

## GUYANA

### 1. General trends

The Guyanese economy is estimated to have grown by 39.2% in 2023, the second-highest rate in the world, albeit just over half the level of 63.3% recorded in 2022. The economy continues to be buoyed by the expansion of crude oil production, which began in 2020. The third floating production storage and offloading (FPSO) vessel, Prosperity, was imported and began operating in 2023. Production from this vessel, which has a capacity of 220,000 barrels per day, increased the oil sector's total production capacity to around 560,000 barrels per day when it started in November 2023. Production of crude oil jumped by 40.8%, boosting oil exports by 18.3%.

The government is using its ongoing windfall from oil revenues to invest in infrastructure upgrades and increase social assistance. Capital expenditure, most of which was allocated to construction, accounted for 52.5% of total government expenditure. Thirty-five per cent of total revenue came from withdrawals of G\$ 208.4 billion from the National Resource Fund (which is funded by oil earnings). Guyana also began tapping climate finance as a source of revenue. The Guyana Redd+ Investment Fund (GRIF) and carbon credit sales contributed to the government's revenue in 2023. Overall, the government's policies resulted in a fiscal deficit of 5.8% in 2023.

Monetary policy was accommodative, with the Bank of Guyana keeping the official discount rate and reserve requirement rate unchanged. The official exchange rate remained at G\$ 208.5 to US\$ 1. The year-on-year inflation rate fell in the first half of 2023 as international inflationary factors eased, but increased in the second half owing to higher food prices stemming from drought conditions.

### 2. Economic policy

#### (a) Fiscal policy

Guyana continued its expansive fiscal policy in 2023 and the first quarter of 2024, as it has since it began producing oil in 2020. The 2023 budget address indicated that some of the changes made the previous year would be continued. Expenditure on several social assistance programmes, including the student grant, the old-age pension and disability assistance, was increased. To benefit lower-income earners, the personal income tax threshold was increased from G\$ 75,000 to G\$ 85,000 per month and the low-income mortgage ceiling was raised from G\$ 15 million to G\$ 20 million. The budget also included a proposal to remove value added tax on residential properties and new electric vehicles. The import duties on smaller motor vehicles were reduced and the pandemic-era measures of lowering the excise tax rate on petroleum products to zero and calculating customs duties, excise tax and value added tax based on pre-pandemic freight costs were extended until the end of 2023.

In the 2024 budget address, the government announced further expansion of some social assistance programmes, including increases in the old-age pension and disability assistance, and a rise in the income tax threshold to G\$ 100,000 per month. The excise tax rate of zero and the calculation of duties and taxes based on pre-pandemic freight costs will be maintained in 2024.

These expansive policies resulted in a fiscal deficit of 5.8% of GDP in 2023, which was slightly larger than the 5.1% deficit in 2022. For the first time since 2019, both total revenue and total expenditure grew as a share of GDP, from 14.3% in 2022 to 17.3% in 2023 and from 19.3% in 2022 to 23.1% in 2023, respectively. The large increases in nominal GDP since the start of oil production, particularly in 2021 and 2022, were responsible for the previous declines as a percentage of GDP. In absolute terms, total revenue grew by 37.4%, driven by a 25% increase in tax revenue and a 58.5% jump in non-tax revenue. Inflows from GRIF, which began in 2022, increased by 84% in 2023. Carbon credit inflows began in 2023, and together with GRIF inflows, accounted for approximately 2% of current revenue. Total expenditure expanded by 35.6% as a result of a 14.1% increase in current expenditure and a 63.4% rise in capital expenditure. Transfer payments grew by 17.4% owing to the expansion of social programmes. The increase in capital expenditure was mainly due to construction activities.

Domestic and external sources accounted for 76.3% and 23.6% of fiscal deficit financing, respectively. Total public debt rose by two percentage points to 16% of GDP. The increase in the debt ratio was tempered by GDP growth. Total public and publicly guaranteed debt increased by 31% in absolute terms. Total debt service climbed by 18%, driven by increases of 17.6% and 18.4% in domestic and external debt service, respectively. Total debt service in 2023 amounted to 6.2% of government current revenue.

#### **(b) Monetary policy**

Monetary policy was accommodative in 2023, with the Bank of Guyana focused on maintaining price stability and adequate liquidity. The Bank's discount rate remained unchanged at 5.0% in 2023, and the reserve requirement ratio was also unchanged at 12.0%. The interest rates of commercial banks remained mostly stable in 2023. The small savings (deposit) rate remained unchanged from the end of 2022 to the end of 2023 at 0.81%, and the weighted average lending rate decreased by 18 basis points to 8.36% over the same period. The prime lending rate also remained unchanged at 8.38%.

