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GUYANA

TRANSPORT SECTOR INVESTMENT STRATEGY

(GY-T1018)

PLAN OF OPERATIONS

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BASIC SOCIOECONOMIC DATA

The basic socioeconomic data for GUYANA is available on the Internet at the following address:

English:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

INFORMATION AVAILABLE IN THE FILES OF RE3/FI3

PREPARATION:

Substantive Laws of Guyana

European Union Transport Sector Study – Draft Final Report

EXECUTION:

ABBREVIATIONS

CESI	Committee On Environment and Social Impact
EU	European Union
FI3	Finance and Basic Infrastructure, Region 3
FSO	Fund for Special Operations
GOG	Government of Guyana
MPW&C	Ministry of Public Works and Communication
ROW	Right of Way
TC	Technical Cooperation
TOR	Terms of Reference
WSG	Works and Services Group

PLAN OF OPERATIONS

TRANSPORT SECTOR INVESTMENT STRATEGY

(GY-T1018)

EXECUTIVE SUMMARY

Beneficiary:	Government of Guyana		
Executing agency:	Inter-American Development Bank (IADB)		
Target Beneficiaries:	Ministry of Public Works & Communications (MPW&C)		
Financing:	IADB: (FSO Net Income)	US\$	150,000
	Cofinancing:	US\$	0
	Local:	US\$	0
	Total:	US\$	150,000
Objectives:	The goal of the program is to examine the transport sector investment opportunities in Guyana. The objectives are: a) conduct an examination of the transport sector with general recommendations for investments for all transportation modes, b) prepare an overview of the EU Transport Sector Study, c) focus on the road sub sector to provide a road plan of medium term investment needs, d) identify the financial needs for road network maintenance, and alternatives to provide the GOG with such funds, and e) provide the GOG with a legal, institutional and technical framework to improve Right of Way management.		
Execution timetable:	Execution period is 15 months and disbursement is 18 months		
Special contractual conditions:	None		
Exceptions to Bank Policies and Procedures:	None		
Environmental and social review:	The TC profile was submitted to the CESI on December 6, 2005 and recommendations have been included in this document.		
Coordination with Other Donors:	European Union. The investment overview component of this TC focuses on the EU Transport Sector Study. The IADB participated in the EU's study Steering Committee, which is the mechanism for the orientation and provision of feedback on the study; The IADB provided feedback on the intermediate and draft final reports.		

I. BACKGROUND AND JUSTIFICATION

A. Socioeconomic framework

- 1.1 Guyana is a low-income, thinly populated country with a predominantly agricultural economy. The total population according to the 1991 census was 723,000. Based on preliminary data from 2002 census, population growth showed marginal increases of 0.3% per year. The vast majority of the population lives in the coastal strip. The interior is very sparsely populated, with communication being predominately along waterways, and/or by air and road to the coast.
- 1.2 Guyana's transportation network has 98 km of railroads entirely dedicated to ore transport, one international airport, and 46 additional airstrips with short runways. The country has a single general cargo seaport in Georgetown, and 4 specialized bulk-loading facilities. Guyana relies upon its 6,000 km of navigable waterways used for carrying bauxite, sugar cane or other bulk commodities. A number of ferries and river taxis are used to cross the three larger rivers. The road network of Guyana totals 3,995 km and serves a national fleet of about 52,000 vehicles. Over the last 10 years GOG has embarked on a progressive rehabilitation of all the national paved roads, which comprise of six main roads with typically two lanes. The road network in the interior is short and in bad condition, consisting mainly of roads readily accessible only during the dry season and limited to 4wd vehicles. Overall, the transport system is supported by an inadequate network, providing little internal and international connections, highly congested roads in urban areas with poor quality and costly transport services (ferries and buses). Air service and river transport to the interior is sporadic and limited by inadequate infrastructure.

