



# **BUDGET 2012**

**Remaining on Course, United in Purpose, Prosperity for All**

**March 30, 2012**



**GUYANA**

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**BUDGET SPEECH**

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**Honourable Dr. Ashni Kumar Singh, M.P.**

**Minister of Finance**

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**March 30, 2012**



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## **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 2012 and, in so doing, I wish to indicate that, pursuant to Article 171 Paragraph 2 of the Constitution, the Cabinet has recommended that the National Assembly proceed upon this motion.

1.2 Mr. Speaker, I consider myself immensely honoured to be tasked with presenting Budget 2012 at the very commencement, indeed on what is merely the sixth sitting, of this the tenth Parliament of Guyana. That this Budget comes to this Honourable House at an important juncture in our country's still youthful history must surely be an understatement of itself significant proportions. We sit in a Parliament that was elected just four months ago, by a process that reaffirmed our country's strong and rapidly maturing democracy and that displayed the continuing resolve of the Guyanese People to embrace democratic norms. We would all be justified in feeling pride and satisfaction at the smooth conduct of the 2011 general and regional elections, as yet another manifestation of the strength of our democratic institutions and the entrenchment of our democratic traditions.

1.3 The political configuration that emerged from the 2011 elections, whereby the Party in Government does not hold a clear legislative majority, is a domestic novelty even if similar situations have been experienced by other democracies the world over. This arrangement beckons our country into a new political epoch and heralds an opportunity for the nurturing of a new political culture. The prevailing dispensation will test and hopefully prove our resolve as a People, and within this House our respective will to serve as responsible representatives of a deserving People, to work together in service to the cause of national development.

1.4 Mr. Speaker, lest we be misunderstood to be under an illusion of some sort, let there be no doubt that as much as the current dispensation provides important opportunities so is it fraught with formidable challenges. Our quest for lasting solutions will have to be dominated not by partisan agendas but by rational and meritocratic considerations, driven less by our impulsive instinct and more by our careful and deliberate judgement, and able to

resist the political lure of making choices that might have short term appeal but that compromise long term imperatives. Most of all, the current dispensation will require us to eschew political opportunism and grandstanding, and work together to make good and sound decisions that can withstand the test of time.

1.5 Mr. Speaker, I am on public record as describing our country's current position as uncharted waters, not to betray the slightest reason for trepidation whatsoever, but instead to signal the need for us to collectively determine a clear passage through what will inevitably be situations un contemplated by the architects of our extant Constitutional and legislative framework. I would exhort all of my colleagues in this Honourable House never to lose sight of the need for good sense and practical answers, guided always by that which is fair and just, and with but one aim constantly in mind and that is to ensure the uninterrupted daily advancement of our beloved country.

1.6 One of the immediate responses to the current political configuration has been the constituting and convening by the Parliamentary Parties of the Inter-Parliamentary Party Dialogue forum, under which a plenary as well as a number of subsidiary committees on matters that include governance and the economy have been established. These committees have commenced meeting, have agreed working modalities and priority agendas, and now hold the promise of forming the basis for a productive engagement amongst the Parties.

1.7 Mr. Speaker, Budget 2012 comes to this Honourable House when the Guyanese economy is at its strongest in recent memory. Our productive base is showing increasing signs of resilience and dynamism and is more diversified than ever before, with real growth in gross domestic product averaging 4.4 percent over the past five years. At the same time, our external balances are at their highest ever with our external reserves rising threefold since 2006 to US\$798 million. We are much less indebted as a nation than we were twenty years, with external debt being reduced from 658 percent of GDP at the end of 1991 to 47 percent at the end of 2011. Our fiscal deficit is on a declining trend, having been reduced from 11.2 percent in 2006 to 4.4 percent in 2011. Our exchange rate has remained stable, interest rates have trended downwards, and inflation has remained within acceptable norms. Credit to the private sector has risen by 118 percent, and total foreign direct investment has amounted to

US\$1.3 billion over the past five years. Moreover, domestic and external investor confidence and optimism are at an all time high, and there have been more commitments of inward foreign direct investment in recent years than at any other time in our country's history. This strong performance of the economy in recent years augurs well for the circumstances of our People and for the long term future of our country. Looking ahead to 2012 and beyond into the medium term, there can be no doubt that the progress made thus far has provided a strong foundation on which to build and on the basis of which the much heralded potential of our country can finally be realised.

1.8 The People's Progressive Party/Civic's vision for Guyana's future was outlined in our manifesto for the last elections, on the basis of which the People of Guyana elected us as the largest Party in the National Assembly and returned us to Government. Our vision is one of a Guyana that is a land of opportunity and prosperity, where every citizen can realise their personal and professional aspirations, where more of our people chose to remain to make a rewarding living and where more of our diaspora find it worthwhile to return whether for gainful employment or restful retirement, where investors prefer to do business, where productive activity continues to grow and where productivity and competitiveness improve steadily, where high quality social and other services are readily and efficiently available, and where all of our actions and decisions are consistent with the long term sustainability of the natural environment.

1.9 There are, however, certain critical prerequisites which must remain in place if this vision is to be realised. Firstly, the strong democratic credentials that we have earned as a nation is the bedrock of all the international confidence we enjoy and all the domestic optimism we feel today, and it must be jealously guarded at all costs. Secondly, we must continue to build faith in the institutions of our state especially as they relate to safety, security, and justice. Thirdly, our macroeconomic framework must continue to be one that safeguards stability and promotes growth, especially given the high premium attached to these conditions by both the investors that create jobs, generate incomes, and seek adequate returns, and the households and individuals who save from their hard earned incomes, aspire to accumulate wealth, and endeavour to uplift their personal circumstances. Fourthly, and perhaps relatedly, we must pursue the achievement of a widely diversified and even more

resilient economy. In particular, the vast natural resources and talented human resources of our country must be mobilised in a manner that is closely aligned to our growth and development objectives. Fifthly, we must continue to invest in the critical physical infrastructure that will unlock our country's productive potential at scale and improve both economic opportunity and quality of life. Sixthly, our investment in the social sector must continue to ensure that our entire population has ready access to high quality social services. Seventhly, we must continue to mainstream the objective of environmental sustainability, and in particular the implications of climate change, in all our public policies and across all sectors of our economy.

