

PROJECT CONCEPT DOCUMENT (PCD)

GUYANA

I. BASIC DATA

Title:	Agricultural Export Diversification Program		
Project number:	GY-L1007		
Date project entered the pipeline:	March 17, 2005		
Project team:	Division Chief: Alvaro Llosa (EN3/CHF); Team Leader: Geoffrey Cannock (RE3/EN3); other members: Javier Cuervo, Francisco Basilio Souza, Ricardo Vargas (RE3/EN3); Mark Wenner (SDS/RUR), Javier Grau (COF/CGY); Diego Buchara (LEG/OPR); and Giovanna Mahfouz (RE3/EN3).		
Borrower:	Co-operative Republic of Guyana (GOG)		
Executing agency:	The Ministry of Agriculture (MOA)		
Type of Operation:	Specific Investment Loan.		
Financing plan:	IDB (FSO):	US\$6,840,000	
	Local ¹ :	<u>US\$ 760,000</u>	
	Total:	US\$7,600,000	
PTI/SEQ:	No.		
Tentative calendar of activities:	Analysis Mission:	June, 2006	
	Loan Committee:	July, 2006	
	Board:	August, 2006	

II. FRAME OF REFERENCE

A. The Sector

- 2.1 Agriculture is the most important sector of Guyana's economy, accounting for 32% of GDP, 30% of employment, and 40% of export earnings. Sugar and rice, with privileged access to the European Union (EU), account for 74% of agriculture's GDP as well as 65% of total agricultural exports, including shrimp and timber. About 75% of Guyana's sugar production is exported to the EU at prices more than double the world market prices.

¹ The local counterpart will be determined according with Bank's policies during the analysis stage.

- 2.2 Agriculture's growth rate exhibits large fluctuations that ranged from -9.4% to 14.8% during the last five years. These results are closely related to sugarcane and rice's output volatility. Moreover, both products face the challenge of the phasing out of their preferential quotas in their European markets coupled with low and declining world prices².
- 2.3 Guyana has already been showing progress in non-traditional agro-based exports. In 2002, Guyana exported 78 different non-traditional agricultural products. Non-traditional exports have been growing at an annual 6% rate since 1993, however they still have a low base: US\$5.0 million in 2004.
- 2.4 It is likely that Guyana enjoys potential comparative advantages³ to export other crops and livestock products. Those advantages arise from the availability of land, water, unskilled labor, organic production basis, and its preferential position as a potential exporter to the CARICOM. Guyana enjoys a favorable advantageous position in terms of animal and plant health status since it is free from the fruit fly and the foot-and-mouth disease. In spite of the said comparative advantages, Guyana has not been capable so far in building a dynamic non-traditional export sector since it faces several constraints along the supply chain as well as a poor business climate.
- 2.5 The main restrictions within the livestock cluster that need to be addressed are: i) Lack of suitable volume. Cattle supply is far below an economic viable scale for export purposes. Current breeds are Creole, which are not suitable to be raised as meat cattle for the best markets; ii) Ineffective sanitary surveillance systems. There are no systems for controlling cattle movement within the country. Sanitary controls at points of entry are not being offered on a 24hour-7day basis; iii) The sanitary systems do not have enough technical, financial resources, and the adequate legal authority to undertake their tasks; iv) Current abattoir facilities are not adequate and it is not feasible to upgrade them for export purposes; and v) Weak technological awareness and business practices. There is limited knowledge on the technologies available for setting up pastures, raising cattle, and building abattoirs, as well as on meeting Good Manufacturing Practices (GMP)⁴ and Good Agricultural Practices (GAP).
- 2.6 The fruit subsector's main constraint is lack of volume at the farm level. A major weakness is the virtual absence of formal contract farming arrangements. Research and transfer of technology services are not effectively linked with specialized networks to facilitate the adaptation of new varieties for these products, and those will sorely be needed to increase the supply. The fruit subsector also requires investing and retooling its phytosanitary systems for addressing these exports.

² The long-term trend in sugar world market prices is projected at US\$9 cents/lb in real 2000 US dollar terms by 2015, half the current level of production cost in Guyana. However, during 2006 the sugar future prices on the New York Board of Trade have leaped past 19 cents a pound due to market speculations about possible alternative energy uses.

³ Since drainage and irrigation fees are still not cost-based, the comparative advantage may turn out to be a competitive advantage instead.

⁴ A list of abbreviations is shown in Annex III.

- 2.7 The main public institution that supports agriculture is the Ministry of Agriculture (MOA). The Plant Health Unit (PHU) is responsible for all aspects regarding the phytosanitary quality of plants in the agriculture producing chain, including inspecting products at the packing houses. The Animal Health Unit (AHU) is responsible for programs in animal health, monitoring and control of animal diseases, and the inspection of animals in the food chain up to their slaughter. The Pesticides and Toxic Chemical Control Board (PTCB) exercises control over quality, sale and usage of pesticides and toxic chemicals. The Veterinary Public Health Unit (VPHU) promotes human health minimizing the risk of diseases transmissible from animals to humans and by food, derived from animals; and certifies processed meat for export. The Food and Drug Department (FDD)'s main remit is to protect public health, and helps compliance to the requirements of international trade. The National Agricultural Research Institute (NARI) is responsible for increasing the productivity of crops and livestock. The New Guyana Marketing corporation (NGMC) is charged with providing market facilitation services to the private sector for the export of non-traditional agricultural produce. The PHU, AHU, PTCB are administrative areas within the MOA, whereas NARI and NGMC are semi-autonomous agencies under the MOA. The FDD and the VPHU report to the Ministry of Health. These agencies have limited capabilities to cope with their respective missions.
- 2.8 The Guyana Lands and Surveys Commission (GLSC) is responsible of managing all state-owned lands, and specifically for making such lands available under a lease-hold or free-hold arrangement. The Guyana Office for Investment (GO-Invest) is responsible for investment facilitation and export promotion.
- 2.9 Farmers that grow crops other than rice and sugar have not established product-specific organizations, although they receive services from organizations such as the Rice Producer Association since it is common to farm mixed crops. Cattle Farmers Associations are organized along the Drainage and Irrigation Areas. In September 2005, the Guyana Agri-business Association (GABA) was established to promote agribusiness development. GABA membership is open to interested private parties along the supply chain.
- 2.10 Private investors need to negotiate on an ad-hoc basis their agribusiness business plans that cover issues such as tax regimes and conditions to access to land. The Office of the President approves proposals that require access to land after being assessed by Go-Invest and the Guyana Lands and Surveys Commission.

B. Country's strategy in the sector

- 2.11 The Government of Guyana (GOG) has defined in its National Development Strategy 2001-2010 that the overall objective for the agricultural sector is to increase the rate of growth of its output. It states that agricultural export diversification will contribute to Guyana's growth through higher value-added products. Guyana's Poverty Strategy Reduction Paper also proposes policies to increase productivity and diversify its export base.

