



# **Our Plan for Prosperity**

**Protecting our People in a COVID-19 Environment  
Strengthening Democracy and the Rule of Law  
Incentivising Growth and Job Creation  
Enhancing Welfare**

**BUDGET 2020**  
**9<sup>th</sup> September, 2020**

**CO-OPERATIVE REPUBLIC OF GUYANA**

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**TWELFTH PARLIAMENT  
OF THE  
CO-OPERATIVE REPUBLIC OF GUYANA  
  
UNDER THE  
  
CONSTITUTION  
OF THE  
CO-OPERATIVE REPUBLIC OF GUYANA**

**FIRST SESSION 2020**

**BUDGET SPEECH**

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**Honourable Bishop Juan Edghill, M.P.**

**Minister of Public Works**

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**9<sup>th</sup> September, 2020**

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## LIST OF ABBREVIATIONS

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ADF	Amerindian Development Fund
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
APNU-AFC	A Partnership for National Unity – Alliance for Change
ASYCUDA	Automated System for Customs Data
ATVs	All-terrain vehicles
CARICOM	Caribbean Community
CHPA	Central Housing and Planning Authority
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSOs	Community Support Officers
D&I	Drainage and Irrigation
ECLAC	Economic Commission for Latin America and the Caribbean
EOI	Expression of Interest
GDP	Gross Domestic Product
GFC	Guyana Forestry Commission
GO-Invest	Guyana Office for Investment
GPL	Guyana Power and Light Inc.
GRA	Guyana Revenue Authority
GTA	Guyana Tourism Authority
GuySuCo	Guyana Sugar Corporation
GWl	Guyana Water Inc.
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management and Information System
IMF	International Monetary Fund
ISWM	Integrated Sustainable Waste Management
LCDS	Low Carbon Development Strategy
LDOs	Local Democratic Organs
MIR	Mortgage Interest Relief

NAREI	National Agricultural Research and Extension Institute
NCDs	Non-Communicable Diseases
NIS	National Insurance Scheme
PEs	Public Enterprises
PIM	Public Investment Management
PPE	Personal Protective Equipment
PPP/C	People's Progressive Party/Civic
PSIP	Public Sector Investment Programme
T-bills	Treasury Bills
VAT	Value-Added Tax
UN	United Nations
US	United States



1.

## **Introduction**

1.1 Mr. Speaker, I rise to move the motion for the approval of the Estimates of the Public Sector and the Budget for the Financial Year 2020 and, in doing so, I wish to indicate that Cabinet has recommended that the National Assembly proceed upon this motion, pursuant to Article 171 Paragraph 2 of the Constitution of the Co-operative Republic of Guyana

1.2 Budget 2020 is finally before this Honourable House after one of the most testing, convoluted, complicated, and traumatic periods of Guyana's post-independence history. Twenty months since Budget 2019 was adopted in this National Assembly, 628 days since the No-Confidence Motion was successfully passed on December 21<sup>st</sup>, 2018, 475 days since a sitting of the National Assembly, 191 days since the March 2<sup>nd</sup>, 2020 General and Regional Elections, and 38 days following the declaration of those election results on August 2<sup>nd</sup>, 2020, with the People's Progressive Party/Civic (PPP/C) being sworn in as the legitimate Government of Guyana.

1.3 The people of this country have been tried and tested but not defeated. Our nation's young democracy was under severe duress, however, the Guyana Constitution and the judicial system showed their resilience in the face of repeated efforts to undermine both. Our people endured and remained resolute and peaceful in their defense of democracy. We as a people were bolstered by the support of over 100 nations and all the major international and regional bodies – the United Nations (UN), the Commonwealth, the Organisation of American States and the Caribbean Community (CARICOM) – in their righteous defense of the will of the people to elect a government of their choice and, in the end, democracy prevailed.

1.4 How should we feel when several of our neighbouring sister CARICOM countries had their elections in the period between March 2<sup>nd</sup> and August 2<sup>nd</sup>, 2020 with their results declared within hours of the close of poll? The unwarranted delays and subsequent court challenges that ensued have certainly tarnished the image of Guyana's democratic credentials, a situation this President Ali-led Government has already started to correct.

1.5 These delays over twenty months not only put our democracy under duress, but wreaked havoc on the economy, which was already showing signs of an imminent decline. Uncertainty, instability, corruption, ineptitude and incompetence, alongside weak, visionless leadership, did immeasurable and unimaginable damage to the political, moral, social and economic fabric of our people.

1.6 The fact that the events from March 2<sup>nd</sup> to present unfolded in the midst of a global pandemic, the Coronavirus Disease 2019 (COVID-19) – which has already claimed the lives of over 900,000 persons worldwide – only compounded the difficulties and hardships faced by our people and nation over those now infamous five months; we are humbled by the stoicism, restraint and fortitude of our people.

1.7 The COVID-19 pandemic remains with us today, as in the entire world, but now we are aggressively and scientifically addressing it at a national level by refocusing financial and other resources to improve testing capacity, and to acquire much needed pharmaceutical and health care supplies in order to bring relief to our people, like never before. High on our agenda is the enactment of measures and stakeholder involvement, with a view of keeping our citizens safe.

1.8 We now have to come with Annual Budget 2020 in the last quarter of the year. This could have been avoided if the will of the people had been respected and had not been sabotaged on March 5<sup>th</sup> and March 13<sup>th</sup>, 2020. Had these treacherous events not occurred, the PPP/C, as the legitimately elected government, would have had Budget 2020 in this House by April of this year. The nation would not have had to endure this untenable situation over those long five months, and our present dire financial and economic situation could have been reversed faster.

1.9 There are two main overriding priorities in Budget 2020, with a focus, in the last quarter, of bringing under control the spread of COVID-19, and opening up the economy and restoring economic activity to some level of normalcy. Reversing the downward trend is a priority.

1.10 This Budget has been prepared in record time. On August 10<sup>th</sup> the Budget circular was issued, a mere 5 days after His Excellency was sworn into Office. Immediately work began, and within 21 days we had concluded virtual Budget hearings with all Agencies and Regions and prepared the recommendations for the Budgets of Constitutional Agencies. The Budgets of Constitutional Agencies were submitted, and recommendations were made and approved by the National Assembly on September 1<sup>st</sup> at the very first sitting of the 12<sup>th</sup> Parliament. This cycle was completed in a record 22 days. Today, 8 days later, we have before this Honourable House a motion of the Estimates and Expenditure for the Fiscal Year 2020.

1.11 Mr. Speaker, Ministers, and a highly professional and motivated Budget Team dedicated time every day and night for long hours, to achieve this, under the leadership of the Vice President, and former President, the Honourable Dr. Bharrat Jagdeo, M.P..

1.12 I am advised that normally, the Annual Budget preparation process takes over 150 days. Hence, this achievement is not an insignificant one. These, however, are not ordinary times, and it demanded quick action of a highly responsive and responsible Government to enact measures to halt the downturn of the economy, which our people have had to unnecessarily endure, and bring them quick relief.

1.13 The PPP/C promised that once the results were declared, our Administration, led by His Excellency President Irfaan Ali, would “hit the road at fast speed” to restore normalcy and stability. Programmes and policies will be implemented to quickly turn around the situation we inherited and set the stage for the implementation of the transformative projects we promised in our manifesto.

1.14 This Budget embodies a no-nonsense, no frills, no fluff, people-centered, pro-poor, results-oriented approach to launch this nation back on its positive development trajectory.

1.15 Mr. Speaker, it is time to be candid with the Guyanese people concerning what we have inherited as a new Administration. I want to take the time to share with you some of our findings:

- i. The bloat of employment in the Public Sector drove up operational costs by astronomical levels, and there was no increase in work output;
- ii. There were regular withdrawals from the Consolidated Fund and 20 months of uninterrupted, unauthorised invasion of the public purse and also withdrawals from the contingency fund which did not meet the legal requirements, throwing the entire financial architecture of the country off its legal and constitutional tracks;
- iii. The wholesale giveaway of our most important national patrimony – land – to friends, families and financiers of the APNU-AFC without due process, without an iota of transparency, and, in most cases, far below market value, and in one instance no money being paid but an absolute title given;
- iv. Widespread discrimination in every aspect of Governance, including but not limited to employment, scholarships and allocation of resources;
- v. Massive incompetence in every sphere of Government activity, to the extent that not only their manifesto promises of 2015 remain undelivered, but even normal functions of Government were not performed;
- vi. Squander-mania was an area that saw the greatest activism of the APNU-AFC Government. The Durban Jubilee Park fiasco, the Sussex Street Bond and the conversion of the flood prone, mould infested Ocean View Hotel into a Hospital are just a few to mention;
- vii. The complete malaise and assault on the economic sphere of the country – where no incentives were given for production and the promotion of productivity. To compensate for this omission, unleashed on taxpayers was a regime of abrasive and wide-reaching taxation. Something never seen before in the Caribbean;
- viii. We witnessed an unprecedented assault on lawful Governance, on the constitution, the rule of law and on parliamentary governance, which culminated with a globally publicised attempt at rigging the March 2<sup>nd</sup>, 2020 Elections. This vulgar display of authoritarianism cost taxpayers tens of millions of dollars to defend the indefensible.

The National Assembly and the country will certainly hear more about these as time permits as investigations are ongoing.

1.16 Mr. Speaker, such a situation could have only existed because of the gross mismanagement, maladministration and mishandling of the entire state apparatus. Our country fell into uncharted waters when the then Government fell by way of the successful passage of a no-confidence motion. Subsequently, they abdicated their caretaker status through failed and frivolous litigious forays, which culminated in an Administration running on fumes, for more than one year, without parliamentary oversight.

1.17 There are key lessons to be learnt here – political gamesmanship is inimical to development, and the use of the public patrimony for the purchase of political support only lends to a style of governance that is wholly lacking in transparency and accountability.

1.18 New capital projects being undertaken in the absence of an Appropriation Act, and novel and skewed interpretations of the Constitution, as well as financial and procurement laws, were not only incredulous, but harmful to the economy. The stalling and obstructionist approach adopted as it relates to foreign investment, as well as the stranglehold and non-responsive attitude, has led to capital flight, job losses and a local private sector being held in abeyance.

1.19 Mr. Speaker, given all that our country has endured since December 2018, the PPP/C Administration is presenting Budget 2020 under the theme, ***Our Plan for Prosperity: Protecting our People in a COVID-19 Environment; Strengthening Democracy and the Rule of Law; Incentivising Economic Growth and Job Creation; and, Enhancing Welfare***. The allocations and measures contained in Budget 2020 have benefited from the numerous and ongoing engagements with various stakeholder groups which began during the formulation of our manifesto, which is our social contract with the people of this nation. In addition, ever conscious of the pandemic that has distorted our ideas of normalcy and wreaked havoc

on health systems the world over, Budget 2020 seeks to ensure that our level of preparedness and response prioritises the safety of our people.

## **2. Economic Developments in the World Economy**

2.1 Mr. Speaker, the world economy is estimated to have grown by 2.9 percent in 2019, down from the 3.6 percent growth recorded in 2018. In January 2020, the International Monetary Fund (IMF) attributed the lower 2019 growth to unexpected shocks to economic activity in some emerging economies – particularly India. In 2019, advanced economies are estimated to have grown by 1.7 percent, or 0.5 percentage points slower than the 2018 growth, and emerging market and developing economies by 3.7 percent, down from the 4.5 percent growth observed in 2018. Further, Latin America and the Caribbean region is estimated to have grown by 0.1 percent in 2019, according to the Economic Commission for Latin America and the Caribbean (ECLAC). This is lower than the 1 percent growth seen in 2018, attributed to widespread economic deceleration resulting from weakening domestic and external demand.<sup>1</sup>

2.2 In April of this year, the IMF reported that the COVID-19 pandemic would lead to an unprecedented decline in global activity in 2020. With half-year data suggesting deeper downturns than previously anticipated, the Fund updated its 2020 projection to reflect a contraction of 4.9 percent in the global economy, almost 2 percentage points below the contraction of 3 percent projected at the beginning of the second quarter.<sup>2</sup> For the first time, the IMF is projecting negative growth for all country groups.

2.3 Mr. Speaker, the Fund is estimating a contraction of 8 percent in 2020 for advanced economies. The United States, United Kingdom and Canada are projected to contract by 8 percent, 10.2 percent and 8.4 percent, respectively. The emerging market and developing economies group is anticipated to contract by 3 percent in 2020, with all countries expected to record negative growth, except for China, which is projected to expand by 1 percent.

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<sup>1</sup> See Table VIII.1 of the ECLAC's publication "2019 Preliminary Overview of the Economies of Latin America and the Caribbean."

<sup>2</sup> More details available in the Fund's June 2020 World Economic Outlook Update.

2.4 In their July 2020 COVID-19 Special Report, ECLAC highlighted that, since April 2020, both external and internal shocks in the region have intensified and, as such, they project a contraction of 9.1 percent for the region this year. In particular, declines of 9.4 percent, 8.4 percent and 7.9 percent are expected for South America, Central America and Mexico, and the Caribbean (excluding Guyana), respectively. The Commission is projecting an expansion of 44.3 percent for Guyana.

2.5 Mr. Speaker, in light of the uncertainty, shocks and challenges induced by the COVID-19 pandemic, as Guyana is a commodity-dependent economy, Government remains cognisant of potential volatility in international commodity prices. The global price changes of Guyana's major traded agricultural commodities varied in 2019. The average world price of rice (Thai 5%) declined by 0.6 percent, to US\$418 per metric tonne in 2019, when compared with 2018. Unlike rice, the average world price of sugar and logs (Malaysia) increased by 1.6 percent and 1.3 percent, to US\$0.28 per kilogramme and US\$273 per cubic metre, respectively, from 2018 levels. Further, metal prices were mixed at the end of 2019. The average world price of gold increased by 9.7 percent, to US\$1,392 per ounce, while aluminium prices declined by 14.9 percent, to US\$1,794 per metric tonne. In relation to Brent crude oil, the average world price declined by 9.9 percent, to US\$64 per barrel in 2019, when compared with 2018.

2.6 Mr. Speaker, the World Bank provided forecasts for commodity prices in April of this year, which were reported in the 2019 End of Year Outcome Statement.<sup>3</sup> In 2020, the world market price for rice (Thai 5%) is expected to increase by 7.7 percent, to US\$450 per metric tonne, and sugar by 14.3 percent, to US\$0.32 per kilogramme. Similarly, the world price of logs (Malaysia) is projected to grow by 0.7 percent, to US\$275 per cubic metre. Moreover, with slowing global demand and the shutdown of key industries, metal prices are projected to fall by 13 percent, on average, in 2020. While aluminium prices are also expected to fall, by 10.8 percent to US\$1,600 per metric tonne, in 2020, gold prices are expected to grow by 14.9 percent, to US\$1,600 per ounce. However, in August, gold prices surged to US\$1,969.85 per ounce, on average and, as such, prices for this

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<sup>3</sup> Details available in the April 2020 Commodity Markets Outlook (CMO). The next CMO is expected to be published next month, October 2020.



commodity are likely to finish the year higher than the April forecast. Further, oil markets are expected to be adversely affected throughout 2020, with average crude oil prices projected to fall by 43 percent, to US\$35 per barrel. While some recovery in oil prices was observed in recent months, analysts remain cautious.

### **3.           Developments in the Domestic Economy in 2019**

#### **A.     Real Gross Domestic Product**

3.1     Mr. Speaker, the Ministry of Finance, in its End of Year Outcome Report for 2019, which was published in June 2020, noted that real Gross Domestic Product (GDP) grew by 5.4 percent, with non-oil growth pegged at 4.3 percent. This is based on a revised and rebased GDP series that was launched by the Bureau of Statistics in 2020. The updated series was rebased to year 2012, using the System of National Accounts 2008, and revisions included: the conversion of all economic activities to the International Standard of Industrial Classification of All Economic Activities, Revision 4; the use of updated methods of estimation, including the use of new and revised data; and, the updating of implicit price deflators. This series will be used for the next 3 years while the Bureau completes a more thorough rebasing exercise, which will see the base year being updated to 2019.

#### **B.     Sectoral Performance**

##### **a.   Agriculture, Forestry and Fishing**

3.2     Mr. Speaker, in 2019 the agriculture, forestry and fishing industries contracted by 0.5 percent, on account of declines in sugar, livestock and forestry.

3.3     The sugar growing industry contracted for a fourth consecutive year, with sugar production declining by 11.8 percent from the previous year, to 92,256 tonnes, approximately 21,000 tonnes below the original forecast for the year. This was primarily due to a shortfall of more than 14,000 tonnes in the second crop below the revised target, which was attributed to major mechanical failures in the Albion and Uitvlugt factories. Additionally, industrial unrest and adverse weather further contributed to the industry's underperformance in the second crop.

3.4 Mr. Speaker, the rice growing industry expanded by 1 percent in 2019, with paddy production reaching 1,049,874 tonnes, 8.8 percent above the previous year and 0.8 percent short of the record production of 1,058,129 tonnes attained in 2015. The increase over 2018 was attributed to more hectares being harvested as well as higher yields, which rose by 6.9 percent and 1.8 percent, respectively.

3.5 With respect to the production of other crops, this industry is estimated to have grown by 0.3 percent in 2019, with total production, excluding coconuts, rising by 1.5 percent above the previous year. This was driven by expansions in the production of pumpkin, cocoa, ginger, pineapples, sweet peppers and oranges. On the other hand, there were notable declines in tomato and watermelon production, which fell by 12.9 percent and 18.2 percent, respectively.

3.6 Mr. Speaker, like other crops, the livestock industry saw mixed outcomes in 2019. Beef production grew by 23.5 percent; pork by 66.9 percent; mutton by 8.3 percent; and, table eggs by 45.3 percent. Despite these gains, the declines in poultry production, by 7.6 percent, and milk production, by 9.1 percent, resulted in a contraction of 3.5 percent in the livestock industry.

3.7 The forestry industry also contracted in 2019, by 3.9 percent, undoing the gains in the previous two years. This was on account of declines in log production, by 5.2 percent, and primary lumber, by 3.6 percent. In the first quarter of 2019, lower activity by large concessionaires resulted in reduced log production. While log production improved in the second and third quarters, lower prices led to a low declaration of stored jungle stocks by concessionaires in the final quarter. With regards to primary lumber, production in the first 4 months of the year outpaced the 2018 level, resulting in considerable gains at the half-year. However, in the final two months of 2019, production was significantly below the 2018 level, and resulted in a contraction in this product category in 2019.

3.8 Mr. Speaker, in 2019 the fishing industry grew, marginally, by 0.7 percent, despite a sargassum weed invasion, which affected industrial fishing operations. Industrial finfish production declined by 57.8 percent, and industrial seabob production by 29.7 percent.

The decline in the latter was also attributed to efforts by companies to attain Marine Stewardship Council certification, which requires implementation of harvest control rules as well as the use of by-catch reduction devices. Gains in artisanal finfish, red snapper, tuna, and prawns production were enough to offset the contractions in industrial finfish and seabob.

#### b. Extractive Industries

3.9 Mr. Speaker, the mining and quarrying industries expanded by 10.6 percent in 2019, driven by the emerging petroleum and gas and support services industry, which grew by 124.2 percent over the previous year. This was further supported by growth in gold mining, by 3 percent, other mining and quarrying, by 7.3 percent, and bauxite, by 1.7 percent.

3.10 Mr. Speaker, the outturn in the gold mining industry was spurred by small and medium scale miners, whose declarations increased by 25 percent over the previous year. This was large enough to offset lower production by the two large scale mining companies, who faced several operational setbacks in 2019. In the bauxite industry, growth slowed to 1.7 percent, its lowest rate since 2015. Nevertheless, the positive outturn in this industry was attributed to the scaling up of production activities by Guyana Industrial Minerals Incorporated, at their Bonasika site, which offsetted lower output by the two incumbent mining companies. Turning to the other mining and quarrying industries, growth was driven by increased sand mining, by 12.9 percent, which outweighed a 11.5 percent contraction in diamond declarations and a 2.5 percent contraction in stone quarrying.