1.10 Perhaps most importantly, it is absolutely critical that all of the People of Guyana are enlisted in this effort to make our country a better place, the investors whose financial capital and entrepreneurial acumen drive business activity and economic growth, the workers whose effort and productivity determine our competitiveness as a nation, and the young people whose state of preparedness today will determine the fate and prospects of our country tomorrow. For all of this to be realised, the clearest signal of all must come from those of us in this Honourable House, whose legislative agenda will chart the course for our country, whose cohesiveness will set the tone for all else in our nation, and whose every decision must be consistent with and never deviate from keeping our country on the path to a brighter tomorrow for all.

1.11 Budget 2012 is therefore presented under the theme *Remaining on Course, United in Purpose, Prosperity for All*, for the task before us is to work together steadfastly to keep our country on the path to greater prosperity so as to ensure that Guyana does become in the shortest possible time the better place it promises to be for all Guyanese.

## **2. Global Economic Developments**

2.1 Mr. Speaker, one stark lesson of the recent global economic crisis has been that, no matter how small an economy might be or how distant it might appear from the major financial metropolises of the world, the potential domestic consequences of global economic and financial events are always near, given the extent of today's interconnectedness. Small economies such as ours and our sister CARICOM member states face the peculiar conundrum that we make such an inordinately small contribution to global outcomes, yet we simultaneously face inordinately high exposure to these very outcomes. The global financial crisis is, of course, a case in point, where the Caribbean contributed in no significant way to the onset of the crisis yet so many of our economies faced and continue to face the threat of complete decimation in the wake of the crisis.

2.2 Mr. Speaker, with this in mind, the global economy continues to be characterised by increasing uncertainty, with 2011 marked by a recovery that is described by the international community as stalled. Global output expanded by 3.8 percent, a significant slowing from the 5.2 percent growth achieved in 2010. This was primarily the result of the drag of the advanced economies which grew by 1.6 percent, with the uncertainties of the Euro area and the effects of the Japanese tsunami both taking their toll. The emerging and developing economies, on the other hand, grew by 6.2 percent with China and India continuing to lead the way with 9.2 percent and 7.4 percent growth respectively.

2.3 Looking ahead, global growth prospects remain subdued largely as a result of the lingering crisis in the Euro area, a persistent lack of market confidence, and limited policy options in some advanced economies to strike the delicate balance between the need to move towards fiscal sustainability and the need to stimulate a sustained recovery. In 2012, the global economy is projected to grow by 3.3 percent, with the emerging and developing countries expected to grow by 5.4 percent, while the advanced economies are projected to continue to lag with projected growth of 1.2 percent. The Euro area is expected to descend into a mild recession, as output in that zone is projected to contract by 0.5 percent.

2.4 In the commodity markets, prices fluctuated significantly during 2011 but generally followed an upward trend. In the case of oil, the world market price for crude oil stayed above the symbolic US\$100 per barrel for much of the year and ended the year at US\$104 per barrel, 15.8 percent higher than one year earlier. Metal prices generally declined during the year, with aluminium ending the year at US\$2,024 per tonne, 14.1 percent below the price at the end of 2010. While the price of gold peaked in August at US\$1,914 per ounce, it then declined to US\$1,652 per ounce, still 18.8 percent above the price at the end of 2010. Food commodity prices generally trended downwards, although rice prices defied this tendency and increased by 8.2 percent to end 2011 at US\$581 per tonne.

2.5 Mr. Speaker, closer home, the Caribbean economy grew by 0.7 percent in 2011, compared to 0.2 percent in 2010, and is projected to grow by 1.7 percent in 2012. This modest performance and corresponding outlook reflect prevailing global conditions, including continuing uncertainty facing the tourism sector with the tourism dominated economies of the Region continuing to face the brunt of global conditions. In addition, severe fiscal challenges persist across the Region with unsustainable indebtedness being a widespread Caribbean problem, and attendant implications that limit policy space for restarting growth.

2.6 The Region's need for a lasting strategy for entrenching robust economic growth and for restoring fiscal sustainability for the long term remains urgent, and is as yet unmet.

### **3. Domestic Macroeconomic Developments**

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

3.1 Mr. Speaker, much policy effort has been devoted by this Government to make the Guyanese economy more robust and resilient, better able to withstand external shocks, and less vulnerable to the vicissitudes of domestic single industry upheavals. We have done this by aggressively promoting the development of a more diversified productive base and by advancing an agenda for improving national competitiveness. These efforts have yielded the result that the domestic economy has endured the worst global and regional economic crisis in living memory without significant disruption or dislocation.

3.2 Indeed, in 2011, the domestic economy achieved real growth in gross domestic product (GDP) of 5.4 percent, within which non-sugar GDP grew even more rapidly by 5.6 percent. Significantly, this represented the sixth consecutive year of positive growth in Guyana.

#### **B. Sectoral Performance**

3.3 Mr. Speaker, sugar production grew by 7.1 percent to 236,506 tonnes in 2011. While the first crop production of 106,871 tonnes was 30.5 percent above the corresponding performance in 2010, the second crop contracted by 6.7 percent to 129,635 tonnes reflecting unhelpful weather and industrial relations conditions. Notwithstanding the increase in production achieved by the industry and the fact that the 2011 output represents the highest level of sugar production since 2008, output continues to lag the production trajectory anticipated by the industry's long term business plans, and industry finances are being adversely affected. Efforts will continue, on which more will be said later, to ensure that the industry is placed in a position of long term profitability.

3.4 More positively, the rice industry extended its stellar performance of recent years with total production in 2011 of 401,904 tonnes, an 11.3 percent growth in output, and the industry's highest level of annual production ever. During the year, the industry continued to

expand acreage under cultivation and earned higher yields, reflecting increased training to farmers, returns from the introduction of higher yielding varieties of rice and supported by Government's investment in drainage and irrigation. Investment and production in the sector were also bolstered by the benefit of stronger external market prices.

3.5 The other agriculture subsectors grew by 5.7 percent, reflecting returns on the Grow More campaign and the Agricultural Diversification Programme coupled with more integrated market access especially with the bridging of the Berbice River. The livestock sector also expanded by 5.8 percent mainly attributed to higher production of eggs, poultry meat, and mutton. On the other hand, the fishing industry contracted by 5.3 percent, reflecting a reduction in the number of operating vessels and fishing trips associated with the increased cost of fuel and the risk of piracy and also the continued depletion of fishing grounds. In addition, the forestry sector contracted by 9.3 percent as a result of improved monitoring and enforcement of sustainable forestry practices.

