THE MANAGEMENT OF THE IMPACT OF ADJUSTMENT POLICIES ON VULNERABLE GROUPS: THE CASE OF SIMAP IN GUYANA*

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**This paper has been prepared for the Regional Monetary Studies Conference, Nassau, Bahamas, October 1992.*

UNIVERSITY OF GUYANA
OCTOBER, 1992

C O N T E N T S

GUYANA

SIMAP/HEALTH, NUTRITION, AND WATER AND SANITATION PROJECT

Basic Data Sheet

	DATA	YEAR	SOURCE
GENERAL COUNTRY DATA:			
1. Total Population (Million) (Estimated)	0.80	1989	SID
2. Population Projection (Million):	0.82	2000	SID
3. Size of Stationary Population (Million)	1.30	1989	SID
4. Urban Population % of Total	34.1	1989	SID
5. Area (1,000 Km^2)	215	1989	SID
6. Pop. Density (Per Km^2)	4	1989	SID
7. GNP Per Capita (US$)	310	1989	IMF
POPULATION DATA:			
1. Crude Birth Rate (Per 1,000 Population)	25.6	1989	SID
2. Crude Death Rate (Per 1,000 Population)	7.6	1989	SID
3. Annual Rate of Population Growth (%)	0.1	1989	SID
4. Total Fertility Rate (Births Per Woman)	2.92	1989	SID
5. Population Age Structure (% of Total):			
14 and under	35.9	1989	SID
15-64 Years	59.2	1989	SID
6. Contraceptive Prevalence (% Women 15-49)	29.0	1975	SID
HEALTH DATA:			
1. Population Per Physician (Persons)	6,220	1989	SID
2. Population Per Nurse (Persons)	885	1989	SID
3. Population Per Hospital Bed (Persons)	300	1989	SID
4. Health as Percentage of GDP	4.4	1987	UN
5. Health as Percentage of Total Govt. Expenditure	3.7	1984	IMF
6. Infant Mortality Rate (Per 1,000 live births)	53.2	1989	SID
7. Under 5 mortality Rate (Per 1,000 live births)	64.3	1989	SID
8. Life Expectancy at Birth (Years): Women	66.6	1989	SID
Overall	63.7	1989	SID
9. Prevalence of malnutrition (under 5)	22.1	1989	SID
NUTRITION DATA:			
1. Daily Calorie Supply (Per Person)	2,373	1989	SID
2. Daily Protein supply (Grams Per Person)	59	1989	SID
EDUCATION DATA:			
1. Primary Education Enrollment Rate (%): Total	90.0	1989	SID
Female	99.0	1989	SID
2. Secondary Education enrollment Rate (%): Total	55.0	1989	SID
Female	62.0	1989	SID
3. Tertiary and Higher Education Enrollment Rate (%)	8.0	1988	*
4. Total Education Expenditure as Share of Total Public Expenditures (%)	5.5	1988/89	IDB
5. Public Education Expenditures as Share of GDP	4.3	1988/89	**
6. Illiteracy rate: Overall % of Pop.(age 15+)	4.1	1989	SID
% of Female (age 15+)	5.2	1989	SID
7. Pupil-teacher ratio: Primary	37	1989	SID
Secondary	19	1989	SID
8. Pupils reaching grade 4 (% of cohort)	94.0	1989	SID
9. Repeater rate: Primary	3.5	1989	SID

RCES: Social Indicators of Development, 1990. Most recent estimates (SID)
Inter-American Development Bank, Health Care II Project, 1990 (IDB)
United Nations, Statistical Yearbook for Latin America and the Caribbean (UN)
International Monetary Fund, Government Finance Statistics Yearbook (IMF)

* Access, Quality and Efficiency in Caribbean Education, June 1991

** Ministry of Education, Guyana, 1990

THE MANAGEMENT OF THE IMPACT OF ADJUSTMENT POLICIES ON VULNERABLE GROUPS: THE CASE OF SIMAP IN GUYANA

INTRODUCTION

In March 1989, the Government of Guyana established the Social Impact Amelioration programme (SIMAP) as a component of its Economic Recovery Programme (ERP), which was introduced to stabilize the economy and set it on the path to sustainable growth and development.

The period of the eighties was considered a lost decade for Guyana and was marked by significant economic declines. After long and painful negotiations with the International Monetary Fund (IMF), the Government of Guyana eventually secured a three-year Enhanced Structural Adjustment Facility (ESAF) for SDRs 81.5 million (165.5% of quota) and a 12-month Stand-By Arrangement (SBA) for SDRs 49.5 million or (100.7 % of quota) with the IMF. The ERP was initially approved and adopted for a three-year period (1989-1991), but was later adjusted to 1990-93.

