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# MINISTRY OF BUSINESS' STRATEGIC PLAN 2016-2020

## **Final Report**

September 26, 2016

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## **Abbreviations**

BCAC	Business and Competitiveness Advisory Council
BIT	Board of Industrial Training
BSPU	Business Strategy and Policy Unit
CARICOM	Caribbean Community and Common Market
CCAC	Competition and Consumer Affairs Commission
CDB	Caribbean Development Bank
CEO	Chief Executive Officer
CTVET	Council for Technical and Vocational Education and Training
DBI	Doing Business Index
DPS	Deputy Permanent Secretary
ECP	Export Competitiveness Plan
EPA	Environmental Protection Agency
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
FPDMC	Forest Products Development and Marketing Council
GDP	Gross Domestic Product
GL&SC	Guyana Lands and Surveys Commission
GNAP	Guyana National Action Plan
GNBS	Guyana National Bureau of Standards
GNI	Gross National Income
GO-Invest	Guyana Office for Investment
GPL	Guyana Power and Light
GRA	Guyana Revenue Authority
GuySuCo	Guyana Sugar Corporation
GYD	Guyanese Dollar
HDI	Human Development Index

HIPC	Heavily Indebted Poor Countries
HS	Harmonised Commodity Description and Coding System
IA	Investment Agreement
IADB	Inter-American Development Bank
ICT	Information and Communication Technology
IMF	International Monetary Fund
IPED	Institute for Private Enterprise Development
ISO	International Standard Organisation
LAC	Latin America and the Caribbean
LPI	Logistics Performance Index
MBA	Master of Business Administration
MDRI	Multilateral Debt Relief Initiative
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoB	Ministry of Business
MOU	Memorandum of Understanding
MSE	Micro and Small Enterprises
MSED	Micro and Small Enterprise Development project
MSME	Micro, Small and Medium Enterprises
NewGMC	New Guyana Marketing Corporation
NICIL	National Industrial and Commercial Investments Limited
NIS	National Insurance Scheme
NSIS	National Sustainable Investment Strategy
NVAES	National Value Added Export Strategy
PPP	Public-Private Partnership
PS	Permanent Secretary
PSM	Public Service Ministry
SAL	State of the Art Laboratory
SBB	Small Business Bureau

SBC	Small Business Council
SCP	Support for Competitiveness Program
SME	Small and Medium Enterprises
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organisation
USA	United States of America
USD	United States Dollar
VAT	Value Added Tax
WEF	World Economic Forum
WTO	World Trade Organisation
WBCSD	World Business Council for Sustainable Development

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# EXECUTIVE SUMMARY

## **Guyana Means Business**

As a small country with a population of roughly 800,000 Guyana is endowed with abundant natural resources: mineral resources, namely gold and bauxite, as well as oil (that was recently discovered off shore), water and cultivable land, and rainforest – Guyana has one of the lowest deforestation rates in Latin America.

After a decade of sustained economic growth, substantially caused by the boom in commodity prices, and a GDP per capita of USD 4,127, the World Bank upgraded Guyana's status to that of an upper middle-income country in 2015. Likewise, Guyana is placed in the middle ranks of the Human Development Index (HDI) with a score of 0.636 in 2015. Reduced poverty rates and advances in education and health were measured. However, Guyana still lags behind the Latin American average in the latter two areas.

Guyana is a very open economy with trade accounting for 83% of GDP in 2015. Mainly because of the recent commodity downturn, however, exports have been declining from 50% of GDP in 2010 to 37% in 2015. A concentration of exports makes Guyana vulnerable to external shocks. 92% of exports are commodities, minerals and agricultural products, more than the average in Latin America and the Caribbean (80%), and only gold, rice, bauxite and sugar make up 70% of total exports. Exports with some form of value added, such as food processing, depict only 8% of the total. Declining oil prices, on the other hand, effectively imply a shrinking trade deficit for Guyana as the country imports most of its fuel. Similarly, according to the IMF, the current account deficit declined by half from USD 330 million in 2012 to USD 144 million in 2015. A concentration of exports can also be observed in destination markets: Canada, the USA, the United Kingdom and Panama combined receive 70% of all exports.

In terms of competitiveness, Guyana, described as a factor-driven economy, ranks 121 out of 140 in the World Economic Forum's (WEF) Global Competitiveness Index. Guyana's performance has declined over the past four years from the 76th percentile of the index to the 86th and is below the regional average, specifically in the following competitiveness pillars: macroeconomic environment, infrastructure, education and health, technological readiness and size of the market.

The business environment is a crucial factor in country competitiveness levels. In Guyana, the biggest constraints to the ease of doing business, as identified in surveys by the WEF and the World Bank, include the lack of adequate infrastructure (particularly access and cost of electricity, and logistics), access to finance, the level and complexity of tax rates, and the skills gap in the labor market. During the consultation process for this plan, the private sector confirmed the need for improvement, particularly in these areas.



Over the last ten years, the government has played an important role as an engine of investment. Public expenditure peaked in 2012 when it reached 10.7% of GDP, exceeding private investment, which was at 8.5% of GDP. The combined total investment rate of 19.2% is in line with the regional average. Since 2012, however, public investment has been declining to 8.2% in 2015 due to the contraction in commodity related revenues, increasing the importance of private sector investment. While public spending is expected to increase in 2016 with two large gold mines going into production and an improved tax collection, there are limits to its remaining the engine of growth. As private investment has so far remained at previous rates, there is a commitment of the current government to attract more private investment.

Guyana already receives relatively large inflows of foreign direct investment (FDI) as it represents 7% of GDP. Foreign investors are predominantly active in the natural resource sector, but increased attention is paid to business process outsourcing services. Guyana is attractive for establishing call centers, being in the same time zone as the USA and with English being the native language.

Productivity enhancing reforms, an improved business environment and an increase in private investment are required in order to jump start growth and to provide economic opportunities for all Guyanese. As the link between public and private sector, the Ministry of Business plays a crucial role in these efforts. It is therefore committed to establish the formal institutional mechanisms that foster dialogue and that allow for jointly defining priorities to transform the economy into an easy place to do business and to enhance Guyana's competitiveness.

The Ministry aims to implement the following four key strategies in working towards its vision of "increasing the living standards for all Guyanese in a diverse and green economy", as well as accomplishing its mission of "creating a business environment that fosters innovation, competitiveness, growth and diverse employment opportunities by improving the ease of doing business, attracting sustainable investment, promoting value-added exports and enhancing workforce skills through policy-making, advocacy and cooperation with the private sector".

## **1. NATIONAL SUSTAINABLE INVESTMENT STRATEGY**

In keeping with its mandate to foster private investment, the Ministry will design and implement a National Sustainable Investment Strategy (NSIS). While Guyana will continue to attract FDI in natural resources, it is key that the economy reaps the benefits from this investment. Modernizing the current investment framework by employing effective investment incentives and SMART (simple, measurable, relevant, actionable and transparent) regulations will ensure sustainable management of natural resources, the use of local content and the integration of small and medium enterprises (SMEs) through local supply chains, as well as knowledge transfers. The Ministry will conduct an analysis and benchmarking, considering best practice cases, and discussing with the private sector about how the country can become more competitive.

To attract more investment in strategic sectors, incentives alone, such as subsidies or tax breaks, are neither sufficient nor the most important factor considered by international companies when choosing a FDI location. Yet, Guyana needs to stay competitive in the group of countries with similar comparative

advantages, which is why the Ministry advocates for a benchmarking analysis of current incentives, taxes, tariffs and other costs of doing business.

Key to enhancing Guyana's attractiveness to private investment is an upgraded local infrastructure, i.e. reliable and price-competitive access to energy, new roads and modern airports and ports. Public-private partnerships (PPPs) can be a useful mechanism to attract FDI to the infrastructure sector, bringing technology and financing while sharing the risks. Multilateral organizations have been analyzing the wave of PPPs implemented all over the world during the last decade; Guyana can take advantage of the lessons learned in designing a state of the art legal framework for implementing PPPs that increase the quality and sustainability of public services. PPPs enable governments to benefit from the expertise of the private sector, and allow them to focus on policy, planning and regulation by delegating day-to-day operations.

The Ministry is committed to work with the private sector in the development of a Sustainable Investment Promotion Strategy that will aim to attract investment specifically in natural resources and infrastructure, as well as into sectors that will help to diversify exports. At the same time, the Ministry proposes the establishment of a Business and Competitiveness Advisory Council as a public and private dialogue body to discuss current barriers to investment, to prioritize actions to overcome challenges and to enact regulations or implement instruments needed to enhance access to financing, workforce skills, logistics and others.

Finally, the Ministry will join efforts with the Ministry of Foreign Affairs in designing a program to reach out to the diaspora through a network of embassies and consulates, inviting them to establish and therefore facilitating new ventures in Guyana.

## **2. DOING BUSINESS ACTION PLAN**

The Ministry has already identified several key actions to improve the ease of doing business. One of the major undertakings in this area will be the establishment of a Single Window for trade transactions, designed to interconnect all institutions involved in trade and to facilitate electronic processing. The project has been conceptualized and financing has been approved.

Other areas are currently being analyzed and will then be discussed and prioritized together with the private sector. In developing a more detailed action plan aimed at improving Guyana's performance in the Doing Business Index, the Ministry will maintain its collaboration with the World Bank, public agencies and the private sector.

## **3. NATIONAL VALUE ADDED EXPORT STRATEGY**

While Guyana keeps developing its natural resources in a sustainable manner, using rents to invest in infrastructure and capability development, a National Value Added Export Strategy (NVAES) will help develop the manufacturing sector. Diversifying exports towards manufactured products will diminish the impact of volatile commodity prices and at the same time will increase salaries because of a higher value added content. The task will be cumbersome, as investors require specific conditions for light manufacturing and middle- to high-skill intensive manufacturing. For investment in low-skill intensive manufacturing, access to raw materials and intermediary goods at globally competitive prices, well-

monitored health and safety standards, and labor market flexibility are crucial. For middle- to high-skill intensive manufacturing, investors will consider the level of skill in the labor force, as well as seamless integration into global value chains and logistics.

Guyana is ready to attract investment in low- to middle-skill intensive manufacturing, which can be promoted by implementing the NVAES when developed with the private sector. If the country wants to leapfrog to a knowledge-based economy, taking advantage of technological advances to enter the era of 4.0 manufacturing, expedited ways need to be found to create the 21st century skills necessary for absorbing and diffusing these new technologies. Improving the business environment is necessary but not sufficient for attracting investment in middle-skill intensive manufacturing. Attracting FDI as a source of knowledge and technology transfer can yield such results. In order to do so, an effective strategy needs to be put in place targeting specific sectors and companies, as well as a sound FDI promotion plan for the implementation of which GO-Invest personnel needs to be trained. Value chain analyses of sectors with high potential to create value added, in turn, will help define the investment strategy and design export competitiveness plans in order to overcome existing bottlenecks and hurdles.

Pursuing a big push to attract FDI needs to be accompanied by efforts to liberate current constraints for local investment, such as the lack of long term and competitive financing options and the lack of capacity of small businesses to adopt and diffuse technology.

In order to prepare small and medium size firms to export more value added products, the Ministry proposes to set up two new co-financing programs. The first one is aimed at businesses wanting to obtain quality certification to enhance market access for their exports, and the second one at innovative business activities to facilitate the creation of new products and services.

At the same time, the Guyana National Bureau of Standards (GNBS) will strengthen the national quality infrastructure, building a state of the art laboratory, increasing the training for their staff and accrediting private labs with special testing facilities. In addition, GNBS will continue to offer training to businesses in how to obtain quality and conformity certifications. Yet, collaboration with other public and private institutions will be crucial for developing value added services in Guyana.

A successful Value Added Export Strategy aligns macroeconomic with sectorial policies (e.g. for the sectors agriculture, industry, tourism and services), and considers trade i.e. access to markets and imports at competitive prices, as well as investment and export promotion. In order to ensure collaboration of the relevant institutions, the Ministry of Business (MoB) advocates for a public-private dialogue body, which can not only advise in defining the strategy but also monitor the advances made.

#### **4. INCREASED ACCESS TO FINANCE, TECHNOLOGY AND PROCUREMENT FOR MICRO AND SMALL ENTERPRISES**

One of the main objectives of the MoB is to foster economic inclusion with a focus on micro and small enterprises (MSEs). The Ministry aims to increase coverage and effectiveness of current training programs, seed grants, and the SBB guarantee fund. For instance, it The Ministry has planned to increase

the maturity of guarantee loans to up to seven years, so small businesses can better benefit from the government push to add more value to current production and exports.

Furthermore, the Ministry, through the Small Business Bureau (SBB), will explore different models for a small business incubator to establish an instrument to foster start-ups, encourage interaction and cooperation among entrepreneurs, and to promote innovation and growth.

Finally, the Ministry is committed to implementing a two-sided approach to improve MSEs' access to public and private procurement: On the public side, the target is for 20% of public procurement to come from small businesses. On the private side, opportunities will be identified – together with multinationals and large corporations – for small businesses to supply to international value chains, in what is known as vendor or supplier development programs.

The most effective means for achieving results is through collaboration of public and private sector on providing access to financing, technology and training required to increase the productivity of small farmers or producers of intermediary goods.

To accomplish its objectives, the Ministry of Business advocates the creation of the Business and Competitiveness Advisory Council (BCAC) as a public-private dialogue (PPD) body. International experiences have shown that public-private dialogue and collaboration are essential to successful initiatives aiming at improving the business environment and enhancing competitiveness. The council will work in committees and working groups on specific topics, such as a National Sustainable Investment Promotion Strategy and a National Value Added Export Strategy.

The Strategic Plan should be regarded as work in progress, which will be updated annually; the monitoring reports on its implementation will be published quarterly. In order to successfully implement the plan, the Ministry will embark on an internal strengthening process. Vacancies will be filled and personnel trained to obtain the required capabilities and a culture of innovation and high standards fostered.

The Ministry of Business wants to thank all stakeholders providing comments or input during the consultation process of this plan.

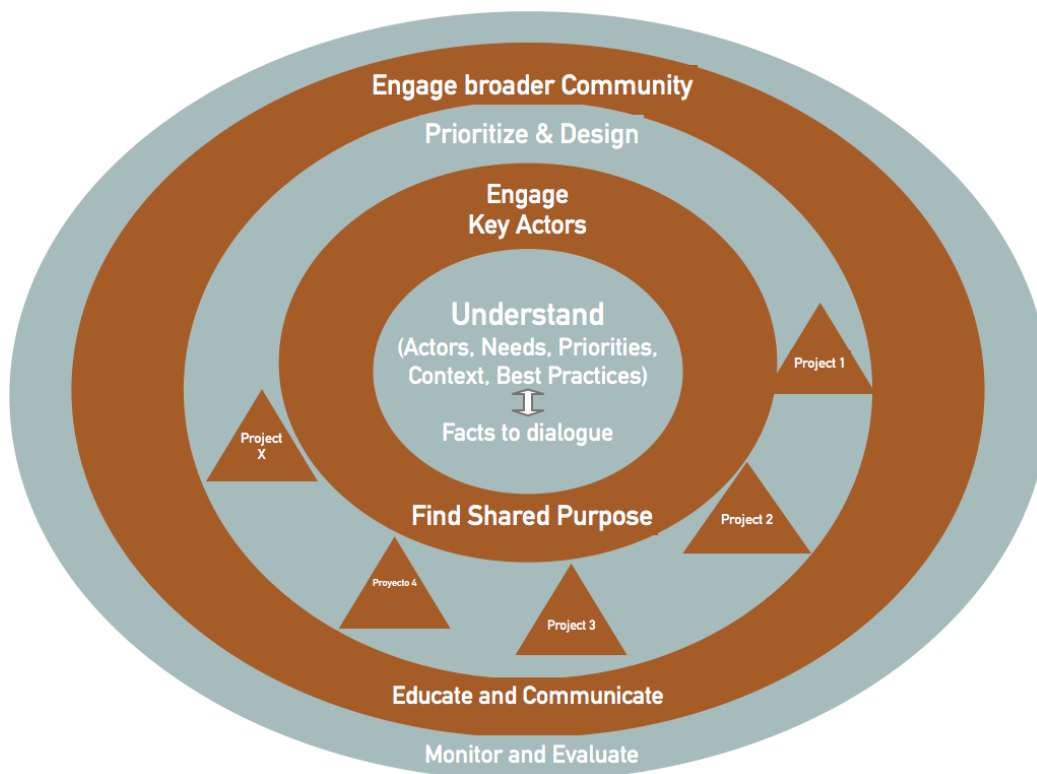
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## METHODOLOGY

The Strategic Plan 2016-2020 is designed as a roadmap to fulfill the Ministry of Business' mandate to promote investments and exports, enhance the work force and encourage sustainable development by defining strategic objectives and key actions.

To develop the plan, the methodology illustrated in figure 1 was employed. Initially, the Ministry's Strategic Action Plan, the interim draft framework, was reviewed, as well as relevant policy documents, legislation, and programs related to the MoB's mandate, including the APNU+AFC Manifesto. In addition, previous work under the Support for Competitiveness Program financed by the Inter-American Development Bank (IADB) was taken into consideration. After this desk review, the following steps were taken:

FIGURE 1 PARTICIPATORY CONSULTATION PROCESS



Source: Adapted from Corrigan, Chris. "From consultations to participatory engagement", Bowen Island, Canada: Harvest Moon Consultants

1. **Understanding:** The purpose of this phase was to understand the current situation, challenges and bottlenecks related to investments and exports, value added activities, the business environment and small businesses. In order to do so, interviews were conducted with representatives of other Ministries and public agencies, chambers of commerce and private sector organizations. Two Ministry internal workshops were held to develop Sectorial Policy Fact Sheets that summarize current policymaking in Guyana and best practice in the areas of investment and export promotion, industrial policy and economic inclusion. Finally, a map of key actors was constructed for the specified areas of work.
2. **Finding a shared purpose:** During this phase, the Ministry's vision and mission statements were defined, based on the previous assessment and internal discussions. Once challenges and opportunities were identified, another set of individual and group discussions with stakeholders were held at the MoB to discuss alternative courses of actions and to prioritize initiatives. Vision and mission were synchronized with the priorities of the private sector. The discussions also revealed the need for the Ministry to act as a formal venue to discuss structural challenges and find solutions that can be monitored in a more formal way. It was possible to already identify some policy solutions to previously mentioned challenges.

In addition, a SWOT analysis was done, taking into consideration SWOT self-assessments by departments and agencies. The strategic planning committee then determined how to strengthen the Ministry's capacity, and how to establish an internal coordination mechanism.

3. **Engaging key actors to prioritize actions:** Based on these inputs, a draft plan strategic plan was developed. This draft was shared with stakeholders and discussed during a national consultation on August 3, 2016. The comments received during this process were incorporated into the final version, the document at hand.

The last two steps of this methodology are to be implemented after publication of the final version of this plan.

4. **Education and communication to engage broader community:** Since many of the key policies related to the Ministry's mandate remain in the domain of other Ministries or require the input from the private sector, the success of the MoB in accomplishing its objectives strongly depends on engaging a broad audience. A concept for a public-private dialogue body, namely the BCAC, was developed to support this effort and needs to be approved by Cabinet.
5. **Monitoring and evaluation:** Once strategies and key actions were identified and prioritized, outcome and impact indicators were set using a logical framework approach. The data needs and sources for the data to monitor these indicators were also specified. Advances in the implementation of the plan will be communicated in a semi-annual report, published on the Ministry's website.

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## GLOSSARY OF TERMS

This section explains some of the economic terms used in the document.

<b>Business Cluster</b>	<p>A business cluster is “a network of connected businesses, suppliers, and associates in a specific field that are all located in the same geographical area. Clusters are thought to provide increased efficiency and productivity, so businesses can compete at a national and a global scale”, according to the business dictionary<sup>1</sup>.</p> <p>Michael Porter <sup>2</sup> claims that “clusters have the potential to affect competition in three ways: by increasing productivity for the companies in the cluster, by driving innovation in the field, and by stimulating new business in the field”.</p>
<b>Business Incubator</b>	<p>A business incubator is a facility to nurture start-up businesses during their early months or years. It usually provides affordable space, hand-on management training, marketing support and often access to some form of financing.</p>
<b>Economic Inclusion Policy</b>	<p>Economic inclusion policies refer to the affirmative efforts of governments to provide equality of opportunity for all members of society to participate in the economic life of their country. Typical programs are the provision of training, facilitated access to finance, technology and public procurement, and supply chain development programs.</p>

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<sup>1</sup> “Business Cluster”, BusinessDictionary. Available at: <http://www.businessdictionary.com/definition/business-cluster.html>

<sup>2</sup> Porter, Michael. *Competitive Advantage: Creating and Sustain Superior Performance*, New York: Sion and Schuster (1985)

<b>Industrial Policy</b>	<p>The industrial policy of a country, sometimes denoted IP, is a policy oriented to encourage the development and growth of prioritized sectors of the economy; the instruments used are therefore sector specific. Industrial policies are intended to improve the competitiveness and capabilities of domestic firms and to promote structural transformation<sup>3</sup>. They involve producing new goods with new technologies and transferring resources from traditional activities to new ones.</p> <p>According to the World Bank<sup>4</sup>, the new industrial policy is “the process to foster restructuring and technological dynamics. It offers solutions that go beyond traditional focus on background conditions and improvement of investment climate. It facilitates learning and self-discovery of private sector actors as well as diversification of the productive structure. Such processes of discovery involve fixed costs, which the private sector could not bear alone. Clusters and value chains are examples of mezzo-level structures which are underplayed by horizontal investment climate policies, but which are a central concern in the new industrial policy”.</p>
<b>Innovation Center</b>	<p>Innovation centers provide workspace and a supporting environment for small businesses with high growth potential with the objective to foster (a culture of) innovation. Entrepreneurs are connected with both like-minded entrepreneurs as well as venture capitalists.</p>
<b>Matching Grant Programs</b>	<p>In matching grant programs, the government or a donor matches private sector funding for a specific purpose, for example, the financing of export promotion, productivity or business enhancement activities, for which services are provided by an expert or a specialized firm.</p>

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<sup>3</sup> Rodrik, Dani. "Industrial Policy: Don't Ask Why, Ask How". *Middle East Development Journal*, 1, no. 29 (2009)

<sup>4</sup> "Knowledge for Development (K4D)", The World Bank. Available at:  
<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/KFDLP/0,,contentMDK:20753860~pagePK:64156158~piPK:64152884~theSitePK:461198~isCURL:Y,oo.html>



<b>Public-Private Partnerships</b>	<p>According to the World Bank<sup>5</sup>, the term PPP refers to “a mechanism for government to procure and implement public infrastructure and/or services using the resources and expertise of the private sector. Where governments are facing ageing or lack of infrastructure and require more efficient services, a partnership with the private sector can help foster new solutions and bring finance.</p> <p>PPPs combine the skills and resources of both the public and private sectors through sharing of risks and responsibilities. This enables governments to benefit from the expertise of the private sector, and allows them to focus instead on policy, planning and regulation by delegating day-to-day operations”.</p>
<b>Value Chain Analysis</b>	<p>When conducting a value chain analysis, each part of the process of making a product or service production process is identified as well as steps that can be eliminated or improvements that can be made. These improvements can result in either cost savings or improved productive capacity. According to Michael Porter<sup>6</sup>, “the value chain is made of primary activities and support activities. Primary involves inbound logistics, operation, outbound (distribution), marketing and sales, and services. The support functions are the firm infrastructure, human resources, procurement to buy goods at the right price”. He defines the value chain as “the whole series of activities that create and build value at every step. The total value delivered by the company is the sum total of the value built up all throughout the company”.</p>

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<sup>5</sup> “Public-Private-Partnership in Infrastructure Resource Center”, The World Bank (August 18, 2016). Available at <https://ppp.worldbank.org/public-private-partnership/about-public-private-partnerships>

<sup>6</sup> Porter, Michael. *Competitive Advantage: Creating and Sustain Superior Performance*, New York: Sion and Schuster (1985)

## 1. GUYANA'S KEY COMPETITIVENESS CHALLENGES AND OPPORTUNITIES

### 1.1 ADVANCES

Booming investment activities and favorable terms of trade have underpinned economic progress in Guyana and the economy has expanded by an annual average of 4.3% over the period 2008-15. Economic progress, however, was mainly due to high commodity prices, particularly the high price of gold, rather than a much-needed transformation into an easy place to do business. In addition, the timely introduction of a value-added tax (VAT) before the recent downturn in commodity prices affected the economic outlook, and the general collection of taxes has reinforced the country's macroeconomic performance. Similarly, the implementation of debt relief agreements under the Heavily Indebted Poor Countries Initiative (HIPC) and Multilateral Debt Relief Initiative (MDRI) has been helpful to the economic performance.