3.6 Mr. Speaker, the mining and quarrying sector recorded growth of 19.2 percent in 2011. Underlying this was a 17.7 percent increase in raw gold declarations to 363,083 ounces, the highest level since 2004 when Omai Gold mines was still in operation, as favourable world market prices persisted in 2011 and induced significant continued investment in the sector. Bauxite production amounted to 1,818,399 tonnes, compared to 1,082,512 tonnes in 2010, and diamond declarations grew by 4.7 percent to 52,273 carats despite the continued shift of productive capacity into the more lucrative gold industry.

3.7 The manufacturing sector grew by 6.8 percent primarily attributed to the expansion in rice milling and sugar processing. In addition, other manufacturing also grew by 4.9 percent. The construction sector grew by 2.8 percent, reflecting the completion of a number of major public sector investment projects and what is expected to be a temporary moderation in private construction activities. The transport and storage sector grew by 14.2 percent, as accelerated repairs of vital road arteries were carried out coupled with a greater movement of passengers and cargo between the coastal and interior areas, and as travel out of the main domestic airport increased significantly.



3.8 The information and communication sector grew by 1.5 percent, with postal services declining as consumers shift from traditional communication to digital forms of communication. The wholesale and retail sector registered growth of 4.5 percent. Financial and insurance services sector grew by 9.7 percent, as the commercial banks continued to expand their branch network thereby improving access coupled with increased demand by the household and productive sectors for these services, as evident with the increase in private sector credit. Rental of dwellings grew by 1.6 percent and other services by 0.5 percent. The education and health and social service sector grew by 6.7 and 3.8 percent respectively and electricity and water by 2.1 percent, a reflection of Government's commitment to expand and improve the delivery of these social services.

### **C. Balance of Payments**

3.9 Mr. Speaker, at the end of 2011 the balance of payments reflected a modest deficit of US\$15 million. This is primarily attributed to developments on the current account due to a higher import bill driven by rising fuel prices and higher levels of imports of capital goods concentrated mainly in the industrial, agricultural and mining sectors. This outweighed the collective increases in export earnings associated with higher world market prices for key commodities and net current transfers.

3.10 Export earnings expanded by 27.6 percent to US\$1.1 billion, primarily attributed to increase in volumes exported as well as favourable world market prices for most of the key export commodities. Export earnings on sugar increased by 21.6 percent to US\$123.4 million due to a 16.8 percent increase in average export price coupled with a 4 percent increase in export volume to 211,762 tonnes. Rice exports earnings also expanded by 14.5 percent to US\$173.2 million mainly attributed to a 26.1 percent increase in average export price to US\$567 per tonne, while export volume contracted to 305,382 tonnes due to a decline in stock levels at the beginning of the year. Total gold exports valued US\$517.1 million, a 49.3 percent increase over 2010. This outturn is attributed to an expansion in gold mining as both the small and medium scale miners expanded their operations, spurred by favourable world market prices, while volume increased by 14.9 percent to 347,850 ounces. In addition, the bauxite sector earned US\$133.3 million due to higher production levels at

both bauxite operations with export volume increasing to 1,816,548 tonnes compared to 1,135,817 tonnes, outweighing the decline in the average export prices which contracted by 27 percent to US\$73.4 per tonne. Timber exports amounted to US\$39.1 million, a contraction of 19.5 percent, as production of logs declined, aided by improved monitoring and enforcement of sustainable forestry practices.

3.11 Merchandise imports expanded by 24.8 percent to US\$1.8 billion primarily attributed to a 41.3 percent increase in the value of fuel and lubricants imported. In addition, other imports increased by 18.4 percent, with non-fuel intermediate goods increasing by 10.2 percent, while capital goods and consumption increased by 38.9 percent and 10.8 percent respectively.

3.12 Net current transfers increased by 11.8 percent to US\$414.6 million, due to higher receipts of worker remittances which increased from US\$367.8 million to US\$412.2 million. Net payment of services amounted to US\$145.5 million compared to US\$84.1 million due to a US\$39.3 million increase in non factor services mainly as a result of higher cost for transport and freight, while factor services moved from a net receipt of US\$12.8 million to a net payment of US\$9.3 million.

3.13 The capital account recorded a surplus of US\$373.2 million compared to US\$339.2 million attributed to higher foreign direct investment concentrated mainly in the mining, and telecommunication sectors.

3.14 Reflecting these developments, the Bank of Guyana ended the year with total external reserves of US\$798.1 million, equivalent to 4.2 months of imports.

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

3.15 Mr. Speaker, monetary policy remained focused on the maintenance of price and exchange rate stability while promoting private sector credit. Credit by the banking system to the private sector grew by 19.9 percent to \$134.6 billion, underlying which was a 42.4 percent expansion in credit to the agriculture sector, a 31.5 percent increase in credit to other

manufacturing, followed by a 24.7 percent increase in credit to distribution and 22 percent and 18.9 percent respectively increase in credit to the other service sector and real estate.

## **E. Prices and Income**

### **a. Inflation Rate**

3.16 Mr. Speaker, inflation remained within acceptable norms at 3.3 percent in 2011, notwithstanding the background of increases in global fuel prices. This reflected Government's interventions to lower the taxes charged on fuel products and to provide financial support to GPL to avoid full pass through of imported fuel price movement.

### **b. Interest Rate**

3.17 Mr. Speaker, interest rates continued to trend downwards, with the commercial banks weighted average lending rate declining by 27 basis points to 11.68 percent while the small savings rate declined by 68 basis points to 1.99 percent reflecting the continued availability of liquidity in the banking system. In addition, the 91-day Treasury bill rate also declined in 2011 by 143 basis points to 2.35 percent reflecting the intense level of competitive bidding for Treasury Bills. These developments helped to facilitate the growth observed in private sector credit.

### **c. Exchange Rate**

3.18 Mr. Speaker, the foreign exchange market remained buoyant and recorded a 17.7 percent increase in activity in 2011, amounting to transactions totalling US\$6 billion, consistent with the higher level of trade and remittances. The market had an adequate supply of foreign exchange to provide for a stable exchange rate, and the Guyana dollar ended the year at \$203.75 against the US dollar as compared to \$203.5 at the end of 2010.