#### c. Manufacturing

3.11 Mr. Speaker, the manufacturing industries are estimated to have expanded by 14.7 percent in 2019. While rice manufacturing and other manufacturing increased by 26.4 percent and 14 percent, respectively, further growth was constrained by a contraction of 11.8 percent in sugar manufacturing. Within other manufacturing, there was notable improvement in the pharmaceutical, and food and beverage industries.

#### d. Construction

3.12 Mr. Speaker, the construction industry is estimated to have grown by 3.1 percent in 2019, consistent with borrowing by the private sector for related activities. In particular, real estate mortgages grew by 6.9 percent in 2019, with 19.2 percent growth in loans for industrial and commercial properties, and 5.9 percent growth in borrowing for private dwellings.

#### e. Services

3.13 The service industries grew by 4.2 percent in 2019, with expansions recorded across all major industries, apart from insurance services and agents, which contracted by 0.8 percent. The 2019 performance was driven by growth in wholesale and retail trade, by 5 percent, administrative and support services, by 5.8 percent, and transport and storage, by 6.9 percent.

### C. Balance of Payments

3.14 Mr. Speaker, in 2019, the overall balance of payments registered a deficit of US\$48.9 million, lower than the deficit of US\$132.2 million in 2018. This was on account of an increase in the capital account surplus, which offset an expansion in the current account deficit.

3.15 The current account deficit was US\$1,802.8 million in 2019, 25.3 percent higher than the deficit in 2018, mainly on account of a larger deficit on the merchandise trade account. A larger services account deficit also contributed to the higher current account deficit position.

3.16 The merchandise trade deficit in 2019 was US\$1,452.1 million, larger than the deficit of US\$1,033.1 million in 2018, due to an increase in import payments, which offset higher export earnings. Export earnings of US\$1,567 million in 2019 surpassed the 2018 level by US\$189.9 million, largely supported by increased earnings from rice and paddy,

gold, and 'other exports', by US\$36.7 million, US\$109.8 million, and US\$43.4 million, respectively. On the other hand, import payments grew by US\$608.9 million, to US\$3,019.1 million, in 2019, driven mainly by increased imports for the growing oil and gas sector. Import payments for fuel and lubricants, however, were lower by US\$25.2 million, reaching US\$490.7 million in 2019, while all other import payments were higher, by US\$634.1 million, reaching US\$2,528.4 million in 2019.

3.17 The net services account registered a deficit of US\$932.2 million in 2019, higher than the 2018 level, by US\$34.7 million. This was due to a higher deficit on both the non-factor services account and factor services account, by US\$15.8 million and US\$18.9 million, respectively. In 2019, net payments for non-factor services increased to a deficit of US\$885.5 million, mainly on account of higher payments for transportation and other business services. On the other hand, net payments for factor services increased to a deficit of US\$46.6 million, largely on account of higher net outflows of compensation of employees, which was driven by the oil and gas sector and, other investment income.

3.18 In 2019, net unrequited transfers increased by US\$89.8 million, to reach US\$581.5 million, when compared with 2018. This was mainly due to an increase in inflows of workers' remittances, other current transfers, and in-kind transfers.

3.19 The capital account recorded a substantially larger surplus, of US\$1,766.6 million in 2019, 36 percent higher than in 2018. This was mainly on account of increased foreign direct investments in the growing oil and gas sector. Foreign direct investments increased by US\$463.6 million in 2019, when compared with 2018, reaching US\$1,695.4 million.

3.20 Although the current account deteriorated significantly in 2019, when compared with 2018, the improvement in the capital account in 2019 led to a significant overall improvement in the balance of payments deficit. In line with these developments, gross international reserves of the Bank of Guyana rose to US\$575.9 million or 1.6 months of import cover, when compared with the US\$528.4 million, or 1.8 months recorded in 2018.

3.21 The balance of payments deficit in 2019 was financed by debt relief of US\$50.7 million and debt forgiveness of US\$45.7 million, while the net foreign assets of the Bank of Guyana increased by US\$47.5 million.<sup>4</sup>

#### **D. Monetary Developments**

3.22 Mr. Speaker, in 2019, the money supply expanded by 16.8 percent, to \$461.1 billion, when compared with 2018. This was supported by a robust expansion in narrow money, of 43.5 percent, to \$251.1 billion, which offset a contraction in quasi money, of 4.5 percent, to \$210 billion.

3.23 Over the same period, net domestic credit grew by 17.4 percent, to \$297.8 billion, driven by an increase in credit to the private sector, as well as the public sector remaining in a net credit position. Credit to the private sector grew by 8.6 percent, to \$253.6 billion, primarily attributed to an increase in lending to business enterprises in the services and manufacturing sectors, and for real estate mortgages.

3.24 On the public sector net credit position, this moved to \$78.4 billion, driven mainly by an increase in credit by Central Government, of 24.3 percent, to \$128.8 billion. Notwithstanding, the Public Enterprises (PEs) moved to a higher net depositors' position, by 10.6 percent, to \$28.9 billion.

3.25 Mr. Speaker, total liquid assets of commercial banks increased by 25.2 percent, to \$150.6 billion, over the review period, as a result of higher net balances due from resident and non-resident banks. Of this amount, holdings of Government treasury bills accounted for \$60.8 billion, an increase of 6.6 percent. Moreover, at the end of 2019, liquid assets held by commercial banks exceeded the minimum requirement by 54.5 percent.

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<sup>4</sup> Increases in net foreign assets of the Bank of Guyana are recorded as a negative number in the balance of payments while decreases in net foreign assets of the Bank of Guyana are recorded as a positive number. This is an accounting procedure established to 'make the balance of payments balance'.

3.26 Total reserves deposited with the Bank of Guyana rose by 7.8 percent, to \$80.9 billion in 2019, when compared with 2018. Over the same period, the required statutory reserves of the banks increased by 12.3 percent, to \$52.7 billion, with reserves in excess of the minimum requirement standing at \$28.1 billion, unchanged from the 2018 level.

## **E. Prices and Income**

### **a. Inflation**

3.27 Mr. Speaker, the 12-month inflation rate was 2.1 percent in December 2019, 0.5 percentage points higher than the rate in December 2018, largely driven by higher food prices.

### **b. Interest Rates**

3.28 Over the review period, the 182-day and 364-day treasury bill yield rates declined by 7 basis points and 23 basis points, to 0.89 percent and 1.00 percent, respectively. The 91-day treasury bill yield rate, in contrast, remained unchanged at 1.54 percent.

3.29 The commercial bank weighted average lending rate declined by 85 basis points, to 9.18 percent, while the small savings rate also declined, by 7 basis points, to 0.97 percent.

### **c. Exchange Rates**

3.30 Mr. Speaker, the official exchange rate of the Guyana dollar to the US dollar was \$208.5 in December 2019, unchanged from December 2018. The market mid-rate of the Guyana dollar to the US dollar, however, was \$214.7; a depreciation from \$213.2 in December 2018, while the Guyana dollar to the British pound was \$260.2; an appreciation from \$271.7.



d. Income

3.31 Mr. Speaker, this Government is committed to supporting the income of not just public servants, but all Guyanese. We are highly cognisant of the fact that income levels remain below par; the current public and private sector minimum wages are inadequate to allow the average person a due level of independence at a reasonable standard of living. This situation is further complicated with the onset of COVID-19. To provide some immediate relief, we would have announced a \$25,000 unconditional cash transfer to households which is intended to supplement household income in this time of economic downturn which, for many, has resulted in reduced working hours and take-home pay.

3.32 The recently announced series of measures will also result in additional disposable income being made available to households. Some of these include the removal of value-added tax (VAT) on electricity, water, medical supplies, cell phones and building and construction materials. These are in keeping with our commitment improve incomes.

**F. Fiscal Position**

a. Non-Financial Public Sector

3.33 Mr. Speaker, a non-financial public sector deficit (after grants) of \$39.3 billion was recorded for 2019, an improvement from the \$44.2 billion deficit recorded at the end of 2018, supported by higher revenue collection and higher grants, which grew by 15.5 percent, or \$31.9 billion, and 10.8 percent, or \$1.2 billion, respectively.

b. Central Government

3.34 At the end of 2019, Central Government recorded a deficit of \$29.9 billion, widening by 11.5 percent when compared with the deficit recorded in 2018, largely driven by an increase in total expenditure. Central Government current revenue for 2019 totalled \$240.6 billion, \$23.6 billion above that of 2018. Tax collections accounted for 93.9 percent of the 2019 current revenue, amounting to almost \$226 billion, \$27.5 billion

above the 2018 tax collection. The growth in tax revenue is attributed to greater collections from all tax divisions – internal revenue, customs and trade, VAT and excise tax, which increased by \$15.9 billion, \$2.9 billion, \$4.6 billion and \$4.1 billion, respectively.

3.35 Further, growth in internal revenue was driven largely by withholding taxes, personal income tax and corporation tax from the private sector, which grew by \$9.5 billion, \$3.4 billion and \$2 billion, respectively. Higher VAT collections was largely the result of growth in revenue from domestically supplied goods, which grew by 14.4 percent, or \$3.3 billion. Growth in collections of excise tax is attributed mainly to higher collections on imports of petroleum products and motor vehicles. These grew by 10.5 percent, or \$2.8 billion, and 17.7 percent, or \$1.2 billion, respectively.

3.36 Non-tax revenues for 2019 totalled \$14.6 billion, 21.1 percent, or \$3.9 billion lower than the \$18.5 billion collected in 2018, largely on account of reduced profits from the Central Bank and lower transfers from statutory and non-statutory bodies.

3.37 Mr. Speaker, Central Government expenditure for 2019 totalled \$282.5 billion, growing by 10.9 percent, or \$27.8 billion, when compared with 2018 total expenditure. Non-interest expenditure grew by 8.7 percent, from \$191.1 billion in 2018, to \$207.7 billion in 2019, driven by growth in all sub-categories – personal emoluments, other goods and services, and transfer payments. These sub-categories grew by \$9.1 billion, \$6.7 billion, and \$824.6 million, respectively. Expenditure on interest payments remained stable at \$8.5 billion, while capital expenditure grew by \$11.2 billion, when compared with 2018, to reach \$66.3 billion.

#### c. Public Enterprises

3.38 The overall deficit of the PEs at the end of 2019 was \$9.4 billion, an improvement from the deficit of \$17.3 billion recorded at the end of 2018. This was attributed to higher expected revenue, combined with lower total expenditure. The Public Enterprises receipts

grew by 2.4 percent, or \$2.8 billion, while total expenditure declined by 3.9 percent, or \$5.1 billion, when compared with the position at the end of 2018.

## **G. Public Debt Management**

3.39 Mr. Speaker, this Administration intends to pursue a debt management strategy premised on contracting development financing and meeting debt service obligations at the lowest possible cost, over the medium- to long-term, within acceptable risk parameters. This approach would engender the continued sustainability of Guyana's public debt, which totalled US\$1,689.1 million at end-2019, a 1.1 percent decline compared to the end-2018 position of US\$1,708.4 million. This decline was attributed to reductions in both external and domestic public debt.

3.40 External public debt decreased by 1.3 percent, from US\$1,322.1 million at the end of 2018, to US\$1,305.5 million at the end of 2019, mainly on account of a US\$50.7 million debt reduction granted by Kuwait, after the finalisation and signing of a bilateral debt settlement agreement in March 2019. The domestic debt stock declined by 0.7 percent, from US\$386.3 million at the end of 2018, to US\$383.6 million at the end of 2019, mainly due to principal repayments under a National Insurance Scheme (NIS) Debenture and on Treasury Bills (T-bills). The public debt to GDP ratio at end-2019 was 32.6 percent, representing a 3.2 percentage-point reduction compared to end-2018. This ratio is expected to decline further over the short- to medium-term, in view of Guyana's robust economic growth projections.

3.41 In 2019, total public debt service payments amounted to US\$84.4 million, marginally lower than the 2018 figure of US\$85.4 million. This decrease resulted primarily from lower interest costs on domestic T-bills. Domestic debt service payments amounted to US\$6.3 million, 19 percent lower than the previous year, and comprised of principal repayments of US\$1.3 million, and interest payments of US\$5 million. Meanwhile, external debt service payments amounted to US\$78.1 million in 2019, 0.6 percent higher than the previous year, and comprised of principal repayments of US\$54.6 million, and interest payments of US\$23.5 million. In 2019, 6.8 percent of government

revenues went towards external public debt service, a 0.6 percentage point decrease compared to 7.4 percent in 2018. This decline was primarily attributable to an 11 percent increase in government revenues. Work is ongoing to ensure the consistent treatment of T-bills issued for fiscal purposes.

3.42 Going forward, we intend to strengthen Guyana's governance architecture for public debt management by undertaking a transformative work programme, which would entail the completion and enactment of a Public Debt Management Bill. Enactment of this Bill would promote transparency, accountability and sustainability by enshrining and reinforcing key elements of sound debt management. These elements include: the authority to borrow and debt ceilings; the establishment of clear debt management objectives; the mandatory formulation and implementation of a Medium-Term Debt Management Strategy and an Annual Borrowing Plan, among others.

## **4. Agenda 2020: Our Plan for Prosperity**

### **A. Introduction**

4.1 Mr. Speaker, as Guyanese we all want a society which is free, prosperous, socially-just, globally competitive and which serves every citizen equitably. Every Guyanese must be afforded a good education, decent work, be able to start their own businesses, raise and provide for a family, own their own homes, live in a safe and secure environment and retire with dignity. Every Guyanese must have access to comprehensive and quality healthcare, clean water, be able to participate in sports and recreation and freely practice their religion and culture. We believe our hard work and sacrifice, bolstered by an economy strengthened by a well-managed oil and gas sector, must guarantee the next generation of Guyanese a brighter and better future.

4.2 Having finally navigated the treacherous political uncertainties, the management of the COVID-19 pandemic, both as a health emergency and an economic crippler, is of paramount importance. Strengthening our public health response and capability, while finding avenues for stimulating economic growth is the challenge of the hour. A major focus is relieving hardships at the household level, and supporting micro and small businesses, as well as cushioning the adverse effect being experienced by vulnerable groups.

4.3 Our national disaster preparedness and management systems have supported our people in times of floods and droughts, and other natural disasters. The scope and role of these systems will have to evolve and expand to be better prepared, not only as we continue to battle COVID-19, but as we recognise the emerging diseases profile that besets the world. As such, the capacity of the Civil Defence Commission and related stakeholders will be strengthened and improved, as we work to ensure that disaster risk management planning, coordination and response are robust and effective at the national, regional and sector-specific levels.

## **B. Macroeconomic Outlook**

4.4 Mr. Speaker, in a time when the world faces an uncertain future, Guyana is better poised than many countries to emerge from the crisis more rapidly, and with a more resilient economic base. While this Budget will focus primarily on addressing the health and economic crises resulting from the pandemic, in the medium-term, investments will focus on creating the conditions to catapult Guyana towards prosperity, such that all of our people reap the benefits of the petroleum revenue windfall. These investments will be grounded in the tenets of the Low Carbon Development Strategy (LCDS) – low deforestation, low carbon, climate resilient economy. In this regard, Budget Agencies will, over the coming months review and update medium-term strategies to ensure that we are able to deliver transformative development.

4.5 However, Mr. Speaker, we are also mindful of the volatility inherent in petroleum revenues, as well as the risk of overheating the economy by spending too much too quickly. As such, the medium term-fiscal framework will see a paced and conservative ramp up in spending, financed by the prudent use of petroleum revenues and decreasing reliance on debt.

## **C. Improved Governance and Institutional Reforms**

### **a. Governance**

4.6 Mr. Speaker, as Guyana becomes an economic powerhouse, and the lives of our people are improved, our country must, with renewed vigour, pursue priorities to strengthen freedom, establish a firm commitment to democratic traditions whilst framing our priorities to be more inclusive, transparent, accountable and equitable. We will continue to promote good governance, respect for the constitution and the human rights of all Guyanese, while fostering an economic environment where jobs flourish and there is guaranteed income for people. The constitution must be a dynamic framework, subjected to continuous adjustments after widespread consultation with the people.

4.7 Mr. Speaker, the decision by His Excellency, President Irfaan Ali, to establish a Ministry of Parliamentary Affairs and Governance indicates the importance that His Government is giving to parliamentary democracy, good governance, transparency and accountability. This is the first time that this focus has been elevated to the level of a Ministry, with the mandate of managing the diverse affairs of Government in the Parliament of Guyana, to respond actively and effectively to Parliamentary matters on behalf of Government; ensuring effective, accountable and transparent institutions; promoting responsive, inclusive, participatory and representative decision-making at all levels; and, coordinating the Constitutional and Electoral Reform processes.

4.8 The focus of this Ministry is in line with the promises made during the election campaign that “good governance is indispensable for a strong and fair democratic system. The new and expansive economy, the development of a higher standard of living, the demand for inclusivity, transparency and accountability, improved local governance, the legislative and monitoring roles of Parliament and the accountability of Cabinet all require appropriate effective governance policies and measures.”

4.9 Mr. Speaker, after the last five years of reversals, this Ministry brings additional attention to implementing the Government’s commitment to return to “Making Our Government Systems More Accessible, Inclusive and Open to all,” at all levels. With an active legislative agenda and oversight measures, we shall continue to:

- i. Uphold the separation of the powers of the executive, the legislature and the judiciary;
- ii. Ensure non-interference by the Executive in the work of the Constitutional bodies;
- iii. Promote continuous reform and accountability of the criminal justice system to ensure justice is delivered in a timely way with regards for human rights;
- iv. Ensure that there is no discrimination on the basis of race, religion, gender or sexual orientation in the workplace, education and health sectors or in any other areas of national life; and,
- v. Foster diversity and inclusiveness to ensure that all Guyanese benefit and feel that they are an integral part of the decision-making processes that affect their daily lives.

b. Constitutional Reform

4.10 Mr. Speaker, this Administration is committed to continuous revision of the Constitution. In this regard, we will ensure that the Committee on Constitutional Reform that will advance the work, will pursue nationwide consultation following the model used in the past, that is, with half of the members from civil society and equal representation from Government and the Opposition. As I just mentioned, the creation of the Ministry with responsibility for governance will ensure that these important processes are finally given the due attention they deserve to ensure their swift and meaningful undertaking.

c. Strengthening Local Government

4.11 Mr. Speaker, the PPP/C believes strongly in community development, regional improvement and national collaboration. Therefore, we will implement our manifesto programme for local government which details strategic actions that will improve the efficacy of our Local Democratic Organs (LDOs).

4.12 Over the last 5 years the previous Administration used LDOs as a slush fund. We would have observed an inflated workforce from the hiring of political actors, and this would have cost taxpayers millions of dollars. Mr. Speaker, there was no record or report of the work done by most of these employees. From all accounts, LDOs were underperforming and negatively impacted as a result of an unclear policy direction.

4.13 Mr. Speaker, under this new Administration, the regional bodies and the Neighborhood Democratic Councils will be strengthened to better engender local democracy. The Ministry of Local Government has been reestablished to focus on this agenda and now has dedicated programmes to oversee development at the regional and local government levels. A 3-year strategic plan for local government and an institutional gap analysis for five municipalities – Bartica, Linden, Georgetown, New Amsterdam and Lethem – has been completed. We will review the contents of these analyses for consistency with the national policy directive and determine their utility for future interventions.



4.14 The local government representatives of the people will be supported by policy direction and additional funding through increased subventions and institutional strengthening to more effectively manage their resources and take on greater maintenance responsibilities for infrastructural development. We will bolster citizens' access to community spaces and services and ensure that the various programmes of the 10 administrative regions are supported by the relevant sector agencies and ministries.

4.15 Mr. Speaker, this Government will place emphasis on improving citizens' awareness of the importance and role of the local government system and how they may participate in its development.

d. Public Administration and Public Financial Management

i. Public Service Human Resource Development

4.16 Mr. Speaker, the PPP/C programme for job creation in the new and emerging sectors, as well as in the traditional sectors, must be bolstered by a well-trained, technically equipped and disciplined workforce. Government will pursue strategic initiatives to ensure efficient and effective human resource management as well as human resource development.