Guyana has made considerable progress in reducing many dimensions of extreme poverty and in achieving most of its MDGs. The country's Human Development Index (HDI) in 2014 was 0.636, which put the country in the medium human development category, ranking 124 out of 188 countries. Its major advances over the period 1980-2014 are that life expectancy at birth increased by 3.8 years, the mean years of schooling increased by 2.7 years and its gross national income (GNI) per capita increased by 76.8%<sup>7</sup>. Integrating remote areas in the hinterland through improvements in transportation, access to electricity, social services and agency banking can help to further spread the benefits of growth and reduce poverty. In addition, Guyana adopted several reforms aimed at improving its performance in the World Bank's Doing Business Index. These measures include lowering the corporation tax rates, restructuring property registration fees, drafting amendments to the Companies Act, and establishing a credit reporting system.

According to a recent evaluation report on the performance of the Support for Competitiveness Program<sup>8</sup>, which was financed by an IADB loan and ended in 2015, Guyana's competitiveness has improved since 2006 in absolute terms. During the years 2007-2011, Guyana's rank in the Global Competitiveness Index improved in relative terms, jumping from the 80th percentile to the 70th. Since 2011, Guyana's relative rank has fallen as other countries improved at a faster pace. Particularly, progress has slowed in the areas of red tape and electronic governance processes.

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<sup>7</sup> *Human Development Report 2015: Work for Human Development*, New York: United Nations Development Programme (2015)

<sup>8</sup> *Final Evaluation Report: Support for Competitiveness Program*, Ministry of Trade, Industry and Commerce (May 2015)

## 1.2 CHALLENGES

### 1.2.1 IMPROVING THE INVESTMENT CLIMATE AND COMPETITIVENESS

Guyana has an underdeveloped investment climate and a shallow financial infrastructure, which create serious challenges to attracting private investment that diversifies the economy, away from natural resources. In addition, as a small country its local market is very small. Exporting to increase the market is imperative for businesses that want to grow. The importance of competitiveness therefore cannot be overemphasized.

The World Bank's 2016 Doing Business Report ranks Guyana 137 out of 189 countries, significantly below the regional average of 104 in Latin America and the Caribbean (LAC)<sup>9</sup>. Guyana notably lags behind its regional peers in the areas of access to electricity and credit, and resolving insolvencies. An onerous regulatory environment for businesses affects micro and small enterprises in particular.

Likewise, the 2015-16 World Economic Forum's (WEF) Global Competitiveness Report ranks Guyana 121 out of 140 countries in terms of competitiveness, highlighting weaknesses in transport infrastructure, electricity and telecommunications, institutional quality, information and communication technology (ICT), and innovation<sup>10</sup>. The current government's commitment to public investment, as presented in its 2015 budget<sup>11</sup>, can help relieve structural bottlenecks, such as in transportation and electricity, that have long been identified as impediments to growth and economic diversification.

An underdeveloped infrastructure to support private sector growth hinders access to external markets. Transport infrastructure in Guyana remains deficient, with a lack of large deep-sea port facilities and insufficient and decaying road networks. The 3,995 km road network consists of six main roads with two lanes each. Guyana has two international airports, and one general cargo seaport in Georgetown. Additionally, electricity production is highly inefficient and one of the most expensive in the region. Telecommunication services are better developed but still costly. Labor and entrepreneurial skills are behind countries with similar level of development. There is also scope for productivity-enhancing reforms in key sectors of the economy. For example, it is crucial to reduce production costs in the sugar and rice sectors given their high social impact and deteriorating market outlook.

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<sup>9</sup> *Doing Business 2016: Measuring Regulatory Quality and Efficiency*, The World Bank (2016)

<sup>10</sup> *Global Competitiveness Report*, World Economic Forum (2015)

<sup>11</sup> *Staff Report for the 2016 Article IV Consultation*, Washington: International Monetary Fund (April 25, 2016),

Another crucial factor for competitiveness is access to finance, which in Guyana is very limited. The credit union sector serves individuals and micro, small and medium enterprises (MSMEs) but it is not well regulated. The Institute of Private Enterprise Development (IPED) is the oldest and largest microfinance institution in the country, registered as a non-profit limited liability company. In its three decades of operation, IPED has given more than 100,000 loans to both small and medium businesses valued at over GYD 30 billion<sup>12</sup>. An underdeveloped legal framework for the payment system alongside financial infrastructure deficiencies presents a risk and suppresses development in retail payment. If risks to the financial system are poorly managed, they can lead to fiscal losses and depress economic activity.

For these reasons, private sector investment remains low when compared to regional partners, despite efforts in providing incentives for export-oriented and job-creating activities.

### 1.2.2 DIVERSIFYING THE ECONOMY

The concentration of the economy on a small group of products makes Guyana vulnerable to commodity price downturn and volatility. The exports of bauxite, sugar, rice, gold and timber alone depicted 83% of total exports in 2015<sup>13</sup>. Guyana traditionally generates a large share of income from agriculture and natural resources. Agriculture makes up 20% of GDP, and mining 11% in 2014, marking a decrease over previous years due to the recent decline in international prices. The contribution of the manufacturing sector (excluding sugar processing and rice milling) remains low at just below 4%. The services sector contributed 67% to GDP in 2014 but, notwithstanding some progress in economic diversification, a significant share of this is linked to commodity sectors. According to the IMF, the six commodities, i.e. sugar, gold, bauxite, shrimp, timber and rice, represent nearly 40% of the country's GDP in 2015<sup>14</sup>.

Less favorable terms of trade have led to a slowdown in growth in 2014 and 2015. This pattern has also been observed in other commodity-exporting countries. Economic growth decreased from 5.2% in 2013 to 3.8% in 2014 and to 3% in 2015, because of both the fluctuation in commodity prices as well as a reduced fiscal stimulus. While declared gold production increased by 16.4% due to strong growth of the transport and storage industry and increased gold mining. Manufacturing output also grew, principally reflecting

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<sup>12</sup> "Microfinance and Empowerment", Kaieteur News (April 10, 2016). Available at: <http://www.kaieteurnews.com/2016/04/10/micro-finance-and-empowerment/>

<sup>13</sup> "Guyana Overview", The World Bank (March 31, 2016). Available at: <http://www.worldbank.org/en/country/guyana/overview>

<sup>14</sup> *Staff Report for the 2016 Article IV Consultation*, Washington: International Monetary Fund (April 25, 2016), 24

higher rice and sugar yields. These gains were counterbalanced by substantial declines in construction, as well as moderate declines in forestry and bauxite.

### 1.2.3 BALANCING FISCAL PRUDENCE WITH FISCAL STIMULUS

The Government of Guyana faces the challenge of maintaining fiscal prudence to ensure debt sustainability while expanding public investment to reduce poverty and relieve infrastructure bottlenecks. With a fiscal deficit of 4.1% of GDP at the end of 2015, fiscal space to implement a countercyclical stimulus as an investment push is limited.

Public debt is estimated to have reached 48.2% in 2015. Although it has grown since 2014, Guyana's external and public debt remains sustainable according to the IMF's debt sustainability analysis<sup>15</sup>.

It is for this reason that private sector investment is crucial for the development of the economy, particularly in areas such as infrastructure that will have a positive impact on reducing transaction costs and improving competitiveness. The Ministry of Business must work to eliminate bottlenecks and red tape to make Guyana an easy place to do business. In addition, public-private partnerships (PPPs) can serve as a financing tool to provide infrastructure services, such as electricity, telecommunication, transportation and the building and maintenance of roads.

### 1.2.4 BUILDING RESILIENCE TO CLIMATE CHANGE AND TRANSFORMING INTO A GREEN ECONOMY

Guyana is one of the countries most vulnerable to global climate change. A high percentage of the population and critical infrastructure are located in the coastal area, which lies below mean sea level. Rising sea levels will accelerate coastal erosion, increase flood risk, and can lead to permanent loss of land. These developments call for comprehensive measures to enhance resilience to climate change.

Similarly, it is crucial to invest in the future of green technologies, not only for energy production, but also in the production of other goods and services to minimize climate change. Greener business models will also contribute to achieving the Sustainable Development Goals, e.g. no. 12 on responsible production and consumption. The use of green technologies and sustainable management practices is particularly important in the extractive industries to ensure future growth.

The Government of Guyana is committed to transforming the Guyanese economy into a greener and knowledge-intensive one. This new paradigm can be achieved by using its natural resources (water, wind and sunlight) as the basis for renewable energy production, human capacity development and

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<sup>15</sup> *Staff Report for the 2016 Article IV Consultation*, Washington: International Monetary Fund (April 25, 2016), 24

infrastructural improvements to attract investment to new sectors of the economy. Besides incentives, awareness campaigns, and training, investment regulation will be necessary.

## 1.3 OPPORTUNITIES

### 1.3.1 STRONG GOVERNMENT COMMITMENT TO ENVIRONMENTALLY SUSTAINABLE AND SOCIALLY INCLUSIVE GROWTH

The current government is committed to environmentally sustainable and socially inclusive growth<sup>16</sup>. This commitment provides a great opportunity because producing renewable energy and integrating remote regions, among others, and the accompanying infrastructural enhancements stimulate economic activity, facilitate economic diversification, and contribute to a boost in productivity and an increase in competitiveness.

A formal process of dialogue with the private sector, labor and other social organizations should match this political commitment in order to generate the ownership needed to shift the paradigm to a green and inclusive economy. Likewise, priorities and a course of action are best identified in dialogue to facilitate the implementation of necessary reforms. For the formulation of public policy, dialogue is the tool to tap into the knowledge and interest of relevant stakeholders. This applies in particular to economic policy since the private sector knows best about constraints and opportunities to private sector development.

### 1.3.2 NEW TECHNOLOGIES AND THE FOURTH INDUSTRIAL REVOLUTION

Today, technological and scientific advances are occurring at breakneck speed and not only affect the way goods and services are produced but also generate innovative processes that are changing the rules of the game – the fourth industrial revolution. Robotizing at large scale, 3D printing, big data, smart phones, FinTech (financial technologies), the internet of things, the sequencing of the human genome, bitcoin, green energy, collaborative economy, i.e. digital exchange platforms, are all examples that define new business models. While there have been periods of great technical advances throughout history, the difference now is the speed with which changes are occurring.

For a small but rich country like Guyana, this fourth industrial revolution can represent an opportunity as economies of scale can be reached more easily. Local production can now reflect local trends, giving greater power to local consumers in defining what, how and where they want particular products and services. To take advantage of the industry 4.0, skills and businesses capabilities to be able to adapt and absorb these new technologies need to be developed, a big leap for Guyana. According to the World

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<sup>16</sup> A Partnership for National Unity+Alliance for Change Coalition Manifesto, APNU+AFC (Elections 2015)

Economic Forum, the changes introduced by the scientific and technical progress today created the need for new skills a decade ago. The speed of this trend is expected to pick up: "65% of children entering primary school today will ultimately end up working in completely new job types that don't yet exist"<sup>17</sup>. While new jobs will be created, 7.1 million clerical and administrative jobs are predicted to vanish over the period 2015-2020 due to the transformations.

This new technological wave, centered on digital, data and information technologies, is therefore a double edge sword for Guyana. A way needs to be found to create new skills and capabilities quickly in order to benefit from this opportunity, or the country will suffer the consequences of missing the boat, thus being condemned to losing jobs.

### 1.3.3 LOW OIL PRICE AND STABLE FORECAST FOR METAL AND AGRICULTURAL COMMODITIES

The impact of the oil price on the Guyanese economy is very important since most energy comes from imported oil. In fact, the current account deficit fell to 4.6% of GDP in 2015, following a decade of deficits that ranged between 10-16% of GDP, due to a 39% decline in the oil imports bill.

Forecasts see the oil price at a stable USD 45-55, which is almost half of the average of the past few years. This will result in significant budgetary savings for Guyana. On the contrary, prices for metal and agriculture commodities, Guyana's exports, are expected to stabilize and to experience a slow recovery. For example, the price of gold increased to USD 1,181 per ounce during first quarter of 2016 compared to USD 1,107 for the last quarter of 2015. The price of rice also stabilized and shows an upward trend: the quarterly price per metric ton for the first quarter of 2016 was USD 379 compared to USD 368 for the last quarter of 2015. Finally, the price for shrimp, despite a sharp decline in 2015 to USD 10.50, has also stabilized at USD 10.83. The same pattern is expected for the timber price per cubic meter, which has increased to USD 261 during the first quarter of 2016 vs. USD 250 during the first quarter of 2015.

### 1.3.4 EXTENSIVE RENEWABLE ENERGY RESOURCES

One of the greatest hurdles to changing Guyana's production matrix is the lack of access to energy, its low reliability and high costs. Therefore, the commitment of the government in changing this reality represents a twofold opportunity for the private sector:

Firstly, reducing the cost of electricity as well as increasing its reliability is crucial for Guyana's growth and diversification of the economy. Connecting small, green-technology electricity generators to the grid in order to increase supply and reduce energy losses can achieve this.

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<sup>17</sup> *The Future of Jobs – Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution*, World Economic Forum (January 2016), 3

Secondly, the private sector could participate through the implementation of public-private partnerships in the provision of renewable energy. This can contribute to the creation of new jobs and spillovers of technological capacities and other benefits that foreign direct investment can bring to the country.

#### 1.3.5 STABLE GROWTH PROSPECTS OF TRADE PARTNERS

Guyana is a small economy, with a large share of investment coming from a public sector that is highly dependent on collecting rent from natural resources. The country therefore relies on trade for its economic development. Trade, however, is concentrated on a few countries; the economic performance of these markets is therefore crucial for the growth of overall exports. Growth in demand for exports is not expected to change significantly, as the main recipients of Guyanese exports, namely the US, Canada and the EU, are forecasted to have lower but steady growth<sup>18</sup>.

#### 1.3.6 RESPONSIBILITY FOR TOURISM

The Ministry of Business has been given the responsibility for the growth and development of the tourism sector in Guyana, effective from July 1, 2016. This new responsibility can be well consolidated with the mandate of fostering value added sectors. Tourism as an export industry has tremendous potential for Guyana. It provides employment, income and investment opportunities, generates foreign exchange earnings and tax revenue, and promotes and sustains the national culture, heritage and environment.

Guyana has a comparative advantage in a number of niche areas, such as nature tourism, birding tourism, sport fishing, small yacht tours, and community-based tourism. Additionally, the sports tourism niches in activities such as cricket, motor racing and other spectator sports have great importance. The challenge resides in how to translate this comparative advantage into competitive products and unique experiences. This requires building the right infrastructure and developing trained personnel for these sectors. The challenge is already being approached and will be further addressed by the full implementation of the strategic plan for tourism developed by the Ministry of Public Telecommunication, which previously held responsibility for the sector.

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<sup>18</sup> *Global Economic Prospects 2016: Divergence and Risks*, Washington: The World Bank (June 2016)



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## CHAPTER TWO

### 2. MINISTRY OF BUSINESS' STRATEGIC VISION

#### 2.1 VISION

The vision for the Ministry of Business is:

**Increased living standards for all Guyanese in a diverse and green economy**

#### 2.2 MISSION

The mission of the Ministry of Business is:

**To create a business environment that fosters innovation, competitiveness, growth and diverse employment opportunities by improving the ease of doing business, attracting sustainable investment, promoting value added exports and enhancing workforce skills through policy-making, advocacy and cooperation with the private sector.**

#### 2.3 OBJECTIVES

2.3.1 INCREASE SUSTAINABLE PRIVATE SECTOR INVESTMENT THROUGH THE DESIGN AND IMPLEMENTATION OF A NATIONAL INVESTMENT STRATEGY AND SAFEGUARDING COMPETITIVE MARKETS

##### DIAGNOSIS

Private investment (measured as private sector gross fixed capital formation) reached 13.4% of GDP in 2014, which remains low compared to the regional average of 15.5% of GDP for the same year. Nevertheless, it is important to note that private sector investment has almost doubled over the last six years and grew by 84% over the period 2004 (7.26% of GDP) to 2014. The mining and agricultural sectors are characterized by large numbers of small private producers<sup>19</sup>. Gold, which makes up about 50% of Guyana's exports, is extracted by a large number of mining businesses that employ around 5-30 workers each. Investment decisions are heavily influenced by international gold prices, which have been high since 2007. The situation is similar in agriculture, where rice and sugarcane are the main export products. The expansion of the mining and agricultural sectors has a direct impact on aggregate demand in Guyana, owing to the fact that the income generated by exports stays in the country and is used for consumption

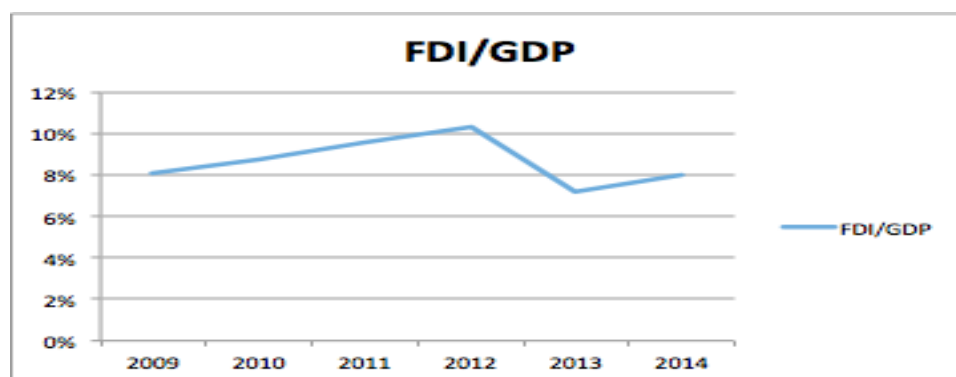
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<sup>19</sup> Elias, Carlos. *Private Sector Assessment of Guyana*, Inter-American Development Bank (October 10, 2014)

and investment. Guyana's economic growth cycles are largely determined by investment decisions taken by domestic private companies.

Foreign direct investment (FDI) to Guyana has been relatively high over the last decade with 8% of GDP in 2014. Figure 2 shows the evolution of FDI as percentage of GDP. A recent peak in medium and long-term private capital inflows was recorded in 2012, but inflows started to decrease again in 2013. According to UNCTAD<sup>20</sup>, inflows of FDI amounted to around USD 214 million in 2013, up from USD 164 million in 2009; no data is available on FDI outflows from Guyana.

FIGURE 2 EVOLUTION OF FDI AS % OF GDP



Source: Author's elaboration using data from the IMF

Information provided by the WTO Trade Policy Review<sup>21</sup> indicates that inward FDI was directed mainly to agriculture, tourism, information and communications, transport, education and other services, manufacturing (including wood products), and energy.

It is important to keep in mind that investors will seek to avoid three key obstacles, namely cost, delay and risk. If the cost of taxes, fees, fines, corruption and added services (lawyers, accountants, consultants, etc.) significantly increases the cost of the investment transaction, an investor may look elsewhere even though labor, transport and energy costs may be competitive. If these initial costs and delays are not a factor but the investor is worried about political upheaval, seizure of assets or legislative changes that

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<sup>20</sup> UNCTAD, UNCTADstat, <http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740> (accessed July 19, 2016)

<sup>21</sup> *Trade Policy Review Guyana*, World Trade Organization (July 28, 2015)

could diminish the return, the investor may be willing to accept a slightly less attractive return in another destination in order to minimize the risk.

A favorable investment climate is hence key to attracting both FDI as well as local investment. While there is not a precise international definition of the term, the most commonly used one is “the opportunities and incentives for firms to invest productively, create jobs, and expand”<sup>22</sup>, as proposed by the World Bank. The investment climate can be defined by three broad sets of variables:

- Macroeconomic policies such as fiscal, monetary and trade policies;
- Governance and institutions; and
- Infrastructure.

While objective 1 deals with macroeconomic policies and infrastructure, objective 2 focuses on governance and institutions. Business regulation is a crucial element that a lot of focus is given to in Guyana. Because of its importance, this plan dedicates a separate objective to achieve legal, institutional and regulatory reforms aiming to reduce the burden of starting and operating a business.

In order to assess the investment climate in Guyana, firm-level surveys on major and severe obstacles faced by businesses are analyzed. The results of a 2013 survey funded by Compete Caribbean are displayed in table 1.

TABLE 1 MAJOR AND SEVERE OBSTACLES TO DOING BUSINESS 2013

Area	All Countries	Guyana
Electricity	40 %	62 %
Telecommunications	14 %	55 %
Tax rates	43 %	54 %
Inadequately educated workforce	28 %	44 %
Crime, theft and disorder	31 %	42 %
Corruption	29 %	42 %
Political environment	11 %	41 %
Customs and Trade regulations	20 %	40 %

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22 “Investment Climate”, The World Bank (2016). Available at: <https://www.wbginvestmentclimate.org/index.cfm>

<b>Tax administration</b>	29 %	28 %
<b>Transportation</b>	21 %	28 %
<b>Access to land</b>	20 %	28 %
<b>Practices of competitors</b>	35 %	26 %
<b>Business licensing and permits</b>	14 %	20 %
<b>Access to finance</b>	40 %	19 %
<b>Labor regulations</b>	7 %	8 %

Source: Elias, Carlos. *Private Sector Assessment of Guyana*, Inter-American Development Bank (October 10, 2014)

## Electricity

In the survey, six out of ten enterprises mentioned the lack of access to and the cost of electricity as one of the biggest obstacles for their business.

In fact, average retail electricity prices were among the highest in the region in 2014. The WTO Trade Policy Review confirms that electricity production in Guyana is costly and finds that it is highly reliant on imported fuel<sup>23</sup>. The country's installed power generation capacity is about 83% oil-based and 17% biomass (bagasse)-fueled. This capacity translates into a generation mix that is almost entirely dominated by oil-based generators, which supply about 95% of the country's power consumption.

High electricity costs augmented by high tariffs are a drag on competitiveness and growth. They deter investments in the productive sectors and are a hindrance especially to the development of industrial activities. In addition, oil price shocks and Guyana Power and Light's (GPL) relatively high rates of technical and commercial losses contribute to high production costs for electricity. Although the recent decline in oil prices has provided some respite, Guyana remains exposed to oil price corrections. Yet, there is considerable potential for Guyana to increase hydroelectric generation. A strategy on how to foster public-private partnerships in the energy sector is therefore key.