The origin of the ERP of which SIMAP is a major component, lies in both external and internal developments. Internally "a unique combination of economic pathologies" had emerged in Guyana: Immiserizing growth; depopulation; persistent and acute balance of payments deficits in the context of absolute declines in the current values of both exports and imports; sustained deterioration

of physical plants and economic and social infrastructure; capital flight and currency substitution in combination with what is perhaps the world's largest per capita external debt. This economic situation and the Government's inability to effectively manage the zone of macro-management over the last decade and a half is apparently what caused the circumstances that led to the harsh conditionalities of the agreement with the IMF.

These economic circumstances will, to a large extent, influence any analysis of SIMAP's role and usefulness. As such, this paper will examine - the economic pathologies summarised in the previous paragraph, and will also to introduce some key statistical series and social indicators.

I. MACRO-ECONOMIC POLICIES AND PERFORMANCE OF THE GUYANA ECONOMY.

Guyana is a small low-income Caribbean economy with a population of approximately 715,000 persons.

Its economic experience over the years, 1975-1990, has been one of significant overall decline (Thomas 1989; 1990); real GDP declined in every single year, except for 1984, 1985 and 1987, when small increases were recorded. (see Table 1)

This is in marked contrast to the decade of the 60s which saw an average growth rate of 5 per cent per annum.

TABLE 1

Year	Real GDP G $ Million	Real GDP Per capita	Electricity output GS Mn Kw hr	Imports of Refined oil '000 Barrels
1976	1066	1432	392	3965
1977	1000	1353	336	4290
1978	990	1329	409	4590
1979	976	1301	407	4100
1980	992	1305	241	4347
1981	989	1296	424	4452
1982	886	1161	339	2840
1983	804	1035	224	2604
1984	821	1117	236	2650
1985	829	1109	230	2660
1986	832	1100	226	2500
1987	835	1087	215	2518
1988	813	1071	218	2504
1989	786	1020	180	-
1990	724	1018	192	2690
1991	778	1024	204	2693

Source: G.O.G., I.M.F, I.D.B. Reports
1 The 1991 figure was calculated on 1988 base year prices.

It should be noted, however, that while the economy experienced a boom in 1973-75 period due to favourable prices and markets for both sugar and bauxite, for the vast majority of Guyanese this was a period of immense hardship and a declining standard of living.

After securing another term in office in 1973, the People's National Congress (PNC) Government pursued a programme of nationalisation in keeping with the PNC's "socialist trust". By 1976, over 80 per cent of economic activity was state-controlled. This was followed by widespread repression that led to a massive migration, especially of skilled and semi-skilled workers.

TABLE 2

Selected Production Data (tonnes)

Year	Sugar	Rice	Bauxite (Dried)	Calcined Bauxite	Alumina
1970	311	142	2290	6999	312
1975	300	175	1350	778	294
1980	270	169	1027	601	246
1981	301	166	998	531	170
1982	292	182	784	392	73
1983	256	178	744	315	Nil
1984	246	180	759	517	"
1985	247	156	1050	487	"
1986	249	183	979	441	"
1987	225	147	883	426	"
1988	169	130	904	401	"
1989	167	112	979	297	"
1990	132	93	1022	288	"
1991	162	150	1048	330	"

Source: Statistical Bureau

The unemployment rate estimated at 10 per cent in 1964, increased to 22 per cent by 1970. By 1980, unemployment and underemployment was at its peak - estimated at around 35 per cent. However, the rate of unemployment declined somewhat in late 80s due to the participation of a large number of the unemployed in the informal sector.

Internal and External Disequilibria

The 1980s were marked by significant economic decline, unprecedented in the post-war period. This decline was at both the domestic and external levels. As indicated in Table 1, GDP declined considerably - in real terms at constant prices; GDP in 1991 was 70 per cent of the 1976 figure. Further, despite a

negative population growth, Guyana's per capita income (US$310 in 1990) remained the lowest in the Western Hemisphere.

The constantly declining income in the last decade was due mainly to a decline in the production of the three main pillars of the economy - sugar, rice and bauxite. Sugar production declined from 330,000 tonnes in 1976 to an unbelievable 162,000 tonnes in 1991, the second lowest production level since independence, the lowest being in 1990. Because of poor production, Guyana was unable to satisfy its EEC quota for three years (1988-90) and had to import sugar to satisfy domestic consumption. Rice production of 150,000 tonnes in 1991, was 25 per cent below the 1976 level, while bauxite production remained at a depressed level.

This weak growth performance can be explained by the trends in electricity and oil utilization, the principal means of energizing economic production. Electricity generation in 1991 was 204 million kilowatt hours that is approximately 52 per cent of the 1976 output, while the volume of oil imported was 2.6 million barrels or approximately two-thirds of the volume imported in 1976. Behind the negative economic performance from 1980 onwards lies a severe crisis in production and productivity brought on by a host of managerial, technical, labour, organisational and financial problems.