4.17 Mr. Speaker, we must ensure equal access and equal opportunity is afforded so that a diverse and efficient public service is realised. As such, fully-funded Government of Guyana scholarships will be made available. Department and agencies of the Government will be incentivised to ensure good employment policies and greater efficiency, while addressing the critical issue of emoluments packages. We cannot afford to continue to lose our talented and efficient public servants because we are unable to pay them a competitive wage, and neither can we continue to reward inefficient public servants who bring disrepute to the public service. As such, Mr. Speaker, we intend to oversee and implement new management practices, such as a Performance Management System, while exploiting technological advancements. With the expansion of information and communications technology (ICT) infrastructure, the red-tape and processing time

be significantly reduced. A system based on meritocracy and transparency will be actively pursued. There will be equal access and equal opportunity. A diverse and efficient public service is anticipated.

ii. Revenue Management

4.18 Mr. Speaker, in the area of tax administration, this Government will prioritise the rapid deployment of electronic tax services to the population. With the pandemic likely to persist into the new year, and possibly beyond, we must reconfigure how we do business. We will be preparing to deploy a revenue management system software which will gradually replace the tax component of the existing Total Revenue Integrated Processing System. It is expected to comprehensively automate tax administration procedures; enhance taxpayer compliance; and improve efficiency in tax administration through accuracy, completeness and timeliness of tax collection and reporting.

4.19 Additionally, Mr. Speaker, the Guyana Revenue Authority (GRA) is yet to complete the roll-out of ASYCUDA (Automated System for Customs Data), an initiative which began many years ago. Delays have been encountered with the Electronic Single Administrative Document module of ASYCUDA regarding connectivity and the procedure for trans-shipment between ports. We will be providing the necessary support to GRA to ensure these long-standing initiatives finally come to close and finally yield benefit to the people.

iii. Public Investment Management

4.20 Mr. Speaker, the Public Sector Investment Programme (PSIP) is one of Government's principal vehicles for driving catalytic change. These investments create jobs, add value, connect the factors of production and have many other spin-off effects in the economy. Over the last five years, the PSIP has not been able to deliver the change that it should have. Not one new major project has been completed. The state of Public Investment Management (PIM) needs to be rapidly improved and the roll-out of a

systematic, criteria-based approach, is paramount and, as such, is a priority for this Administration.

4.21 Preparatory work is underway to finally implement a formalised approach to PIM which will be elaborated in the Budget 2021 call circular. This will ensure that the quality and efficacy of the PSIP are improved by assuring, in advance, the viability of new projects being selected. Additionally, Government will be prioritising public-sector wide capacity building in project management, planning, and cost-benefit analysis and other appraisal techniques.

#### iv. Procurement

4.22 Mr. Speaker, this Administration is decidedly pro-Guyana, pro-private sector. We have committed to reducing bureaucracy and the complexity of doing business, including with Government. Our private sector should be able to engage with public procurement in a transparent, systematic and efficient manner. We intend to make the procurement system more responsive, hold programme managers more accountable. Further, we are committed to reviewing and strengthening, where necessary, recommendations for the modernisation of our public procurement architecture, which would set the stage for the long-delayed introduction of electronic government procurement.

#### v. Results-Based Budgeting

4.23 Mr. Speaker, our Government is committed to assuring the public that every taxpayer dollar is well spent. This means that all public expenditures must be results-oriented. For example, we don't build a road for the sake of just having a road. Rather, we build a road because it may, for example, open up 10,000 acres of farmland, create 1,000 jobs and generate economic activity of a certain value. We need to ensure we scrutinise our programmes and projects effectively to ensure we eliminate wastage and derive the best possible value for money for our people. This is what will improve livelihoods and propel us into the future. To improve these capacities, we will ensure that the Budgeting

for Results platform completes its pilot phase so that we may determine the viability of a wider roll out and integration with the national budget process.

vi. Accounting and Treasury Management

4.24 Mr. Speaker, the state of the Treasury we have inherited is admittedly questionable. The level of internal controls is insufficient and does not allow for the most effective management of public funds. The attempted implementation of an Integrated Financial Management and Information System (IFMIS) has resulted in a platform that is not intuitive, burdensome and counterproductive to the efforts of our hard-working public servants, and a strain on our slim bureaucracy. Testing of the National Payment System advanced and it is anticipated that an expanded set of payments for government services will be transmitted via this system before the end 2020. A key priority remains the review of the IFMIS with a view to determining the best way to improve treasury management.

vii. Data Systems Strengthening

4.25 Mr. Speaker, this Administration recognises the importance of data for effective decision-making. We remain committed to pursuing the timely and accurate collection of data to inform policies. In this 21<sup>st</sup> century we must utilise all available technologies to ensure that we are able to respond efficiently to the needs of our people. To this end, we intend to analyse and assess the draft National Strategy for the Development of Statistics to ensure that it is configured in the most efficient way to deliver benefits to the people. We will also move to accelerate the completion of the Household Budget Survey for which field work ended in 2019, to ensure that important analyses of this data, including a poverty study, as well as the rebasing of the GDP and Consumer Price Index (CPI), are completed in a timely manner.

e. Financial Sector Reform

4.26 Mr. Speaker, the high levels of non-performing loans, and exposure to speculative graded foreign securities (bonds) concentrated in the Caribbean region remain the most significant risks to financial institutions' soundness. Additionally, preliminary stress testing done to assess the impact of COVID-19 on the banking sector revealed a still resilient sector. The industry resilience is expected to remain largely unchanged during the latter half of 2020. The Bank of Guyana continues to improve on its efforts to ensure its stress testing models remain relevant and accurate to the evolving financial system. Further, several recommendations from the Financial Sector Assessment Program were incorporated into the strategic activities of the Bank. Recommendations in the areas of financial stability, amendments to current legislations and issuance of new legislations were addressed. The Bank continues to work towards implementation of the remaining recommendations as outlined in its five-year strategic plan for 2018 to 2022 which will strengthen the Bank of Guyana as a modern regulator within the context of the evolving global and domestic dynamics.

f. Justice Sector Reform and Strengthening

4.27 Mr. Speaker, from all indications, the Attorney General's Chambers and the Ministry of Legal Affairs were demonstrably dormant for five years. Apart from a few Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Bills, which were hastily enacted in late 2015 and early 2016, there were no major legislation passed. Even these AML/CFT Bills were drafted during the PPP/C Administration, which the APNU-AFC used their one seat majority to vote down during the 10th Parliament of Guyana.

4.28 The Ministry of Legal Affairs began to administer an US\$8 million Inter-American Development Bank funded support programme for the Criminal Justice System in 2017; this programme was treated like the best kept secret. This programme appears to have been deeply shrouded in secrecy as neither the Opposition in the Parliament, important stakeholders in society, nor the ordinary Guyanese knew what it was until this

Administration made components of the programme public. A staggering US\$2 million was spent on this programme, largely for the payment of expenditures, including salaries and wages, and rental and costs associated with accommodation.

4.29 Mr. Speaker, a Bill came to this House, in 2017, to establish a Law Reform Commission, under this project. Three years hence, not a single Commissioner was appointed but the payment of staff and rental for this phantom Commission total tens of millions of dollars. Aspects of this project are under review by our Administration, and adjustments are likely to be made for the project to now be fully implemented.

4.30 One area in which there was great activity at the Attorney General's Chambers was the hiring of Special Prosecutors and retaining lawyers, both locally and across the Caribbean, to represent the Government, as well as private individuals in a series of political litigations, all of which were completely without merit and all of which were eventually lost. This abuse of power costed taxpayers hundreds of millions of dollars.

4.31 Another agency that had a parasitic effect on the Treasury was the State Assets Recovery Agency. It has not recovered a single piece of state asset. It is illegally constituted, and all it has done since its existence was to file a few cases in respect of plots of land sold by the PPP/C Administration at market value. It also filed proceedings against a leading commercial bank for a plot of land purchased from the State over a decade ago. In one ruling, the High Court has made it clear that all the proceedings filed are defective. Hundreds of millions of dollars was expended on this entity every year.

4.32 With renewed visionary leadership, we have already reoriented ourselves on a new course and have a packed legislative agenda, which will begin to unfold just after the passage of this Budget. Many new initiatives will be implemented in collaboration with the Deeds and Commercial Registry Authority, which will be modernised, resulting in greater efficiency. We will explore collaboration with the Judiciary on measures to be adopted to produce greater speed in the delivery of justice. This will include the constitutional process for the appointment of additional Judges under a new Judicial Service Commission.

4.33 Guyana's AML/CFT structure will remain under constant review, with focus directed to the area of enforcement. In this regard, the Special Organised Crime Unit will be transformed from a politically witch-hunting unit, to the enforcement arm of the AML/CFT structure, as originally envisaged.

#### **D. Supporting Private Sector Development**

4.34 The PPP/C Administration will relentlessly pursue creating and maintaining a friendly environment for business to be established and to grow. To this end, we will support initiatives to ensure cheaper, reliable and stable power supply. We believe that the private sector is an important player as we move to new levels of development and transformation. As such, we will provide the necessary tax and other incentives to attract multiple new investments. High on the agenda would be the establishment of industrial parks or estates for manufacturing, both in the coastal and hinterland regions.

4.35 Mr. Speaker, we must improve the ease of doing business in Guyana if we wish to attract the type of investments that will bring sustainable benefits to our people. Not enough has been done by the previous Administration to remove the several hurdles that deter businesses from investing in Guyana. This is reflected in the Ease of Doing Business index for 2020, in which Guyana was ranked 134<sup>th</sup> of 190 countries. We will focus on improving areas in which we were worst performing, such as dealing with construction permits, getting electricity, resolving insolvency, and trading across borders.

##### **a. Small Business Support**

4.36 Mr. Speaker, Government has allocated \$100 million for the Small Business Development Fund which will be used to provide loans and grants to prospective small business owners. We believe that it is long overdue to examine the feasibility of expanding the grant programme to a level above the current \$200,000 ceiling. A further \$212.1 million has been allocated to the Small Business Bureau, which includes provision to equip and operationalise the business incubators at Lethem and Belvedere. Government will be examining the possibility of the creation of a national entrepreneurship and

innovation body to stimulate business development. Additionally, we have allocated \$105 million to the Sustainable Livelihood and Entrepreneurial Development programme, which is being redesigned to ensure that the intended outcomes of small and micro business development and livelihood improvements are being demonstrably achieved.

4.37 Already, Mr. Speaker, this Administration has announced a suite of measures that will benefit not just households but also small businesses. We have reversed the VAT on electricity, water, machinery and equipment, exports, and materials for the construction sector, among others. These measures will surely improve the viability of small business start-ups and the sustainability of existing businesses.

b. Investment Promotion

4.38 Mr. Speaker, unfortunately, the first half of 2020 saw a decline in investment interest. With a total projected value of facilitated investment of \$29 billion and 1,115 projected jobs created, but only a total of five investment agreements were executed during the reporting period, valued at \$12.3 billion, with an aggregate of 183 jobs proposed to be created when the projects are fully operational. This decline is a direct result of investor uncertainty pre- and post-elections, combined with the COVID-19 pandemic.

4.39 Mr. Speaker, the subsequent worldwide travel bans severely affected investors' access to Guyana. This resulted in a drastic reduction in the number of meetings and promotional activities facilitated by the Guyana Office for Investment (GO-Invest). Additionally, the available investment capital was redirected, as many businesses were forced to suspend operations, or operate within the confines of curfew, and with reduced staff complements in order to comply with emergency public health measures implemented to minimise the impact of COVID-19.

4.40 However, with the support of a development partner, recommendations for the re-organisation of GO-Invest are being developed, in order to make the Agency more



efficient and effective in investment promotion while at the same time implementing new policies and initiatives to drive international exports.

## **E. Transformational Infrastructure**

### **a. Energy Expansion and Diversification**

4.41 The inability of the APNU-AFC to develop baseload capacity to ensure a reliable energy supply has not escaped the incoming Administration. The constant blackouts and irregular power supply must be immediately tackled as energy is key for economic growth and for an improved quality of life for all Guyanese. The PPP/C Administration is committed to providing affordable, stable and reliable energy to benefit both households and businesses through an energy mix that includes hydropower, solar and wind.

4.42 To this end, the Government has gone out for Expressions of Interest (EOIs) to engage local suppliers to fulfil the immediate term demand. In the medium-to-long term, we are pursuing a path that will allow for the completion of the Amaila Falls Hydro Project and investigating and exploring all possibilities for the use of the natural gas to ensure cheaper, reliable electricity. We will also continue the pursuit of mini-hydro grid-tied systems in Bartica and Lethem as part of our energy diversification initiatives. Additionally, solar and wind systems for off-grid areas are being addressed.

4.43 The expansion of the Hinterland Electrification Programme remains a top priority. Some 25,000 households in Amerindian, hinterland, and deep riverain communities can expect an upgrade and replacement of their solar panels. Additionally, \$400.6 million has been allocated for expanded electrification of our Amerindian and hinterland communities.

4.44 Mr. Speaker, it is envisaged that our programme, defined by an energy mix that includes hydropower, solar and wind will lead to more than 400 megawatts of newly installed capacity for residential and commercial-industrial users.

b. Transport Networks

4.45 Mr. Speaker, when we were last in Government 5 years ago, the PPP/C commenced numerous transformational projects, much of which the previous Administration were mere custodians to ensure that they were implemented expeditiously, efficiently and within their budgeted amounts. The sad tale is that due to their ineptitude we are now saddled with the responsibility to ensure that these projects are completed with utmost speed and diligence. For the infrastructure sector, Government has budgeted \$34.4 billion.

i. Air Transport

4.46 Mr. Speaker, we speak to projects like the Cheddi Jagan International Airport (CJIA) – a project that the APNU-AFC Government restructured to deliver a half-baked, partially rehabilitated facility rather than a brand-new airport, for which the PPP/C, while in Government, negotiated and contracted. This facility would have been able to land A380 Airbuses and would have had 8 boarding bridges as well as new arrival and departure terminals. After 5 years of thumb-twiddling by the APNU-AFC outfit, we have had the occasion to read the riot act to the contractors to complete the substantially reduced-scoped project, and to make provision in this year's budget to finance several critical interventions necessary to make the Airport functional.

ii. Roads and Bridges

4.47 Mr. Speaker, we speak to the East Coast Demerara Highway for which the APNU-AFC Government hastened to cut the ribbon, as a political gimmick, despite works that are yet to be completed. We in the PPP/C will complete this project and have already actively moved to utilise unspent balances to replace all the acro-panel bridges between Sheriff Street and the Hope Canal. This will pave the way for the complete resurfacing of the East Coast Railway Embankment road from Sheriff Street to Enmore, and the construction of a new paved road from Golden Grove to the Hope Canal, thus providing six lanes available for commuters on this corridor.

4.48 Mr. Speaker, we speak to the first leg of the Linden to Lethem road for which the APNU-AFC outfit have only managed to conduct the designs, at a budget that surpassed the available funding, and were stuck in indecisiveness on how to proceed. We have, since taking office, commenced the remodelling of the project to a manageable level, whereby the highway can be completed from Linden to Mabura Hill within the resource availability of US\$150 million.

4.49 Mr. Speaker, we speak of the Ogle to Diamond by-pass road which was designed by the APNU-AFC Government to cost US\$208 million when we had previously secured from the Indian Government a signed line of credit for US\$50 million. Again, they were stuck in indecision and confusion. Mere days in office and we have already secured an agreement to re-scope the project into phases, whereby the first phase can proceed from Ogle to Haags Bosch, including the connector at Haags Bosch to link with the East Bank Highway at Eccles. This will be done within the current line of credit of US\$50 million, while at the same time, we are exploring opportunities to secure financing for the remainder of the road.

4.50 Mr. Speaker, we speak of the lamentable and pedantic efforts by the past regime to conclude any arrangement for the construction of the new Demerara River crossing. This Honourable House will recall the impropriety surrounding the conduct of the feasibility study for the bridge and the feeble effort to launch an expression of interest (EOI), which was a phenomenal adventure in incompetence. Within the last few weeks we have re-kindled huge interest in this project. Work is currently being done to put us on a path to facilitate the launching of an expression of interest (EOI) for the design, construction and financing options for a four-lane high-span bridge.

### iii. River Transport

4.51 Mr. Speaker, we speak to the inability of the previous regime to unlock bi-lateral processes to allow for the award of the construction of an ocean-going ferry, which would benefit from an Indian Government grant of US\$8 million, and a low-cost interest loan of US\$10 million. Since assuming office, we have secured an amicable settlement of the

award dispute and have approached the Indian Government to mediate a mutually agreeable settlement so that this project can proceed.

c. Information and Communications Technology

4.52 Mr. Speaker, ICT is utilised as a catalyst for development in education, health, industry and agriculture the world over. ICT grants us the opportunity to reduce transaction costs, improve effectiveness and efficiency, as well as enhance overall productivity. Our Government's goal is to ensure that the benefits of enhanced ICT infrastructure reaches every Guyanese in every community, and we will pursue this in partnership with the private sector, as no Guyanese should be left behind. This year, Government has budgeted for \$5.2 billion for ICT development.

4.53 Government will liberalise the telecommunications sector and increase access to cheap data and bandwidth to ensure improved access to the internet, increased ICT literacy, and expanded e-Government. Schools will be outfitted with adequate equipment and software, and curricula will be reformed so that ICT proficiencies can be developed nationwide.

4.54 This Government will continue to provide internet access through the e-Government network to ensure government ministries and agencies, schools and other educational institutions are connected, and will also continue to invest in ICT hotspots and hubs, particularly in our hinterland communities. To this end, the National Data Management Authority will receive an increased subvention of \$2 billion to ensure the bandwidth expansion and continued connectivity.

4.55 The pandemic has affected educational systems across the globe and has led to the closure of educational institutions at all levels, making way for the development of a series of solutions for the effective delivery of academic resources to students. In response to the closure of schools, past papers, electronic workbooks and other reference materials were made available online. The online availability of resources was supplemented by programmes in the electronic media including Broadcast to Schools on the radio and the

Learning Channel on television. Mr. Speaker, an additional \$200 million will be invested to expand the Learning Channel to ensure our children continue to have access to academic resources as we prepare for the safe reopening of schools.

4.56 Mr. Speaker, Government views ICT as an enabler for job creation and development and will continue to support the sector with capital inputs for its infrastructure and, through policy initiatives, will ensure structured training and increased employment opportunities for all. To realise this, in 2020, Government has allocated \$65.6 million for the completion of a call centre in Linden, which will then be operated by a private company, generating more than 200 jobs for our people.

## **F. Sustainable Tourism**

4.57 Mr. Speaker, the tourism sector continues to be one of the hardest-hit by the outbreak of COVID-19. By April 2020, the Guyana Tourism Authority (GTA) reported that the sector lost an estimated 46 percent of their total revenue over a six-month period in contrast to the revenue earned for the same period in 2019. In terms of employment, an estimated 30 percent of those employed in our tourism sector have lost their jobs, and an additional 36 percent had been furloughed or placed on unpaid leave.

4.58 Mr. Speaker, through resiliency planning and increased marketing, GTA continues to promote nature, adventure and eco-tourism both locally and internationally. With Government's support measures, such as reversal of VAT on hinterland travel and special incentives for new hotels and businesses, the sector will rebound stronger than ever to make Guyana a top sustainable tourism destination, in keeping with our manifesto promise.

4.59 Mr. Speaker, the Government of Guyana will implement policies to strengthen and grow the workforce in this sector to cater to the influx of visitors expected as a result of the focused marketing as well as emergence of the oil and gas sector, by completing the Hospitality Training Institute. This will offer world class capacity building opportunities for our citizens who will, in return, deliver the quality of service required to build a

successful tourism and hospitality industry. As the industry rebounds from COVID-19 and the demand for travel returns, the Government of Guyana will focus on attracting large scale tourism investments, such as world class hotels, to further expand job opportunities.