- 2.12 The Ministry of Agriculture approved an Agricultural Diversification Strategy⁵ that adopts a system or chain approach to export development and to contribute to a friendly business and investment atmosphere. Guyana has been building its institutional assets, which has enhanced its business climate to promote agricultural non-traditional exports such as the Fisheries Act (2002), Animal Movement and Disease Prevention Act (2003), the Pesticides and Toxic Chemical Regulations (2000), the Veterinarian Act (2003), and the Drainage and Irrigation Bill (2005).

C. The Bank's strategy in the sector

- 2.13 The Bank's country strategy (GN-2228) identifies the need for Guyana to accelerate and sustain economic growth. Likewise, the Bank's agriculture sector strategy suggests the need for growth-oriented programs but focused on integrated agriculture and rural development. The agricultural development sector strategy (GN-2069-1) defines as priority areas for investment the modernization of the state and basic services, and the support of the private business sector in channeling private investment to the agriculture sector.
- 2.14 Country Portfolio Review Reports conclude that because of the relatively slow pace of disbursement of Bank Programs the efficiency and effectiveness of Program execution are major concerns. It suggests that new models are needed to make executing units more effective and efficient.
- 2.15 The Bank has followed a phased approach towards developing the agricultural sector. An Agricultural Sector Loan (ASL) contributed to the introduction of reforms on the rice market, on agricultural factor markets, and also helped devise new and stronger institutions for managing natural resources such as land and water (1996-2001). These reforms enabled a more neutral trade and investment environment for alternative agricultural products and paved the way for investing in drainage and irrigation infrastructure such as the ones considered under the Agriculture Services Support Program (ASSP) approved in June 2004, that will in turn facilitate an increased output of higher-valued crops that are more intensive in having better-managed drainage and irrigation systems such as the ones envisaged under the Program. Main relevant lessons from the ASL are: (i) institutional reforms are difficult and expectations must be set accordingly; (ii) the separation of Program authority for coordination and execution by decentralized agencies is not necessarily the best execution structure; and (iii) the number of components and contractual conditions should be kept to a minimum.
- 2.16 The Program will benefit from the policy based component, business climate initiatives as well as the retooling of public agencies envisaged under the Support for Competitiveness Program (GY-L1006). The Competitiveness Program will create a mechanism for export competitiveness managed by Go-Invest to provide technical assistance and training aimed to specific business processes in the value chain. The Modernization of the Justice Administration System (GY-L1009) will enhance the investment climate for the Program through initiatives such as setting up a High

⁵ Ministry of Agriculture (2006). Agricultural Diversification Strategy. Program Execution Unit Agricultural Support Services Programme.

Court Mediation and a Commercial Court, enacting the Summary Jurisdiction (Petty Debt) Act, and the Criminal Law (offenses) Act; and funding a new police initiative on drug crime and community policing.

- 2.17 There are other related efforts from donors agencies. The USAID-funded Guyana Trade and Investment Support Program (GTIS) launched in 2004 a US\$7 million multi-sector program to support exports. The GTIS finances mainly technical assistance activities, and does not cover capital goods investments. The Program will complement the food processing cluster, especially regarding fruit and vegetables, and meat products. FAO recently supported food safety services through a Technical Cooperation. The Program builds on FAO's work.

D. Program Strategy

- 2.18 The Rationale. Guyana has faced slow growth since 1998. The need for expanded growth sources on one hand, combined with the uncertain structure of the current agricultural base on the other, make for a strong argument in favor of the diversification of agricultural exports, given the limited potential of the domestic market. Current global trade negotiations will have an additional impact on Guyana's current privileged access to the EU market, beginning in 2006. In this context, it becomes more important to explore viable diversification strategies in the agricultural sector.
- 2.19 Guiding Principles. The strategy to promote agricultural export diversification requires public interventions and public-private partnerships to remove constraints to diversification and increase competitiveness with clear responsibilities for private and public roles under a comprehensive, sequenced, and coherent approach. The program proposes an institutional mechanism described below to allow the government to support the removal of the constraints described above by fostering private sector participation in each export cluster.
- 2.20 Given the small size of the domestic market in Guyana, diversification must be sought in viable *export activities*. However, Guyana's agribusinesses face constraints along the supply chain that will require substantial investments, enhanced institutional capacity and business environment, and strong coordination among all stakeholders to effectively tap these potential agribusinesses. Tackling these constraints through marginal and unrelated investments would most likely end up in a failed program.
- 2.21 The first guiding principle of the Program's strategy is the supply chain approach to export development. For the development of agricultural exports other than rice and sugar, Guyana faces the significant challenge of developing a complete system that is currently unavailable. The kind of products that have been identified as most promising in terms of potential export growth (some fruit and horticultural products and beef), would require to set up a completely different way of conducting export businesses. Rice and sugar do not require sophisticated sanitary systems, but for the identified products with export potential a government-backed animal and plant health systems to preserve and monitor the current status, a traceability system, and contract farming become crucial. Current exports of these products are almost nil

because the supply chains are non-existent or they are highly vulnerable since they confront significant restrictions to growth. A vulnerable export chain does not provide a positive signal for farmers, agribusinesses, and importers.

- 2.22 The criteria used to select specific products within each cluster are based upon: i) on-going embryonic entrepreneurship initiatives⁶ and ii) high potential returns for products along the supply chain. In the case of fruits and vegetables, the existence of continuous exports of some goods is a market signal that reveals that competitive advantages exist, despite the fact that the quantities exported might have been small. With respect to substantial potential returns, products were first filtered among the ones actually exported from Guyana since 1996 and if their 2004 exports were above US\$10,000, signaling that the product is feasibly exportable in present economic conditions. From the set products remaining after applying these criteria, ten were pre-selected on the basis of price and other evidence such as production issues, estimations of transport costs to final markets, absolute and the relative export margins. The analysis concluded that four products offer the greatest export growth potentials in value terms: peppers, pumpkins, pineapples and plantains. Exports of these products placed by 13 small firms reached US\$215,000 in 2004.
- 2.23 In the case of meat other market signals have been considered since exports of beef are virtually non existent. There is interest shown by investments made by the domestic private sector, as well as competitive advantages as shown by price and profit margin estimations. Regarding the meat business, the current price for a live animal is US\$0.6 per kilo at the cattle-raising regions. It is a competitive price compared to the price prevailing in successful exporters of beef in the free of foot and mouth disease segment of the international market. Most suppliers to that market have prices in the neighbourhood of US\$1 per Kg of live cattle. The current price of US\$0.60 per kg. of live animal, plus the US\$0.027 slaughter cost, results in a margin of US\$0.373 per live kilo.
- 2.24 A second key principle that must govern the Program's strategy concerns the due priority that needs to be given to the business climate. Adequate business climate conditions are necessary since rapid expansion of exports requires mobilization of a sizeable amount of private resources. The strategy will carefully select those interventions that are essential for success, and that do not compete, replace, or crowd out private initiatives. The scope for government support under the program will be defined as follows: i) Functions that need to be directly executed and financed by the government, which are related to the business climate and plant and animal health systems⁷. The former cover control and prevention, emergency response, and export certification or market access, improvements in the system for processing land leases for investment purposes, reduction of the rustling problem, and improvements and proper enforcement of the norms for cattle slaughtering in Guyana; ii) Functions that require government funding but not directly executed by the government. For these cases a demand approach will be followed by the export

⁶ Preliminary estimations were carried out by Jorge Quiroz y Asociados. "Action Plan for Agricultural Diversification in Guyana", August 2005. These estimations will be refined during the feasibility studies.