The long-standing production crisis ultimately had a toll on the country's export performance. Selected external statistics are shown in the Table 3. If the absolute values of merchandise exports and imports are compared in 1976 and 1991, one finds that both values declined by 42 per cent and 43 per cent respectively. In addition, the merchandise and current accounts were in deficit for the entire 80s. The current account deficit was US$135 million in 1991 or 38% of the GDP, thus exceeding the 10% target set by the IMF. The magnitude of the trade and current account imbalance under the Hoyte administration has been considerably greater than during the 70s under the Burnham government.

TABLE 3

Table on Current Account (US$ million) Merchandise Trade

	1985	1986	1987	1988	1989	1990	1991
Exports (FOB)	212.8	210.0	240.5	214.6	204.7	203.9	236.6
Imports (CIF)	-255.2	-259.5	-261.9	-215.6	-212.4	-249.6	-252.2
Trade Balance	-42.4	-49.5	-21.4	-1.0	-7.7	-45.7	-13.6
NET SERVICE AND UNREQUITED TRANSFERS							
Non Factor	-35.1	-91.6	-88.1	-92.6	-105.6	-102.1	-122.2
Current Account Balance	-130.5	-144.1	-109.5	-93.6	-113.3	-147.8	-135.8

Source: World Bank, 1992

A disturbing feature of the trade im-balance in the 1988-91 period was the poor performance of Guyana's main exports of rice, sugar and bauxite. This was due to lower production levels and declining international demand and prices.

The structural concentration of Guyana's exports is demonstrated by the fact that, in spite of the deteriorating performance of these three main sectors, they still account for over 85% of Guyana's export earnings. An important implication of this is that the structural imbalance of exports makes it difficult for successful external adjustment to take place in the short-run in the absence of recovery in sugar, rice and bauxite.

Fiscal Performance

The rapid growth in public expenditure and consequent budget deficits during the 1980s has been recognised as contributing to the over-inflation of aggregate demand which exacerbated the balance of payments disequilibria of the 1980s. An important objective of the ERP, therefore, was to reduce the relative size of the public sector and narrow the deficit of the non-financial public sector to 20 per cent of GDP by 1992.

Despite prudent economic measures taken at the beginning of the programme the fiscal deficit continued to be as high as 34% of GDP in 1991. However, this represented a marked reduction in the deficit, although this decrease was due to the divestment of a number of state corporations.

There are some 23 non-financial public enterprises in Guyana supervised by the Public Corporation Secretariat (PCS). Together with the Guyana Sugar Corporation (Guysuco) and the Guyana Mining

Enterprise (Guymine) these account for nearly 60% of the total operating revenue of public enterprises.

By the end of 1991, total proceeds received from divestment stood at US$16.8M with another US$15.6M outstanding. Ten corporations have been divested to date. The major corporations - Guysuco and Guymine - are also up for divestment.

Largely as a result of the devaluation of the Guyana dollar since 1989, ~~the~~ ERP targets became increasingly ~~so~~ difficult to achieve since the foreign debt service increased at a rate that was directly proportional to the devaluation in domestic currency terms. Over the period 1989-1991, the Guyana dollar was devalued by 1250%. The result of these devaluations was that, in 1991, the external debt service was 94% of total revenue. The Government had to borrow at high interest rate in order to finance the Budget deficit.

II. INCOME DISTRIBUTION AND RURAL INEQUALITY IN GUYANA

It is estimated that over 75 per cent of the Guyanese population is living below the poverty line. The adverse effects of economic decline are made worse by the extremely unequal distribution of income in Guyana. This seemed to worsen since the introduction of the Economic Recovery Programme (ERP) in 1989. However, for the period under review, there has never been any estimate of income distribution. As a result, it is very difficult

to trace the impact of the present crisis on different groups and strata of society.

Boyd made a valiant attempt to make a rough estimate of income distribution for 1988 based on extremely limited data. This estimate is shown in Table 4 below.

TABLE 4

Estimated Income Distribution in Guyana 1988

	Share	Total Income Per Quintile (G$ million)	Average Income Per household (G$ per annum	Household Average Income (G$ per week)
Lowest 20%	7.5	210.5	7,805	150.10
Second Quintile	11.7	338.2	12,176	234.15
Third Quintile	15.7	453.9	16,341	314.25
Fourth Quintile	21.7	627.3	22,583	434.29
Highest 20%	43.4	1254.6	45,167	868.60

Note: Number of House hold = Population = $\frac{750,000}{5.4}$

= 135,588

Source: IDB, 1990

These data have to be viewed in the light of the following comparison between the minimum wage and selected commodity prices shown in Table 5.

TABLE 5

Period	Minimum Wage	1 lb Beef	1 lb Chicken	1 lb Fish	1 Gal Rice	1 lb Flour	1lb Sugar	1pt Cooking Oil
October 1992	$142.	$120	$95	$120	$124	$24	$26	$72

As can be seen from the above prices, the minimum wage covers less than 25% of the cost of a basket of goods for a family of four in 1992. Given the disparities in income, the situation is even more grave for a rural family.