## **G. Investing in Our People**

### **a. Health**

4.60 Mr. Speaker, the PPP/C Government inherited a Ministry of Health that was in an unhealthy state. The last government has neglected some of the most basic public health programmes. This includes the immunisation programme, the HIV/AIDS programme, chronic non-communicable diseases (NCDs) programmes and mental health. Many hospitals, health centres and health posts across the country are in a state of disrepair and lack the most basic of equipment. In addition, there is an acute shortage of drugs and medical supplies across every region. These chronic shortages, compounded with the mismanagement of the health care system, has compromised the care for thousands of Guyanese.

4.61 As an immediate measure, this Budget will provide for the purchase of adequate drugs and medical supplies, buy tests kits and anti-retrovirals for HIV patients, start fixing the diagnostic imaging capacity of many of the hospitals, fix many of the infrastructural defects at facilities across the country, and work quickly to improve the quality of health care provided to citizens. To this end, Government has allocated \$51.7 billion or 15.7 percent of the total Budget for the health sector for 2020. Of this amount, \$14.3 billion is budgeted for the procurement of drugs and medical supplies. Corrective action to facilitate the procurement of emergency supplies of drugs and medical supplies, to the tune of \$3.2 billion, is underway, and a full review of quantification and procurement practices is being currently undertaken, as there is a lack of evidence of any purchased drugs and medical supplies since 2017.

4.62 As we fix these immediate needs, the Government has already started to look at medium- and long-term projects in the health sector. These include completing the SMART Hospital initiatives at Diamond, Paramakatoi, Mabaruma, Leonora and Lethem. Funding has been allocated for the redevelopment of the West Demerara, Suddie and Bartica Hospitals. Preliminary discussions are being undertaken to operationalise a national electronic patient information system. In addition, Government has received several enquiries from local and international organisations to develop speciality care facilities in Guyana and is also considering the establishment of a medical research institute as we work to modernize the delivery of health care in Guyana.

4.63 Mr. Speaker, the state of affairs with regards to NCDs is concerning because of the pandemic. In addition to the shortage of essential drugs, much of the staff from the NCDs Unit have been reassigned to COVID-19 response and scheduled training have been deferred. As such, as of June 30<sup>th</sup> only 12 of the 50 planned workplace outreaches for 2020 were undertaken. Additionally, data collection for NCDs reporting has also been challenged due to the emergency public health measures restricting movement. We have to resume the planning of progressive health policy measures to contain the onset of NCDs through risk factor reduction.

4.64 The pandemic has also challenged the National AIDS Programme, which only achieved testing for 6,659 persons for January to June, of an annual target of 70,000. To make matters worse, the country suffered from a stock out of the HIV Determine rapid test kits. As such, the National Public Health Reference Laboratory restricted HIV testing to critical or emergency cases and priority target groups. Government has budgeted \$143.3 million for HIV-related drugs and medical supplies while we also seek Global Fund support to significantly bolster national testing capacities.

4.65 Mr. Speaker, in the area of malaria control, we are preparing to undertake another cycle of distribution of long-lasting insecticidal nets with procurement slated to commence this year. The malaria programme for this year, however, has also faced with the challenge of reduced capacity due to COVID-19 restrictions. As such, timely data gathering and reporting, has adversely affected the performance of this programme. The

former has suffered from a reduced reporting rate of only 23 percent for January to mid-June. We have requested assistance for support in procuring rapid test kits for expanded testing.

4.66 With regard to our immunisation programme, it must be noted that with the onset of the pandemic, it was almost inevitable that we would face challenges, as persons reduced their out-of-the-house activities. As such, we will be working to launch outreach and house-to-house immunisation activities to ensure our vaccination coverage does not significantly decline. We have also budgeted \$17 million to commence the construction of a cold storage bond in Region 6 to ensure that we are able to maintain a sufficient supply of vaccines in-country.

4.67 Another programme that will focus on outreaches, in light of COVID-19, will be the Family and Primary Health Care Programme. The Programme has prioritised the conduct of mobile family planning and obstetrics outreaches for 2020. Both are critical, as unplanned pregnancies are expected to increase, given the restrictions to movement due to COVID-19. Expectant mothers are also likely to not make regular clinic visits. Additionally, the Guyana Public Hospital Corporation's (GPHC) maternity block has been configured to accommodate suspected COVID-19 pregnancies.

4.68 Mr. Speaker, the situation at GPHC requires aggressive attention. Our only national referral hospital has been suffering from issues of overcrowding and insufficient infection prevention and control standards for quite some time. Government has budgeted \$15 million to continue the extension of the accident and emergency and medical outpatient departments. Additionally, we have budgeted another \$20 million to commence the design of a four-storey building to relocate the pharmacy and medical records services, and to create on-call accommodation for our hard-working medical personnel. Overall, we have budgeted \$11 billion for GPHC, for 2020, which includes \$2.5 billion for drugs and medical supplies. The overall budgeted amount represents \$1.4 billion more than was expended for the GPHC in 2019.



i. Public Health Response to COVID-19

4.69 On March 11<sup>th</sup>, 2020, the World Health Organisation declared the disease COVID-19, caused by the novel coronavirus SARS COV 2, to be a pandemic. On the same day, incidentally, Guyana recorded its first case, which was imported into the country. The APNU-AFC's uncoordinated response was lacklustre, which resulted in a limited capacity to test, isolate and contact trace persons who were affected by the disease. That resulted in many persons who had the mild and asymptomatic versions to go undetected. There was also an inadequate supply of personnel protective equipment (PPE) for frontline health workers, and the hospitals did not have the appropriate equipment, drugs and medical supplies to provide the quality of care.

4.70 Upon assumption of office, the PPP/C immediately changed the dynamics of the response by establishing a COVID-19 Policy Committee, consisting of Government, the private sector, the Pan American Health Organisation, UN and CARICOM. This body has been offering policy guidance to the entire response. The new response changed focus to foundational public health, societal compliance, developing health system capacity, safeguarding industry, protection of the vulnerable and managing the economic health of the country. Using these measures, we are confident that we will find the right balance between keeping the public safe and keeping our economy healthy. Throughout this Budget, adequate allowances have been made to ensure that each sector mitigates the impact of COVID-19.

4.71 Mr. Speaker, the touted hospital for infectious diseases at Liliendaal was examined by this new Administration and was found to be a shell – beautifully painted but lacking in facilities that could be used as a response to COVID-19. A series of problems exist at the facility, including some as basic as sewerage, water supply and electricity. We are trying to have the deficiencies corrected so that construction could be quickly concluded, to an appropriate standard, whilst equipping the facility. Our intention is to staff and commission the facility by the end of the month. However, given the poor planning that went into the conceptualisation of this facility, we are forced to budget a further \$790 million in addition to the \$1.6 billion already sunk, to operationalise the infectious disease

hospital. The redeeming feature will be that the facility would be able to cater for 200 patients.

4.72 The GPHC is still the institution that is providing essential care for patients affected by this pandemic. As it stands today, our capacity at GPHC has been overwhelmed, and work is still to be done, which will require significant funds to fully operationalise this facility. At present, the new hospital is being used for isolation of non-critical patients since there are no adequate facilities for an Intensive Care Unit or High Dependency Unit.

4.73 Mr. Speaker, the public health sector has, however, managed to provide some psychosocial services to COVID-19 patients, which to date has reached 670 COVID-19 patients and quarantined individuals, of which 490 were Guyanese. This support included talk therapy, coaching in coping strategies, assessing pre-existing mental health conditions and stress education. We have also run a public education and awareness campaign on the radio entitled “It’s okay to not be okay”, which includes coping with COVID-19 and wider mental health subject areas.

4.74 Mr. Speaker, we plan to increase the health authorities’ capacity for surveillance, the importance of which cannot be stressed enough. Effective and sufficiently expansive surveillance, including contact tracing, is the absolutely required foundation on which pandemic control can be achieved. Without this, we would be testing ‘in the dark’. Strong surveillance, coupled with efficient testing and subsequent coordinated and effective response, must be the pillars upon which we will control the COVID-19 pandemic. As such, we have reached out to and will be partnering with the University of Guyana to bolster surveillance staffing capacity. Until the transmission of COVID-19 is contained, Government would be hard pressed to lift all of the emergency public health measures in place, lest lives of all Guyanese are put at risk.

4.75 Mr. Speaker, last on the subject of COVID-19, in order to protect the public service and ensure that public services are able to continue uninterrupted, Government has also budgeted \$1.8 billion for the procurement of PPE for central government workers.

b. Education

4.76 Mr. Speaker, while Guyana has begun to yield the benefit of its new resource, we remain resolute that the greatest resource that this great nation possesses is our human resource. As such, the Government understands the role of the public education sector in the development of Guyana and has budgeted \$52 billion or 15.8 percent of the total Budget for it. Of this amount, over \$1.7 billion is allocated for the construction and rehabilitation of schools across the country.

4.77 Mr. Speaker, the COVID-19 pandemic has created the largest disruption of education systems in the world and in our own country. An estimated 1.6 billion learners worldwide have been affected according to the UN statistics. It has forced the closure of schools country-wide and curriculum learning has been suspended. The safety of our people is paramount and, as such, we will not be reopening schools in a traditional sense. However, we will deliver education safely and effectively using innovative methods, assessing the specific needs of students by levels, grades, regions and situations.

4.78 Throughout the levels, grades and regions Government has embarked on instruction in different ways to deliver to our learners. The nursery students will be given individual home-based packages containing print material, manipulatives and other appropriate resources. The primary and secondary students will each receive work books and the core text books in math, English, social studies and science which they will use during this time and beyond.

4.79 Mr. Speaker, this will be accompanied by content and instruction on the Learning Channel that has already begun broadcasting in a timetabled structured format that caters for each grade from nursery to grade 9. We acknowledge that the Channel in its current composition fails to meet our needs across the country. Therefore, we will expand and upgrade so that 6 channels can run concurrently. This upgrade will also permit for hinterland communities that are currently unserved to be catered for. In conjunction with this channel, we have provided funds in this Budget to establish a radio station which will

be dedicated to delivering education. Over \$300 million is allocated to these blended learning options.

4.80 Mr. Speaker, as stated earlier, the safety and well-being of our people is paramount. With this in mind, and in anticipation of an eventual school reopening, provisions have been made for schools to be retrofitted with the necessary infrastructure to exist in a COVID-19 world. Sinks with running water, proper ventilation, working toilets, the delivery of masks to our teachers, students and ancillary staff and adequate signage to promote safe behaviour in all learning institutions and in all schools are catered for in this Budget.

4.81 Mr. Speaker, provision is made in this Budget also for the Cyril Potter College of Education to facilitate learning continuity in hinterland centres of teacher education and to facilitate the virtual teacher education programme. The Ministry of Education also launched, recently, a mass teacher training exercise which will see all teachers across the country being trained in the delivery of education using ICT effectively. Additionally, a collaboration with the Commonwealth of Learning and Coursera has seen more than 16,000 Guyanese to date being registered for online courses.

4.82 The University of Guyana has moved its instruction online and will be using this time to do much needed renovations. Lecturers have begun to teach using various means of ICT, but many have had to improvise learning as they went along. To support our tertiary institution, Government has allocated \$3 billion to the University of Guyana. Of this amount, \$221.3 million is allocated to complete and advance several roll-over projects across both campuses including the new sewer system, the human resources and bursary building, the pump house, teaching learning centre and electrical upgrade projects.

#### c. Housing

4.83 Mr. Speaker, the vibrancy and vitality of the housing sector will be restored. The comatose state of the housing sector during the last five years has served as a disincentive

to young professionals, Guyanese families and all seeking home ownership. The Central Housing and Planning Authority (CHPA), rather than being a catalyst of development, was made to be almost paralysed due to poor policy directions. The musical chairs of Ministers did not help the situation.

4.84 This new Government has a progressive and expansive agenda for housing. We intend to provide at least 50,000 house lots to Guyanese during this term in office. Further, those who are already beneficiaries of our pre-2015 housing initiatives will see improved services in the various communities. Young professionals, individuals with an immediate need and persons with adequate disposable income will be facilitated to commence construction. Private developers are also included as part of the comprehensive housing strategy.

4.85 Mr. Speaker, Government has allocated over \$3 billion to begin implementation of its vision for housing development. This allocation will be utilised for various activities including infrastructural development in existing housing schemes, land preparation for new housing schemes and land acquisition. To this end, the capacity for delivery of the aforementioned will be enhanced as well as the CHPA's enforcement arm, in order to address the issue of squatting, while providing a more robust and fair system of land acquisition.

#### d. Water and Sanitation

4.86 Mr. Speaker, Budget 2020 provides for sustaining and improving access to potable water across coastal, urban, and hinterland communities, continuing the reduction of the non-revenue water programme and increasing the access to treated water in more areas. To this end, Government has budgeted \$2.8 billion to support the operations of Guyana Water Incorporated (GWI).

4.87 Government is undertaking a number of water supply improvement projects in coastland and hinterland regions. These will be done in areas including Mabaruma, Barbina, Wainina, Shulinab, Shea, Cheong Mouth and Bartica. The GWI is also in the

process of enhancing its capacity to drill new wells as well as maintain existing wells by acquiring 2 new rigs. We will also continue the pipe replacements in Georgetown to improve pressure in the system, prioritising Vlissingen Road to Cummings Street for the rest of this year.

4.88 Mr. Speaker, we will commence a study for the provision of potable water from the Hope Canal, and design of water treatment systems for the hinterland towns of Mabaruma and Mahdia, the islands of Leguan and Wakenaam and coastal areas of Walton Hall to Charity – Region 2, Bush lot – Region 5 and Tain to No. 50 Village – Region 6. This study will be paramount in helping to shape the water sector programme, going forward. We will also work with all stakeholders to ensure proper wastewater management as well as to ensure water rates remain affordable. An integrated water resource and management framework is being developed to ensure the rationalisation of our water resources.

4.89 Further Mr. Speaker, the PPP/C Government will be pursuing an aggressive Integrated Sustainable Waste Management (ISWM) programme. Our goal is to cater for the health of our citizens, our animals, and our environment. We will undertake improving infrastructure for sanitary landfill sites, encouraging recycling and composting, and spreading awareness to the public on the ISWM best practices and principles. An overall sum of \$644.2 million has been allocated for sanitation interventions in 2020.

e. Amerindian and Hinterland Development

4.90 Mr. Speaker, our first peoples in Guyana, for the last 5 years, were told of lofty promises and sold candy dreams but with no delivery. More jobs, improved healthcare, more access to education and acceleration of the land titling programme were among them. The reality is, from 2015-2020 there was the dismantling of the Community Service Officers (CSOs) programme putting almost 2,000 young Amerindians out of work, the stymieing of the Amerindian Land Titling Unit and the removal of resources previously

earmarked for the development of their communities, such as for 6,000 household solar panel systems.

4.91 In light of the lacklustre performance, and the debilitating far-reaching effects of COVID-19, Budget 2020 brings special meaning to our Amerindian brothers and sisters. In this Budget, we will facilitate support for our indigenous people in the areas of food security, youth development, student welfare, women initiatives, agriculture, eco-tourism and grant monies to fund social and productive micro projects.

4.92 Mr. Speaker, Government is committed to the prosperity of our indigenous peoples and will redouble efforts for their economic and social development. To this end, \$800 million has been allocated to the Amerindian Development Fund (ADF). The ADF will be providing \$300 million for the purchase of tractors and accessories to incentivise agricultural economic activity within indigenous communities. Economic projects to generate income and stimulate growth will also be undertaken in the areas of farming of non-traditional crops, agro-processing, poultry rearing, and livestock rearing, among others. Further, to support the effective governance function of the National Toshaos' Council and as a key gesture of respect for our indigenous peoples, we have committed to commencing the design of a new head office for the Council, with an initial allocation of \$10 million.

4.93 This Government will also recommence support for women in entrepreneurial initiatives in an attempt to increase self-sufficiency and bolster economic independence and expand their ability to support their families. These initiatives will include sewing, tourism projects and other projects to be managed by women. The students of the hinterland will also continue to be provided with school uniform assistance.

4.94 Mr. Speaker, the ICT hub programme will also be re-introduced to 26 Amerindian communities which will prepare and equip them accordingly with the required equipment to allow these villages to be connected for leisure, learning and work. To support the modernisation and equipping of our indigenous communities with appropriate amenities,

Government has also committed to the provision of 25,000 household solar photovoltaic units. This particular energy intervention will be rolled out in the phased manner.

4.95 Mr. Speaker, aside from the stimulus provided by the ADF, Government has also allocated over \$800 million for the Hinterland Roads Programme which will address construction and rehabilitation of roads across Regions 1, 7, 8, 9 and 10. To complement these construction works, we have removed VAT on travel to the hinterland. These initiatives will serve to stimulate economic activity, incentivising our own Guyanese to explore our beautiful country beyond just the coastland, for both business and leisure.

4.96 Additionally, we will be resuming the Amerindian Land Titling programme with vigour to ensure the rights of our indigenous peoples are, once again, protected. I should note, as well, Mr. Speaker, that Amerindian communities will also be benefiting from the COVID-19 cash assistance announced by this Government – about 19,000 Amerindian households are expected to benefit from the \$25,000 cash transfer, with an allocation of about \$475 million.

f. Social Protection and Vulnerable Groups

4.97 Mr. Speaker, this PPP/C Administration is committed to the welfare and wellbeing of all Guyanese. We will continue to deliver key services to the most vulnerable groups, including women and children, disadvantaged families, the elderly, the differently-abled and those who are at risk of being trafficked.

4.98 We have found that over the last five years, human services were badly managed and poorly executed because of the improper hiring practices of the last Government. There was a common theme of unaccountability in the implementation of programmes that were supposed to target women, youth, migrant families, juveniles and other sections of society. On the legislative aspect, there was an incessant neglect of policies and recommendations that would have addressed issues such as sexual offences, trafficking in persons and domestic violence.



4.99 Mr. Speaker, as part of our commitment, we will continue to partner with all stakeholders in Guyana to assist in the delivery of hampers and other forms of assistance to our underprivileged and vulnerable groups, included as part of our COVID-19 relief measures. A focused programme to address the issue of homelessness and indigence is anticipated to be operationalised in the last quarter of 2020.

i. Senior Citizens

4.100 Mr. Speaker, we realise that, our respected elders are at greater risk because of the COVID-19 pandemic. We are committed to strengthening the medical capacities at the Palms Geriatric Home, which, earlier this year, was the site of 10 COVID-19 cases. Additionally, to reduce the risk of exposure of COVID-19, we will improve the services delivery to our pensioners, reducing long lines at the post office, by endeavouring to utilise alternate modes and venues for payment. Further, we are also pleased to declare, once again, that this Government will be reinstating the water subsidy for pensioners from October 1<sup>st</sup>, and, from January 1<sup>st</sup>, 2021, an increase in the Old Age Pension to \$25,000.

ii. Youth and Children

4.101 Mr. Speaker, between 2015 and 2020, the involvement of youth in policy making was non-existent at the Cabinet, Parliamentary and Local Government levels. However, it is clear, by the very composition of the Parliamentary members on this side, that youths are being engaged, and will continually be engaged in the policy making of our country. Additionally, His Excellency, President Irfaan Ali, has already announced that a Youth Advisory Council will be established, reflecting our country's diversity, for which \$25 million has been allocated to support its effective functioning.

4.102 We will also expand the engagement of youth and sports groups to improve their organisational capacity, and work in collaboration with other Government agencies and the private sector to pursue opportunities for our young people. We will address the issues of youth violence and gangs, and the debilitating effects that such behaviour has on families and on society. This Government will also ensure that training and employment

opportunities are expanded through programmes run by the Board of Industrial Training, the various entrepreneurship programmes and our educational institutions, including scholarships. We would like to remind this Honourable House as well, Mr. Speaker, our housing programme will also permit for the allocation of house lots to persons from the age of 21.

iii. Victims of Domestic Violence

4.103 Mr. Speaker, domestic violence continues to be a plague that afflicts our citizens, particularly women and youth. Government will continue to support programmes to enhance the physical infrastructure at police stations to accommodate the privacy that is required when dealing with domestic violence and other sensitive issues. We will also be enhancing the capacity of law enforcement officers and prosecutors to better deal with these issues. However, we recognise that this scourge is something that cannot be tackled by Government alone; so we continue to encourage civil society organisations to partner with government, and Budget 2020 has recorded increased allocations to several such organisations to help strengthen their ability to respond to this uncivilized, inhuman behaviour for which there should be zero tolerance.