### **d. Developments in Wages**

3.19 Mr. Speaker, Government reaffirmed its commitment to improving the livelihood of public servants, teachers, and members of the disciplined services with the granting of an 8 percent across the board increase on the level of wages and salaries effective from the start of 2011. This brought the public service minimum wage to \$35,864 per month, compared with \$26,070 five years ago, a cumulative increase of 38 percent over the period. The disciplined services also benefited from a one month basic salary tax free incentive paid in the last quarter of 2011.

3.20 Furthermore, in keeping with the stated preference for multi-year agreements as the basis for setting emoluments in a predictable manner, Government concluded with the Guyana Teachers Union in the first half of 2011 a second five year agreement which provides for predictable salary increases along with addressing a number of other non-salary benefits for members of the teaching profession in the public sector.

## **F. Fiscal Position**

### **a. Non-Financial Public Sector**

3.21 Mr. Speaker, the fiscal deficit of the non-financial public sector amounted to \$22.9 billion or 4.4 percent of GDP compared to 3.6 percent in 2010.

### **b. Central Government**

3.22 Central Government revenue in 2011 amounted to \$120.9 billion, 12.1 percent over 2010, attributed to enhanced collections among both tax and non-tax categories. Tax revenue collections accounted for 92.1 percent or \$111.4 billion of total revenue collections, an increase of \$10.5 billion while non-tax collections increased by 37.5 percent to \$9.5 billion.

3.23 Internal revenue collections amounted to \$47.2 billion, an increase of \$3.9 billion over 2010 collections. This is on account of continued robust performance of the private sector with corporation tax and income tax from the self employed increasing by 3 percent

and 16.6 percent respectively to \$17.5 billion and \$2.8 billion. Withholding tax collections amounted to \$5 billion, a 49.8 percent increase, which was the result of a substantial payment made by a local manufacturing company to its overseas parent company with respect to dividend payments for previous years coupled with the increase in gold production. Personal income tax collections exceeded 2010 collections by \$1.4 billion with both the private and public sector remitting higher levels. Customs and trade taxes amounted to \$11.1 billion representing a 19.9 percent increase, mainly attributed to an 18.8 percent increase in import duties to \$9.9 billion consistent with higher imports of capital, intermediate and consumption goods. VAT and excise tax collections increased by 9.7 percent to \$53 billion, as VAT on imports of goods recorded (net of refunds) an increase of \$3.1 billion or 21 percent above 2010, consistent with the higher level of imports as the mining, agricultural and telecommunication sectors increased their demand for several commodities. In addition VAT on domestic supply of goods amounted to \$13.1 billion or 7.7 percent above 2010. Moreover, excise tax collections on motor vehicles increased by \$106.3 million reflecting the returns of the modernisation of motor vehicle registration process and a higher level of imports. On the other hand excise tax collections on petrol decreased by \$299.5 million due to comparably lower tax rates. Non-tax revenue collections for the period amounted to \$9.5 billion, compared to \$6.9 billion, primarily attributed to higher dividend payments coupled with an increase in Bank of Guyana profits.

3.24 Non-interest current expenditure increased by 17.9 percent to \$92.5 billion, as a result of wages and salaries, other goods and services, and transfer payments growing by 10.5 percent, 25.6 percent and 17.9 percent respectively. The 10.5 percent increase in wages and salaries is primarily attributed to the 8 percent granted to public servants and teachers nationwide, along with an increase in the number of employees entering the public sector. Other goods and services increased to \$33.7 billion mainly due to increased Government services along with higher contributions towards electricity charges for government agencies, and the conduct of the National Elections. Transfer payments increased to \$27.5 billion due to a \$1.5 billion subsidy given to GPL, higher contributions being made for community power in Linden and Kwakwani. Capital expenditure increased by \$3.5 billion on account of higher levels of disbursement on externally financed projects.

c. Public Enterprises

3.25 At the end of 2011, public enterprises realised an overall deficit of \$6.6 billion, compared to \$2.8 billion in 2010. This was mainly attributed to the higher acquisition cost of fuel, affecting all public enterprises and in particular the Guyana Power and Light Inc. (GPL), which recorded a deficit of \$3.2 billion compared to a surplus of \$1.5 billion in 2010. It should be noted that although the Guyana Sugar Corporation Inc. (Guysuco) recorded increased production in 2011, the company's operations still generated an overall deficit of \$2.1 billion.

**G. Debt Management**

3.26 Mr. Speaker, prudent management of our public debt remains an integral aspect of maintaining macroeconomic stability into the medium term. As a result of our strong revenue administration, responsible expenditure management, and support from our development partners through their provision of concessional financing, Guyana's public debt is projected to remain sustainable through the medium term.

3.27 At the end of 2011, Guyana's external debt stock grew by 16 percent to US\$1.2 billion, primarily due to new disbursements of project loans. On the debt service front, principal repayments to a number of external creditors increased in 2011, contributing to the overall increase in debt service payments which amounted to US\$40 million by year end.

3.28 Progress has been made in debt negotiations with our bilateral creditors, in particular the Russian Federation and Venezuela. Pursuant to the decision taken by the Russian Federation in 2006 to grant additional debt relief to eligible debtor countries, we have advanced negotiations to the stage where Guyana is expected to sign a debt cancellation agreement later this year. This is expected to result in a write-off of 100 percent of Guyana's outstanding debt to the Russian Federation in the value of US\$0.3 million. Government continues to advocate strongly for Paris Club comparable debt relief treatment from our bilateral non-Paris Club and commercial creditors through diplomatic and other efforts.

3.29 In addition, the Governments of Guyana and Venezuela have agreed on the procedure for the cancellation of a significant portion of Guyana's oil debt in compensation for rice and paddy exports. The debt compensation agreement will result in the cancellation of Guyana's oil debt to Venezuela equivalent to the value of rice shipped, which amounted to US\$143.4 million at the end of 2011, and which will contribute to an overall reduction of Guyana's debt stock at the end of 2012.

3.30 On the domestic side, Guyana's domestic debt stock increased moderately by 2.2 percent to US\$728 million at the end of 2011 as a result of Government's continued diligence and sound practice in managing the domestic debt. Further, the repayment of the debentures that matured in 2010 led to a 43.5 percent reduction in domestic debt service.

3.31 Maintaining debt sustainability while financing critical economic and social development needs are twin objectives that will require continued access to concessional financing. It is therefore imperative that we actively seek the support of both our traditional and non-traditional development partners in this regard. At the same time, Guyana will continue to explore alternative options for expanding access to new financing.

