analysis of current land administration, including non-agricultural lands as well, eliminating existing overlaps and giving the responsibility to the institution most related to and involved with each function. Given the historical role as manager of the land resource, and that the Commissioner of Lands and Surveys is the custodian of all lands, the Lands and Surveys Department should be the final clearing house regarding land use.**
- 22.IV.26 A communications network will be established, with each institution feeding data into their relative systems, which are then fed into a central system housed in the Lands and Surveys Department that would be accessed by all.
- 22.IV.27 The formulation and implementation of a National Plan on Land Use, based on present land use patterns and possible opportunities, are critical in this effort. This plan should take into consideration physical, environmental, economic, social, cultural and demographic factors from a Guyanese perspective.
- 22.IV.28 **The national land use plan will utilise the concept of sustainability, to protect all lands, in this instance agricultural lands, and it will strive to make that concept operational in as many instances as possible. It will take the lead in defining sustainable land use practices.**
- 22.IV.29 **Environmental regulations will be incorporated into all leases or title conditions, regarding proper waste disposal, replanting, etc.**
- 22.IV.30 **Environmental impact assessments will be carried out for existing large-scale land uses (agriculture, effect of D&I on soil erosion) and they will be mandatory for any proposed land development scheme, before granting permission, and as a method of monitoring land use regards environmental degradation of the land resource.**
- 22.IV.31 **A special Parliamentary Committee will be established to examine, and make recommendations on, the distribution of land among the various races of the country. Although it will pay special attention to the claims for land which have been submitted by Amerindians and African Guyanese to the Constitution Reform Commission, the special**

Committee will also investigate any other submissions of other racial groups in the country.

CHAPTER 23

HOUSING

23.1 BASIC FEATURES

- 23.1.1 The housing situation in Guyana is desperate. There is strong evidence of insecure tenure and increasing levels of homelessness. Though Guyana's population growth rates have now become minimal, current housing needs still cannot be adequately met for the major part of the existing population.
- 23.1.2 An estimated 33 percent of the country's housing stock is over 30 years old, and most have not been properly maintained.
- 23.1.3 **The country needs, at the minimum, the building of 5,200 housing units each year for at least the next ten years. This total is made up of 1,200 new household formations every year, and 4,000 units to replace deteriorating stocks and ease over-crowding.**
- 23.1.4 **About one-third of the new housing units are required in Georgetown alone, the other two-thirds being in demand in the country's other five towns, in semi-urban districts, and in a few rural areas.**
- 23.1.5 Approximately 60 percent of the Guyanese population lives in their own homes; close to one quarter of households are renting; and the rest are occupied in rent- free accommodation.
- 23.1.6 **The cost of building a house in Guyana is relatively high. It is high mainly because GUYSUCO and the Government together own about 90 percent of the available land around the towns on the coastal strip of the country. As a result of this virtual monopoly in land ownership, the cost of land is inordinately high, and the private sector is in great part inhibited from engaging meaningfully in house construction.**
- 23.1.7 **Another consequence of this preponderance of government land ownership is the fact that a not insignificant proportion (twenty percent) of the households in Guyana is forced to squat or illegally occupy government-owned lands.**
- 23.1.8 Other factors contribute to the slow rate of house construction: inadequate funding in the housing section; moribund methods of transferring land titles; an extremely slow distribution and development process; and seemingly political interference in land distribution. In addition the Central Housing and Planning Authority, (CH&PA), the sole government executing agency for housing projects, is inadequately staffed, in both qualitative and quantitative terms. Indeed, it has been pointed out by one of the International Financial Institutions that the weakness of the CH&PA is a key target for both project investment and policy reform.
- 23.1.9 Between 1993 and 1998 the CH&PA allocated about 20,000 houselots, and it is estimated that in 1999 another 4,000 would have been distributed. This is an impressive performance. It cannot be emphasised too strongly, however, that what have been given out are not houses, but pieces of land on which it is meant that houses would be built. Moreover, little or no developmental work has been undertaken on many of the houselots, and few houses have been built on the lots that have been distributed. The exercise is more one of land divestment than of house construction.
- 23.1.10 At the beginning of 1999 there was a backlog of approximately 20,000 applications, dating back to 1993. And although an appreciable number of applications was processed during 1999, the increased

number of new applicants more than compensated for those processed. In other words, the quantum of the backlog remains virtually constant.

- 23.I.11 What is most reprehensible is the feeling in many parts of the country that the household selection process is still characterised by high degrees of opacity, ministerial interference, extreme elements of official discretion and, perhaps not surprisingly, by a great amount of social and political wrangling.
- 23.I.12 **The current land distribution policies seem geared to favour low-income families with a minimum number of five children. It is obvious that such policies effectively exclude and act against young people and the unmarried. It also militates against marriages by younger couples because they cannot move into houses of their own. In addition, it promotes, albeit unwittingly, out-of-wedlock relationships, and contributes to a general sexual promiscuity.**
- 23.I.13 A house costing G\$320,000 represents the most basic of standards; yet such a building would still be out of the reach of the average Guyanese income earner.
- 23.I.14 Other almost inevitable consequences of this failure of supply even to approach demand, are high house-lot and house prices, and high rents. Indeed, the selling prices of houses are, on average, about seven times annual household incomes, and monthly rents are from one-half to two-thirds average monthly earnings.
- 23.I.15 Ince Government owns the bulk of developable land in urban areas, serviced lands are scarce, prices are extremely high, and are affordable only to the elite.
- 23.I.16 Mortgage financing for middle and upper income households in Guyana is relatively easily available. However, it is often a daunting exercise for the low-income classes to obtain loans for housing. This is so partly because there are very few specialised mortgage lenders in Guyana, and partly because of the complex of collateral conditions which the existing mortgage institutions require.
- 23.I.17 In the two most recent Household Income and Expenditure Surveys, food was clearly the dominant item of expenditure throughout the country. However, in Georgetown, housing was the next highest. It is important, therefore, that this sector be given high priority in the country's quest to eradicate poverty. In this regard, it should be noted that the salaried employee in both the public and private sectors is, apart from the seriously poor, the most affected in respect of housing.
- 23.I.18 There exists in Guyana a system of rent controls which contributes to the limiting of the supply of rental units, as they make property owners more reluctant to put their houses out for rent, and unwilling to maintain those that are rented.

23.II ISSUES AND CONSTRAINTS

- 23.II.1 As has been demonstrated in the chapter on "Land" in this National Development Strategy, land law in Guyana is both archaic and complex. The issues which were discussed in respect of land for agriculture in that chapter apply with equal force to land that is to be used for housing. It is evident therefore that the measures which will be put in place in order to rationalise the transfer of agriculture land must also be used with respect to housing land. Indeed, the same institutions, and the same law officers and surveyors will be employed in order to speed up the transfer of titles.
- 23.II.2 Another stumbling block in respect of the administration of land for housing lies in the CH&PA. As pointed out earlier, this institution is not only short of staff but many of the personnel who are employed by the Authority do not possess the qualifications that they need to perform their tasks

effectively. Moreover, the activities of the Authority need to be more decentralised, and the functions of various categories of staff more clearly described and delineated. In the recent past, the CH&PA did not have at its disposal certain pieces of vital information such as the number of housing lots it had developed, their location, and the amounts of money paid to, and owed to them. This list is not exhaustive, but is sufficiently long to indicate this seriousness of the problem. The information is now being collected, but has not as yet been put on computers.

- 23.II.3 There is neither a tradition of proactive planning, nor of integrating planning by the CH&PA into national plans, nor of conducting feasibility studies for urban infrastructural projects, nor of developing implementation programmes, in addition to the plans themselves.
- 23.II.4 As an international report has stated "massive low/moderate-income home lending is a specialised business for which Guyana's mortgage lenders – who have changed little in 30 years – are currently unprepared and is likely to cause great problems for them." Special training processes for bank managers and employees ought to be undertaken in these areas. In addition, the possibility of establishing a special house mortgaging bank, or a special window in a general development bank, ought to be explored.
- 23.II.5 The lack of private land markets, combined with the absence of adequate mortgage facilities in commercial banks, limits the possibilities of the private sector to play a greater role in assisting in solving the housing shortage. In general, the current policy framework has not sufficiently encouraged the private sector in this direction. Incentives such as the allocation of State lands, and the enhancement of tax incentives in construction activities, should be used to attract private investment in housing.
- 23.II.6 Moreover, transaction and administrative costs for mortgages to low-income borrowers appear to have risen considerably and are now very high in relation to the costs of other types of debt investment.
- 23.II.7 Furthermore, the relatively high bank interest rates mitigate against would-be homeowners, by making monthly mortgage payments extremely high. Tax relief should continue to be given on mortgage interests.
- 23.II.8 In order to overcome the difficulty of mortgage financing, the exemption from corporate taxes which the New Building Society now enjoys should be extended to *a//* mortgage lending. This would stimulate greater competition.
- 23.II.9 Because of the limited availability of houses, there has been an increase in the instances of informal housing development in urban areas. There are also the significant issues of congestion, and the financial inability of many citizens to maintain building standards. This has resulted in high incidences of housing decay in some areas and, on a very large scale, in some housing areas which have been categorised as being "depressed", to use what must be the greatest of euphemisms. This is particularly true in Georgetown, of some parts of Lodge District, Charlestown and Albouystown. There are other districts not only in all the other urban areas, but also in the rural, to which the appellation of "depressed" may also be applied. Government should therefore improve access to land for housing estates.
- 23.II.10 Insufficient emphasis is being placed by the University of Guyana, and other relevant training institutions, on the development of curricula that include advanced planning techniques and strategies for urban and economic development. This defect should be addressed since there is shortage of qualified specialists to fill key positions in these disciplines.
- 23.II.11 The high costs of materials, labour and machinery are also among the major constraints that restrict housing development. Moreover, the construction industry in Guyana seems to lack creativity and the

ability to adapt and adopt. As a consequence, new and cheaper but effective building techniques and technologies are not being applied.

- 23.II.12 **Given the present level of costs and the current levels of need, it does not seem obvious that the housing development problem can be addressed largely by market-oriented approaches. The existing situation may be characterised as one where the demand and supply curves interact at a very low level of provision. There is therefore an evident need for the State to intervene in specific areas.**
- 23.II.13 **Having said this, however, the financing problem could also be seen in terms of market development. In principle, if steps could be taken to lower drastically the present cost of providing housing services, a genuine market will begin to emerge.**
- 23.II.14 **There are three avenues which are worth rendering as we seek to revive the supply side of the low-cost housing market: re-examining the present technology of low-cost housing; restoring a community approach to providing labour for low cost housing; and removing the fiscal burden that is currently borne by providers of low-cost housing.**
- 23.II.15 An alternative, though not mutually exclusive, approach would be to bring the market alive from the demand side. In this situation it will be necessary for the government to institute a targeted voucher programme. If, for example, the government adopts a timeframe of five years to deal with the housing problem, with current rates of inflation, between US\$25 and US\$30 million will be needed annually for the programme.
- 23.II.16 It is to be expected that, with the squatting explosion, serious legal and social problems are being created. These include a violation of property rights, multiple occupancy with exorbitant levels of overcrowding which have effects on hygiene and sanitation, and criminal activity. While it is true that those who settled in squatter communities prior to March 1993 may be able to claim ownership titles, the new policy of the government is that squatting will no longer be tolerated. Firm action is needed but it must be complemented by measures such as improved access to both land and finance.
- 23.II.17 With respect to private sector participation, research has indicated that many private developers are reluctant to enter into any house provision scheme given the unlikelihood of being able to recoup capital expenditure. Perhaps such individuals may be motivated to intervene in ameliorating the housing situation if the government provided incentives such as land for private development in order to reduce housing costs.
- 23.II.18 A special effort should be made to link housing policy to community development. The government should increase its land distribution activities to specific communities, provide adequate infrastructural services, encourage targeted communities to work together, and train them in the basic house building skills. Such exercises should seek to build on the resourcefulness of community-based organizations.
- 23.II.19 The government should proceed with the regularization of pre-1993 squatters by quickly allowing them title to their lands and providing basic infrastructure in the squatting communities. The recent Housing survey indicated that 93 percent of the interviewed population expressed a desire to be involved in self-help projects. Guyanese seem willing to participate in self-help and community projects such as digging drains, laying water pipes and building access roads.
- 23.II.20 In order to widen and strengthen the housing market, it will be important to bring all the income groups into the picture. This can be done by the use of creative financing mechanisms like that of the Jordanian Housing Bank, which employs a lottery system instead of the interest rate to attract savings deposits. This approach can be supplemented by more traditional methods like the issuing of housing bonds. Funds from the bond issues would be earmarked to housing projects.

- 23.II.21 As has been emphasised, the private sector should be activated. Their involvement could be enhanced by tax incentives in construction activities. Moreover, any remaining rent restrictions should be removed. Tax relief should continue on mortgage interests and Government should improve access to land for housing estates.
- 23.II.22 It has been noted earlier that in Guyana land prices are high, while there is an abundance of unoccupied land. It has also been stressed that one of the reasons for this is the fact that the Government and GUYSUCO own most of this land, and distribute it to the citizens of this country as though they were being given manna from above. In addition to this overarching restriction on residential land-use there is an anachronistic legal system which dates back to the 1930s, and which has little or no applicability to modern concepts of development. These laws include the Public Health Ordinance, the Housing Act, and the Town and County Act.
- 23.II.23 In areas such as housing, and in the special circumstances of Guyana, the IFIs should be requested by the Government of Guyana to permit targeted subsidies for those who now occupy the lowest economic and social rungs of the developmental ladder. The efforts of the Government must be focused on particular groups e.g. the rural poor, the urban poor, and the poor of the hinterland. This strategy of concentration should be designed to prevent the not-so-poor from profiting from subsidies that are meant for the truly indigent.
- 23.II.24 Special attention ought to be paid to the conditions of the urban dwellers in the slums, and to the necessity of relocating the urban poor.

23.III **SECTORAL OBJECTIVES**

- 23.III.1 The principal specific objectives in the area of housing are: (i) to expand the supply of housing more rapidly; (ii) to make housing as affordable as possible; and (iii) to provide improved access to housing for poor families.
- 23.III.2 The operational objectives that must be fulfilled as preconditions for meeting these objectives include: (i) the provision of greater access to affordable funding for housing development; (ii) the provision of greater access to serviced lands; (iii) the elimination of institutional delays in the approval of building plans and the allocation of land; (iv) the establishment of conditions that would facilitate the private sector to play a greater role in developing land for housing and in the construction of houses; (v) the development of special programmes of financial support for lower-income families that would assist them in making rental and mortgage payments; (vi) the regularisation of informal housing development, (vii) the reformation of the laws governing rentals with the aim of increasing the availability of rental housing; and (viii) the development of mechanisms for the greater involvement of NGOs in housing programmes for the poor.

23.IV **THE STRATEGY**

- 23.IV.1 A special fund will be established for providing rental supplements to low-income families who meet strict criteria of eligibility. The Board of the fund will include representatives of CH&PA, the municipalities and NDCs, SIMAP, NGOs, and the Ministry of Finance. Once an application is approved, on evidence of the family's income levels and the rental contract, the fund will provide monthly coupons that can be redeemed through the banking system. Both renter and landlord would be required to sign each monthly coupon, and then the landlord could redeem it directly, as part of his or her rental income. It is suggested that the upper limit on the value of the monthly coupons be approximately G\$15,000 at the beginning, and that this limit be revised annually in view of registered

inflation rates. Contributions to the fund will be made by the Central Government. International contributions will be sought as well.

- 23.IV.2 A fund for supplementing the mortgage payments of low-income families will be structured in a manner similar to the one described above. Its operating rules will also be similar although, in this case, under the eligibility criteria, the topping-out level of family income will be somewhat higher than for the previous fund. The fund for mortgage supplements will assist families of low incomes to make down-payments on houses, provided that they put some of their own funds into the payment, and then it will supplement their monthly mortgage servicing. It is suggested that assistance on the down-payment be provided in a matching fashion, with a maximum amount of G\$250,000 that could be drawn from the fund for this purpose. The upper limit on assistance with monthly mortgage payments would be established at G\$20,000, made directly to the financing institution. Both sums would be adjusted annually for inflation. Again, the fund would depend on contributions from both the Central Government and the international community.
- 23.IV.3 As well as assisting the poor directly, the presence of these two funds will have the beneficial effect of stimulating private investors to provide more housing, in the knowledge that the effective demand would have increased considerably for this type of housing.
- 23.IV.4 In addition to these special funds, the Government will establish a rediscount line in the Central Bank that will provide an incentive to commercial banks to extend mortgage loans, in exchange for their reducing interest rates on mortgages below the equivalent level for other classes of loans, by a specified number of percentage points. The subsidy inherent in this rediscount line will be funded explicitly from the annual Central Government budget, with the possible additional contribution of international funding. Through this financial facility, banks will be encouraged to place a higher share of their assets in mortgages without incurring the risk of weakening their capital base because of below-market interest rates.
- 23.IV.5 The subsidies which are targeted on lower income families in the case of the two special funds, and on lower and middle income families for the mortgage rediscount line, will permit the necessary reforms of mortgage finance institutions. A probing review of these institutions will be carried out, to redefine their role and their manner of operating. The goal of the review will be to seek ways to increase the mortgage content of their asset portfolio. Without prejudging the findings of the review, it can be said that the operations of the two special funds and the rediscount facility will at least permit NBS to raise its interest rates on loans, thus making it more feasible, financially, for it to place more funds in mortgages.
- 23.IV.6 Incentives will be provided to the NBS to (i) increase the maximum mortgage loan to 90 percent of value; (ii) give short-term loans to finance the acquisition of serviced sites; and (iii) review the reform on their G\$5 share holdings to keep them in line with alternative investments.
- 23.IV.7 A pilot housing micro-credit programme with IPED will be organised to finance basic home improvements.
- 23.IV.8 The fundamental institutional objective regarding mortgage finance is to make the institution(s) financially viable over the longer run, in keeping with one of the fundamental policy conditions established for this National Development Strategy. This requires that they be efficient in their financial intermediation, capable of mobilising sufficient quantities of resources, and not dependent on recurring transfers from the Central Government. Among other things, they must demonstrate a high level of loan recovery. If not, they will lose the power to attract deposits as well as face a deteriorated capital base.

- 23.IV.9 If the institutions are not viable in these respects, Government will eventually find that the burden of sustaining them is insupportable. The institutions will then be forced to curtail operations, thereby losing the ability to provide support to the citizenry for the acquisition of homes.
- 23.IV.10 Laws and regulations that would permit financial institutions to recover the collateral in cases of default will be strengthened, or otherwise the commitment to service a mortgage would become almost a meaningless gesture from the viewpoint of mortgage finance institutions, and those institutions would be doomed to insolvency.
- 23.IV.11 **Land for housing will be granted free of charge to all those below the poverty line.**
- 23.IV.12 Regional land selection committees for houses will be given the authority to review applications, interview applicants, or representative of groups of applicants, and make recommendations before forwarding them to the CH&PA.
- 23.IV.13 The members of the land selection committees will be elected to office by the people of the relevant district or ward. It is important that the composition of the committee reflects the people's choice.
- 23.IV.14 No more than three months will be taken from the time of receiving the application to make the decisions on whether to allocate the plot or not, and to communicate such decision to the applicant.
- 23.IV.15 The acute shortage of land for housing in urban areas, especially in Georgetown, will be addressed as a priority matter. Government will initiate a programme of making land available in freehold to entrepreneurs who will commit themselves, by way of strict agreements, to constructing houses on the lots. The preferable mechanism for providing land in this way will be through public auctions to interested investors. Government will also commit itself to supplying infrastructural services to such land. Unutilised sugar estate lands, among others, will be dedicated to this purpose.
- 23.IV.16 The private sector will also be encouraged to construct high-rise blocks of apartments for use by the middle class, or for offices, particularly in some of the areas to be cleared of slums. These high-rise apartments will relieve the pressure on urban land, provide security from vandals, and offer proximity to business enterprises, workplaces etc.
- 23.IV.17 Government will also accelerate its programme of supplying serviced lots to needy families, with priority being given to those who participate in cooperative ventures which will assist with the labours of construction and the obtention of building supplies. Such lots will be transported in freehold to the beneficiaries, with mortgages extended through the NBS and with the financial assistance of the special fund for supplementing mortgage payments. The selection procedures for recipients of the serviced lots will be reviewed with the aim of making them more rigorous, transparent, and objective. More specifically, the procedures for the allocation of house lots will follow those laid down for the allocation of agricultural land. For ease of reference the provisions are repeated below.
- 23.IV.18 **The current criteria for the allocation of land will be revised to accommodate the poor, youths and the unmarried. Different types of housing units will be recommended for these new recipients.**
- 23.IV.19 **A number of townships will be established to assist in the resettlement of youths, public servants, members of the trades unions, members of both the urban and rural poor, and other groups in the country.**
- 23.IV.20 These townships will be designed to emphasize the clear interdependence between urban and rural settlements, and to take advantage of their synergies.

- 23.IV.21 These semi-urban settlements will be designed to house and provide job opportunities and social facilities for 1,000 families in self-sustainable townships.
- 23.IV.22 Unutilised sugar lands or unutilised government lands on the outskirts of the towns, and areas in the Intermediate and Rupununi Savannahs, or sites in any other part of the country in which there is land that is suitable for the purposes of the projects, will be selected.
- 23.IV.23 **The Government will, with the assistance of the private sector, develop these lands.**
- 23.IV.24 **The private sector will be encouraged to assist through the provision of tax incentives and free land, if it agrees to establish businesses and enterprises in specific areas of the settlement.**
- 23.IV.25 Areas in each settlement, will be set aside for religious worship, a community centre, a primary and a secondary school, a health centre, administrative services, and commercial and industrial activity.
- 23.IV.26 **Each family will be allocated one acre of land for housing. In addition, each family will be provided with an agreed amount of land for either agriculture, or manufacturing or commercial enterprise, or trade, etc.**
- 23.IV.27 All settlers will, of course, have to agree voluntarily to the proposals and arrangements before participating in the projects.
- 23.IV.28 No attempt will be made rigorously to establish patterns of settlement. However guidelines will be drawn up in order to make the schemes as cost effective as possible. It is suggested that:-
- (a) the townships would be circular in shape;
 - (b) that there would be in the centre of this circle, i.e. in the centre of the township, a substantial area of public open space, bordered by trees and perhaps lined with seats for recreation, and with perhaps a fountain in the middle, such as obtains in many small South American towns;
 - (c) immediately surrounding this central space would be the areas for commercial activities, shops, a library, pharmacies, etc; in other words a kind of peripheral mall;
 - (d) the residential houses will be located at the back of the commercial centre, but will be separated by a green buffer belt from it;
 - (e) surrounding the residential area, but buffered by another but more exclusive green zone would be the industrial area;
 - (f) on the far periphery of the townships will be areas allocated for farming;
 - (g) the streets will radiate from the centre. Crossroads will connect the radii;
- 23.IV.29 Zoning laws will be promulgated and strictly enforced.
- 23.IV.30 **There will be legal security of tenure. In other words freehold titles will be issued.**
- 23.IV.31 Settlers will be required to pay for the land and services over time. There will be different rates for different types of land-uses and different types of settler.