## Tax Rates and Incentives

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<sup>23</sup> *Trade Policy Review Guyana*, World Trade Organization (July 28, 2015)

More than half of the businesses surveyed indicated that tax rates are a major obstacle. To incentivize private sector investment, the Government provides general and sector-specific incentives; the key ones are:

- Zero Import Tariff for industrial equipment, raw materials or packaging materials used in the production of goods by manufacturers
- Unlimited carry-over of losses from previous years
- Accelerated depreciation on plants and equipment
- Full and unrestricted repatriation of capital profits and dividends

Sector-specific incentives include income tax holidays, and tariff and value added tax (VAT) exemptions that are provided to firms exporting non-traditional products, as well as to firms active in agribusiness, manufacturing, tourism, fishery, forestry, mining, housing and information and communication technology (ICT).

To access incentives, investors need to sign an Investment Agreement (IA) with the Government represented by the Ministry of Finance; the process is as follows:

- Investor approaches the national investment agency GO-Invest with a proposal
- Proposal is forwarded by GO-Invest to the relevant agencies, in particular to the Guyana Lands and Surveys Commission (GL&SC) and the Guyana Revenue Authority (GRA), with which meetings are set up for discussion of the proposal
- Memorandum of Understanding (MoU), defining the terms of the investment, is signed between the investor and relevant agencies
- GO-Invest drafts an Investment Agreement that includes recommendations from GRA on the incentives to be granted
- Minister of Finance approves the IA.

According to the IADB<sup>24</sup>, there is a perception that the process to sign IA contracts is slow and that there is some discretion in the way authorities apply incentives to different types of investments.

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<sup>24</sup> Elias, Carlos. *Private Sector Assessment of Guyana*, Inter-American Development Bank (October 10, 2014)

## Skills Gap

Four out of ten enterprises in the above survey mentioned the need to enhance and upgrade workforce capabilities in order to compete. A crucial task therefore is to reform the entire educational system, from elementary school through to tertiary education, including technical, vocational and on the job training.

A report on Manpower Needs<sup>25</sup>, commissioned by the Private Sector Commission and the National Working Group on MDGs, likewise concludes that key challenges in Guyana are outdated curriculum training institutions, the migration of skills, a lack of literacy and communication skills, significant re-training cost, the need to import skills and the lack of a national vision for skills enhancement.

In Guyana, the Council for Technical and Vocational Education and Training (CTVET) offers education and training to youths and adults in technical, commercial and scientific fields relevant to the needs of the economy. Their mandate is to work jointly with the private sector to coordinate plans to generate knowledge and skills needed for its development. The system is mainly financed by fiscal resources with small contributions by participants in the form of enrolment and examinations fees. There have been recent initiatives to decentralize CTVET, establishing a council for each for the 10 regions. The CTVET is a semiautonomous agency under the Ministry of Education and the Board of Industrial Training (BIT), which supervises training for the industrial sector.

## Security, Corruption and Political Stability

Roughly 40% of enterprises surveyed were of the opinion that security, corruption and political issues, such as crime, need to be improved.

## Logistics

For 30% of businesses transportation is an issue. In today's globalized world, trading competitively is particularly key for economies that export basic commodities, as in the case of Guyana. This requires adequate infrastructure, such as roads, ports and airports. Moreover, overall efficient logistics must be in place, including defining the process of planning, implementing and controlling the flow and storage of goods, services and related information services from point of production to point of consumption.

The World Bank calculates the Logistics Performance Index (LPI), in which Guyana with a score of 2.67 (4.23 is the highest) performs on the same level as countries with the same level of development. The

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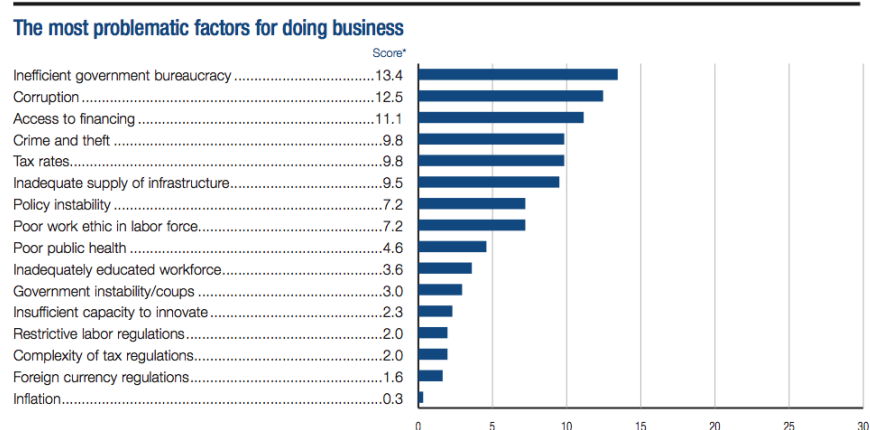
<sup>25</sup> Murray-Beresford, Denise. *Manpower Needs Analysis*, Private Sector Commission & National Working Group on MDGs

index considers six dimensions, including the quality of trade and transport related infrastructure, the ease of arranging competitively priced shipments, and the timelines of shipments in reaching their destination within the scheduled or expected delivery time.

A factor not measured in this index is air connectivity and cost of airfreight, which was mentioned by business associations during the consultation process for this plan as a hindrance for tourism and the export of value added products. Guyana's airports are expensive for both passengers and airlines. The IADB<sup>26</sup> finds that "all areas related to passenger processing areas, particularly for outbound passengers, present deficient conditions of facilitation, comfort and acceptable level of service". A recommendation from the IADB is that negotiations should be held to connect the country to Colombia's hub, one of the largest in South America, in order to enhance its connectivity within the Americas.

The World Economic Forum in its Global Competitiveness Report 2015-2016 identifies slightly different "most problematic factors for doing business" in Guyana, as shown in table 2. Executives' biggest concerns are inefficient government bureaucracy, corruption, access to financing, crime and theft, and tax rates.

TABLE 2 MOST PROBLEMATIC AREAS FOR DOING BUSINESS 2015



Source: Schwab, Klaus. *The Global Competitiveness Report 2015-2016*, World Economic Forum (2016)

## KEY STRATEGIES

### 1. ADDRESS CRITICAL FACTORS FOR INVESTMENT ATTRACTION IN COLLABORATION WITH RELEVANT STAKEHOLDERS

<sup>26</sup> Ricover, Andy. *Constraints to Regional Air Connectivity Between Countries of the Guyana Shield and South America*, Inter-American Development Bank (November, 2015), 53

## Infrastructure

- Collaborate with an international organization on analyzing best practice and develop a legal framework to create public-private partnerships (PPP). PPPs allow the government to gain access to knowledge and financing from and to share the risks with the private sector for infrastructural or other large public projects. After a decade of international experience with PPPs and with various models in the Caribbean receiving policy attention, there is much evidence of what works and what does not.
- Promote the use of solar panels and mini hydro stations in remote communities without grid access, employing the concept of PPPs, as a short-term solution to energy cost and reliance problems. The communities themselves as well as micro and small businesses in rural areas will benefit from using electricity for their operations. At the same time, overall supply will increase and grid capacity be freed up if the private sector provides additional energy in a decentralized manner, possibly with an effect on retail prices for electricity. The new economic activities that will occur can generate large productivity gains.

Guyana has recently launched a comprehensive review of its energy sector strategy. The government has tasked the Inter-American Development Bank (IADB) with a review of its optimal energy matrix. The IADB will assess the optimal power generation mix for the country, looking at a broad array of energy sources. The energy sector strategy will draw upon the results of these studies. The government shows commitment to increase the contribution of renewables to its power generation mix. A recently signed MoU with the International Pharmaceutical Agency for the Hope Wind Farm project provides an opportunity for the construction of a 25 MW wind farm.

## Workforce Skills

- Work jointly with the private sector to assess priorities for skills needed and analyze the skills gap for key export value chains
- Based on the analysis, collaborate with CTNET to develop a plan to update accordingly the vocational and technical training provided, and to introduce additional certification
- Provide scholarships for accessing private training and certification

## Access to Finance

- Revise regulations and incentives to foster access to long-term and competitive financing in collaboration with the Bank of Guyana and the private sector



- Work with public stakeholders to establish a modern and efficient Secured Transactions System to allow small businesses to use moveable property as collateral to access loans. This will require the establishment of a legal framework and collateral registry.

## Logistics

- Develop and implement a plan to enhance overall connectivity, particularly by connecting to fast growing regional hub in order to overcome logistical bottlenecks in transporting air and maritime freight. This will address the challenges of transporting perishable goods

Finally, the Ministry needs to provide input to other macroeconomic policies, in particular trade policy, to ensure alignment with the objectives to attract sustainable investment and to diversify the economy towards value added.

Likewise, the overall political environment, corruption, crime and theft – as indicated in the firm-level surveys – are factors that should not be neglected in all these efforts. The Ministry should consider and advocate these concerns.

## *2. DESIGN AND IMPLEMENT A NATIONAL SUSTAINABLE INVESTMENT STRATEGY (NSIS), AIMING TO REAP THE MOST GROWTH BENEFITS FROM FOREIGN AND DOMESTIC INVESTMENT*

- The Ministry of Business will conduct a study in collaboration with the Ministry of Finance (MoF) to evaluate the current investment incentive framework, benchmarking them with investment destinations similar to Guyana, analyzing the effectiveness of incentives and making recommendations for improving their utilization. The Investment Promotion Council, that is given responsibility for this task in the Investment Act, ideally is re-activated to ensure a regular review of incentives in the future.
- Provide fast and efficient services to investors through the empowerment of GO-Invest: Transforming the agency into a One-Stop Shop for investors diminishes the agencies dependence on GRA, which currently makes recommendations on which incentives to grant on a case-by-case basis, and the Ministry of Finance, which then makes the final decision. To accomplish this, regulation for the Investment Act needs to be introduced that defines a clear, predictable and transparent incentive framework with few exceptions, giving authority to grant incentives to GO-Invest. The incentive framework should take into consideration the analysis of the effectiveness of incentives.
- Define the terms of reference for a consultancy to conduct benchmarking and competitiveness analyses of prioritized sectors to identify potential foreign investors and promotion messages, to make branding recommendations, and to develop a detailed plan of activities to promote

investment over the period 2017-2020. The prioritization of sectors considers attracting FDI to locally produce substitutes for imports when economically feasible.

- Develop a National Sustainable Investment Strategy (NSIS) based on the results of this consultancy and the consultations with relevant public agencies and the private sector. Develop annual Promotion Action Plans, based on the NSIS GO-Invest, which will include road shows and investment summits to attract investment to Guyana
- Work jointly with the Ministry of Foreign Affairs to design a strategy to mobilize the Guyanese diaspora to invest more in the country through the promotion of key investment initiatives and projects.

### *3. DEVELOP A FRAMEWORK TO INCENTIVIZE SUSTAINABLE AND ECO-EFFICIENT BUSINESS PRACTICES*

- Partner with an international organization with specialized expertise in sustainable development<sup>27</sup> to acquire respective policy-making skills, then develop a framework to incentivize sustainable business practices, considering the possibility of linking current incentives to enforce greener regulations. Communicate the importance of sustainable business practices through active participation of the private sector, e.g. in learning workshops and seminars.
- Explore the possibility of a program to achieve eco-efficiency in industrial production by replacing old machinery and equipment with eco-efficient ones, informing the private sector on the benefits of such machinery in form of productivity gains, and by establishing respective regulation.
- Publish on the Ministry's website current regulations under the Environmental Protection Act, incentives to adopt greener business processes, and best practice examples.

### *4. SAFEGUARD COMPETITIVE MARKETS TO ENCOURAGE NEW BUSINESS ACTIVITY AND INNOVATION*

- Set and enforce competition laws and regulation aiming to prohibit abuses by monopolists, to curb collusive practices among firms that should be competitors, and to prevent undue

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<sup>27</sup> UNIDO, the World Bank and multi-sector organisations, such as the World Business Council for Sustainable Development (WBCSD) are examples of organisation with the respective expertise.

concentrations of market power that could result from mergers and acquisitions. Successful competition policy guarantees a level-playing field and reduces barriers that make market entry difficult and costly. Competitive markets are a necessary condition for markets to function efficiently and thus foster growth. The lack of competition means that local markets do not develop fully and firms are less competitive than their foreign rivals and less likely to compete globally. Competition leads to lower prices, higher quality and more choice for consumers as firms aim to gain a larger share of or generate new demand. As firms try to differentiate their products and services, they develop new business processes, designs, or production techniques. Competition therefore also fosters innovation.

- Strengthen the Competition and Consumer Affairs Commission (CCAC) in order to decentralize its operations, and to count with the human capital needed to conduct complex investigations of anti-competitive behavior
- Educate consumers on their rights to receive quality products and services. Companies set the direction they take based on consumers' choices. Informed consumers that report companies not acting in a fair or competitive manner drive businesses to deliver more choice, better quality, and lower prices.

## 2.3.2 IMPROVE THE EASE OF DOING BUSINESS THROUGH THE DEVELOPMENT AND PRIORITIZATION OF KEY REFORMS AND STRUCTURED NATIONAL COLLABORATION

### DIAGNOSIS

As elaborated under objective 1, business regulation and efficient access to government services are essential elements of the investment climate. Businesses cannot exist without the rules that underpin their establishment, operation and dissolution. Countless transactions are required to set up and operate a business. Regulation can facilitate these transactions, or – if badly designed – can overburden businesses and make it virtually impossible for them to operate. Well-designed regulation can ensure socially optimal outcomes by addressing asymmetries in information, for instance in the credit market, imbalances of bargaining power as in the labor market, or enabling the provision of public goods without which markets cannot operate, for example a land administration system. A regulatory burden, on the other hand, can be a main barrier to economic growth: Without a transparent and business-friendly regulatory framework, firms are not able to start up, invest productively, create new jobs, and grow.

In Guyana, much attention is paid to performance in the World Bank's Doing Business Index (DBI), which measures the "ease of doing business" or the efficiency and quality of regulation. This objective therefore focuses on the need to reduce red tape. Legal, institutional and regulatory reforms reducing the burden of starting and operating a business are crucial for improving performance in the DBI.

In the 2016 Doing Business Report, Guyana fell five positions over the previous year, from rank 132 in 2015 to 137 (out of 189 countries). Table 3 shows areas of good and bad performance.

TABLE 3 BEST AND WORST AREAS IN DOING BUSINESS INDEX 2016

<b>Distance to Frontier (100 is best)</b>	<b>Pillars of the Doing Business Index where Guyana is ranking within the range (2015)</b>
80-100	Starting a Business
60-80	Dealing with Construction Permits, Paying Taxes
40-60	Getting Electricity, Protecting Minority Investors, Registering Property, Trading Across Borders, Enforcing Contracts
20-40	Resolving Insolvency
0-20	Getting Credit
<b>Relative Rank (1 is best)</b>	<b>Pillars of the Doing Business Index where Guyana is ranking within the range (2015)</b>
50-99	Enforcing Contracts, Starting a Business, Protecting Minority Investors
100-149	Paying Taxes, Registering Property, Dealing with Construction Permits, Trading Across Borders
150-189	Resolving Insolvency, Getting Electricity, Getting Credit

Source: Elaborated by BSPU using data from the 2016 Doing Business Report

Some of the overarching challenges to the ease of doing business include:

- The time required for individual procedures is often long. For instance, it currently takes around one to two weeks to obtain the title certificate for land after the transfer instrument is filed at the Land Registry, and more than 3 years to obtain a first-instance judgment from the High Court on land disputes.
- Most procedures a business has to go through to start operating or whilst operating are paper-based with ample room to improve efficiency. It is the consensus among stakeholders that the use of ICT remains in its infant stages in many business processes. In many cases, a new legislation is needed to allow for the use of electronic means, as well as modern ICT equipment for involved agencies. Yet, there is willingness to engage representing an opportunity for change.
- The exchange of information and collaboration between government agencies is limited, creating unnecessary steps for businesses that cost time and money.

Furthermore, the private sector itself emphasizes the importance of doing business reforms, as indicated by the firm-level surveys analyzed under objective 1.

## Red Tape

- Four out of ten Guyanese executives in a Compete Caribbean survey from 2013<sup>28</sup> (see table 1 in the previous section) regard red tape as a major obstacle to business transactions.

### Customs and Trade Regulations

- Four out of ten enterprises expressed that customs and trade regulations were cumbersome. Guyana's performance in the Doing Business Index 2016<sup>29</sup> is also low in this area: Guyana ranks 139 out of 189 economies in Trading Across Borders.

### Investment Disputes and Enforcement of Contracts

- According to the World Bank's Doing Business Index 2016, resolving disputes in Guyana takes 581 days, costs 25.2% of the value of the claim and requires 36 procedures.
- In 2006, the Government of Guyana established a Commercial Court with the aim to tackle problems with commercial disputes; however, according to the private sector, the Court has failed to make an effective contribution to a timely settlement of business disputes.

## KEY STRATEGIES

### *1. IMPLEMENT A SINGLE WINDOW FOR TRADE TRANSACTIONS TOGETHER WITH KEY AGENCIES*

The implementation of an electronic Single Window for trade transactions will significantly reduce the transaction costs for import and export activities by interconnecting all relevant agencies. The Ministry has spearheaded the initiative in the past, which mainly included assessment activities. From this analysis, the below actions are outstanding. However, funding from the Caribbean Development Bank for further assessment and implementation has now been approved and a concrete way forward is yet to be determined. While the project requires the participation of other government agencies, the Ministry of Business will continue to play a lead role.

- Pass Single Windows bill and sign MoU between government agencies
- Determine scope/conceptual design of Single Window feasible in Guyana
- Review legislation and regulation proposed by a previous consultancy undertaken by Crown Agents in 2013 and implement recommended changes

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<sup>28</sup> Elias, Carlos. *Private Sector Assessment of Guyana*, Inter-American Development Bank (October 10, 2014)

<sup>29</sup> *Doing Business 2016: Measuring Regulatory Quality and Efficiency*, The World Bank (2016)

- Review organizational capacity, and business processes and procedures of all trade regulatory agencies as mapped out by Crown Agents and implement recommended changes
- Identify and fill gaps in IT software and hardware of stakeholders
- Standardize data capturing and harmonize its classification according to the Harmonised Commodity Description and Coding System (HS)
- Design and develop Single Window portal, integrating the TRIPS application
- Automate request, processing and approval process for permits and licenses, as well as inter-agency information exchange related to trade
- Design and implement a system that allows for the conversion, storage and retrieval of paper-based documents
- Develop and provide operating and system manuals and training
- Develop governance and disaster recovery plans

## *2. DESIGN AND IMPLEMENT REFORMS TO IMPROVE THE EASE OF DOING BUSINESS IN COLLABORATION WITH PUBLIC AND PRIVATE SECTOR*

### **Short Term**

- Develop a Doing Business Action Plan, defining and prioritizing clear reforms linked to responsible agencies, required budget and expected outcomes, with the aim to improve performance in the Doing Business Index. As a national approach is a prerequisite for success, this plan will be decided on with the input from relevant public and private stakeholders and submitted for approval by Cabinet.
- Advocate and facilitate increased transparency on bureaucratic procedures for businesses
- Analyze the current instruments to resolve investment and business disputes locally and internationally, benchmarking their effectiveness and providing recommendations on how to enhance enforceability of contracts.

### **Medium Term**

- Facilitate the implementation of the Doing Business Action Plan and monitor advances made
- Streamline procedures and interconnect agencies to increase the efficiency with which public agencies work

### *3. PROVIDE STATISTICS AND ECONOMIC ANALYSIS FOR BUSINESSES*

- Provide information on business cycle activities on website
- Publish quarterly and annual reports on the growth of sales and exports by sector and industry, sector competitiveness, current trends, etc. This requires collaboration with GRA to create a data set on business activity.

#### 2.3.3 INCREASE VALUE ADDED PRODUCTION AND EXPORTS THROUGH THE DEVELOPMENT OF A NATIONAL EXPORT STRATEGY AND AN ENHANCED QUALITY INFRASTRUCTURE

##### DIAGNOSIS

##### Double export concentration in products and markets

Exports grew by 32% over the period 2010-2014; however, 82% of exports are concentrated in less than 10 products (see table 4). Gold and minerals make up 40% of total exports in 2014, followed by beverages (22%) and vegetables (20%). In addition, Guyanese exports are strongly concentrated on just four markets, i.e. the United States, Canada, the EU and Venezuela, which receive 70% of all exports. It is important to note that the direction of exports changed significantly between 2009 and 2014, reflecting a substantial increase in the share going to the United States (from 12.3% in 2009 to 26.9% in 2014), which is now the main destination of Guyanese exports. Exports to Canada, on the other hand, declined sharply by 75% over the same period, and exports to the EU declined slightly by 10%. This situation makes the country vulnerable to price and demand shocks in individual products and markets.

TABLE 4 VOLUME OF EXPORTS BY PRODUCT IN USD, 2010-2014

Description	2010	2011	2012	2013	2014	%
<b>Total of Exports</b>	<b>889.936.961,0</b>	<b>1.159.341.788,3</b>	<b>1.416.026.252,1</b>	<b>1.360.702.176,5</b>	<b>1.176.145.231,0</b>	<b>32,2</b>
Gold	344.727.713,5	514.737.665,2	716.019.688,1	643.433.066,8	471.043.810,7	36,6
Rice	152.256.466,6	173.808.585,6	196.708.539,9	238.707.071,5	247.399.374,4	62,5
Sugar, Molasses, Honey	111.493.129,4	142.910.439,9	144.771.741,9	115.984.602,3	107.199.169,3	- 3,9
Aluminium Ores etc.	114.416.975,8	132.796.562,3	150.223.517,7	133.201.633,1	123.423.382,6	7,9
Alcoholic Beverages	19.583.396,7	35.471.695,0	42.490.998,2	44.048.573,4	42.798.631,5	118,5
Crustaceans and Molluses	29.426.959,6	25.006.080,0	48.610.943,0	53.278.452,3	33.151.173,7	12,7
Fish Fresh, Chilled, Frozen	17.503.134,2	23.844.629,0	25.338.277,5	30.855.252,2	31.818.699,3	81,8
Wood simply worked	26.075.092,7	36.086.609,8	24.730.082,9	22.110.520,1	25.432.816,6	- 2,5
Veneers, Plywood etc.	11.101.913,5	11.097.824,4	14.664.469,6	10.629.364,9	19.115.481,1	72,2
Pearls and Precious Stones	9.285.515,2	10.173.295,6	7.587.040,1	11.633.941,8	14.212.505,9	53,1
Fish Salted, Dried, Smoked	2.218.920,8	4.752.417,9	2.562.131,1	5.181.527,9	8.312.681,5	274,6
Wood in the rough	2.504.500,1	1.468.814,4	1.818.531,7	3.457.947,4	6.933.197,5	176,8
Fruits and Nuts Fresh/Dry	4.019.633,6	5.910.596,3	4.092.231,3	3.474.038,3	6.606.496,5	64,4
Edible Products and Preparations	2.995.304,0	3.285.867,5	3.282.489,3	5.975.055,3	3.647.262,7	21,8
Ferrous waste and scrap	4.121.121,1	2.760.028,0	5.619.823,4	3.357.961,0	3.444.689,7	- 16,4
Medicaments including Veterinary Medicine	1.942.925,8	2.543.679,8	2.299.561,9	2.765.590,7	2.787.193,7	43,5
Fruits Prepared, Preserved	3.345.225,3	2.574.502,4	2.454.312,3	2.528.647,1	2.636.726,2	- 21,2
Wood manufactures n.e.s	3.149.719,9	1.786.546,5	1.990.321,0	1.928.644,8	2.490.740,5	- 20,9
Non-Ferrous Metal/Scrap	741.952,2	..	2.357.138,7	2.382.791,7	2.065.315,7	178,4
Jewellery	3.930.818,6	2.757.031,9	46.471,3	2.057.134,6	2.198.055,6	- 44,1
Articles of Paper	1.754.594,2	1.638.277,0	1.650.225,4	1.735.081,6	1.606.954,6	- 8,4
Feeding Stuff, Animals	409.229,1	286.806,5	638.750,5	1.242.993,1	1.557.330,8	280,6
Live Animals for food	949.945,5	822.982,0	1.001.644,1	1.235.967,6	1.347.164,4	41,8
Female Clothing Non-Knitted	1.933.358,5	1.624.483,0	1.098.759,4	1.445.772,0	1.174.568,7	- 39,2
Male Clothing Non-Knitted	2.527.207,7	4.305.525,2	2.195.089,6	4.015.937,7	1.141.088,9	- 54,8
Articles of Apparel n.e.s	353.221,4	508.127,8	302.757,6	1.023.281,6	1.134.130,0	221,1
Fixed Vegetable Oils and Fats Non-Soft	838.678,3	1.104.904,9	1.271.984,7	484.510,1	958.045,5	14,2
Stone, Sand and Gravel	1.545.687,6	2.284.662,8	1.866.684,3	1.153.000,5	949.927,9	- 38,5
Margarine and Shortening	597.113,5	638.162,3	678.752,8	844.318,7	793.833,0	32,9
Vegetables Fresh/Chilled, Frozen, Dry	1.049.341,1	1.034.022,3	629.394,9	685.581,1	691.700,3	- 34,1
Meals Flour, Wheat, Meslin	4.661.037,6	1.136.965,5	930.790,3	989.642,6	685.202,4	- 85,3
Spices	466.677,5	421.555,3	428.979,8	547.672,5	584.784,5	25,3
Perfumery, Cosmetics	602.199,4	342.062,3	368.460,5	537.494,1	555.882,1	- 7,7

Source: Bureau of Statistics, 2016

### Low share of manufactured exports compared to countries with a similar level of economic development

Guyana's manufactured exports make up only 8.3% of total exports, despite having grown by 47.4% over the period 2010-2014 (see table 4). This development was mainly driven by a growth in rum exports of 118%, which reached USD 42.7 million in 2014. Exports of veneers and plywood reached USD 19.1 million in 2014 and grew at a rate of 72.2% over the same period. Other contributors with less value added are salted and smoked fish with a value of USD 8.2 million in 2014, veterinary medicine (43% increase) and edible products and preparation (21.8% increase).