#### **4. Sectoral Developments and the Agenda for 2012 and Beyond**

##### **A. The Medium Term Outlook**

4.1 Mr. Speaker, I have already alluded to our Government's vision for the future, as was so comprehensively encapsulated in our Party's Manifesto for the 2011 elections and in last month's inaugural address by President Donald Ramotar in this Honourable House. Guided by that vision, and emboldened by the will to see it realised, we anticipate that the next five years could be the most rewarding in our country's history. With the foundation laid, Guyana is on the verge of a most exciting transformation once the policy environment remains supportive.

4.2 The next five years present us with opportunities to completely change the face of our traditional industries, with the sugar industry becoming a more efficient and profitable one, the rice industry entering the era of large scale production in new areas in our country, major investment in bauxite resulting in new products and new mines being launched, and the gold industry witnessing the entry of a number of large scale producers bringing dramatic increases in production and introducing new technologies. The next five years also present us with the very real prospect of realising the first major wave of large scale diversification of our economy, with emergence of new sectors, such as environmental services, petroleum products, previously untapped minerals, information and communication technology, and tourism, all poised to become significant contributors to national output, creating jobs, and generating incomes and wealth for our people.

4.3 In addition to the transformation of our productive sector, the next five years will witness a concomitant modernisation of our country. The foundation is laid for improved infrastructural links both within Guyana and with our neighbours including through the advancement of the Linden to Lethem road and the associated deep water harbour. Our energy supply will be modernised, including by the harnessing of hydropower to meet the needs of the national grid. Information and communication technology will be utilised and universal access promoted in pursuit of a more efficient public and private sector and a more competitive and better trained work force. Also within the next five years, Guyana's place



would have been secured as a global leader in providing environmental services, in particular, utilising our vast forest resources in the fight against climate change, and environmental responsibility will underly every policy in the modern Guyana.

## **B. Low Carbon Development Strategy**

4.4 Mr. Speaker, on the subject of climate change, Guyana has continued to provide leadership and advocacy on the international stage. In the international negotiations under the UN Framework Convention for Climate Change, Guyana played an active role in achieving a Reducing Emissions from Deforestation and Forest Degradation (REDD+) decision at the Durban talks in December 2011. Under that decision, the UN Convention agreed that financing for REDD+ actions will come from both public and private sources, opening the door for continued negotiations in 2012 on the role of the carbon market in climate financing. In addition to this deliverable, we also saw the establishment of a Green Climate Fund with explicit eligibility given to REDD+ activities, and a platform and road map for a legal, global treaty on climate change. In 2012, Guyana will continue to advocate and negotiate for the disbursement of early grant-type financing for REDD+ actions, and for an agreement on the role of carbon markets in generating REDD+ financing. In addition, we will continue to advocate more ambitious emission reduction targets by industrialised countries, and the full operationalisation of the Green Climate Fund with a REDD+ window by January 2013.

4.5 Mr. Speaker, I have in previous budget speeches made detailed reference to the visionary Low Carbon Development Strategy (LCDS) developed by our Government to align, and remove any incompatibility between, the objectives of environmental responsibility and accelerated economic and social development. I have also previously made detailed reference to the historic partnership entered into by Guyana and Norway under which Norway compensates Guyana for environmental services provided by Guyana's forests, and under which a total of US\$250 million is projected to be transferred by Norway to Guyana over a five year period. At the end of 2011, two tranches totalling US\$70 million had been transferred by Norway to the Guyana REDD+ Investment Fund (GRIF).

4.6 These funds having been disbursed into the GRIF, Government is currently working with our Norwegian counterparts and multilateral partner entities to refine the administrative and institutional arrangements for these resources to flow to Guyana to implement the projects and programmes articulated in the LCDS. One such partner entity, the Inter-American Development Bank, has already given approval for the first of the GRIF-funded LCDS projects valued at US\$7 million, through which Government will strengthen the Guyana Forestry Commission's capacity for implementing REDD+ activities. In addition, a comprehensive assessment of forest area change, identification of areas affected by forest degradation and technical capacity to develop forest carbon stock measurement and monitoring will be addressed.

4.7 Government envisions the advancement of a number of core LCDS initiatives during the current year. Most notably, construction of the Amaila Falls Hydropower Project (AFHP) is anticipated to commence by the end of the third quarter of 2012. Under the GRIF Government proposes to provide US\$80 million of equity to the Amaila project. Additionally, Amerindian communities will benefit from a land titling and demarcation project, the Amerindian Development Fund will channel funds directly to Amerindian communities to support the development of community-identified priority projects, and a micro and small enterprise development programme will address the major bottlenecks in the development of a strengthened entrepreneurial and small business sector. Importantly, the Cunha Canal rehabilitation, which is the first climate adaptation project under the LCDS, will help to reduce the risks of flooding of areas along the East Bank of the Demerara River. It is expected that other climate adaptation projects to be funded under the GRIF will be identified going forward.

4.8 Still on the subject of our commitment to responsible environmental management, last year we enacted the Protected Areas Act 2011, to govern the establishment and management of a National Protected Areas System in Guyana. In keeping with the requirements of the Act the establishment of a new entity, the Protected Areas Commission, has recently been concluded with its main functions being to establish, manage, maintain, promote and expand the national protected areas system. Planned activities for 2012 include the establishment of an institutional structure for the Protected Areas Commission,

including site-level management authorities, hiring of rangers, and the setting up of a Trust Fund. This Commission will also begin to oversee the implementation of the Kanuku Mountains Management Plan and the Kaieteur National Park Management Plan, and will seek to produce a Shell Beach Protected Areas Management Plan.

## **C. Transforming the Economy**

### **a. Modernising the Traditional Sectors**

4.9 Mr. Speaker, notwithstanding the progress made in diversifying our economy, the traditional sectors remain important, supporting entire communities, providing thousands of jobs, and making an invaluable contribution to national productive output. For these reasons, ensuring that these sectors remain vibrant and growing, efficient and competitive, and profitable into the long term continues to be a priority.

#### **i. Sugar**

4.10 Mr. Speaker, Guyana's sugar industry has the potential to achieve and sustain annual production of over 400,000 tonnes of sugar in the medium term. Government's intention is to enable the industry to realise this potential and, in particular, to do so while steadily increasing the share of value added products in total output, particularly of packaged and processed sugar, so as to ensure a profitable and competitive industry in the long run.