- 23.IV.32 Although full cost recovery will be the ultimate objective there will be varying arrangements for settlers of different means and requirements.
- 23.IV.33 Banks, Credit Unions, savings and credit co-ops, etc. will be utilised by the settlers as much as possible, through the facilitation of government for their financial needs. In other words, special provisions for access to developmental financing will be put in place by government.
- 23.IV.34 It cannot be too strongly emphasised, that in all stages of settlement, there will be full consultation among the settlers, the trade unions, the government and the private sector.
- 23.IV.35 NGOs will be urged to participate as fully as possible in this type of project.
- 23.IV.36 While the physical and other development and preparatory works are being undertaken, the proposed settlers will be given intensive training in all relevant areas of their proposed occupations.
- 23.IV.37 This Strategy finds it imperative to regularise the situation of squatters, so that they may improve the conditions of their shelter and receive the basic infrastructure to which all citizens are entitled. In cases of occupancy of State lands, this means providing them with freehold title, in exchange for a mortgage with the NBS and assistance from the special fund for supplementing mortgage payments. Squatters will be made fully aware of the great responsibility implied by the mortgage, and of the consequences of failing to honor it. NGOs will be encouraged to engage in educational campaigns with squatter families regarding the new policies, their benefits and their responsibilities.
- 23.IV.38 Instances of squatting on private lands will be reviewed on a case-by-case basis, and each time one of two outcomes needs to result: either i) the land will be returned to its rightful owner, or ii) the owner will be compensated for it and the squatter will be given title and the concomitant mortgage facilities. In cases in which the regularising of squatting on private lands requires compensation to former owners, such compensation will be channeled through the NBS and a special facility will be established in the NBS for that purpose.
- 23.IV.39 The experience of many countries has demonstrated that titling the land of squatters results in rapid and significant improvements in the quality of the shelter of those populations.
- 23.IV.40 **At the same time, new attempts to squat on private or public lands will be rigorously resisted;** without such a policy, the zoning of State lands and the concept of property for private urban lands will become mere ideas that are void of much actual content. The opening of new lands for housing and the new forms of financial assistance for housing that are established in this Strategy will provide the poor with sufficiently attractive options to squatting.
- 23.IV.41 **The rental regulations will be recast as they have become counterproductive, as explained previously. Landlords and tenants will be free to reach agreement on rental levels, subject only to registering the rental contract with the CH&PA.** This is part and parcel of our new philosophy of liberalisation. The existence of the special fund for rental supplements for poor families will obviate the need to try to control rents, which generally leads to substandard housing maintenance. The right of the landlord to recover the property at the termination of the contract will be unambiguously affirmed. Equally, tenants will be provided with the power of recourse, especially in instances of landlords failing to make necessary structural repairs.
- 23.IV.42 This kind of reform will lead to an expansion in the supply of rental housing available, while deserving tenants will benefit financially from the special fund.
- 23.IV.43 A recent study has demonstrated in detail that modular housing, utilising wood from Guyana's forests, can reduce the cost of home construction by as much as fifty percent. This avenue will be explored,

mainly for the benefits in the form of affordable shelter, but it could also provide benefits in the form of more employment and savings in foreign exchange. Government will develop a programme to support the construction, on a pilot basis, of a number of modular homes of this nature, to be sold to low income families with the assistance of the special fund for mortgage supplements. At the conclusion of the pilot project, it will be evaluated to determine its benefits and the wisdom of repeating it on a larger scale.

- 23.IV.44 At the same time, Government will implement a programme of constructing houses with prefabricated low-cost imported material. Because such houses can be erected more quickly and cheaply than comparable locally-produced structures, they may be ideal for the rapid production of low income homes in Guyana.
- 23.IV.45 Through the Institute of Applied Science and Technology (IAST), the Government will facilitate the development of low-cost building materials.
- 23.IV.46 There is an increase in the number of buildings that are being constructed in the towns without the permission of the municipalities and the Central Housing and Planning Authority. To eliminate this practice, municipalities will be given precise guidelines concerning the issuance of building permissions, so that all constructions and renovations may follow the approved building standards. The CH&PA has not always supported areas identified by municipalities for residential purposes or industrial sites. Mechanisms will therefore be put in place for closer coordination and collaboration between the CH&PA and the municipalities.
- 23.IV.47 The private sector will be provided with tax exemptions on materials used in housing, and with reductions in income and profit taxes for engaging in housing development.
- 23.IV.48 Fiscal encouragement will be given to the banks and other financial institutions which provide long-term mortgages of up to 30 years at lower rates of interest.
- 23.IV.49 Financial intermediaries will be authorised to issue tax-free housing bonds to finance low-cost housing.
- 23.IV.50 Banks will also be encouraged by way of incentives, to adapt the Jordanian Housing Bank Model to Guyana's housing situation. In order to attract savings deposits, banks will employ a lottery system in which the winners will be rewarded with houses.
- 23.IV.51 Low income tax households will be retroactively reimbursed for the withholding tax on savings interested in owner-occupied homes.
- 23.IV.52 A National Housing Trust, based on a payroll tax as has been so successfully implemented in Jamaica, will be established. The funds so mobilised will be channeled through a private sector that will be challenged to provide affordable housing through technological innovation. Under such a scheme, houses will be allocated by lottery to eligible candidates in order to remove any scope for partiality.
- 23.IV.53 There will be a resuscitation of the self-help schemes which have contributed so much to housing development in Guyana in the 1960s and 1970s. Special training courses in the rudiments of house building will be conducted for potential house owners. Some of the lots for such self-help schemes will be allocated free to those below the poverty level. The special fund for supplementing the mortgage payments of low-income families will also apply to structures constructed by self-help.
- 23.IV.54 Rural and urban communities will be mobilised by all the social partners, including NGOs, to organise these self-help communities, and to assist them in every way possible.

- 23.IV.55 Self-help communities that are organised for the construction of houses for those below the poverty line will be provided with duty free materials when it is necessary to import them.
- 23.IV.56 The basic infrastructure for housing lots will be installed over a realistic period, with community participation and other institutional assistance.
- 23.IV.57 Legislation will be passed with the approval of the Public Servants Union to enable the pension funds of Public Servants to be used both as collateral and for capitalisation in housing projects for both Public Service housing schemes and for Public Service individuals.
- 23.IV.58 The government will also facilitate the accumulation of financial resources by Trade Unions, and the seeking of concessional financing for residential construction by them.
- 23.IV.59 The Central Housing and Planning Authority (CH&PA) will be restructured and upgraded, so that it may continue to be the Government's instrument through which the housing sector will be facilitated and national policy maintained and upgraded. It will be restructured around the implementation of a manageable number of distinct lines of business. These will include (i) developing raw land into serviced, individually titled residential lots; (ii) preparing national land-use and settlement plans to guide local decisions; (iii) regularising squatter areas that generally conform to acceptable settlement patterns; (iv) improving depressed areas and removing environmentally unsound settlements; and (v) providing Guyana with reliable information systems to support planning and other policy making.
- 23.IV.60 The Housing, Housing Development, Town and Country Planning, and Condominium Acts will be brought up to date.
- 23.IV.61 A modern Building Code will be designed and implemented.
- 23.IV.62 Regulations will be put in place to reduce the time needed to establish absolute title of residential land ownership.
- 23.IV.63 A "one-stop shop", with technical competence and authority to oversee all surveying, site preparation, infrastructure construction, and conveyancing will be established.
- 23.IV.64 The Town and Country Planning Act, using the Model Physical Planning Bill prepared by UNDP/UNCHS for OECS, will be modernised.
- 23.IV.65 Comprehensive development plans for all population centres will be prepared, and a Geographic Information System with supplementary staff, training and financing will be established.
- 23.IV.66 Infrastructural standards that permit the progressive upgrading of communities will be developed to replace the single infrastructure standard that now exists and is too costly for low-income neighborhoods.

CHAPTER 24

THE AMERINDIANS

24.I BASIC FEATURES OF THE SECTOR

24.I.1 Distribution

24.I.1.1 The best estimate of the Amerindian population indicates it to be 46,010 or 6.4 percent of the total population. This suggests that the Amerindian population has declined by 5.8 percent between 1993 and 1999, when the two most recent surveys were undertaken. Amerindians rank as the fourth largest ethnic group, after East Indians, Africans and Mixed Guyanese. They comprise most of the population in the remote interior of Regions 1, 8, and 9 and a significant percentage (one-third) of Region 7. The bulk of the Amerindians live in Regions 1, 2, 7, 8 and 9. Regions 1 and 9 have 28.80 per cent and 24.95 per cent respectively of the Amerindian population, followed by Regions 2, 7 and 8 with 11.72 per cent, 9.45 per cent and 8.63 per cent respectively.

24.I.1.2 The Amerindian peoples in Guyana were traditionally separated from each other by natural environments and by their distinct languages. This pattern still holds true, except for the coastal Amerindian settlements of Region 1 and at Orealla in Region 6, in which Arawaks, Waraus and Caribs are often found in the same village.

24.I.1.3 The highest number of Amerindians (about 15,500) is to be found among the Arawaks (or Lokonas as they call themselves). These are followed by the Makushi whose population is about half that of the Arawaks. Next are the Wapishana whose numbers are slightly higher than the Warau, the Akawaio and the Patamona. The Caribs are the next smallest group, and, at the bottom of the Amerindian population scale, are the Arekuna and Wai Wai, remnants of the Atorad people who still speak their own language and can still be found living in Wapishana communities.

24.I.2 Socio economic Conditions

24.I.2.1 While the Amerindian population is important in regional demographic terms, it is not homogeneous. Perhaps as a result of this, it has not traditionally been an effectively organised lobby. There are signs, however, that the position is now changing and that Amerindian groups are exercising an increasing influence on matters which affect their rights. Because Guyana's future would, to a large extent, be based on the utilization of its natural resources, which are generally to be found in the country's interior where Amerindians predominantly live, this is an important development.

24.I.2.2 External influences contribute to profound changes in Amerindian attitudes and in their ways of life. For example, because of the upsurge in mining activities in areas adjacent to their communities, monetary values are increasingly being placed on goods and services which in the past were generally considered to be free. Indeed, young people now measure their status by the possession of consumer goods, and display a growing reluctance to engage in subsistence agriculture.

24.I.2.3 Most Amerindians are self-employed, concentrating on traditional subsistence activities such as agriculture, hunting and forestry. Less than half a percent of them is self-employed in fishing, mining, quarrying, and manufacturing. This suggests that, in spite of the rapid changes which are occurring in many areas of the interior, most Amerindians continue to operate outside the cash economy and are still dependent on a subsistence way of life.

- 24.I.2.4 The staple diet of the Amerindians consists of cassava, which supplies them with most of the carbohydrates which they consume. Protein generally comes from fish or meat, which is either fished or hunted for, by the family, or bought either from the most successful community fishermen or hunters, or from interior shops owned by coastlanders. However, both sources of protein are now being adversely affected. In the case of fish, the use of heavy duty hydraulic earthmoving equipment on or near riverbanks by the mining industry increases water turbidity, which in turn reduces the quality of the spawning grounds of many fish species and clean water for villages and people. The use of chemicals such as cyanide and mercury is also poisonous to fish life and people. In addition, many of the traditional habitats of birds and animals have been disturbed by timber exploiters.
- 24.I.2.5 The majority of Amerindian communities have little or no access to potable water. This is due to the fact that the traditional sources of pure water, creeks and rivers, have increasingly come under the threat of pollution from the mining industries that have been established in the interior, beginning in the early 1980s.
- 24.I.2.6 In comparison with the other ethnic groups, a larger proportion of Amerindians is classified as poor in the most recent survey data available. Indeed, in 1999, 95 percent of the population in Regions 8 and 9, who are preponderantly Amerindian was classified as being in a state of absolute poverty. Given their comparatively small numbers, reversing the poverty status of Amerindians might appear to be a manageable task. In fact, however, it may be extremely difficult, because of their dispersed settlement pattern, the difficult terrain in which they often live, the high cost of administering interior projects, and the lack of skills both in the Amerindian and in the wider population.
- 24.I.2.7 Less than 1 percent of the interior population had received post-secondary education according to the 1999 HIES. In addition, the urgent need for upgrading basic skills among the adult population to prepare Amerindians to manage the resource base in their villages, as well as to take fuller advantage of job openings within the developing economy in the Guyana interior, has been identified at every recent forum of indigenous representatives.
- 24.I.2.8 A less easily definable aspect of the existing situation results from the markedly egalitarian ethos that is a significant factor in the traditional Amerindian social organization that is now being transformed in several ways. Until very recently, most Amerindian communities were essentially lacking in hierarchical distinctions. Few villagers worked outside the communities, and those who did generally earned modest wages in timber grants or in other manual occupations. However, beginning in the early 1980s, the expansion of the gold and diamond mining industries attracted many Amerindian males. Some, who worked on their own, struck gold; while others, who hired-out their labour to medium or large scale mining operations, were able to earn considerable amounts of cash in relatively short periods. As a consequence, mining fever extended beyond the mineral-rich areas to attract Amerindian males from all parts of Guyana. There can therefore be little doubt that the scale of Amerindian involvement in mining is a contributory factor to the changing dynamics of village life.

24.II ISSUES AND CONSTRAINTS

24.II.1 Issues

Land

- 24.II.1.1 The Amerindian Lands Commission Report, published in June 1969, identified 128 Amerindian communities in the country. Requests for land titles were made by 116 of them. Although the other twelve communities did not request land titles, the commission recommended that titles be granted to ten of them. This was done in 1991. The commission also recommended that land titles be vested in Local Authorities and that individual land titles be given to residents of 8 communities. In addition, a conditional grant was recommended for one community, and reservation status for two other

communities. Full titles were granted to 62 communities under the Amerindian Act. Titles for very scattered communities were to be known as Districts, and two were recommended under this head. At the time, 12 villages in the Upper Mazaruni District were not granted title because of their involvement in a proposed hydroelectric scheme. However, those communities also received land titles in 1991. Outstanding issues and problems that remain to this day are the failure to implement all the recommendations of the Land Commission; the inadequacy of the areas covered by land grants; the failure to demarcate boundaries on the ground; the failure to train local authorities to administer and manage titled lands; and the small number of individual titles which were granted, although the Act provides for the issuance of such titles.

- 24.II.1.2 Approximately 7 percent of the national territory of Guyana has been titled to the Amerindian population. Land title encompasses usufruct rights "to fish, farm and hunt on the land", as well as rights to all timber on reserved lands, and occupancy rights. Subsoil rights are excluded. It is worth noting that those forest reserves which are at present under the sole control of Amerindian communities are considerable, comprising 1.4 million hectares. If harvested sustainably, these forests alone could support the indigenous peoples for generations.
- 24.II.1.3 Land titles have been given in different forms, namely as Amerindian villages, Amerindian areas, and Amerindian Districts. Amerindians hold land collectively, although individual/family parcels are identified and generally accepted at the community level. In some communities, the village council has identified parcels for housing, farming, etc.
- 24.II.1.4 Sixty percent of the Amerindian communities in Guyana now holds title to some of their traditional lands, totaling 7 percent of the Guyanese national territory. Most of this land is within Amazonian or savannah ecosystems, and are of poor soil quality. The criterion to grant land titles is based on the fact that Amerindians occupied these lands before the independence of Guyana. The preamble of the Amerindian Lands Commission Act, Cap. 59:03 states that "Whereas the Government of Guyana has decided that the Amerindians should be granted legal ownership or rights of occupancy over areas and reservations or parts thereof where any tribe or community of Amerindian is now ordinarily resident or settled and other legal rights, such as rights of passage. In respect of any other land which they own by tradition of custom, they *de facto* enjoy freedom and permissions corresponding to rights of the nature." The current Constitution does not guarantee any of these rights and the Minister responsible for Amerindian Affairs holds the powers to adjust, redraw and grant land titles.
- 24.II.1.5 It might also be of interest to note that according to Articles 2 and 3 of Cap:62:01, State Lands (Amerindian Regulations), half-castes forfeit all the rights of Amerindians over state lands. A gender-related observation is that, according to the same articles, Amerindian women who marry a non-Amerindian man also lose their rights. The converse is not true. It is more than probable that these Articles could create a gender-equity issue.
- 24.II.1.6 Only Orealla, of the Amerindian communities which have received land titles, has had a physical survey of its reservation boundaries properly carried out. At the time when title was granted in 1976, aerial surveys were done to establish the boundaries of communities and 90 percent of the areas granted to Amerindian communities was demarcated by natural boundaries. The cost of conducting ground surveys is, however, very high. Indeed, the Department of Lands and Surveys has recently estimated that the surveying of boundaries of Bethany alone would cost G\$400,000, while a land use mapping exercise for the nine Amerindian communities in Region Two has been estimated to cost \$4 to \$5 million. It is possible, however, that this is an area in which international agencies may be willing to provide support. Nevertheless, there are still many communities, scattered over the entire country that lack any security of tenure.

24.II.1.7 In summary, the questions that are of primary concern to Amerindians with respect to land, are as follows: (i) resolution of the land issue through the granting of titles; (ii) resolution of the problem of subsoil mineral rights; (iii) regulation of the process of leasing or granting to developers lands that were traditionally used by Amerindians without consulting their communities; and (iv) development of rules for compensation of Amerindian communities for the exploitation of natural resources contained on lands to which they lay claim;

Mining

24.II.1.8 Amerindians do not possess any rights to sub-surface minerals on titled land. However, mining is undertaken by non-Amerindians on lands that lack any form of title, particularly in Regions 1, 7 and 8, that are claimed by Amerindian communities. Amerindians have the right to mine, on community land, to a depth of six inches. However, if an Amerindian wishes to mine at a greater depth on his community's land, that individual must give up, according to the law, the special rights enjoyed as an Amerindian.

24.II.1.9 The scale of mining in and around Amerindian areas has accelerated, and is predicted to increase dramatically in the coming years. In addition, thousands of medium-scale prospecting licences have been issued in the last few years. Even if only 10 per cent of the prospecting companies go on to mine, the effects on the interior and its peoples will be considerable.

24.II.1.10 Mining, whether alluvial or hardrock, river dredging or land mining, causes disturbances to the environment that affect the living conditions of Amerindians. The negative results of mining include, but are not limited to, noise nuisances, pollution of domestic water sources, land degradation, the reduced navigability of rivers, flooding, and death to aquatic life that Amerindians depend on as a food source.

24.II.1.11 The presence of mining operations in or near Amerindian areas tends also to affect the population in several ways. First because mining jobs are generally more lucrative, young men leave the farms and other traditional means of livelihood, for mining. Second, the miners and loggers bring in new ideas and gadgets, that influence the behaviour and expectations of the villagers. Third, miners and loggers often take Amerindian young men and women from the interior to the coastland, where they are likely to be unable to cope with the environment and may become trapped in illegal activities. Fourth because Amerindian culture is fundamentally related to the land, any activity which interferes with this relationship, directly affects their cultural integrity. Fifth, miners often destroy or damage the sacred sites of Amerindians and other areas of cultural significance.

24.II.1.12 Amerindians are generally concerned that valuable minerals are being removed from lands belonging to them without any meaningful consultation and compensation. They are also apprehensive that the unregulated harvesting of trees in areas adjacent to their communities might result in irreversible environmental damage, particularly because they depend upon the forest for food, shelter, medicines, and various other needs.

24.II.1.13 This apprehension extends to the developing tourism industry. Since eco-tourism in Guyana depends on what nature provides, most of that activity will take place in the interior. Contact with interior communities and their environs can therefore be expected. While communities can benefit economically from this activity, they can suffer negative social impacts if the operations remain unregulated. While profitability should remain a goal, protection of the environment and of the lifestyles of interior communities should be the guiding factor.

24.II.1.14 Intellectual Property Rights and Cultural Heritage

24.II.1.15 Indigenous peoples are particularly vulnerable with respect to their heritage. Usually viewed as "backward", they have been the targets of a type of cultural imperialism, aimed at their assimilation into what are considered to be more "advanced" ways of life. Their arts and knowledge are confusingly and contradictorily treated: often not regarded as world treasures, they have been simply destroyed; at other times, they are collected by museums. Today, the threat has intensified, and tourism, a growing demand for "primitive" art, and the development of bio technology combine to threaten the ability of indigenous peoples to protect what remains of their heritage. Perhaps not surprisingly, indigenous groups have called for legislation to protect their intellectual property rights and to promote the revival and enhancement of their heritage. Indeed, the Convention on Biological Diversity, which has been ratified by Guyana, obligates the state to recognise and protect indigenous intellectual property, to exploit such knowledge only with the consent of the affected peoples, and to ensure an equitable distribution of benefits.

Education

24.II.1.16 Because of several factors, the Amerindian population has been traditionally excluded from the mainstream of educational opportunities. The inability of Government to address these constraints has resulted in a lack of educational opportunities for Amerindians. Education for Amerindians should be wide in scope. It should not only address issues of formal education for children in the school system, but should be extended to empower Amerindians of all ages to improve their standards of living. Education and training policies should be of such a nature that they enable Amerindians to deal with other contemporary issues that affect them. Strategies should therefore be designed to ensure that they encompass all aspects of human development.

24.II.1.17 Training in the conservation and use of hinterland resources should equip Amerindians to benefit fully from the development of these resources. Such training should, among other things, focus on appropriate agricultural techniques and forestry practices, food processing, handicraft, artisanal trades, and on entrepreneurship and management.

24.II.1.18 The overarching economic difficulties which afflict the entire country are intensified and affect education in the interior even more adversely. As a result, Amerindian villages have suffered much in the education sector.

24.II.1.19 Among the most important issues is the lack of trained Amerindian teachers at the community level. The trained teachers in Amerindian villages are often non-Amerindian. Despite the best intentions, the result has been that education has a non-traditional focus that may not be applicable to community development. Students are therefore not inculcated with an appreciation of the value of their own traditions. In addition, many cultural aspects of Amerindian life are being eroded. Among these is the gradual loss of language, traditional dress and dance, and medicinal knowledge. To make education a success and relevant to the needs of the Amerindian peoples, the question of linguistics must also be addressed with urgency.

24.II.1.20 Many Amerindian teachers in the interior are not trained and do not possess the requirements to enter the Cyril Potter College of Education or the University of Guyana. This problem can be tied to a larger issue, which is the absence of secondary schools in the interior. Decisive steps in the educational area are needed to remedy this situation.

Village/Community Administration

24.II.1.21 In many Amerindian communities, the prescriptions of the Amerindian Act are not followed; in others where they are followed, the development of the communities is hampered by the limited powers given

to community leaders It is evident that the relevant regulations need to be modernized so that more authority could be exercised by village and community leaders. However, as with all systems of management and administration, checks and balances should be put in place to ensure proper and efficient administration and to avoid the misuse of power. In addition, substantial efforts are required to train Amerindians in the techniques of administration.

Health

- 24.II.1.22 The National Plan of Action for Children, launched in March 1995 by the Government of Guyana in collaboration with UNICEF, noted: "Conditions for Amerindian children and women of the hinterland, taken as a group, are harsh in comparison with conditions for children on the coast. Malaria, malnutrition, acute respiratory illnesses, and diarrhoeal-related diseases are especially prevalent due to unacceptable water and sanitation. High levels of teen pregnancy, poor maternal health and a decline in breast-feeding are all of concern."
- 24.II.1.23 In some areas, individuals are caught up in such poverty and deprivation that they often ignore the practices of basic health care. For example, 8 out of 10 inhabitants in Region 1 habitually have malaria. What is worse is that thirty-five per cent of those who have the illness have not responded to the standard drug treatment, while an equal number are re-infected three times and more during an average twelve-month period. This situation may be rightly termed a national emergency. Indeed, for communities and Regions as stricken as these, direct governmental intervention is critical; not only in the areas of medical attention and supplies, but also through the provision of food and vitamin supplements, particularly for schools, and payments for work done on community projects. Training in public health (e.g., eliminating open stagnant pools of water) is also urgently needed.
- 24.II.1.24 Worm infestation is endemic in most interior areas. The extremely low haemoglobin levels found in Amerindian patients who are referred to the Georgetown Public Hospital are probably as much a symptom of year-round worm infestation and repeated bouts of malaria as of poor nutrition.
- 24.II.1.25 Over 50 percent of the children in Region 8 and more than 30 per cent in Region 7 are affected with respiratory tract infections. The highest percentage of children with diarrhoea is found in Region 9.
- 24.II.1.26 Nationally the rate of Sexually Transmitted Disease (STDs), including AIDS, is high among mining workers whose workplaces are in the interior. Many Amerindians gravitate towards these locations, where there is the possibility of steady or casual employment in mining camps and in surrounding rum shops, discotheques, etc. Given the lack of effective public education on the life-threatening nature of the HIV infection, STDs have the potential for spreading rapidly among indigenous peoples. Indeed, it has been recently reported that the incidence of HIV infection among Amerindians in locations adjacent to mining activities is increasing. An aggressive AIDS public education campaign must therefore target the interior as well as coastal populations.
- 24.II.1.27 Most of the Amerindian communities depend on nearby creeks and rivers or on shallow ponds, dug close to their homes, for their water supply. Those communities located close to mining areas (including those downriver of the Aroaima bauxite operation on the Berbice River) increasingly lack a safe source of potable water. An increasing incidence of water-borne diseases and skin rashes has been reported in all interior areas, a development which may or may not be blamed on resource extractive industries. In addition, most of the dwellings in the interior have palm-thatched roofs that cannot be adapted effectively for the collection of sterile rainwater.
- 24.II.1.28 The use of pit latrines is far from universal in Amerindian areas. The number of cases of diarrhoea increases with the rainy season, when the runoff from the ground transfers fecal matter into the river water that they rarely boil. Many adults do not know that there is a connection between diarrhoea and drinking water that is not boiled.

24.II.2 Constraints

Land

- 24.II.2.1 The ambiguity and vagueness in the laws regarding the issues of occupancy, ownership and control of land need to be resolved. There are also fundamental differences between Amerindians' notions of ownership and those precepts that are to be found in the laws.
- 24.II.2.2 Interdepartmental conflicts among different Government ministries and agencies have exacerbated the Amerindian land situation. As agencies responsible for indigenous affairs attempt to regularise land use, they have to contend with other ministries and agencies whose purposes are to regulate and exploit natural resources.
- 24.II.2.3 The unfamiliarity of Amerindian peoples with their legal rights and correct administrative procedures is part of the overall societal neglect of Amerindian concerns and the weakness of the education system in interior communities. Some Amerindian villages did not apply for land titles to which they were entitled according to the Amerindian Lands Commission Report, simply because they did not know it was an option available to them.
- 24.II.2.4 The dearth of resources to take on as a matter of urgency, the physical demarcation of Amerindian lands is a serious constraint. If this activity is undertaken, fears among Amerindians about their land rights will to a large extent be ameliorated.