B. Rationale

1. Overview of investment strategy

- 1.3 The Inter American Development Bank (IADB) periodically carries out studies of the transportation sector of its member countries in order to improve its understanding of the sector and to update its sector strategy to better assist the member countries in their development objectives.
- 1.4 The European Union (EU) is currently financing a Transport Sector Study the purpose of which is to work with the Government of Guyana to develop a transport sector investment strategy based on a comprehensive analysis of the sector. This strategy would articulate the various programs and projects that should be carried out over a ten to twelve year period. As per the study's presentation to the IADB, the objectives are to develop:
 - ❑ Consistent and coherent Transport Sector Strategy Framework
 - ❑ Proposals for improved: strategy/policy, legislation, regulation, funding arrangements
 - ❑ Indicative investment program, consistent with Government financial capacity

□ Terms of Reference for further studies

- 1.5 The Bank is one of the largest providers of financial assistance to Guyana. Since one of the expected outcomes of the EU study is a sector strategy that could be adopted by the Government of Guyana and supported by donors operating in the country, it is advisable for the Bank to review the recommendations emanating from the EU study and if needed, update the current sector strategy.

2. Right of Way (ROW) management system

- 1.6 Lack of adequate management of ROW issues create many problems and traffic hazards, translated to extremely high rates of traffic accidents. Customary uses of the ROW are related to traditions and social and economic needs suitable for low-traffic, slow speed routes, but are incompatible with modern highway designs and high-speed traveling vehicles. Guyana is not developing fast enough, or any, alternative infrastructures destined to support non-motorized traffic: pedestrians, bicycles, animal-pushed carts, etc.
- 1.7 Additionally, due to the closeness between houses and highways, the latter are used as parking lots, repair shops, vendor location; all uses that restrain highway capacity but are customary and related to a low-volume, low-speed highway. Other businesses and their accessibility needs create additional hazards to the highway users, defined as both motorists and other people that use the road in order to reach their economic or social destinations or goals.
- 1.8 When rehabilitation of the roadway or utility work does take place, the occupiers (legal and illegal) of the right of way or adjacent to the right of way often are not aware of the government's role in ROW management. Existing legislation between ministries and between national and local bodies is unclear as to responsibilities for notification, reallocation, compensation, and enforcement. Legislation for environmental approval and the role of the EPA is also ambiguous, often leading to public works on the right of way that do not conform to environmental standards, or which negatively affect the ROW and adjacent settlements.
- 1.9 The continuous improvement of Guyana's highways have not seen the associated enhancement of ROW management, adequate distribution for highway responsibility, and the accountability and empowerment of government agencies for ROW protection and improvement.

C. Bank strategy

- 1.10 The Bank's strategy is to promote poverty alleviation, institutional development and sustainable growth, reinforced by the strengthening of governance, security and justice, public sector systems and social programs. The greatest progress in relation to the economic growth objective was achieved in the rehabilitation of productive infrastructure, with advances in roads, bridges and air transport operations. Additionally, Bank projects have helped to improve the prospects for

adequate maintenance of main/public road infrastructure through support for institutional strengthening of the responsible department and the limited financing of maintenance contracts.

D. Sector strategy

- 1.11 FI3's current overall transport strategy seeks to support economic growth. This TC will address the Bank's objective by providing support to GOG efforts to continue to develop transport infrastructure projects' identification and programming to encourage well prioritized projects with high economic and developmental impact. The scope of this TC will include budget constraints, debt sustainability and fiscal considerations, as well as management mechanisms for proper maintenance and operational costs. By prioritizing the projects, GOG can focus on those investments that provide the greatest economic return and accessibility for low-income population to markets and social services thereby increasing the competitive environment for Guyana. The TC will also help GOG planning and coordination efforts in addressing increased road safety and traffic management capacity by regulating Right of Way.

E. Other initiatives

- 1.12 In 2002, the Bank commissioned a Transport Sector Study for Guyana the results of which proposed guidelines for a transportation strategy based on three main goals: transportation, development/accessibility, and integration. Following a comprehensive inventory compilation of existing transportation projects, the study identified areas for efficiency and effectiveness improvement of the sector resulting in a sector strategy having specific short and medium term actions. A comparison of proposed projects will be a useful tool in identifying the appropriateness of the EU's recommendations.