⁷ It is expected that in the long run the private sector should be capable of co-financing part of the current expenditures implied in renewed animal and plant health systems through the payment of inspections and certificate issuance, but the investment needed to implement such systems needs to be financed by the GOG.

chain. Due to the underlying arguments for granting subsidies, there is a case for decreasing the degree of support over time through instruments such as co-financing shares.

- 2.25 The Program Sequence. The first steps focus on building the institutional arrangements for managing the export clusters by private sector stakeholders, setting up the monitoring system, and ensuring the execution scheme for the public agencies that will provide services to the Program. During the Program's first year, capacity building activities will be carried out for the export chains such as training in best practices, technological missions, investment promotion, and research adaptation. Execution will also start for the sample businesses plans. The beef export chain requires more specific detail as a great number of activities need to be carefully coordinated among government and the private sector under a long term horizon. The strategy for the beef sector starts with the establishment and proper enforcing of a "sanitary island" where the rearing and fattening of livestock devoted to exports will take place. The Intermediate Savannas as well as Region 5 and 6's coastline areas appear to have potential for the livestock cluster. Although the country has been declared free of foot-and-mouth disease by the World Organization for Animal Health (OIE), recognition of such sanitary status by third parties will require a far more elaborate process. To keep the country free, a sanitary surveillance must be in place, including full control of animal movement. This last requirement is not possible to attain in the medium term for the whole country, as there is an ingrained custom for families to keep cows unfenced. Hence land where cattle are reared and fattened must be isolated in sanitary terms such that only these areas need traceability systems and full control of animal movement.
- 2.26 Considering current private sector entrepreneurship capabilities, external investors have to be attracted. Since most of the suitable land is in government hands, land would have to be made available through a simple and transparent method. The livestock chain would be developed around the Berbice River, from the Intermediate Savannas to its mouth near New Amsterdam. Animals would be reared in the Savannah, and fattened and processed in facilities in the coast, where for sanitary and logistic reasons the abattoir would be located.
- 2.27 Initial efforts will be placed to export meat products from current creole breeds to less demanding markets, once sanitary standards and services have been upgraded and the basic abattoir has been built. Thus, the main steps are to: i) implement a basic but modern sanitary system; ii) improve the genetic pool available; iii) adapt imported pastures for rearing animals; and iv) build a basic abattoir, upgradeable at least to comply with EU standards as the chain starts to export. At the end of the fifth year samples will be ready for beef export-grade animals⁸. Auctions will be held for the building and management of a basic abattoir. The abattoir is a missing link in the livestock chain and requires public funding due to lack of economies of scale and inefficiencies arising from lack of coordination between cattle-farmers and the abattoir's investors, and from sub-standards abattoirs operating for the domestic market. By the fifth year pastures, livestock, and a rearing and breeding system

⁸ It is expected that those samples will come from the existing livestock population reared under modern production and sanitary systems. Meat from the new introduced breeds is not expected until year 7-8.

should be in place, with the first observable results in the form of export grade livestock being produced in the country. If these results are reached, then a tender for upgrading the abattoir for export purposes will be held, fully transferring it to the private sector.

III. THE PROGRAM

A. Objectives

- 3.1 The program goal is to contribute in the increase of Guyana's growth rate and reduce its volatility. The purpose is to support GOG's implementation of the country's action plan for agricultural diversification that will result in a sustainable increase of non-traditional agricultural exports in the fruits and vegetables, and meat sub-sectors.

B. Program Structure

- 3.2 The components are: i) promote Private Sector Entrepreneurship (PSE) in agribusiness; ii) improve capabilities of Agribusiness Export and Facilitation Services (AES); and iii) strengthen and consolidate Agricultural Health and Food Safety Services (AHFSS).
- 3.3 The PSE component will foster initiatives to enhance entrepreneurship capabilities in the agribusiness cluster. It will also support the implementation of institutional arrangements for promoting and managing the agricultural diversification strategy. The AES component will support agribusiness through delivering regulatory and public services, such as technology adaptation and transfer, and market information. The AHFSS Component will improve the effectiveness of the animal health, plant health and food safety systems.

1. Private Sector Entrepreneurship into Agribusiness (US\$1,960,000)

- a) Promotion and consolidation of agribusiness (US\$1,460,000).
- 3.4 The component will finance setting up a Diversification Institutional Arrangement (DIA) for agribusiness chains. A DIA will be established for two agribusiness chains: i) vegetable and fruit, and ii) livestock. The Program will finance administrative costs of each DIA, including their managers under an increasing co-financing rule. The managers will coordinate the execution of an action plans, to be updated every year.
- 3.5 The agribusiness potential and current exporters and farmers will be invited to join the DIA. The eligibility criteria for exporters will be: i) legally established firms; ii) interest in exporting as shown by criteria such as investments carried out in the productive chain, actual experience in related exports, business plan partially financed by the private sector, input suppliers and logistic services providers; and iii) willingness to participate and co-finance the activities carried out under this component. In the case of farmers, preference will be given to those: i) interested in diversifying their crops, ii) members of a Water Users Association, and iii) willing to engage in contract farming.
- 3.6 Requirements proposed by each DIA could be in the form of government regulatory support, and incremental public goods investments specific to the agribusiness chain that are not directly executed by the government.

- 3.7 The incremental public goods that will be financed cover: i) Training and Knowledge Sharing aimed to small groups of farmers to be established; ii) Technical Assistance provided by technicians actually involved in the export process, or consultants hired by the growers in specific crops; iii) Research and Development Partnerships whereby a group of farmers and exporters of each cluster form a partnership with NARI, which in turn will contract a international institution that will provide the guidance and knowledge, the technology in the form of new varieties and breeds, training, and will support the trials to adapt the technologies to the country; and iv) Private Sector Participation in Agribusiness Facilities: a US\$1 million basic abattoir will be financed that meet the subsidiarity principle and are based on sound economic justification for being subsidized.
- 3.8 The basic abattoir will be built to serve the minimum economically efficient scale, that implies 12,000 slaughtered heads per year. The number of heads slaughtered estimated are about 15,000 heads per year. This basic abattoir can be cost-efficiently expanded by three means: i) the use of multiple shifts, which can multiply capacity by a factor of up to 2.5 times, ii) the addition of further refrigeration capacity which, within a range, is the binding constraint of an abattoir once a proper process line has been set up; and iii) automatization of the process line. All things considered, an abattoir of the capacity proposed can be expanded up to a capacity of 30,000 slaughtered heads per year.

b) Supporting the implementation of agribusiness plans (US\$500,000)

- 3.9 The sub-component will co-finance (matching grants) the implementation costs of agribusinesses plans to a maximum of 40% of implementation costs up to US\$50.000 for the fruits and vegetables cluster, and US\$80.000 for beef cattle cluster and maximum implementation period of two and three years, respectively. During preparation, specific conditionality and eligibility would be included in the Program Operating Manual for the co-financing of the business plans based on criteria such as technical, financial, economic and environmental viability, technological innovation, foreign market buyer agreements, and contract-farming with small farmers. Disbursements will be linked to the achievement of actual benchmarks and results previously agreed between the ADP and the beneficiaries.