Poverty

- 24.II.2.5 The absence of a centralised entity with the resources to coordinate all governmental, non-governmental and international agency activities in Amerindian and hinterland development hinders the alleviation of poverty in the interior. Because the Ministry of Amerindian Affairs is ill-equipped to perform this task, many initiatives which it might have taken are not seized, or are put in place by other agencies in a haphazard manner.
- 24.II.2.6 The chronic shortage or nonexistence of appropriately trained personnel with the expertise in matters such as agricultural extension, forestry and natural resource management is part of a larger problem. Other chapters in the National Development Strategy present proposals for addressing this problem. The success of these policies will have a positive impact on Amerindians.
- 24.II.2.7 The inadequacy of physical infrastructure such as schools and health clinics to deliver basic social services to Amerindians and their frequent remoteness from communities make the general poverty situation worse.
- 24.II.2.8 The extreme isolation of most Amerindian communities demands that basic physical infrastructure be put in place, e.g., roads, airstrips, river transportation and telecommunications. The absence of these facilities adds considerably to the cost of projects in the interior.
- 24.II.2.9 There is a historic lack of Amerindian participation in the design and implementation of projects in the interior. This is linked to a poorly staffed Ministry of Amerindian Affairs and an insufficient number of qualified Amerindians. Moreover, even when such knowledge and expertise exist, they are often ignored. This in turn has often led to the design of projects that do not meet the needs of interior communities. By increasing the participation of Amerindians in project design, many pitfalls associated with projects in the interior will be avoided.

- 24.II.2.10 Access to capital, finance and credit is a major obstacle to Amerindian development. It is difficult for individual Amerindians living in reservations to get access to commercial banks as proof of individual land ownership, which the vast majority of Amerindians do not possess. In other countries, this kind of problem has been circumvented by using other types of collateral, including community-based networks of co-signers and co-guarantors. The Grameen Bank principle is directly in line with Amerindian cultural tradition.
- 24.II.2.11 Another major difficulty is posed by the absence of banking facilities in most Amerindian areas of Guyana. As a result, indigenous people have no secure and easy way of saving money, and thus are more apt to spend it all on consumables sold in interior shops. Moreover, the current situation facilitates the entry of non-Amerindian intermediaries, who advance credit to cash-strapped communities in exchange for natural resources.
- 24.II.2.12 There is also a notable absence of micro and small enterprise development agencies in the interior. The primary reason for this is the high overhead costs associated with interior enterprises and the amount of business that each agency can attract.

Education

- 24.II.2.13 No mechanisms to ensure a coordinated approach to Amerindian education are in place. While education policies are designed in the Ministry of Education, little interaction takes place with the Ministry of Amerindian Affairs; and with Amerindian organisations and communities.
- 24.II.2.14 The absence of an appropriate curriculum for the training of teachers to be based in Amerindian communities severely affects the quality of education provided to interior locations. Very often teachers who leave the coast to teach in the interior take with them a coastland perception of the interior and irrelevant teaching techniques.
- 24.II.2.15 It is difficult for Amerindians who wish to be trained as teachers, but do not possess the necessary qualifications, to access training at the Cyril Potter College of Education and the University of Guyana. This severely limits the number of potential teachers in the interior.
- 24.II.2.16 The curricula designed for students in the interior are often inappropriate for the needs of Amerindians. Curricula for all levels of education are generally designed with coastland concerns and needs in mind.

24.II.3 Administration

- 24.II.3.1 The constraints of the present village administration system include the inability to monitor and control the activities of non-Amerindians in or close to Amerindian communities, especially with regard to the operations and activities of itinerant miners and forest operators.

24.III SECTORAL OBJECTIVES

- (i) To improve the socio-economic conditions of the Amerindians of Guyana.
- (ii) empower Amerindians to formulate and implement policies, plans and strategies for the development of their own communities.

- (iii) To enable Amerindians to participate in all the mainstream activities of Guyanese society, without adversely affecting the enhancement of their communities and the preservation of their culture.
- (iv) To provide equal opportunities in all aspects of life to the Amerindian citizens of Guyana.
- (v) To ensure that the rights of Amerindians, particularly those relating to land ownership, and land and natural resources development, are recognised and honoured.

24.IV THE STRATEGY

24.IV.1 General

- 24.IV.1.1 Government will institute and develop a national dispute resolution mechanism to deal specifically with the settlement of land and resource utilization and management concerns.
- 24.IV.1.2 The institutional capacity of the Ministry responsible for Amerindian Affairs will be strengthened through the provision of appropriately trained technical and administrative personnel.
- 24.IV.1.3 A centralised unit directly responsible to the Minister responsible for Amerindian Affairs will be established within the Ministry to coordinate the activities of all governmental agencies involved in Amerindian/hinterland development. *All* decisions by other ministries and public agencies that impinge upon Amerindians or Amerindian lands must be referred to the Ministry for agreement. If there is no agreement the dispute will be settled in Cabinet.
- 24.IV.1.4 **All lands legitimately occupied by Amerindian communities will be surveyed, boundaries clearly demarcated, and maps produced in a process that would be a collaborative effort among the relevant government agencies and members of the communities, who will be provided with the requisite training for this exercise.**
- 24.IV.1.5 Environmental impact assessment studies will be conducted before agreements for development projects and programmes in or adjacent to Amerindian lands are finalised.
- 24.IV.1.6 Administrators in forestry, mining, and other natural resource sectors will be appointed in those hinterland areas where these activities are taking place to ensure that they are properly monitored. Continuous dialogue between Amerindian leaders and government officials in these sectors will be institutionalised.
- 24.IV.1.7 **Systems will be put in place to ensure that Amerindians have access to credit. In addition, postal agencies equipped to deal with savings accounts will be expanded, in order to allow Amerindian populations to secure their savings.**
- 24.IV.1.8 **Government will provide technical assistance to Amerindian communities in the formulation of development projects, and in negotiating the financing of such projects with private commercial banks.**
- 24.IV.1.9 **Special consideration (salaries, incentive packages, other benefits) would be given to local and coastland government personnel working in the Public Service in Amerindian communities.**
- 24.IV.1.10 The Amerindian Act will be reviewed by a Committee on which Amerindians will have equal representation.

- 24.IV.1.11 Legislation will be enacted and enforced to protect cultural and intellectual property rights.
- 24.IV.1.12 **A communications network integrating telephone/ telecommunication systems, roads, airstrips, improved river and sea communication and mass communication systems, will be developed in order to ensure that Amerindian/hinterland communities are in contact both with each other and with the coastland areas.**
- 24.IV.1.13 A body of national guidelines and bylaws will be promulgated to assist in the governance of Amerindian villages. These will be based on the principles of regular democratically held elections, grass roots consultation, and constant dialogue with the Regional Democratic Council, while recognising the right of the Council to exercise legitimate executive authority in day-to-day matters.
- 24.IV.1.14 **An Amerindian Development Fund will be established to support efforts that are required to develop and enhance the quality of life in Amerindian communities. A special tax will be levied for this purpose. Monies obtained from this tax will be paid in to the Development Fund. Guidelines for the utilization of the resources of this Fund will be formulated.**

24.IV.2 Specific

Education

- 24.IV.2.1 **Teachers based in Amerindian communities will pursue special training courses conducted by the Ministry of Education.** Such orientation courses will be structured in order to expose candidate teachers to the social and economic environment in which they would be required to operate. The curricula for such courses will be prepared by experts in Amerindian culture and other relevant disciplines. **Teachers will not be certified to teach in the interior unless they are successful in these courses.** The course will be geographically sensitive, e.g. a teacher to be moved from the Rupununi to the North West will be required to take a short course on the culture of the native community in that area. Although such courses will undoubtedly lengthen the period of training required to equip a teacher to work in Amerindian areas, they are considered necessary because of the importance attached to imparting environmental relevance to Amerindian education. In any event, teachers who successfully undertake the course will be compensated by additional emoluments and perquisites.
- 24.IV.2.2 **Preparatory training courses including distance education will be offered for Amerindians who do not have the entrance requirements to enter higher institutions of education. These courses will be as wide in scope as necessary to prepare students to enter any stream of their choice. IDCE, UG, distance education courses will be offered in villages.**
- 24.IV.2.3 **As a longer term solution to the problem of inadequate preparation of Amerindian students, more secondary schools (Form 1 – 5) will be built and staffed in the interior.**
- 24.IV.2.4 The Amerindian Research Unit, in collaboration with the Ministries of Amerindian Affairs and Education (Institute of Adult and Continuing Education) and other institutions will initiate and continue a series of distance education programmes for the adult community. These programmes will be designed to bring adults up to a basic literacy and numeracy level and develop skills which will enable them to interact more effectively with the wider society.
- 24.IV.2.5 Amerindians will participate in the formulation of curricula which will not only be appropriate to the unique requirements of their communities, but will also equip them with skills that are relevant to hinterland development. In addition, the curricula will prepare them for further education and training outside their communities, and facilitate their involvement and integration into the society at large. Curricula for Amerindian students will be specialized and geographically and culturally sensitive, and

will require special coordination between the Ministry of Education and the communities. Language will be seen as an integral part of the education of Amerindian children and corresponding curricula will be developed by the Ministry of Education, the Ministry of Amerindian Affairs, and the Amerindian Research Unit in full participation with Amerindian communities.

- 24.IV.2.6 Integrated training complexes (along the lines of the Zariwa Education Complex) will be established in strategically located hinterland areas to provide training and education in cultural, academic, technical, vocational and adult continuing education programmes.

Mining

- 24.IV.2.7 **Amerindian communities will participate in all negotiations for mining concessions in areas contiguous to their lands, and in the formulation of any agreements arising from such negotiations. Amerindians will also assist in the monitoring of the implementation of these agreements. No mining concessions will be granted unless social and environmental impact studies are undertaken and steps agreed upon to minimise negative impacts.**

Forestry

- 24.IV.2.8 **Land claims for Amerindians, in areas where Amerindians are located, will be settled before forest concessions are awarded.**

- 24.IV.2.9 **Amerindian communities will be consulted when timber agreements are being drawn up for lands contiguous to theirs. They will also participate in the decision-making processes leading to such agreements**

- 24.IV.2.10 Amerindians will be an integral part of any teams engaged in the monitoring and enforcement of timber concession operations near their communities.

- 24.IV.2.11 Feasibility studies and social and environmental impact assessments will be undertaken before concession agreements are reached. Their findings would be made available to **NGOs and** Amerindian communities, especially those that stand to be affected by the concessions.

Tourism

- 24.IV.2.12 Tourism policies will respect and be sensitive to the cultures and lifestyles of indigenous and interior communities.

- 24.IV.2.13 The natural, economic, social and cultural diversity of Guyana will be maintained and encouraged in all tourism ventures in Guyana.

- 24.IV.2.14 **Social, environmental and economic impact assessments will be carried out as a prerequisite to developing any tourism activity.**

- 24.IV.2.15 Continuous monitoring of the impacts of tourism programmes and projects will take place, and that will be open and transparent disclosure of information.

- 24.IV.2.16 **Local communities will be involved in the planning and decision-making process of any tourism activity by which they might be affected.**

- 24.IV.2.17 Such activities will be structured so that a share of their benefits would redound to the local community.

24.IV.2.18 Monitoring mechanisms will be developed jointly by the Tourism Association of Guyana and Amerindian representatives to ensure that the tourism policies that are formulated in this document are respected and that local resources are used sustainably.

24.IV.2.19 Members of indigenous communities, whenever suitably qualified, should be part of the managerial staff of tourism ventures.

24.IV.2.20 Local and indigenous staff will be trained in all tourism procedures and activities.

National Security

24.IV.2.21 Community policing groups, which can communicate directly with regional police or army posts for quick intervention in matters of security will be established.

Land

24.IV.2.22 Emphasis will be placed on:

- the granting of individual land titles to Amerindians living outside Amerindian communities, as for all other Guyanese;
- the granting of collective titles to Amerindian communities that can prove that their occupancy of specific land areas dates back before the colonization of Guyana;
- the demarcation of Amerindian lands, as mandated by the Amerindian Lands Commission of (1969);
- obtaining a legal clarification of the entitlement to part of the royalties from natural resource exploitation that seems to be implied by the Amerindian land rights;
- developing and implementing mechanisms for including Amerindians in the process of identifying and demarcating their lands.

Intellectual Property Rights and Cultural Heritage

24.IV.2.23 Measures will be taken to increase the capacity of indigenous peoples and national academic institutions to supervise research conducted in their territories, and to develop their own institutions for medical and ecological research and research on medicinal plants etc.

24.IV.2.24 Tosaos and Council will be subject to removal from office for misconduct of village Affairs. This will be done after a majority of resident villagers present a request for such a removal to the Minister responsible for Amerindian Affairs. The ensuing trial will be by way of public hearings at which the accused will have a chance to defend his/herself.

24.IV.2.25 Programmes will be immediately put in place for training leaders of Amerindian communities in administration, accounting, project planning and village development planning.

24.IV.2.26 Amerindian communities will, by plebiscite, determine their own rules of membership.

24.IV.2.27 Government will enter into licensing agreements to provide for the protection of the ecological, medicinal, and spiritual knowledge of the Amerindian.

24.IV.2.28 Government and the RDCs will help in the promotion and development of Amerindian culture through supporting: the inclusion of such topics as Amerindian history, languages, crafts etc., in the curriculum of hinterland schools; the formation of cultural groups in Amerindian communities; an allocation from the Amerindian Development Fund for the promotion and preservation of Amerindian culture, and the establishment of Amerindian cultural centres in hinterland communities.

24.IV.2.29 Amerindians will have the right to own, control and manage their sacred and cultural sites.

Health

24.IV.2.30 Government will institute a coherent system of vector control taking into account locations such as mining and forestry camps, border crossing points, and the Amerindian communities themselves.

24.IV.2.31 **Government will implement a comprehensive programme to eliminate malnutrition in Amerindian villages.**

24.IV.2.32 Government will begin a health education programme which emphasizes preventive measures and traditional Amerindian medicine, and recognises the position of traditional Amerindian healers.

24.IV.2.33 The training of all health workers in Amerindian communities will be periodically upgraded, and a living wage paid to all of them.

24.IV.2.34 Physical plant and equipment in the cottage and regional hospitals in the interior will be modernised and maintained, and adequate and reliable supplies of medication assured.

Village/Community Administration

24.IV.2.35 A general set of community regulations will be established by the Ministry responsible for Amerindian Affairs in consultation with representatives of Amerindian communities throughout Guyana. Individual communities and their leaders will be encouraged to formulate a more applicable set of local subsidiary rules. These rules will apply to all resident and visiting Amerindians and non-Amerindians alike.

24.IV.2.36 Tshaos will be sworn in as Justices of the Peace and will have the authority to issue birth and death certificates and other official documents to be agreed upon.

24.IV.2.37 Tshaos and Council will be given the power to adjudicate petty civil and criminal cases pertaining to matters which occur at the community level, and to administer relevant penalties for such actions. These penalties will be decided by the community, captain and councillors.

24.IV.2.38 Tshaos and Council will have the authority to grant or revoke permissions to non-Amerindians to enter their communities.

24.IV.2.39 Tshaos and Council will be empowered to discipline and/or expel non-Amerindians from their communities for breach of community regulations.

24.IV.2.40 Rules governing the conduct of captains and councillors, including penalties for misconduct, will be established by the Ministry responsible for Amerindian Affairs after consultation with representatives of the Amerindian communities.

CHAPTER 25

GENDER ISSUES

25.I BASIC FEATURES

- 25.I.1 Gender issues should not be examined as a separate topic. Indeed, when the subject is treated in isolation, it is often marginalised. It is discussed here in a single chapter merely for convenience, and it is urged that when reading the chapter, its wide-ranging significance and pervasive influence be clearly understood.
- 25.I.2 Above all, what must be understood is the centrality of gender issues to the key economic strategy of the NDS, which places emphasis on the private sector as the engine of growth: as a document, "Mainstreaming Gender in the National Development Strategy" which was published in 1997 states, the NDS must recognise that "the model for a gender equitable society has to be one that is built on the understanding that women, because of their gendered roles, have multiple responsibilities and as a group, are impoverished, lacking the power and capacity to compete with the strength and tenacity of the market". That document also urges that the State play a strong role in favour of the disempowered of the society, including women, and points out that targeted action is key for equitable and sustainable development.
- 25.I.3 A definition of "gender" is necessary to avoid misunderstanding. The word "gender", unlike the word "sex", speaks to roles and relationships that are defined by societal norms and practices, and supported by societal attitudes. Thus, while this chapter usually speaks of "women" and "men", it is really discussing the roles and relationships that are ascribed to females (women and/or girls) and males (men and/or boys).
- 25.I.4 The structure of gender relations is skewed against women: for example, in the world of work, it is women who are overwhelmingly responsible for the unwaged and unvalued work of family care and family subsistence, and it is women who are allocated most low-waged and low-valued caring and service work outside the home. Though the experiences of individual women vary widely, women as a group fare worse than men on a number of fronts, ranging from the incidence of poverty to protection under the law, and from access to health care to decision-making power. This understanding of gender relations does not negate the fact that men can also find themselves in a position of subordination; it merely recognises that women are more often and more systemically subordinated.
- 25.I.5 Because the roles men and women are expected to fulfill are largely socially defined, they are difficult to change through policy only, particularly if the policy environment is one that favours the maintenance of the *status quo*. In general in Guyana, the planning process does not consider the needs of women, nor the contribution they make through the various roles they play. The answer to this is gender mainstreaming, i.e., the consistent use of a gender perspective at all stages of developing and implementing policies and plans. Gender mainstreaming is not about adding a gender component to existing policies and plans, but using gender as an analytical tool for understanding certain critical social processes and applying that understanding to the shaping of policies and plans.
- 25.I.6 It is because women are subordinated within gender relations and because their practical and strategic needs are usually excluded from development policy and planning, that gender mainstreaming, and therefore this present chapter, focus on the issues and constraints for women, and on recommendations for transforming their situation.

25.II ISSUES AND CONSTRAINTS

25.II.1 Issues

25.II.1.1 An accurate analysis of the current situation is inhibited by the paucity and unreliability of statistical data on gender matters. However, there is broad agreement on the following description of their status.

Poverty

25.II.1.2 Under a number of indicators, the incidence of poverty is higher among women than men, though higher among some women, such as female heads of household, than others. In particular, women are paid lower wages and salaries, face greater difficulties in accessing credit, and own less property. Further, because of their very limited occupation of decision-making posts in both the public and private sectors, women are often not in positions to make or influence policies on salaries, credit, and other avenues of economic empowerment. In Guyana as in other countries, gender stereotyping in the home, gender bias in education, and gender segmentation in the labour market combine to keep the majority of women at the base of the economy. It is also important to note that a great deal of poverty among women remains unperceived.

25.II.1.3 Weaknesses in physical and social infrastructure have a disproportionate impact on women and are an important factor in their poverty; they increase the time and energy needed to perform daily tasks of family care and, therefore, reduce the time and energy women have available for paid work and other activities.

25.II.1.4 The poorest women in Guyana – Amerindian women - are the most geographically difficult to access. Indeed, by definition, their poverty is produced by their lower access to education and health services and to economic opportunities.

Employment

25.II.1.5 Women's apparently low participation in the work force can be explained by their substantial participation in unwaged work and in the informal sector. Increased participation in paid employment may mean an increase in the hours they have to work each day, unless there are corresponding changes to reduce women's unpaid work burden. In addition, women often work as unpaid labour in agriculture and in family businesses. Neither this, nor most of their substantial involvement in the informal sector, is reflected in the employment data.

25.II.1.6 In general, not only are women paid significantly less than men for similar work, but they are far less represented in higher-paying occupations and higher positions in occupational hierarchies. Women continue to predominate as low-paid domestic workers, and in many jobs which are non-unionised, unregulated and not subject to a minimum wage. As has been found in many Export Processing Zones established in the developing world, women are often exploited as a source of cheap labour.

25.II.1.7 This last point relates to a broader issue in women's employment and in women's poverty. The situation of women in Guyana is shaped by national and global economic factors which have contributed to negating the impact of positive changes in their legal and educational status. To take three examples: (a) the process of structural adjustment has been found to impact negatively and disproportionately on women; (b) as the public sector is miniaturised and the private sector becomes central to economic growth and employment, women are disproportionately affected because of the size of their presence in the public sector, and because the real growth areas of the Guyanese economy are not the areas in which they are concentrated; and (c) given the emphasis on the private sector as the engine of growth, the need to attract foreign investment, and the competition between countries for foreign investment, there is a strong temptation on the part of government to informalise

its labour market (in terms of employment law, health and safety and wages), and as might be expected, women suffer more in these circumstances.

Health

25.II.1.8 The principal concerns in the health of women and girls centre on reproductive health, including maternal mortality, anaemia during pregnancy, teenage pregnancies, the prevalence of abortion, and complications arising during abortion. There are regional imbalances in the reproductive health situations of women, for example, the highest incidence of low birth weight babies, indicating inadequate maternal nutrition, is found in Regions 7, 8 and 9.

25.II.1.9 But women's health issues are not limited to their reproductive role; they include other issues deriving from sexuality and gender relations. One critical issue of gender relations is domestic violence, briefly discussed under "The Household". Another is the spread of HIV/AIDS among women; while the incidence is lower than for men, the rate of increase for women is higher. In addition, while Guyana has only just begun to establish a cancer registry (from which reliable statistics can be collected), the Guyana Cancer Society reports what appears to be a level of cervical and breast cancer, especially among women of reproductive age, which is cause for concern. Women's health issues also include other chronic illnesses, e.g., women have a higher incidence of diabetes and hypertensive diseases than men.

Other issues which arise from women's role in healthcare include:

- The increasing burdens of providing and accessing health care, whether in homes, clinics or hospitals, which fall hardest on women as a result of their socially ascribed responsibility for health in both their reproductive and productive roles.
- Empirical evidence that providing assistance to women has a more beneficial effect on the well-being of children, than when the assistance is channeled through men. In general, women tend to spend a higher proportion of their take-home pay on children's nutrition. Indeed, the economic returns on investment are generally comparable to those for men, but the social returns in health and fertility regulation by far exceed what is achieved by educating men.

Education

25.II.1.10 Education has a critical role to play in tackling gender inequality in society, and is vital for the personal growth and self-realisation of all people. In Guyana, though both males and females enjoy equal access to education, this does not necessarily translate into equal outcomes in terms of societal opportunities, a deep-seated problem obscured by legitimate concern over recent female "outperformance" of males in education, and the relative lack of male role models for boys in the education system: it remains true that as a result of gender stereotyping in fields of study, females and males are still largely concentrated in traditional subject areas. For example, females are under-represented in Science and Technology (despite the fact that boys and girls receive a common curriculum up to Form 3) and in non-traditional vocational and technical education. This ensures that women remain in the low-wage segments of the domestic job market which they have been traditionally filled

25.II.1.11 Gender stereotyping in education, then, can be rightfully interpreted as reinforcing and rationalising the pervasive structural imbalances in society. The effects of this are compounded by a number of factors including the sharp systemic decline in educational quality in Guyana, gender stereotyping in the classroom (such as in the areas of teaching style and text books used), the absence of gender-sensitive career guidance programmes, and the lack of female and male role models in occupations

which are not gender-stereotyped. In addition, there is an under-representation of women in senior administrative positions within individual schools and the educational system as a whole.

- 25.II.1.12 Another major area of concern is that the system does not cater for adolescent girls whose education is interrupted due to pregnancy; this is a form of discrimination because there is clearly no prohibition against teenage fathers remaining in school. It also contributes to continuing the cycle of poverty for adolescent girls who give birth, and for their children.

The Household

- 25.II.1.13 A high proportion of households in Guyana do not conform to the model used in much development policy and statistical data collection. The prevalence of female-headed households and visiting relationships in Guyana puts into question the stereotype of the "ideal" or "typical" nuclear family headed by a male breadwinner, with a wife focused on domestic duties and child rearing.
- 25.II.1.14 Household income is a poor measure of the welfare of individuals within the household, given that the distribution of income within the household can be very unequal. It would follow that increases in household income do not necessarily imply the improvement in the welfare of women and children. Studies that have been done elsewhere on intrahousehold resource allocation, but which can be extrapolated to Guyana, have found that women fare worse in the areas of nutrition, medical care, education, and inheritance.
- 25.II.1.15 Two other major household issues are levels of female responsibility for unwaged work, referred to earlier; and levels of household/family violence, directed by men against women, adults against children, the able-bodied against the disabled, and offspring against elderly parents. There is also an alarming increase in suicide whose immediate cause is often reported as family disputes. Issues of power are clearly at work in domestic violence. In addition, alcohol and other substance abuse, overcrowded housing, and general frustration contribute to the violence, although it is important to bear in mind that it is not a feature in poor households only. In relation to children, there is a generalised acceptance of beating as necessary discipline. In relation to women and girls, both in the household and in the wider society, they are more likely than males to be victims of sexual violence throughout their life cycle.