4.104 Further, Mr. Speaker, with the support of our international development partners, Government will be accelerating the Spotlight Initiative, which had seen little traction by the previous Administration. This Initiative, designed to address violence against women and girls, will commence, in earnest, in the last quarter of 2020, and has a financial envelope valued at €4.5 million.

iv. Persons with Disabilities

4.105 Mr. Speaker, our Government is dismayed at the level of infancy that still exists in this country with regards to caring for persons with disabilities. Each and every one of us, regardless of our capacity, deserves the opportunity to enjoy a decent quality of life.

4.106 Mr. Speaker, issues of disabilities are wide ranging in our country, and many of our challenges are associated with the inability to diagnose at early stages, and to support those who are determined to be differently-abled. Government will continue to work at an interagency level, and with stakeholder organisations to ensure opportunities for training, employment, and effective diagnosis, treatment and rehabilitative support and services are expanded across all 10 regions of our country.

4.107 In the area of care for persons with visual impairments, I am pleased to indicate that we have expanded our partnership with Eye Care Guyana, which will also complement the 13 new optometrists who entered the system this year. This partnership will expand the number of glasses that can be provided to persons in need to 1,500. We hope to increase this number to 5,000, annually, in the coming years. Additionally, our disabilities programme has also partnered with Starkey Hearing Foundation to screen, assess and fit over 1,000 persons with hearing aids in Regions 4 and 9, this year.

g. Culture, Sports and Arts

4.108 Our vision for embracing diversity and exploring the talents of our people has always been the focus. To this end \$2.7 billion has been allocated for Culture, Youth and Sports, for which \$805.3 million is for sports.

4.109 Mr. Speaker, in the area of sports, as we look to revitalise the national sports programme, while simultaneously reconfiguring how we undertake them in the context of the pandemic, this year we are going to be undertaking initial work on mini sports stadiums – in Regions 2, 6 and 10, and the Guyana-China friendship park. Additionally, \$185 million has been allocated for the National Sports Commission to accelerate works on the synthetic tracks in Regions 6 and 10, as well as the purchase of sports gears and ground enhancements.

## **H. National Security**

### **a. Foreign Relations**

4.110 Mr. Speaker, the Ministry of Foreign Affairs and International Cooperation is charged with overseeing the day-to-day conduct of Guyana's foreign policy, and in so doing is mandated to develop, maintain, and enhance relations with other nations and regional and international organizations. Under the guidance of His Excellency, President Irfaan Ali, the Ministry of Foreign Affairs and International Cooperation has identified four critical areas of focus:

- i. Protecting Guyana's Sovereignty and Defending its Territorial Integrity;
- ii. Strengthening Guyana's Multilateral Diplomacy;
- iii. Improving Guyana's Regional, Hemispheric and International Presence; and
- iv. The Diaspora.

#### **i. Protecting Guyana's Sovereignty and Defending its Territorial Integrity**

4.111 Mr. Speaker, Guyana's sovereignty and territorial integrity are sacrosanct. In anticipation of a favourable outcome at the International Criminal Court of Justice, the Ministry has garnered considerable support from the international community and has assembled a legal and technical team that continues to provide the people of Guyana with exceptional representation. Based on our arguments and justifications, we are confident that the court has jurisdiction to adjudicate in the matter. Moreover, based on the proceedings and submissions, we are equally confident that Guyana's contention of the legitimacy and finality of the 1899 Arbitral Award will be upheld by the court, leaving Venezuela's spurious and ill-founded claim of the said award, having no legal basis in international law. The PPP/C Administration will continue to pursue this matter in a bipartisan manner, and we anticipate critical support from the Parliamentary Opposition.

ii. Strengthening Guyana's Multilateral Diplomacy

4.112 Mr. Speaker, one of the core functions of the Ministry is to strengthen Guyana's visibility and country image in international politics. Guyana's chairmanship of the Group of 77 and China provides us with an avenue to achieve a measurable degree of soft power diplomacy at the multilateral level, notwithstanding the setback caused by the recent political crisis as well as the global pandemic. Of significance, Guyana's chairmanship will provide the nation with much international recognition as the United Nations prepares to celebrate its 75th anniversary. As the Chair, Guyana has a role in guiding the debate of this year's General Assembly which is in consonance with the G77 agenda of accelerating the implementation of the Sustainable Development Goals 2030.

iii. Improving Guyana's Regional, Hemispheric and International Presence

4.113 Mr. Speaker, going forward we will focus on strengthening Guyana's leadership and presence within the Caribbean Community. The economic indicators show that Guyana's intergovernmental participation within the Community could be broadened and deepened. As a more developed country within the regional framework, Guyana is well poised to strengthen its leadership through its commitment to the Revised Treaty of Chaguaramas establishing the Caribbean Community and the Single Market and Economy. With democracy restored, we initiated and reengaged our diplomatic ties with our traditional partners and friendly nation-states especially in light of the COVID-19 global pandemic. The new Administration is currently focusing on promoting Guyana's trade and economic interests and enhancing the image and presence of our country and people on the world stage.

iv. The Diaspora

4.114 Mr. Speaker, indisputable evidence exists suggests that the Guyanese Diaspora is rich in intellectual, human and financial resources which we intend to tap into as we broaden our engagement. More particularly, as we anticipate rapid transformation as a

new emerging major oil and gas-producing economy. Traditionally, the several International Non-Governmental Organisations and alumni associations that have supported Guyana which stood alongside the individual family support through remittances have been an immense contribution historically.

4.115 Mr. Speaker, according to the 2019 Annual Report of the Bank of Guyana, the value of remittances stood at US\$374 million, the largest contributor to foreign inflows other than gold. At the micro-level, remittances contribute to a reduction in poverty as it keeps many families from succumbing to the inadequacies of their income. Notwithstanding their financial support, their diaspora's stance with the Guyanese people in the 5 months between March 2<sup>nd</sup> and August 2<sup>nd</sup>, 2020 portrays how near even though many miles away they are the connected with Guyana. Mr. Speaker, please permit me this opportunity, to use this occasion to say the biggest thank you to all our Guyanese brothers and sisters scattered across the globe whose words of solidarity, encouragement and prayers have helped us through that difficult period. In true Guyanese spirit, they demonstrated what the great Guyanese poet Martin Carter wrote "we are all involved, we are all consumed, if we don't swim together, we will sink together". Moreover, the potential that lies in our Diaspora is vast and we will continue to leverage the expertise, talent and investment potential of our people that reside abroad.

b. Public Safety and Security

4.116 Mr. Speaker, every Guyanese citizen is entitled to safer communities, where life can flourish unhindered. Crime in our communities is detrimental to our quality of life and takes a toll on the development of businesses. Historically, PPP/C Administrations have taken measures to reduce crime and support safer communities. Unfortunately, under the APNU-AFC Administration crime has been on the increase across our nation, no rehabilitation of our prison system was undertaken, and there exists a backlog of cases in our court system.

4.117 Mr. Speaker, in order to provide safety for all Guyanese, this Government will endeavour to strengthen our security forces. As such, we will deploy resources to improve

investigative and forensic capabilities and provide equipment, facilities and training for our law enforcement officers. Government will also focus on expanding the use of ICT in the fight against crime, providing better remuneration and conditions for the officers in our security forces and ensuring greater accountability by the Police Force for solving crime. Further, our Administration will seek to reform the prison system, to improve conditions and ensure compulsory training and educational opportunities for prisoners, security and safety prison officers. Government is allocating \$38.9 billion in 2020 to propel this agenda.

4.118 Mr. Speaker, Government has allocated over \$1 billion for ongoing works on police stations and divisional headquarters to align the Police's boundaries with Guyana's administrative regional boundaries. These stations include headquarters at Anna Regina, Fort Wellington, Mabaruma, Golden Grove and Mahdia. In addition, police stations will be constructed at Cove and John, Brickdam, Matthew's Ridge, Leonora, Lethem, Whim, Albion, Parika, Wismar and Mahdia. Additionally, Government has set aside \$428.1 million for the procurement of 50 vehicles to ensure our police officers are adequately equipped to fight crime.

4.119 Mr. Speaker, as with the Police Force, Government has allocated sums to provide more equipment and better facilities for the Guyana Fire Service. Approximately \$63 million is allocated to procure two water tenders for Linden and Bartica, as well as to upgrade the facilities at Mahdia. Additional vehicles, tools and equipment will also be procured to aid in firefighting.

4.120 Mr. Speaker, in the area of prison reform and improvement, Government will continue to invest in the provision of training opportunities for both inmates and prison management staff, as these are crucial to the health and rehabilitation of inmates. This Government will continue to work on the Mazaruni and Georgetown prisons, and will commence reconstruction of Lusignan prison, which is allocated \$200 million in this Budget. Overall, Government has planned to expend \$2 billion on the construction, rehabilitation and upgrading of prison facilities countrywide.

## **I. Natural Resource Management**

### **a. Managing the Extractive Sector**

#### **i. Forestry**

4.121 Mr. Speaker, from 2014 to 2019 the forestry industry contracted by more than 30 percent. The complete disregard for this industry by the APNU-AFC has crippled many hinterland communities that are dependent on this resource for their livelihood. At the same time, the Guyana Forestry Commission (GFC), a once profitable and efficiently run agency, has, under the APNU-AFC Administration, become financially distressed – being unable to pay basic salaries and other operational expenses.

4.122 Mr. Speaker, if one examines the records, it will show that at the end of 2014 the Commission recorded a net surplus of approximately \$211 million which plummeted to a marginal surplus of \$2.3 million in 2019; the Commission is in a depleted financial state. In addition, exports fell from approximately US\$53 million in 2014 to US\$34 million in 2019. The downturn in this industry over the last five years, caused by poor policies, has, in turn, resulted in the deterioration of logging roads, since investors, like Barama Company Limited, that maintained some key hinterland infrastructure, exited the industry, due to bad policies under the previous Administration.

4.123 Mr. Speaker, to rescue this once flourishing industry that contributed to the Consolidated Fund, this new Administration has disbursed \$350 million to provide support to the ailing Commission for salaries and wages for the remainder of 2020, payments of bonuses for 2018 and part payment towards GRA and NIS contributions.

4.124 Mr. Speaker, we will accompany this support by providing incentives for the retooling and expanding of this sector. This PPP/C Government is working to ensure that the GFC is financially viable and self-sustaining in the short-, medium- and long-term by reinvigorating the industry. To this end, we have included in this Budget measures to allow companies to recapitalise to improve efficiency in operations. These include the



removal of VAT on machinery and equipment, and the provision of tax concessions on all-terrain vehicles (ATVs). Further, there has been a reversal of VAT on exports, as well as the removal of VAT on hinterland travel. Additionally, we will amend the log export policy to allow saw millers to export logs, which will boost industry production and revenues.

ii. Mining

4.125 Mr. Speaker, the period 2015 to 2020, could be best described as calamitous for the mining industry, particularly for small miners. For the hundreds, if not thousands of small miners and those associated, Budget 2020 brings them a message of hope and an end to the fatigue that they have experienced. In consultation with all of the stakeholders, we will reinvigorate, energise and incentivise this sector, and put our people back to work. Communities who heavily depended on this industry will see improved infrastructure and job opportunities as we pursue our policy direction and manifesto promises.

4.126 Mr. Speaker, this new PPP/C Government will not only address matters that would develop the industry, but also foster and promote greater collaboration and coordination between the regulatory agencies for the extractive sectors. The PPP/C will kickstart the critical tasks of utilising, upgrading and adopting, where applicable, ICT programmes in key divisions of the Guyana Geology and Mines Commission, such as Land Management and the Mines Division, to promote transparency and increase efficiencies in its processes. We will also endeavour to accelerate the restructuring of the Commission to best meet the needs of a modern mining sector. Further, we will expand collaboration between Budget Agencies and the Commission to ensure the effective and efficient delivery of hinterland infrastructure, which is essential for mining operations.

4.127 Mr. Speaker, in this, our first budget of our 5-year term, we have already rolled out a host of measures that will bring prosperity to the mining industry. Like the forestry industry, mining will benefit from the removal of VAT on machinery and equipment, the provision of tax concessions on ATVs, and the removal of VAT on hinterland travel. In

addition to these, the industry will benefit from the removal of police clearance requirement for miners to transport fuel in their own vehicles.

4.128 Mr. Speaker, we are aware that mining in Regions 1, 7, 8 and 9 are essential for the livelihood of our people. However, since the COVID-19 pandemic, there have been numerous persons infected and, as such, adherence to the COVID-19 protocols will be actively monitored while permitting a balance to allow for continued economic activity.

iii. Petroleum

4.129 Mr Speaker in keeping with the Manifesto of the PPP/C, our Government will approach the oil and gas sector in a national, non-partisan manner. Oil and Gas will bring not only significant financial resources and enormous transformational opportunities, but also many challenges. There are many examples around the world where developing countries have obtained windfalls from oil and gas but have eventually ended up poorer than before. Central to our strategy in the sector will be the following three critical areas:

- i. A framework for proper management of the resource
- ii. Transparency and accountability
- iii. Securing benefits for Guyanese.

4.130 To ensure that our oil resource is managed responsibly, the PPP/C will:

- i. Immediately engage the oil and gas companies in better contract administration/renegotiation.
- ii. Establish an arm's length SWF insulated from political interference.
- iii. Define by legislation how funds will flow from the SWF into the budget, and the purpose for which they will be used.
- iv. Ensure that expenditures are transparently determined and go through the parliamentary process.
- v. Establish a model PSA based on industry-wide standards and best practices. The purpose of this is to ensure that Guyanese receive maximum benefit from these contracts without disincentivizing foreign investors in the sector.

- vi. Training of thousands of Guyanese at every level to create national core of managers and workforce to chart the future direction and effectively manage the sector.

4.131 To prevent oil money from being squandered or stolen, the PPP/C will among other things:

- i. Uphold the Santiago Principles of transparency and accountability and EITI
- ii. Criminalise non-disclosure of receipt of funds from oil revenues
- iii. Ensure annual reports from the Government are laid in the National Assembly detailing oil revenues and expenditures.
- iv. Ensure there are regular audits
- v. Civil Society will be involved in a central role to monitor compliance and accountability

4.132 Mr, Speaker, the oil resource belongs to the people of Guyana. We will ensure that oil revenue works for all Guyanese and is spent on improving people's lives and in support of job creation. Some areas in which oil revenue will be directed are:

- i. Support for job creation
- ii. World class education and health care for Guyanese
- iii. Social and economic infrastructure
- iv. Targeted cash transfer to Guyanese particularly the elderly, children, the poor and other vulnerable groups.
- v. Strong local content for Guyanese with legislative safeguards
- vi. Savings for future generations
- vii. Tax reduction for Guyanese businesses and individuals

4.133 Mr. Speaker, His Excellency, President Irfaan Ali in keeping faithful to these promises that have been stated in our manifesto has already established a high-level Panel on Local Content in the oil and gas sector.

4.134 Further, expenditure allocations in Budget 2020 will serve to support access to expertise in marketing of crude oil and cost audits, to ensure that we are able to maximise

the benefits that flow from this resource. We have also increased the allocation to the Guyana National Bureau of Standards, which has responsibility for metrology on the FPSO, from \$298.6 million to \$586.5 million, to ensure that they are fully equipped to execute this oversight responsibility.

**b. Environmental Protection**

4.135 Mr. Speaker, the PPP/C Government believes that Guyana's rich natural resources must be utilised to provide jobs and create opportunities for our people in a sustainable manner. Our rainforest is a valuable national and global resource and its preservation will not only have a positive local impact but will also impact the fight against climate change. As such, we will reinstitute the LCDS to help achieve prosperity for our people by deploying earnings from forest climate services to diversify the economy and create more jobs and opportunities utilising a non-carbon intensive pathway. The LCDS will be broadened to include wider environmental services, including integrated water resources management and climate resilience. It will see the strengthening of the Environmental Protection Agency and the National System of Protected Areas.

**J. Agriculture and Food Security**

4.136 Mr. Speaker, today the agriculture sector comprises more than 20 percent of our real GDP, but there is a vast unrealised potential for this sector. However, due to the policies of the previous Administration, this could not have been realised. Over the next five years, starting from Budget 2020, we will implement measures to promote a diversified economy, create more jobs and increase the income of farmers at the same time, through strategic investments, and ease the burden associated with the COVID-19 pandemic. For these interventions, the agriculture sector is allocated \$18.4 billion in 2020.

a. Sugar

4.137 Mr. Speaker, a viable and sustainable sugar industry is our long-term goal. Our Government will work to solve the problems of the industry holistically. We will be re-opening the Enmore, Rose Hall and Skeldon Estates in a phased approach. That is, we will carry out an assessment on the state of the assets and the level of reinvestment to be done, starting with an initial allocation of \$3 billion, in 2020, for critical works, with an additional \$2 billion being made available should works progress. As for the Wales Estate, works have commenced to create opportunities and employment under the newly established Wales Development Authority. The Guyana Sugar Corporation (GuySuCo) will concentrate its efforts to ensure it achieves, in the short-term, a break-even status. We will ensure better management by appointing a new, competent and skilled Board of Directors. We will ensure greater efficiency through the necessary re-tooling, product diversification and retraining where necessary.

b. Rice

4.138 Mr. Speaker, the previous Administration neglected our rice farmers, under the premise of “rice is a private business”. For us in the PPP/C Government, rice is a Guyanese business. Our Government will support the farmers and millers with a view of expanding the rice industry.

4.139 Action will be taken to ensure the reversing of the draconian fees for land rents, drainage and irrigation, and restoring adequate budgetary support for the maintenance of drainage and irrigation systems, as well as farm-to-market roads, which will benefit rice farmers including those involved in the cultivation of other crops. To this end, this Government has taken the decision to reverse increases in land lease fees for lands under cultivation, and land taxes and drainage and irrigation charges, back to their 2014 position. Further, the Mahaica/Mahaicony/Abary-Agricultural Development Authority has been provided with a capital injection of \$112.9 million to undertake critical drainage and irrigation works within the area, which will see improvements for farmers, and will also bring additional lands to a usable state.

4.140 Mr. Speaker, the Guyana Rice Development Board will continue to expand and secure new markets for paddy and other by-products; increase productivity through research and development into new strains, and robust pest control measures; continue seed paddy production with enhanced extension and quality control; and, involve all stakeholders, working together to increase productivity.

c. Other Crops

4.141 Mr. Speaker, COVID-19 has affected the demand for and supply of agricultural produce, which, in turn, has significantly reduced the income of farmers. To provide relief to our struggling farmers, we have reversed land lease fees, land taxes and drainage and irrigation fees to 2014 rates as previously mentioned. Additionally, we have removed VAT on fertilisers, agro-chemicals and pesticides. Further, the National Agricultural Research and Extension Institute (NAREI) in a quest to reduce the cost of inputs and at the same time promote climate-smart agriculture, will expend \$15.8 million for the acquisition of shade house materials and sprinkler hoses. NAREI will sell the materials to farmers at cost price, saving farmers over 33 percent (\$5 million). The monies from this investment will be utilized as a revolving fund for future purchases of required materials for farmers.

4.142 We will continue to promote agricultural diversification with a focus on coconut, and horticulture by engaging NAREI and Hope Coconut Estate. The coconut industry will be given prominence by promoting expansion in acreages, inter-cropping, utilisation of coconut by-products, and increasing production and productivity. In 2020, to increase access and reduce the cost of coconut planting material, we will establish 2 coconut nurseries, at Charity on the Essequibo Coast and Kairuni on the Soesdyke-Linden Highway, with the capacity to produce 25,000 additional seedlings per year. In addition to NAREI and Hope Estate providing planting materials, farmers will receive training in how to establish their own nurseries.