2. Agribusiness Export and Facilitation Services (US\$790,000)

- 3.10 The AES will focus on strengthening public services needed to support the selected agribusiness productive chains, specifically: i) technology development and transfer; ii) market information; and iii) access to land. AES subcomponents and main outputs are the following:
- a) Support to technology development and transfer (US\$400,000)
- 3.11 The purpose of this subcomponent is to develop a core capacity to deliver agricultural technologies to producers, chiefly research, and strategic technological and marketing information in an efficient and cost-effective way. The subcomponent will have the following activities:

- 3.12 Strengthening of NARI. This specific output will be NARI's capacity strengthened in capturing, storing, transferring and disseminating technological information to the productive chains. NARI's will serve as a bridge between the demand of technology and the providers (public and non-public, domestic and foreign), which are expected to be major research institutions that have the technological packages for similar agro-ecological conditions as Guyana.
- 3.13 Acquisition and dissemination of agricultural technology, information and strategic market intelligence. This activity will support the facilitation of technology acquisition and validation, and will be used by demand of the Research and Development Partnerships. For each Program approved for financing, NARI will allocate the researchers, who are to be trained with Program resources, to serve as local partners and technical repository of the knowledge/technologies being acquired from overseas. Together with the selected institutions, they will apply those technologies to Guyana through adaptive research done preferable in farmer's properties.

b) Business Facilitation (US\$390,000)

- 3.14 Market Information - (i) general market surveys will be conducted to detect market windows for Guyana; and (ii) a simple market network will be designed and implemented for connecting local officers and producer organizations to provide them with current price, commodity grade, and supply and demand information.
- 3.15 Land Management – The following products will be designed and implemented: (i) an information system for land lease requests for greenfield investments; (ii) non-discretionary land lease and water rights allocation system; (iii) a pilot program for allocating relative large land plots; and (iv) a campaign to attract the private investors, both local and foreign. Main items to be financed under this subcomponent are: consulting services, travel, subscription services, on-field trials, seminars, publications, and field works.

3. Strengthening and consolidating agricultural health and food safety services (US\$3,880,000).

- 3.16 The purpose of this component is to improve the effectiveness of the animal health, plant health and food safety units of the Ministries of Agriculture and Health, transforming them in a integrated system to protect domestic consumers from illness, and domestic production from disease and contamination while ensuring that Guyana's exports meet international standards. The component is designed to establish and strengthen the system, assuring the coordination and optimal use of resources of all institutions concerned. This integrated system will form the basis for the future implementation of a modern and specialized autonomous agency. The component will address these needs through the following outputs:
- a. Appropriate policy and coordination mechanisms developed and strengthened (US\$300,000)
- 3.17 An "Agricultural Health and Food Safety Coordination Committee", will be created and made operational by both the Minister of Agriculture and the Minister of Health previous to first disbursement. The AHFSCC will provide guidance in the

development of a comprehensive policy and its strategic plan; define areas of collaboration among agencies and stakeholders; and conduct the process towards a modern and simpler system with less organizations.

- 3.18 Specific outputs will be: i) institutional framework, regulations, standards, and operating procedures, reviewed and implemented; and ii) joint work-plans, prepared and implemented⁹. The Program will support the establishment of Program an autonomous Agricultural Health and Food Safety Agency once main stakeholders test and trust the new institutional framework and shall be considered as a Program's outcome.
- 3.19 To ensure that the path to integration is accelerated, the Program will establish common information systems. An accurate, up-to-date record keeping system comprised of various databases regarding animal disease surveillance and monitoring, livestock owners and animal identification, animal product imports and exports, and laboratory animal disease and meat residues results. A similar output will be developed regarding food-borne disease surveillance and monitoring, food safety research results, inspection results and monitoring, facilitation of trade for importing countries, pesticide registration, residues and exposure assessment, farm and farmer registration, and food handler's information. In the case of plant health the information system will provide reliable data as well as access to information on internationally accepted standards, guidelines, WTO-SPS notifications, and pest status in country and overseas especially from countries from which produce is imported. This will facilitate product certification and traceability.

b. Plant Health strengthened (US\$830,000)

- 3.20 The modernization of the PHU will consider the following: i) An enhancement of phytosanitary regulations and standards; ii) An increase on the coverage such that the number of inspectors and equipment will cover all relevant points of entry to the country on a 24-hour basis. These inspectors will be trained in the recognition of quarantine pests, diseases and exogenous plant materials, as well as in inspection systems and methodologies; iii) Establishing monitoring stations to detect the presence of quarantine insects ensuring that the country's phytosanitary assets are protected and certified. A rapid reaction procedure must also be devised to control any outbreaks of these pests; and iv) Monitoring pesticide usage which implies enforcement at the points of entry and surveillance of pesticide marketing channels.

c. Animal Health enhanced (US\$1,370,000)

- 3.21 Activities envisaged are: i) Regulations revised, especially those for animal movement, and for handling and slaughtering beef improved and made more stringent. Since this may involve deep cultural and behavioral changes, the more stringent set of norms regarding animal movement will be restricted to the export beef enclave; ii) The latter implies setting up traceability systems within the enclave, and strengthening the capacity of the official animal health service to maintain

⁹ A TC financed by FAO has prepared a draft legislation for the creation of the "Agriculture Health and Food Safety Authority", including an operational action plan, as well as a National Food Bill and Regulations.

control of the in/out flow of animals in the enclave; iii) Continuous Sample Testing Implemented for randomly selected animals, so as to have a credible certification system that allows Guyana to prove to third countries its sanitary status; iv) System for Registering and Controlling Drug Intake of Animals Implemented. Such a system will be auditable by third parties; v) Surveillance coverage increased to all points of entry to the country on a 24-hour basis; vi) Sorology services implemented to support the certification of Guyana as a free area for diseases; vii) working conditions for field inspection, abattoirs, and seaports and airports improved to support the export certification system; and viii) bovine tuberculosis eradicated.