Institutional Framework

- 25.II.1.16 The major government institution for addressing women's issues is the Women's Affairs Bureau (WAB), whose objectives are made difficult to achieve by its weak institutional capacity. The effectiveness of the WAB is undermined by two main factors: (a) inadequate staffing: the Bureau is staffed with an administrator and two officers. Given the importance and scale of its task, this, together with budget allocations far below requested amounts, severely limits what it can achieve; and (b) its structural location within Government: during its first 10 years (1981-1991) of its existence, it functioned under six different Ministries and Government offices, which hampered its development. Its current location within the Ministry for Human Services and Social Security inhibits its ability to participate in central decision making and to impact upon policy formulation. Its ability to function is further hampered by the paucity of inter-ministry linkages and focal points in technical Ministries.
- 25.II.1.17 In relation to the non-government sector, while there are some individually vibrant women's organisations, their efforts have not been coordinated, largely because of political polarisation and racial disunity, coupled with resource constraints within the organisations.

Legislation

25.II.1.18 The current legal situation of Guyanese women reflects a gap between *de jure* and *de facto* position equality. Reasons for this include the existence of remaining loopholes, inadequate awareness of women's rights (including by women themselves), and implementation problems.

25.II.1.19 Despite considerable legal reform, a number of weaknesses remain, including the following:

- The law does not adequately recognise the value of women's reproductive role; thus, the Married Persons (Property) Act discriminates against a claimant who does not work outside the home;
- The law does not recognise common law unions for the purposes of maintenance or rights of intestacy, and such recognition of common law unions as there is, is too restrictive;
- There is no legislation dealing comprehensively with sexual harassment and stalking;
- Sexual offences legislation reflects a concern with preserving the chastity of women rather than protecting the vulnerable from abuse;

Although it is arguable that under the Prevention of Discrimination Act, a pregnant employee is entitled to paid time-off for ante-natal care and maternity leave, there are no specific provisions according these rights;

- Penalties for infringement of anti-discrimination and domestic violence legislation are not heavy enough;
- Family law as a whole is not only too fragmented, but in need of comprehensive reform.

25.II.1.20 On the practical side, there is a lack of sensitivity on the part of police, court authorities at all levels, medical workers, the media and the general public towards victims of abuse.

Language and Culture

25.II.1.21 Undeniably, language is a powerful tool in terms of acculturation and influence. The aim must therefore be to replace language which promotes concepts of male superiority in public documents with inclusive gender-neutral language. Without attacking free speech, every effort must also be made to discourage public airing of items of popular culture (for example, song lyrics) which both reflect and foster endemic sexual violence against women and girls.

25.II.2 Constraints

The following are constraints to the task of transforming gender relations.

25.II.2.1 **Beliefs about the "proper" role of women and men which are ingrained in the society, including in policy-makers and planners, often make the task of confronting women's subordination and marginalisation an exercise in futility.** Such beliefs are associated with perceptions about the "natural" traits of women, and often serve to maintain their inferior economic, political and social status, both within the household and within the wider community. The constraints that the belief structure imposes are exacerbated by inadequate awareness and knowledge of gender issues throughout society, from government officials to media executives, from education practitioners to health workers.

- 25.II.2.2 There is inadequate understanding of the concept of gender and therefore, of the value of gender mainstreaming policies and plans. For example, it is not appreciated that gender analysis would illuminate how what are considered "normal" working hours and conditions act as a brake on women's advancement and a threat to their health, and often result in either the neglect of children, inadequate performance on the job, or both. Gender is mistakenly seen as a peripheral subject and as a consideration which simply increases the financial cost of, and time required in, economic and political transactions. This perception, apparently held by a majority of those in decision-making positions, makes it more difficult to gather the necessary resources and commitment. It must be emphasised that this commitment is obligatory, since Guyana has ratified the UN Convention on the Elimination of all forms of Discrimination against Women (CEDAW) and other related international instruments.
- 25.II.3.3 **The centrality of women to national development is not recognised.** Much of women's work is invisible and taken for granted. Yet women contribute to development in three spheres: (a) in their reproductive role, where their care of the family in fact ensures the maintenance and reproduction of the labour force; (b) in their community role, where they are often the main toilers in social, religious, and other bodies; and (c) in their productive role, where they are sometimes secondary income earners, but often primary income earners.
- 25.II.3.4 **The cost of programmes designed as a result of gender mainstreaming is often cited as a reason why such programmes should be afforded low priority.** However, no work has been done to examine the cost-effectiveness of these programmes, for example, of making breastfeeding facilities in public places available to mothers, or daycare services available to parents and guardians; or the cost of failure to introduce such programmes. It is important for those who see gender issues as nuisances to understand not only the moral imperative for eliminating gender discrimination, but also the rational economic arguments. Investing in women's capabilities and empowering them to exercise their choices is not only valuable in itself, but is the surest way to contribute to economic growth and overall development. This is not only because women represent over one half of the country's population, but also because the educational attainment and future financial status of children are much more likely to reflect those of the mother than those of the father. Thus the benefits of current investments in human capital are more likely to be passed on to future generations if gender considerations are brought into the mainstream, and women are successfully integrated into the growth process. It pays to invest in women; not just for women, but for their families and ultimately the society.
- 25.II.3.5 **The fact that women have limited access to economic and political decision-making power acts as a further constraint on the work of changing gender relations.** However, having women in such positions would not by itself be enough. Instead, the task requires a critical mass of women in positions of power, working in alliance with men, with both groups aware of and committed to the need for change, and willing to place this above their usual divisions and traditional ways of doing things.
- 25.II.3.6 **The institutional capacity of both the Government (specifically the WAB) and the non-government sector is weak, in terms of both human and financial resources, while the private sector does not address the issue of gender.** The weaknesses of the WAB have been discussed above. In relation to the NGOs, there are three other major weaknesses: (a) there is poor coordination among them across regions; (b) they are not attracting a body of younger women; and (c) they are little oriented towards research, advocacy, or monitoring and evaluation, but largely towards income-generation. **However, the major weakness in the capacity of women's agencies and organisations is their continued inability to work together in a sustained way across political party and race differences, referred to earlier.**

- 25.II.3.7 **A significant obstacle to analysis and advocacy on behalf of women is the insufficient level and quality of the data required.** Indeed, data are often not broken down by sex/gender. Income, for example, is recorded for the household, and not for the individual. This lack of data hampers efforts to improve our understanding of women's economic position in society.

25.III SECTORAL OBJECTIVES

25.III.1 General

- 25.III.1.1 To achieve sustainable growth and development based on equity for women and broadly, on social justice.
- 25.III.1.2 To bring gender considerations into the mainstream of development policy; that is, to promote a pattern of development based on gender-sensitive policies that are designed, implemented and monitored with women's full and equal participation.
- 25.III.1.3 To improve our understanding and increase our awareness of the situation of women, and develop sensitivity towards gender issues, not only within government but within society as a whole.
- 25.III.1.4 To work against economic, social and cultural disparities not only between men and women, but between groups of women.
- 25.III.1.5 To transform the culture that is produced by, and produces, attitudes to violence and other forms of abuse of power.

25.III.2 Poverty

- 25.III.2.1 To reduce poverty among women, with emphasis on the poorest and most vulnerable groups. Policies should have an immediate impact on their lives and the lives of their families and communities, while establishing the groundwork for lasting change. The aim should be that women participate in designing and monitoring an integrated programme.
- 25.III.2.2 To ensure that the gender-specific impacts on women are taken into account when designing macroeconomic policy.
- 25.III.2.3 To improve women's access to economic, political, and social power (in society and in the household), given that their relative lack of power is a key element in their poverty.
- 25.III.2.4 To improve our understanding of the nature and extent of women's unwaged work, with the ultimate aim of bringing about greater recognition of their contribution to the household in both quantitative and qualitative terms, and the re-valuing of both their unwaged and low-waged work.

25.III.3 Employment

- 25.III.3.1 To increase the opportunities for employment and self-employment among women, especially in non-traditional areas, and to encourage their entrepreneurial potential.
- 25.III.3.2 To give practical support (e.g., through credit and training) to women's work within the informal sector.

25.III.3.3 To create a “family-friendly” employment environment, so that women can effectively balance their reproductive and productive roles. The aim will be to make it easier for women and men to combine family responsibilities with work outside the home.

25.III.3.4 To ensure that those areas of employment in which women are concentrated conform to acceptable levels of occupational health and safety, terms of employment and remuneration. The aim will be to ensure that women are not exploited as cheap or informalised labour.

25.III.4 Health

25.III.4.1 To alleviate health problems facing women, such as low nutrition, maternal morbidity and mortality, and the rapid rise in the incidence of AIDS.

25.III.4.2 To support women in their child-bearing and child-rearing roles, by providing better access to maternal and child health services.

25.III.4.3 To improve women’s access to health services in general, as well as to potable water supplies.

25.III.4.4 To increase women’s control over fertility decisions, including improving access to contraceptive advice and technology, and ensuring that medical terminations are conducted under medically safe conditions, at reasonable cost and in compliance with the law.

25.III.5 Education

25.III.5.1 To improve women’s level of educational attainment.

25.III.5.2 To provide second-chance educational opportunities for girls who leave the system early, whether due to pregnancy or otherwise, as well as for young adult females who wish to continue their education.

25.III.5.3 To improve access to education, such as through distance learning and the promotion of non-formal education, so as to take into account the multiple demands on women’s time.

25.III.5.4 To increase the number of females and males in non-traditional subjects, such as in Science and Technology courses after Form 3.

25.III.5.5 To encourage females and males to pursue non-traditional careers.

25.III.5.6 To ensure that educational materials, teaching methodologies and classroom management reflect gender considerations.

25.III.5.7 To sensitise and heighten the awareness of teachers, school administrators and education officials, as well as those involved in non-formal education, to gender issues.

25.III.5.8 To facilitate the participation of more women in decision-making positions within the education system.

25.III.6 The Household

25.III.6.1 To improve our understanding of the nature and extent of women’s unwaged work, with the aim of valuing this for statistical purposes and for policy and programme formulation.

25.III.6.2 To improve our understanding of the internal workings of the household, not only in relation to the sexual division of labour, but also in relation to the internal distribution of resources and patterns of decision making.

25.III.6.3 To develop effective societal mechanisms to protect women against domestic violence, which is an infringement of their human rights.

25.III.7 Institutional Framework

25.III.7.1 To ensure that the WAB has the capacity to carry out its functions with the greatest possible efficiency and effectiveness. The mainstreaming of issues that concern women's position and condition must be accompanied by effective mechanisms for the review and monitoring of sectoral policies.

25.III.7.2 To improve co-ordination within the non-governmental organisation sector and between this sector and the WAB as the focal point in Government. The ultimate aim will be to encourage the emergence of a women's movement, comprising a network of women's organisations and individuals, regardless of class, race, religious persuasion, age, disability and political party affiliation.

25.III.7.3 To promote and maintain an awareness of key gender issues and develop skills in gender analysis, among policy-makers and planners.

25.III.8 Legislation

25.III.8.1 To address the weaknesses in the content of the law through reform.

25.III.8.2 To improve implementation of the law through increased public awareness and more effective use of enforcement mechanisms.

25.IV THE STRATEGY

25.IV.1 General

25.IV.1.1 **"Focal points" will be established within all Ministries and agencies, to ensure the inclusion of gender considerations in policy making, and to act as a source of training in gender planning for all policy-makers. Under the WAB, these focal points will be charged with identifying gender needs as they relate to their Ministry's area of activity, and ensuring that these needs are considered in policy design and implementation, as well as in the distribution of annual budget allocations. The monitoring of outcomes will need to be conducted against detailed objectives, indicators and targets. In addition, the focal points will be charged with the gender sensitisation of government personnel at all levels.**

25.IV.1.2 **Private firms and government agencies will be ranked by performance on various gender indicators. Government will indirectly encourage both sectors to move towards gender equality by annually publishing a performance table which ranks firms and agencies by gender achievement. Indicators will include, for example, the percentage of female staff, as well as the proportion of women at senior levels. Consumers will then be able to take their business to those firms of which they most approve, allowing the desire to maximise profits to drive reform.**

25.IV.1.3 Public campaigns will be conducted to raise public awareness of gender issues.

25.IV.1.4 **Budgetary support will be provided to women's groups at the community level so that they may establish shelters for women and children affected by domestic violence, undertake community sensitisation programmes on that subject, and provide support groups and counselling for women and children.**

25.IV.1.5 Linkages will be developed with regional and international efforts on gender, so as to take advantage of support networks, information and, possibly, funding.

25.IV.1.6 There will be regular Human Development Reports on Guyana, and these will include measurements of the country's performance based on the UN Gender Empowerment Measure and Gender Development Index, or any other more appropriate indicators developed in the Caribbean.

25.IV.2 Poverty

25.IV.2.1 Remunerative employment opportunities for women will be increased through a combination of policies to promote economic growth; investment in women's "human capital" such as relevant training and improved health; and **facilitation of women's entry into the labour market by the introduction of flexible work conditions, day care facilities, and facilities for breastfeeding.** Since most remunerative employment opportunities may not be in the formal sector, **strategies will be formulated to support viable self-employment and microenterprise development. The context will be a policy environment supportive to the informal sector.**

25.IV.2.2 **Women's access to credit will be enhanced by supporting grass-roots credit schemes, and by encouraging the establishment of a national women's credit institution which will meet the credit needs of low-income women, who often find themselves excluded from formal credit due to collateral requirements. The institution will be a joint project between NGOs, the private sector and the donor community. The Government will have a minority stake in its capitalisation.**

25.IV.2.3 Investments will be made in basic social services, with an emphasis on the poorest groups of women. Among other measures, there will be an expansion of SIMAP money supplements; expansion of nutrition programmes; improvements in the social infrastructure and service delivery mechanisms; increased access to productive resources, including training and credit; increased access to education and primary health care; and increased access to safe drinking water. Investment in social infrastructure will disproportionately benefit women, given their need to balance different roles. The aim will be to **earmark at least 25 percent of the national budget for basic social services.**

25.IV.2.4 Special funds for supplementing poor families' mortgage payments and housing rent payments that are called for elsewhere in this National Development Strategy will be established.

25.IV.2.5 Women will be trained in non-traditional and more highly paid trades. Apart from direct provision, financial inducements such as career developmental loans will be offered for women to attend non-traditional vocational training institutions (such as sponsorships or career development loans).

25.IV.2.6 An oversight government agency, to look into the case for affirmative action or to ensure non-discrimination, as put forward in the Chapter on Governance in this National Development Strategy, will be established. Affirmative action in the form of quota systems is used to overcome historical imbalances in many countries around the world, as diverse as Norway, Argentina, Pakistan and Tanzania.

25.IV.2.7 Studies will be conducted into time, in an attempt to estimate the economic value of women's unwaged contribution to the national economy.

25.IV.3 Employment

25.IV.3.1 The policies outlined throughout this Strategy to boost employment opportunities will be implemented.

25.IV.3.2 Policies to create "family friendly" working environments and employment conditions will be introduced. Such policies will include some combination of one or more of the following: (1) the introduction of crèches at work; (2) the provision of more child/family-care facilities; (3) the introduction of "flexitime" systems; (4) the introduction of the option for workers with very young children or other dependent relatives to work at home; (5) the introduction of the option to shorten the working day for mothers while their children are very young; (6) the introduction of the option for mothers to switch to part-time work while a child is very young; and (7) the introduction of parental leave for females and males (that is, both maternity and paternity leave).

25.IV.3.3 The compliance of corporations, local and foreign, with national laws and codes governing the rights and benefits of women workers will be ensured. This will require addressing not only weaknesses in the law but also issues of legal awareness and enforcement. The WAB will be strengthened to allow it to monitor compliance with laws effectively.

25.IV.3.4 The CARICOM model laws on Equal Pay for Work of Equal Value and on Equal Opportunity in Employment will be adopted, as well as ILO Convention Number 156 relating to the rights of workers with family responsibilities. Legal protection will be extended to domestic workers and other workers not presently covered by such legislation.

25.IV.3.5 The introduction of equal pay for work of equal value.

25.IV.4 Health

25.IV.4.1 Improved levels of primary health care and reproductive health care, with a special emphasis on female malnutrition and maternal mortality levels will be provided. An integrated programme will include, among other things, nutrition programmes, health education, improved access to safe drinking water, improved access to health care, improvements in the quality of health care, and the overcoming of resource constraints in the MCH Unit in the Ministry of Health (in terms of staffing shortages and financial resources).

25.IV.4.2 The rapid rise of AIDS amongst women will be tackled through a concerted health education programme and the utilisation of available medical facilities and supplies.

25.IV.4.3 Contraceptives will be made available, in order to enhance women's control over fertility decisions. This will be accompanied by a wider availability of family planning advice.

25.IV.4.4 Health institutions that carry out medical terminations will be monitored to ensure that minimum health and safety requirements are adhered to. In addition, counselling will be provided for those women who have had or wish to have a medical termination and that counselling, as required by law, will be done routinely.

25.IV.5 Education

25.IV.5.1 Women will be trained in non-traditional and more highly paid trades.

25.IV.5.2 The broader approach to technical and vocational education outlined in the Chapter on Education, will be implemented.

25.IV.5.3 Career advice services and systems of industrial placements in non-traditional firms for female students will be established.

25.IV.5.4 Career advice services and systems of industrial placements in non-traditional firms for female students will be established.

- 25.IV.5.5 **The level and quality of education, particularly at the primary level and up to the 3rd Form level, will be enhanced through improvements in (a) teacher quality (which includes an increase in salaries and an improvement in access to teacher training colleges); and (b) the quality and quantity of schools, which includes the provision of up-to-date teaching and learning equipment and materials.**
- 25.IV.5.6 **Programmes to promote the inculcation of desirable social skills and an acceptance of a value system as a sound base for quality citizenship will be introduced.**
- 25.IV.5.7 Parenting skills will be imparted through the curricula of both formal and non-formal institutions.
- 25.IV.5.8 Women (including teenage mothers) returning to the educational system after pregnancy or child raising will be assisted by the provision of grants or loans, as well as formal and informal back-to-school and job training programmes.
- 25.IV.5.9 Day-care facilities will be provided at secondary and post-secondary academic and vocational institutions, so as to help women *students* with children to balance the different demands on their time.
- 25.IV.5.10 **National distance learning schemes will be strengthened. This will enable those women who do not have access to schools or training centres, to gain an education.**
- 25.IV.5.11 A careers' advice service and system of industrial placements will be established in non-traditional firms for female students. Career guidance programmes at the secondary and tertiary levels will be introduced to emphasise an expanded set of career choices for women. Placements and work-study programmes will be arranged post-CXC, post-A-Level, or as a part of a "sandwich course" at University. These programs will be financed by Government and the private sector firms involved in the programmes.
- 25.IV.5.12 **Guidelines for classroom management and educational materials (such as textbooks and audio visual materials) will be provided. Educational materials that are sensitive to gender issues will be encouraged, while those which are not, will be modified or actively discouraged. In addition, it will be ensured that the curriculum avoids gender stereotyping at all levels and, indeed, that gender sensitivity is included as a topic.**
- 25.IV.5.13 Gender training courses for teachers and educational administrators will be conducted. Trainee teachers will be equipped with the requisite skills and techniques for gender-sensitive teaching and learning, as well as for managing mixed classes.
- 25.IV.5.14 The employment of female lecturers at tertiary institutions and in management positions will be encouraged, primarily by the removal of discriminatory barriers and by the persuasion of females to apply.
- 25.IV.5.15 A "Task Force on Gender Issues in Education" will be established, to act as the "focal point" in the Ministry of Education. Members will be drawn from the Ministry of Education, teachers' unions, the Women's Affairs Bureau, the Women's Studies Unit at the University of Guyana, and school administrators, counsellors and teachers. The Task Force will address the re-design of overall curricula; the standardisation of the secondary school/post Form 3 curriculum, with slots for electives; and gender sensitivity training for counsellors, administrators and teachers. The conclusions of the Task Force will be made public and its recommendations will be implemented, in stages, upon review by the Ministry of Education and the Women's Affairs Bureau. It will remain active after presenting its

findings as a monitoring and assessment unit, with continued support from government for its administration.

25.IV.6 The Household

25.IV.6.1 Adequate institutional capacity will be provided to monitor and enforce the implementation of the Domestic Violence Act. This will require institutional strengthening of the WAB, a national campaign to bring about public awareness, and training of those directly involved in enforcing the existing law (particularly the police). Counselling facilities will need to be developed alongside this.

25.IV.6.2 In order to gain deeper insights into the situation and position of women, the household and its significance for improving the status of women will be assessed through a series of studies on income distribution within the household; patterns of decision making in the household; and quantification of unwaged work in the household.

25.IV.7 Institutional Framework

25.IV.7.1 The institutional capacity of the WAB will be strengthened so that it may perform its key functions (including training and monitoring) more effectively. Specifically, the inter-ministry committee will be strengthened to provide competent technical expertise in the framing of policy and programme initiatives.

25.IV.7.2 The National Commission on Women will be strengthened by the reorganisation of its membership to include not more than ten persons, female and male, representing sectoral areas of Government as well as relevant social partners, such as the trade union movement and the private sector. Members should be persons recognised for their work at community, national or sectoral level. The Commission will have an independent moderator, and the WAB will be its secretariat. The Commission, which should be non-partisan, will continue in its responsibility for recommending policy and programme directions in regard to gender to the relevant Minister; promoting a lobby for the policies and programmes of the WAB; stimulating a broad national debate on issues of gender equity; and undertaking, or assisting the undertaking by others, of appropriate research and educational activities in this area.

25.IV.7.3 The WAB will be headed by an officer of appropriate status for liaising with the Permanent Secretaries of Ministries relevant to the formulation and implementation of its policies and programmes. Competent professionals will be appointed to staff the Bureau in areas such as policy analysis, research, and data gathering and dissemination. In support of the accepted strategy of mainstreaming the issues, the WAB will be located within the Ministry which has responsibility for National Development Planning. The WAB will also be provided with required technical and financial support for its national programmes, as well as for meaningful participation in regional and international organisations. In addition, there will be full recognition at the national level of the linkages between the WAB, the Ministry of Foreign Affairs and other national, regional and international agencies mandated to address issues that concern the condition and position of women.

25.IV.7.4 Project implementation will be the responsibility of the line ministries, supported by competent NGOs. The role of the WAB will be to formulate policies and programmes, based on careful research, to monitor programme and project implementation, and to coordinate the support of international donors and regional agencies. Coordination between the various non-governmental women's organisations and other gender groups will be improved by strengthening information networks to disseminate relevant information and communicate ideas. The aim will be to establish a forum, bringing together all groups concerned with gender issues, regardless of race, class, religion, geographic location or party political affiliation. Government will be committed to the provision of technical and financial support for such networks.

25.IV.7.5 Women's focal points will be established within ministries and agencies, and will be staffed by trained gender-sensitive officials.

25.IV.7.6 In order to fulfil its mandate of promoting the status of all Guyanese women, across all differences of race, class, disability, religion, culture, political persuasion and geographical location, the national machinery, i.e. the WAB, will be given semi-autonomous status. It will have the capacity for policy formulation in all areas relevant to the needs and concerns of women, as well as for on-going programme implementation, thus ensuring continuity across changing administrations. Its operations will be supported by realistic budgetary provisions, in spite of the constraint of an inadequately functioning economy.

25.IV.8 Legislation

25.IV.8.1 A national legal literacy campaign will be conducted to enhance awareness and understanding of women's legal rights, including by women, and to mobilise public opinion in favour of their enforcement.

25.IV.8.2 Gender training for law enforcement officials will be provided so that they may better understand and respond to complaints of abuse and discrimination.

25.IV.8.3 The law will be reformed (by amendment or repeal and enactment, as necessary) in those areas where weaknesses exist. Relatedly, all language which excludes women will be removed and replaced by appropriate, inclusive language.