4.143 Mr. Speaker, this Administration will work to guarantee our food security, as well as that of our CARICOM brothers and sisters. We will continue to actively promote crop diversification and create incentives for farmers to invest in non-traditional crops, such

as corn and soybeans. We will also promote value-added activities as well as the export of produce, to ensure our agriculture sector continues to expand and farmers are able realise higher incomes. To this end, this Budget will introduce tax concessions on investment in agro-processing facilities, cold storage and packaging.

d. Livestock

4.144 Mr. Speaker, we will continue to invest in the development of the livestock industry and ensure there is sufficient throughput in the sector for food and nutrition security and for market demand. Emphasis will be on improving genetic and research capacity of farms, and interventions to provide appropriate breed stock.

4.145 Mr. Speaker, we are moving to improve standards and bring down production costs in this industry. To this end, we will continue projects such as the abattoir at Onverwagt, West Coast Berbice, and review other projects in the pipeline in order to prioritise those most transformative for the sector. With regards to reducing production costs, we have already removed VAT on key inputs in the poultry industry, in addition to reverting it to zero-rated status, and created incentives for the production of corn and soybeans, key feedstock inputs.

e. Fisheries

4.146 Mr. Speaker, Government will provide much needed support to the fisheries industry, intensify the monitoring and surveillance capabilities, and promote sustainable fishing through improved management. Emphasis will be placed on working to revert the US ban on catfish.

f. Drainage and Irrigation

4.147 Mr. Speaker, a core component of providing an enabling environment for agricultural development is to provide better drainage and irrigation (D&I) infrastructure. Due to the fact that the majority of our population and agriculture activity

is concentrated on the low coastal plain, and the increasing incidence of overtopping due to sea-level rise and excess rainfall, heavy expenditure is being made to address the deficiencies in our D&I systems and to manage water in a structured manner. To this end, Government has budgeted over \$9 billion.

4.148 Over 1,200 acres of farmland in West Watooka, Linden will benefit from D&I works in 2020. Additionally, we will commence plans for the design of pump stations at Cottage, Adventure, and Andrew, as well as the design of farm-to-market roads, with the intention of upgrading the existing mud dam access to farm-to-market access roads at Villages 52-58, Region 6, Right Bank Mahaicony, Left Bank Mahaica, and Salem, Region 3. Further, our drainage capacity will be bolstered this year with the installation of 12 high capacity drainage pumps for Regions 2, 3, 4, 5 and 6.

#### **K. Labour and Decent Work**

4.149 Mr. Speaker, Guyana's labour force is in constant flux, but more recently, statistics from the quarterly Labour Force Survey, published by the Bureau of Statistics, reveal a declining labour force participation rate, falling from 54.5 percent in quarter 4 of 2017, to 49 percent in quarter 4 of 2019. Over the same period, the unemployment rate increased from 12.2 percent to 13.4 percent.

4.150 Mr. Speaker, our government has promised to reverse the unemployment rate over the next 5 years through the creation of 50,000 jobs. Creation of a stand-alone Ministry of Labour is this Administration's clear recognition of the need to place priority focus on design and compliance with labour standards, rules and regulations across all sectors. The application of rules in the context of managing within a pandemic will also be maintained, in consultation with our unions, even as we work to ensure expanded employment opportunities and skills development of the labour force. Sustainable job creation that supports the socio-economic objectives within in a low carbon development trajectory will shape our Government's delivery through strong and effective labour administration's services.



4.151 The aggressive promotion of decent work to ensure an improved quality of life for workers in both the public and the private sectors is non-negotiable, while being conscious of the emergence of a new sector and its related impact on the production profile of our economy. In this new dynamic environment, while welcoming international companies, we will not compromise on compliance with our local laws, occupational health and safety regulations and the basic principles of equal pay for equal work.

**A. Real Gross Domestic Product**

5.1 Mr. Speaker, in the first half of 2020, Guyana's real economy is estimated to have grown by 45.6 percent, driven by the petroleum sector. However, the non-oil economy contracted by 4.9 percent, with significant declines recorded across many major industries. This was, in part, due to the protracted General and Regional Elections, but also a result of the significant reduction in economic activity after the introduction of several emergency measures in the second quarter to curb the spread of COVID-19. These measures saw restrictions being imposed on the movement of persons and operation of non-essential businesses, which, in turn, led to a reduction in household income.

5.2 While there was a phased relaxation of measures in the third quarter, a surge in COVID-19 cases in August has necessitated the reintroduction of more stringent measures. The need to constantly monitor and readjust emergency measures in response to the spread of COVID-19 amplifies uncertainty surrounding the economic performance of various industries for the remainder of this year. As such, a few different scenarios are considered in forecasting growth and other macroeconomic indicators for 2020. Real GDP is expected to grow by between 48.4 percent and 51.2 percent, while the non-oil economy is expected to contract by between 1.4 percent and 4.3 percent

**a. Agriculture, Forestry and Fishing**

5.3 Mr. Speaker, at the 2020 half-year, the agriculture, forestry and fishing industries contracted by 4.1 percent as a result of lower production in the other crops, livestock, forestry and fishing industries. While some of these industries are expected to perform better in the second half, as a whole, the agriculture, forestry and fishing industries are projected to decline by between 0.1 percent and 2.3 percent in 2020.

5.4 Turning to specific industries, sugar, which expanded by 10.4 percent at the half-year, is expected to grow by between 10 percent and 15.4 percent. Expansion is also

expected in rice growing, with forecasts for second crop production anticipated to result in growth of between 2 and 3.5 percent. The livestock industry, which contracted by 2.3 percent at the half-year, is expected to rebound in the second half to realise growth of between 0 percent and 2.4 percent in 2020. Similarly, the other crops, forestry, and fishing industries are expected to see improvements in the second half of the year: other crops is forecasted to contract by between 1 percent and 3 percent, better than the decline of 4.7 percent at the half-year; forestry is projected to contract by between 11.8 percent and 15 percent, an improvement over the half-year contraction of 20.8 percent; and, fishing is projected to contract by between 3.5 percent and 10 percent, above the contraction of 12.1 percent at the end of June.

b. Extractive Industries

5.5 Mr. Speaker, at the 2020 half-year, the mining and quarrying industries expanded by 343.7 percent, driven by the petroleum industry, and, to a lesser extent, the gold mining industry. This offset significant contractions in the bauxite mining and other mining industries during the same period. These industries are expected to expand by between 320.6 percent and 324.3 percent in 2020.

5.6 Mechanical faults have resulted in erratic oil production volumes this year, which has posed challenges to projecting the outturn for this industry. The daily rate of production is expected to be just under 87,000 barrels of oil per day, well below initial projections of more than 100,000 barrels.

5.7 The gold mining industry, which expanded by 2.1 percent at the half-year, also experienced some setbacks, particularly with the two large scale companies, who together reported a 36 percent decline in production, when compared with the same period in 2019. While large scale production is expected to continue to dwindle in the second half, the output of small and medium scale miners, in response to higher prices, is expected to bolster production, pushing growth to fall between -2 percent and 0.7 percent.

5.8 Mr. Speaker, the bauxite industry continues to face reduced global demand for its output, which, in addition to the stoppage of mining by one company, resulted in a contraction of 42.3 percent at the half-year. This industry is expected to contract by between 40 and 51 percent in 2020. Similarly, the other mining industries also saw a significant contraction at the half-year, by 56.8 percent, as a result of lower demand. However, the resumption of construction activities is expected see improved output in the second half, resulting in a less severe contraction of between 20 percent and 30 percent in these industries.

c. Manufacturing

5.9 Mr. Speaker, the manufacturing industries contracted by 0.2 percent at the half-year, despite expansions in sugar and rice manufacturing, by 14.2 percent and 7.2 percent respectively. This was due to a significant contraction, of 5.7 percent, in the other manufacturing industries. While the output of these industries is expected to improve in the second half amidst growing demand, other manufacturing is still expected to contract by between 1 percent and 5 percent in 2020. Overall, the performance of the manufacturing industry in 2020 is projected to fall between a contraction of 1.4 percent and an expansion of 1.9 percent.

d. Construction

5.10 Mr. Speaker, at the half-year, the construction industry contracted by 5.6 percent, despite the emergency measures gazetted in April which were expected to result in a more severe decline. While the formal easing of restrictions on construction activities in the second half, and the resumption of public sector construction, should not result in a significant decline in the industry, it is still expected to contract, by between 4 and 7 percent in 2020.

e. Services

5.11 Mr. Speaker, the service industries, which are expected to be worst hit by the emergency measures to curb the COVID-19 pandemic, contracted by 3.8 percent at the half-year, with most industries suffering severe contractions. Wholesale and retail trade and repairs contracted by 14.7 percent, transport and storage by 25 percent, accommodation and food services by 32.9 percent, professional, scientific and technical services by 20.7 percent, administrative and support services by 5.3 percent, arts, entertainment and recreation by 45.8 percent, and other services by 51.2 percent.

5.12 Mr. Speaker, while the conclusion of the General and Regional Elections has led to improved consumer sentiment and an expectation of improved performance in some of the service industries, the unpredictability of the COVID-19 pandemic threatens to dampen any recovery. As such, service industries are forecasted to contract by between 0.7 percent and 3.5 percent, in 2020.

**B. Monetary Policy and Inflation**

5.13 Mr. Speaker, for December 2020, the money supply is expected to amount to \$530.9 billion, reflecting year-on-year growth of 15.1 percent. Further, total private sector credit at the end of 2020 is forecasted to reach \$265.7 billion, 4.8 percent above the position at the end of the previous year, while total public sector credit is anticipated to reach \$121 billion, growing by 54.3 percent year-on-year. These are expected, amid the recently announced COVID-19 measures, to encourage borrowing by the private sector, as well as the continued implementation of the Public Sector Investment Programme upon approval of this 2020 National Budget.

5.14 Mr. Speaker, the fuel and power, and operation and personal transport subcategories of the CPI declined notably in March, April and May 2020 amid low energy prices. As a result of these declines, the December 2020 12-month inflation rate is anticipated to range between -0.23 percent and 0.07 percent, while the average 2020 12-month rate is expected to vary between 0.49 percent and 0.54 percent.

## **C. Balance of Payments**

5.15 Mr. Speaker, the overall balance of payments is expected to register a lower deficit in 2020, of US\$21 million, compared to the US\$48.9 million in 2019. This is on account of a projected improvement in the current account deficit, offsetting an anticipated contraction in the capital account surplus.

5.16 The capital account surplus is projected to reduce by 54.1 percent or US\$956 million, to US\$810.6 million, mainly due to a decline in medium and long-term capital.

5.17 The current account deficit is expected to contract by 53.9 percent or US\$971.1 million, to US\$831.6 million, supported by projections of higher export earnings, lower import payments as well as higher net unrequited transfers. However, the deficit on the net services account is expected to expand.

5.18 Mr. Speaker, export earnings are projected to increase by 58.4 percent to US\$2,482.9 million, supported by the exports of crude oil in 2020. Continued growth is projected in the export earnings of rice and paddy, and gold, of 10 percent and 15.8 percent, respectively. These are expected to offset an anticipated decline in export earnings from the other sectors. Import payments are projected to reduce by 22.6 percent, to US\$2,338 million, while net unrequited transfers are projected to increase by 20.1 percent, to US\$698.1 million, attributed to higher expected net inflows of worker's remittances.

## **D. Targets for the Non-Financial Public Sector**

### **a. Central Government Operations**

5.19 Mr. Speaker, in 2020, Central Government current revenue is estimated at \$226.5 billion, 5.9 percent or \$14.1 billion, below 2019 collections, as a result of lower anticipated collections from both tax and non-tax revenue sources. Tax revenue, in 2020, is estimated at \$214.5 billion, \$11.4 billion less than the \$226 billion collected in 2019. This is on

account of reduced economic activity and the introduction of measures by GRA to reduce the burden on both businesses and individuals, amid the COVID-19 pandemic.

5.20 In April of this year, in light of the COVID-19 tax relief measures, which include the extension of critical deadlines and waiver of value-added tax (VAT), duties and excise taxes on some goods and services, GRA revised the 2020 estimated collections. The Authority's revision included: 1) lower expected collections from self-employed income tax and corporation tax on account of reduced profits from current year basis, and deferred payments owing to the deadline extensions; 2) reduction in estimated collections from travel tax and travel voucher tax due to international travel restrictions; 3) lower collections of VAT as a result of reduced remittances from utility companies and reduced economic activity; and, 4) reduction in estimated collections of excise tax on petroleum products owing to low worldwide prices for fuel and increasing exemptions to major companies.

5.21 Mr. Speaker, in light of the above, the expected decline in tax revenue could be attributed to lower collections from three divisions: excise tax, customs and trade administration and VAT. Excise tax collections are projected to decline by 26.9 percent, or \$11.8 billion, in 2020, largely as a result of lower collections from the importation of petroleum products. Customs and trade taxes are anticipated to decline by 9.6 percent, or \$2.4 billion, mainly as a result of a 10 percent, or \$2.2 billion, fall in collections from import duties due to lower economic activity amid the pandemic and protracted General and Regional Elections. A much smaller decline is expected in VAT. This tax type is projected to decline by 0.1 percent, or \$57.7 billion on account of lower collections of VAT on imports. Unfortunately, the anticipated 47 percent and 14.3 percent increase in withholding tax and PAYE collections, respectively, will not be large enough to offset declines in the other tax divisions.

5.22 Non-tax revenues are projected to decline by 18.3 percent, or \$2.7 billion, to reach \$11.9 billion in 2020, on account of lower collections of rents and royalties, fees, fines and charges, special transfers and Bank of Guyana profits. These revenue categories are

expected to decline by 27.5 percent, or \$1.3 billion, 38.1 percent, or \$610.2 million, 17.2 percent, or \$500 million, and 21.6 percent, or \$405.8 million, respectively.

5.23 Mr. Speaker, Central Government total expenditure is expected to increase by 13.4 percent to reach \$320.3 billion in 2020, when compared with 2019. This position is mainly the result of anticipated expenditure for COVID-19 relief, and a growing Public Sector Investment Programme.

5.24 Non-interest expenditure is projected to increase by 15.6 percent to \$240 billion, driven by growth in all subcategories: employment costs, other goods and services and transfer payments. Employment costs are expected to rise by 9.1 percent, or \$6.3 billion, when compared with 2019, on account of higher expenditure on wages and salaries and benefits and allowances. Expenditure on other goods and services is projected to increase by 18.8 percent, or \$10.9 billion, largely due to a significant increase of \$7 billion in expenditure on drugs and medical supplies aimed at alleviating drug shortages and limiting the transmission and detrimental effects of COVID-19. Transfer payments are expected to grow by 18.7 percent, or \$15.2 billion, when compared with 2019, mainly due to increases in subsidies and contributions to local organisations largely affected by the pandemic, and an increase in social assistance. Subsidies and contributions to local organisations are expected to increase by \$7.5 billion to \$43.8 billion, and expenditure on social assistance by 36.4 percent, to \$19.9 billion.

5.25 Mr. Speaker, capital expenditure is projected to increase by 8.8 percent, or \$5.8 billion, to reach \$72.1 billion, in 2020. Expenditure on donor-funded projects are expected to grow by 19.6 percent, or \$3.7 billion, and locally-funded projects by 4.4 percent, or \$2.1 billion. Increased expenditure on donor-funded activities will be driven by the transport and communication and construction sectors, and the locally-funded PSIP, by the power generation and health sectors, as a result of a \$10.8 billion loan to GPL, as well as COVID-19 related expenditure.

5.26 The overall deficit is projected to be 6.5 percent of GDP, compared with 2.8 percent at the end of 2019. This deficit represents 8 percent of non-oil GDP.



5.27 Mr. Speaker, though this Budget is being presented near the end of the third quarter of the year, much expenditure would have been accumulated in the first half of the year to ensure the continuation of multi-year projects and programmes, and provision of public services in the middle of the pandemic. The size of Budget 2020 is **\$329.5 billion**, which is 9.6 percent, or \$28.8 billion, above that of 2019.

b. Summary Operations of the Public Enterprises

5.28 An overall deficit of \$4 billion is projected for the public enterprises in 2020, a 57.1 percent improvement from the \$9.4 billion deficit recorded at the end of 2019. This is attributed to higher expected revenue, combined with lower operating expenses. Higher forecasted receipts are largely driven by GPL, GuySuCo and NIS, whose revenues are expected to grow by 58.2 percent, or \$18.5 billion, 9.6 percent, or \$1.7 billion, and 2.5 percent, or \$625.5 million, respectively, when compared with 2019. Lower expenditure is expected mainly from GuyOil, whose payments are anticipated to fall by 27.9 percent, or \$9.9 billion, when compared with 2019.

6.

## **Measures**

6.1 Mr. Speaker, in order to stimulate the economy, an array of measures will be introduced to increase production and put Guyanese back to work, as we continue to combat the impact of the COVID-19 pandemic. These initiatives are aimed at creating incentives, reducing costs and bureaucracy, and facilitating greater ease of doing business, and will have an impact on people's quality of life, cost of living and well-being.

### **a. Measures to Support COVID-19 Frontline Workers**

6.2 This Government understands and appreciates the sacrifices being made by our frontline workers to ensure that fellow Guyanese remain safe and protected. As such, Government has set aside a budgetary allocation of \$150 million to support these workers. Additionally, to support our men and women in uniform, a two weeks tax-free bonus will be made available to the Joint Services, in recognition of their service during this difficult time.

### **b. Measures to Reduce the Cost of Living and Increase Disposable Income**

#### **i. Reversal of VAT on Electricity and Water**

6.3 Mr. Speaker, the provision of basic utilities – namely electricity and water – impacts every household, every community and every business. The need to generate power at lower costs to our people has always been a priority for our Administration. The added pandemic situation and economic slowdown placed additional financial burdens on households and businesses. Our Government recognised the need to bring immediate and much needed relief to households and to place money back into the pockets of people and businesses. Reducing the cost of operations for manufacturing and food production and the whole range of industries will serve to stimulate economic activity. I am pleased to advise, that you can all look forward to your electricity and water bills no longer having a 14 percent added on to the cost of actual consumption and that with effect from October

1<sup>st</sup>, 2020 value added tax on electricity and water will be reversed, increasing the income of households and businesses.

- ii. Mortgage Interest Relief – Interest Incurred on Housing Loan up to \$30 million to be Deductible from Income Tax

6.4 Mr. Speaker, in 2013, the PPP/C Administration introduced mortgage interest relief (MIR) to first time low- and middle-income homeowners to help them realise their dreams of becoming homeowners. The intention of the relief was to make the portion of these homeowners' taxable income utilised to pay interest on their housing loans exempt from personal income tax and was applicable to loans of up to \$30 million. In 2017, however, the APNU-AFC Administration revised the MIR to make it accessible to taxpayers whose mortgages do not exceed \$15 million.

6.5 Our Government will return the MIR to its original level. Homeowners who occupy their properties will now have access to MIR on housing loans of up to \$30 million, \$15 million above the existing threshold. As such, interest incurred on loans up to \$30 million, will now be tax-deductible from their income tax. This will help to reduce the cost of homeownership to new homeowners and young professionals.