- 3.22 The AHU and the Veterinary Service needs accurate records of livestock owners and their animals. The Program will finance a pilot national livestock identification program, that will allow for an effective traceability, through monitoring and surveillance that will meet third countries' import requirements, and for eradication of diseases including foreign animal disease outbreaks.

d. Food Safety assured (US\$830,000)

- 3.23 The VHU's basic tool is inspection on abattoirs and at the exporting sites, while the laboratorial support is performed by the FDD. It is expected that VHU will be recognized by importing countries' Food Safety authorities as delivering high quality sanitary services, according to international standards and complying with all their sanitary requirements.
- 3.24 The Program will strengthen: i) the analytical laboratories needed to carry out analyses and laboratory diagnoses in all areas related to agricultural health and food safety; ii) the capabilities of the National Enquiry/Notification Point and the Codex Contact Point in keeping with WTO/SPS requirements; and iii) the Codex Contact Point/National Codex Committee, promoting codex activities, circulate of codex document and maintain codex library laboratorial capacity of FDD.
- 3.25 New equipment will be acquired to modernize the laboratories supporting sanitary and food safety demand for analysis and diagnosis. A provision will be made for drugs and reagents, equipment maintenance and for manuals and protocols.

e. Other specialized supporting areas (US\$550,000)

- 3.26 A Pesticide Laboratory for the PTCB will be built or rehabilitated. A survey to establish the prevalence of pesticide residue on fruits and vegetables produced in Guyana will also be conducted. The Pesticide Board will make an agreement with a worldwide recognized, peer institution, to apply the international regulations and standards regarding pesticides usage and trade.
- 3.27 Main items to be financed under the component are: i) Hiring and training of personnel; ii) Strengthening and upgrading infrastructure. For instance, facilities will be built/repared as needed for Plant Quarantine and Inspection. The biocontrol laboratory will be improved and upgraded to adopt the Good Laboratory Practices (GLP) program. Facilities will be built/repared as needed as part of the modernization of the AHU; iii) Acquisition of equipment and supplies to bring

laboratories up to level of GLP and begin the process of preparing them for laboratory accreditation; iv) A public awareness campaign will be carried out. Producer awareness of pests and foreign animal diseases is critical to their early detection and producer support is necessary for an effective surveillance program. This activity will also support the implementation of a food safety education program that will target everyone in the farm to table food chain; v) A Training Program. At the farm level, growers, packers, and transporters will need to be educated in the basics of GAP for minimizing food safety problems. At the processing level, GMP, along with Hazard Analysis in Critical Control Points (HACCP) tools will be implemented; and vi) Consulting services for updating methodologies. Manuals will be developed to standardize activities.

E. Cost and Financing

- 3.28 Total Program's cost is US\$7.6 million, from which 90% will be financed by FSO funds.

Categories	Bank-FSO	GOG	Total
1. Administration and Supervision	710,000	100,000	810,000
2. Direct Costs	5,970,000	660,000	6,630,000
2.1 Private Sector Entrepreneurship	1,770,000	190,000	1,960,000
2.2 Agribusiness export and facilitation services	700,000	90,000	790,000
2.3 Agricultural Health and Food Safety	3,500,000	380,000	3,880,000
3. Impact and Final Evaluation	90,000		90,000
4. Audit, contingencies and financial costs	70,000		70,000
Total	6,840,000	760,000	7,600,000
Percentage by source of financing	90%	10%	100%

IV. PROGRAM EXECUTION

A. Borrower and executing agency

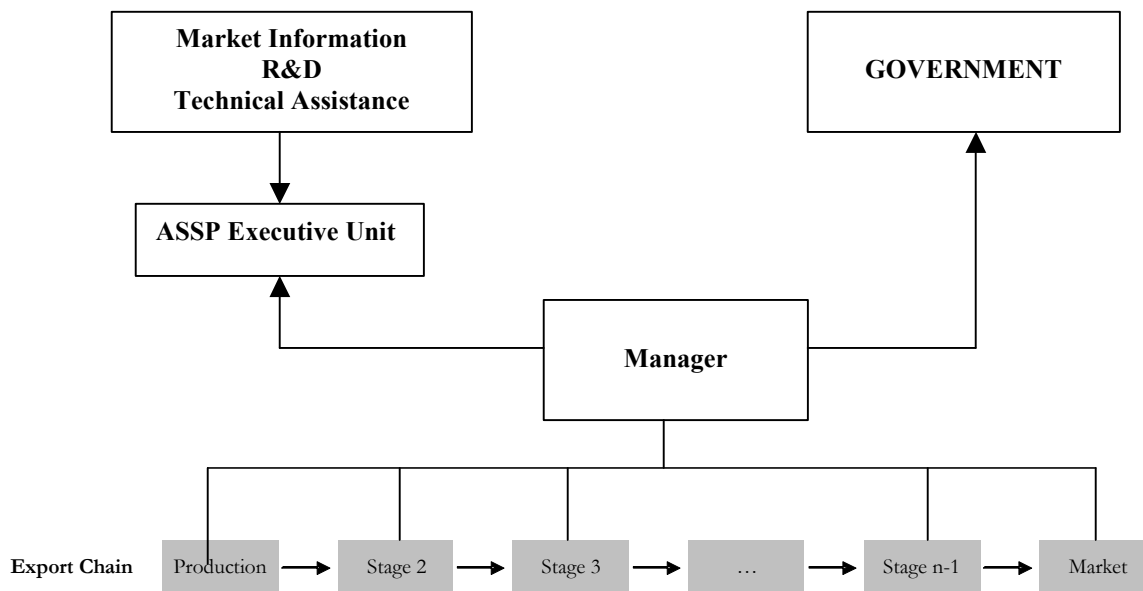
- 4.1 The borrower will be the Co-operative Republic of Guyana (GOG). The executing agency will be the Ministry of Agriculture (MOA).

B. Program execution and management

- 4.2 The MOA will strengthen its ASSP's Program Executing Unit (PEU) to accommodate the additional activities of the Program. The execution of private sector related activities will be outsourced to third parties as explained below. The PEU will hire one agricultural health and food safety specialist, a private sector specialist, and an administrative assistant.
- 4.3 Regarding the PSE component each DIA that represents the agribusiness chain, will have a consultative nature. This will be the instance in which the stakeholders interact both with each other and with the manager of the chain, who will represent them. Each DIA will start operating as an informal group, and will be legally established as an open organization once their co-financing obligations initiate. The managers of the chosen export chains will, in turn, have access to the Component

Executing Unit (CEU) within the PEU, and will interact between the chain – represented by the DIA- and the CEU.

- 4.4 The operation of the PSE component is envisaged as follows: activities and investments are identified by the private sector members of each DIA. This process is facilitated by the manager who articulates the chain and determines its needs, which are to be met either by the activities offered by the Program or by government/institutional actions. The manager presents a program, which includes: i) the requests for funding the incremental public goods to the CEU which in turn evaluates this program, establishing the targets for funding the activities, targets which are to be met by the members of the chain and by the government agencies that will provide services under the AES and AHFSS components; and ii) proposals for government actions that may enhance the cluster's business environment that lie beyond the scope of the Program. Responsibility for auditing the use of the instruments and compliance with the conditions lies within the PEU. The following chart depicts the relationships between the i) manager and the export chain, ii) the manager and the PEU and the iii) manager and the Government.



- 4.5 A specialized international agency or consulting firm will perform the CEU function, who will appoint the managers at least during the first two years of the Program, and will also provide technical assistance for the execution of the AES and AHFSS components. It will be hired using a Quality-Based Selection Method. The hiring of this specialized agency will be a condition prior to the first disbursement. Program Its Term of Reference will specify the packages of goods and services that will be carried out directly from those where that will be procured by third parties.
- 4.6 Regarding the AHFSS component, the MOA and the Ministry of Health will agree on mechanisms and processes to coordinate these activities through the Coordination Committee (AHFSCC). The MOA will execute the AES component through agreements with the GLSC and GoInvest for the land related activities.