CHAPTER 26

THE FAMILY AND ITS MOST VULNERABLE MEMBERS

26.I BASIC FEATURES

- 26.I.1 The family, in all its variety of forms, is the pivotal institution in any society. As the Family Code of the Caribbean asserts: "the family ... is the elementary cell of society, and as such, contributes to its development and plays an important role in the upbringing of the new generations."
- 26.I.2 The family may also be pivotal in a negative way. Instead of being the primary source of emotional and material support to its members and the primary base for child development, families of all types, across social strata and race, may be places where power, whether based on income, gender, age and/or disability, is misused.
- 26.I.3 The family is pivotal for the good or ill of the society because it shapes the individuals who in turn shape the society. Put another way, just as the family is impacted on by constraints in the macro economic and social and cultural environment, so it in turn impacts on that environment, most visibly in the skills, attitudes and behaviour of people – whether as they function in the labour force or in the community. The chapter therefore adds to the discussion of the family as a unit, discussion of its most vulnerable members – children, adolescents, the elderly, and those with disabilities.
- 26.I.4 Neither in Guyana nor elsewhere is the family static in form. Instead, family form is shaped by the environment – for example, by changes in the macro and household economies. Moreover, differences in the social organisation and value systems of families are most pronounced in plural societies such as Guyana in which several ethnic groups, originally from different parts of the world, with varying traditions and distinct cultural practices, inhabit one nation state. There is therefore no one typical Guyanese family structure but different family structures shaped largely by differences in ancestral patterns of life and local histories.
- 26.I.5 Overlying this, however, is the broadly-shared belief, backed by most religious teaching, that the ideal family form is the nuclear family bound together in marriage that is legally and/or religiously approved. This was the teaching even during slavery when the practice of the slave owners and their allies destroyed any possibility of building such families and began the process through which the single-parent, female-headed household became a dominant feature in the Afro-Guyanese working class. Thus, even as this form of family becomes more and more usual among Amerindians and Indo-Guyanese under pressure of migration, all races and social strata continue to describe the nuclear family within marriage as the norm, and other forms, particularly female-headed, single-parent households, as deviant. This was borne out by a survey undertaken especially for the preparation of this chapter. In fact, what the society must confront is that among all race groups, the growing number of single-parent female-headed households are today especially vulnerable because widespread migration from and movement around the country have dispersed extended family support networks, while alternative support systems are either absent or underdeveloped.
- 26.I.6 Family structures in Guyana are the nuclear family in both its legal and common law forms: the single-parent, female-headed household, sometimes with three generations headed by a grandmother; the extended family of different types, its members sometimes living in the same household, sometimes in several households; child-headed households; and the household consisting of one individual, often an elderly or old person, more frequently a woman.

26.II ISSUES AND CONSTRAINTS

26.II.1 The Family as a Unit

26.II.1.1 Key constraints on development discussed in other chapters act as critical constraints on Guyanese families:

- At the economic level, macroeconomic decline in the 1980s impoverished many Guyanese families, while the introduction of IMF/World Bank Structural Adjustment Policies reduced employment in the public sector, removed subsidies on basic items, introduced cost recovery for basic services and placed greater burdens on poor households, particularly on the women in those households.
- At the social and cultural level, constraints on families include the critical shortage of housing, the poor quality of and access to services, especially in the hinterland, the decline in the urban environment, and more recently, the social impact of the new mining and logging industries on Amerindian communities.

26.II.1.2 In the survey referred to earlier, respondents emphasised that families are expected to provide support for their members but acknowledged that the challenges they face make it extremely difficult, if not impossible, for the average Guyanese family to perform its basic functions. This reduced ability of a significant proportion of families to meet the fundamental requirements of their members has induced in many households a spirit of helplessness, hopelessness and despair, and has put both the family's welfare and that of the nation at risk.

26.II.1.3 The new pressures are harsher on poor families of all types than on families of other social strata. With economic decline, the need for parents living in poverty to work in more than one job, or in both the formal and informal sectors, or in several locations in the informal sector, or for longer hours in small family businesses or farms, greatly increased. Some work, notably that of trading, requires regular travel across the country and/or region. The increase in waged work, together with the continuation of women's overwhelming responsibility for unwaged work in home and community, gives them a triple burden which may result in the neglect of children. Poor women completely tied to reproductive work (because of the number and/or ages of the children they are raising), with inadequate support from fathers and/or the State, are among the most economically vulnerable in Guyana today and their children among the most deprived. There is an increase in parents with inadequate parenting skills, commitment and responsibility.

26.II.1.4 In some communities, there is also an increased absence of active fathers, sometimes due to migration; in Amerindian communities of the hinterland, for example, fathers travelling for long periods to work in the growing mining and logging areas create de facto female-headed, single-parent families. Migration, while a factor in the weakening of families across class and race, is differently expressed in poor families; while the issue has not been researched, it appears that among poor families there is a greater tendency for the migration of individual adults rather than of whole families, contributing to the small but telling number of child-headed households and to a growth in child-shifting. According to the abridged version of the report prepared by the WAB for submission to the 4th World Conference on Women, 1995:

"...because the migration is largely of individuals rather than families, it has produced a fragmenting of families and communities. A small survey of 27 Indo- and Afro-Guyanese students aged 11-16 attending school in Georgetown, whose parent or parents had migrated, found that 12 out of 27 families were considered to have broken up permanently, and 19 out of 27 students had negative expectations of a future with their Parent(s). Only 7 out of 27 reported receiving adequate support from their migrant parent(s)."

- 26.II.1.5 Some of the growing pressures on Guyanese families are faced by all social strata: these include migration itself; political instability; ethnic tension; negative changes in societal values and norms; the steep rise in HIV/AIDS; and the growing culture of illegality, violence and disorder.
- 26.II.1.6 There is strong evidence, also, that the incidence of violence and other abuse in Guyanese households, mainly against children, women, the elderly and the disabled, has increased significantly in recent years. Such violence is often associated with alcohol and drug abuse. While the evidence suggests that domestic violence cuts across race and class, more precise information is needed. There are also reports of an alarming increase in suicide, particularly among young Indo-Guyanese males, following family disputes.
- 26.II.1.7 The rise in conflicts in Guyanese families has not been accompanied by a rise in the mediation services available to them. There are no formal alternatives to the courts for the settling of family disputes, even though the matters of disagreement may be relatively trivial in content and substance, if not in the degree of conflict which they engender. The result is that the problems are either left to fester, or are elevated to a justiciable matter, with all the negative results of such action. The judicial system does not currently have a branch which deals specifically with family matters. All family problems are, as a consequence, treated by the courts in the same manner as other quite different types of dispute. Apart from the fact that this absence of specialist courts often leads to a failure to examine adequately and effectively the many sensitive issues which arise in family disputes, there are inordinate delays in their resolution, because of the backlog of work in Guyana's courts. All too often, families disintegrate while waiting for their cases to be settled.
- 26.II.1.8 Because of the relatively high incidence of divorce and judicial separation in the country, but mostly because of the increasing numbers of children being born in visiting relations, a growing number of children live with single mothers but need to be maintained, at least in part, by fathers. Claims for maintenance may be made both in the Magistrates' Court and in the High Court. However, magistrates can award a maximum amount of only G\$250.00 per month. This is obviously grossly inadequate, and is a further cause not only of the break-up of the family, the abandonment of children, and the prevalence of street children, many of whom are not homeless in the way that homelessness is normally understood, but also of prostitution and the use of multiple male partners for the purpose of gaining income.
- 26.II.1.9 On the other side of the coin, because marriages in Guyana may be dissolved only if cruelty or adultery or malicious desertion is proven, the complexity of these requirements often leads to the continuation of marriages even in circumstances which bring grief to all family members, and is often the cause of increased bickering, strife, and violence.

26.II.2 Children and Youth

- 26.II.2.1 Guyanese children and adolescents are growing up in a context where there is still an unacceptably high incidence of poverty; inadequate expenditure on education and health; and a desperate shortage of houses. There are not enough recreational and sporting facilities in many communities. Children and adolescents are also faced with an increasing burden of both unwaged and waged work. In addition, patterns of gender socialisation in Guyanese families, as in the rest of the Caribbean, are working negatively against both girls and boys: in a context of diminished parental attention to both sexes, girls are more restricted and more sexually abused and exploited, and are still trained into areas of interest, study and employment that are less valued and more poorly paid, while boys are being less carefully nurtured and more harshly beaten, and are dropping out of school in larger numbers than girls. All this has implications for the society in areas ranging from violence and crime to employment and income. Above all, it has implications for the kinds of family we will create in the future.

- 26.II.2.2 In short, the Guyanese child is being born, nurtured, and educated in an environment in which his or her physical and psychological health, viewed from any angle, is far from optimal. Cultural traditions are no longer being passed down to the young generation, resulting in a lack of appreciation of the significance of cultural norms and a lack of interest in cultural practices. Children and adolescents are poorer for not having this value system as part of their knowledge base and are more prey to what was earlier described as the growing culture of illegality, violence and disorder. Children and adolescents may also be particular victims of the continuing flaws or gaps in the law. For example, no laws exist which empower the Government or any of its agencies to remove children, found to be in threatening and dangerous situations, from the custody and control of parents and guardians. There are currently no laws governing foster care.
- 26.II.2.3 Schools cannot take up the slack for weakening families. Many teachers are themselves products of an education system which has been in decline, and a society where standards have fallen. This has implications for their teaching of academic, technical, vocational and life skills. Schools no longer provide career guidance. The result, for many children and youth, is a loss of faith in education as a path to social mobility. Indeed, surveys indicate that a significant proportion of them link their hope for the future with migration. As mentioned earlier, there are high levels of dropout, particularly among boys, at the same time that too many girls are being prepared for low-paid work.
- 26.II.2.4 Not only are many children coming out of school not trained in terms of work or life skills for the labour force; they also face inadequate opportunities for good jobs. Across two decades, a large part of what the economy has created is the opportunity for casual, informal sector and sometimes illegal work. Nor has the drive to survive that many young people have shown over this period been adequately recognised and rewarded so that they might move out of areas and levels of income-generation that are not productive either for themselves or for the national economy.
- 26.II.2.5 Adolescents, even below eighteen, are increasingly becoming involved in substance abuse. In addition, many begin having sex at an early age (a 1998 survey indicated the age of first sexual contact for some as 12 years old). This has implications for levels of teenage pregnancy (and therefore the continuation of cycles of poverty and of babies born with low birth weight) and for sexual health. Although recent data indicate that the number of youths under 20 years of age using contraceptives for the first time has grown from 1,648 in 1995 to 1809 in 1998, the number of teenage pregnancies has grown at a higher rate. Nor has the increased use of contraceptives protected adolescents from increased HIV and other STD infection: the 1998 statistical report from the Geriatric-Urinary Medicine Clinic of the Georgetown Hospital revealed that of the 7,254 patients who visited the Hospital, 1409 or 19 percent were youths. It is also reported that the age group mainly affected by HIV/AIDS is the 19-35 age group, and that many persons 18-25 are being diagnosed with AIDS; given the long incubation period of AIDS infection, many of them must have become infected in their early, mid, or late teens. On the positive side, the Medical Termination of Pregnancy Act of 1995 has reportedly led to a decrease in the number of abortions in girls below 19 years.

26.II.3 The Elderly

- 26.II.3.1 The elderly, too, are in a vulnerable position. Many live below the poverty line, particularly those living on small pensions and, in general, no special provisions are made either by the Government or the private sector to enable them to live in a modicum of comfort. Their nutrition is poor and the health services available to them inadequate. Their private housing facilities are, in general, decrepit and unmaintained.
- 26.II.3.2 Twenty years ago, part of the value system of Guyana was formal respect for the elderly and a generalised acceptance of the need to care for elderly parents and other relatives. Today, given the dispersal of families, many elderly people live alone, with all of their children overseas, and there is a lack of services to fill the gap. Across different social strata, they face a loneliness due in part to this

disintegration of the family structure, but also to the dearth of facilities which can provide them with opportunities for participating in recreational activities and for social interaction.

26.II.3.3 In a survey undertaken in 1997 by a Senior Citizens Policy Development Committee, senior citizens almost unanimously expressed a preference for remaining in their own communities and homes rather than live in either public or private institutions. Moreover, the cost of keeping senior citizens in institutions is higher than that of supporting them to remain at home. In addition, they are often able to maintain or regain their independence when they live at home, and are provided with at least a minimum number of community services, including services by health professionals and trained volunteers.

26.II.3.4 Although there is strong evidence from many parts of the world that interaction between children and the elderly can be beneficial to both age groups, in Guyana such programmes appear for the most part to have been desultory, unplanned, and unsustainable. Furthermore, the strengths of the elderly in Guyana are woefully under-utilised. There is a failure on the part of both the State and civil society to provide an environment in which they might continue to play an important role in the country's development and benefit in their old age from the contributions which many of them have made to the nation's social and economic growth. There are no programmes specifically designed to impart skills and knowledge to senior citizens, or to upgrade the skills and knowledge which they already possess. It is as if society considers that their productive lives are over. They are hardly ever given the opportunity to begin new careers. Indeed, most employers in Guyana strictly enforce the retirement age. In one respect this is understandable, for the retirement process permits younger persons to be promoted or to enter the labour force. It is evident, however, that there is a critical shortage of skills in areas that are key to the development of the nation; for example, trained and experienced teachers are desperately needed and yet, each year, the qualified elderly are required to retire.

26.II.3.5 In sum, the elderly in Guyana do not constitute a constituency whose needs are addressed. They are not organised in their own interests, not even to the limited degree that other vulnerable groups are. This helps explain why (unlike say, Barbados), public and private companies and agencies are not required or even encouraged to offer rebates and other financial assistance to the elderly. There is no law in Guyana which prescribes that certain types of physical facility be laid down in public places for the elderly and that buildings be designed to avoid impeding their mobility. No special health services are available at the health posts, managed by Community Health Workers, which are located mainly in the hinterland regions, for senior citizens; indeed very few are available throughout the country. There are no geriatric specialists in Guyana. The National Insurance and Social Security Act covers only that proportion of the population of the elderly who are either in, or just out of, the work force; it does not extend to those who were never gainfully employed. In effect, therefore, less than half of the elderly population benefit from the "Old Age" portion of the Act.

26.II.4 People with Disabilities

26.II.4.1 According to the National Policy on the Rights of People with Disabilities, there are no up-to-date data on disability in Guyana. However, the existing information suggests that disability is more prevalent in poorer families, and that its incidence is increasing as a result of a rise in traffic accidents.

26.II.4.2 Not only is poverty one of the leading causes of disability; disability can cause a family already living in poverty to become poorer, especially if the household's sole income-earner becomes disabled. Disability also interacts with other variables to increase poverty.

26.II.4.3 Constraints on the lives of people with disabilities in Guyana are exacerbated by the inadequacy of rehabilitation services, especially outside the urban areas. The experience of the non-governmental, externally-funded Community-Based Rehabilitation Programme suggests that sustainable rehabilitation

programmes can be built at community level, using nonprofessionals to deliver services. However, specialised and institutionalised services need to be provided as part of Primary Health Care.

- 26.II.4.4 The National Policy on Disability emphasises that while the material problems that people with disabilities face in Guyana are critical, societal attitudes towards them are no less crippling, and it adds that “the right of people with disabilities to education, to health services, to employment, to sexual relations and to parenthood...is far from assumed, still less provided for”. Part of the reason for this is that organisations of and for people with disabilities do not focus on advocacy for their rights, nor are these rights raised as a matter of sustained, central concern by organisations and agencies working for the rights of other groups such as children or women.

26.III **SECTORAL OBJECTIVES**

- 26.III.1 The overarching goal is to enable Guyanese to create lives that are at least sufficient, at best liberating, in economic, social, cultural and spiritual terms.
- 26.III.2 What Guyanese families need to begin to regenerate themselves is the progressive transformation in the country’s macro-economic conditions, and in the quality of and access of all to basic services, that this National Development Strategy proposes. But it will not be possible to transform the environment and enable development unless the process is led by a population that sees its future here; that has a strong sense of wholeness or nation across ethnic and other differences; that is willing to reduce the disparities that exist between groups and render some groups more vulnerable; and that is healthy and imbued with the skills and values needed for creative and productive work and leisure. All this depends on creating and creating anew, families that can protect, nurture and enable its members. This is work not only for government but for government and civil society.

26.IV **THE STRATEGY**

- 26.IV.1 Many of the strategies outlined below are detailed in other chapters, for example, strategies related to economic opportunity and housing. In addition, strategies are drawn from existing documents such as the National Policy on the Rights of People with Disabilities. All these are summarised here, grouped with new strategies, and prioritised, in order to indicate how they will interact in the regeneration of the Guyanese family. It is emphasised, however, that as part of the country’s general national development strategy, projects that are designed to raise the incomes of Guyanese families, to provide them with better and more relevant educational prospects and services, to enhance the quality of health care, to make available suitable and affordable accommodation and, most important, to create more job opportunities, will be formulated and implemented.

26.IV.2 **Immediate Actions**

- 26.IV.2.1 To jump start the process, the proposed strategy is to put the strengthening of families on the active national agenda. **Wide public discussion of the draft Family Code and the relevant proposals of the NDS will be organised, using the mass media, in order to spur active consideration, leading to increased agreement, about the rights and responsibilities of, and the enabling conditions for, families.**
- 26.IV.2.2 As emergency action which will not only make a practical difference but demonstrate commitment to supporting families, the proposal is **to strengthen social safety nets for vulnerable families by announcing and implementing the exemption of all persons below the poverty line from cost recovery for basic services.**

26.IV.3 Actions to be initiated in the Short-Term and continued

26.IV.3.1 To provide new economic opportunities for families below the poverty line:

- **New, accessible microcredit schemes for the rural, urban and hinterland poor below the poverty line will be introduced.**
- Public servants who are retrenched will be offered retraining and low-interest loans.
- Social Assistance for parents unable to have paid employment because of the care needs of disabled dependents will be increased; and National Insurance Scheme provisions amended to provide benefits for such parents as self-employed persons.

26.IV.3.2 To open up opportunities for housing to new groups among the poor:

- **Criteria for the allocation of housing lots will be revised to accommodate poor, unemployed youths, female heads of household, the elderly, and people with disabilities.**
- **Money will be sought to establish two funds to provide rent and mortgage supplements for poor families.**
- Incentives will be provided to commercial banks to extend mortgage loans at reduced interest rates.

26.IV.3.3 To provide better protection for children and adolescents:

- The Children's Service Unit will be empowered to remove from the custody and control of parents and guardians, children found to be in threatening and dangerous situations, including those abandoned, neglected or ill-treated, and to seek the necessary orders from a Court of competent jurisdiction.
- Guidelines for teachers will be drawn up to enable them, as a legal requirement, to report any signs of domestic violence and child abuse which they observe at school.
- Legislation will be enacted to regulate the fostering of abandoned or neglected children.
- Regulations will also be formulated for the operation of orphanages and children's homes and more homes will be provided.
- The Adoption of Children Act will be amended to permit persons living in common law unions to adopt children.
- The maximum age for maintenance of children will be increased to 18 years, and the minimum amount of maintenance which a Magistrate could order for a child and for a spouse will be increased after consideration by experts in this matter. There will be no maximum limit.
- Special programmes, both within and outside of the school system, will be organised to work with Guyanese youth against drug and alcohol abuse, domestic violence and teenage pregnancies.
- Legislation will be enacted regulating day care in both private and municipal institutions and requiring all day care centres and child minders to be registered.

- 26.IV.3.4 To provide better protection for people with disabilities and elderly people in institutions:
- The necessary regulations and monitoring mechanisms and agencies for institutions housing people with disabilities, and elderly people will be established.
- 26.IV.3.5 To begin the process of providing for the equalisation of opportunities for people with disabilities:
- Existing legislation will be amended, and new enacted legislation as required, to remove areas of discrimination against people with disabilities and promote the equalisation of opportunities for people with disabilities.
 - Beginning from the next census, data on the causes, types and incidence of disability will be collected systematically.
 - All buildings for public use will be immediately required (in the case of publicly-owned buildings) or strongly urged (in the case of privately-owned buildings), to provide affordable access to people with disabilities, e.g., ramps for wheelchair access such as those at the Public Library, the Cultural Centre and St. George's Cathedral in Georgetown.
 - Standards will be established and enforced for the provision of access of people with disabilities to new buildings and facilities.
- 26.IV.3.6 To offer improved support for resolving family conflict peacefully:
- A number of family conflict resolution centres will be established and developed to deal with family disputes before they escalate into violence and disruption and before they reach the Courts. The establishment of non-governmental organisations with similar aims will also be supported.
 - A Family Law Act, incorporating relevant legislation, regulating the relationship of parties in common law unions and providing for the resolution of disputes over property, child and spouse maintenance and the custody of children, will be enacted.
 - A Family Court will be established to mediate over these matters.
- 26.IV.3.7 To use the strengths of the elderly for development:
- The enforcement of the rules *re* retirement will be relaxed, and employers will be encouraged to re-employ retirees with needed skills and knowledge.
 - Facilities for adult training which give retirees a chance to update their own skills and enable them to continue to contribute in a meaningful way to society will be established.
 - Seniors will be encouraged to develop a second career, and the services of retirees will be used in appropriate institutions and agencies; for example, they will be invited to be involved in teaching programmes in the formal Education system.

26.IV.4 Key Medium- to Long-Term Strategies

- 26.IV.4.1 To increase protection and opportunities for children, the elderly, and people with disabilities:

- Guyanese nationals resident overseas who can provide evidence that they are fit persons to adopt will be permitted to adopt children, provided that the local Adoption Board and the Courts, informed by the International Social Services, are satisfied that the adoption is in the best interest of the child.
- All new senior citizens' institutions and institutions for people with disabilities will be built to specifications which ensure that all the special services necessary for comfort and security are in place, and provision will be made to upgrade existing institutions to such standards.
- The National Insurance Scheme's medical care benefits will be continued after retirement since this is when illness most often occurs and assistance needed.
- Duty free concessions will be given to the elderly and to people with disabilities for drugs and other health-related necessities.
- A health visitors' scheme will be re-introduced and clinics will place emphasis on the monitoring of the situation of senior citizens and of people with disabilities to ensure that a supply of essential drugs and essential aids is always available for their use.
- For seniors living independently, a programme of Home Help will be institutionalised to ensure that they are cared for and have some contact with others during the day. Economic support, counselling, and care services will be provided to enable people with disabilities to live at home.
- All health personnel will be trained in some aspects of care of the elderly, and geriatric clinics will be established for their use at the central and regional hospitals.
- Access to rehabilitation, health, educational and other services for people with disabilities will be improved through the upgrading of facilities, the establishment of new specialised facilities, and the integration of people with disabilities into general-use facilities, as determined to be appropriate by people with disabilities and their organisations and agencies.

26.IV.4.2 To expand economic opportunities for families living in poverty:

- **Land reform increasing the size of the holdings of the rural poor will be introduced.**

26.IV.4.3 To provide the basis for more families to have access to better housing:

- **Land for housing will be granted free of charge to people below the poverty line.**
- **A new housing policy will facilitate the introduction of schemes which can develop a range of innovative housing arrangements (eg. Home sharing, retirement villages).**
- **For the elderly and people with disabilities in need, a special fund will be allocated for property maintenance for both individuals and established homes.**
- **Housing for seniors and for people with disabilities within new and existing communities will be established at subsidised rental for those with low incomes.**

26.IV.4.4 To expand opportunities for leisure and sports:

- A comprehensive, countrywide recreation and sports programme will be formulated and implemented. It will include the establishment of sports centres in strategic locations throughout the country; the employment of an adequate number of coaches in various fields; the organisation of a greater number of competitive games for all relevant age classes, beginning with the primary schools, and extending through the secondary schools to the University and public at large; the engagement of scouts to recognise early skills and genius in our youth, and the provision of better amenities and services.
- **At least two multipurpose sports stadia, one in Demerara and the other in Berbice, will be established by 2010, and a third will be established in Essequibo as soon as possible thereafter.**
- Senior citizens' clubs will be formed in every community to facilitate seniors' participation in recreational/sports events.
- Facilities for community activities, as well as Health Care Centres, will be erected in housing areas.