TABLE 5 VOLUME AND SHARE OF MANUFACTURED EXPORTS IN USD, 2010-2014

Description	2010	2011	2012	2013	2014	%
<b>Total of Exports</b>	<b>889.936.961,0</b>	<b>1.159.341.788,3</b>	<b>1.416.026.252,1</b>	<b>1.360.702.176,5</b>	<b>1.176.145.231,0</b>	<b>32,2</b>
<b>Total of Manufactured Exports</b>	<b>66.177.563,1</b>	<b>79.670.041,6</b>	<b>82.118.111,1</b>	<b>93.015.943,0</b>	<b>97.549.787,6</b>	<b>47,4</b>
<b>Total ME/Total Exp</b>	<b>7,4</b>	<b>6,9</b>	<b>5,8</b>	<b>6,8</b>	<b>8,3</b>	
Alcoholic Beverages	19.583.396,7	35.471.695,0	42.490.998,2	44.048.573,4	42.798.631,5	118,5
Veneers, Plywood etc.	11.101.913,5	11.097.824,4	14.664.469,6	10.629.364,9	19.115.481,1	72,2
Fish Salted, Dried, Smoked	2.218.920,8	4.752.417,9	2.562.131,1	5.181.527,9	8.312.681,5	274,6
Edible Products and Preparations	2.995.304,0	3.285.867,5	3.282.489,3	5.975.055,3	3.647.262,7	21,8
Medicaments including Veterinary Medicine	1.942.925,8	2.543.679,8	2.299.561,9	2.765.590,7	2.787.193,7	43,5
Fruits Prepared, Preserved	3.345.225,3	2.574.502,4	2.454.312,3	2.528.647,1	2.636.726,2	- 21,2
Wood manufactures n.e.s	3.149.719,9	1.786.546,5	1.990.321,0	1.928.644,8	2.490.740,5	- 20,9
Jewellery	3.930.818,6	2.757.031,9	46.471,3	2.057.134,6	2.198.055,6	- 44,1
Articles of Paper	1.754.594,2	1.638.277,0	1.650.225,4	1.735.081,6	1.606.954,6	- 8,4
Feeding Stuff, Animals	409.229,1	286.806,5	638.750,5	1.242.993,1	1.557.330,8	280,6
Female Clothing Non-Knitted	1.933.358,5	1.624.483,0	1.098.759,4	1.445.772,0	1.174.568,7	- 39,2
Male Clothing Non-Knitted	2.527.207,7	4.305.525,2	2.195.089,6	4.015.937,7	1.141.088,9	- 54,8
Articles of Apparel n.e.s	353.221,4	508.127,8	302.757,6	1.023.281,6	1.134.130,0	221,1
Fixed Vegetable Oils and Fats Non-Soft	838.678,3	1.104.904,9	1.271.984,7	484.510,1	958.045,5	14,2
Margarine and Shortening	597.113,5	638.162,3	678.752,8	844.318,7	793.833,0	32,9
Vegetables Fresh/Chilled, Frozen, Dry	1.049.341,1	1.034.022,3	629.394,9	685.581,1	691.700,3	- 34,1
Meals Flour, Wheat, Meslin	4.661.037,6	1.136.965,5	930.790,3	989.642,6	685.202,4	- 85,3
Spices	466.677,5	421.555,3	428.979,8	547.672,5	584.784,5	25,3
Perfumery, Cosmetics	602.199,4	342.062,3	368.460,5	537.494,1	555.882,1	- 7,7
Cereal, Flour, Starch, Preparations	550.431,8	463.496,8	428.669,9	480.127,5	483.315,3	- 12,2
Tubes, Pipes, Hoses of plastic	55.078,6	43.502,0	82.463,3	..	439.767,8	698,4
Sugar Confectionary and Preparations	348.167,4	465.667,0	347.886,7	337.853,7	413.682,7	18,8
Female Clothing Knitted	103.644,4	228.380,4	178.225,6	296.125,1	288.755,2	178,6
Fuel wood and Charcoal	244.688,2	216.800,6	387.243,0	324.148,7	270.343,4	10,5
Coffee and Coffee Substitutes	38.469,8	34.352,4	110.579,4	741.119,8	247.345,1	543,0
Non-Alcoholic Beverages	556.396,3	306.004,5	212.231,7	1.770.299,3	235.922,2	- 57,6
Soaps, Cleaning Preparations	381.965,4	393.606,1	316.919,8	323.288,2	197.706,4	- 48,2
Furniture and Parts	437.838,2	207.774,3	69.191,3	76.157,0	102.656,1	- 76,6

Source: Bureau of Statistics, 2016

## Quality and reliability of its exports

The production and trading of goods and services faces a number of non-compliance risks in both export and local markets with a significant impact on competitiveness. These have been identified as<sup>30</sup>: (1) rejection of products at border inspection points, (2) increased cost due to delays while inspections/tests are being done in overseas laboratories, (3) disruption in trade, loss of or inability to expand into new markets, (4) loss of revenue where inaccurate measurements and test results are used and (5) inability to

<sup>30</sup> Edmondson, Hermon. *Executive Summary of Report: Consultancy for Needs Assessment for State of the Art Testing and Metrology Facilities*. St. Catherine, Jamaica: HBS Consulting (November 15, 2014), 3

command premium price where quality and safety products are not defined, among others identified in the report.

The consultancy report on the implementation of a state-of-the-art laboratory for GNBS further summarizes the main constraints to Guyanese products and services in exports markets: (1) negative perception of food quality and inconsistent availability, (2) detained and destroyed shipments, (3) past history of a product/ country in meeting quality requirements, (4) poor packaging and product quality, and (5) poor sanitation of processed foods.

UNIDO<sup>31</sup>, however, ranks Guyana as having relatively low rejection rates from exports of food to the EU and medium rejection rates of exports to the USA. In 2010, Guyana encountered 0.2 rejections for every million USD worth of exports to the US. Yet, this figure is higher than the average of countries with similar income and is not competitive when compared with the two larger exporters of food in the CARICOM region (Jamaica and Trinidad and Tobago) to these markets.

A strategy of diversification and market expansion requires competitive products. A certification of quality provided by a national quality infrastructure with laboratory services can support the production of competitive goods and services. There is a significant current demand for testing and metrology/calibration services by businesses, and this demand is expected to increase even further over the next ten years to more than one hundred thousand tests and calibrations annually. The existing network of laboratories, however, does not provide internationally accredited services and therefore internationally recognized certification. The conditions with respect to buildings, personnel and equipment limit most of these laboratories, (including the Guyana National Bureau of Standards (GNBS), from gaining accreditation<sup>32</sup>.

### Sugar is losing preferential market access

In the past, Guyana's sugar exports benefited from a guaranteed access to the EU market. All sugar exports from Caribbean states were to enter the EU duty free and quota free up to 2012, subject to a special safeguard clause. A major change in the EU's import regime for sugar, which started in 2006 to gradually reduce both quotas and guaranteed purchase prices, has affected Guyana's sugar industry: Since

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<sup>31</sup> Jetzkowitz, Marc. *What Border rejections tell us about trade Standards Compliance in Developing Countries, Analysis of EU and US Data 2002 to 2008*, UNIDO Working Paper

<sup>32</sup> Edmondson, Hermon. *Executive Summary of Report: Consultancy for Needs Assessment for State of the Art Testing and Metrology Facilities*, St. Catherine, Jamaica: HBS Consulting (November 15, 2014), 13

2012, production has been declining. In the face of these changes, Guyana has taken steps to restructure the sugar industry in order to become more competitive by inter alia lowering costs and adding value, as well as by diversifying products. A National Action Plan (GNAP) was developed and submitted to the EU in March 2006. Based on this plan, eight financing agreements with the EU were signed until 2013, enabling the Government to provide subsidies amounting to EUR 158.8 million to GuySuCo. However, no conditions, such as what the funding can be used for, were attached to the subsidies (except in 2014, when GYD 6 billion was remitted for investments and capital expenditure). The Government has also waived USD 8 million per annum since 2009 from the repayment of the loan for the Skelton Sugar Modernisation Program.

## KEY STRATEGIES

### *1. DESIGN AND IMPLEMENT A NATIONAL VALUE ADDED EXPORT STRATEGY THROUGH COLLABORATION WITH PUBLIC AND PRIVATE SECTOR*

- In conjunction with the Ministry of Finance and GRA, conduct an analysis of the effectiveness of current incentives to foster exports in general and export diversification in particular
- Conduct value chain analyses for sectors with high potential for creating value added, identifying key bottlenecks for their growth and strategies to solve them
- Once value chain analyses have been completed, develop a National Value Added Export Strategy (NVAES), together with institutions such as New GMC, the Forest Products Development and Marketing Council and the Ministry of Foreign Affairs. NVAES should contain Export Competitiveness Plans (ECP) for each product prioritized through value chain analyses
- Based on the NVAES, consult with the private sector in providing input on how to improve market access for exports to the Ministry of Foreign Affairs

### *2. FOSTER LOCAL VALUE ADDED PRODUCTION*

- Propose a model to enhance the effectiveness of industrial estates in order to employ them as an effective instrument of industrial policy with an emphasis on promoting value added products (for export)

- Facilitate private, long-term and competitive financing for manufacturing ventures through the establishment of regulation and incentives. During the consultation process for this plan, the private sector pinpointed the lack of financing as a hurdle for local value added production.
- Develop and implement a pilot program to co-finance export activities of businesses producing value added products that want to grow their exports or want to produce and export new ones. The program will primarily support obtainment of certification necessary to access markets, product design and marketing. Establish indicators to measure increases in productivity or market access.
- Assess other options of public provision of financing for innovative business activities and training to use new technologies, e.g. a public-private value added fund

### *3.IMPROVE QUALITY STANDARDS BY STRENGTHENING THE NATIONAL QUALITY INFRASTRUCTURE*

- Construct and equip a State of the Art Laboratory (SAL) to provide calibration, verification and testing services in mass, temperature, force, pressure, length, static volume, electrical quantities (AC/DC), electrical energy, as well as testing services in building materials, textiles and garments, energy efficiency, non-metallic materials and general electrical and mechanical testing.
- Improve the competences of all national laboratories, and inspection and certification bodies, and design a model for collaboration among them to increase the efficiency with which services are carried out.
- Develop a human resource policy addressing recruitment, development and retention of staff for SAL and the network of inspection, testing and certification bodies. Such a policy is crucial for the attainment of accreditation status, which in turn is necessary for the certifications it issues to be internally recognized.
- Expand the existing Product Certification Scheme to include locally manufactured products prioritized for exports, management systems and service standards to encourage the implementation of existing standards

#### **2.3.4 SUPPORT SMALL BUSINESS DEVELOPMENT THROUGH EFFECTIVELY IMPLEMENTING THE PROVISIONS OF THE SMALL BUSINESS ACT AND INTENSIFYING THE SERVICES OF THE SMALL BUSINESS BUREAU**

#### **DIAGNOSIS**

Guyana's economy is comprised of a large number of micro and small businesses with very low rates of productivity and levels of innovation. To increase economic opportunities, create new jobs and increase overall rates of productivity, the development of small business needs to be supported specifically. The Small Business Bureau (SBB) needs to design and implement policies and programs that will increase small business' access to public procurement, finance, and training for them to gain the capabilities to be innovative and grow.

The MoB is responsible for the first government backed guarantee program and subsidized interest payment facility, focusing on sector-specific clusters such as crafts and agro-processing. These clusters can be used to obtain insight into the needs of small businesses in specific sectors. With this knowledge, the SBB can develop tailored support services. Working with clusters allows the SBB to reach more micro enterprises and can generate networking between the businesses.

According to the Bank of Guyana, in 2015 USD 14 million was provided to small businesses in the form of microfinance, which is equivalent to 0.5% of GDP. The guarantee fund contributed less than 10 % to that amount, indicating scope for the MoB to expand its financing services.

However, there are several institutional constraints and challenges the SBB is facing:

- The Bureau is currently without a Chief Executive Officer (CEO) to lead its operations. The absence of a CEO can negatively affect the agency's image and result in the perception that diminished importance is placed on its role to support MSE development.
- SBB's operation is centralized in the capital, where its only office is located. However, the Bureau's target market is spread across the ten administrative regions, which in some instances are accessible only by plane or boat. The absence of a presence in these far-flung areas limits extent and efficiency of service delivery. In addition, there is only one vehicle to be used by the three functional units. These units are working in the areas of access to finance, marketing and research, and training and business development.
- SBB lacks an appropriate mechanism and the relevant resources to effectively evaluate the impact of its various programs at a broader level, such as contribution to GDP, revenue, exports, and transfers of skills and knowledge. Currently, program evaluation is largely at the level of stated outputs, e.g. the number of people trained, jobs sustained or interest subsidies granted per low carbon sector, region, and gender.
- The SBB is still in its formative years and as such has an opportunity to design innovative systems and processes that will aid in implementing Small Business Act effectively; for example, current Government procurement systems and legislation governing the same exclude MSEs from offering their goods and services in a fair and transparent manner.

- Inadequate funding is a major concern. In its attempt to carry out its mandate, the SBB is often forced to 'water down' its approach at the expense of appearing unproductive and invisible in the eyes of the private sector.
- There are opportunities for the SBB, as a non-profit governmental agency, to benefit from donor funds as proposals can be compiled in house. Once the Micro and Small Enterprise Development (MSED) program is executed successfully, it is expected to provide a platform for additional funding from the Guyana REDD+ Investment Fund.
- The loss of key human resources to other organizations at the end of the MSED program will depict a severe obstacle to the SBB. Seven key staff are funded by this program.

## KEY STRATEGIES

### *1. MICRO AND SMALL BUSINESS' ACCESS TO PUBLIC AND PRIVATE MARKETS*

- Conduct research and analysis on the access of micro and small enterprises to public procurement, identifying the difficulties these enterprises face in complying with current regulations. Propose solutions to current challenges and suggest legal changes if needed.
- Conduct a workshop with large and multinational companies to determine which of their currently imported intermediate goods could be procured locally from an existing supplier. These discussions will help to compile a catalogue of demanded products and their quality and quantity specifications to be distributed to small and medium enterprises. If training or other business development activities are needed in order for local businesses to supply the demanded products, this can be considered when developing training programs.

### *2. MICRO AND SMALL BUSINESS' ACCESS TO TRAINING, INNOVATION ASSISTANCE AND FINANCE*

- Evaluate the implementation of either a business development center, incubator or accelerator after assessing the key barriers for small businesses to accessing technology. Conduct a pilot to test and evaluate a proposed model before developing a national program.
- Analyze and assess the relevance, effectiveness and coverage of current training programs conducted by the SBB, the Department of Industry, GO-Invest and others. Training should focus on access to public procurement and supplying to international corporations, as well as being aimed at enhancing productivity, and increasing market access and exports for small businesses. With the information gathered, propose how training programs can be improved. Based on the findings, propose changes to current training activities.

- Develop an interim training strategy for 2017 while a new plan is being developed
- Analyze the relevance, effectiveness and coverage of small grants offered by the SBB and other departments of the Ministry. Map other public institutions offering grants to the same target group in order to provide recommendations on how to increase the impact of the Ministry's interventions, considering the prioritization of valued added business initiatives.
- Evaluate the Guarantee and Grant fund to assess its effectiveness and recommend steps going forward; using the evaluation initiate a second phase. There is an expressed need for extending the term of the fund to another five to seven years and increasing its coverage, given the limited financing opportunities for micro and small businesses – such financing depicts less than 1% of GDP. However, not all parts of the program may be attractive; the Institute for Private Enterprise Development (IPED), for instance, mentioned interest rate subsidies.
- Increase the Small Business Development Fund for the SBB to provide financing and other services to businesses that do not qualify under MSED.
- Explore the possibility to create an export guarantee facility to foster exports of small businesses.

### *3. STRENGTHENING OF THE SBB*

- Strengthen the SBB through the provision of adequate financial and human resources
- Increase the coverage of the SBB to all regions with the help of the Ministry of Communities and the e-Government Unit

## 2.4 BUDGET AND KEY CURRENT PROGRAMS

The Ministry of Business' budget for 2016 was USD 5.8 million and is broken down in table 6.

TABLE 6 2016 BUDGET BY PROGRAM

(In thousand USD)

Program Code and Description	Employment	Other	Total Current	Capital	Total
251 Policy Development and Administration	321	641	962	353	1,315
252 Business Development, Support and Promotion	94	1,854	1,948	2,264	4,211
253 Consumer Protection	35	264	299	10	310
Agency Total	450	2,759	3,209	2,627	5,836

Source: *Budget Estimates Volume I*, Ministry of Finance (2016)

Table 7 summarizes total capital expenditure by program. The numbers indicate that the current priorities of the Ministry of Business reside in the implementation of the industrial and rural enterprise development projects. As capital intensive projects that mostly involve infrastructural enhancements, they comprise almost 78% of total capital expenditure.

TABLE 7 2016 SELECTED ITEMS OF CAPITAL EXPENDITURE

(In million USD)

<b>CAPITAL EXPENDITURE</b>		<b>2.64</b>
251 Policy Development and Administrative		0.35
252 Business Development, Support and Promotion		2.28
GO-Invest	0.13	
Industrial Development	1.02	
Rural Enterprise Development	0.94	
Bureau of Standards	0.17	
253 Consumer Protection		0.01

Source: *Budget Estimates Volume I*, Ministry of Finance (2016)



#### 2.4.1 THE INDUSTRIAL DEVELOPMENT PROJECT

The 2016 capital budget for industrial development provides for the development of the industrial estate in Lethem and the upgrading of the estates in Belvedere and Coldingen; these activities are to be continued in 2017. The Industrial Development project was created in the early 1990s under the former Ministry of Trade, Tourism and Industry with the objective to support the manufacturing sector by offering real estate, infrastructure and services.

Industrial estates typically are interesting for businesses as they provide an attractive location, e.g. allowing fast, inexpensive and reliable transportation to the nearest hub, and infrastructure services, such as sewage, reliable electricity and internet. For the individual firm the cost of operation is lower on industrial estates because these services are shared. The management of the estates is thus a crucial factor to their success.

In Guyana, the estates have been previously managed by National Industrial and Commercial Investments Limited (NICIL), which was part of Guyana's privatization program. By the end of 2016, management responsibility is to be transferred to the MoB. A management committee will be established, comprised of representatives of the Ministry and the estates. The committee will develop a management plan.

Through the development of industrial estates the Ministry of Business has the responsibility to promote, encourage and facilitate investments that diversify foreign earnings and develop value added sectors through improving the environment in which businesses operate and providing an opportunity for increased competitiveness. Industrial estates are developed in Coldingen, Eccles, Belvedere, and Lethem. Currently, the major activities are wood processing, light manufacturing and engineering/rebuilding. Lethem specifically offers support services to small businesses.

For an annual rent of GYD 1 per square foot, a service charge and an initial cost of 25 percent of its development cost, an investor can lease a plot from the government at the Coldingen and Eccles estates; they alone provide 102 plots on 90 acres of land. However, the estates remain underutilized: Businesses have leased and never used a plot, or started operations but then discontinued for reasons unknown to the Government. A needs assessment of the estates will be necessary in order to be able to enhance their effectiveness as a tool of industrial development and to guide the development of a management plan.

#### 2.4.2 THE RURAL ENTERPRISE DEVELOPMENT PROJECT

The Rural Enterprise Fund was established in 2014 under the former Ministry of Tourism, Industry and Commerce with the objective to provide employment opportunities to rural areas. Two call centers in Tuschen and Enmore and a chip factory in Leguan fall under this project. The 2016 capital budget provides for construction works to finish the call centers and upgrade road access to the chip factory. These works will be mostly completed by 2017.

#### 2.4.3 Proposed Budget for 2017-2020

Table 8 summarizes key strategies and actions of this plan that were not considered in the 2016 budget, with a projected cost for the period 2017-2020. For some of these actions funding from international donors has been identified while this plan was developed.

TABLE 8 STRATEGIES AND ACTIONS WITH NO 2016 BUDGET ALLOCATION

Strategic Action	Expected Outputs	Budget	Responsible	Type of Action
OBJECTIVE No.1: INCREASE SUSTAINABLE PRIVATE SECTOR INVESTMENT THROUGH THE DESIGN AND IMPLEMENTATION OF A NATIONAL INVESTMENT STRATEGY AND SAFEGUARDING COMPETITIVE MARKETS				
Develop an Investment Promotion Plan	1. Benchmark FDI flows to prioritized value added sectors	USD 150,000	GO-Invest	International firm with local partners, or team of experts (international and locals)
	2. Define key aspects that Investors are looking for in prioritized sectors	(Funding identified)		
	3. Map potential investors			
	4. Define key messages and narrative for FDI promotion			
	5. Propose country brand			
	6. Develop Investment Strategy/ Plan 2016-2020			
OBJECTIVE No. 2: IMPROVE THE EASE OF DOING BUSINESS THROUGH THE DEVELOPMENT AND PRIORITIZATION OF KEY REFORMS AND STRUCTURED NATIONAL COLLABORATION				
Implement a Single Window for trade transactions in order to facilitate trade at national, regional and international levels, as well as to enhance transparency and accountability	Intuitive integrated software solution for the full lifecycle of trade transactions and its implementation	USD 4 million  (Funding identified)	Department of Commerce	Contract Software Solution
OBJECTIVE No. 3: INCREASE VALUE ADDED PRODUCTION AND EXPORTS THROUGH THE DEVELOPMENT OF A NATIONAL EXPORT STRATEGY AND AN ENHANCED QUALITY INFRASTRUCTURE.				