- 4.7 The Program's Evaluation, Supervision and Monitoring System will emphasize on achieving better coordination among Program's activities and on generating learning processes that may be useful for similar clusters and, eventually, for preparing a second stage. A final evaluation will be carried out to assess Program's performance, perform impact evaluation, and extract lessons learned according to the Program Evaluation Guidelines that will be prepared. The Program's 5-year plan and annual work plans will include an activity analysis that will link major events among Program components as well as execution related indicators. For monitoring purposes, annual evaluation meetings and qualitative survey techniques for the stakeholders will be conducted for early detection of execution issues. Baselines for the agribusiness plans subcomponent will be prepared according to the business initiatives approved by the Program.

C. Period of execution and estimated disbursement schedule

- 4.8 The duration of execution and disbursements of the Program will be five years. The following table presents the estimated disbursement schedule for the Program:

Table 4.1: Estimated Schedule of Disbursements by Year of Execution (US\$)

Financing Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	1,368,000	2,188,800	889,200	1,116,800	1,231,200	6,840,000
GOG	152,000	243,200	98,800	129,200	136,800	760,000
Total	1,520,000	2,432,000	988,000	1,292,000	1,368,000	7,600,000

V. IMPACT ON DEVELOPMENT

- 5.1 The Program will contribute to Guyana's economic diversification under viable and sustainable agricultural export activities. An estimated 11,000 farm households may benefit from the Program.

A. Expected outcomes benefits and beneficiaries

- 5.2 The Program's expected benefits are: i) non-traditional agricultural exports increased; ii) additional foreign markets accessed by Guyanese exports; iii) private investment on non-traditional agribusiness sector increased; and iv) domestic plant and animal health, and food safety enhanced to protect consumers from health hazards.
- 5.3 Main expected results for the Program's components are: institutional arrangements implemented for promoting and managing the agricultural diversification process; shared-facilities related to non-traditional exports implemented and operated under private-sector participation schemes; critical support services for agricultural diversification strengthened; administrative procedures for entering into agribusiness initiatives improved; readiness for becoming an incipient beef exporter in the fifth year of the Program completed; and domestic food safety improved.

B. PTI and SEQ analysis

- 5.4 The Program does not qualify as poverty targeted investment according to Bank's Eight Replenishment Document (AB-1704).

C. Social and environmental impacts

- 5.5 Since the Program focuses on actions to enable agricultural diversification but not on directly financing such change, the main environmental impacts are indirect based on the induced change of the agricultural composition of Guyana. An exception is the construction of the abattoir. The indirect environmental impacts, induced by the Program, will depend on the exact nature of the change. An environmental analysis (EA) focused on indirect and induced impacts will be prepared during Program design. No significant increase of agricultural land is expected. The pasture-livestock adaptation activities as well as the pilot land Program will be conducted in areas that have been farmed.
- 5.6 Other issues that the EA will look into are: pesticide use, impacts on the use of water, impacts on soil and affections to surrounding landscapes/ecosystems. As a result of the EA, an Environmental and Social Management Plan will be prepared to be used during Program's execution. The ESMP will follow Guyana's EPA guidelines and the Bank's environmental policy.
- 5.7 With respect to the abattoir, its building and operation will comply with Guyana's EPA operational guidelines for licensing purposes. A specific environmental management plan will be developed for the abattoir with special attention on the need for a mass disposal area, liquid and solid wastes, airborne wastes (odors, dust), and noise. The environmental management plan will address waste minimization, site selection, buffer zones, and prevention of contamination and health hazards.
- 5.8 The Program's expected social impacts are positive since farmers will benefit from new income opportunities stemming from agricultural diversification that will also contribute to improve their risk management options. The implementation of good agricultural practices as well as the enhancement of sanitary systems in the fruit, vegetables, and meat products will raise domestic sanitary standards that will positively affect human health. The Program's basic abattoir to be built will benefit Guyanese meat consumers since it will comply with sanitary standards and will be located outside the urban areas. None of Guyana's existing main abattoirs meet the sanitary standards of safety for human consumption, not to mention export markets.

VI. SPECIAL ASPECTS

- 6.1 Exceptions to Bank's policies. No exceptions to Bank's policies are expected.
- 6.2 Main Risks. The main Program specific risks and their respective mitigations measures are: i) the Program's activities may exhibit relevant lags that coupled with the highly complex task of coordinating each step in the introduction of new varieties and breeds may jeopardize reaching the outcomes at the expected timeline. The hiring of the specialized agency and the specification of the monitoring system will

mitigate this risk; ii) the sustainability after the Program ends in terms of funding and retaining adequate staff to carry out the provision of public export services. An analysis will be conducted on how to maintain the funding for the expected increase on recurrent public expenditures. Most decentralized agencies enjoy semi-autonomous status that allows them to offer conditions comparable to the private sector; iii) during the initial years it is expected a relatively high fixed cost of the Program due to the overhauling of animal and plant health systems in comparison with the relatively low expected benefits. Efficient minimum scale services coupled with an adequate timing for their roll-out will be given a careful analysis during Program preparation; and iv) difficulties in assessing the plant and animal health services during Program preparation due to lack of information and skilled human resources within health institutions. An increased level of effort has been placed to complete these studies.

- 6.3 The following external factors that may affect the program have been identified: i) negative perceptions of the overall business climate offsetting the perceived benefits stemming from the sector strategy. The GOG is carrying out several initiatives to improve its business climate such as a competitiveness program and a citizens security Program; ii) the country's political cycle, which may shift support away from the Program. Program ownership activities have been pursued with potential stakeholders; and iii) medium-term misalignment of the real exchange rate that might offset the incentives for engaging in non-traditional exports.

VII. PREPARATION STATUS

- 7.1 A technical cooperation on an Action Plan for Agricultural Diversification in Guyana has been completed. The GOG has agreed with the Bank on the Program's objectives, components, and execution scheme. First-year action plans for each prioritized product have been prepared jointly with the potential members of their respective chain. Workshops were held to discuss the Program with relevant stakeholders and to agree with basic indicators of logical framework.
- 7.2 Further studies are underway to complete Program preparation: i) an assessment of the overall viability of the agribusiness cluster and the financial viability of the agricultural health component; ii) the environmental and social analysis; iii) evaluation and monitoring guidelines; and iv) the Terms of Reference for the International Competitive Bidding of the CEU.