4.11 The industry's underperformance in recent years has been attributed principally to the devastating financial impact of the changes in the European sugar regime, compounded by the ongoing reasons of low labour turnout, a complicated industrial relations climate, less than favourable weather conditions, and the need for greater managerial effectiveness. These factors notwithstanding, it would appear that we are now in a position to be cautiously optimistic with respect to the industry. In 2011, while work progressed on rectifying the Skeldon factory to expand sugar processing capability, the commissioning of the Enmore Packaging Plant resulted in an immediate boost in capacity to package sugar. In the fields,

mechanisation advanced with the company achieving 55 percent mechanisation at Skeldon and 70 percent mechanisation at Enmore and La Bonne Intention estates.

4.12 Mr. Speaker, management has outlined additional efforts to improve the domestic conditions for production and the industry's financial performance. With the increased mechanisation of the Skeldon estate, the beginning of 2012 has seen only about 20 percent dependency on complete manual harvesting and the mechanisation effort is set to expand further at other estates later this year. The ongoing programme of technical improvement of the Skeldon Factory to address the defects is expected to ensure that the factory will function at full capacity by the second crop this year. The recently established Enmore Packaging Plant is expected to operate at full capacity subject to the availability of canes as the industry increases acreage under cultivation including in collaboration with private farmers. The aim is to raise the industry average of private cane production from 8 percent in 2011 to 12 percent in 2012. Further, the industry will expend \$2.7 billion in 2012 towards the operational plant and field infrastructure at all 8 sugar estates, and work will advance in replanting, land conversion to layouts suitable for mechanisation, and capital replacement of drainage works. Taken together, these developments are expected to see the industry attain the targeted medium term production and profitability trajectory.

## ii. Rice

4.13 Mr. Speaker, as in the case of the sugar industry, the rice industry continues to be a mainstay of our rural communities, contributing much to livelihoods in traditional rice farming areas. Our aim is to continue to encourage expansion in efficient and profitable production with a focus on value added.

4.14 As I have already reported, buoyed by Government's sustained support in improved drainage and irrigation, agronomic practices and expansion of capital infrastructure, the rice industry delivered another record performance in 2011. Total acreage under cultivation per crop is now at its highest level ever at approximately 170,000 acres, and new areas are being brought into cultivation including Moco Moco in Region 9. Furthermore, 2 new varieties of rice were released to farmers on coastal regions for commercial testing, and industry research

remains focused on introducing varieties that are high-yielding, blast-resistant and able to tolerate the environmental conditions in Guyana, with 14 new varieties currently being tested.

4.15 It is anticipated that the commissioning of an additional paddy seed plant in 2012 will result in the production of 20,000 bags of high quality paddy seed annually. In addition, work is ongoing with the Guyana National Bureau of Standards to certify the rice testing laboratory and to achieve ISO-Standards which is a critical step in strengthening export capacity and improving access to wider markets. Further, the pursuit of the expansion of hinterland rice production will continue with small scale production of rice in several areas of the hinterland supporting livelihoods and food security, while work is ongoing to encourage private investment in large scale rice production including in new areas such as the Rupununi.

### iii. Bauxite

4.16 Mr. Speaker, in much the same manner as with sugar and rice, the bauxite industry has served as an important traditional contributor to overall economic performance. Even as we promote diversification and creation of alternative job opportunities in and around the bauxite communities to reduce their dependence on this industry, efforts remain unabated to facilitate the emergence of a growing and more competitive bauxite industry despite challenging and unpredictable external circumstances.

4.17 The global market for bauxite continues to show mixed signs. In 2011, while the refractory market continued to recover, the metallurgical bauxite market in the Atlantic region faced a declining price for alumina in the face of excess capacity and supply. Nevertheless, 2011 saw an expansion of production for both companies operating in Guyana. BCGI's production of 1.3 million tonnes represented a 61 percent increase over 2010, largely driven by improving production equipment and mining practices. Bosai saw an expansion in refractory bauxite production by 10 percent in volume to over 203,000 tonnes in 2011.

4.18 Mr. Speaker, under this Government, the value of investment in the bauxite industry since privatisation has been in excess of US\$200 million. Over the next four years, a new wave of expansion is expected that will see even larger sums being invested. In 2012, Bosai will start construction of a third kiln aimed at expanding RASC production by 150,000 tonnes per annum, and the production of a facility to produce 75,000 tonnes of mullite per annum. These two projects alone will create 500 jobs during construction and see over US\$100 million being invested. BCGI is similarly poised for expansion with over US\$30 million of mining equipment being delivered to Guyana early this year. Over the next four years, more than US\$80 million will be spent to expand the Berbice operation to a level capable of producing 5 million tonnes of bauxite per annum. BCGI projects that at least another 450 jobs will be created. A third bauxite company, First Bauxite Inc. is projected to start construction of its refractory operations in Bonasika in the latter part of 2012, with an investment in excess of US\$120 million.

iv. Gold

4.19 The gold sector maintained its position as the largest contributor to total mineral output and returned a record year in 2011 with domestic mine production surpassing the Omai gold mine highest output by 2.5 percent and recording a third consecutive year above the 300,000 ounce mark. In relation to the small and medium scale gold mining sector, over US\$100 million has been invested last year mainly as a result of high gold prices and it is envisaged that for 2012 the figure is expected to increase.

4.20 Going forward, orderly growth and development and capacity building will be Government's focus. Significant new investments in the sector include two major gold exploration projects, Guyana Goldfields Inc. and ETK Inc/Sandspring Resources Ltd, both of which are at the resource assessment stage. Guyana Goldfields Inc. announced positive feasibility study results for its Aurora Gold Project in Guyana with the total investment expected to amount to US\$600 million and seeing 250 jobs created during development phase and 200 created during mine operation. In the case of the Toroparu mine being developed by ETK Inc/Sandspring Resources Ltd., the total investment is projected at US\$400 million, and 300 jobs will be created during development while another 200 jobs will

be created during mining. Mr. Speaker with the above developments on course, the gold subsector is poised to continue to play a leading role in its contribution to growth, exports and job creation.

b. New and Emerging Sectors

i. Information and Communication Technology

4.21 Mr. Speaker, information and communication technology (ICT) has emerged globally as one of the most influential drivers of innovation and transformation in the current generation. The emergence of ICT has spawned limitless opportunities for people in countries such as ours, and our Government is firmly committed to ensuring that the Guyanese people are fully equipped to take advantage of these opportunities. Our vision is to ensure that every single Guyanese person, irrespective of where they live or how old they are, has access to the advantages brought by ICT. Our ICT strategy will facilitate dramatic increases in social and economic welfare at all levels, catalyse major transformative change in the way in which we educate our people, in the manner in which business is conducted and government services are delivered, and in the types of jobs we create. To this end, our strategy prioritises legislative change to promote a competitive and efficient environment, investment in infrastructure to increase connectivity and reduce cost, and that promotes ICT education in our schools, and improves access to ICT for all our people.