26.IV.4.5 To invest in Youth:

- **Across the whole period covered by the National Development Strategy, the provision of training by the Adult and Continuing Education community, both government and non-government, to out-of-school youth, will be actively and concretely supported. This will include re-education for real functional literacy and might include, depending on needs assessments and on the results of consultations with youth, vocational, technical and/or further academic training. The Private Sector will be asked to collaborate with this programme through the provision of funds and/or work attachments or apprenticeship programmes.**
- **In the formal education system, career guidance will be made an important aspect of the education system.**
- **Participatory seminars and workshops involving in-school and out-of-school youth in discussions on all aspects of nation building, with the emphasis on living amicably in multi-racial societies will be organised on a continuous basis. These topics will also be integral parts of the curricula of primary and secondary schools.**
- **In training and educating the young people of Guyana, the specific needs of this development strategy will be taken into account, and a comprehensive system which links training and education to development needs will be formulated and implemented.**

CHAPTER 27

LABOUR AND EMPLOYMENT

27.1 BASIC FEATURES

- 27.1.1 Perhaps somewhat paradoxically, between 1991 and 1997, when there was a remarkable upsurge in economic growth there was a reduction in employment in the public service, the bauxite sector and in the sugar industry. Indeed, in the public service, between 1992 and 1997, the decline was 46 percent; in Linmine for the same period, it was 43 percent; in Bermine the decline was 30 percent; and in GUYSUCO the drop in employment levels was 31 percent.
- 27.1.2 It appears, however, that in the rest of the economy, the employment position was more positive. So much so, that the Bank of Guyana, in its Report for 1996 stated that the "buoyant economic activity was accompanied by expanding employment opportunities and higher earnings in most sections. The same optimism was recorded for 1997. In 1999, according to the Household Income and Expenditure Survey which was conducted in that year, the rate of unemployment was 9.1 percent .
- 27.1.3 The truth of the matter is that most of the public servants and those who lost their jobs in the bauxite industry, did not register as being unemployed. Instead, they occupied themselves as hucksters, as petty traders, and as small-time entrepreneurs, many of them eking out a scanty existence.
- 27.1.4 Possibly because they are mainly unskilled and untrained many of those who enter the workforce for the first time are forced to resort to the informal sector for employment. This is especially true for women and young people. Indeed, even when jobs are secured by them in the formal sector, these new entrants still tend to cluster in low-paying occupations that require few skills.
- 27.1.5 It follows, therefore, that if the strategies that are put forward in this NDS are followed, although, the rate of job creation would undoubtedly increase, it would be more than probable that many of these women and young persons will not be qualified enough to be employed.
- 27.1.6 There is a geographic dimension to the consequences of unemployment. In the rural areas, the unemployed have turned to self-employed agriculture or work as manual wage labourers. In urban areas, unemployed women have been forced into the low-paying market of domestic services, while the unemployed youth, with few jobs available for which they are adequately trained, have fended for themselves, sometimes illicitly. Indeed many former junior-level employees of the public service can now be found among the ranks of pavement vendors, the numbers of which seem to be growing. It is evident that if this trend continues, earnings amongst this group are likely to decrease, unless the disposable income in the society increases significantly.
- 27.1.7 Much *underemployment* is also to be found in Guyana. This is of two kinds. The first is visible underemployment in which people are not employed for an established minimum number of hours per week. The second is invisible underemployment, in which people are employed in jobs that require a skill-level that is below their qualifications. It would appear that, besides poor wages, underemployment also contributes to poverty in Guyana.
- 27.1.8 In urban areas there is much invisible underemployment for certain classes of workers. At the highest end of the education scale there is a shortage of skilled personnel. However, many workers with

educational qualifications that are at least at the secondary education level have chosen to enter the urban informal labour force, primarily because of the low levels of remuneration in the Public Service. Perhaps not surprisingly, it is often the more entrepreneurial and better motivated workers that choose this course. The impact of this is that the average educational levels are reduced in the formal labour force, especially in the lower levels of the Public Service. Hence, because of the lack of in-house training, and low wages, the Public Service is left with too many poorly trained individuals.

27.I.9 Despite the reduction in the Government's work force between 1986 and 1999, the core Public Service remains over-dimensioned. There is a chronic lack of upper and mid-level skilled and managerial personnel, while some of the lower tiers are over-staffed. The result is that Government is sometimes unable to perform critical functions in a satisfactory manner.

27.II ISSUES AND CONSTRAINTS

27.II.1 Issues

27.II.1.1 While substantially higher real wages will be essential to attract and retain qualified personnel in higher-level positions of the Public Service, there is a great need for training in management techniques, in the use of computer software, evaluation procedures, and in modern approaches to public policy formulation. Above all, placement needs to be based on merit. A rational performance-based system for evaluations and salary increments is an essential requirement. A system of performance based evaluation was instituted in 1998, but it is too early to determine its rationality and effectiveness.

27.II.1.2 To overcome the problem of inadequate wages in some agencies, Government has created semi-autonomous agencies and project execution units with increased salaries and benefits. This has led to anomalies in the Government Structure. The remaining core structure of the Government has further been weakened, exacerbating Government's ability to fulfill key functions.

27.II.1.3 In addition, not only is insufficient attention paid by senior managers to the development of their staff, but inadequate arrangements exist for setting and maintaining staff establishments, for filling vacancies with appropriately trained staff, and for eliminating nonperforming or surplus staff. Ineffective systems are also in place for the generation, storage and dissemination of operating and management information. Moreover, there appears to be no plan for the systematic computerisation of the service. All activities in this area seem to be piecemeal and uncoordinated.

27.II.1.4 The informal sector, along with emigration, provided a cushion to workers during the 1980s. The sector not only benefited the workers, but consumers gained from its activities. Measures therefore need to be adopted to encourage further, the growth of the activities of this sector and foster its incorporation into the formal economy.

27.II.1.5 Government policies in the past have not directly addressed the needs of the informal sector. For example, incentives and concessions do not generally apply to small and medium scale enterprises, although attempts have been made to strengthen their role through micro and small enterprise development. In addition, high interest rates at commercial banks result in the cost of loans being out of the reach of small scale enterprises. Moreover, the informal nature of these small establishments almost inevitably means that they often cannot fulfill requirements for collateral.

27.II.1.6 It is evident, therefore, that specific incentives should be aimed at the economically marginalised sections of society and, as important, innovative strategies should be formulated to incorporate the informal sector into the mainstream of the economy.

- 27.II.1.7 Guyana's industrial relations system evolved out of the enormities of slavery and indentureship and, in general, workers' rights were obtained through struggle. This has led to an almost reflex reaction of settling disputes through strikes. This almost historical imperative is compounded by the fact that political considerations are often involved in labour/employer controversies. This is not to say that, in contemporary industrial relations, strikes are to be solely attributed to the trade unions. Strikes also occur very often out of the uncompromising attitudes of managers, and because of breakdowns in union/management communication. There is an evident need to resolve disputes in a more amicable manner through better structures and bargaining procedures. There is equally a need for a more proactive role by the Ministry of Labour, in disputes which do not involve the Public Sector.
- 27.II.1.8 However, in disputes between the unions which represent the Public Sector and the Government, which are settled by the Ministry of Labour, the unions often perceive themselves as appealing from Caesar unto Caesar. New, palpably fair and separate mechanisms should therefore be introduced for resolving such conflicts.
- 27.II.1.9 Before 1969, there existed a Workmen's Compensation Ordinance that allowed for the protection of workers in case of industrial accidents, and death and disease that arose out of employment. Because the coverage of this Ordinance was considered to be too restrictive the National Insurance Scheme was established in that year. As a result, employees are now eligible for industrial benefits from the first day of work, maternity benefits after 15 weeks contribution, and sickness benefits after 50 weeks of payment. Maternity benefits are paid up to 13 weeks and can be extended to a maximum of 26 weeks, while sickness benefits are paid from the fourth day to a maximum of 26 weeks. Medical care is also paid during periods of sickness and, in certain circumstances, also during period of maternity care. However an actuarial-based analysis should be conducted in order to ascertain on what basis it might be possible to establish private pension schemes, and to assess whether it would be possible to extend existing NIS benefits to cover non-paying family members of contributing persons.
- 27.II.1.10 Both the public and private sectors must increase their investments in the general economy. The public sector has a specific responsibility to ensure that investments in transportation, communication, power generation, education and training, potable water supply, health and national security are undertaken to bring the quality of services in these sectors up to acceptable and desired standards. The Private Sector has the duty to retool and upgrade plant and equipment. This latter process should be assisted not only by fiscal and other policies, but also by public sector examples in the application of enlightened management techniques and in the constant search for new ideas. This will necessitate significant changes in our Industrial Relation System.
- 27.II.1.11 A social contract between Capital, Labour and the Government should be formulated, with the monitoring agent being a National Tripartite Committee.
- 27.II.1.12 The establishment of a labour market information system is an important requirement if Guyana is to have an adequate and reliable basis for formulating, implementing and evaluating employment and human resource policies, and if workers are to receive timely and relevant information on job openings. The lack of information on what is needed and what is available in terms of skills, not only leads to many jobs remaining vacant even though there might be workers willing to fill them, it also results in a failure to train workers for anticipated opportunity. Furthermore, there are no channels for communicating the "skills-needs" from Government and industry to the schools. In addition, little information is currently available on the burgeoning informal sector and its impact on the national economy.
- 27.II.1.13 Moreover, the size and characteristics of the current labour force need detailed study. In addition "skills-needs" in both the public and private sectors, and salary and employment trends in both sectors require ongoing analysis. The Statistics Bureau, which is the official collector and coordinator of labour statistics, is neither adequately staffed nor organised to perform these tasks efficiently.

27.II.2 Constraints

- 27.II.2.1 Lack of a sufficient number of productive and adequately remunerative jobs in the country.
- 27.II.2.2 Wages in the public service that are still too low to attract and retain the most skilled and talented people.
- 27.II.2.3 On the supply side of the labour market, there are not only too few technically skilled people, but there also exists a system of technical and vocational education that is inadequate. It should not therefore be surprising that it does not attract the finances required to sustain it even at its low level of quality.
- 27.II.2.4 A legacy of a weakened educational system, which produces too many entrants into the labour force who are functionally illiterate.
- 27.II.2.5 Poor relations between unions and employers, and weak mechanisms for the resolution of disputes. These lead to unnecessary strikes, especially in the Public Service.
- 27.II.2.6 The absence of a policy framework to encourage workers and enterprises in the informal economy to enter the formal economy.
- 27.II.2.7 Lack of basic workers' rights for employees in the informal economy.
- 27.II.2.8 Fragmented efforts for addressing the concerns of micro-, small- and medium-scale enterprises.
- 27.II.2.9 Lack of an adequate financial and institutional basis for workers' pension programmes.
- 27.II.2.10 Lack of an effective investigative arm in the Ministry of Labour capable of anticipating incipient industrial disputes, and quickly responding to them.
- 27.II.2.11 An insufficiently mobile labour force and a lack of supporting mechanisms to promote labour mobility.
- 27.II.2.12 Lack of trained personnel, capable of coping with the attitudinal problems which currently exist in the workplace, and with those which will arise in the future.

27.III SECTORAL OBJECTIVES

- 27.III.1 The broad objective of the labour sector is to reduce unemployment and underemployment, and the concomitant poverty, by creating greater avenues for employment, greater labour flexibility and mobility, and by generally enhancing the productivity of both labour and capital. The attainment of this objective will require the successful implementation of many policies in various Chapters of this Strategy. Labour and Employment Policies *per se*, cannot alone accomplish their realisation.
- 27.III.2 The sectoral objectives of the Strategy are:-
 - (i) To encourage the development of labour-intensive industries and modes of production in the short-term and to increase productivity in the medium- to long-term.

- (ii) To increase the skills, education and productivity of the labour force through improved technical and vocational education and an ongoing, structured and relevant on-the-job training programme.
- (iii) To improve the functioning of the labour market via better information so that job-seekers and policy-makers may access up-to-date information on employment opportunities and data on the status of the country's workforce.
- (iv) To facilitate the mobility of labour so that workers may more easily move from one industry to another, and from one location to another.
- (v) To promote improved working conditions and working environments.
- (vi) To define clearly the role, rights and responsibilities of trade unions, employers and Government and to legitimize the right of collective bargaining.
- (vii) To ease the transitional problems of workers affected by the restructuring of industries.
- (viii) To improve the actuarial and institutional basis for, and benefits from, national pension schemes.
- (ix) To restructure the Ministry of Labour thus enhancing its role in the Industrial Relations System, and its functions in the labour market.

27.IV THE STRATEGY

- 27.IV.1 The overall macroeconomics framework of this Strategy is designed to accelerate economic growth, a process that will increase both employment and real wages. In fact, over the next ten years some labour shortages can be expected to appear in certain areas of development. This will give further impetus to increases in real wages, attract more re-migrants and possibly migrants, and accelerate the process of reallocating labour to more remunerative occupations. A policy framework will be maintained that does not lead to an excessively high indirect cost of labour to employers and does not subsidise capital, so that the nation's economic growth path is as labour-intensive as possible.
- 27.IV.2 Specific strategies designed with these purposes in mind, which are also described in other chapters in order to assist the reader who is interested in only particular sectors, include the creation of export processing zones, the promotion of micro, small, and medium-scale enterprises, and the creation of new industrial sites which will allocate space for 'incubators'.
- 27.IV.3 The creation of export processing zones will provide sources of growth for the entire country in terms of production, employment, foreign exchange earnings, investment and the transfer of technology. EPZs will absorb some of the unemployed and underemployed, and workers from the informal economy.
- 27.IV.4 The Companies Act will be amended to eliminate overlaps between the personal income tax and corporate taxes. This measure will negate any double taxation for registered micro, small, and medium-scale enterprises.
- 27.IV.5 A tax rate will be set for registered small companies that is lower than the current corporate tax.
- 27.IV.6 Legislation which provides for charging household and not commercial rates for public utilities that service registered micro and small scale enterprises will be enacted.
- 27.IV.7 Legislation that provides for the waiving of stamp duties and other costs associated with the transfer of

personal property to a business will be promulgated.

- 27.IV.8 Technical and Vocational Education and Training (TVET) will be improved and expanded, through the rationalisation of the utilization of technical education and training facilities; the upgrading of curricula; and the strengthening of teaching through special teacher training courses and the recruitment of more highly trained teaching personnel.
- 27.IV.9 The provision of technical and vocational education and training will be restructured to strengthen the involvement of the private sector in its management.
- 27.IV.10 A National Council on TVET will be established. In the course of implementing this strategy, the specific mechanisms for funding and administering TVET will be clarified, but the basic policy orientations are clear: greater private sector participation in TVET, through a tripartite governing council in which industry has the majority representation, to guide the training in the direction of the skills needed; and partial cost recovery for TVET through a payroll levy of between 0.5 percent and 1 percent to be instituted on industry.**
- 27.IV.11 The new council will be authorised to receive and allocate international donations and technical assistance in the area of TVET.
- 27.IV.12 Training outside established institutions will be undertaken by the private sector without direct Government intervention. The private sector could achieve this at a lower cost than Government and it also tends to be more in tune with the requirements of the market.
- 27.IV.13 Government's direct involvement in training will be limited to retraining public servants and workers who are displaced because of industrial restructuring, and those who are transferred to other forms of employment.
- 27.IV.14 **As cost recovery is begun in public training institutions, Government will shift its public financing away from the providers of training to the demand side of the market, enabling targeted workers to purchase training within a competitive environment of suppliers. One instrument for doing this is through training vouchers to targeted individuals such as the young, unemployed and women.**
- 27.IV.15 **Trained workers will be required to repay Government part of the training costs after gaining employment at the end of training.**
- 27.IV.16 **A Labour Market Information System for Guyana will be established in order to provide job seekers with up-to-date information on employment opportunities, and to establish an adequate statistical basis for continuously formulating, implementing and evaluating policies and programmes for human resources development.**
- 27.IV.17 **Merit-based promotions and salary increases in the Public Service will be premised on performance evaluations that will use redefined annual performance objectives as the criteria.**
- 27.IV.18 Retraining also will be mandatory in most cases as workers receive wage increases.
- 27.IV.19 **The co-operation of the unions in charting this new course for public service remuneration will be an important aspect of salary negotiations.**
- 27.IV.20 **A special Reconciliation and Dispute Resolution Committee will be established to settle**

disputes between public servants and the Government.

- 27.IV.21 The approach taken by Government in the area of occupational safety and health is pro-active. Government's new occupational safety and health policy involves the Government, employers and workers. A National Council on Occupational Safety and Health was established which comprises the Ministries of Health and Agriculture, the Guyana Fire Service, the National Insurance Scheme, the Guyana National Bureau of Standards, the University of Guyana, the Trades Union Congress and the Consultative Association of Guyanese Industry. These arrangements will be further strengthened.
- 27.IV.22 The strategy envisaged for encouraging labour mobility requires a multifaceted approach. Creating an environment for such mobility require the implementation of many other policies. Besides a decompression of wage scales, improved labour market information and improved TVET, which are dealt with separately, these include policies aimed at breaking the link between social services and the conditions of employment, while fostering efficient housing and land markets.
- 27.IV.23 Because of Guyana's vast interior, social services will be linked to the conditions of employment to attract labour to these parts of the country. However, linkages will be discouraged in the coastal regions of Guyana, as social services that are independent of employers are strengthened.
- 27.IV.24 This Chapter does not directly address housing and land markets. However, as discussed before, the availability of land has been directly linked to unemployment, underemployment and poverty. In other sectors of this National Development Strategy, the case has been made for a liberalisation of land markets. Government will pursue policies that ensure that investors and small farmers have forms of land tenure that can serve as acceptable collateral for banks, and that land is made freely available to the poor for housing. Opening land markets is important for increasing the productivity of the land, reducing unemployment and underemployment, increasing the income of farmers, and improving the standards of living of the urban poor.
- 27.IV.25 Proposals for Public Service Reform have been made in other parts of this NDS. However, it should be noted that the objective is to produce a functional, proactive public service that can support a dynamic economy. A principal requirement for this to occur is that public service workers must be adequately remunerated.
- 27.IV.26 A Social Partnership Agreement will be entered into by the Government of Guyana, the Guyana Trades Union Congress and the Private Sector Commission. This agreement will be based on the recognition that there is a mutuality of interest and an inherent interdependence among the three parties; and on an acknowledgement that the success of any sustained social and economic progress in Guyana will 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.

CHAPTER 28

PRIVATE SECTOR

28.I BACKGROUND

- 28.I.1 The role of the private sector in the growth and development of Guyana's economy is of the utmost importance. Since 1989 Guyana has experienced an historic process of restructuring its economy, moving away from the overly centralised approach that brought about sustained economic decline towards an open market-oriented system that has already given rise to an economic revival. The private sector has played the pivotal role in this recovery.
- 28.I.2 The macro-economic environment in which the private sector is meant to operate has already been described. Moreover, its activities and structures are analysed in the Chapters in this National Development Strategy which relate to its main component sectors e.g., agriculture, manufacturing, forestry, fisheries, and mining.
- 28.I.3 The economic activities of the formal private sector may be classified as follows: (i) the primary sector, which includes agriculture, fishing, forestry, mining and quarrying; (ii) the secondary sector, embracing manufacturing, engineering and construction; and (iii) the tertiary sector, which subsumes transportation, communication, commerce, business services, rentals and finance.
- 28.I.4 In Guyana, there is also a relatively large informal private sector which is primarily engaged in petty trading, although a significant proportion of the members of this group is occupied in manufacturing and as craftsmen e.g. carpenters, masons and cabinet makers.
- 28.I.5 It is intended in this Chapter, merely to discuss some of the developmental issues with which the private sector has to contend, to examine the constraints which currently inhibit its growth, and then to put forward strategies which would not only release the initiatives and entrepreneurial skills of its members, but would also permit it to optimise its contribution to the country's development.

28.II ISSUES AND CONSTRAINTS

28.II.1 Issues

General

- 28.II.1.1 The principal issues and constraints facing the sector arise from the legacy of two decades of a declining economy and the absence of a definitive national policy on private sector development. There is, at present, no comprehensive national policy aimed at stimulating investments, industrial performance and commercial development.

Industrial Development

- 28.II.1.2 Over the past decades, Guyana's development has been concentrated on the export of a few primary commodities. As a consequence, manufacturing has been virtually neglected. The economy is therefore on a narrow growth path that is subject to the vagaries of the international markets for primary products. While not abandoning its production of primary goods for local consumption and export, Guyana should increasingly focus on those industrial subsectors that are linked to its natural resource endowment. The areas that offer immediate prospects are wood and agro-processing and the further processing of gold and diamonds.

- 28.II.1.3 A long-term policy for the development of the private sector should establish formal mechanisms for cooperation between the Government and the private sector with respect to such matters as the location of industrial estates; the provision of support services including investment promotion, technical assistance, managerial and vocational training, long-term financing, research and development, and adequate physical infrastructure (electricity, roads, ports and airports).

Markets, Marketing and Standards

- 28.II.1.4 In many manufacturing industries, specialisation is limited by the extent of the market. The domestic market size, with an estimated population of under 800,000, is too small to accommodate output levels of plant which need to take account of economies of scale. Moreover, with firms producing only for the Guyana market, the market structure is oligopolistic for many products.
- 28.II.1.5 Guyana's exports are mostly earmarked for CARICOM markets. As a result, only limited inroads have been made into the North American and other foreign markets. While the intra-regional market (CARICOM) is crucial for many small and medium-sized manufacturers, finding new extra-regional markets (North American and other foreign markets) is essential if the problems of scale inefficiency are to be overcome.
- 28.II.1.6 Apart from expanding its market range, Guyana's private sector needs to enhance its competitiveness. However, the potential for the production of high-quality products to compete in export markets now exists in only a small group of industries such as those which manufacture furniture and other wood products, garments, industrial diamonds, alcohol and alcoholic beverages, and non-traditional agricultural products. Because a majority of Guyanese manufacturers operate obsolete and depreciated plants, their output is generally of substandard quality.
- 28.II.1.7 In addition to the need for improving the quality and standards of products, the information base is inadequate in regard to external markets and market niche structures. Timely information is needed on price, quality, packaging, frequency of delivery and distribution patterns.
- 28.II.1.8 Less-than-cost dumping and substandard or defective goods are becoming part and parcel of the Guyana market. The National Bureau of Standards and other agencies should further intensify their efforts to control this problem. The Ministry of Trade should also engage in intelligence gathering in order to be able to judge fairly whether products are being dumped at less than fair prices.

Foreign Investment

- 28.II.1.9 The process of approval of foreign investments is still time-consuming and there is too large a discretionary element. Standard agreements for key sectors are not available. The process is biased in favour of the processing of primary products and other manufacturing. As a result, knowledge-based enterprises, for example, do not receive adequate treatment. Moreover, the responsibility for investment promotion has been *combined* with that of investment approval, when ideally the two activities should be separated. In addition, the existing rules do not seem designed to *promote* investment. For example, foreign investors do not have rights to the full repatriation of profits, and to maintain cash for operating purposes in offshore accounts.
- 28.II.1.10 Clear and simplified investment codes need to be published and widely distributed.

Company Registration

- 28.II.1.11 The existing rules for the start-up of companies are too onerous thus effectively discriminating against small firms that are potentially important sources of employment growth.

Financial Support

- 28.II.1.12 In order to compete with efficient foreign firms, most Guyanese firms must retool. This re-tooling of productive lines requires access to industrial financial assistance. However, the procurement of such support is complex, time consuming and costly. Indeed, the time lag involved in processing investment loans is, more often than not, upwards of six months. As a result, entrepreneurs frequently either abandon projects or seek funding from outside the financial intermediaries. All this while, the commercial banking system accumulates excess liquidity.
- 28.II.1.13 Financial intermediaries sometimes seem to prefer to give commercial loans for consumption purposes, and to invest in low risk Treasury bills, than to give credit to the manufacturing sector.
- 28.II.1.14 Industrial micro-enterprises are seldom considered for overdrafts or soft loans.
- 28.II.1.15 Real interest rates appear to be irrationally high.

Research and Development

- 28.II.1.16 R&D is almost non-existent in the manufacturing sector. Indeed, there is no institute in the manufacturing sector that is comparable to that which exists for agriculture. A dynamic R&D programme is mandatory if manufactures are to be induced to develop efficient production techniques, and quality control and packaging methodologies. Unfortunately, it would most likely be unprofitable to develop such facilities for a country with an industrial sector of the size of Guyana's. The possibility of establishing a joint venture between a foreign university and UG, to do part of the work in Guyana while supporting UG's development, should therefore be explored.

Qualified Labour Force

- 28.II.1.17 Manufacturers frequently fail to retain skilled labourers who have been trained at their expense. Once employees have acquired technical skills on the job, they often either migrate or initiate their own business ventures. Furthermore, graduates from the Government Technical Institute are not adequately trained to assume technical positions. In these circumstances, firms experience increased production costs in upgrading the skills of new staff. It is therefore imperative that there be a continuous upgrading of the technical education system if the human resources requirement of the private sector are to be met.

The Tax System

- 28.II.1.18 The inequities in the tax system, its potential brake on the development of the private sector, and the inefficiencies in tax collection have already been discussed.
- 28.II.1.19 The customs clearance system is unacceptably slow.

Property Rights

- 28.II.1.20 The mixed legacy of traditions in regard to land tenure, in combination with the antiquated state of the property registries, often results in entrepreneurs being unable to acquire the property rights that they need in order to justify investing in a project. This circumstance impedes the development of many kinds of activities.

The Legal System

28.II.1.21 There is a lack of adequate legal procedures for the enforcement of contracts. This lacuna introduces additional uncertainty into normal business relationships. As has been emphasized in the Chapter on Governance, the restoration of the hitherto high quality of our legal system is one of the most urgent national priorities.