**GUYANA
(GY-L1007)
AGRICULTURAL DIVERSIFICATION IN GUYANA
LOGICAL FRAMEWORK**

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL			
Contribute to increase Guyana's growth rate and reduce its volatility.	<p>Ten years after the Project ends:</p> <ol style="list-style-type: none"> 5-year moving average agriculture sector growth increases from X% to Y%. The standard deviation of agriculture sector growth rate decreases from X to Y. 	<ol style="list-style-type: none"> Sector statistics. 	<ol style="list-style-type: none"> Country free of catastrophic disasters. Real exchange rate is aligned with market fundamentals. Political establishment supports the project.
PURPOSE			
<p>Establish services and institutions for a sustained increase in the income derived from the export of non-traditional agricultural exports in the fruits and vegetables, and meat products</p>	<p>Indicators to be used:</p> <p>Two years after the Project ends:</p> <ol style="list-style-type: none"> An autonomous Agricultural Health and Food Safety Agency operating and providing health services for exporters. <p>At the end of the Project</p> <ol style="list-style-type: none"> An autonomous Agricultural Health and Food Safety Agency created. Public awareness on good sanitary practices increased from X% to Y%. <p><u>Fruits and Vegetable Cluster:</u></p> <p>Two years after the Project ends:</p> <ol style="list-style-type: none"> Exports under contract farming for supported products increase from US\$X to US\$ Y. At least one additional product besides the four prioritized products is added under a scheme similar to the Diversification Institutional Arrangement. <p>At the end of the Project:</p> <ol style="list-style-type: none"> Prioritized fruit and vegetable exports increases from US\$ X to US\$ Y. 	<ol style="list-style-type: none"> Trade statistics Project reports from the Project's monitoring and evaluation system. GO-Invest investment statistics. Project Completion Report Surveys conducted to farmers, city dwellers, and airline travelers. 	<ol style="list-style-type: none"> Farmers have access to financial sources. Infrastructure and logistic services are non-binding restrictions to increase exports. Adequate level of trust between farmers and exporters.

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>7. The number of foreign markets accessed by Guyanese exports increases from X to Y.</p> <p>8. Private investment in the prioritized products for the Project's areas increases from US\$ X to US\$ Y.</p> <p><u>Livestock Cluster:</u></p> <p>9. Two years after the Project ends:</p> <p>10. Meat exports increases from US\$ X to US\$ Y.</p> <p>At the end of the Project:</p> <p>11. Samples are ready for trial beef exports.</p> <p>12. Private investment in the Project's area increases from US\$ X to US\$ Y.</p>		
COMPONENTS			
<p>1. <u>Private Sector Entrepreneurship into agribusiness promoted</u></p> <p>Its purpose is to support the organization and foster private initiatives to increase exports of the Fruits & Vegetables and Beef Cattle clusters.</p>	<p>During first year of the Project:</p> <p>1.1 International Competitive Bidding (ICB) of the CEU</p> <p>1.2 Institutional arrangements established and operating for both chains.</p> <p>1.3 At least one Technological Mission completed with 5 beneficiaries.</p> <p><u>Fruit and Vegetable Productive Chain:</u></p> <p>During first year of the Project:</p> <p>1.4 Product/Market research completed for the prioritized products in the four selected markets (CARICOM, Canada, USA and EU).</p> <p>1.5 At least one Quality Improvement Program for the domestic market developed.</p> <p>At intermediate evaluation:</p> <p>1.6 At least "x" Technology Transfer Groups established.</p> <p>1.7 At least "x" new varieties adapted for the prioritized products.</p> <p>1.8 At least "x" Technological Missions completed.</p> <p>At the end of the Project:</p> <p>1.9 At least "x" business plans completed and implemented.</p> <p>1.10 At least "x" and "y" contracts between farmers and exporters signed and carried out with both parties satisfied, respectively.</p> <p>1.11 At least "x" out of "y" annual plans carried out with satisfaction for both parties.</p> <p>1.12 "x" beneficiaries trained in best practices management.</p>	<p>1. Project progress reports.</p> <p>2. Surveys conducted to members of each chain.</p> <p>3. Surveys conducted to government officials.</p> <p>4. Intermediate Evaluation</p> <p>5. Project Completion Report.</p>	<p>1. Interest for participating in the ICB.</p> <p>2. Drainage and irrigation systems well-managed.</p> <p>3. Representative members participate in the chain.</p> <p>4. Adequate overall business climate.</p>

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p><u>Livestock Productive Chain:</u> During first year of the Project:</p> <p>1.13 Identified parcels comprising 24.000 ha. for the cattle enclave in Regions 5 or 6 (Intermediate Savannahs).</p> <p>1.14 Product/Market research for the beef meat in CARICOM completed.</p> <p>At intermediate evaluation:</p> <p>1.15 At least one new pasture-breed combination successfully adapted for export markets.</p> <p>1.16 At least “x” Technological Missions completed.</p> <p>1.17 Rural development program for Intermediate Savannahs designed.</p> <p>At the end of the Project:</p> <p>1.18 At least “x business plans implemented and completed.</p>	<ol style="list-style-type: none"> 1. Project progress reports. 2. Surveys conducted to members of each chain. 3. Surveys conducted to government officials. 4. Intermediate Evaluation. 5. Project Completion Report. 	<ol style="list-style-type: none"> 1. Representative members participate in the chain. 2. Intermediate Savannahs are adequate for livestock. 3. Other local abattoirs will raise their standards or lose market share.
	<p>1.19 An abattoir implemented that comply with basic international sanitary standards with a capacity of “x” animals per year, expandable through increase in labor shifts to up to “y” animals, managed by the private sector.</p> <p>1.20 At least “x” out of “y” annual plans carried out with satisfaction for both parties.</p> <p>1.21 “x” beneficiaries trained in best practices management.</p>		

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>2. <u>Agribusiness export and facilitation services provided.</u></p> <p>Its purpose is to focus on strengthening public services needed to support the selected agribusiness productive chains, specifically: i) technology development and transfer; ii) market information; and iii) access to land.</p>	<p><u>Support to technology development and transfer</u></p> <p>At the end of the first year:</p> <p>2.1 At least “X” technological packages acquired.</p> <p>At the end of the Project:</p> <p>2.2 NARI’s capacity strengthened to serve productive chains: at least “X” technological packages acquired, adapted, transferred, and disseminated for the prioritized products (“Y” at intermediate evaluation).</p> <p><u>Market Information</u></p> <p>At intermediate evaluation:</p> <p>2.3 “X” general market surveys conducted to detect market windows.</p> <p>2.4 A simple information market network designed and implemented for connecting local officers and producer organizations to provide them with current price, commodity grade, and supply and demand information.</p> <p><u>Land Access</u></p> <p>At the end of the first year:</p> <p>2.5 Information system for land lease requests implemented.</p> <p>2.6 Non-discretionary land lease and water rights allocation system, devised and implemented.</p> <p>At intermediate evaluation:</p> <p>2.7 “X” land applications granted under new process</p> <p>2.8 Pilot program for allocating large land plots completed.</p>	<p>1. Project progress reports.</p> <p>2. Intermediate Evaluation.</p> <p>3. Project Completion Report</p> <p>4. Agreements between NARI and peer institutions signed and implemented.</p> <p>5. Agreements to adapt and transfer technological packagers among DIAs, and NARI.</p> <p>6. NARI’s research and evaluation reports.</p> <p>7. NARI’s Printed and on-line publications.</p> <p>8. NGMC publications and reports.</p> <p>9. Consultant’s report.</p> <p>10. GLSC land information system document, and GO-Invest data room and land allocation process report.</p>	