With respect to monetary aggregates, reserve money grew by 22.8% at the end of 2023, while M2 and narrow money increased by 24.7% and 28.7%, respectively. The expansion in M2 was due to a 60.5% jump in domestic credit, which was driven by increases of 14.4% and 625% in lending to the private sector and the public sector, respectively. Credit to the private sector rose in all segments except distribution, personal services and the "other" category. The largest increases were seen in other services (25%), real estate mortgages (23%) and construction and engineering (22%). The public sector moved from a net debit position in 2022 (G\$ 16.741 billion) to a net credit position in 2023 (G\$ 87.600 billion) owing mostly to stronger issuance of treasury bills.

Most monetary aggregates recorded stronger growth year-on-year in the first three months of 2024, with narrow money, M2 and credit to the private sector increasing by 30.8%, 26.4% and 15.4% respectively. Growth in public sector credit slowed to 324.8%.

#### **(c) Exchange-rate policy**

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#### **(d) Other policies**

In December 2022, Guyana became the first country to issue carbon credits for the protection of its forests from deforestation. The Architecture for REDD+ Transactions issued TREES credits to Guyana through a process called jurisdictional REDD+. The country received 33.47 million TREES credits, which it began selling to buyers on the global carbon market in 2023. The inflows from these sales contributed to government revenue in 2023 and 2024.

### **3. The main variables**

#### **(a) The external sector**

Guyana’s external accounts were most affected by the importation and start-up of the third FPSO vessel, Prosperity. The overall balance moved from a surplus of 0.8% of GDP in 2022 to a deficit of 0.2% in 2023, when the contraction in the current account surplus outweighed the reduction in the capital account deficit.

The current account surplus narrowed from 25.9% of GDP in 2022 to 10.5% of GDP in 2023, owing to a weaker trade surplus. While exports grew by 2.5 percentage points to 79.2% of GDP, imports expanded by 15.2 percentage points to 39.8% of GDP. In absolute terms, exports grew by 17%, driven by increased exports of crude oil (18.3%), sugar (43%) and rice (8.2%). Sugar and rice benefited from both higher export volumes and prices. While the price of oil fell by 15.6%, the volume of crude oil exported increased by 40.2%, owing in part to the start-up of the third FPSO vessel in November 2023. Exports of the second most important product, gold, fell by 2.6% in 2023, as a decline in volume offset an increase in prices. Exports of bauxite and timber also decreased, by 19.6% and 25.4%, respectively.

Merchandise imports jumped by 83.1%, owing mainly to the import of the Prosperity vessel. Regarding capital goods, importation of mining machinery expanded by 287% to US\$ 3.335 billion, accounting for 50% of the total, while that of other capital goods, including transport machinery, building materials and industrial machinery, also increased. Imports of consumer goods grew by 25.7%, with the largest increases in motor cars and food for final consumption. Imports of intermediate goods increased by 17.6%.

The capital account deficit contracted from 24.9% of GDP in 2022 to 10.7% of GDP in 2023. Increases in foreign direct investment were offset by outflows to the Natural Resource Fund and cost recovery by oil and gas companies. Foreign direct investment jumped by 63.8%, mainly because of the

acquisition of the Prosperity vessel. Outflows to the Natural Resource Fund were equivalent to 3.6% of GDP, while cost recovery represented 50.2% of GDP. The overall deficit was financed by a drawdown on the Bank of Guyana's foreign reserves, which stood at about 1.1 months of import cover at the end of 2023. In 2024, the overall balance is expected to return to surplus.

### **(b) Economic activity**

Economic growth for 2023 is estimated at 33%, owing mainly to a 45.9% increase in the petroleum and gas and support services subsector. Crude oil production climbed by 40.8%, with average daily production of about 391,000 barrels per day. The start-up of the new Prosperity FPSO vessel was responsible for the jump in production. Prosperity has a production capacity of 220,000 barrels per day, the same as the second vessel, Liza Unity. With the introduction of this third vessel, the country's total oil production capacity increased to 560,000 barrels per day. The other major mining and quarrying subsectors both recorded decreases in output: bauxite (25.6%) and gold and diamonds (11.2%).