The purchasing power of wages has been further eroded by the constant devaluation of the Guyana dollar and the escalation of the inflation rate. As Table 6 below indicates Guyana's record of devaluations and consequent price spirals is unprecedented in the history of Caribbean countries undertaking Structural Adjustment Programmes (SAPs). This has broadened the base of pauperization in the economy. In actual fact, average wages and salaries can now buy - less than one-third the goods and services they could have bought at the beginning of the 1980s.

TABLE 6

Exchange Rates and Relative Prices, 1986 - 1991

(Period Average)

	1986	1987	1988	1989	1990	1991
Nominal Exchange Rate (G$/US$)	4.27	9.76	10.0	27.2	39.5	111.8
CPI (1985 = 100)	107.9	136.9	194.4	36.8	606.8	1225.7
Real Exchange Rate @	100.0	51.3	65.3	45.8	49.1	33.3

@ 1986 = 100; decrease indicates depreciation

Source: IMF and World Bank estimates

IMPACT ON SOCIAL SECTORS

The consequences of the economic crisis was most visible in the social sectors. Almost all of these sectors were heavily affected. Due to the ceiling placed by the IMF on health, education and government expenditures, the social indicators are deplorable. The decline in investment in health and education over the period, 1984-91, is set out in Table 7.

The decline in Government expenditure on health and education to 1.9% and 2.4% of GDP, respectively, is having a telling impact on the educational and health levels. The infant mortality rate in 1990 was - over 50 per 1,000, well above the rates reported by Suriname (30), Trinidad and Tobago (20) and Jamaica (18). The principal causes of death among infants and young children are nutritional deficiencies and intestinal infections, which accounted for over 44% of infant deaths and just over 30% of deaths among children aged 1-5 years.

TABLE 7

Health and Education Expenditure as a share of Total Government Expenditure and GDP, 1984-91 (G 000's)

	1984	1986	1988	1989	1990	1991
Total Current Expenditure	569999	747163	1306205	2555135	3433084	7123729
Total Current Health Expenditure	64551	84961	197156	288736	335431	524756
Health as a % of T.C.E	11.3	12.9	15.1	11.3	9.7	7.3
Health as a % of GDP	3.8	3.1	3.8	3.3	2.6	1.9
Total Current Education Expenditure	100487	111389	333480	308253	231340	645802
Education as a % of T.C.E*	17.6	14.9	12.1	12.1	6.7	9.1
Education as a % of GDP	6.0	4.1	6.4	3.5	1.8	2.4

*Total recurrent expenditure (T.C.E) includes total Statutory expenses (minus public debt) plus total appropriations voted.

Source: Government of Guyana

Nutritional deficiencies contribute significantly to mortality and anaemia especially among pregnant women and children. Indicators for 1990 showed that over 76% of pregnant women who attended Government-run clinics, suffered from mild/moderate anaemia, while in 1986, over 61% of all school-children suffered from anaemia. (World Bank, 1992)

The low level of nutritional status and health is made more complex by the shortage of health personnel; poor salaries and deplorable working conditions have been the principal reasons for this shortage.

TABLE 8

Number of Health Personnel and Ratio per 10,000 Population, 1987 and 1990

Category	1987 Total	1987 Per 10,000 Population	1990 Total	1990 Per 10,000 Population
Physicians	164	2.0	286	3.7
Dentists	16	0.2	n.a	n.a
Nurses	2073	27.5	1905	25.2

Source:

NUTRITION

A) PROTEIN-ENERGY MALNUTRITION

In 1984, the last year for which data is available, severe protein-energy malnutrition was the principal cause of death in infants and children aged 1-4 years. An analysis of the nutritional status of children carried out by the Caribbean Food and Nutritional Institute (CFNI) indicates a high incidence of malnutrition among Children under five years; in fact malnutrition in this age group quadrupled since 1982.

Another 1987 study by CFNI showed that 17% of children under 5 years of age had low birth weights (under 2,500 grams), which is good indicator of the nutritional status of the mother and the infant.

TABLE 9

NUTRITIONAL STATUS OF CHILDREN UNDER 5

Degree of Malnutrition weight for age (% of Ref standard)	1987 total	%
Severe <60	956	2.7
Mild/Moderate 60<80	7,422	20.6
Normal 80-120	25,792	71.4
Obesity >120	1,924	5.3
Total	36,094	100.0

Source: CFNI, 1987

B) ANAEMIA

Anaemia is rampant among all ages and groups in Guyana; both sexed are affected. A 1982 study found that almost 75% of all pregnant women, 65 per cent of lactating women and almost half of all pre-school children had haemoglobin levels below the 11g/dl standard (based on WHO standard). In 1987 over 70% of women checked in health centres had haemoglobin levels below the cut-off point (see Table 9 above). Statistics show a high incidence of anaemia among school-children.