28.II.2 Constraints

28.II.2.1 Inadequate and deteriorated infrastructure (e.g., electricity, water, road, port and communication facilities).

28.II.2.2 Outdated and inappropriate technology.

28.II.2.3 Scarcity of skilled personnel.

28.II.2.4 Poor marketing capacity.

28.II.2.5 The slowness of the bureaucracy in approving investments, licensing firms and taking other necessary actions. Sometimes this slowness is accompanied by arbitrary judgements, and by demands for rent.

28.II.2.6 Inadequate air and sea transport system. Existing policy has put a cap on the number of commercial airline seats available domestically and has not encouraged competition in providing the vital international air service. Similarly, port facilities are very inadequate, in terms of depth of harbour, bulk-handling facilities and also unloading capacities, for an export-oriented economy.

28.II.2.7 Outdated legislation for quality assurance and product grading. This legislation needs to be updated as a measure to improve performance in both domestic and foreign markets.

28.II.2.8 Inadequate drainage and irrigation facilities.

28.II.2.9 Much valuable time is lost in obtaining necessary documentation and/or permission from the relevant government agencies in order to conduct business. Often there is a failure by certain government agencies to acknowledge, much less act upon, correspondence.

28.II.2.10 Matters previously dealt with at the level of Permanent Secretaries is often referred to Cabinet for decision, causing even further delays.

28.II.2.11 There is a lack of managerial capability in both the private and public sectors.

28.II.2.12 Guyana had no pre-cooling and cooling facilities to be used for the export of primary agricultural products. This situation, combined with high freight costs and unreliable air cargo services, cause these local products to be 'uncompetitive' in overseas markets.

28.III SECTORAL OBJECTIVES

28.III.1 The broad national objective for the private sector is that it should become the engine of growth of the economy, by increasing and diversifying production, by increasing its competitiveness, and by concentrating on the export sector, thereby reducing the incidences of poverty and unemployment, raising the standard of living of the citizens of Guyana, and enhancing their quality of life.

28.IV THE STRATEGY

- 28.IV.1 All the elements of the Strategy that are adumbrated below for this sector are discussed more fully in other chapters, and the methods of their implementation described in greater detail.
- 28.IV.2 Although the private sector is expected to be the main productive force in the economy and the predominant source of employment creation, the Central Government will play a major role in the implementation of this Strategy as facilitator. The Government will continue to provide the infrastructural support to the sector along with an appropriate policy and legal framework.
- 28.IV.3 Since education and training are crucial to maintaining an economically viable and sustainable manufacturing sector, the Government will focus constantly on upgrading the human resources of the economy and will contribute to and encourage the private sector to become involved in manufacturing research and development activities.
- 28.IV.4 The Government, the private sector, and the University of Guyana will immediately contact the donor community and foreign Universities with a view to establishing linkages, and formulating agreements which could assist Guyana's private sector in the conducting of research that is relevant to the manufacturing processes in Guyana.
- 28.IV.5 Through its Embassies and Consulates abroad, the Government will assist in obtaining marketing access support to the sector as well as the mounting of trade fairs abroad.
- 28.IV.6 Government will upgrade the provision of such basic social services as housing, health facilities and potable water.
- 28.IV.7 In its role as a facilitator, the State will provide the necessary supportive networking of institutions and the institutional framework which aid, promote and foster economic development.
- 28.IV.8 The overall government administration will be reformed and overhauled. The trades unions and the private sector will be involved in these exercises.
- 28.IV.9 The State will encourage industrialisation via the provision of industrial space (e.g., industrial estates) support services (including investment promotion and marketing) and technical assistance.
- 28.IV.10 The State will relate more with the private sector in information sharing, and in negotiations, both at the international trade level and with international and multilateral donor agencies.
- 28.IV.11 The State will expeditiously pass on to the private sector information on matters relating to the availability of developmental aid and technical assistance from foreign missions and donor agencies.
- 28.IV.12 The State will commit fully to the involvement of the private sector as a full partner in national decision-making. This is essential to the strengthening of the democratic process. It will also afford Government the opportunity of drawing on certain resources with which the private sector is perhaps better endowed, e.g., management. To this end, formal arrangements will be made for meetings between Government and the private sector, at several levels. Schedules for such meetings will be established.
- 28.IV.13 Steps to broaden the tax base will be continued.
- 28.IV.14 The rate of income tax will be further reduced.
- 28.IV.15 A simple and relatively uniform fiscal incentive regime will be established.
- 28.IV.16 A value-added tax will be introduced to replace the current consumption tax.

- 28.IV.17 Export Processing Zones will be established in Berbice and Demerara.
- 28.IV.18 Monetary and Banking Reforms will be initiated in order to reduce Government borrowing in the open market, to make foreign exchange more easily available, and to ease the restrictions on access to loans in US dollars.
- 28.IV.19 The procedural and regulatory framework for the registration of more companies will be drastically simplified and speeded up. This is especially important in the registration of new micro-enterprises.
- 28.IV.20 Personal and business taxes will be merged for smaller firms.
- 28.IV.21 The approval of investments will be streamlined and expedited.
- 28.IV.22 The cost of revenue collection will be reduced.
- 28.IV.23 Greater and more intensive efforts will be expended by both the Ministry of Trade and the Bureau of Standards to ensure that there is no dumping, and no sale of shoddy and substandard goods in Guyana.

28.IV.24 The New Roles of State and Private Society

- 28.IV.24.1 In any economy it is the Government's responsibility to articulate a vision of national development, foster a consensus around it, and to formulate policies and programmes to address issues that the economy is not dealing with through its own momentum. At the same time, world-wide experience of the last fifty years has abundantly demonstrated that the private sector is far more efficient in carrying out activities of production, commerce and finance, and that lack of efficiency in these areas hurts development prospects by holding back the growth of incomes and employment. Therefore a central challenge of a development strategy is to find the most appropriate ways of combining the power of market forces, as the primary impulse to development, with the role of the State in providing the development framework, monitoring the process, and providing special assistance to target groups and issues.
- 28.IV.24.2 Under the concept of this National Development Strategy, the following list describes well the functions of Government. It also is quite consistent with a review of international experience in all regions of the world.
- 28.IV.24.3 Establishing a regulatory and policy framework covering primarily the areas of finance, trade, taxation, investment, the environment and public health and safety. The purpose of such a framework is to establish clear and balanced rules of the game which protect the legitimate interests of consumers, workers, retirees and children, and depositors, investors and producers, while assuring a maximum of economic opportunities for all and safeguarding the environment.
- 28.IV.24.4 Defining legal jurisdictions and property rights in an unambiguous fashion, to facilitate production, investment and conflict resolution.
- 28.IV.24.5 Ensuring the provision of specified public goods, such as national defence, education and health services.
- 28.IV.24.6 Assuring the availability, directly or indirectly, of basic physical infrastructure such as transport facilities and potable water supplies.
- 28.IV.24.7 Developing special programmes to assist poor households, both to meet their immediate basic needs and to improve their own income-earning capacities.

- 28.IV.24.8 Carrying out the functions of taxation, budgeting and programme implementation for the above purposes.
- 28.IV.24.9 Establishing and strengthening the country's judicial and electoral systems.
- 28.IV.24.10 Continuously endeavouring to improve the quality of public administration at all levels.
- 28.IV.24.11 Participating as a partner in selected few production activities, normally as a transition measure.
- 28.IV.24.12 These are examples of areas in which the community or nation may decide to act jointly, as a collectivity, through the agency or Government. The remaining areas of consumer choice production investment trade and finance are normally carried out on the basis of decisions by individuals or small agglomerations of individuals (corporations, co-operatives, association, etc.) and therefore are most appropriately left to the private sector defined in its broadest sense, including non-profit organisations and associations. Lack of clarity in the definition of the Government's roles and policies in these areas can undermine incentives to invest and product and therefore limit the country's economic development. Both clarity and stability over time of the rules of the game are essential ingredients of an economic development strategy, along with an unambiguous commitment that production, finance and commerce are activities in the domain of the private sector.
- 28.IV.24.13 The policy framework for the private sector presented in this Chapter would require a number of modifications to the existing body of legislation in order to facilitate its full implementation. In summary form, those modifications would include the following:
- (i) Revision of the Companies Act to ease the registration requirements for new firms to reflect different compliance standards for small, medium and large companies and to lessen the burden of stamp duty.
 - (ii) New legislation for NGOs and other not for profit organisations making provision for their registration, compliance and exemption from taxes.
 - (iii) A new tax regime to put into effect the changes described in this Chapter, including:-
 - The introduction of a value-added tax
 - Widening the tax net
 - Lowering of rates of taxation
 - Reduction in the cost of revenue collection
 - Reduction in the cost of compliance to the taxpayer
 - Better allocation of economic re sources
 - Closing of tax loopholes.
 - (iv) Legislation to lay the foundation for an export processing zone, with close access to deep water harbour.
 - (v) A new investment code for both foreign and domestic investors, including all relevant tax provisions.

- (vi) An overall revision of the legislation for GOINVEST, making it an autonomous body while separating the investment promotion function from that of approval of applications. The revised approval process should incorporate deadlines with automaticity, e.g., requests of specified kinds not acted upon within two weeks are automatically approved.
- (vii) A restaurant of export licensing requirements to simplify them, including the provision of automatic granting of such licenses upon presentation of proof that income taxes have been paid.
- (viii) Legislation establishing rules for patents, copyrights and intellectual property rights.

CHAPTER 29

POVERTY ERADICATION

29.I BASIC FEATURES

- 29.I.1 Although the 1999 Household Income and Expenditure Survey indicated a marked reduction in poverty since 1993, the incidence of poverty in Guyana is still unacceptably high. The survey revealed that 36.4 percent of the population in Guyana lives in absolute poverty, and 19.1 percent exists in a state of critical poverty.
- 29.I.2 The highest incidences of poverty are in the hinterland areas of Regions 1, 7, 8, and 9. On the coast, poverty is highest in the rural areas particularly in regions 2, 3, 4, 5 and 6. And although a greater number of the population in the cities is better off than those in other parts of the country, there are also large pockets of poverty in urban locations.
- 29.I.3 Moreover, about half of the population of the workforce are not gainfully employed. However, only 9.1 of the total workforce has sought, but has not obtained, employment and can therefore be classified as being unemployed.

29.II THE CAUSES OF POVERTY

- 29.II.1 No individual factor, or list of factors, can be singled out as the cause of poverty. Poverty in Guyana is occasioned by an interlocking complex of policies and actions. To adjust or even fundamentally change one or two of them will not necessarily overcome the problem or reduce its incidence. Poverty in Guyana must therefore be attacked simultaneously from several directions.
- 29.II.2 It is perhaps interesting to note, at the outset, that the high level of poverty in the interior is due in most part to its remoteness: high transportation costs, and the absence of most modern amenities make living in these areas extremely expensive. It is almost impossible to obtain the most basic of goods and services.
- 29.II.3 In 1993, the very poor were identified as being located mainly in the hinterland, while the not-so-poor were to be found in both the rural and urban coastal areas. By 1999, there had been little or no change in the hinterland, and Amerindian poverty, according to the HIES, remained at about the same level at which it was in 1993. On the coast, however, the incidence of poverty declined in both the rural and urban areas, with the greater improvement occurring in the towns.
- 29.II.4 This is most surprising for the growth in our economy between 1993 and 1999 was based almost entirely on increased production in sugar and rice (rural coastal crops), and in timber and gold (interior products.) It is true that there was some growth in the manufacturing sector, but this was not significant enough to account for the quantum leap from poverty which took place in the urban areas.
- 29.II.5 The conclusion is almost inescapable that the urban sea-change had little or nothing to do with official economic policy, but was largely a result of parallel, non-official activities. In short, the influence of our macro-policies on poverty eradication was by no means considerable.
- 29.II.6 Indeed, the ERP and its successor policies were primarily designed to improve fiscal performance through curtailing expenditure, reforming the tax system, allowing the market to establish the exchange rate, reducing tariffs and removing import restrictions. They were not intended to make any

serious impact on the rate of poverty in our country. Poverty was meant to be cushioned by organisations such as SIMAP. It may be concluded, therefore, that although the ERP has been most successful at the macroeconomic level, it has not been effective in respect of poverty eradication.

- 29.II.7 In addition to the inadequacies of the macroeconomic policies, the evidence strongly suggests that the presence of poverty is associated with low levels of *productivity*, and that there is a direct link between rates of productivity on the one hand, and the levels of *education*, the *nutritional status* of our citizens, and their access to *health facilities* on the other. Also, in those areas in which productivity is low, and where access to education and health facilities is minimal, the *housing* situation is often perilous. The deficiencies in these areas have already been described in the chapters of this NDS that are devoted to Education, to Health, and to Housing.
- 29.II.8 It cannot be over-emphasised that low productivity retards the rate of economic growth, reduces our competitiveness in the global world, and therefore limits our opportunity to create new jobs and to provide essential and basic services to the poor.
- 29.II.9 There are, of course, other policies, practices and situations which have been dealt with in detail in several sectoral chapters of this report which contribute to the high incidence of poverty in Guyana. Among these are the difficulty of obtaining credit; the relatively high cost of credit; the practice of the Banks to buy treasury bills rather than to invest themselves or lend money to potential investors; the small size of the average agricultural holding; the obsolescent nature of our land tenure system and our land laws; the inefficiency of the drainage and irrigation system, etc.

29.III THE AMELIORATION OF POVERTY

- 29.III.1 The social safety nets which exist in the country that are intended to minimise the effects of poverty have not worked optimally. We refer primarily to the National Insurance Scheme (NIS), the Social Impact Amelioration Programme (SIMAP), and some NGOs.
- 29.III.2 The coverage of the NIS, as currently structured, is not comprehensive enough for it to be a major poverty eradication agency. For example, it does not embrace unemployment, and it excludes groups that are outside the work force (school leavers, women at home, and many in the informal sector). Because of its occupationalist bias it can offer relief to the poor only if it deliberately introduces redistributive features. This it seems to be either reluctant or unable to do. Moreover, the NIS places a cap on insurable earnings. This obviously restricts the growth of its funds.
- 29.III.3 SIMAP's functional activities may be classified as being either the rehabilitation and construction of infrastructure, or the provision of social services. Occasionally, both types of activity are combined in one location, if not in one project. The former covers a wide cross section: roads, schools, markets, health centres, sanitation, water supply, and drainage and irrigation. The latter is also all-embracing, covering medical supplies, nutrition, food supplementation, education and training as well as cash transfers to targeted groups such as low-wage public servants, mothers and children who visit health centres, poor pensioners, and so on.
- 29.III.4 Although SIMAP is meant to be a bottom up demand-driven agency, many of its activities seem to be decided by the agency itself, and not in consultation with the ultimate beneficiaries. Moreover, it does not often take a sufficiently integrative approach to development. In addition, perhaps from the time of its establishment, it is perceived by some as Government's "pork barrel". And finally, the agency has been the victim of conflicting donor priorities and project conditionalities. For an agency that funds itself largely within a well-defined project cycle, this has negatively affected its capacity to implement.

- 29.III.5 Data on NGOs in Guyana are very sparse. There may, however, be more than 500 NGOs in the country. The amount of human, financial and material resources in their control is not, however, known. The majority are the traditional service, charitable, religious, cultural and recreationally-oriented organisations. Only a few are principally engaged in developmental work although, in one way or another, the activities of all of them impinge on the development process. Overall, they are involved in a wide range of poverty relief actions, from training to cash supplements, medical care, and feeding programmes. The sector has the potential for strong grassroots links, flexibility, and minimal bureaucratic overheads. Most important, it possesses a highly motivated work force.
- 29.III.6 A few limitations and weakness can, however, be identified in the national NGO sector in Guyana: very few of the NGOs are self-supporting in a significant way and, because of the structure of party politics in the country, a frequent complaint is that political elements have penetrated community-based organisations.
- 29.III.7 In summary, the NIS, SIMAP, and the NGOs, the social safety nets in the country, have not made as significant contributions as they might to the amelioration of poverty in Guyana. It is evident that the NIS and SIMAP ought to be radically restructured so that they might more effectively serve the poor.

29.IV PROGRAMME ASPECTS OF POVERTY ERADICATION

- 29.IV.1 The donor agencies' apparent preference for visible and tangible projects as a measure of progress may be responsible for the overemphasis on engineering and construction projects. Although these types of project assist the poor in some respects, they do not always absorb significant amounts of labour. They certainly do not significantly reduce the incidence of poverty either in the medium or in the long term.
- 29.IV.2 Donor agencies also seem to prefer to utilise the private sector in executing poverty programmes, and pay their workers more than the local and central governments. This sometimes creates difficulties for projects that are run by the Government.
- 29.IV.3 The restricted access by certain communities to persons and organisations who would articulate and advocate their needs has worked to their disadvantage in obtaining resources for poverty eradication. Two examples are the Amerindians communities (although this is changing rapidly) and those who live in the deprived urban areas.
- 29.IV.4 Poverty relief programmes with a short life span, i.e., programmes which are not sustainable, often create difficulties of adjustment for beneficiaries, when they come to an end.
- 29.IV.5 Given the geography of the country and its population settlement patterns, there is a high overhead charge attached to poverty reduction programmes.

29.V SECTORAL OBJECTIVES

- 29.V.1 The objective is to eradicate poverty from Guyana by 2010. By this is meant that in ten years everyone in the country will be above the poverty line. Put in another way, the objective is that by 2010, every individual or family in Guyana would be able to afford, or to provide themselves with, the basic necessities of life. In a very profound sense this is not a sectoral, but a national objective.
- 29.V.2 The specific supporting objectives are:-

- Provide effective relief from the immediate deprivation suffered by the poor in respect of basic necessities such as nutrition, health care, schooling, housing, and potable water so that they may be freed from intensive concern in these areas and be able to devote their energies more fully to activities that improve their lives economically, socially, politically and culturally.
- Empower the poor, especially women, and integrate them more fully into the total development process so that they may improve their situations through their own efforts, thus reducing their dependence on special benefits.
- Create and expand opportunities for entrepreneurship, self-employment and employment at a living wage.
- Enhance the capabilities of the working-age poor, especially in terms of education and training, to respond to such opportunities.
- Improve the conditions of supply of basic social services to poor households, whilst maintaining them at affordable levels for that group.
- Provide financial support and basic food supplies to the poorest.
- Improve the access of the rural poor to land, working capital, and agricultural and other technologies and markets.
- Improve the conditions of assistance to the aged and mentally and physically handicapped, and identify and implement ways for them to participate in productive endeavours.

29.VI THE STRATEGY

29.VI.1 The grand strategy is:-

- (i) to devise and implement macro-economic policies which, while maintaining monetary and economic stability, provide a sufficiency of fiscal and other incentives to enable the economy to grow rapidly; and are specifically directed towards the eradication of poverty in targeted areas and among targeted groups;
- (ii) to ensure that there be put in place and implemented a complex of public policies; e.g.
 - institutional reforms which would cover all the ministries and departments in the Public Service and parastatal organisations;
 - land reform (including the small sizes of land holdings of the rural poor);
 - the rationalisation of the processes for land distribution and land registration for both agriculture and housing;
 - the introduction of more transparent and equitable systems of land distribution for both land and housing;
 - credit reform, particularly with respect to the availability of credit for the development of small-scale enterprises and small-scale farming, and for mortgages for low-income housing;

- the reform of the health and education sectors in order to increase the quality of health services and education that are provided to the poor, and to improve their access to them, paying particular attention to the development, in the education sector, of skills for artisans and technicians; and
 - the improvement of the effectiveness and competitiveness of the private sector;
- (iii) to diversify the economy in order to reduce our dependency on only a few commodities;
 - (iv) to add value to our export products;
 - (v) to develop policies for export promotion;
 - (vi) to intensify the recruitment of professional and technical staff in such disciplines as policy analysis, engineering, computer science, and technology, accounting, science, various specifications in agriculture and forestry;
 - (vii) to construct a road network to permit the easier development of areas away from the coast and to unify the country by linking the coastland to all regions, with a complex of roads and bridges;
 - (viii) to develop water transport and port facilities; and
 - (ix) to provide safety nets to cushion the effects of this transformation of economic policy, i.e., for those who are not, and would not be, immediately benefited by the development process, and for those who for structural reasons are unable to participate fully in that process, e.g., the disabled and the poor.

29.VI.2 It might perhaps be necessary at this stage to stress again that while much of the content of a policy framework for poverty eradication should be devoted to specific actions that directly assist needy groups, it is essential that the framework should build on the fact that, by a large margin, the most effective way to reduce and eventually eliminate poverty is to promote rapid economic growth. Sustained rapid growth expands employment opportunities substantially and raises real earnings levels.

29.VI.3 It must, however, be recognised that there are different styles of growth. It is therefore important to encourage a channeling of growth into those sectors that provide the most widespread benefits to the population. This typically means the labour-intensive sectors.

29.VI.4 An important factor in the overall strategy would be a larger participatory role for civil society, including the NGOs, and a more articulated working relationship between the State and the various components of civil society for the implementation of major programmes. Civil society should be empowered by transferring some of the State's responsibilities to it whenever appropriate.

29.VI.5 Given that the resources that are available for any kind of programme are always limited by budgetary realities, the ability truly to assist the poor depends in large measure on effectively targeting the measures for poverty eradication on the groups that are the most needy. There are two dimensions to this question: more precise selection of the families and individuals that should receive designated social benefits, and, changing generalised subsidies into targeted subsidies.

29.VI.6 In the first case, improvements are required in the implementation of eligibility criteria for SIMAP projects, food assistance and other forms of public assistance. This prescription applies to communities as much as individuals. SIMAP projects should be located where they are most needed, not where they are easiest to implement.

29.VI.7 In the second case, policy making and implementation should be informed by an appreciation of the fact that many of the current interventions constitute generalised subsidies, conveying benefits to upper income strata as well as lower. In keeping with priorities for public expenditure, the cost savings realised by eliminating generalised subsidies can be applied to subsidies that are targeted on the groups requiring support. The generalised subsidies, although often implicit, are frequently pervasive. They include a component of transport tariffs, hospital charges, educational fees (or lack thereof), water charges, and other fees for public services. For administrative reasons, it is not possible to convert all of these implicit subsidies into outlays or savings that apply only to the lower income groups, but some progress in this direction can be made once an awareness of the issue and its pervasiveness has developed. The strategies that are directly relevant to this policy are described in the chapters on Health, Education, Housing, and Amerindians.

29.VI.8 Females represent more than 50 percent of the population, but from the available evidence, poverty is a major condition of this social group and, particularly, the large group of female-headed households. A set of socio-cultural and economic disabilities, together with inadequacies in the legal framework governing their integration and participation in society has, in addition, exacerbated the historical marginalisation of women. This strategy must, therefore specifically include measures to redress the problems of the female population in every sector, and in every location of the country. These too have been described in great detail in the chapters on the Family and on Gender.

29.VI.9 Although these considerations have been discussed in some detail in this National Development Strategy, they will again be adumbrated here, in order to provide to the reader, in one place, a comprehensive package of the poverty eradication framework.

29.VI.10 Economic Policy

29.VI.10.1 As we had stressed, it would be extremely difficult to eradicate poverty if the economy did not grow. Accordingly, while maintaining stability, fiscal measures will be put in place:-

- to diversify the economy;
- to increase investment, particularly in those geographical areas in the cities, in the countryside, and in the hinterland that are economically and socially depressed;
- to encourage investment in ventures that are labour-intensive;
- to increase the amount of revenue available to the State through the replacement of the consumption tax by a value added tax;
- to shift investment more to production than to commerce by reducing the corporate taxes on productive enterprises;
- to encourage the banking system to devote more of their resources to investment lending rather than to the purchase of treasury bills;
- to reduce the duty to zero on most imported raw materials; and
- to simplify the tax system to enable more revenue to be collected.

29.VI.11 Credit

29.VI.11.1 Within the general policy of providing credit to Guyana's producers, measures will be put in place to ensure adequate financing for small-scale rice and other agricultural producers. In this regard, the possibility of group lending, in which farmers guarantee each other's loans, will be explored.

- 29.VI.11.2 Micro-credit schemes will be established in order to assist in the development of the agricultural sector in general. The focus will be on those rural areas and rural citizens, or groups of citizens, identified in the HIES as being deprived and below the poverty line.
- 29.VI.11.3 The general strategy to make available investment funds for micro-enterprises will embrace fishermen who are not owners of their boats and wish to purchase them.
- 29.VI.11.4 Credit agencies will be sensitised to farmers' financial requirements by extending their outreach programmes into rural communities and will also introduce systems of lending via small loan schemes for farmers without collateral.
- 29.VI.11.5 Special micro-enterprise schemes will be established particularly for the urban and for the hinterland poor. In addition to the advancing of credit, technical assistance will be provided in project formulation, accountancy, management, and various other skills.
- 29.VI.11.6 In order to manage and monitor effectively this very important plank in our policy on poverty eradication, a special unit, the Micro-credit Division, will be established in the Ministry of Finance or in the National Development Strategy Authority to ensure that the poor are professionally and effectively assisted.