II. PROGRAM DESCRIPTION

A. Goal and purpose

- 2.1 The present project aims at broadening the Bank's overall knowledge of the transportation sector in Guyana, with the intention of establishing strategies and priorities as well as possible projects to be incorporated in the dialogue of the Bank with the country. The bank is preparing a Country Strategy, to be completed at the end of 2006, for which the results of this TC could provide input for programming and ongoing discussion for the Strategy.
- 2.2 The Bank will hire, with the resources of this TC, two consultancies. The consultants hired by the Bank will deliver the products listed below. The draft terms of reference for the two consultancies are attached as Annex I and II.¹

¹ A review of the TOR after discussing them with the country may result in further changes

B. Objectives and description

- 2.3 **Prepare a general diagnostic of the sector, including all major transport modes.** This analysis will present basic transport characteristics (existing infrastructure and services, passengers and cargo volumes, etc.), transport sector participation in the economy, institutional and legal framework and private and public investments in the sector. It will obtain a more focused understanding of the road sub sector situation, operations and interrelationships among different stakeholders. Additionally, the study will analyze sector finances and funding sources and specifically examine the road sub-sector in this respect; as part of the institutional review it will study the distribution of functions (elaboration of transport policies and strategies, legal and regulatory framework, execution, operation and control) among different institutions and levels of government, establishing the different agencies' capabilities, strengths and weaknesses; as part of the donor agency review it will study any initiatives undertaken or proposed as part of the sector strategy under various agencies in the region, including Canadian International Development Agency (CIDA), the Caribbean Development Bank (CDB), World Bank and other EU bodies.
- 2.4 **Prepare an overview of the EU Transport Sector Study.** This analysis will present an overview of the overall applicability of the EU study as it relates to GOG's future investment needs and capabilities. The overview will include a thorough examination of 1) financial requirements for project sustainability, 2) GOG absorptive capacity and outlook to undertake additional debt and execution conditions in light of the HIPC restrictions and the G8 debt relief initiative, 3) socio-economic indicators reflecting lending institutions' assumptions, and 4) transport related figures.
- 2.5 **Develop a plan of future investment, maintenance and operational needs of the road sub sector.** Include areas where it is possible to improve the efficiency and effectiveness of the sub sector, including necessary improvements in infrastructure, provision of services, legal and institutional framework, financing structure, policies and strategies. Identify areas where the participation of the private sector in the provision of services and execution of works is beneficial. Explore alternative scenarios of investment needs for different levels of economic performance.
- 2.6 This plan should focus on a comprehensive knowledge of the maintenance and operational costs associated to each individual investment category, in order to assure that the investment plan is sustainable and its related infrastructures achieve their full life cycle. Both for the operational and maintenance costs, a revenue source will be identified in order to achieve cash flow expectations; the revenue source could come from government or private revenues. In the latter case, the nature of this revenue should be established.
- 2.7 **Provide the GOG with a road maintenance regime.** This analysis will emphasize operational and maintenance costs of current and ongoing road

projects, and proposed projects as identified in the investment plan (¶2.5) that will allow the road network to remain accessible while continuously supporting additional roads added to the network. As GY-L1008 Bridges Rehabilitation Program II has also included a component for a study assessing the maintenance strategy, as part of this TC the consultant will prepare a methodology of all maintenance issues, identifying the portion to be analyzed in this TC and the portion to be investigated in GY-L1008.

- 2.8 **Provide the GOG with a new legal and institutional framework to improve Right of Way management.** This framework will include a diagnostic of the legal and institutional situation, as well as social, economic, technical, environmental and cultural aspects explaining the use of the ROW. Using the information resulting from the diagnostic, generate a proposal of a new legal and institutional framework that includes the mechanisms to recover the strip of ROW occupied at the moment, as well as the mechanisms to ensure that in the future the illegal occupation of the non-authorized ROW by activities or facilities will not take place again. A pilot project will be designed to test the new proposed legal and institutional framework.

C. Components

1. Diagnosis of the current situation

- 2.9 Based on information collected, the consultant shall provide a diagnostic of the current situation of the transport sector in Guyana, including key issues to be addressed such as strengths, weaknesses, problems and opportunities and specifically related to the road sub sector. To aid in this understanding of the road sub sector, a traffic count exercise will be included in the data collection.

2. Overview of the EU transport sector study

- 2.10 With the aforementioned information, and all other relevant information, the following topics will be considered: state of the sector, institutional, regulatory, environmental, operational, and financial characteristics as they relate to the current GOG's strategy. Special consideration should be given to future priority infrastructure projects under consideration that will provide major economic impact and that better respond to the demand requirements. In conjunction with prioritizing the investments, the consultant should estimate any budgetary constraints posed by maintenance and operational requirements.