TABLE 10

HB TESTS OF PREGNANT WOMEN AT HEALTH CENTRES, GUYANA, 1985-87

Year	No of Women	HB Less 11g /dL	%
1985	4,482	2,538	56.6
1986	5,417	3,077	56.8
1987	9,060	6,391	70.5

Source: Ministry of Health

TABLE 11

PREVIALANCE OF ANAEMIA AMONG SCHOOL-CHILDREN, GUYANA, 1981-86

Year	No With HB <11g/dl	No With HB 11g/dl and over	% Likely Anaemia
1981	8,245	2,641	76
1982	8,803	2,953	75
1983	5,810	2,614	69
1984	6,399	2,791	70
1985	4,404	2,401	64
1986	4,024	2,608	61

Source: Ministry of Health

EDUCATION

The decline in educational standards is even more visible; Guyana is now at the bottom of the ladder in educational

performance in the Caribbean. Apart from the decline in Government investment in education, there has been a massive exodus of trained teachers from the system. The ratio of trained teachers to students is now estimated at 1:74. There are over 6,000 vacancies for teachers. There are also chronic shortages of basic textbooks in schools. Poor salaries for teachers have led to low morale and consequently poor performance by students.

TABLE 12

Percentage of CXC Examination Candidates Achieving Passes in Selected Subjects, 1985-90

Subjects	1984	1985	1988	1989	1990
English	23	20	11	12	13
Mathematics	20	16	16	13	15
Social Science	NA	NA	20	15	22

Source: National Examination Board

Investment in education over the past decade has been given low priority as can be seen from the declining number of passes in Table 12 above. Government investment in the rehabilitation and expansion of school facilities has been severely constrained under the ERP. As a result, school facilities are dilapidated and over-crowded. Many students do not have access to a desk or writing space, and often three or more classes share one class-room. The overall environment is not conducive to studying.

The data available for measuring educational output are weak, but there is nevertheless, clear indication of low efficiency. Drop-out and repetition rates at the primary level are high; approximately 11% of the first grade enrollment are repeaters and drop-out rates range from 32.% in the first grade to 7.8% in the final grade. The primary cohort survival rate is around 80%. Student learning as measured by the results of the Secondary School Entrance Examination is low. If the test scores are adjusted to correct possible guessing, 50% of students score less than one-sixth of the marks available. (World Bank, 1992)

III. IMPACT OF SOCIAL PROGRAMMES ON THE VULNERABLE: THE ROLE OF SIMAP

A) ORIGIN AND OBJECTIVE

The Public Corporation Act (1988) brought SIMAP into being in 1990. Following the IMF agreement in 1989, some stringent conditionalities were imposed in the 1989 budget. Some of these conditions were:

a) Devaluation of the Guyana dollar;

b) A Wage Freeze;

c) A Ceiling on Government expenditure; and

d) A Credit squeeze.

These conditions severely affected the purchasing power of the people and put a great percentage of the once middle-income

category in the vulnerable category. It even reduced the low-income workforce to the level of pauperization.

The first attempt at putting SIMAP in place was made after the presentation of the 1989 budget. In April 1989, an Emergency Programme (EP) was set up under the auspices of the Ministry of Culture and Social Assistance (MSCA), this programme was funded through the IMF-sponsored Guyana Support Group and provided up to US$2 Million in supplementary income payments to:

a) Old-age pensioners and public assistance recipients; and

b) Pregnant and lactating women and children under the age of five years.

SIMAP effectively has two broad policy goals:

1) Implementation of measures to cushion the adverse effects on the more vulnerable groups of society brought about or worsened by structural adjustment measures.

2) Pursued simultaneously with the first is that of enabling and encouraging vulnerable groups to develop themselves through their own organised efforts - creation of community projects and vocational training.

SIMAP's social programmes are intended to be focussed on - the new poor, that is, those who have been made poor as result of the enactment of policy measures of structural adjustment. However,

the definition and identification of the "new poor" is extremely difficult in the absence of social data to facilitate such classification.

SIMAP was expected to be a project-driven organisation. Its main activities are:

a) the funding of projects; and

b) supervising the implementation of projects.

The funds available are disbursed as follows:

1) 70% for physical and social infrastructure sub-projects;

2) 20% for social services sub-projects;

3) 5% for technical/vocational training sub-projects; and

4) 5% for income-generating sub-projects.

The types of sub-projects that are funded by SIMAP are:

i) Physical and social infrastructure - rehabilitation/construction of health centres, schools, drainage systems, potable water distribution systems.

ii) Social service sub-projects such as on-site feeding, institutional feeding for the elderly and the homless; provision of essential drugs for health centres, etc.

iii) Technical/vocational training

involvement of community members in maternal and child-care activities.

(C) DAY CARE CENTERS PROGRAMME

The Georgetown Municipal Day-Care Service is the only formal organization providing day care services in Guyana. Children are provided with two snacks and lunch, with a view to ensuring that they receive a balanced diet that. Enrolment is currently 430 children of ages ranging from 9 months to 5 years. The centre employs 90 persons distributed as follows: One staff member per 5 babies (9 months to 1 year, 3 months); one staff member per 7 children (2 to 3 years); one staff member per 10 children (3 to 4 years); one staff per 15 children (over 4 years).