Growth in the non-oil sectors was 11.7% in 2023. Agriculture, forestry and fishing grew by 7.5%, owing partly to a 28% increase in sugar output, which in turn resulted from a 52% expansion of cultivated land and government spending in the sector. Rice production grew by 7.0% and benefited from increased cultivation and government investment. The growth in sugar and rice output led to stronger output in sugar and rice manufacturing, which contributed to overall growth of 25% in the manufacturing sector. The services sector expanded by 10.3% on account of widespread growth throughout the economy. The largest service subsector, wholesale and retail trade, grew by 9.0%. The subsectors that recorded the largest increases were professional, scientific and technical services (38.9%) and administrative and support services (20.6%). The growth in professional services was the result of stronger demand from the expanding petroleum sector. Other large increases were recorded in information and communication (20.4%) and accommodation and food services (13.1%).

In 2024, the economy is projected to grow by 29.2%, owing mainly to increased expansion in the petroleum sector. Output is expected to decrease in the third quarter when two FPSO vessels pause production to connect to an undersea pipeline meant for the country's gas-to-power project. The non-oil sector is projected to grow by 11.9% because of expected increases in the agriculture, forestry, fishing, construction and services sectors.

### **(c) Prices, wages and employment**

Inflation in Guyana moderated in 2023, following the increase in 2022 caused by severe flooding and the impact of international factors such as the war in Ukraine on food prices. The easing of these factors resulted in disinflation in the first half of 2023. Year-on-year growth in the urban consumer price index fell from 7.2% in December 2022 to 0.3% in August 2023. The inflation rate then began rising slowly, to 2.0% in December 2023 and 3.6% in May 2024. The main factor behind the changes in inflation was the variation in food inflation, which fell from 14.1% in December 2022 to 1.3% in August 2023, before rising to 3.8% by year-end. Adverse weather conditions led to a food supply shortage which drove prices upward. The increase in food inflation continued in 2024, with the year-on-year change in the subindex increasing to 7.4% by May 2024. Inflation in the other subindices was minimal, with housing; transport and communication; medical and personal care; and education, recreation and cultural services experiencing deflation for much of the year.

With respect to wages, the rise in the income tax threshold increased households' tax-free earnings in 2023. In addition, government workers were granted a 6.5% wage increase.