4.22 Mr. Speaker, we have already successfully facilitated the emergence of an ICT sector, within which over 3,000 persons are employed in business process outsourcing with ten call centres currently in operation doing business in telemarketing, inbound customer support, voice transcription, medical records transcription and data warehousing. This sector is poised to be a major driver of growth in the future, with the potential to create an additional 6,000 jobs in the near term and a further 15,000 jobs in the medium term. We will continue to promote investment in the sector aggressively in order to ensure that as many high quality jobs are created in the shortest possible time.

4.23 A critical element of ensuring competitiveness and expansion in this sector would be the achievement of telecommunications liberalisation. Efforts were made during the last Parliament to introduce a new legislative framework to govern the sector in an era of competition, with a new Telecommunications Bill, amendments to the Public Utilities Act, and Telecommunications Regulations drafted. Regrettably, the legislative process could not have been completed on time before the dissolution of the ninth Parliament. It is our intention to return to this Honourable House early in the current Parliament to have this new legislative framework put into place in order to facilitate the transition to full competition.

4.24 In pursuit of the objectives of universal access, Government has been following the twin tracks of installing infrastructure that will see high speed delivery of e-Government content along with ensuring that no household will be left without access to that content. To these ends, amounts totalling \$2.6 billion were allocated to install some 580 kilometres of high speed fibre optic network spanning from Lethem to Providence with drop-off sites at Lethem, Annai, Kurupukari, Mabura and Linden, and commencing a high speed fibre optic backhaul network connecting Moleson Creek to Anna Regina, with a data centre at Providence for the development of e-Government with high speed wireless access using a 4G network. A total of \$3.1 billion is budgeted to be spent in 2012 for the continuation of these networks.

4.25 Also in 2011, Government launched the flagship One Laptop Per Family (OLPF) programme. An amount of \$1.6 billion was spent to procure 27,000 laptops of which 10,850 laptops were distributed in Regions 2, 3, 4, 5, 6, 7 and 10. To facilitate the effective use and operation of these laptops Government utilised 99 private sector hubs to provide training and internet access to the recipients. In this regard, 3,569 recipients completed the mandatory ten hours training programme. This year will see the continuation of the OLPF programme for which an amount of \$3.7 billion is allocated. Over the next year a total of 63,000 laptops will be acquired for distribution to families and communities countrywide, bringing the total number of laptops distributed to 90,000. This programme will make a dramatic difference in ensuring that our most vulnerable have equal access to ICT, and will vastly increase the pool of IT literate persons in our country.



4.26 Taken together, these developments will place Guyana in a position to be much more competitive as a destination for ICT investment, and will enable the sector to play its expected transformative role including as a direct driver of economic diversification and growth.

ii. Extractive industries

Oil

4.27 Mr. Speaker, another major contributor to economic transformation over the next five years will be the natural resources sector. While the gold and bauxite industries have already been referred to, a number of other extractive industries are also poised to become significant contributors to the domestic economy. These include oil and manganese along with other minerals such as uranium and rare earths which are at the initial exploration stages.

4.28 Mr. Speaker, as far back as 2000, the United States Geological Survey ranked Guyana as having the second most attractive under-explored basin in the world with a potential of 15.2 billion barrels of oil and, were a discovery to be made, production targets would be estimated at 50 million barrels per year which would be equivalent to 140,000 barrels per day. Over a decade later, the anticipated investments have been realised and the process of drilling commenced. Indeed, even as I speak, the offshore drilling rig Ocean Saratoga lies just beyond our shores drilling the Eagle prospects which have been identified by CGX Resources Inc. as having potential for discovery while the Atwood Beacon is drilling the Jaguar prospects for a consortium led by Repsol. In addition, the joint venture led by Esso will see continued exploration activity including 3D seismic data acquisition as they determine the merit for further exploration which may include drilling.

4.29 In 2012, the petroleum sector will continue with offshore exploration drilling by Repsol and CGX, the coastal onshore and Rupununi activity is expected to continue, and new venture interests are expected to result in licences being issued in the ultra-deep water

offshore as well as nearer shore and on the basin fringe, all bringing with them the attendant forward linkage opportunities for growth in ancillary services.

### Manganese

4.30 Mr. Speaker, for nearly half a century, there have been indications of manganiferous ore between the Barima and Barama Rivers. The Matthews Ridge manganese reserves have since been determined to be 2.6 million tonnes of crude ore, and depending on further work this is anticipated to increase. New investments in the industry have resulted in Reunion Manganese Inc., a subsidiary of Reunion Gold, a Canadian traded company executing a mineral agreement with the Government of Guyana last year. Since the start of their operations, some 35 holes have been drilled so far with continued drilling and sampling being the focus of the company's feasibility study to date. It is expected that, providing the feasibility study and investment programme are completed as projected, Guyana could witness the development of one of the largest manganese mines in the region by 2013. This operation has already seen over US\$50 million invested and some 250 jobs created. The development phase will see 1,000 jobs created and mature operations will create over 500 permanent jobs, and generate total investment in excess of US\$300 million.

### Uranium and Rare Earth Elements

4.31 In the area of uranium, there are three companies currently engaged in prospecting for radioactive minerals in Guyana. Prometheus Resources of Canada is at the most advanced stage with drilling occurring in Kurupung, Middle Mazaruni area. The company lists Guyana as one of three countries in South America that represent a promising new frontier for uranium exploration and development and in July last year reported 82 percent uranium recovery. Further, two other companies are conducting reconnaissance surveys in the North West District and mid-western Guyana respectively.