3. Road sub-sector investment plan

- 2.11 As a result of the diagnosis and analysis, prepare a comparative analysis of the Bank's future pipeline as laid out in the IADB country strategy and those proposed by the EU and propose a planned approach for the Bank in the road sub-sector in Guyana that covers the following aspects:
- a. Priority areas in which the Bank should be involved in terms of road infrastructure investments, development and support of transport policies,

institutional strengthening, promotion of efficacy and efficiency in spending, strengthening strategic planning capacity to respond to demand requirements, promotion of private sector participation and prioritization of issues to be addressed.

- b. Identification of priority investment or technical assistance projects that support the above areas. Identification of appropriate Bank instruments to support this strategy.

4. Road maintenance regime

2.12 As a result of the additional projects envisaged through the investment plan, the consultant shall propose a road maintenance regime, identifying a portion to be analyzed in GY-L1008. The following aspects are to be considered:

- a. Analysis of historical maintenance activities and financial requirements. Provide base line figures which are to be calculated using MPW&C data
- b. Analysis of future maintenance activities with and without the recommended investments
- c. Evaluation of capacity and resources/inputs required to execute routine and periodic maintenance
- d. Special attention to be given to safety issues along the road network

5. Right of Way framework

2.13 The operation will study the Right of Way leading to an in-depth analysis of its relationship with traffic management, utility companies, residential planning, safety and environmental challenges, and legal and customary constraints. The study will:

- a. Elaborate a complete diagnosis of the present situation of the ROW. This diagnosis must include the legal, institutional, social, economic, technical, environmental and cultural aspects explaining the use of the ROW nowadays.
- b. Generate a proposal of a new legal and institutional framework that includes the mechanisms to recover the strip of ROW occupied at the moment, as well as the mechanisms to ensure that in the future the illegal occupation of the non-authorized ROW by activities or facilities will not take place again. This proposal must consider the identification of an authority clearly responsible for enforcement of the new legal framework and also it must establish a punishment frame adapted for the case of its violations. It must consider all population and customary uses to be affected, and expected economic and social costs.
- c. Design a pilot project identifying the measures needed for ROW improvement with the intention of “testing” the new proposed legal and

institutional framework. The pilot project will have to be designed to be implemented in a highway strip that at the moment shows management problems of the ROW and it will have to include, at least **a)** the identification of the main stakeholders, **b)** the identification of the main actions that must be conducted according to the new proposed legal and institutional framework, **c)** a monitoring system and evaluation of the new management system of the ROW, **d)** the identification of the compensation measures that must be taken in favor of the affected communities (considering Bank policies on the matter), **e)** mechanisms of consultation and participation of the citizens before and during the implementation of the project, **f)** plan of environmental education with emphasis in the social responsibility in the preservation of ROW and **g)** the estimation of implementation costs of the project.

III. COST AND FINANCING

A. Summary cost table

- 3.1 The total amount of the TC will be: US\$150,000 to be provided through FSO (Net Income) funds.

Component	Duration (months)
EU Study Overview	
1.Diagnosis	6
2.Overview	3
3.Road Sub-Sector Investment Plan	3
4.Road Maintenance Regime	3
Subtotal	15
Right of Way Review	
1. Diagnosis	2
2. Proposal of Legal Framework	1
3. Pilot Project	1
Subtotal	4
TOTAL	19

IV. PROGRAM EXECUTION

A. Executing agency

- 4.1 The Bank will be sole responsible for the execution of this TC, in charge of adjusting TORs, contracting, monitoring and approving consultants' work and reports. The Bank will act in close coordination with the MPW&C, who will provide logistical support and data and will facilitate the access to information by other authorities.

B. Executing mechanism

- 4.2 The Bank will monitor the consultants' activities. At the MPW&C, the WSG will be the Bank's technical counterpart.

C. Program implementation readiness

- 4.3 This TC supports activities already initiated in 2004 for several projects within the transport sector, in particular those related to the improvement of project screening and evaluation, quality of public investments and expenditures programming, specifically those linked to project operation and maintenance. Due to the nature of these activities, which are well within the realm of MPW&C responsibilities, the readiness of this institution is attained.
- 4.4 The EU's transportation sector study draft report was completed in October 2005 and comments by IADB were sent to the consultant. Discussions with the President of the Republic of Guyana of draft final report findings were scheduled for October 2005. The final version of the study is expected late December 2005 from which the road sub-sector investment plan will be generated.