(D) RED CROSS RECOVERY CENTRE

This Centre accommodates abandoned children. Most of the children here are malnourished. The centre runs programme of special child care, including the provision of balanced diets for nutritional recovery. The home can accommodate about 30 children of ages 9 months to 5 years. Following recovery, children are given up for adoption or sent to an orphanage.

(E) SCHOOL AND NURSERY FEEDING PROGRAMME

The World Food Programme (WFP) has provided support to two food supplement projects:

a) a feeding programme for children in nursery schools; and

b) a supplementary feeding programme for older school-children.

(F) THE NURSERY SCHOOL FEEDING PROGRAMME

This programme is targeted at children from 3 years, 9 months to 5 years, 9 months in nursery schools. It is expected to cover 20,000 children. However, because of weak institutional arrangements by the Ministry of Education the programme has experienced numerous difficulties. Among the difficulties experienced are the lack of skilled and semi-skilled staff; poor transportation and storage facilities; lack of pure water and clean utensils to reconstitute the powdered milk into liquid milk.

(G) THE SCHOOL FEEDING PROGRAMME

This programme came into existence as a result of SIMAP in 1990. Financing for this programme has been pledged by the EEC through proceeds from the sale of wheat, the Canadian Government through proceeds from the sale of fertilizers, the Italian Government through proceeds from the sale of rice, and the French Government. The programme provides for school-children to be supplied with four biscuits and a glass of milk each school day.

(H) HEALTH ACTIVITIES

The IDB has approved a US$31 million project to construct a new Ambulatory Care and Diagnostic Centre at the Georgetown Hospital. The IDB has also committed itself to provide essential

Drug and improvement of the management system at the Ministry of Health.

SIMAP PROJECTS

1. INSTITUTIONAL DEVELOPMENT (US$1.87 MILLION)

This project is aimed strengthening SIMAP's institutional capacity to deal with the day-to-day activities of the programme. Database, staff training and transportation were identified as the critical areas.

2. SUB-PROJECT IMPLEMENTATION (US$9.18 MILLION)

A) PRIMARY HEALTH CARE AND NUTRITION

1. Construction; expansion and rehabilitation of district hospitals.
2. Supply of essential drugs for primary health care facilities.
3. Monthly take-home food supplements to all children 6 months to 2 years of age.
4. Nutrition surveillance activities and nutrition education activities.

3) DAY-CARE

1. Construction; rehabilitation; expansion and equipping of day-care centres.
2. Food supplements for all children under five years of age

attending day-care centres.

3. Nutrition education for parents.

4. WATER SUPPLY AND SANITATION

1. Water Supply: Construction; expansion and rehabilitation of the public water supply system.

2. Waste Water Sanitation: construction or rehabilitation of water and sanitation facilities for schools, markets and public toilets, as well as construction of pit latrines.

3. Storm Water Drainage: Construction or rehabilitation of residential drainage systems in densely populated rural areas, including the rehabilitation or replacement of [illegible]ges such as culverts.

SIMAP

[illegible]s implementation SIMAP has funded over 240 projects. Apart from the income-supplement programme, the projects undertaken by SIMAP have been intended to improve social, physical and productive infrastructure. While the income supplement programme guaranteed immediate relief to low-income groups, the projects are expected to stretch out over one to two years.

FINANCING OF SIMAP

The main source of SIMAP financing is foreign

a) IDB - US$2.8 million

b) World Bank US$10.3 million

c) Other - EEC, Japan, etc. US$1 million.

In the second phase of SIMAP, the IDB is expected to disbursed US$12 million and the World Food Programme US$2M.

REVIEW AND RECOMMENDATIONS

1) SIMAP marks the first major situation whereby the IMF/World Bank has set up an Agency to ameliorate the effects of structural adjustment on the vulnerable in the region.

2) However, SIMAP has encountered financial, technical and human resource difficulties. At the incipient stage, funds were flowing in at a rather slow pace and in a piece-meal manner. Further SIMAP is constrained by the ceilings on wages and as a result is unable to attract skilled staff.

3) Non-governmental organisations are supposed to be the engime for the implementation and distribution of SIMAP benefits. However, after long years of rigid state control NGOs are poorly developed. The most developed NGOs that were able to effectively execute SIMAP programmes were the Churches. There is no official register of NGOs although over one hundred organisations operate in Guyana. Further, the NGOs lack any experience in implementing development-oriented programmes.

4) The Board of SIMAP should be made fully independent. It is rather strange that the then ruling PNC government resisted all attempts to have a trade union representative on the board. SIMAP should be given autonomy to raise both its foreign and domestic funding.