Table 1  
**GUYANA: MAIN ECONOMIC INDICATORS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023 a/
	<b>Annual growth rates b/</b>								
Gross domestic product	0.7	3.8	3.7	4.4	5.4	43.5	20.1	63.3	39.2
Per capita gross domestic product	0.2	3.2	3.2	1.5	3.6	43.8	19.0	62.5	38.3
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	3.3	-11.1	12.7	6.6	-0.5	4.1	-9.1	11.7	...
Mining and quarrying	11.5	51.1	-7.3	3.2	10.6	303.7	36.8	111.9	...
Manufacturing	1.0	-16.2	1.5	2.2	14.7	-8.6	3.6	3.2	...
Electricity, gas and water	-2.2	11.4	2.1	3.6	4.8	3.8	0.0	6.8	...
Construction	-5.0	5.7	4.9	2.9	3.1	-6.3	28.7	26.3	...
Wholesale and retail commerce, restaurants and hotels	-11.9	2.0	6.4	4.0	5.0	-29.0	35.9	16.6	...
Transport, storage and communications	2.2	1.1	1.3	4.1	4.7	-17.2	16.7	8.8	...
Financial institutions, insurance, real estate and business services	2.7	2.7	2.0	2.2	3.7	-0.7	6.5	6.7	...
Community, social and personal services	2.9	3.4	2.5	2.6	3.9	-4.8	4.1	5.7	...
Balance of payments	<b>Millions of dollars</b>								
Current account balance	-177	28	-291	-1 439	-2 824	-724	-1 995	3 824	...
Goods balance	-340	-31	-207	-1 033	-2 473	340	-20	7 675	...
Exports, f.o.b.	1 151	1 434	1 437	1 377	1 567	2 590	4 356	11 299	...
Imports, f.o.b.	1 492	1 465	1 644	2 410	4 040	2 250	4 376	3 623	...
Services trade balance	-282	-297	-354	-870	-886	-1 788	-2 586	-3 565	...
Income balance	25	-5	-11	-28	-47	66	-442	-1 342	...
Net current transfers	421	360	282	492	581	658	1 053	1 056	...
Capital and financial balance c/	70	-81	221	1 307	2 775	829	2 125	-3 703	...
Net foreign direct investment	122	6	212	1 232	1 695	2 060	4 453	4 389	...
Other capital movements	-52	-87	9	75	1 079	-1 232	-2 328	-8 091	...
Overall balance	-108	-53	-70	-132	-49	105	130	122	...
Variation in reserve assets d/	56	-2	12	56	-47	-105	-130	-122	...
Other financing	52	55	57	77	96	0	0	...	...
Other external-sector indicators									
Real effective exchange rate (index: 2015=100) e/	100.0	99.1	99.2	98.9	95.3	94.8	94.6	95.8	102.8
Net resource transfer (millions of dollars)	146	-30	267	1 355	2 825	895	1 683	-5 045	...
Gross external public debt (millions of dollars)	1 143	1 162	1 248	1 322	1 305	1 321	1 393	1 572	1 775
Prices	<b>Annual percentages</b>								
Variation in consumer prices (December-December)	-1.8	1.4	1.5	1.6	2.1	0.9	5.7	7.2	2.0
Variation in nominal exchange rate (annual average)	-0.4	0.1	0.0	0.4	0.1	0.5	-0.1	0.1	0.4
Nominal deposit rate e/	1.3	1.3	1.2	1.1	1.0	0.9	0.9	0.8	0.8
Nominal lending rate f/	10.8	10.7	10.6	10.4	8.9	8.5	8.5	8.3	8.2
Central government	<b>Percentages of GDP</b>								
Total revenue	19.1	20.0	21.1	22.9	23.4	20.6	17.1	14.4	16.9
Tax revenue	16.2	16.4	17.5	20.0	20.9	19.1	16.0	9.7	10.3
Total expenditure	20.2	23.4	24.5	25.6	26.2	28.5	24.2	19.6	22.6
Current expenditure	16.7	18.4	18.5	20.1	20.0	21.9	17.7	11.1	10.8
Interest	0.7	0.7	0.8	0.9	0.8	0.7	0.5	0.3	0.3
Capital expenditure	3.5	5.0	6.0	5.5	6.1	6.7	6.5	8.5	11.9
Primary balance	-0.3	-2.7	-2.5	-1.8	-2.0	-7.3	-6.7	-4.8	-5.4
Overall balance	-1.1	-3.4	-3.3	-2.7	-2.8	-7.9	-7.2	-5.1	-5.7
Non-financial public sector debt	36.0	35.7	35.2	35.9	32.5	47.4	40.8	25.2	26.5

Table 1 (concluded)

	2015	2016	2017	2018	2019	2020	2021	2022	2023 a/
Money and credit	<b>Percentages of GDP, end-of-year stocks</b>								
Domestic credit	20.9	21.5	22.4	25.5	27.5	29.6	28.1	16.2	14.7
To the public sector	-0.7	0.7	2.9	5.5	7.1	11.1	14.5	7.3	7.3
To the private sector	24.3	23.7	22.9	23.5	23.5	22.8	17.1	10.7	8.6
Others	-2.7	-2.9	-3.4	-3.5	-3.1	-4.4	-3.5	-1.8	-1.2
Monetary base	15.6	17.1	16.6	18.8	19.4	25.7	17.7	11.1	9.5
Money (M1)	14.7	15.6	16.0	17.6	23.0	26.2	20.4	12.9	11.7

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Based on figures in local currency at constant 2006 prices.

c/ Includes errors and omissions.

d/ A minus sign (-) indicates an increase in reserve assets.

e/ Small savings rate.

f/ Prime lending rate.

Table 2  
**GUYANA: MAIN QUARTERLY INDICATORS**

	2022				2023				2024	
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2 a/
Gross international reserves (millions of dollars)	679	711	823	932	757	736	702	...	...	...
Consumer prices (12-month percentage variation)	6.8	5.0	6.5	2.0	4.9	3.0	1.0	2.0	2.4	3.6
Average nominal exchange rate (Guyana dollars per dollar)	208.5	209.0	209.1	209.2	209.8	210.4	209.5	209.3	209.3	209.1 b/
Nominal interest rates (average annualized percentages)										
Deposit rate c/	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Lending rate d/	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	8.1	8.1
Monetary policy rates	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Domestic credit (variation from same quarter of preceding year)	37.0	36.7	14.0	9.1	10.5	13.1	25.8	26.8	31.7	30.9

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Figures as of April.

c/ Small savings rate.

d/ Prime lending rate.