1. Establish the Business and Competitiveness Advisory Council	The Ministry of Business through the departments of Commerce, Industry and the BSPU will act as the Secretariat of the council. This requires vacant positions to be filled.	To be determined	Minister	Formally create BSPU and hire all vacant positions
2. Develop a National Value Added Export Strategy	With the results of the value chain analyses priorities strategic actions to be implemented	USD 75,000 (Funding identified)	GO-Invest	International expert to support GO-Invest
3. Strengthen national quality infrastructure through the improvement of the competences and strengthening of the network of all national laboratories, inspection and certification bodies, and the construction and equipment of an Art Laboratory (SAL).	1. Build a State of the Art Laboratory	USD 20 million (Funding identified)	GNBS	Contract for construction
	2. Personnel hired and trained			Contract for equipment
	3. Accreditation of new State of Art Laboratory			Contract for training
	4. Increase in Quality Certifications			Contact of consultancy services
4. Design and implement a matching grant pilot to foster quality and innovation for prioritized valued added export sectors	1. Select products for pilot (2-3)	USD 350,000	GO-Invest	International team of experts with local experts
	2. Define criteria for businesses to participate			
	3. Accredited quality, market and other business development services providers			
	4. Define outcome and impact indicators			
	5. Develop an operational manual			
5. Carry out a study on how to improve effectiveness of industrial estates as an industrial development tool, which will seek to attract investment to value added sectors of the economy. The study will also present alternatives for the current operating model for the estates.	1. Assess the current situation of industrial states	USD 85,000	Department of Industry with participation of GO-Invest	Team of international and local experts
	2. Analyze the current model of operation: subsidies, rents, collection, management of states, infrastructure, etc.			
	3. Propose alternative model of operations aiming to increase efficiency			

	4. Recommend future use of industrial states as a tool for increasing value added production and exports in the economy			
<b>OBJECTIVE No. 4 SUPPORT SMALL BUSINESS DEVELOPMENT THROUGH EFFECTIVELY IMPLEMENTING THE PROVISIONS OF THE SMALL BUSINESS ACT AND INTENSIFYING THE SERVICES OF THE SMALL BUSINESS BUREAU</b>				
1. Evaluate the effectiveness, efficiency and relevance of training and technical assistance programs and develop proposal on how to reform training and assistance programs	1. Map key training and technical assistance programs	USD 60,000	SBB, BSPU, Department of Industry, GO-Invest	International and local experts
	2. Analyze effectiveness, efficiency and coverage of existing programs			
	3. Develop a proposal of reforms of current training and technical assistance as well as business model and financial options			
2. Evaluate the access of SMEs to public procurement and make recommendations	1. Assess the current access of SME's to public procurement	USD 60,000	SBB, BSPU	International and local experts
	2. Analyze the critical factors to enhance access of SMEs to public procurement as well as areas of public procurement that could be prioritized to increase access			
	3. Propose policy, reforms and programs that could enhance access to public procurement			
	4. Establish indicators, define source of information and institutions responsible for monitoring implementation of policies, reforms and programs			
3. Evaluate SBB Guarantee and Grant Fund in order to design its phase II	1. Evaluate effectiveness of operations	USD 85,000  (covered under the project)	SBB, BSPU	International and local experts
	2. Evaluate the relevance of the program			
	3. Make recommendations for expansion of services and its coverage			

Table 9 lists key new actions that need to be financed for the period 2016-2020. As noted, the Ministry will have to focus on policy development initially; it is therefore recommended that respective consideration is given in the budget allocation over the next few years.

TABLE 9 FINANCING NEEDS FOR 2016-2020

(In thousand USD)

TYPE OF EXPENDITURE	OBJECTIVE	AMOUNT
Consultancies	Policy Development	340
Infrastructure training	New State of the Art Lab	20,000
Software, Hardware, Training	Single Window	4,000
Export Innovation Matching Fund- Enterprise Consultancies	New Export Products	350

Source: Author estimates based on the information from Ministry of Finance and Ministry of Business

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## CHAPTER THREE

### 3. MINISTRY OF BUSINESS' ORGANIZATIONAL STRUCTURE

#### 3.1 ORGANIZATIONAL STRUCTURE

The Ministry of Business' mandate is outlined in the extraordinary Official Gazette of June 6, 2015, which lists the Minister's areas of responsibility as:

- Investment promotion
- Sustainable development
- Work force enhancement
- Export Promotion

The Ministry of Business came out of the former Ministry of Tourism, Industry and Commerce, from which it inherited the departments of Commerce and Industry. As of July 1, 2016, tourism too falls under its mandate again. Given that this development has taken place only recently, it is not yet accounted for in the Ministry's organizational structure, which is shown in figure 3.

The Ministry of Business includes the following technical departments:

- Department of Industry
- Department of Commerce
- Business Strategy and Policy Unit
- Consumer Affairs Division

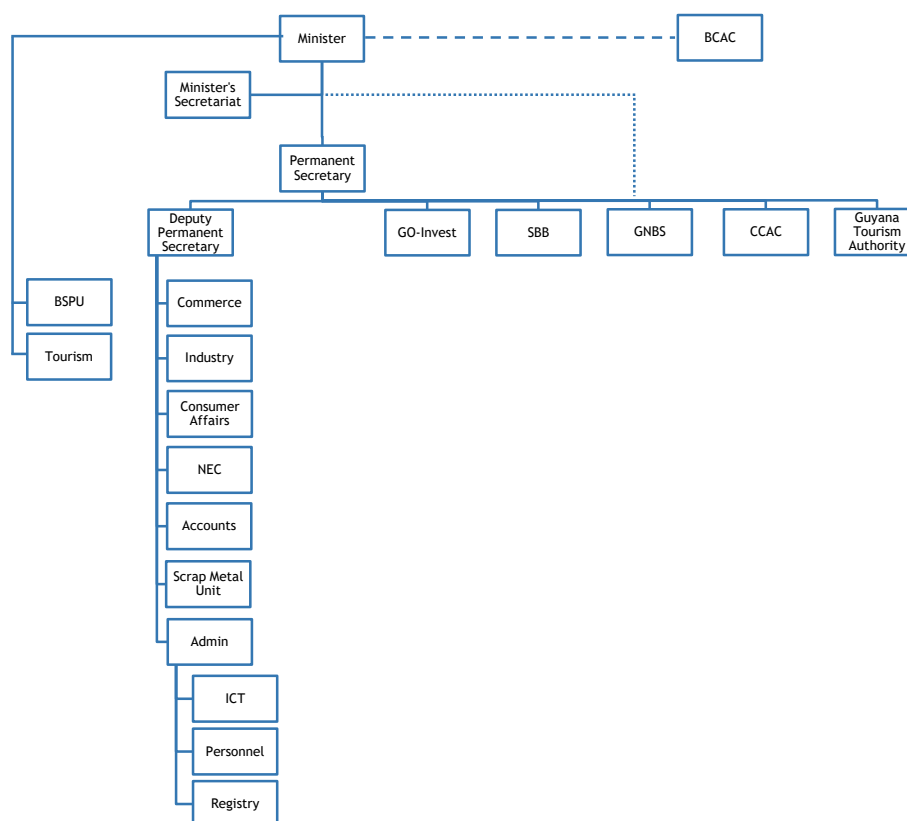
and the following semi-autonomous agencies

- Guyana Office for Investment (GO-Invest)
- Guyana National Bureau of Standards (GNBS)
- Small Business Bureau (SBB)
- Competition and Consumer Affairs Commission (CCAC)

The Minister of Business is part of the executive Government of Guyana and is accountable to Parliament for the leadership of the Ministry of Business. The Minister gives general policy direction to the four semi-

autonomous agencies and appoints the GO-Invest Board, the National Standards Council, the Small Business Council, the Competition and the Consumer Affairs Commission. The Minister gives more detailed policy direction to the Ministry's departments through the Permanent Secretary (PS). The PS is the non-political head of the Ministry of Business and is responsible for the Ministry's actions and performance. This includes serving as accounting officer for all departments and agencies of the Ministry, and as Chair of the Ministry's Management Committee.

FIGURE 3 ORGANIZATIONAL STRUCTURE OF THE MINISTRY OF BUSINESS



Source: Ministry of Business

## 3.2 MANDATES OF DEPARTMENTS AND AGENCIES AND THEIR CONTRIBUTION TO THE STRATEGIC OBJECTIVES

### 3.2.1 DEPARTMENT OF COMMERCE

#### **MANDATE**

To promote the attraction of sustainable investment, trade and the ease of doing business through licensing and trade policy formulation and implementation

### **Key Activities**

- Spearhead the implementation of the Single Window for trade transactions as part of a task force appointed by Cabinet
- Provide policy recommendations regarding trade negotiations and seeking business opportunities in current ones
- Process trade licenses in a timely and efficient manner
- Develop of a framework to attract sustainable investment to the country and create awareness in the business community of the importance of implementing green business models
- Design a framework to regulate and incentivize the manufacturing sector to adopt greener business processes and use eco-efficient machinery

### 3.2.2 DEPARTMENT OF INDUSTRY

#### **MANDATE**

To develop and implement policy and programs to promote economic diversification, growth of the manufacturing sector and exports of value added products

#### **KEY ACTIVITIES**

- Provide recommendations on industrial policy for a National Value Added Export Strategy, which will aim to enhance value added production and exports, and monitor its implementation
- Develop a concept for the utilization of industrial estates as an effective tool for industrial development and monitor its implementation once approved
- Conduct and update value chain analyses in prioritized manufacturing sectors in order to recommend policies and actions that will enhance sector competitiveness

### 3.2.3 BUSINESS STRATEGY AND POLICY UNIT

#### **MANDATE**

To design and support the design of new strategies and policies in all areas covered by the Ministry, namely investment promotion, work force enhancement, sustainable development and export promotion, and monitor their implementation

#### **KEY ACTIVITIES**

- Develop policy proposals for new initiatives within the remit of the Ministry of Business, both at Ministry and national level



- Identify and facilitate the implementation of reforms that address performance in the Doing Business Index and other broader challenges of the business environment
- Produce economic research that guides policy, program and project development and informs the private sector on investment decisions

#### 3.2.4 CONSUMERS AFFAIRS DIVISION

##### **MANDATE**

To enhance public awareness and understanding of consumer rights and responsibilities and support consumers in enforcing these

##### **KEY ACTIVITIES**

- Implement the consumer education program and develop effective public relation policies on consumer issues
- Investigate and resolve consumer complaints
- Assist GNBS and CCAC with consumer protection issues, e.g. the development of policies and regulation

#### 3.2.5 NATIONAL EXHIBITION CENTRE

##### **MANDATE**

To provide, develop and maintain a space to accommodate and host national events that promote local businesses as well as business opportunities in Guyana

##### **KEY ACTIONS**

- Provide facilities and amenities of a high and international standard
- Organize exhibitions and trade shows together with public and private institutions

#### 3.2.6 GO-INVEST

GO-Invest is a semi-autonomous body established in 1994 pursuant to the Public Corporations Act with the mission statement of *contributing to Guyana's economic development by promoting and facilitating local and foreign private-sector investment and exports in accordance with the country's approved investment and export strategies*. As such, the agency functions as the primary interface between investing and exporting firms and government agencies.

### **MANDATE**

To promote and facilitate the attraction of sustainable investment and exports with particular emphasis on value added ones

### **KEY ACTIVITIES**

- Develop and implement a National Investment Promotion Strategy, which will provide priorities to target investors, an investment narrative, key events and branding
- Design and implement a new matching grant program for exporters, aimed at enhancing quality and innovation in emerging value added services, by co-financing business development services

### **3.2.7 GUYANA NATIONAL BUREAU OF STANDARDS**

The Guyana National Bureau of Standards (GNBS) is a semi-autonomous organization, which came into existence under the Standards Act # 11 of 1984.

### **MANDATE**

To improve the quality of goods and services in Guyana, by collaborating with government, consumers and industry through the process of standardization, metrology and conformity assessment

### **KEY ACTIVITIES**

- Develop, revise, adapt and adopt standards based on requests from stakeholders for national and regional standards (Standards Development)
- Provide technical assistance to companies that wish to implement a management system (Consultancy Services)
- Award the National Standards Mark to products that meet the requirements of National Standards (Product Certification Services)
- Certify medical and testing laboratories to the National Standard GYS 170 (Laboratory Certification Services)
- Conduct management systems training for local companies (Training Services)
- Execute audits for companies that have implemented management systems meeting the requirements of international standards (Audit Services Program)
- Conduct the verification of weighing and measuring devices used in commercial trade (Legal Metrology Program)
- Monitor approximately 20 categories of commodities at the ports-of-entry and sales outlets to ensure compliance with labelling and quality standards, and investigate complaints regarding commodities monitored (Standards Compliance Program)

- Provide industrial metrology services to companies and laboratories by calibrating scales, masses, measures, measuring cylinders, calipers, pressure gauges, moisture meters, etc. (Laboratories Services)

### 3.2.8 COMPETITION AND CONSUMER AFFAIRS COMMISSION

The Competition and Consumer Affairs Commission (CCAC) is a subvention agency, operating under and keeping with the Competition and Fair Trading Act (CFTA) of 2006 and the Consumer Affairs Act (CAA) of 2011.

#### **MANDATE**

To promote, maintain and encourage competition and enhance economic efficiency in production, trade and commerce, to prohibit anti-competitive business conduct, which prevents, restricts or distorts competition or constitutes the abuse of a dominant position in the market, and to promote the welfare and interests of consumers

#### **KEY ACTIVITIES**

- Investigate any enterprise suspected to be engaged in anti-competitive business conduct either on its own initiative or responding to a complaint.
- Promote and ensure compliance with quality standards for consumer goods and services
- Inform and sensitize the public about consumer rights, e.g. through consumer awareness campaigns, and monitor the legislative environment to ensure effective safeguarding of these rights
- Investigate complaints of individual consumers or consumer organizations

### 3.2.9 SMALL BUSINESS BUREAU

The Small Business Bureau (SBB) is a semi-autonomous agency established in 2010 and enacted by the Small Business Act of 2004. SBB is the secretariat of the Small Business Council (SBC).

#### **MANDATE**

To prepare small business policies and administrative reforms with respect to fiscal and other incentives. To develop appropriate frameworks to foster the access of small businesses to government procurement, and to maintain a register of GRA and NIS compliant small businesses

#### **KEY ACTIVITIES**

- Give general business advice and guidance, assist with business plans, prepare financials for loan applications, and review proposals and submissions for credit (Advisory Support)

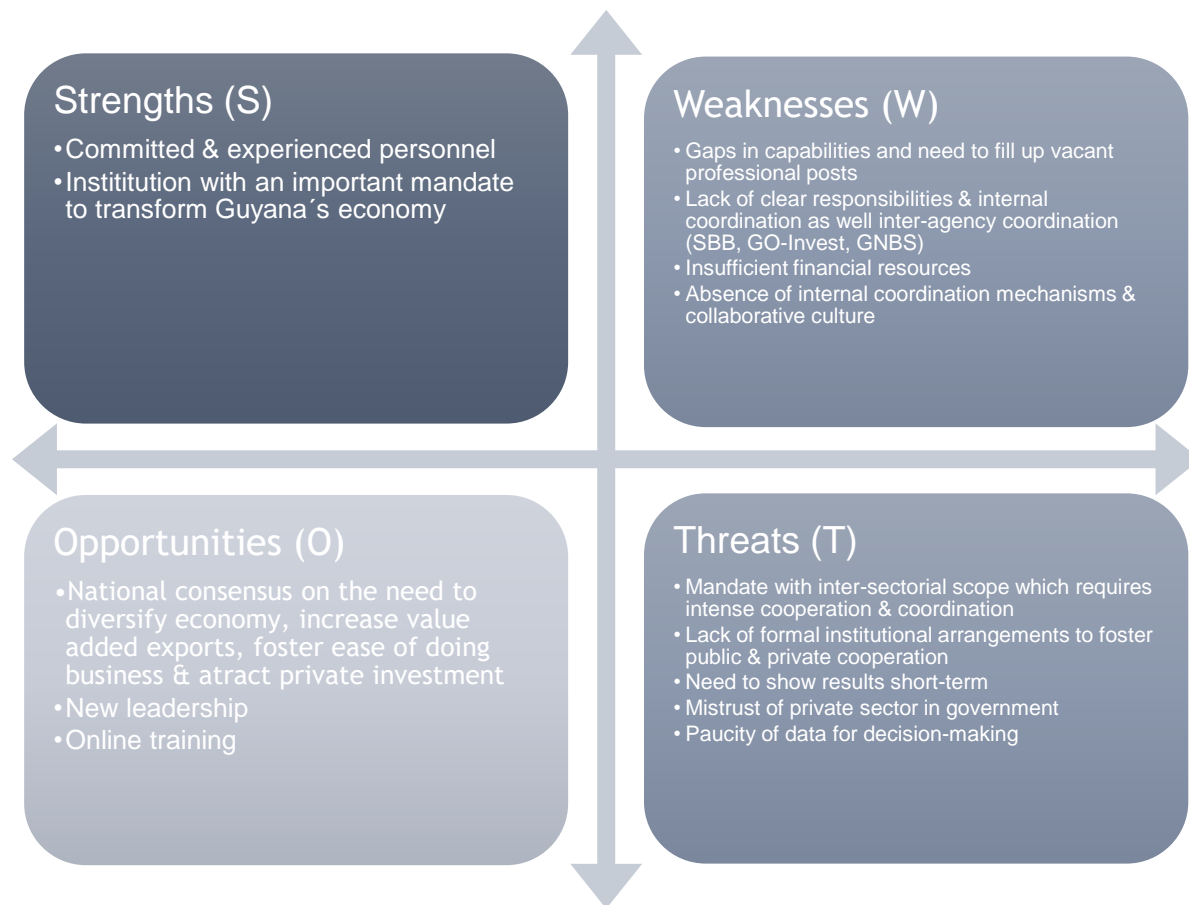
- Implement and manage the MSED project that addresses access to finance and small businesses garnering appropriate business skills through the provision of grants, loans, credit guarantees, and interest subsidies, and business management and technical skills programs
- Facilitate small business exposure and access to (international) markets through NewGMC or attendance of local and overseas expositions and trade fairs, and assist with research required for this or the development of promotional material (Market Support)
- Liaise with major regulatory bodies, namely NIS and GRA, through respective MoUs to assist small businesses with registering and related matters
- Develop and implement a framework for Small Business Public Procurement, which will allow the government to achieve its goal of 20% public procurement from small businesses as set in the Small Business Act

### 3.3 SWOT ANALYSIS

A SWOT analysis was conducted in order to understand the internal and external contexts within which the Ministry operates (see figure 4). For the internal environment strengths and weaknesses were analyzed and for the external environment opportunities and threats.

The Ministry of Business is an institution that was born inheriting existing structures and personnel from the former Ministry of Tourism, Industry and Commerce. It is currently working towards acquiring the competencies to fulfil its new mandate. Clarity needs to be established about roles and responsibilities, which this plan aims to resolve. Among the many opportunities the Ministry can seize is the broad consensus in the country on the need to improve the business environment and to diversify the economy towards value added production. With clarity of vision, internal competences built, and sufficient resources to implement key projects, the Ministry is set out for success in implementing this strategic plan.

FIGURE 4 MINISTRY OF BUSINESS' SWOT ANALYSIS



### 3.4 INTERNAL COORDINATION

Like in many other institutions, departments and agencies of the Ministry of Business tend to act in a 'silo mode'. However, most of the Ministry's responsibilities require strong cooperation and collaborative design of policies and solutions. To illustrate with an example: The Department of Industry is responsible for drafting industrial policy to increase value added exports; investment promotion, on the other hand, is undertaken by GO-invest. GO-Invest interacts with potential and current investors on a daily basis and can therefore provide important input to industrial policy based on the feedback they receive. Likewise, investor feedback about the business environment is crucial for the work of the Department of Commerce and BSPU. The same applies to quality issues, competitiveness, small business development, etc. Without coordination, key information could be missed and gaps in policy-making appear.

Currently, some efforts are duplicated because the leadership of the Ministry tends to delegate to those who respond more promptly. As an example, the Department of Commerce established a Help Desk to provide information to businesses whereas those activities would typically be handled either by SBB (in the case of small businesses) or GO-Invest (in the case of exporters or investors).

This plan aims to provide clarity about the mandate, key actions and projects of each department and agency. Nevertheless, frequent interaction is needed in order to coordinate and up-date actions and strategies.

To increase coordination and collaboration among departments and agencies, a task force led by the PS and composed of heads of departments and agencies will be created and meet monthly for the first six months and then on a quarterly basis after that. The task force will:

- Revise quarterly goals
- Identify synergies, particularly among the departments of Industry and Commerce, BSPU and GO-Invest, by discussing work plans, and reviewing terms of references and reports
- Discuss feedback from potential investors and current investors, who visit GO-Invest or one of the Ministry's departments, that can be taken in consideration for industrial policy design
- Revise and propose topics to be considered for the agenda of public-private dialogue mechanism
- Review policy proposals from departments or agencies
- Discuss bottlenecks and solutions in the implementation of key strategic projects

### 3.5 INTERNAL STRENGTHENING

As the name implies, for the Ministry of Business, collaboration with the private sector can be a crucial instrument in successfully achieving its objectives. Bottlenecks and opportunities for improving the infrastructure and the ease of doing business or increasing value added economic activities can only be identified with the input from the private sector. In order to effectively use this instrument, the MoB needs to have the technical expertise necessary for developing a National Investment Strategy and National Value Added Export Strategy and for implementing programs that arise from both of them.

The Ministry needs to strengthen its internal capacities in order to fulfil its mandate, vision and established strategic objectives. It should:

- Fill current vacancies and reinforce internal capacities in order to develop an industrial policy and to implement key projects such as the Single Window and the accredited State of the Art Laboratory
- Finalize the process of creating BSPU to jump start policy-making aimed at short-term results, to foster inter-government cooperation and collaboration, and to conduct monitoring and evaluation of the strategic plan. It is important that the unit has a director and at least four experts on economic and industrial policy, analysis and evaluation of data, investment and business promotion, economic inclusion, and export and supply chain analysis

- Prepare a training plan, with a focus on industrial policy, value chain and competitiveness analyses, research methods, and data analysis. Table 12 in the annex suggests a list of available online training platforms
- Create a task force under the leadership of the PS to stimulate cooperation for policy making that will include Heads of Departments and CEOs of agencies

It is important that necessary technical capabilities are created and retained internally: There have been incidents in the past where project units were externally financed and staff working in those units left at project end without transferring knowledge and experience to permanent staff. While the Ministry will remain dependent on technical assistance from multilateral cooperation (e.g. the World Bank for Doing Business, IADB for export promotion) in the short term, it needs to at least fill the vacancies outlined in the following sections.

### 3.5.1 DEPARTMENT OF COMMERCE'S CHALLENGES

The Department of Commerce is performing its current tasks efficiently. Nevertheless, the implementation of the Single Window and Doing Business reforms will require specialized talent with experience in business processes optimization, such as

- Junior Economist to act as a research assistant that will collect and classify data, assist in conducting consumer surveys, prepare replies to business complaints, liaise with relevant agencies, record data into database, prepare weekly/monthly/quarterly reports;
- Law Officer for legislative and inter-governmental affairs that will oversee drafting and finalization of relevant legislations, coordinate efforts between Ministries to implement cross-cutting policies and the Single Window project;
- Senior Information Technology Officer with experience in processes optimization and software implementation that will lead the implementation of the Single Window project;
- Junior Information Technology Officer to assist with the implementation of digital systems for Doing Business;
- International Trade and International Development Specialist that will prepare trade policy memos and review trade policy negotiations.