- iii. Increase the Limit for Low Income Loans for Corporate Tax Relief in the Banking Sector from \$8 million to \$10 million

6.6 Mr. Speaker, it is crucial, now more than ever, for Government to stimulate the economy. I am pleased to announce that our engagements with the local banking sector have been fruitful, and Government will be granting corporate tax relief for the banks for low income loans, which will allow low-income households to borrow up to an additional \$2 million at a lower interest rate.

iv. Provision of \$25,000 COVID-19 Relief Per Household

6.7 Mr. Speaker, Government is cognisant of the impact the COVID-19 pandemic has had on life in every single community. While some communities may not feel the impact as significantly as others, the damage to local economies is real. As such, Government has set aside \$25,000 per household for COVID-19 relief. It is our hope that this can help in some way to support families ensuring that all Guyanese are able to put basic food items on the table. For this initiative, an allocation of \$4.5 billion has been made in Budget 2020.

v. Allowed Importation of Half-Cut Vehicles, Vehicles over 8 Years Old and Used Tyres

6.8 Mr. Speaker, you will recall that in 2017, the previous Administration imposed a measure that barred the importation of used tyres. The reversal of this policy, along with the allowance of the importation of vehicles more than eight years old, will now make vehicle ownership more affordable and accessible.

vi. Removal of VAT on Building and Construction Materials

6.9 This Government will remove VAT on building and construction materials where VAT was imposed after 2014. A major plank of our development path is the construction sector. Of key importance is ensuring there are opportunities for our people to become homeowners and spend less to own those homes. Additionally, a major component of our future development is infrastructure transformation, and this measure will provide much needed stimulation of the construction sector, which has tremendous potential for creating new jobs and opportunities.

vii. Removal of VAT on Cellular Phones

6.10 Mr. Speaker, recognising that mobile devices have become a more integral tool for learning and for economic activity within communities, Government is removing VAT on the purchase of cellular phones.

viii. Reduction in License Fee by 50 Percent for Any License that was Increased After 2014.

6.11 Mr. Speaker, this is yet another measure that will undo the burdensome fees and taxes imposed in the last 5 years.

**c. Measures to Improve the Provision of Education and Health**

i. Removal of 25 percent Corporate Tax on Education

6.12 Mr. Speaker, ensuring expanded access to quality education is paramount. To stimulate the expansion of affordable quality education, for those who choose to undertake study at a private institution, Government has decided to remove the 25 percent corporate tax on private education. This will also make it a more profitable venture to attract quality educational investments which will result in greater access to learning opportunities across all fields of study here at home, for both local and foreign students, while generating critical skills needed to realise our country's accelerated development trajectory.

ii. Removal of 25 percent Corporate Tax on Health and VAT on Medical Supplies.

6.13 Similarly, Government is removing the corporate tax on private health care as well as VAT on medical supplies. This will help to make private health care more affordable to the average Guyanese, especially for those who wish to have a choice of health care providers. This will also help to attract other specialty health services to the country.

#### **d. Measures to Incentivise the Extractive Industries**

##### **i. Removal of VAT on Machinery and Equipment**

6.14 Mr. Speaker to support the recapitalization of the industries and reduce the cost of production, especially in the areas of mining, forestry, agriculture and manufacturing, I am pleased to advise that with effect from October 1<sup>st</sup>, 2020 VAT on machinery and equipment will be removed. Farmers can now purchase such items as tractors and trailers and combines VAT free to boost production. Forestry operators can procure such items as chainsaws, tractors and skidders. Chainsaws used for ripping boards at the stump can produce wood at significantly reduced cost than traditional mills and allows for improved incomes of hinterland and rural communities. Small and medium scale miners can now purchase such items as excavators and bulldozers, mechanical recovery equipment, to name a few, VAT free, and manufacturers can realign gains from zero VAT to retool for improved productivity and reduce capital investment costs.

6.15 Further, Mr. Speaker, existing producers and new investors no longer have to waste valuable time to go through GO-Invest for VAT free approvals; so, the ease of doing business in Guyana is immediately improved.

##### **ii. Removal of VAT on All Terrain Vehicles for Mining, Forestry, Agriculture and Manufacturing**

6.16 In our vast hinterland areas as well as in some coastal areas, the need for ATVs to support the productive and service sectors is critical for more efficient production and mobility. Mr. Speaker, with effect from October 1<sup>st</sup>, 2020 the removal of the 14 percent VAT on ATVs will make the asset affordable and further support the capitalisation efforts across the key sectors.

iii. Reversal of VAT on Exports

6.17 Mr. Speaker, the reversal of VAT on exports seeks to alleviate the burden of input VAT paid on cost component relevant to the production of the export product. Currently, because exporters such as those in the fishing, rice and timber industries, among others, are in the exempt category and cannot be registered for VAT, they cannot reclaim input/purchase VAT on monies expended on costs in pursuant of production. This will be corrected and will take effect from October 1<sup>st</sup>, 2020, providing immediate support to our manufacturing sector and our exporters. A reduction in costs of production will make manufacturing enterprises more competitive and profitable, thereby stimulating expansion across sectors and creating employment opportunities.

iv. Removal of Police Clearance requirement for Miners to Transport Fuel in Their Own Vehicles and Removal of Requirement to Register and Take Out Road License for Mining Equipment.

6.18 Mr. Speaker, the PPP/C Administration has just removed the requirement for police clearance for miners to transport fuel in their own vehicles. No longer is red-tape required for the straightforward movement of one's own fuel when travelling across Guyana. Complementing this is the removal of the requirement to register and secure a road license for mining equipment. Our miners can now better streamline and plan their activities without the bureaucratic, time consuming, exercise of these administrative actions.

v. Change of Log Export Policy to Allow Saw Millers to Export Logs

6.19 Mr. Speaker, we have altered the national policy on log exports to allow saw millers to export logs as well. Not only will this allow for enhanced trade, but small loggers will now have an opportunity to expand the range of species produced and gain access to additional markets.

**e. Measures to Support our School Children**

6.20 Mr. Speaker, effective January 1<sup>st</sup>, 2021, Government will introduce a \$15,000 cash grant for school children to bring help to families and to children by which time, they will hopefully be returning to school.

6.21 Additionally, the uniform voucher allowance will be doubled to \$4,000 per child.

**f. Measures to Support our Senior Citizens**

6.22 Mr. Speaker, also effective January 1<sup>st</sup>, 2021, Old Age Pensions will increase from \$20,500 to \$25,000, allowing \$4.4 billion, on annualised basis, to be injected into the disposable income of our senior citizens.

6.23 Pensioners will also benefit from free water service, which will also improve their disposable income.

**g. Measures to Promote Agricultural Development**

- i. Reversal of Land Lease Fees Across All Sectors and Water Charges Back to 2014 Rates, and the Reversal of Land Taxes and Drainage and Irrigation Charges Back to 2014

6.24 Mr. Speaker, land lease fees represent annual costs to farmers, manufacturers and other productive sector operators. Reversing the increases imposed over the last five years to the 2014 levels will significantly reduce these costs, which grew by between 67 percent and 1,900 percent. This would impact all segments of the population who are leasing land to support economic activity and in turn benefit all activities and related linkages to these productive sectors. Additionally, the agriculture sector will see a further benefit from the reversal of water and drainage and irrigation charges back to 2014 levels.



- ii. Removal of VAT on Fertilisers, Agrochemicals, Pesticides, and Key Inputs in the Poultry Industry and Zero-Rating of the Poultry Industry

6.25 In order to ensure that all inputs into poultry production are made affordable, with effect from October 1<sup>st</sup>, 2020 there will be no VAT on fertilisers, agrochemicals, pesticides and key inputs in the poultry sector including poultry feed, building materials and packaging. We will also be reverting the poultry industry to zero-rated VAT status. This will boost the sector's production across small, medium and large-scale producers. Poultry farmers across the country can now accelerate expansion plans so that they can take advantage of the increased demand for poultry while keeping prices to consumers affordable.

- iii. Tax Concessions on Investment in Agro-Processing Facilities, Cold Storage and Packaging

6.26 Mr. Speaker, Government will be affording tax concessions on investments in agro-processing facilities, cold storage and packaging. This will serve to incentivise much-needed growth in value-added production within the agriculture sector. Facilitating these types of investments would yield higher-value products which, in turn, would result in improved earnings and economic growth.

- iv. Special Incentives to be Made Available for Planting of Corn and Soybean

6.27 Mr. Speaker, the promotion and expanded production of non-traditional crops is a key aspect of our agricultural and, wider economic diversification policy. To that end, special incentives, inclusive of land, will be made available for planting of corn and soybean to satisfy local and regional mill demands. It is our intention to ensure that no effort is spared in diversifying our economy, cognisant of the potential of Dutch Disease.

- v. Allocation of \$3 billion for the recapitalisation of GuySuCo and an Additional \$2 billion as Required.

6.28 Mr. Speaker, this support to GuySuCo is intended to allow for the financial outlay required towards the reopening of estates and to cater for deferred/delayed recapitalisation.

#### **h. Measures to Support our Amerindian Brothers and Sisters**

6.29 Mr. Speaker, key among Government's priorities for the development of Amerindian communities are:

- i. The implementation of a programme that will see 25,000 solar units being distributed;
- ii. \$800 million for the ADF which will include the reintroduction of the CSOs programme aimed at developing young Amerindians in various villages and communities by building capacity and strengthening their individual interests, while creating job opportunities for approximately 2,000 youth;
- iii. \$300 million from the ADF for investments in productive assets including tractors, trailers and agriculture tools;
- iv. \$10 million for commencement of the design of the National Toshias' Council Headquarters; and,
- v. Resumption of the Amerindian Land Titling programme.

#### **i. Measures to Promote Sports Development**

6.30 Mr. Speaker, this Government is committed to the growth and development of our young people, our sportsmen and women, in finding new talents and supporting every region of our country. To this end, we will be constructing three multi-purpose sports complexes in Regions 2, 6 and 10.

**j. Measures to Support Tourism**

6.31 Mr. Speaker, in anticipation of both the recovery from the current economic downturn and the expanded economic activity from the growing petroleum sector, it is projected that increased hotel development will bring significant employment opportunities and income. For this, a special incentive package is being developed to attract new investments that will result in four new hotels in the coming.

**k. Measures to Reduce Travel Costs to the Hinterland**

6.32 Mr. Speaker, accessing our hinterland has always been a cost burden for many of our people. Measures to reduce these costs are important to our Government and the first among these would be the removal of VAT on hinterland travel. This will immediately reduce the cost of transporting cargo and personal travel for our hinterland brothers and sisters, the business community, including the mining sector and tourism sectors, especially air service operators, and anyone who needs to travel from coast to hinterland. Thanks to His Excellency your ticket to travel to Guyana's hinterland is now VAT free!

7.

## **Conclusion**

7.1 Mr. Speaker, notwithstanding our rather disturbing findings upon taking the reins of Government a mere 35 days ago, we confronted the challenge of recharting Guyana's course by laying an emergency Budget in this Honourable House.

7.2 The year 2020 has been a complicated and difficult one for us as Guyanese. We have gone through testing times as a nation, given our own internal struggles, of living together as one people; but, it is clear that we have one destiny. As Guyanese, we must all make every effort to heal and to move forward together, as we consolidate our national position in order to achieve our development trajectory ahead.

7.3 The pandemic presents an additional crisis that will continue to affect all spheres of our lives; and, as we adapt to this new normal, one lesson rings true: how we act as individuals will ultimately impact the lives of those around us, whether we apply that to the prevention of the spread of COVID-19, or to our engagement as mutual respecting citizens of our beloved country. Budget 2020 offers hope and relief in its measures, and programmes and projects. It reflects our Government's fierce dedication to ensuring a better quality of life for all Guyanese.

7.4 Mr. Speaker, our Government will continue to fiercely defend our cherished democracy as we have recently done, and we will always champion upholding the rule of law.

7.5 We will continue, as always, to secure working partnerships with our private sector – from the fruit vendors to the rum producers, farmers to fishers, miners to millers, air service providers to minibus drivers. We will work within the public sector with all diligent public servants, including soldiers, police, educators, and health workers – especially those who are on the frontline – to ensure effective delivery of public services to all Guyanese, particularly at this crucial time.

7.6 Our Plan for Prosperity, despite the challenges, has taken root in this emergency Budget, and Budget 2021 will outline the transformative agenda for the medium-term – one that is inclusionary and participatory in its architecture and implementation.

7.7 We have to intentionally work on reversing the trend within our socio-political landscape, and I am reminded of a quote by William J. Brennan, Jr., Former Associate Justice of the U.S. Supreme Court, – “We must meet the challenge rather than wish it were not before us.”

7.8 Mr. Speaker, may we all collectively rise to the challenge of being true Guyanese, and together, realise Our Plan for Prosperity that is truly representative of all Guyanese.

7.9 I thank you, Mr. Speaker.

# APPENDIX I

## SELECTED SOCIO-ECONOMIC INDICATORS

INDICATORS	2015	2016	2017	2018	2019
<b>1.10 NATIONAL ACCOUNTS AGGREGATES</b>					
1.11 Growth Rate of Real GDP (2006 Base) (%)	3.2	2.6	2.1	4.2	...
1.12 Growth Rate of Real GDP (2012 Base) (%)	0.7	3.8	3.7	4.4	5.4
1.13 GDP at Current Basic Prices (US\$M) (2006 Base)	2,775.9	3,045.8	3,068.0	3,186.0	...
1.14 GDP at Current Basic Prices (US\$M) (2012 Base)	4,284.3	4,445.3	4,621.1	4,675.4	5,026.1
1.15 GNP at Current Basic Prices (US\$M) at 2006 Base	2,751.2	3,050.4	3,080.0	3,230.9	...
1.16 GNP at Current Basic Prices (US\$M) at 2012 Base	4,309.0	4,440.8	4,609.6	4,647.7	4,979.5
1.17 Per capita GDP (US\$) at 2006 Base	3,741.2	4,096.6	4,127.0	4,223.2	...
1.18 Per capita GDP (US\$) at 2012 Base	5,774.0	5,979.2	6,233.3	6,120.4	6,553.1
1.19 Per capita GNP (US\$) at 2006 Base	3,707.9	4,102.8	4,142.0	4,282.8	...
1.20 Per capita GNP (US\$) at 2012 Base	5,807.3	5,973.1	6,217.8	6,084.1	6,492.3
1.21 Gross National Disposable Income (US\$M) at 2006 Base	2,940.1	3,370.8	3,361.0	3,520.2	...
1.22 Gross National Disposable Income (US\$M) at Current Purchaser's Price	4,704.9	4,805.6	4,902.8	5,167.1	5,607.6
1.23 Private Consumption as % of Gross Domestic Expenditure at 2006 Base	65.9	57.0	59.0	49.0	...
1.24 Public Consumption as % of Gross Domestic Expenditure at 2006 Base	14.3	15.7	15.0	15.0	...
<b>2.0 EXTERNAL TRADE AND FINANCE (US\$M)</b>					
2.1 BOP Current Account Balance	(177.4)	27.6	(290.5)	(1,438.8)	(1,802.8)
2.2 Imports of Goods and Non-Factor Services (G&NFS)	(1,916.8)	(1,928.2)	(2,177.6)	(3,437.0)	(4,129.6)
2.3 Exports of Goods and Non-Factor Services (G&NFS)	1,294.2	1,600.2	1,616.9	1,534.3	1,792.0
2.4 Resource Balance	(622.6)	(328.1)	(560.7)	(1,902.8)	(2,337.6)
2.5 Imports of G&NFS/GDP (%) at 2006 Base	69.1	63.3	71.0	107.9	...
2.6 Imports of G&NFS/GDP (%) at 2012 Base	44.7	43.4	47.1	73.5	82.2
2.7 Exports of G&NFS/GDP (%) at 2006 Base	46.6	52.5	52.7	48.2	...
2.8 Exports of G&NFS/GDP (%) at 2012 Base	30.2	36.0	35.0	32.8	35.7
2.8 Net International Reserves of Bank of Guyana	594.7	596.7	584.0	528.4	575.9
2.9 External Public Debt Outstanding	1,143.0	1,162.4	1,240.6	1,322.1	1,305.5
<b>3.0 PRICES, WAGES &amp; OUTPUT</b>					
3.1 Rate of Inflation (% change in CPI)	(1.8)	1.3	1.5	2.0	2.1
3.2 Public Sector Monthly Minimum Wage in (G\$)	50,000.0	55,000.0	60,000.0	64,200.0	70,000.0
3.3 % Growth Rate	17.1	10.0	9.1	7.0	9.0
3.4 Electricity Generation (in M.W.H)	750.7	790.3	859.5	818.1	872.5
<b>4.0 POPULATION &amp; VITAL STATISTICS</b>					
4.1 Mid-Year Population ('000)	742.0	743.5	741.4	763.9	767.0
4.2 Population Growth Rate (e.g.)	(0.3)	0.2	(0.3)	3.0	0.4
4.3 Net Migration ('000)	(4.5)	1.5	6.5	18.2	35.5
4.4 Visitor Arrivals ('000)	206.8	235.3	247.3	281.9	314.7
4.5 Crude Birth Rate (per 1,000 persons)	17.6	19.9	16.8	16.1	20.0
4.6 Crude Death Rate (per 1,000 persons)	6.8	6.9	6.6	6.5	7.5
4.7 Crude Marriage Rate (per 1,000 persons)	6.5	6.0	5.4	5.2	5.7
4.8 Infant Mortality Rate (per 1,000 live births)	21.8	21.5	19.9	...	...
4.9 Under 5 mortality Rate (per 1,000 live births)	22.5	21.2	21.5	...	...
<b>5.0 HEALTH AND EDUCATION</b>					
5.1 Public Expenditure on:					
5.1.1 Education as % of National Budget	16.0	17.5	17.2	16.7	11.9
5.1.2 Health as % of National Budget	9.5	11.9	12.5	17.6	12.3
5.2 Number of Physicians per Ten Thousand Population	14.1	17.5	11.3	13.5	16.3
5.3 Number of Nurses per Ten Thousand Population	31.4	36.2	37.8	36.9	28.6
5.4 Number of Hospital Beds per Ten Thousand Population	25.4	25.4	23.8	23.8	22.3
5.5 Low birth-weight babies (<2500g.) as a % of live births	11.9	7.4	10.0	9.0	8.1
5.6 Severely malnourished	0.6	0.5	0.9	0.4	0.2
5.7 Moderately malnourished	2.2	2.5	2.2	1.4	1.0
5.8 Overweight (%)	1.2	1.2	1.1	1.0	0.6
<b>6.0 IMMUNIZATION COVERAGE</b>					
6.1 1 year olds Immunized against DPT/ (Pentavalent) (%)	96.0	97.0	97.0	98.0	99.0
6.2 1 year olds Immunized against MMR, Yellow Fever (%)	90.6	100.0	100.0	100.0	92.0
6.3 1 year olds Immunized against polio (%)	96.0	94.0	94.0	98.0	97.0
6.4 1 year olds Immunized against TB, BCG (%)	90.0	95.0	97.0	98.0	97.0
<b>7.0 CRIME</b>					
7.1 Reported Serious Crimes	3,925.0	2,894.0	3,030.0	2,571.0	3,658.0
7.2 of which: Murder	149.0	142.0	115.0	111.0	134.0