29.VI.12 Land for Agriculture

- 29.VI.12.1 Many of the rural poor occupy land that is leased from the Government. They are, however, unable to obtain loans because such lands cannot be used as collateral. Lessees who have beneficially occupied the same plot of land for a period of more than fifteen years will be allowed to convert to freehold.
- 29.VI.12.2 Land up to a maximum area will be granted free of charge to the rural poor (defined as families with incomes below the poverty line).
- 29.VI.12.3 The duration of agricultural leases will be extended to 99 years, and the conditions will specifically include the right to put the land up as collateral.
- 29.VI.13 Housing
- 29.VI.13.1 Land for housing will be granted free of charge to all those below the poverty line.
- 29.VI.13.2 A pilot housing micro-credit programme with IPED will be organised to finance basic home improvements, for the lowest income groups.
- 29.VI.13.3 Government will accelerate its programme of supplying serviced lots to needy families, with priority being given to those who participate in cooperative ventures which will assist with the labours of construction and the obtention of building supplies. Such lots will be transported in freehold to the beneficiaries, with mortgages extended through the NBS, and with the financial assistance of a special fund for supplementing mortgage payments.
- 29.VI.13.4 The current criteria for the allocation of housing lots will be revised to accommodate the poor, unemployed youths, and female-household heads.
- 29.VI.13.5 A number of townships will be established to assist in the resettlement of the poor, along with other groups. The provision of free serviced land and other facilities will be integral aspects of this land settlement scheme.

- 29.VI.13.6 The situation of squatters, who are mainly poor, will be regularised, so that they may improve the conditions of their shelter and receive the basic infrastructure to which all citizens are entitled. If they occupy Stateland, they will be provided with freehold titles.
- 29.VI.13.7 A National Housing Trust, based on a payroll tax, will be established. The funds so mobilised will be channelled through a private sector that will be challenged to provide affordable low-income housing through technological innovation.
- 29.VI.13.8 There will be a resuscitation of the self-help schemes which have contributed so much to housing development in the 1960s and early 1970s. Some of the lots for such self-help schemes will be allocated free to those below the poverty line. Self-help communities that are organised for the construction of houses for those below the poverty line will be provided with duty-free materials, when it is necessary to import them.

29.VI.14 Education

- 29.VI.14.1 The inefficiencies in the educational system directly affect the quality of the graduates from the schools, and often drive them below the poverty line. Accordingly,
- the share of the national budget allocated to education will be raised continuously from the present level of 14 percent to 20 percent by 2005, and will be sustained at or above that level for the rest of the decade;
 - the percentage of primary teachers who are professionally trained will be increased annually so that the proportion of trained teachers by the year 2010 will be at least 75 percent;
 - eighty percent of *all* teachers will be trained by 2010; and
 - the number of *trained graduate teachers* will be increased by 50 percent over the same period;
- 29.VI.14.2 Financing strategies will be evolved that will require those who can afford to pay for certain aspects of education at all levels to do so. Such strategies will enable the better targeting of educational expenditure on needy students.
- 29.VI.14.3 There will be an attack on illiteracy from multiple points, including the testing for illiteracy levels and the building in of remedial programmes well in advance of CXC examinations. The elimination of illiteracy will be the premier priority for the first decade of the 21st century.
- 29.VI.14.4 Assistance from external donors and local NGOs will be utilised to strengthen school-feeding programmes so that virtually all primary schools will be covered.
- 29.VI.14.5 The location of new schools and the rationalisation of existing schools will be informed by data gathered in a recently completed School Mapping Exercise and by norms established in the new Education Act and regulations. In this way those vulnerable geographical areas that have been identified in the HIES, in which the poor reside, and which do not have adequate school buildings and effective school facilities, will be serviced. This applies to the urban, rural and hinterland regions.
- 29.VI.14.6 Scholarships will be provided to needy students (i.e. students below the poverty line), at the tertiary level. The student loan scheme will be maintained for all others.
- 29.VI.14.7 In consultation with GUYSUCO, the facilities offered at their technical institutions will be remodelled in order to provide training to a wider cross-section of students than is now being catered for. Special

emphasis will be given to short courses in rural areas on topics that have the potential to enhance the income of farmers, and those other activities for which micro-credit will be provided.

29.VI.14.8 The geographical coverage of the TCET system will be widened and made more accessible to rural/hinterland communities.

29.VI.15 Health

29.VI.15.1 The Ministry of Health will be restructured to reflect the decentralisation of service delivery and to improve its effectiveness. This will help the poor in many of the rural areas, and in all the hinterland districts.

29.VI.15.2 Adequate incentives will be developed to stimulate the service of health personnel in the hinterland.

29.VI.15.3 In order to ease the problems of staffing, all persons trained by the Government in medical disciplines and in other related fields will be asked to serve in an interior location for two years.

29.VI.15.4 The training of local people, such as community health workers, has already been proved to be successful. Such training schemes will be strengthened and extended to other extension personnel, such as Medex and Dentex. Outreach activities will be further expanded to increase access to health services in remote areas.

29.VI.15.5 Hospitals that are currently underutilised will be closed. Funds saved in this way will be made available to upgrade facilities in the interior and rural areas; to establish more health posts in remote areas; to provide a fleet of ambulances and other transport facilities; to ensure that radio communication networks are available to all localities; and to finance an expansion of a programme of rotating visits.

29.VI.15.6 Cost recovery mechanisms will be established, but will not be directed to financing the health requirements of the vulnerable.

29.VI.15.7 A social assessment system to determine eligibility to exemptions will be established. Until such a system is in place, means assessments will be carried out at public health facility level.

29.VI.15.8 Within a system of selective fees for medical services, cost recovery will never hinder access to health care and no patient will be refused service because of the inability to pay fees.

29.VI.15.9 The government will further develop a health insurance scheme as a supplementary financing option.

29.VI.15.10 An extensive review of the NIS and a corresponding reform programme will be developed, in order to improve its actuarial basis and strengthen its performance as a provider of social health benefits.

29.VI.15.11 All health centres will be equipped with a phone or radio for emergency calls and all hospitals will have adequate power generation supplies. These will be extremely important in the rural and interior districts.

29.VI.15.12 The programmes of rotating visits to the remotest facilities by physicians will be strengthened, so that villagers would know in advance when a doctor would be in the nearest health centre, for example, on specified days of the month.

29.VI.15.13 Inequalities in access to health care are of particular burden to the poorest of our citizens. The Ministry of Health will examine ways to improve the provision and delivery of services to these groups. The health needs of vulnerable groups are concentrated in the areas of nutritional problems, poor environmental health, vector-borne diseases and sexually transmitted diseases. Hence a health development strategy centred on the objectives of primary health care and health promotion will be

designed and implemented to address the needs of the most vulnerable.

- 29.VI.15.14 Action plans which address the health needs of each vulnerable group and details the action to be taken as well as the institutional responsibilities will be prepared through processes of national consultation, involving all major social actors.
- 29.VI.15.15 Besides the preparation of 'basic packages' of services targeting Primary Health Care interventions, to be made accessible to the entire population, the Ministry of Health will design extra basic packages for needy groups. The institutional responsibilities for the delivery of such packages will be assigned through a process of consultation.
- 29.VI.15.16 Financing mechanisms, including those for cost recovery, will not be implemented unless they are accompanied by exemption policies and mechanisms targeting the most needy (the elderly, disabled, etc.), other categories of the medically indigent, and the poor (e.g.,: the employed poor, who are still below the poverty line; the unemployed; single-parent or single-earner households; the homeless; and youths with no formal education and no job).
- 29.VI.15.17 Special health needs of vulnerable groups will be identified and attributed adequate priority. For example, the availability of drugs and access to physicians for the elderly, currently poor, is essential for the wellbeing of this vulnerable category.
- 29.VI.15.18 Monitoring the nutritional status of the most vulnerable groups will be undertaken on a regular basis.

29.VI.16 Amerindians

- 29.VI.16.1 Systems will be put in place to ensure that Amerindians have access to credit. In addition, postal agencies equipped to deal with savings accounts will be expanded, in order to allow Amerindian populations to secure their savings.
- 29.VI.16.2 Government will provide technical assistance to Amerindian communities in the formulation of development projects, and in negotiating the financing of such projects with private commercial banks.
- 29.VI.16.3 Special consideration (salaries, incentive packages, other benefits) will be given to both hinterland and coastland government personnel working in the Public Service in Amerindian communities.
- 29.VI.16.4 A communications network integrating telephone/ telecommunication systems, roads, airstrips, improved river and sea communication and mass communication systems, will be developed in order to ensure that Amerindian/hinterland communities are in contact both with each other and with the coastland areas.
- 29.VI.16.5 An Amerindian Development Fund will be established to support efforts that are required to develop and enhance the quality of life in Amerindian communities. A special tax will be levied for this purpose. Monies obtained from this tax will be paid in to the Development Fund. Guidelines for the utilization of the resources of this Fund will be formulated.
- 29.VI.16.6 Teachers based in Amerindian communities will pursue special training courses conducted by the Ministry of Education. Such orientation courses will be structured in order to expose candidate teachers to the social and economic environment in which they would be required to operate. The curricula for such courses will be prepared by experts in Amerindian culture and other relevant disciplines. Teachers will not be certified to teach in the interior unless they are successful in these courses. The course will be geographically sensitive, e.g. a teacher to be moved from the Rupununi to the North West will be required to take a short course on the culture of the native community in that area. Although such courses will undoubtedly lengthen the period of training required to equip a teacher to work in Amerindian areas, they are considered necessary because of the importance

attached to imparting environmental relevance to Amerindian education. In any event, teachers who successfully undertake the course will be compensated by additional emoluments and perquisites.

- 29.VI.16.7 Preparatory training courses will be offered for Amerindians who do not have the entrance requirements to enter higher institutions of education. These courses will be as wide in scope as necessary to prepare students to enter any stream of their choice.
- 29.VI.16.8 As a longer term solution to the problem of inadequate preparation of Amerindian students, more secondary schools will be built and staffed in the interior.
- 29.VI.16.9 Amerindians will participate in the formulation of curricula which will not only be appropriate to the unique requirements of their communities, but will also equip them with skills that are relevant to hinterland development. In addition, the curricula will prepare them for further education and training outside their communities, and facilitate their involvement and integration into the society at large. Curricula for Amerindian students will be specialized and geographically sensitive, and will require special coordination between the Ministry of Education and the communities. Language will be seen as an integral part of the education of Amerindian children and corresponding curricula will be developed by the Ministry of Education, the Ministry of Amerindian Affairs, and the Amerindian Research Unit.
- 29.VI.16.10 Land claims for Amerindians, in areas where Amerindians are located, will be settled before forest concessions are awarded.
- 29.VI.16.11 Government will institute a coherent system of vector control taking into account locations such as mining and forestry camps, border crossing points, and the Amerindian communities themselves.
- 29.VI.16.12 Government will begin a health education programme which emphasizes preventive measures and traditional Amerindian medicine, and recognises the position of traditional Amerindian healers.
- 29.VI.16.13 The training of all health workers in Amerindian communities will be periodically upgraded, and a living wage paid to all of them.
- 29.VI.16.14 Physical plant and equipment in the cottage and regional hospitals in the interior will be modernised and maintained, and adequate and reliable supplies of medication assured.

29.VI.17 Transportation

- 29.VI.17.1 There will be established in Guyana, within the next ten years, a road network which would link the coastal regions to all the hinterland areas of the country. As a result, physical access to the gamut of social services will be made to the poor wherever they are located, the difficulties that are now encountered in recruiting personnel to work in the interior districts will be reduced to a great extent, and in general there will be a freer flow of citizens goods and services throughout the country. In many respects, the construction of such a unifying road network is the key to our attack on poverty in Guyana. Indeed, the proposed infrastructural development would make feasible investment in locations which might otherwise have been considered to be too remote, increase the number of job opportunities, and raise the living standards of the indigent throughout the country.
- 29.VI.17.2 All the airstrips in the interior will be rehabilitated and maintained.

29.VI.18 The Family

- 29.VI.18.1 Many of the strategies which have been put forward for the nation as a whole embrace, of course, the family and its members. However, there are a few which are "poor-family" specific. These are listed below.

- 29.VI.18.2 Government will implement schemes for the development of innovative housing arrangements for low-income single-parent households, and for senior citizens and people with disabilities.
- 29.VI.18.3 More children's homes will be provided for abandoned children.
- 29.VI.18.4 Career guidance will become an important aspect of the country's educational system. Particular attention will be paid to linking the training of the poor to employment opportunities which have arisen as a result of the implementation of this NDS.
- 29.VI.18.5 There will be organised apprenticeship programmes at the central and local levels to prepare youths for employment.
- 29.VI.18.6 A Welfare System, centering specifically for the elderly, will be established.
- 29.VI.18.7 Housing for seniors and people with disabilities within new and existing communities will be established at subsidised rentals for those with low incomes.
- 29.VI.18.8 The NIS's medical care benefits will be continued after retirement, since this is when illness most often occurs and assistance needed.

29.VI.19 Gender Issues

- 29.VI.19.1 As with the other sections, the general provisions in the NDS will significantly assist in improving the lot of women, particularly of the poor woman. However, some specific strategies will be listed here.
- 29.VI.19.2 Remunerative employment opportunities for women will be created through a combination of policies to improve economic growth.
- 29.VI.19.3 Women will be facilitated to enter the market through the institution of flexible work conditions, the provision of credit for a variety of self-employment opportunities, and the establishment of day care centres, etc.
- 29.VI.19.4 Women's access to credit will be enhanced by establishing grass-roots credit schemes.
- 29.VI.19.5 A national women's credit institution which will meet the credit needs of low income women who often find themselves excluded from formal credit because of collateral requirements, will be established.
- 29.VI.19.6 There will be an expansion of SIMAP's money supplements to women; an expansion of nutrition programmes; and increased access to safer drinking water.
- 29.VI.19.7 Women will be trained in non-traditional and more highly paid trades. Apart from direct provision, financial inducements, such as career development loans, will be offered for women to attend non-traditional vocational training institutions.
- 29.VI.19.8 The compliance of corporations, local and foreign, with national laws and codes governing the rights and benefits of women workers will be ensured.
- 29.VI.19.9 Women, (including teenage mothers) returning to the educational system after pregnancy or child raising will be assisted by providing grants or loans to them, as well as formal and informal back-to-school and on-the-job training programmes.
- 29.VI.19.10 Special efforts to institutionalise the training of women for specific jobs in specific areas will be made.

29.VI.20 Participation

- 29.VI.20.1 The central logic of sustainable human development rests on inclusive participation as the primary means of ensuring that all members of society are given access to economic opportunities, material resources, and the requisite capacities to benefit equitably from the development process. It seeks to reduce the level of exclusion of the poorest sections by working to integrate them into the productive sections, and to open access to social services.
- 29.VI.20.2 Its fundamental argument is that the eradication of poverty entails the active and direct involvement of all sections of society, and the mobilisation of the gamut of civil society interests in regard to decision-making, the preparation of project proposals, their administration and monitoring, and the dissemination of information. It aims to ensure the sustainability of efforts, and to take advantage of traditional practices and indigenous technologies, where appropriate, even as it strengthens community consciousness and cohesiveness and reinforces the inclusive approach to democratic governance.
- 29.VI.20.3 This National Development Strategy, particularly the areas which are focused on poverty eradication, has been formulated in a participatory manner. Every group in society or their representatives, has been consulted on every topic. Their advice, their hopes, and their aspirations, have been included in these proposals. However, merely to put forward a strategy for development is not enough. What is important is for the strategy to be implemented.
- 29.VI.20.4 Accordingly, a National Development Strategy Commission, with adequate provisions, will be established in order to oversee the implementation of this Strategy, particularly those aspects of it which impinge upon, and are relevant to, the eradication of poverty. In addition it will review public policies for their equity and sustainability; and coordinate national dialogue on, and public participation in, the development of strategies to permit equitable and sustainable development. It will be an independent civil society organisation comprising the trades unions, the private sector, NGOs, and other civil society individuals and organisations. It will, however, establish the closest links with the government, the donor community, and international NGOs. Its emphasis will be on consensual and non-partisan operations. Its establishment is vital to the attainments of the targets which have been laid down in this Strategy.

CHAPTER 30

IMPLEMENTING THE NATIONAL DEVELOPMENT STRATEGY

30.I THE PROCESS

- 30.I.1 It is intended, immediately after the approval of this National Development Strategy by the National Assembly, to translate its various recommendations into detailed projects. For example, the strategies that have been put forward for the future development of the educational sector in Guyana will be broken down into specific projects encompassing such activities as primary education, teacher training, training in science and technology, distance learning, computer education and so on. Similar approaches will be followed for other sectors.
- 30.I.2 In addition, projects will be formulated both on a regional basis, and for such cross-cutting matters as institutional reform, family affairs, and information technology.
- 30.I.3 In all these exercises, specific implementation schedules and costings will be developed.
- 30.I.4 These projects, with the National Development Strategy as a back-drop and as a strategic-framework, will then be submitted to the Government, the bi-lateral and multi-lateral communities, and the national and international private sector for possible financing.
- 30.I.5 The government in office will require ministries to demonstrate how they intend to contribute to the attainment of the objectives of the NDS and, if necessary, request them to revise existing programmes so that they might fall in line with those of the National Development Strategy. If there are compelling circumstances, the government will, of course, amend the NDS's proposals.
- 30.I.6 The agreed programmes will be incorporated into the annual budgets.

30.II FINANCES

- 30.II.1 The sources that are normally tapped by governments of Guyana for the financing of their developmental activities will be resorted to for the implementation of this National Development Strategy. These are, of course, the government's own revenues; the resources of the Bretton Woods institutions, the Inter-American Development Bank, and the Caribbean Development Bank; the resources of the United Nations system, for both financial and technical assistance; the aid agencies of a range of bi-lateral donor countries; and the local and foreign private sector.
- 30.II.2 **It should be stressed that the greatest reliance will be placed on private sector investment to develop the massive infrastructural programme which has been prescribed in this National Development Strategy.**
- 30.II.3 To this end, a radical departure from the normal approaches to infrastructural development is contemplated. **The government will focus more on facilitating rather than financing the construction of infrastructure in Guyana.** The approach which it will follow, and on which it will concentrate, is known variously as the Build, Operate, Transfer (BOT) system, or as Build, Own, Operate, Transfer (BOOT), or Build, Own, Operate (BOO).
- 30.II.4 In these types of projects, private sector investors generally provide equity financing in the amount of 10 to 30 percent of the total project costs, and seek debt financing for the balance of the investment. The host government may, on occasion, furnish a portion or all of the land that may be required for the project; or grant partial tax relief in some form or another; or, in road and bridge projects, grant

toll rights for a specific amount for a specific period, or divest a part of the land or some of the resources which lie on either side of the road which is being constructed.

30.II.5 Several advantages accrue to the host government through BOT type arrangements. BOT allows a country to obtain much-needed infrastructure project with little or no cost to taxpayers; the government incurs little or no risk as there are generally sufficient bonds in place, and sufficient letters of credit in hand to ensure completion of the project in the event that the sponsors default prior to project completion; the project will probably progress from concept to completion faster than if a government agency was involved; and, because the sponsors are usually required to operate and maintain the facility for periods longer than twenty years, the chances are good that its initial quality will be good.

30.II.6 It should be noted that when projects receive incomes from tolls, only the users of the BOT facilities are required to pay for them. The general public is therefore in no way taxed for the construction of the facility.

30.II.7 Human Resources

30.II.7.1 Although it is customary in Guyana to attribute our failure to develop rapidly almost exclusively to a shortage of financial resources, it is the strongly held view of the team which formulated this National Development Strategy that the major obstacle to its implementation might well be both the quality and quantity of the human resources that are now available in our country.

30.II.7.2 Guyana does not possess a critical mass of professionals, specialists, craftsmen, and entrepreneurs in virtually any sector of its economy. The problem is particularly grave in respect of trained teachers for both primary and secondary schools; university lecturers and professors; scientists; technologists; information technology experts; technicians of all sorts; foresters; agriculturalists and engineers of all disciplines. We are especially short, also, of policy analysts and personnel with the capability to negotiate agreements with the multinationals and other financiers. And yet, we will desperately require such people in order, for example, to conclude satisfactory BOT deals, to obtain the best returns for investment in our mining sector, and to make certain that our renewable natural resources are developed in such a way that both current and future generations would profit from their utilisation.

30.II.7.3 Training courses will therefore be immediately started in order to ensure that at least a minimum amount of such personnel are available in the medium term. The problem is where to acquire the necessary expertise and experience in the early critical and crucial years of the National Development Strategy. We propose to obtain them in several ways.

30.II.7.4 First, as part of the general process of gaining assistance from bi-lateral and multi-lateral donors to implement the National Development Strategy, it will be made clear that the receipt of technical assistance and personnel in several key areas is of paramount importance to our country's development. Every effort will therefore be made to link such technical assistance to capital aid. Of greater significance, however, would be the necessity, in providing such help, to integrate it with the training of Guyanese citizens either on-the-job, or locally, or overseas, or through some combination of these three methods.

30.II.7.5 Second, every possible use will be made of the UNDP programme that is called Transfer Of Knowledge through Expatriate Nationals or TOKTEN. Through this scheme, Guyanese nationals living abroad will be paid by UNDP to return to their countries for specific activities and for specified periods. Many of these TOKTEN scholars will be provided with "repeat contracts" in order to allow them to come regularly to Guyana either to complete the tasks on which they were working or to undertake completely new assignments.

- 30.II.7.6 Third, a comprehensive but voluntary survey of Guyanese living overseas will be carried out, and a register subsequently prepared. Expatriate Guyanese will be asked to supply particulars of their qualifications and relevant experience either to our Embassies and High Commissioners abroad, or to a focal point in Guyana itself. It cannot be too strongly emphasised that they will be asked to volunteer this information. Once the data have been received and analysed, a number of paths will be pursued: (i) those Guyanese who have been identified as being in a position to assist the country as entrepreneurs, businessmen, and investors will be specifically invited either to return and do so, or to invest from abroad; (ii) those Guyanese whose qualifications and work experience indicate that they are particularly suited for specific available positions in the Public Service, will be invited to fill them; (iii) those Guyanese who might want to assist their country but, for one reason or another, might find it difficult to remigrate permanently will be requested to return for specific assignments, from time to time, as required; and (iv) because there will almost inevitably be a number of tasks which, in this modern age of Information Technology, would not require the physical presence in Guyana of a number of Guyanese specialists, this last group of persons will be encouraged to utilise the computer and the internet to perform, from abroad, a wide range of duties.
- 30.II.7.7 It should not be necessary to stress that such arrangements will not be undertaken in an *ad hoc* manner, but will be based on a carefully conceived plan, which matches qualifications and experience to job availability, which provides an affordable package of emoluments, and which in general encourages the expatriate Guyanese to want to help the country.
- 30.II.7.8 It might still be necessary, however, even with these approaches, for us to utilise non-Guyanese in the implementation of the Strategy. We must therefore budget for these non-nationals just as we will have budgeted for the employment of both resident and non-residential Guyanese citizens. In other words, we must not be reluctant to employ foreigners if our situation demands it.
- 30.II.7.9 There is another dimension to the human resources aspect of strategy implementation. If the roads are built, if we penetrate our interior, if there is a splurge of economic activity throughout the length and breadth of Guyana as we have strategised, there would be a shortage of personnel both to work in the offices, factories and fields, and to buy the products of our efforts. It will be a circular problem, embracing the need for both producers and local consumers.
- 30.II.7.10 There will therefore be phased immigration into Guyana. A multi-political, multi-ethnic team of demographers, economists, specialists in agriculture and industry, and so on, will be established. The approach in this matter, as in all others, will be inclusive. The team's task will be to assess the future demand for additional persons in the country, over a specified period, and make recommendations for meeting the demand. The team will not formulate policies and strategies for mass immigration. The number of immigrants, the phasing of their entry into the country, and the places in which they would be encouraged to locate, will be based on objective, rational assessments, in which the multi-cultural, and multi-racial composition of our country will have been taken into account.

30.II.8 Monitoring

- 30.II.8.1 A National Development Commission will be established. This Commission will comprise a small number of Commissioners, wholly drawn from Civil Society, who will be supported by a number of consultants and a secretariat. The main tasks of the Commission will be continuously to update the National Development Strategy, and to monitor its implementation.
- 30.II.8.2 In order effectively to undertake these duties, and to ensure the timely exchange of information between the Commission and the Government, legal links will be established between the Commission and Government's own oversight committee.
- 30.II.8.3 The Commission will be required to report annually to Parliament on the status of the implementation of the National Development Strategy.