Other vacant positions are also recommended to be filled.

### 3.5.2 DEPARTMENT OF INDUSTRY'S CHALLENGES

The Department of Industry was for many years inadequately staffed and without relevant training. The department therefore requires technical support and retooling of current staff to effectively execute its functions. Staff should be trained in industrial policy-making as well as in conducting value chain analyses in order to be able to provide policy recommendations on value added activities.

The following additional positions need to be filled:

- Senior Economist or Business Graduate with experience in business or value chain analysis, competitiveness policies, and industrial policies;
- Two Junior Economists with experience in data collection and business analysis, acting as Industrial Development Analysts; and a
- Research Assistant.

### 3.5.3 BUSINESS STRATEGY AND POLICY UNIT'S CHALLENGES

The BSPU has the advantage of being a new endeavor; therefore, there is an opportunity to attract the talent suitable for the tasks at hand. The unit needs at least a

- Senior Economist and two Junior Economists to start drafting policies and to monitor the implementation of this plan;
- Director with experience in the public sector and technical knowledge in how to draft and implement public policy. The unit will conduct dialogue with other institutions and will require internal coordination. The Director therefore needs to have leadership skills to conduct discussions, and experience to promote and to defend the Ministry's positions;
- Research Assistant that will help to gather data and information for the monitoring of this plan, but also to provide information key to business in the area of trade and Doing Business.

### 3.5.4 CONSUMER AFFAIRS DIVISION'S CHALLENGES

Some of the efforts of the division in educating consumers and resolving complaints are currently duplicated by CCAC. It is therefore being considered that responsibility for receiving and resolving consumer complaints in the first instance is completely transferred to the division as their sole task in order to draw a clear line of distinction between the two bodies.

### 3.5.5 NATIONAL EXHIBITION CENTER'S CHALLENGES

The National Exhibition Centre needs to enhance its infrastructure to become a state of the art facility. In addition, a model needs to be developed to diversify its stream of revenue. The NEC team, for example, is envisioning the center as a venue for activities such as fashion shows, concerts, weddings, graduations, food festivals, or training. More in depth analysis is required to establish demand for different type of events, the investment return and priorities for the center's modernization. In the meantime, NEC needs to be promoted better, for instance by building a website, using social media and establishing alliances with business organizations, social clubs and others to inform about current events.

### 3.5.6 GO-INVEST'S CHALLENGES

GO-Invest operates as a facilitator of investment, providing information to investors and coordinating with the Ministry of Finance and GRA the concession of incentives. In the area of export promotion, its activities are currently limited to creating awareness about the importance of exporting, providing



information on potential markets and basic export training, as well as facilitating the participation in trade fairs.

The agency does not currently have capabilities to design policies or strategies to provide more value added services to exporters. Therefore, it is a priority that GO-Invest hires a

- Senior Policy Officer with experience in investment promotion;
- Senior Export Promotion Officer; and
- at least two Junior Economists or Business Graduates are required to do export analysis in order to provide information and data on market and product potential.

GO-Invest also needs to reinforce its market intelligence and innovation services in order to up-grade its provision of services, now concentrated mainly in coaching and training.

### 3.5.7 GUYANA NATIONAL BUREAU OF STANDARDS' CHALLENGES

It is key that the GNBS is staffed with all the technical experts required to work in the State of the Art Lab in order to guarantee its international accreditation. Building infrastructure and acquiring equipment will not work without the human talent and training needed to operate them. Also, there is need for a training program for existing labs in the country. GNBS has prepared a thorough training plan that requires strong support from the Ministry. Complying with quality norms and standards is crucial for the well-being of Guyanese citizens as well as for being able to export to key markets.

### 3.5.8 COMPETITION AND CONSUMER AFFAIRS COMMISSION'S CHALLENGES

The commission has the responsibility of drafting complex policy, surveilling and investigating anti-competitive business practices, such as mergers and acquisitions, as well as handling consumer complaints. All of these tasks require specialized personnel able to conduct economic and competition analysis. CCAC therefore should be a very technical and highly respected body with a budget that allows for adequately carrying out its functions. It is further important that the commission establishes bilateral and multilateral cooperation in order to enhance its capabilities.

### 3.5.9 SMALL BUSINESS BUREAU'S CHALLENGES

The Small Business Bureau needs to strengthen its capabilities in policy drafting to foster the growth of small businesses, as well as in monitoring and evaluating its own programs. Besides filling current vacancies, the SBB needs to hire an

- expert in the field of economic inclusion with experience in drafting policies to increase MSE's access to finance, training and public procurement; in addition, the SBB needs a
- Junior professional with experience in monitoring and evaluation in order to implement a mechanism for evaluation as the current one is not sufficiently efficient.

## 3.6 TRAINING PLAN

The Ministry needs to annually prepare a training program for technical staff and management. Consultations with the Public Service Ministry (PSM) revealed that there is currently no training program readily available that would fit the needs of the Ministry. PSM was open, however, to discuss needs and design a respective program.

Given the difficulty of finding local experts in the various fields related to the Ministry's mandate, online courses also provide a great opportunity (see table 12 in the annex). All staff involved in policy-making should take a basic course in policy analysis and development to train and re-fresh their knowledge on how to identify a problem, its roots and causes, and to find alternative courses of action and solutions. After finishing this basic course, departments and agencies can take specialized courses relevant to their area of work.

Furthermore, the Ministry can collaborate with the IADB or World Bank to conduct a series of training courses. This has particular relevance for the departments of Industry and BSPU, as well as SBB and GO-Invest.

Finally, it is important to incentivize a culture of excellence and collaboration. Communicating goals and creating ownership of this plan can help in this effort. It is important to acknowledge accomplishments and encourage innovation and empowerment of the different departments and agencies.

### 3.7 COMMUNICATION PLAN

For any initiative, communication is important. For this plan, that requires multi-sector stakeholder participation and engagement, effective internal and external communication is most critical.

Internally, Ministry should provide feedback about progress and results. In order to do so, it will be useful to conduct semi-annual interviews with key actors in order to gauge if their priorities are being met. Dewhurst's "BARROW" framework can help internal communication to be effective:

- Bridging statement: What have they asked for during the dialogue process?
- Aim to ask questions that address private sector concerns
- Reality: Try to understand why things might look different to them
- Roadblocks: Ask questions to understand which obstacles might get in the way
- Opportunities: Which actions or changes would make the fastest or most significant contributions to the aim?
- W is for whom and when: Identify who needs to know or do something to achieve the aim

To keep this plan relevant, the Ministry should review previously identified enablers and outcomes on an annual basis, and ask private sector stakeholders if they remain relevant or if there are new enablers to

achieve desired outcomes. The results of this analysis will be mapped on an importance-success quadrant to identify elements that appear critical to improve or critical to maintain.

As in any external communication plan, the Ministry of Business will need to identify objectives and target audiences, design key messages, select communication methods and channels, plan for two-way communication, establish time-frames, monitor results and look for ways to improve.

External communication should aim to educate citizens about the Ministry of Business's vision, mission and goals; this is particularly important since it was only recently created. External communication should reach out to different constituency groups. A narrative should be developed and messages communicated that will resonate with different stakeholders, such as small businesses, medium-sized enterprises, entrepreneurs, business development organizations, trade unions, labor unions, exporters, workers and the general public. One topic of crucial importance is the need to create awareness among businesses of the importance to develop and implement sustainable business models and to embrace corporate social responsibility.

The Ministry needs to conduct broad communication efforts, highlighting the concrete benefits for the different stakeholder/ audiences of the strategic plan. Entrepreneurial success stories should be praised in order to inspire the business community and to convey the importance of business for the development of Guyana's economy. They can be communicated on the Ministry's website, as well as social media platforms, such as the Ministry's Facebook and twitter.

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## CHAPTER FOUR

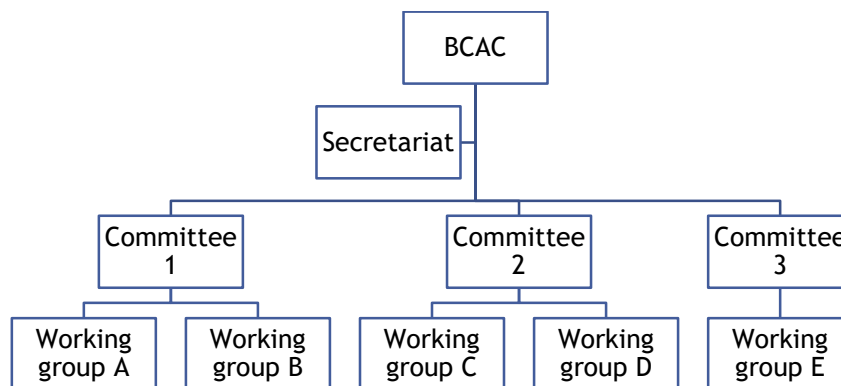
### 4. PUBLIC-PRIVATE COOPERATION AND INSTITUTIONAL ARRANGEMENTS

#### 4.1 THE BUSINESS AND COMPETITIVENESS ADVISORY COUNCIL (BCAC)

Throughout this plan, public-public and public-private cooperation and collaboration have been emphasized. The reason is that many key policies related to the Ministry's mandate remain in the domain of other Ministries and directly affect the private sector. The challenges faced by businesses operating in Guyana, as well as the effectiveness of solutions are best understood by the private sector itself. At the same time, transversal and sectorial policies, instruments and programs need to be aligned across ministries towards a national approach. The Business and Competitiveness Advisory Council (BCAC) is the instrument that the Ministry of Business advocates to achieve structured and institutionalized dialogue and collaboration. As a Public-Private Dialogue (PPD) body, the BCAC has the objective to discuss and recommend key policies, strategies and actions considered of priority by its members for Ministerial implementation or Cabinet approval. The goal is to deliver competitiveness enhancing solutions for more quality jobs, more exports and more investments.

The council itself will be chaired by the Minister of Business and comprised of representatives of the private sector, in order to set an annual agenda of priority issues. It will operate in ad hoc committees and working groups, as proposed in figure 5 and described in the following.

FIGURE 5 SAMPLE STRUCTURE OF A PUBLIC-PRIVATE DIALOGUE BODY



Source: BSPU

The main duties of the council will be:

- Propose and advocate policies, strategies, and actions for key cross-cutting challenges of the private sector

- Revise terms of references for key studies and provide advice on how to improve final outcomes
- Revise and advise on drafts of white papers, policy memos or projects proposals
- Monitor the implementation of key policies, strategies, and actions approved by Cabinet

#### 4.1.1 AD HOC COMMITTEES

Ad hoc committees will be formed based on the council's annual agenda on a specific topic. They should be organized by one or more of the following criteria to enable them to focus effectively:

- a) Policy issue (e.g. export promotion, infrastructure, workforce skills, innovation)
- b) Industry cluster (e.g. agriculture, mining, tourism, or manufacturing)
- c) Geographical location

Committees will be comprised of management level representatives of public and private sector. Their purpose is to provide an opportunity for a review and informed debate on challenges, policy options and implementation. Tasks include:

- Identifying related priorities
- Endorsing technical working groups
- Establishing consensual recommendations, policy reform proposals, and action plans
- Monitoring reform implementation
- Supporting ongoing implementation

#### 4.1.2 WORKING GROUPS

Working groups will be established by committees on a needs basis, tasked with delivering specified (technical) outputs in a given timeframe. They will be comprised of mostly technical representatives of public and private sector as well other experts. The responsibilities of the working groups can include:

- Collecting, processing and analyzing data; conducting interviews and surveys
- Formulating and drafting reform proposals (technical and legal)
- Performing cost-benefit analyses
- Developing institutional change programs
- Implementing activities

## 4.2 BCAC SECRETARIAT

The purpose of the secretariat is to facilitate the work of the council in promoting dialogue, coordination and collaboration. Its responsibilities will involve

- Organizing meetings of the council, committees and working groups
- Providing technical assistance in the form of background research, policy notes, economic analysis, reform proposals, or action plans
- Managing communication and outreach strategies
- Keeping track of implementation of agreed actions
- Preparing quarterly reports for Cabinet on activities and advances towards objectives set by the council
- Being the point of contact for others who want to join

The Secretariat should be headed by an Executive Director, which will coordinate and provide structure and form to BCAC's work. The Executive Director will act as a facilitator for the entire dialogue process and at the same time is the driving force behind the elaboration of the BCAC.

## CHAPTER FIVE

### 5. MONITORING AND EVALUATION

#### 5.1 MATRIX OF STRATEGIES, ACTIONS, OUTCOMES AND PERFORMANCE INDICATORS

The below tables outline responsibilities and timeframes for each strategic action and set outcome and impact indicators for the Ministry's monitoring and evaluation system. Targets refer to the period of the respective table if not indicated otherwise; 2016 is used as a baseline.

2016-2017

Objectives	Strategies	Responsibility	Key Actions 2016-2017	Outcome Indicators	Impact Indicators
OBJECTIVE NO. 1 INCREASE SUSTAINABLE PRIVATE SECTOR INVESTMENT THROUGH THE DESIGN AND IMPLEMENTATION OF A NATIONAL INVESTMENT STRATEGY AND SAFEGUARDING	1.1 Address critical factors for investment attraction in collaboration with relevant stakeholders	Minister with BSPU	<b>Public-Private Dialogue</b> Proposal to Cabinet for establishment of BCAC as a formal and institutionalized dialogue and collaboration mechanism between public and private sector	Cabinet approval for establishment of BCAC <i>October 2016</i>	
		Minister with BSPU	<b>PPP Framework</b> Analysis of best practices in the establishment of a legal framework to foster PPPs, particularly in the infrastructure sector	1. Summary of best practices and lessons learned on PPPs <i>April 2017</i>  2. Proposal document for a legal framework to facilitate PPP <i>June 2017</i>	

COMPETITIVE MARKETS		through BCAC	<b>Infrastructure and Logistics</b> 1. Development of short- to medium-term solutions to reduce energy cost and reliance problems through fostering participation of private sector in the provision of solar and mini hydroelectric generators 2. Development of plan to enhance logistics to overcome bottlenecks with air and maritime freight	1. Short- to medium-term energy plan to increase private sector participation <i>December 2016</i> 2. Diagnostic study on key logistics barriers <i>January 2017</i> 3. Strategy to enhance logistics <i>March 2017</i>	
		BSPU and through BCAC	<b>Skills Gap</b> 1. Update of vocational and technical training offered by public and private sector 2. Analysis of skills gap in key export value chains	1. Diagnostic study on the state of vocational and technical training <i>April 2017</i> 2. Analysis of skill and capability gaps in key value added exports sectors <i>October 2017</i>	
		BSPU	<b>Access to Finance</b> 1. Revision of regulations and incentives to foster access to long term and competitive financing together with Bank of Guyana and the private sector.	1. Analysis of current regulation and recommendations for improvement. June 2017	
			2. Development of strategy and legal framework to enable small businesses to use movable property as collateral in loans	2. Legislation drafted <i>end of 2017</i>	
	1.2 Design and Implement a National Sustainable Investment Strategy aiming to reap the most growth benefits	GO-Invest	Terms of reference for a consultancy to conduct investment destination benchmarking, competitiveness analysis of key prioritized sectors, identify potential FDI investors, investment messages and narrative, make branding recommendations, and develop detailed plan of activities to promote investment over 2017-2020	Terms of reference for investment promotion plan <i>October 2016</i>	



	from foreign and domestic investment	Department of Commerce with BSPU	Evaluation of current incentive framework and analysis of how to foster more green and sustainable investments	1. Evaluation report on current incentives <i>April 2017</i>  2. Proposal document for new framework to attract sustainable investment <i>May 2017</i>	
		BSPU and GO-Invest	With results from previous consultancies and through consultations with relevant public agencies and the private sector development of the National Sustainable Investment Strategy including an investment promotion plan	NSIS including investment promotion plan <i>July 2017</i>	
		GO-Invest	Design a strategy to attract more investment from diaspora together with the Ministry of Foreign Affairs	Plan to attract investment from Guyanese diaspora <i>February 2017</i>	
			Development of a plan to use embassies and consulates to promote and attract investments in alignment with NSIS and investment promotion plan	GO-Invest Board approval for 2018-2020 plan <i>December 2017</i>	
		GO-Invest	Once, studies on current investment incentives have been conducted and recommendations are made, introduction of regulation to the Investment Act and giving authority to grant incentives to GO-Invest; this will empower GO-Invest as a one-stop investment agency	Regulations to implement Investment Act and authority to grant incentives with GO-Invest <i>June 2017</i>	
	1.3 Develop a framework to incentivize sustainable and eco-efficient business practices	BSPU in collaboration with EPA and GNBS	Acquiring sustainable development policy-making skills through partnership with multilateral cooperation	Terms of reference for training needs <i>April 2017</i>	
			Development of a framework to incentivize sustainable and eco-efficient business practices and incentives in cooperation with international donor	White paper on state of eco-efficient business practices <i>October 2017</i>	
			Analysis of the possibility to use current incentives to fulfilment of green regulations	Policy proposal for Cabinet completed <i>December 2017</i>	

		Department of Commerce with BSPU	Survey to businesses on utilization of eco-efficient machinery and equipment's tenure and sustainable business practices	Results of business survey on eco-efficient practices <i>June 2017</i>	
OBJECTIVE NO. 2 IMPROVE THE EASE OF DOING BUSINESS THROUGH THE DEVELOPMENT AND PRIORITIZATION OF KEY REFORMS AND STRUCTURED NATIONAL COLLABORATION	2.1 Implement the Single Window for trade transactions together with key agencies	DPS with Commerce  (most of these actions will be led by the funding partner)	Determination of scope/conceptual design of Single Window feasible in Guyana	Single Window conceptual design <i>November 2016</i>	
			Review of legislation and regulation and implementation of recommended changes	Draft legislation <i>February 2017</i>	
			Review of organizational capacity, and business process and procedures at trade regulatory agencies and implementation of recommended changes	Proposal on institutional changes <i>March 2017</i>	
			Identification and filling the gaps in IT software and hardware at stakeholders	Procurement proposal for hardware and software <i>April 2017</i>	
			Standardizing data capturing and harmonizing its classification according to the Harmonized Commodity Description and Coding System	Proposal on standardizing data capturing and classification <i>June 2017</i>	
	2.2 Design and implement reforms to improve the ease of doing business in collaboration with the public and private sector	BSPU	1. Identification of principal barriers affecting the investment climate investment and proposal for methodology to prioritize actions, including an analysis and effectiveness benchmarking of a mechanism to solve investment and business disputes locally and internationally.	1. Methodology developed <i>November 2016</i>  2. <i>Analysis of dispute resolution mechanisms</i> <i>June 2017</i>	
			2. Prioritization of actions and establishment of next steps to implement it	2. Document of priorities <i>December 2016</i>	
			3. Development of Doing Business Action Plan	3. Cabinet approval for plan <i>March 2017</i>	
	2.3 Provide statistics and economic	BSPU	Prioritization of data for policy analysis through workshops with private sector	Plan to collect and analyze data <i>June 2017</i>	

	analysis for businesses		Collection of data to monitor Strategic Plan, starting with trade data, in collaboration with GRA and development of quarterly and annual reports on sales, competitiveness, etc.	Template for reports <i>October 2017</i>	
			Publication of information on bureaucratic procedures in the business cycle such as registering, licensing, finance, quality standards, investment and export incentives and programs	Information relevant to business cycle activities published on website <i>December 2017</i>	
OBJECTIVE NO. 3 INCREASE VALUE ADDED PRODUCTION AND EXPORTS THROUGH THE DEVELOPMENT OF A NATIONAL EXPORT STRATEGY AND AN ENHANCED QUALITY INFRASTRUCTURE	3.1 Design and Implement a National Value Added Export Strategy through collaboration with public and private sector	GO-Invest with Department of Industry  (some of these actions may be covered by the funding partner)	Series of workshops with manufacturing sectors that have been experiencing declining exports, e.g. agro-processing and jewelry	Summary document on factors negatively affecting exports <i>October 2016</i>	
			Series of workshops with manufacturing sectors that have been experiencing high export growth to identify factors that have increased competitiveness	Summary document on factors positively affecting exports <i>November 2016</i>	
			Analysis on the effectiveness of current incentives in fostering exports in general and diversification in particular together with GRA and Ministry of Finance	Evaluation report and recommendations to enhance effectiveness <i>May 2017</i>	
			Development of terms of reference for prioritizing sectors and training on value chain analyses	Terms of references <i>October 2016</i>	
			Value chain analyses in sectors with high potential for value added creation, identifying bottlenecks for their growth as well as strategies to solve them	Consultancy report <i>May 2017</i>	
	3.2 Foster local value added production	Department of Industry	Proposal of a model to enhance the effectiveness of industrial estates in order to employ them as an effective instrument of industrial policy	Terms of reference for assessment <i>December 2016</i>	
				New management plan developed <i>June 2017</i>  Proposal for Cabinet <i>August 2017</i>	

		SBB	Design and implementation of an inclusive model to foster growth and participation of local SMEs in prioritized value added production and export	1. Concept note <i>February 2017</i>  2. Cabinet approval <i>May 2017</i>  3. Request for funding <i>August 2017</i>	
		GO INVEST	Design and implementation of a pilot program to co-finance product certifications to access markets, product design and marketing for businesses exporting value added products who want to grow their exports or want to produce and export new ones. The program will be based on value chain analyses and input from the private sector	1. Program proposal submitted to Cabinet <i>July 2017</i>  2. Cabinet approval and request for funding <i>August 2017</i>	
	3.3 Improve quality standards by strengthening the National Quality Infrastructure	GNBS  (some of these actions may be covered by the funding partner)	Strengthen the national quality infrastructure through improving the competences of all national laboratories	Document of priorities for the renovation of labs <i>January 2017</i>	
			Design of a business model that will allow laboratories to provide services and charge for them	Document of business model for quality and conformity labs <i>June 2017</i>	
			Develop a human resource recruitment, development and retention policy for all laboratories	Recruitment of new personnel and training <i>June 2017</i>	
			Request for funding to expand the Product Certification Scheme	Cabinet approval and request for funding to implement in 2018 <i>August 2017</i>	
	OBJECTIVE NO. 4 SUPPORT SMALL BUSINESS DEVELOPMENT THROUGH EFFECTIVELY IMPLEMENTING THE PROVISIONS OF	SBB with Minister/BSPU	Research and analysis on the access of micro and small businesses to public procurement, identifying the difficulties these enterprises face in complying with current regulations	Assessment report for Cabinet <i>January 2017</i>  Policy paper <i>April 2017</i>	
		SBB with Minister/BSPU	Alignment of training and grants of SBB to targets of value added production and exports	Reform proposals for implementation in 2017	

THE SMALL BUSINESS ACT AND INTENSIFYING THE SERVICES OF THE SMALL BUSINESS BUREAU	assistance and finance		Prioritization of training in business clusters with value added export potential and of grants to value added businesses	Training implemented <i>June 2017</i>	
			Relevance and effectiveness analysis of all current programs serving small businesses in the areas of finance, training, and technical assistance, including those offered by the SBB	Evaluation report <i>February 2017</i>	
			Design of policy and program framework that improves small businesses' access to finance, technical assistance and public procurement; exploring the possibility of creating an export guarantee facility and and exploring models to implement an incubator or accelerator for small businesses	1. New framework <i>February 2017</i>  2. Cabinet approval and request for funding for 2018 <i>March 2017</i>  3. Feasibility study for export guarantee facility <i>August 2017</i>	
			Evaluation of the Guarantee and Grant fund to assess its effectiveness and recommendations for a second phase	Evaluation report <i>December 2016</i>	
			Increasing the Small Business Development Fund for the SBB to provide financing and other services to businesses that do not qualify under MSED	Policy memo to Cabinet <i>April 2017</i>  Funding requested for 2018 in <i>August 2017</i>	
	4.3 Strengthening the SBB	SBB	Provision of sufficient financial and human resources to the SBB	Personnel are recruited and vacant positions filled <i>December 2016</i>	
			Increasing SBB coverage to all regions through collaboration with the Ministry of Communities and e-Government Unit	Board members are appointed <i>December 2016</i>	