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>3. <u>Agricultural health and food safety strengthened and consolidated.</u></p> <p>The purpose of this component is to improve the effectiveness of the animal health, plant health and food safety units of the Ministers of Agriculture and Health, transforming them in a integrated system to protect domestic consumers from illness, and domestic production from disease and contamination while ensuring that Guyana's exports meet international standards.</p>	<p><u>Sanitary surveillance and control system</u></p> <p>At the end of the first year:</p> <p>3.1 An "Agricultural Health and Food Safety Coordination Committee", created and made operational.</p> <p>3.2 Joint work-plans among agencies, prepared and implemented.</p> <p>3.3 At least "X" common information systems designed and agreed.</p> <p>At intermediate evaluation:</p> <p>3.4 Institutional framework, regulations, standards, and operating procedures, reviewed and implemented</p> <p>3.5 "X" common information systems implemented.</p> <p>At the end of the Project:</p> <p>3.6 "X" advertising campaigns to create public awareness</p> <p>3.7 X number of farmers trained in good agricultural practices (X1 at IE); Y agroprocessors in good manufacturing practices (Y1 at IE); and Z technicians in hazard analysis and good laboratory practices (Z1 at IE).</p> <p>3.8 Pesticide Laboratory for the PTCB completed</p> <p>3.9 Plant Quarantine and Inspection facilities upgraded.</p> <p>3.10 Biocontrol laboratory improved and upgraded.</p> <p><u>Fruit and Vegetable Productive Chain:</u></p> <p>At the end of the Project:</p> <p>3.11 Country kept free from fruit fly and pink mealy bug.</p> <p>3.12 At least two new phytosanitary protocols signed with trading partners</p> <p>3.13 International phytosanitary standards and regulations adopted.</p> <p>3.14 Coverage from X points of entry on a y-hour basis to all points of entry to the country on a 24-hour basis (coverage at Z points of entry on a y-hour basis at IE).</p> <p>3.15 From X to Y number of monitoring stations to detect the presence of quarantine insects (Z at IE).</p> <p>3.16 Rapid reaction procedures against quarantine insects and diseases breakouts established.</p> <p>3.17 From X to Y pesticide residues analyses conducted (Z at IE).</p>	<p>1. Project progress reports.</p> <p>2. Intermediate Evaluation.</p> <p>3. Project Completion Report.</p> <p>4. Survey conducted to farmers, agro processors, and technicians.</p> <p>5. Agencies annual reports.</p>	<p>1. Country is free from fruit fly and pink mealy bug when Project starts.</p> <p>2. Willingness to reach agreements by third countries.</p> <p>3. No political issues on raising border control measures.</p>

SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p><u>Livestock Productive Chain:</u></p> <p>At the end of the first year</p> <p>3.18 Livestock census completed.</p> <p>3.19 Regulations for animal movement, and for handling and slaughtering beef improved</p> <p>3.20 Sanitary enclave defined.</p> <p>At intermediate evaluation:</p> <p>3.21 Continuous Sample Testing Implemented.</p> <p>3.22 System for Controlling Drug Intake of Animals Implemented.</p> <p>3.23 Serology services implemented.</p> <p>3.24 Working conditions for field inspection, abattoirs, and seaports and airports improved</p> <p>3.25 Bovine tuberculosis eradicated</p> <p>At the end of the Project:</p> <p>3.26 Country kept free from foot-and mouth disease</p> <p>3.27 At least two new sanitary protocols signed with trading partners (one at IE).</p> <p>3.28 Coverage from X points of entry on a y-hour basis to all points of entry to the country on a 24-hour basis. (coverage at Z points of entry on a y-hour basis at IE)</p> <p>3.29 Rapid reaction procedures against diseases outbreaks established.</p> <p><u>Food Safety</u></p> <p>At intermediate evaluation:</p> <p>3.30 Capabilities of the National Enquiry/Notification Point and the Codex Contact Point in keeping with WTO/SPS requirements, enhanced.</p> <p>3.31 Codex Contact Point/National Codex Committee, promoting codex activities, circulate of codex document, and codex laboratory capacity of FDD, maintained and strengthened.</p> <p>3.32 Equipment acquired to modernize the laboratories supporting sanitary and food safety demand for analysis and diagnosis.</p>	<ol style="list-style-type: none"> 1. Project progress reports. 2. Intermediate Evaluation. 3. Project Completion Report. 4. Survey conducted to farmers, agro processors, and technicians. 5. Agencies annual reports. 	<ol style="list-style-type: none"> 1. Country is free from foot-and-mouth disease when Project starts.

GUYANA
AGRICULTURAL DIVERSIFICATION IN GUYANA
(GY-L1007)

ESTIMATE COST FOR PROJECT PREPARATION

	US\$			
	IDB-Administrative Budget (US\$)	CT Funds	Government (US\$)	TOTAL (US\$)
1. Missions	24,750			24,750
1.1 Orientation Mission (6 days x 2 persons)	6,000			6,000
1.2 Analysis Mission (6 days x 4 persons)	12,000			12,000
1.3 Negotiation Mission (3 days x 2 persons)	6,750			6,750
2. Consultancies	46,000			77,500
2.1 Feasibility studies plant health services	12,000			12,000
2.2 Feasibility studies animal and food safety services		31,000		31,000
2.3 Environmental and Social Analysis	10,000			10,000
2.4 Project Economist (economic analysis)	13,000			10,000
2.5 Evaluation and monitoring system		6,300		25,000
2.6 Land information system		16,700		15,000
2.7 Land application and adjudication processes	11,000			16,700
TOTAL	70,750	54,000		124,750

ABBREVIATIONS

AES	Agribusiness Export and Facilitation Services
AHFSS	Agricultural Health and Food Safety Services
AHFSCC	Agricultural Health and Food Safety Coordination Committee
AHU	Animal Health Unit
ASL	Agricultural Sector Loan
ASSP	Agricultural Services Support Program
CARICOM	Caribbean Community and Common Market
CEU	Component Executing Unit
D&I	Drainage & Irrigation
DIA	Diversification Institutional Arrangement
EA	Environmental Analysis
EPA	Environmental Protection Agency
ESMP	Environmental and Social Management Plan
EU	European Union
FAO	Food and Agriculture Organization
FDD	Food and Drug Department
GABA	Guyana Agri-business Association
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
GLP	Good Laboratory Practices
GLSC	Guyana Lands and Surveys Commission
GMA	Guyana Manufacturers Association
GMP	Good Manufacturing Practices
GO-INVEST	Guyana Office for Investment
GOG	Government of Guyana
GTIS	Guyana Trade and Investment Support Project
HACCP	Hazard Analysis in Critical Control Points
IICA	Instituto Interamericano de Cooperación para la Agricultura
MOA	The Ministry of Agriculture
NARI	National Agricultural Research Institute
NGMC	The New Guyana Marketing corporation
OIE	World Organization for Animal Health
PEU	Program Executing Unit
PHU	Plant Health Unit
PSE	Private Sector Entrepreneurship
PSP	Private Sector Participation
PTCB	Pesticides and Toxic Chemical Control Board
QCBS	Quality-and-Cost Based Selection
RPA	Rice Producer Association
USAID	United States Agency for International Development
VPHU	Veterinary Public Health Unit