D. Execution and disbursement schedule

- 4.5 The expected duration for the Transport Sector Investment Overview is 15 months and 18 months for disbursement.

E. Procurement

- 4.6 The Bank, through the Finance and Basic Infrastructure Division of the Regional Department 3 (RE3/FI3) will hire the consultants. The contracting of services will be done following Bank procurement policies set forth in document GN-2350-4 dated January 2005.

V. MONITORING & EVALUATION

A. Monitoring

- 5.1 The Finance and Basic Infrastructure Division of the Regional Department 3 (RE3/FI3) will supervise and be administratively responsible of the consultants' contracts.

B. Technical and basic responsibility

- 5.2 The Finance and Basic Infrastructure Division of the Regional Department 3 (RE3/FI3) has the responsibility for preparing and managing this TC.

VI. PROGRAM BENEFITS AND RISKS

A. Program benefit and development impact

- 6.1 The TC will provide the GOG and the Bank with an objective road plan of future investment opportunities by considering the European Union's recommendations

through the point of view of medium to long-term investment, maintenance and operational needs. The investment review and road plan will benefit GOG and the Bank during the planning stages for the next sector and country strategy, to update the current sector strategy, and to introduce possible projects to the national budget and the Bank's pipeline. It will also provide the IADB and GOG a platform from which to determine best projects going forward. The TC will also provide GOG a road maintenance regime to be used in understanding financial requirements of the road network, and during budgetary discussions, for optimum allocation. The TC will also provide a new legal and institutional framework to enable the recovery of the strip of ROW, as well as to ensure occupation will not reappear.

B. Beneficiaries

- 6.2 The government of Guyana, its agencies and the IADB will be the direct beneficiaries of the right of way framework and overview of the EU Transportation Sector Study.

C. Risks

- 6.3 One of the challenges is obtaining government support for TC execution following the government's recent participation in the EU study. Included in this support is the provision of logistical assistance and access to information and people. It is anticipated that the TC will receive adequate support from GOG as it is in their best interest to see the EU's recommendations come to fruition by incorporating them into the IADB future project plans.

VII. ENVIRONMENTAL AND SOCIAL REVIEW

A. Date of CESI review

- 7.1 The TC profile was submitted to the CESI on December 6, 2005 and recommendations have been included in this document.

B. Measures taken to avoid negative social and environmental impacts

- 7.2 The implementation of this TC will, in general, have positive environmental and social impacts, resulting in a more efficient and effective Right of Way legal and institutional framework. This improved framework will provide greater management capabilities of ROW, enhance safety (decrease frequency and severity of accidents), and define environmental procedures for sustainable use of the ROW.
- 7.3 Regarding the road sub-sector investment, maintenance and operational plan, it will include the environmental and social needs linked to project execution. The investment plan will include environmental and social criteria for prioritization and selection of the roads. The maintenance and operational plan will include environmental specifications for the works.

VIII. RECOMMENDATION

- 8.1 The Finance and Infrastructure Division of Regional Operations Department 3 recommends that the Manager of Regional Operations Department 3 authorize the use of resources from the net income of the Fund for Special Operations totaling up to US\$150,000 to finance the project proposed in this Plan of Operations.

____(Original Signed)_____
Kurt Focke, Chief
Finance and Basic Infrastructure, Region 3

Date

IX. CERTIFICATION

- 9.1 The Country Division 6 certifies that US\$150,000 from the net income of the Fund for Special Operations is available for the financing of the project proposed in this Plan of Operations.

____(Original Signed)_____
Dora Currea, Chief
Country Division 6

Date

X. APPROVAL

- 10.1 According to Document CC-5290, approved by the Coordination Committee on August 2, 1995 and the corresponding simplification memorandum (Simplification of Procedures and Delegation of Authority to Approve Non-Reimbursable Technical Cooperation) of September 12, 1995, this Technical Cooperation is presented for the approval of the Manager of Regional Operations Department 3.

____(Original Signed)_____
Alicia Ritchie, Manager
Regional Operations Department 3

____Dec 19, 2005_____
Date

Concur: ____ (Original Signed) ____

Christian Gomez Fabling, Deputy Manager
Regional Operations Department 3

____Dec 19, 2005_____
Date