5) The experience of SIMAP with the past government was one of foot-dragging and procrastination. This must stop immediately now that a new government is in office.

6) SIMAP projects must be carefully targeted so that the poor and the vulnerable are the real beneficiaries. In this regard, the following recommendation should be urgently addressed:

a) That benefits will be evaluated against regional poverty maps. This will allow SIMAP to determine target funding per region. Its benefits will be considered and evaluated against indicators available at the village level.

b) SIMAP has received funding from the UNDP to prepare a Living Standard Measurement Survey (LSMS). This will assist both SIMAP and government in the evaluation and development of policies and programmes on the social sectors.

c) SIMAP received UNDP funding in 1991 to assess the general level of poverty through the analysis of key indicators in health, education, housing and employment. This study will generate a Multiple Deprivation Index (MDI). SIMAP will be expected to use the MDI to develop a needs-based ranking system in each village.

CONCLUSION

SIMAP is expected to play a greater role in tackling poverty that has become endemic, especially in the last decade. The failure of the policies of the PNC government over two-and-a-half decades of rule further aggravated the situation, but not before billions of dollars went down the drain. While the adoption of the Economic Recovery Programme was a commendable effort, not much emphasis was placed on the SIMAP in the early stages and as a result, it got off the ground quite late.

Further, the past PNC administration maintained a system of tight political control over SIMAP. As a result, the targeting of beneficiaries was distorted. The urban areas benefitted much more from immediate relief than the rural areas.

After the election of the popular, mass-based People's Progressive Party - Civic Government in Guyana's first fair and free election since 1964, the moral of the people has lifted once more. The PPP - Civic in its election campaign had committed

itself to poverty alleviation and in this regard, SIMAP is expected to play an important role.

The new government is already moving toward restructuring the SIMAP Board to make it more representative, and toward removing the bottlenecks so that it will be able to function more effectively.

ANNEX 1
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GUYANA

SIMAP/HEALTH, NUTRITION, AND WATER AND SANITATION PROJECT

IMPLEMENTATION PLAN AND REVIEW CRITERIA

SIMAP's annual review will be an essential instrument in the process of planning and implementation of project activities and will constitute the key monitoring tool for he proposed project. During the review process, project implementation progress indicators as well as technical assistance activities and studies will be reviewed against quantitative targets defined below (see Part A). These targets were agreed during negotiations and included in a supplemental letter to the Development Credit Agreement. In addition to evaluating progress in reaching the ;targets defined in the implementation plan, the review process will assess progress related to a number of project areas (see Part B).

PART A - IMPLEMENTATION PLAN

I. Key Monitoring Indicators (Quantitative Targets)

Schedule of Sub-projects to be implemented 1991-95 (Part B of the Project)

1. Under the Health/Nutrition Sub-Component:

June 1991 - June 1992:	4	Sub-projects[1]
July 1992 - June 1993:	20	Sub-projects
July 1993 - June 1994:	30	Sub-projects
July 1994 - June 1995:	20	Sub-projects

2. Under the Day Care Sub-component:

June 1991 - June 1992:	7	Sub-projects[2]
July 1992 - June 1993:	4	Sub-projects
July 1993 - June 1994:	2	Sub-projects

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[1] Already under implementation with financing of PPF PO8C-GUA.

[2] See Footnote 1/

3. Under the Water and Sanitation Sub-Component:

June 1991 - June 1992:	2 Sub-projects (Water Supply) 60 Sub-projects (Basic Sanitation) 1 Sub-project (Drainage)[3]/
July 1992 - June 1993:	7 Sub-projects (Water Supply) 30 Sub-projects (Basic Sanitation) 7 Sub-projects (Drainage)
July 1993 - June 1994:	15 Sub-projects (Water Supply) 20 Sub-projects (Basic Sanitation) 10 Sub-projects (Drainage)
July 1994 - June 1995:	10 Sub-projects (Water Supply) 20 Sub-projects (Basic Sanitation) 10 Sub-projects (Drainage)

4. Number of Beneficiaries Covered Under the Food Supplementation Scheme (Part B of the Project)[4]/

June 1991 - June 1992:	1,600 (children 6 months - 2 years) 400 (malnourished children 2 years - 5 years) 800 (Pregnant and Lactating Women)
July 1992 - June 1993:	9,600 (children 6 months - 2 years) 2,400 (malnourished children 2 years - 5 years) 4,800 (pregnant and lactating women)
July 1993 - June 1994:	20,000 (children 6 months - 2 years) 5,000 (malnourished children 2 years - 5 years) 10,000 (pregnant and lactating women)

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[3]/ See Footnote 1/

[4]/ All programs will have at least a duration of 24 months.

July 1994 - June 1995: 20,000 (children 6 months - 2 years)
5,000 (malnourished children 2 years - 5 years)
10.000 (pregnant and lactating women)

II. Technical Assistance Activities and Studies

Institutional Development Component (Part A of the Project)

5. Strengthening Administrative and Accounting Systems: Consultant (1 man-month) to complete mission by September 30, 1992. Report with findings and recommendation to be sent to IDA no later than October 31, 1992.