2018-2020

Objectives	Strategies	Responsibility	Key Actions 2018-2020	Outcome Indicators	Impact Indicators
OBJECTIVE NO. 1 INCREASE SUSTAINABLE PRIVATE SECTOR INVESTMENT THROUGH THE DESIGN AND IMPLEMENTATION OF A NATIONAL INVESTMENT STRATEGY AND SAFEGUARDING COMPETITIVE MARKETS	1.1 Address critical factors for investment attraction in collaboration with relevant stakeholders	Minister	<b>PPP Framework</b> 1. Proposal of legal framework to attract PPP 2. Enactment of secondary regulation to implement PPP legislation 3.Design of PPP infrastructure project	Proposal document for PPP legal framework <i>June 2018</i>  Approval of PPP legal framework <i>April 2019</i>	PPP infrastructure project ready <i>June 2020</i>
		through BCAC	<b>Infrastructure and Logistics</b> Implementation of infrastructure and logistics strategy	New air routes to better connect Guyana to South America and Asia	2 new air routes developed <i>end of 2018</i>
		BSPU or through BCAC	<b>Skills Gap</b> 1. Based on analysis conducted on skills gap develop a plan to provide short-term technical training and certification 2. Award scholarships to young Guyanese to access training and certification relevant for value added sectors	1. Technical training and certification plan approved by Cabinet <i>January 2018</i>  2. Funding to implement scholarship program requested <i>June 2018</i>  Implementation of program <i>January 2019</i>	10,000 scholarship are awarded
		BSPU	<b>Access to Finance</b> 1. Implementation of plan to enhance long-term and competitive access to finance	New regulation and incentive framework implemented	20% increase in 5-7 year loans to the manufacturing sector over 2016
	2. Implementation of secured transaction system		New legal framework on the use of movable assets as collateral implemented	15% increase in loans to small businesses over 2016	
	1.2 Design and Implement a National Sustainable	through IPC	New Incentives Legal Framework proposed to Parliament to approval	Cabinet approval of a new Incentive framework <i>June 2018</i>	Increase of FDI to GDP ratio to 10% <i>in 2019 and 2020</i>

	Investment Strategy aiming to reap the most growth benefits from foreign and domestic investment	GO-Invest	Implementation of annual investment promotion plans in coordination with network of selected embassies and consulates in countries with potential to attract FDI to prioritized sectors	1. GO-Invest board approval for annual investment promotion plan  2. Achievement of established goals	
			Design and implementation of annual international road shows to present opportunities to invest in Guyana	Road shows are implemented in cities and countries specified in NSIS	15% increase in gross private sector capital formation in USD in 2019 and 2020
			Design and implementation of bi-annual investment summits to attract investments to Guyana	National investment summits are held in 2018 and 2020	
	1.3 Develop a framework to incentivize sustainable and eco-efficient business practices	GO-Invest and Tourism	Design and implementation of investment and tourism marketing and branding campaign	1. Cabinet approval for brand January 2018  2. Funding for a global marketing and branding campaign requested June 2018  3. Implementation of campaign 2019-2020	
		BSPU in collaboration with EPA and GNBS	Regulations to incentivize eco-efficient business practices	Cabinet approval of framework August 2018  Implementation of program in 2019	
			Establishment of a section on the MoB's website to communicate a) current regulations under the Environmental Protection Act, b) incentives to adopt greener processes, and c) best practices, as well as workshops and seminars with the private sector	Website online January 2018	

		Department of Commerce	Program to replace old with new, eco-efficient machinery in industrial production, based on survey results	Cabinet approval for program and funding requested <i>June 2018</i>  Program started <i>January 2019</i>  Awareness campaign in <i>2019-2020</i>	10% of machinery replaced with greener ones <i>end of 2019</i>  Baseline established in survey to be conducted in <i>2018</i>
OBJECTIVE NO. 2 IMPROVE THE EASE OF DOING BUSINESS THROUGH THE DEVELOPMENT AND PRIORITIZATION OF KEY REFORMS AND STRUCTURED NATIONAL COLLABORATION	2.1 Implement the Single Window for trade transactions together with key agencies	DPS with Department of Commerce	Design and implementation of a Single Window for trade transactions 1. Single Window software acquisition 2. Automation of request, processing and approval process for permits and licenses, as well as inter-agency information exchange related to trade 3. Design and implementation of system that allows for the conversion, storage and retrieval of paper-based documents 4. Development and provision of operating and system manuals and training 5. Development of governance and disaster recovery plan	Connectivity plan developed <i>January 2018</i>  Software acquired <i>March 2018</i>  Software implemented <i>June 2018</i>  Bill allowing electronic signatures passed <i>December 2018</i>  Processes automated <i>April 2019</i>  Governance and disaster recovery plan <i>December 2018</i>	15% reduction in the distance to the frontier of the Trading Across Borders World Bank indicator over DB2016  Increase by 5 places in the WEF Competitiveness Index over 2016
	2.2 Design and implement reforms to improve the ease of doing business in collaboration with the public and private sector	BSPU	Facilitation of the implementation of Doing Business Action Plan		15% reduction in the DB distance to frontier score over DB2016
	2.3 Provide statistics and economic	BSPU	Quarterly and annual reports with data and economic analysis on sales, exports, import, competitiveness, etc.	Reports published <i>2018-2020</i>	



	analysis for businesses		Publishing value chain analyses on Ministry's website	<i>January 2018</i>	
			Annual report on the advances of the implementation of the Strategic Plan	Publication in March of each year <i>2017-2020</i>	
OBJECTIVE NO. 3 INCREASE VALUE ADDED PRODUCTION AND EXPORTS THROUGH THE DEVELOPMENT OF A NATIONAL EXPORT STRATEGY AND AN ENHANCED QUALITY INFRASTRUCTURE	3.1 Design and Implement a National Value Added Export Strategy through collaboration with public and private sector	GO-Invest	Development of Export Competitiveness Plans for each product prioritized through value chain analyses	Export Competitiveness Plans <i>January 2018</i>	
			Implementation of Export Competitiveness Plans (ECP) for several products	Report on advances of implementation at the end of each trimester <i>starting in April 2018</i>	12% increase of value added exports to GDP over 2016 <i>in 2020</i>
			Design of a Trade and Market Access Strategy aligned with ECPs	Market Access Strategy <i>May 2018</i>	5% increase in exports to new markets over 2016 <i>in 2018-2020</i>
			Implementation of Trade and Market Access Strategy	Report on advances of implementation at the end of each trimester <i>starting in June 2018</i>	90% of agricultural products have access to markets without phytosanitary or quality restrictions by the end of 2019.
			Adjustment of NVAES based on ECPs	Adjusted NVAES <i>March 2018</i>	
	3.2 Foster local value added production	GO-Invest with SBB	Implementation of matching grant program for innovative exporters	Manual of implementation <i>January 2019</i>	50 export businesses receive grants for innovation services <i>in 2019 and 150 in 2020</i>
			Implementation of matching grant program for small businesses producing value added	Manual of implementation <i>January 2019</i>	150 small and medium enterprise business receive long term financing, training, technology annually <i>after 2019</i>

			Implementation of matching grant program for exporters to receive product certifications	Manual of implementation <i>January 2019</i>	50 export business receive quality certifications <i>in 2019</i> and 100 <i>in 2020</i>
	3.3 Improve quality standards by strengthening the National Quality Infrastructure	GNBS	Constructing and equipping a State of the Art Laboratory (SAL) to strengthen the network of local laboratories and to provide metrology/calibration and testing services	SAL constructed <i>June 2019</i>	
			Implementation of the recruitment, development and retention of staff for SAL	Training and recruitment of new personnel <i>June 2019</i>	
			Accreditation status for SAL, which is a requirement for international acceptance of test/calibration results	SAL accredited <i>December 2019</i>	
OBJECTIVE NO. 4 SUPPORT SMALL BUSINESS DEVELOPMENT THROUGH EFFECTIVELY IMPLEMENTING THE PROVISIONS OF THE SMALL BUSINESS ACT AND INTENSIFYING THE SERVICES OF THE SMALL BUSINESS BUREAU	4.1 Micro and small business' access to public and private markets	SBB	Implementation of the small business public procurement program	<i>January 2018</i>	20% of public procurement from small businesses <i>in 2020</i>
		SBB	Design and implementation of supply chain program between small businesses and multinational companies	Program design <i>January 2018</i>  Implementation <i>April 2018</i>	5% increase in sales of micro and small businesses to large companies over 2016 <i>after 2019</i>
	4.2. Micro and small business' access to training, innovation assistance and finance	SBB	Implementation of the second phase of the Guarantee and Grant Fund	Manual of Operation <i>January 2018</i>	20% increase of small businesses accessing microfinance over 2016
			Implementation of the small business incubator	Manual of Implementation <i>January 2019</i>	30 start-ups annually receive business incubator services
	4.3 Strengthening the SBB	SBB	Personnel is trained in monitoring and evaluation methods	<i>January 2018</i>	Recommendations based on evaluations enhance effectiveness of programs

## 5.2 MONITORING AND EVALUATION MECHANISMS AND SYSTEM

The monitoring and evaluation (M&E) system of the Ministry of Business is twofold: internal and external. Whereas monitoring can easily be undertaken by the Ministry itself, the capacity for evaluation is limited. Impact evaluations should be done externally.

The internal system comprises the following activities:

- Collect and compile data for all M&E indicators listed in the matrix above (section 5.1). A semi-annual report will be published internally and shared with Minister and BCAC and an annual report will be published on the Ministry's website.
- Work jointly with GRA, the Bank of Guyana, the Ministry of Finance, and the Bureau of Statistics, and GPL in order to implement mechanisms that will allow Ministry of Business access to data in order to generate the following indicators:
  - sales by firm size, sector, export, etc.
  - new loans to the private sector by sector and firm size
  - value added exports
- Conduct firm-level surveys in order to implement Dewhurst's **BARROW** framework discussed in section 3.7 and to see how many businesses oblige by eco-efficient business practices
- Prepare each semester analyses of budget implementation by department and agency based on this Strategic Plan to detect early challenges to its implementation
- Present findings and recommendations of the M&E analysis

BSPU will take into consideration the following principles when conducting internal monitoring and evaluation:

### **Relevance**

- To what extent are the MoB's objectives pertinent to the needs, problems and issues they were designed to address?
- Have the policy areas targeted been appropriate?

### **Effectiveness**

- To what extent has the strategic plan achieved its objectives and what are its main impacts?
- To what extent has the strategic plan contributed to the competitiveness and innovative capacity of the Guyanese society?

- To what extent has the strategic plan effectively fostered the competitiveness of enterprises, in particular of SMEs?
- How do the various instruments mentioned in the strategic plan compare in terms of their effectiveness?

### **Efficiency**

- How well have the management processes operated and how has the funding available been allocated?
- How well are the results and impacts of the strategic plan monitored?
- To what extent have the desired effects been achieved at a reasonable cost, including the burden on participants, beneficiaries and stakeholders?
- How effectively has information about the availability of the strategic plan's instruments and the results and impacts of actions been transmitted to potential stakeholders and beneficiaries?

For the external component of the M&E system, it is important to acknowledge that various actions in the strategic plan are likely to be financed by international donors. International donors typically require external midterm and final evaluations. These will have to be coordinated ex-ante where possible, for instance to ensure relevant baseline data is collected. External evaluations ideally contain a component where methodology etc. are transferred to BSPU. In addition, the Ministry should ask for assistance from international funding organizations to conduct an external mid-term evaluation of this plan in mid-2018 and an external final evaluation in 2021. Special emphasis should be placed on pilot programs, such as the proposed matching grant programs, and the implementation of NVAES and NSIS. The results of evaluations will provide feedback to the political decision-makers and allow for adjusting and amending the implementation of this plan.

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# CHAPTER SEVEN

## 7. ANNEXES

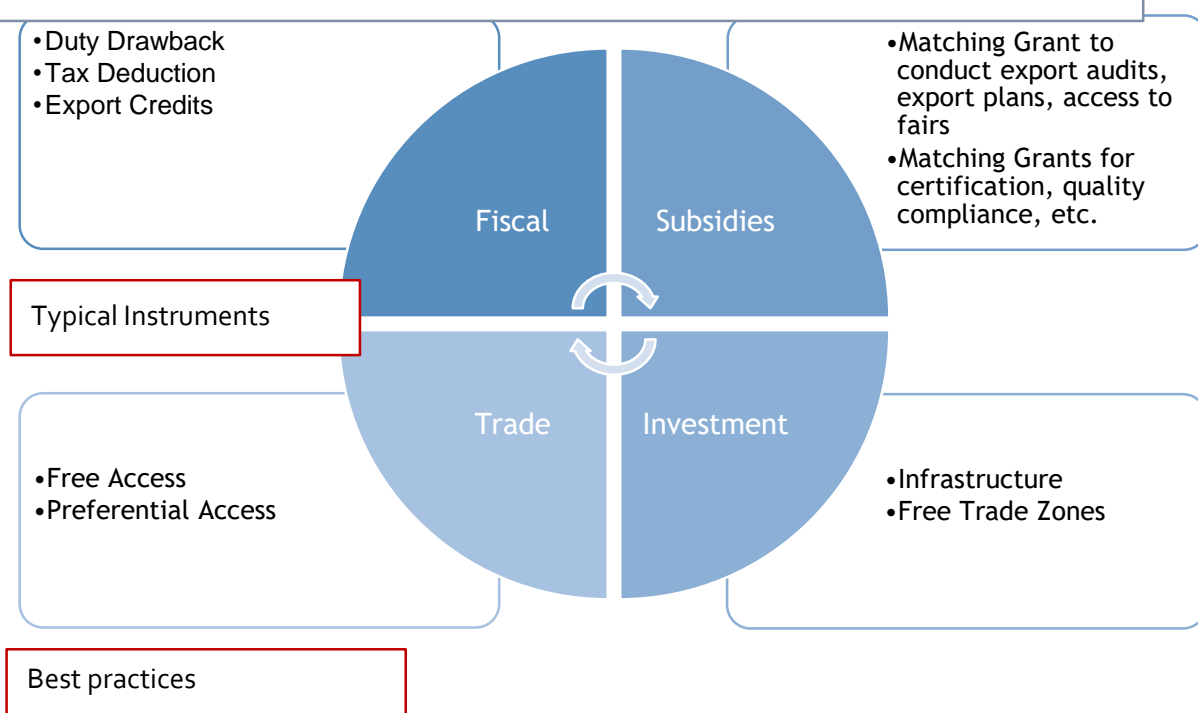
### 7.1. SECTORIAL POLICY FACT SHEETS

#### 7.1.1 EXPORT PROMOTION





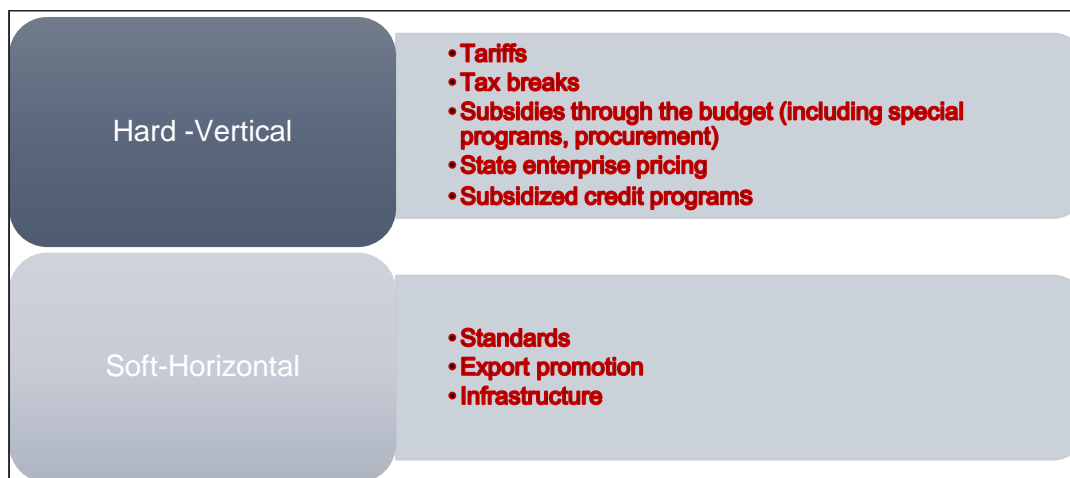
## SCOPE OF SERVICES OF AN EXPORT PROMOTION AGENCY



- Evidence suggests that the impact of export subsidies (in the form of direct subsidies, duty drawbacks and tax exemptions) is country specific
- Evidence is more in favour of the positive effects of duty drawback and tax exemption scheme
- Promoting the World Demand Product Mix: Success depends on the match of domestic comparative advantage (current or potential to reveal) and the composition of world demand
- Export Processing Zones (EPZ) have an impact on the growth of exports under certain conditions, but no significant impact on technology transfer and knowledge spill-overs
- Export Promotion Agencies that act as a one-stop shop and offer targeted and tailored assistance to exporters have impact on the growth of exports
- Stimulate institutional development and consider institutional complementarities
- Work to build an image for the country in foreign markets (through marketing, information provision, and advocacy).

### 7.1.2 INDUSTRIAL POLICY

#### INSTRUMENTS



#### **BEST PRACTICES**

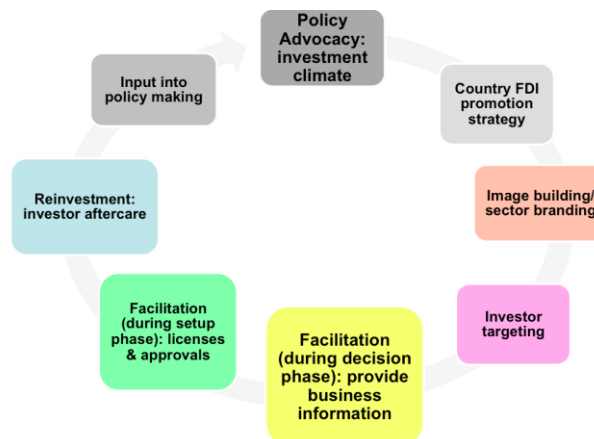
- Develop and set a Competitiveness Agenda with targeted strategies, instruments and activities
- Align macroeconomic and trade policies with Competitiveness Agenda
- Foster a strategic partnership between the government and the private sector (formal and informal arrangements with clear goals)
- Set up performance control of targeted activities and associated support instruments
- Develop technical and management capacity
- Form task forces to create “centers of excellence” for transformational energy and knowledge building
- Design and implement export and competitiveness sectorial (product) plans based on value chain analysis, aiming to remove growth binding constraints
- Evaluate constantly incentives/subsidies and focus to core objectives to policies (diversification, export, upgrading)
- Clear benchmark criteria for success or failure
- Establish sunset clause (phase out subsidies after X number of years)
- Establish mechanisms for public-private risk sharing
- Foster competition and avoid raising barriers to market entry and imported competition
- Accountability, transparency, monitoring and external evaluation of results
- Maintain effective channels of communications with private sector

### 7.1.3 INVESTMENT PROMOTION

*IT IS IMPORTANT TO PRIORITIZE THE REASONS FOR ATTRACTING FDI*



*INVESTMENT PROMOTION CYCLE*



*INVESTMENT PROMOTION SERVICES*



**BEST PRACTICES**

- Pick incentives tailored to objectives, monitor and evaluate results
- Establish One-Stop Shop agency for investment facilitation and services with the authority to make decisions on incentives
- Develop intelligence market skills in order to target promotion effectively
- Aftercare is critical but often neglected. Aftercare deals with high-level operational strategic requirements with a longer time horizon.
- Investment Promotion Agencies (IPAs) are more effective when they have strong sectorial expertise and direct connections to the industry
- Building a good investment promotion website
- Policy advocacy as a core IPA function
- Prioritizing building human, structural (instruments, toolkits) and relationship capital
- Accountability is central to effectiveness

## 7.1.4 ECONOMIC INCLUSION

### BEST PRACTICES

- ✓ Need for an integrated ecosystem for economic inclusion that build upon potential market opportunities and oriented to enhance competitiveness.
- ✓ The business inclusive model (supply chain development programs) is a very effective model where large companies set standards and jointly with public sector co-finance training, financial mechanism, technology package & transfer mechanisms, etc., through supply contracts.
- ✓ Public Procurement Model works when:
  - Program provides an integrated package (training, financing, technology) to a public procurement activity with a lot of potential to enhance current micro & small enterprises productive. Example: Uniforms in Ecuador provide by small artisans for public schools
- ✓ More effective investments and financial incentives were the ones aimed to align supply chain actors interests such as technical assistance, innovation, quality certification, and creation of networks to achieve economy of scales.
- ✓ It is key to give a voice to all stakeholders in governance and investment decisions, as well as to design and implement mechanism for fair sharing of risks and rewards.
- ✓ Development of local capacities and certify NGOs who are good at fostering network creation.
- ✓ Development of system to certify business development services (BDS) providers. It is key to foster also the development of high quality BDS.
- ✓ It is important to count with 'local leaders to foster change': local development agency, NGO, local authorities, university, etc.
- ✓ Monitor, evaluate, and keep innovating.