# APPENDIX II

## GROSS DOMESTIC PRODUCT AT 2012 PRICES BY INDUSTRIAL ORIGIN

INDUSTRY	2012	2013	2014	2015	2016	2017	2018	2019
<b>Agriculture, forestry and fishing</b>	<b>211,234</b>	<b>219,803</b>	<b>236,671</b>	<b>244,364</b>	<b>217,221</b>	<b>244,734</b>	<b>260,963</b>	<b>259,670</b>
Growing of Sugar Cane	13,420	11,494	13,304	14,220	11,292	8,450	6,440	5,677
Growing of Rice	41,562	46,142	54,935	60,677	48,432	55,525	54,352	54,901
Growing of Other crops	105,691	110,618	116,262	118,709	111,795	133,986	149,136	149,522
Raising of Livestock	20,564	21,236	21,832	23,028	21,697	21,196	26,127	25,201
Forestry	17,554	18,517	21,473	19,060	14,040	15,224	15,430	14,821
Fishing	12,444	11,796	8,865	8,670	9,965	10,353	9,478	9,548
<b>Mining and quarrying</b>	<b>100,988</b>	<b>109,494</b>	<b>93,781</b>	<b>104,567</b>	<b>157,978</b>	<b>146,388</b>	<b>151,122</b>	<b>167,155</b>
Bauxite	12,965	12,159	11,303	8,841	9,391	9,677	11,582	11,784
Gold	82,392	90,363	72,786	84,723	133,869	122,796	115,746	119,255
Other mining and quarrying	5,235	6,597	9,155	9,009	11,925	9,322	14,737	15,811
Petroleum and gas; and support services	397	375	537	1,994	2,793	4,593	9,057	20,305
<b>Manufacturing</b>	<b>49,950</b>	<b>54,046</b>	<b>57,187</b>	<b>57,752</b>	<b>48,373</b>	<b>49,105</b>	<b>50,208</b>	<b>57,568</b>
Sugar	11,907	10,198	11,804	12,617	10,019	7,497	5,713	5,037
Rice	9,898	12,082	15,376	15,734	10,972	13,911	14,564	18,415
Other manufacturing	28,145	31,766	30,008	29,401	27,382	27,697	29,931	34,116
<b>Electricity supply</b>	<b>3,905</b>	<b>4,029</b>	<b>4,286</b>	<b>4,447</b>	<b>4,727</b>	<b>4,755</b>	<b>4,921</b>	<b>5,265</b>
<b>Water supply and sewerage</b>	<b>2,556</b>	<b>2,473</b>	<b>2,755</b>	<b>2,437</b>	<b>2,942</b>	<b>3,074</b>	<b>3,190</b>	<b>3,234</b>
<b>Construction</b>	<b>63,366</b>	<b>66,801</b>	<b>65,485</b>	<b>62,238</b>	<b>65,793</b>	<b>69,007</b>	<b>71,021</b>	<b>73,205</b>
<b>Services</b>	<b>357,054</b>	<b>363,004</b>	<b>373,286</b>	<b>371,821</b>	<b>381,080</b>	<b>391,745</b>	<b>403,182</b>	<b>419,928</b>
Wholesale and retail trade and repairs	81,866	76,300	75,458	66,128	67,410	71,754	74,509	78,234
Transport and storage	29,738	31,680	33,319	34,417	34,913	35,098	36,763	39,299
Accommodation and food services	2,915	3,081	3,121	3,127	3,245	3,410	3,684	3,886
Information and communication	18,678	19,274	20,751	20,827	20,955	21,495	22,166	22,388
Financial and insurance activities	34,649	38,087	40,383	43,015	44,216	44,823	46,702	49,114
Financial intermediation and other services	30,810	34,204	36,213	38,032	39,392	39,258	40,990	43,448
Insurance services and agents	3,839	3,883	4,171	4,982	4,824	5,565	5,711	5,667
Real estate activities	71,724	72,614	73,459	74,379	75,220	76,067	76,976	77,874
Professional, scientific and technical services	3,948	4,064	3,974	3,986	4,155	4,461	4,683	4,864
Administrative and support services	49,734	51,490	53,777	54,906	57,539	59,360	60,430	63,949
Public administration	30,758	32,072	33,121	34,065	35,147	36,101	36,985	38,985
Education	19,282	19,742	20,537	21,412	21,897	22,085	22,477	22,757
Human health and social work	7,985	8,684	9,418	9,570	10,283	10,846	11,309	11,943
Arts, entertainment and recreation	3,032	3,107	3,124	3,124	3,175	3,246	3,365	3,455
Other service activities	2,735	2,809	2,842	2,865	2,925	2,999	3,135	3,180
Less FISIM	15,451	17,651	18,386	20,266	21,545	20,700	20,370	21,911
GDP at basic prices	773,602	801,998	815,066	827,361	856,567	888,107	924,238	964,114
Taxes less subsidies on products	56,725	58,663	60,109	53,830	58,176	60,797	66,807	79,979
Total GDP at purchaser prices	830,326	860,661	875,176	881,192	914,743	948,904	991,044	1,044,093
NON - Oil GDP at purchaser prices	829,930	860,287	874,638	879,198	911,950	944,311	981,988	1,023,788

Figures: GSM  
Source: Bureau of Statistics

**APPENDIX III**

**CENTRAL GOVERNMENT FINANCIAL OPERATIONS**

	ACTUAL 2018	BUDGET 2019	REVISED 2019	BUDGET 2020
<b>Total Revenue</b>	<b>217,020.1</b>	<b>238,326.7</b>	<b>240,594.9</b>	<b>226,480.0</b>
<b>Revenue</b>	<b>217,016.4</b>	<b>238,322.7</b>	<b>240,585.3</b>	<b>226,476.5</b>
Tax	198,785.9	223,582.9	225,992.9	214,548.4
Income taxes	78,234.7	88,673.3	93,595.3	99,651.3
Value Added and Excise Taxes	87,861.9	99,669.0	96,547.2	84,729.1
Trade taxes	21,956.1	24,479.1	24,991.5	20,932.8
Other	10,733.3	10,761.5	10,858.8	9,235.2
Non-tax	18,230.4	14,739.8	14,592.4	11,928.1
Private sector	8,948.2	8,439.8	8,079.5	7,053.0
Public enterprise & BOG	9,282.3	6,300.0	6,512.9	4,875.2
<b>GRIF Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditure</b>	<b>254,631.7</b>	<b>291,041.4</b>	<b>282,456.3</b>	<b>320,252.6</b>
<b>Current expenditure</b>	<b>199,612.3</b>	<b>221,762.8</b>	<b>216,193.8</b>	<b>248,182.4</b>
Non-interest expenditure	191,101.5	213,101.8	207,683.1	240,026.0
Personal emoluments	59,452.0	70,151.1	68,550.9	74,823.1
Other goods and services	51,249.9	59,843.0	57,908.0	68,793.7
Transfer Payments	80,399.6	83,107.7	81,224.2	96,409.2
Transfers to the private sector	23,328.1		23,328.1	
Transfers to the public sector	-	-	-	-
Interest	8,510.8	8,661.1	8,510.7	8,156.5
External	7,178.2	7,603.8	7,478.9	7,171.2
Domestic	1,332.6	1,057.3	1,031.8	985.3
<b>Primary balance</b>	<b>25,914.8</b>	<b>25,220.9</b>	<b>32,902.2</b>	<b>(13,549.4)</b>
<b>Current balance</b>	<b>17,404.0</b>	<b>16,559.9</b>	<b>24,391.5</b>	<b>(21,705.9)</b>
<b>Capital Revenue</b>	<b>3.8</b>	<b>4.0</b>	<b>9.6</b>	<b>3.5</b>
<b>Capital Expenditure</b>	<b>55,019.4</b>	<b>69,278.6</b>	<b>66,262.4</b>	<b>72,070.2</b>
<b>Overall Balance before Grants</b>	<b>(37,611.6)</b>	<b>(52,714.7)</b>	<b>(41,861.4)</b>	<b>(93,772.6)</b>
<b>Grants</b>	<b>10,769.6</b>	<b>11,217.2</b>	<b>11,935.2</b>	<b>8,519.5</b>
HIPC relief	3,189.5	980.8	964.6	961.0
Original	-	-	-	-
Enhanced	962.5	980.8	964.6	961.0
CMCF	2,227.0	-	-	-
MDRI	-	-	-	-
Other	7,580.1	10,236.4	10,970.6	7,558.5
Projects	4,891.8	7,209.9	5,921.0	5,563.5
Non-projects	2,688.3	3,026.5	5,049.6	1,995.0
<b>Overall Balance after Grants</b>	<b>(26,842.0)</b>	<b>(41,497.5)</b>	<b>(29,926.2)</b>	<b>(85,253.1)</b>
<b>Financing</b>	<b>26,842.0</b>	<b>41,497.4</b>	<b>29,926.2</b>	<b>85,253.1</b>
Net External Borrowing	5,501.6	8,653.7	10,964.5	8,180.2
Disbursements of Loans	17,249.4	20,492.9	22,606.6	19,632.8
Debt Repayments	11,977.0	11,888.1	11,690.2	11,452.7
Rescheduling	229.2	48.9	48.1	-
Guysuco - Escrow A/C	-	-	-	-
Overseas Deposits	-	-	-	-
Net Domestic Borrowing	21,340.4	32,843.7	18,961.7	77,072.9
<b>Overall Deficit as a % of GDP</b>	<b>(3.4)</b>	<b>(5.0)</b>	<b>(2.8)</b>	<b>(8.0)</b>

Figures: GSM  
Source: Ministry of Finance



# APPENDIX IV

URBAN CONSUMER PRICE INDEX - NEW SERIES (GEORGETOWN)													
GROUP	2018	2019											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ALL ITEMS	117.08	117.01	116.99	117.14	117.92	118.42	118.93	119.23	119.35	119.59	119.83	119.50	119.51
FOOD	138.48	139.05	138.98	139.61	141.66	142.88	144.53	145.99	146.40	147.25	147.80	146.82	147.02
CLOTHING	94.16	90.88	90.88	90.79	90.12	90.42	90.55	90.04	90.04	90.04	89.25	89.25	89.30
FOOTWEAR AND REPAIRS	82.41	82.24	82.24	81.76	81.87	81.87	81.45	81.45	81.45	81.45	81.45	81.45	81.45
HOUSING	100.35	100.19	100.11	100.03	100.06	100.06	99.91	99.61	99.61	99.61	99.59	99.59	99.55
FURNITURE	90.64	89.50	89.52	89.37	89.70	89.68	89.63	89.77	89.76	89.68	89.83	89.87	89.87
TRANSPORT & COMMUNICATION	120.26	119.73	119.88	119.75	119.91	120.18	120.21	119.73	119.67	119.49	119.75	119.78	119.49
MEDICAL & PERSONAL CARE	129.61	126.99	126.99	126.99	129.18	132.40	132.40	129.99	129.51	129.51	128.90	128.92	129.90
EDUCATION, RECREATION, CULTURE	96.01	96.61	96.52	96.52	96.54	96.54	96.55	96.55	96.55	96.55	96.54	96.41	96.41
MISC. GOODS & SERVICES	120.27	120.52	120.56	120.66	120.81	120.85	120.79	120.82	120.83	120.63	120.94	120.87	120.89

NEW SERIES COMMENCED 1st JANUARY 2010													
GROUP	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	% Change	
	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	2018 - 2019	2018 - 2019
ALL ITEMS	100	104.5	107.9	111.6	112.6	113.9	111.9	113.5	115.2	117.1	119.5	2.1	2.1
FOOD	100	110.4	113.2	124.0	124.1	126.7	125.4	130.7	134.4	138.5	147.0	6.2	6.2
CLOTHING	100	99.3	101.8	98.0	98.4	99.3	98.5	95.4	95.7	94.2	89.3	-5.2	-5.2
FOOTWEAR AND REPAIRS	100	100.5	103.5	104.6	89.8	96.1	96.3	94.0	94.3	82.4	81.5	-1.2	-1.2
HOUSING	100	99.7	100.4	100.7	100.8	100.6	98.8	98.8	99.3	100.4	99.5	-0.8	-0.8
FURNITURE	100	99.2	101.1	100.6	95.9	95.4	91.8	91.3	91.9	90.6	89.9	-0.9	-0.9
TRANSPORT & COMMUNICATION	100	104.8	115.5	114.6	121.9	121.2	117.2	116.7	118.0	120.3	119.5	-0.6	-0.6
MEDICAL & PERSONAL CARE	100	101.4	101.3	111.7	116.0	121.6	122.2	123.5	126.9	129.6	129.9	0.2	0.2
EDUC., RECR. AND CULTL. SERVICE	100	102	98.7	98.4	96.9	98.7	95.1	94.7	97.7	96.0	96.4	0.4	0.4
MISC. GOODS & SERVICES	100	102	107	111.0	112.6	120.9	120.9	120.9	119.8	120.3	120.9	0.5	0.5

**APPENDIX V**

**BALANCE OF PAYMENTS ANALYTIC SUMMARY**

ITEM		ACTUAL 2018	BUDGET 2019	ACTUAL 2019	BUDGET 2020
<b>A</b>	<b>Current Account</b>	<b>(1,438.8)</b>	<b>(361.2)</b>	<b>(1,802.7)</b>	<b>(831.6)</b>
1.0	Merchandise (Net)	(1,033.1)	(256.4)	(1,452.0)	144.9
	1.1 Exports (f.o.b.)	1,377.1	1,449.5	1,567.0	2,482.9
	1.1.1 Bauxite	128.2	162.9	127.0	77.0
	1.1.2 Sugar	27.1	29.4	27.8	23.2
	1.1.3 Rice	186.1	195.0	222.7	245.0
	1.1.4 Gold	766.8	777.0	876.6	1,015.0
	1.1.5 Timber	33.3	45.2	33.7	23.1
	1.1.6 Crude Oil	-	-	-	950.1
	1.1.7 Other	221.9	228.8	211.0	128.4
	1.1.8 Re - exports	13.8	11.3	68.2	21.1
	1.2 Imports (c.i.f.)	(2,410.2)	(1,705.9)	(3,019.1)	(2,338.0)
	1.2.1 Fuel & Lubricants	(515.9)	(438.0)	(490.7)	(416.8)
	1.2.2 Other	(1,894.3)	(1,267.9)	(2,528.4)	(1,921.2)
2.0	Services (Net)	(897.4)	(424.6)	(932.2)	(1,674.6)
	2.1 Factor	(27.7)	(16.0)	(46.6)	(97.7)
	2.2 Non Factor (Net)	(869.7)	(408.6)	(885.5)	(1,576.9)
3.0	Transfers	491.7	319.8	581.5	698.1
	3.1 Official				
	3.2 Private	491.7	319.8	581.5	698.1
<b>B</b>	<b>Capital Account</b>	<b>1,298.6</b>	<b>376.2</b>	<b>1,766.6</b>	<b>810.6</b>
1.0	Capital Transfers	23.5	34.7	28.5	28.5
2.0	Medium and Long Term Capital (Net)	1,279.9	351.6	1,800.4	877.1
	2.1 Non - Financial Public Sector Capital (Net)	82.5	42.2	147.9	(164.2)
	2.1.1 Disbursements	137.6	98.3	202.5	69.1
	2.1.2 Amortization	(55.1)	(56.1)	(54.6)	(53.3)
	2.1.3 Other	-	-	-	(180.0)
	2.2 Private Sector (Net)	1,197.4	309.4	1,652.5	1,041.2
3.0	Short Term Capital	(4.8)	(10.1)	(62.3)	(95.0)
<b>C</b>	<b>Errors and Omissions</b>	<b>8.0</b>	<b>0.0</b>	<b>(12.8)</b>	<b>0.0</b>
<b>D</b>	<b>OVERALL BALANCE</b>	<b>(132.2)</b>	<b>15.0</b>	<b>(48.9)</b>	<b>(21.0)</b>
<b>E</b>	<b>Financing</b>	<b>132.2</b>	<b>(15.0)</b>	<b>48.9</b>	<b>21.0</b>
1.0	Bank of Guyana net foreign assets	55.6	(78.5)	(47.5)	3.0
2.0	Change in Non-Financial Public Sector Arrears	-	-	-	-
3.0	Exceptional Financing	76.6	63.5	96.4	18.0
	3.1 Debt Relief	17.9	18.1	50.7	
	3.2 Balance of Payments Support				
	3.3 Debt Forgiveness	58.7	45.4	45.7	18.0
	3.4 Debt Stock Restructuring	-	-	-	-

# APPENDIX VI

## ACTUAL AND PROJECTED TOTAL PUBLIC DEBT

ITEMS	Actual End-December 2018 (After E-HIPC & MDRI Reduction)	Projected End-December 2019 (After E-HIPC & MDRI Reduction)	Revised End-December 2019 (After E-HIPC & MDRI Reduction)	Projected End-December 2020 (After E-HIPC & MDRI Reduction)
<b>TOTAL PUBLIC DEBT</b>	<b>1,708.39</b>	<b>1,782.83</b>	<b>1,689.08</b>	<b>1,761.48</b>
<b>TOTAL EXTERNAL DEBT</b>	<b>1,322.06</b>	<b>1,370.07</b>	<b>1,305.47</b>	<b>1,336.00</b>
<b>1.0 Multilateral</b>	<b>787.88</b>	<b>833.51</b>	<b>815.31</b>	<b>837.308</b>
CDB	149.98	153.74	151.07	154.34
CDF	11.79	12.14	10.55	9.85
CMCF	0.00	0.00	0.00	0.00
EEC	5.79	5.42	5.22	5.02
IDB	524.90	535.13	546.18	555.89
IDA	75.45	106.95	82.97	91.07
IFAD	8.82	9.32	8.52	8.34
IMF	0.00	0.00	0.00	0.00
OFID	11.16	10.81	10.81	10.40
IsDB	0.00	0.00	0.00	2.41
<b>2.0 Bilateral</b>	<b>499.84</b>	<b>502.94</b>	<b>456.52</b>	<b>465.89</b>
<b>2.1 Paris Club Creditors:</b>	<b>7.63</b>	<b>3.11</b>	<b>3.03</b>	<b>2.82</b>
Italy	2.80	2.63	2.55	2.38
T&T	4.31	0.00	0.00	0.00
USA	0.53	0.48	0.48	0.43
-PL 480	0.53	0.48	0.48	0.43
<b>2.2 Non-Paris Club Creditors:</b>	<b>492.20</b>	<b>499.84</b>	<b>453.49</b>	<b>463.07</b>
Argentina	15.56	14.90	15.90	16.24
Bulgaria	0.00	0.00	0.00	0.00
China (Eximbank)	212.92	204.20	233.84	247.68
India (Eximbank)	15.60	36.64	14.47	16.36
Kuwait	79.84	80.81	24.85	22.85
Libya	44.03	43.84	44.90	45.19
Serbia	1.38	1.40	1.40	1.43
UAE	8.14	8.17	8.27	8.40
Venezuela (PDVSA)	114.73	109.88	109.85	104.92
<b>3.0 Private Creditors</b>	<b>34.34</b>	<b>33.62</b>	<b>33.64</b>	<b>32.81</b>
<b>3.1 Commercial Banks</b>	<b>21.68</b>	<b>20.96</b>	<b>20.98</b>	<b>20.15</b>
Barclays Bank	3.44	3.44	3.44	3.44
Lloyds Bank (O/Draft)	1.66	1.70	1.73	1.71
Republic Bank Limited (T & T)	16.58	15.82	15.82	15.00
<b>3.2 Others <sup>1/</sup></b>	<b>12.66</b>	<b>12.66</b>	<b>12.66</b>	<b>12.66</b>
<b>TOTAL DOMESTIC DEBT</b>	<b>386.33</b>	<b>412.77</b>	<b>383.60</b>	<b>425.48</b>
<b>4.0 Domestic Securities</b>	<b>385.14</b>	<b>411.75</b>	<b>382.58</b>	<b>424.63</b>
<b>4.1 Treasury Bills</b>	<b>345.35</b>	<b>373.13</b>	<b>343.96</b>	<b>387.18</b>
91-Days <sup>4/</sup>	4.78	21.57	4.78	4.78
182-Days	30.47	35.74	3.48	25.67
364-Days	310.10	315.81	335.70	356.72
<b>4.2 Debentures <sup>2/</sup></b>	<b>39.77</b>	<b>38.60</b>	<b>38.60</b>	<b>37.43</b>
BOG Variable Interest Rate Debentures	18.70	18.70	18.70	18.70
NIS Debenture (GOG/NIS No. 1/2016) <sup>4/</sup>	21.08	19.90	19.90	18.73
<b>4.3 Bonds</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
Defence Bonds	0.02	0.02	0.02	0.02
<b>5.0 Domestic Loan</b>	<b>1.19</b>	<b>1.02</b>	<b>1.02</b>	<b>0.85</b>
NIS Loan (CARICOM Building Project)	1.19	1.02	1.02	0.85

### Notes:

1/ Includes Ruston Bucyrus Bond, Guyana Perpetual Railway Stock and External Payments Deposit Scheme (EPDS) debts.

2/ Includes K-Series

3/ Excludes Bank of Guyana Non-Interest Bearing Debentures

4/ Payment to NIS to assist in recovering from losses due to their investment in CLICO (Guyana) as per Debenture Agreement dated September 16, 2016.

5/ Exchange rate used USD/GYD \$206.50 (2016-2017), USD/GYD:\$208.50 (2018-2019)