6. Management Information Systems: Consultant(s) (3 man-months) to complete missions by November 30, 1992; November 30, 1993; and November 30, 1994. Consultant(s) (24 man-months) to prepare progress/system implementation reports no later than November 1, 1992; November 1, 1993; and November 1, 1994.

7. Poverty Targeting: Consultant (1 man-month) to complete mission by January 31, 1993. Report with findings and recommendations to be sent to IDA no later than February 28, 1993.

8. Unit Cost Data Base: Consultant (1 man-mont) to complete mission by November 30, 1992. Report with findings and recommendations to be sent to IDA no later than December 31, 1992.

9. Operations Manual: Consultant(s) (3 man-months) to complete missions by February 28, 1993; February 28, 1994; and February 28, 1995. Report with findings and recommendations (and possibly changes to be introduced in the operations manual) to be sent to IDA no later than March 31, 1993; March 31, 1994; and March 31, 1995.

10. **Food Supplementation:** Consultant(s) (3 man-months) to complete missions by September 30, 1992; September 30, 1993; and September 30, 1994. Report with findings and recommendations to be sent to IDA no later than October 31, 1992; October 31, 1993; and October 31, 1994. Consultant(s) (26 man-months) to prepare bi-annual reports on implementation aspects and evaluation of impact of food supplement program.

11. **Sub-Project Implementation:** Implementation Specialist(s) should be in Guyana no later than October 1992 (12 man-months) to assist SIMAP in reviewing sub-project implementation arrangements and overall appropriateness of SIMAP promotion, appraisal and monitoring procedures.

12. **Phase-Out Plan:** Consultant(s) (2 man-months) to complete missions by December 31, 1994; and December 31, 1995. Reports including a detailed implementation plan and progress in execution of the phase-out plan should be submitted no later than January 31, 1995 and January 31, 1996, respectively.

Health Policy Development Component (Part D of the Project)

13. Analysis of epidemiological profile, access to and coverage of health services; analysis of health infrastructure, maintenance systems, medical equipment, drugs and supplies, and transportation; and analysis of organizational and staffing arrangements and management systems: Technical assistance, and studies to be completed and submitted to IDA no later than December 31, 1993.

14. Definition of health priorities and target groups; institutional, staffing and management arrangements; and definition of a health sector investment program: Technical assistance and studies to be completed and submitted to IDA no later than June 30, 1994.

15. Definition of a solid portfolio of project in the health sector for external financing: Technical assistance and studies to be completed and submitted to IDA no later than December 31, 1994.

PART B - REVIEW CRITERIA

(1) Efficiency of SIMAP Operations and SIMAP Sub-Projects

(a) number and amount of sub-projects approved per week;
(b) number of sub-projects in execution;
(c) amount of monthly disbursements;
(d) rate of delays in sub-project execution;
(e) administrative costs as a percentage of total SIMAP budget;
(f) number of physical units completed (i.e., health centers rehabilitated, water supply or drainage systems expanded and/or rehabilitated, quantities of food delivered);
(g) number of beneficiaries reached;
(h) geographical distribution of sub-projects; and
(i) cost per unit delivered and cost per beneficiary.

(2) Procurement and Audits

(a) findings of the procurement auditor for shopping and direct contracting procedures;
(b) random ex-post review of contracts for works under US$100,000 equivalent purchased under shopping and direct contracting procedures; and
(c) annual audit reports.

(3) Administration and Operational Procedures

(a) staffing and compensation package of SIMAP staff;
(b) sub-project promotion procedures;
(c) sub-project appraisal procedures;
(d) sub-project supervision procedures;
(e) Board's role and functions; and
(f) operations manual.

(4) Technical Assistance

(a) nature, scope and recommendations of technical assistance received during the previous year;
(b) program of technical assistance for the following year; and
(c) final terms of reference for scheduled technical assistance.

(5) Budget and Annual Program

(a) SIMAP's budget; and
(b) SIMAP's annual program (this should include the identification of a portfolio of solid sub-projects expected to be financed during the following year).

(6) Phase-out Plan and Development of Policy Framework for the Health Sector

(a) programs and actions undertaken by Government to guarantee sustainability of sub-project activities carried out by SIMAP and to guarantee a smooth institutional and programmatic transfer of responsibilities to permanent Government agencies;
(b) consultant recommendations for the development of an institutional and policy framework for the health sector;
(c) program for phase-out activities as well as for policy development of the health sector to be undertaken the following year; and
(d) project proposals in the health sector for external financing (last two years of the project);

(7) Monitoring and Evaluation

(a) implementation of the LSMS component;
(b) targeting mechanisms;
(c) results of LSMS survey and assess impact of SIMAP Program (fourth year of the project); and
(d) results of the malnutrition survey.

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