### BEST PRACTICES

- It is critical to success to have national and local policy champions as well as of high level of leadership and specific institutional arrangement to coordinate and align policy among different public institutions. In the case of Ecuador, it came directly from the President and the Minister Coordinator of Social Development (MCDS)
- It is very important to harmonize policies and instrument across ministries with inclusion as a cross cutting theme but avoiding dispersion and lack of prioritization.
- Learn through pilots and then escalate.
  - Business development policies are highly specific to sector, locality, size, etc.
- Assure enough budget resources to programs and secure financial resources to meeting objectives and targets.
- Business Inclusive models is one of the fastest and most effective tool for technology transfer, there is a need to be careful about not forcing small producers to adapt solely proprietary technology. Particularly in agriculture supply chains)

## 7.2 SWOT ANALYSES

### 7.2.1 DEPARTMENT OF COMMERCE

#### **Strengths**

- Strong transparent and informed leadership
- Qualified, dedicated and enthusiastic staff
- Established team and team work
- Strong staff morale
- Great customer skills
- Keen knowledge of the Department's roles and responsibilities (from existing structure)
- Good relationships with private sector (exporters and importers)
- Capacity to execute projects outside of the scope of the Department
- Efficient licensing section
- Involvement in the decision making processes of the Ministry
- Strong communication and relation with the PS/DPS

#### **Weakness**

- Limited number of human resources
- Limited space
- Limited exposure to training programs
- Limited technological resources
- Lack of adequate communication within department
- Roles of Department is unclear given new dispensation (overlap with other Departments and agencies)
- Limited access to data and information
- Red tapes faced to complete simple tasks
- Limited financial resources
- No computerized system for recording licensing information

#### **Opportunities**

- Enhancing personal development (through training)

- Strengthening our network with other Departments, Ministries and the private sector
- Developing relationships with the private sector in all Regions to have a strong understanding of the economic situation
- Clearly outlined strategic plan and mandate of the Department to be able to utilize and exploit all staff capabilities
- Participation in trade fairs and expositions to build indispensable networks and relations
- Availability of external funding (to fund consultancies and other projects)

### **Threats**

- Lack of computer security – back up system
- Further reduction in budgetary allocation
- Increase in red tapes
- Severance of critical work relations with other departments
- Force majeure
- Lack of clearly defined roles in relation to other Departments and agencies

## **7.2.2 DEPARTMENT OF INDUSTRY**

### **Strengths**

- Qualified and experienced technical staff
- High staff morale and relatively good working relationship
- Ability of staff to meet stakeholders' demand
- Ability to set SMART goals and to achieve over 65% of the Department's annual objectives

### **Weaknesses**

- Absence of Department's Strategic Plan
- Staff constraints
- Limited interaction with relevant agencies and departments
- Absence of staff on relevant Boards/ committees e.g. GO-Invest, GMSA to make decisions
- Underutilized skills
- Absence of program to retool Industrial Development Analysts
- In ability to acquire strong management support for human resource development

- Limited access to upgraded computer systems and program

### **Opportunities**

- Strategic alliance with other government departments and private organizations
- Supportive government policies
- Technological advancement
- Available land for expansion of industrial estates
- Framework to support industrial development

### **Threats**

- New agencies/departments competing- providing similar services
- Assignment of the Department's tasks to other agencies
- Loss of key staff to other Ministries or agencies
- Economic change in economy

## **7.2.3 BUSINESS STRATEGY AND POLICY UNIT**

### **Strengths**

- Motivated staff with degrees in economics
- Minister shows strong interest in BSPU
- Research is used to back any analysis produced
- Given that BSPU is new, structure and responsibilities can still be shaped to best fit needs

### **Weakness**

- Internal reporting structures undefined
- Lack of mechanisms and channels to develop policy
- Limited practical knowledge/work experience of staff and
- Inadequate resources to support research (e.g. access to literature, statistical software), as well as insufficient number of staff
- Lack of prioritization of work
- Responsibilities of unit unclear



- Critical deadlines are not always communicated in a timely manner
- Work is often short-term driven

#### **Opportunities**

- Much attention is paid to the Doing Business Index in politics and the public
- Analysis and recommendations done by SCP (work needs to be made available)

#### **Threats**

- Budget was cut
- Lack of collaboration/channels of communication with other departments of MoB, agencies and other Ministries
- Political priorities unclear
- Detailed and high-quality data (esp. about businesses) is often not produced or made available

### **7.2.4 CONSUMER AFFAIRS DIVISION**

#### **Strengths**

- Analyzing of data in a timely manner by the research section
- Being able to resolve consumer complaints using the Consumer Affairs Act 2011
- The Department is able to educate consumers on the consumer protection legislation with the use of all print media, radio and television stations
- Adequate educational materials to educate consumers: Booklets, Brochure, Bookmarks
- Current Staff is experienced in handling consumer complaints and providing content for education programs

#### **Weakness**

- Insufficient staff to collect data during research projects
- Insufficient staff to conduct wide scale consumer education programs needed to disseminate information on consumer rights and responsibilities.
- Difficulty accessing remote regions of the country

#### **Opportunities**

- Consumers are interested in information provided by the division.

- Consumers readily inform the division of defective goods and service.
- Consumers are willing to assist in monitoring good and services.

#### Threats

- Inadequate Training
- Bureaucracy at some levels of government in relation to resolving consumer complaints efficiently
- Limited Financing for aggressive education programs

#### 7.2.5 NATIONAL EXHIBITION CENTER

##### Strengths

- Home of GuyExpo – Largest National Event/Exhibition
- Location – in the city
- Enthusiastic and flexible staff
- Multiuse of Centre (auditorium, food court, annex, stage and sanitation facilities, enclosed compound)
- Ability to host multiple events simultaneously
- Slabs for international and service pavilion
- Parking – capacity of 1500 vehicles

##### Weakness

- Lack of public awareness of use of compound
- Lack of compound staff
- Lack of maintenance of buildings and infrastructure
- Lack of modern facilities
- Lack of continuous revenue
- Lack of sufficient lighting
- Lack of reliable security
- Lack of equipment to maintain compound

#### Opportunities

- Increase awareness of use of compound -concerts, fairs, weddings, exhibitions and expos
- Improve and modernize infrastructure or buildings.
- Increase utilization of compound to generate revenue.

### **Threats**

- Competition from other venues; Guyana National Stadium, National Park, National Culture Centre and Arthur Chung Convention Centre
- Exceeding carrying capacity can pose security and environmental risks

## 7.2.9 GO-INVEST

### **Strengths**

- Renewed Investor leadership and vision
- Institutional knowledge of the sectors and incentives offered
- Rounded Board membership- for guidance / leadership
- Sectorial knowledge of Guyana
- Firm political support
- Strategic direction

### **Weaknesses**

- Short on technical staff
- Inadequate pool of analytical capabilities
- Insufficient financial resources to carry-out mandate
- There is no standard format developed to evaluate the performance of the organization
- Insufficient coordination from government agencies
- Less than appropriate facility to house organization
- Interagency data collection is not readily available.

### **Opportunities**

- Investment Targeting
- One-Stop Shop Agency
- Increase engagement with the Business Community and Private Sector bodies
- Collective / Inter-Agency decision making with other Ministries, etc.
- New product / processes development

- Development of a “GO-Invest” brand
- Development of a ‘fast track system’ when dealing with FDI
- To work with new Municipalities/ NDC/RDC to explore investment opportunities
- To assist in the development of sector clusters
- Opportunities to facilitate SMEs with concessions

### **Threats**

- Lack of clear policy guidelines for some investment project activities
- Active promotion and emergence of competitors in the Region
- Lengthy restructuring process may send the wrong message on the investment climate
- FDI decision making favors already well-established destinations.
- Limited authority to approve projects, could result in reduce confidence of the organization
- New process can deter new investors compared to past practices and other countries options.

## **7.2.6 COMPETITION AND CONSUMER AFFAIRS COMMISSION**

### **Strengths**

- Small staff, most with undergraduate and postgraduate qualifications and knowledgeable in their respective areas
- Consumer Affairs Unit receives a large number of complaints which are resolved, usually in an expeditious manner
- Has a close working relationship with the CARICOM Competition Commission, which is under our treaty obligation under the Revised Treaty of Chagurama.
- Benefits from local training by the CARICOM Competition Commission, Equinoccio and the 10th EDF Fund

### **Weaknesses**

- Staff salaries though CCAC is a subvention agency are not much higher than the public service and not comparable to the private sector
- The Board was appointed for a one-year term, which hardly provides sufficient time to establish policies and carry out their mandate.
- CCAC is not located at any other location apart from Georgetown. This means that consumers in the regions have to travel to Georgetown to make a report or in some cases, officers would travel to the regions.

- Though there are two departments, there is one vehicle which is shared and this causes a great deal of inconvenience.
- CCAC is not high profile and has only received press coverage and created advertisements in recent months, which have proved costly.
- Lack of adequate financial resources to carry out proper investigations particularly in the Competition Policy Unit
- Lack of specialist staff such as a Research Assistant, Senior Economist/Analyst and a Financial Investigator

### **Opportunities**

- Creating offices in some regions making CCAC accessible to the public
- Create a bond with the private sector in terms of educating in relation to the two pieces of legislation
- Educate the public at large and everyone is a consumer about their rights and obligations
- To work closely with Go-Invest to create an early awareness of what is required under the legislation when new companies enter the market.
- To expose the staff to training programs and conferences overseas which are clearly relevant and beneficial

### **Threats**

- Lack of recognition of the seriousness of a treaty obligation can impede the Commission to carry out our mandate effectively.
- A difficulty in comprehending the role of the Commission to ensure that we are not anti-business but play a major role in ensuring a level playing field among businesses and that consumers are not taken advantage of.

## **7.2.7 GUYANA NATIONAL BUREAU OF STANDARDS**

### **Strengths**

- Existing legal infrastructure and framework for action in the form of GNBS and Weights and Measures Acts, Metrology Bill in draft form, technical regulation; national standards for processes, products, and services; and provision of international reference standards for traceability
- Semi-autonomous state agency with legal mandate under the laws of Guyana

- Sole authority for metrology; national standards for processes, products, and services; for certification of labs, medical and non-medical testing, and locally manufactured PVC pipes and gold jewelry
- Currently developing capacity for product certification of water and concrete blocks
- Key national institution for standardization, conformity assessment, and technical assistance for the implementation of management systems for ISO and other standards
- Five-Year Strategic Plan to guide operations of GNBS compiled by Consultant in March 2011
- Consultant Report on 'Needs Assessment for State of the Art Testing and Metrology Facilities' submitted to National Competitiveness Strategy Unit of Ministry of Tourism, Industry and Commerce in November 2014
- Well documented policies and procedures
- GNBS recognized as the leading institution in the region with respect to metrology with experience in conducting legal metrology training for Caribbean counterparts
- Affiliation with regional and international bodies such as CROSO, ISO, SIM, COPANT, ASTM, CODEX, WTO, ASQ and potential for enhanced partnership with these and other agencies
- High level of staff commitment and institutional memory with approximately 75% of staff having 10 years-plus service with GNBS; job security, salary guarantees, employee pension and medical scheme; accepted practice of staff involvement in interview and recruitment processes for new staff
- GNBS management accessible to staff and responsive to staff issues
- Existing pool of equipment for general office use, calibration, verification, and lab services
- Stakeholder awareness of existence and functions of GNBS, and respect for its work
- Skills and experience in promoting work of GNBS at expos, career fairs, with students, and others
- In-house experience with multi-stakeholder dialogue and practical engagement with regulatory bodies, private sector, and consumers
- Renewed sense of vision for GNBS 2020, clearly articulated mission and goals determined by a highly interactive and participatory strategic planning process involving representatives from all GNBS departments with an action planning framework for implementation

### **Opportunities**

- Renewing, re-purposing, and strengthening existing committee system for staff development, including lateral and upward movement of staff
- Strengthening of in-house training staff, facilities, and system for ISO 9001; training in project management, technical and other report writing, risk management, root cause analysis, data analysis, public speaking, negotiation skills, first aid and other health-related matters, facilitation skills and training methodologies especially for training non-homogenous groups and English language low-literate participants

- Development of existing Information Services department to include materials on leadership, management, public policy development, monitoring and evaluation
- Follow up of staff evaluation/appraisal may be used to facilitate staff development for upward or lateral movement, review job descriptions, organizational chart; ensure adequate staffing for each department; inter-departmental familiarization so that each department understands the functions and operations of other departments; better utilization of training, capacities, and skills of staff; development of formal Marketing and Communications Unit
- Demand for GNBS services by industry, companies, shopkeepers, vendors and others facilitates organization's plan for expansion, growth, and development
- GNBS sensitization, awareness, and education work with policy makers in public and private sectors will result in a greater understanding of critical role of standards and standardization for national development
- GNBS sensitization sessions with science and technology students will raise awareness, shape career goals, and create a reservoir of potential recruits to metrology, standardization, conformity assessment, and laboratory departments of the organization
- Existing partnerships with local, national, regional, and international agencies will facilitate securing of the necessary certification and accreditation by International Standards Organization, external internships with similar agencies, training, and other necessary capacity building needs of GNBS; facilitate GNBS in generating revenue by providing expertise and technical assistance to counterparts, business and other organizations; and receive invitations to participate in expositions, exhibitions, and development initiatives
- Experience with existing GNBS regional facilities in Regions 2, 3, 4, 6, and 9 provides valuable insight for expansion into un-served and under-served regions in Guyana
- Product certification for water currently under consideration for development
- Good relationship with media will facilitate new initiatives for increasing awareness of importance of standards; GNBS website requires continual updating, better management, development of intranet to facilitate communication and marketing drive
- Strengthening of recognition and acceptance of GNBS certification for local, regional, and international markets
- Strengthening of GNBS capacity to provide calibration and other services for underserved sectors nationwide
- General purpose maintenance department for servicing and repair of equipment and vehicles
- Increased awareness of critical role of GNBS can facilitate timely approval of duty-free requests by Minister
- Consumer purchasing decisions based on price rather than quality present opportunity for awareness and education initiatives and positive messaging
- The new Council's clarity re role and responsibilities and experience in managing meetings with GNBS effectively and efficiently will significantly improve decision making re standards development

- The recent developments in the oil extraction sector may open up significant opportunities for GNBS growth and development
- Recent changes in government and governance improve prospects for amended and new legislation, greater support and autonomy for GNBS in the period ahead

### **Threats**

- Negative attitudes and behaviors from vendors re compliance with Weights and Measures Act
- Risks for inspectors carrying out enforcement activities; security issues
- Vast hinterland regions pose obstacles for national implementation of standards
- National economic constraints and lack of high priority for GNBS function result in inadequate budget allocation
- Cost of implementing standards seen as 'high' leading to delays and non-implementation of standards regime; stakeholder reluctance to 'pay' for services
- Financial systems of some government agencies result in delayed payment or non-payment of services rendered by GNBS to the public sector
- High membership fees for key international organizations constrains GNBS from deriving significant benefits from full membership (GNBS does not have 'full membership' status in ISO; government not fully appreciative of benefits of overseas training)

### **7.2.8 SMALL BUSINESS BUREAU**

#### **Strengths**

- Highly motivated staff with the willingness to multi task which somewhat mitigates the effect of the size of staffing (small).
- The SBB is responsible for the first government backed guarantee program as well as a subsidized interest payment facility and hence has developed capacity in these regards based on the experience garnered during implementation and management of such a program.
- There is an existing network as well as partnerships with both public and private sector organizations – this includes sister agencies, training providers, financial institutions, Chambers of Commerce, among other entities; which largely provide the vehicle for ensuring the Bureau fulfils its mandate with regards to the delivery of programs to foster the growth of MSEs.
- Because of the youthfulness and vibrancy of staff members, an approach to endeavors with effective use of technology is always at the forefront to deliver the Bureau's mandate (use of social media, electronic media to communicate with clientele who cannot easily come into the office).
- Existing basic excel client database can be 'spring board' for additional programs as well as provide data/information on the MSE sector, when the MIS currently being developed is



complete. SBB currently draws from same for beneficiaries for both financial products as well as business development services (BDS) offered.

### **Weaknesses**

- The Bureau is currently without a Council and Chief Executive Officer. The Council is the oversight body of the SBB which provides strategic direction and guidance with respect to programs and policies development and promoted by the SBB. The absence of these key authorities can negatively affect the image of the entity (in terms of the perceived lack of importance placed on the role of this agency with respect to the development of MSEs).
- SBB has been occupying office space within the 'Old GNCB Sports Club building', since September 2014. A formal tenancy agreement has not been acquired to date, which constrains planning of activities of long proposed programs for expanded BDS to clients of the bureau, which includes the development of incubatory services as well as a Resource Centre.
- SBB's operation is centralized to the capital city where its only office is located. The Bureau's target market is spread across ten administrative regions which in some instances are accessible by plane, trail or boat. The absence of a presence in these far-flung areas, limits service delivery and efficiency, against the background of only one (1) vehicle to be used by the three functional units – access to finance, marketing and research and training and business development.
- The absence of a complete MIS system does not allow for effective planning of programs based on data collected from requisite collections points – Training, Loans and Grants. This contract is currently ongoing however.
- Staff currently lacks the requisite exposure and further, the complement is limited for the actual implementation and management of the proposed Incubatory and Resource Centers proposed over the next five years. The said center is however, crucial to the nurturing of small businesses.
- SBB lacks an appropriate mechanism and the relevant resources to effectively evaluate the impacts of its various programs, as is it currently, program evaluation is largely at the level of stated outputs (per low carbon sector, region, gender: # of persons trained, # of guarantees, # of interest subsidies, # of grants) and outcomes (# of jobs created/sustained).
- SBB also lacks the relevant capacity with respect to designing and creating appropriate policies for the development of the MSE sector.
- SBB is still unknown to many sections of the public (particularly the far off regions); hence, there is the need to continue with current public awareness efforts in regions with little or no program beneficiaries.

### **Opportunities**

- The Government of Guyana's recent focus and mandate as it relates to the development of Micro and Small Enterprises through the slogan 'Guyana means business', fostering of innovative entrepreneurship, the creation of self-employment particularly among youth, among other initiatives, provides the required support and avenue for projects proposed in this regard.

- The SBB is still in its formative years and as such has an opportunity to design innovative systems and processes that will aid the Council to carry out the mandate of the Small Business Act effectively. For example, current government procurement systems and legislation governing same, exclude MSEs from offering their goods and services in a fair and transparent manner.
- Opportunities also exist for the SBB as a non-profit governmental agency, to benefit from donor funds since proposals can be compiled in house. If the upcoming MSED project is executed successfully, this is expected to provide a platform for additional finance from the Low Carbon Fund, since the current commitment is expected to expire within a year at minimum.
- There are other funding sources (USA based organizations, among others) for initiatives focused at small business development. Once information on these can be garnered, steps can be taken to ensure programs can be more sustainable and supplement subvention funding, while bridging any gaps, which may occur with delayed implementation of proposed phase 2 of the MSED program.

### **Threats**

- Inadequate subvention funding from Ministry of Finance to even attempt to carry out part of the yearly projected mandate is a source for major concern; thus the Bureau often times may be forced to 'water down' its approach at the expense of appearing unproductive and invisible in the eyes of the private sector.
- The funds being accessed by the Bureau through the LCDS project is often perceived as all-encompassing and completely in harmony with SBB entire mandate as stipulated in the act; as such, may contribute to decisions to cut subventions since there is the feeling that the Bureau has a lot of money. This may in turn account for the cuts often experienced in subvention requests. Of note is the fact that the IADB managed MSED Project funds can only be spent on activities pre-approved by this donor agency.
- Loss of key human resources to other organizations at the end of the MSED Program Seven (7) of SBB's key staff are funded by this program

TABLE 10 ONLINE TRAINING RESOURCES

AREAS OF POLICY	COMPETENCIES	DEPARTMENTS & AGENCIES	PROVIDER	ONLINE REFERENCE
Policy Analysis	Conduct analysis of roots of collective problems to provide public policy solutions	For all directors and Senior Policy Officers of all departments and agencies	MIT: "Fundamentals of Public Policy"	<a href="http://dspace.mit.edu/handle/1721.1/97755">http://dspace.mit.edu/handle/1721.1/97755</a>
How to develop a Position Paper or Policy Advice	Acquire skills in how to research and present an effective and persuasive position paper or policy advice	For all directors and Senior and Junior Policy Officers of all departments and agencies	Online, novice level, free audit, certificate USD 49	<a href="https://www.coursera.org/learn/persuasive-writing/">https://www.coursera.org/learn/persuasive-writing/</a>
Strategic Decision Making/ Management	Learn how prioritize and execute projects	Directors and CEOs, Senior Policy Officers	Online provider	<a href="http://instituteforstrategicclarity.org/2013/09/strategic-decision-making/">http://instituteforstrategicclarity.org/2013/09/strategic-decision-making/</a>
Industrial Policy Analysis	Understand industrial policy instruments, effectiveness and different schemes for its implementation	Director of Industry, Senior Policy Officers, BSPU staff	World Bank: series of short videos and lectures	<a href="https://olc.worldbank.org/content/industrial-policy-harnessing-industrial-policy-growth-3">https://olc.worldbank.org/content/industrial-policy-harnessing-industrial-policy-growth-3</a>
Development Policy	Know about the latest thinking and approaches to development policy, to understand the engines of growth and competitiveness	For all directors and Senior Policy Officers of all departments and agencies	World Bank: Facilitated e-course, middle level	<a href="https://olc.worldbank.org/content/frontiers-development-policy-facilitated">https://olc.worldbank.org/content/frontiers-development-policy-facilitated</a>

	as well as addressing human and development issues			
Setting an Export Promotion Strategy	Know how to develop an export promotion strategy	CEO of GO-Invest and Senior Policy Officers, Department of Industry Director and Senior Policy Officers, BSPU Director and Senior and Junior Economists	ITC: occasionally	<a href="http://www.intracen.org/event/Setting-up-an-Export-Marketing-Strategy-25-April-2016/">http://www.intracen.org/event/Setting-up-an-Export-Marketing-Strategy-25-April-2016/</a>
			ITC	<a href="http://www.intracen.org/itc/market-info-tools/elearning/">http://www.intracen.org/itc/market-info-tools/elearning/</a>
Investment Policy	Understand how FDI works and its role in development, new patterns and modalities of foreign investment, how PPP works, investment and trade policy, key elements of IIAs, business environments reforms, which incentives work and which don not, mechanisms to prevent disputes and increase investors' confidence, etc.	Department of Commerce, GO-Invest, Department of Industry and BSPU	World Bank	<a href="https://olc.worldbank.org/content/investment-policy-and-promotion-week">https://olc.worldbank.org/content/investment-policy-and-promotion-week</a>
Trade Policy	Understanding how regional trade agreements work, agendas, contents and prospects	Department of Commerce, GO-Invest, Industry and BSPU	WTO: various courses related to the topic of trade	<a href="https://ecampus.wto.org/search.asp?lang=En">https://ecampus.wto.org/search.asp?lang=En</a> Registration is required

Workforce Development Policies	Learn a conceptual framework for understanding what matters in workforce development (WfD), how to use diagnostic tools and their application, what is effective in policy design in WfD, including governance and organization of WfD systems, financing, and quality assurance in WfD	Department of Industry and BSPU	World Bank	<a href="https://olc.worldbank.org/content/workforce-development">https://olc.worldbank.org/content/workforce-development</a>
Public-Private Partnerships (PPP)	Understand how PPP can deliver better public services as a tool that governments can employ to help deliver needed infrastructure services. PPPs are a way of contracting for services, using private sector innovation and expertise, and they often leverage private finance. PPPs can, implemented under the right circumstances, improve service provision and facilitate economic growth	Department of Commerce, GO-Invest, Department of Industry and BSPU	World Bank	<a href="https://olc.worldbank.org/content/public-private-partnerships-ppp-how-can-ppps-help-deliver-better-services-1">https://olc.worldbank.org/content/public-private-partnerships-ppp-how-can-ppps-help-deliver-better-services-1</a>
Innovation Policy	Have a concrete understanding of innovation and the major components of innovation policy, and be able to make policy	Department of Industry and BSPU	World Bank	<a href="https://olc.worldbank.org/content/introduction-innovation-policy-developing-countries-self-paced">https://olc.worldbank.org/content/introduction-innovation-policy-developing-countries-self-paced</a>

	recommendations for innovation policy reform			
Industrial Policy	Conduct value chain analysis	Department of Industry and BSPU	UNIDO	<a href="http://www.unido.org/fileadmin/user_media/UNIDO_Worldwide/LAC_Programme/3RGE/UNIDO%E2%80%99s%20agro-value%20chain%20training%20course.pdf">http://www.unido.org/fileadmin/user_media/UNIDO_Worldwide/LAC_Programme/3RGE/UNIDO%E2%80%99s%20agro-value%20chain%20training%20course.pdf</a>
			USAID	<a href="https://www.microlinks.org/training-group/learning-value-chain-basics">https://www.microlinks.org/training-group/learning-value-chain-basics</a>
			ITC	<a href="http://www.itcilo.org/en/the-centre/programmes/VCD_Brochure_Final_En.pdf">http://www.itcilo.org/en/the-centre/programmes/VCD_Brochure_Final_En.pdf</a>
Project Management	Understand basic project management techniques, know international standards and tools of project management and identify success factors based on best practices	All departments and agencies	IADB	<a href="http://www.iadb.org/en/index/maassive-open-online-courses-moocs,19091.html">http://www.iadb.org/en/index/maassive-open-online-courses-moocs,19091.html</a>