4.32 Mr. Speaker, on yet another front, rare earth elements which are a vital component in the electronics industry for such items as cell phones and other high technology applications, present a new opportunity for investment, and with industrial countries actively

pursuing alternative sources, Guyana offers new terrain. To this end, Government has invited expressions of interest for two locations, one in southern Guyana and the other in Middle Mazaruni. This is likely to give rise to the development of exploratory activity in the first instance and subsequently, conditions permitting, extraction.

iii. Agricultural diversification

4.33 Mr. Speaker, Guyana has long been recognised for its potential to be the food basket of the Caribbean. Were Guyana's food production potential to be fully realised, not only would our domestic food supply requirements be substantially met but so would a significant part of the Region's food import bill be met by local production. With this aim in mind, Guyana has embraced a development path within the agriculture sector that focuses on diversification, facilitating large scale investments in our traditional as well as new food crops, the use of new and emerging technologies, implementation of sanitary and phyto-sanitary standards, the creation and testing of new varieties, critical investments in infrastructure, and the training of our farmers, businesses and farming communities to improve and enhance our food production and food security.

4.34 A total of \$1.4 billion was expended in 2011 on Government's aggressive agro-diversification programme. In order to ensure that the necessary supportive regulatory framework is in place, a number of important legislative initiatives were undertaken. These included the tabling and passage of the Plant, Animal and Seeds Acts, and the drafting of a number of other Bills, including a Food Safety Bill which will be brought to this Honourable House during this legislative session. In 2011, the sector continued to introduce genetically improved varieties and breeds that can withstand various environmental conditions and provide higher yields. Other efforts are ongoing to improve genetic stocks and varieties that will improve quality and yield for crops, and captured fish. Over 8,000 farmers trained in crop and animal husbandry and farm management. Additionally, the hinterland rice and bean project and spice project commenced. The spice project included the cultivation of onions, carrots, turmeric, black pepper, ginger, nutmeg and potatoes in communities such as Kato, Kurukubaru, Paramakatoi and Bamboo Creek. In addition, several measures were implemented to promote exports including training in food safety, rehabilitation of

quarantine office at CJIA, training of farmers within the clusters of fruits and vegetables, aquaculture and livestock for over 40 community based organisations and producer groups, including over 1,000 farmers in organisational and enterprise development. The result has been a rapid increase in production and export of non-traditional crops.

4.35 In 2012, \$1 billion is allocated to the agriculture sector to advance efforts towards the diversification and modernisation of the sector. Government will continue to develop 5,500 acres of uncultivated land between Supenaam and Riverstown, which will see the expansion of land for agricultural production in areas of rice, livestock, citrus and other fruits and vegetables in the Aurora area. This year will see over 50 large scale farmers benefit from the use of improved technology on their farms which would result in increased production for the domestic and export markets and another 30 producer groups will be provided with credit to enable them to finance their own businesses. Further, 49 business plans will be financed to support the introduction of new technologies in agriculture. In aquaculture, efforts will be concentrated in pond construction, acquisition of brood stock and the setting up of hatcheries. In the livestock area focus will be placed on genetic diversification. NAREI will enhance its capacity through the equipping of a modern germplasm and tissue culture laboratory capable of producing over 50,000 seedlings. Meanwhile, we will introduce international standards to 100 farmers and agro-processors with particular emphasis on the 5 large agro-processing facilities, 4 poultry processing plants and 9 aquaculture farms. The expansion of the cold chain system will complete the value chain in ensuring that produce leaving our shores are kept in optimal condition thereby guaranteeing our competitiveness in the international marketplace.

4.36 These initiatives, along with the completion of a genetic bank, artificial insemination laboratory, and quarantine stations at St. Ignatius and Mabura are among the initiatives that will be pursued this year.

#### iv. Tourism

4.37 Mr. Speaker, tourism remains one of the sectors in which Guyana has a significant comparative advantage given our vast and unique endowment of nature. It is anticipated that

the sector's contribution to the national economy will grow considerably in the near future given recent gains. Our policy for the sector aims to ensure that the Guyanese tourism product maintains its relevance and attractiveness to target audiences, that the capacity of the industry is increased, that standards are raised and maintained, that the unique Guyanese product becomes as widely known and as favourably regarded as possible, and that the destination and the industry are made as competitive as possible. Target audiences include the diaspora, and visitors from neighbouring and nearby countries, and industry niches include eco- and adventure tourism, bird watching, sports fishing, and low carbon vacations.

4.38 With these aims in mind, the tourism sector has been growing rapidly in recent years. Industry capacity has been increasing steadily, with significant levels of private investment taking the total number of hotel rooms to 3,000 at the end of 2011, compared to 1,700 five years ago. Visitor arrivals amounted to 156,910 in 2011, a 4.5 percent increase over 2010. The number of airlines travelling to Guyana and the number of routes, flights, and seats available have been increasing steadily, with the most recent addition being Suriname Airways introducing flights between Parimaribo, Georgetown, and Miami. Meanwhile, the Guyanese product has received favourable exposure in a number of mainstream publications. In addition, investments continue to be made in training of personnel, with the aim of improving service quality and visitor experience.

4.39 Mr. Speaker, in 2012, efforts will continue to ensure that this sector accelerates its growth towards realising the fullness of its potential. Firstly, the absence of a major international hospitality brand remains an impediment to both sector capacity and quality. In 2012, efforts will continue apace to advance the Marriott Hotel project under a public-private partnership. At a total estimated cost of US\$58 million, this 197 room hotel will include entertainment facilities such as a casino, nightclub, and boardwalk. Efforts will also continue in collaboration with industry partners to increase airlift and reduce seat price into Guyana in order to ensure affordable access. Further, the completion of the extended runway at Ogle airport along with the facilitation of closer links across the Takutu River Bridge and the Moleson Creek ferry crossing will provide opportunities for traffic increases through those points of entry.

4.40 Mr. Speaker, over \$200 million has been allocated directly to the sector this year. Within just a few weeks, Guyana will host the Caribbean Conference on Sustainable Tourism Development, which will focus on issues relating to conservation, integrating biodiversity principles into hotel and resort siting, and design and agro and culinary tourism, while allowing us to showcase our tourism product to the over 250 delegates and over 30 international journalists participating from the Caribbean, North America and Europe. Further, we will expand our participation in international trade shows to continue to market Guyana as a birding, yachting, and cruise ship destination. Already 6 international television channels, including BBC and Discovery Channel, are confirmed to film documentaries during the year which when broadcasted will reach global audiences of hundreds of millions. In addition, in order to make continuous improvements to industry service quality and to raise industry standards, training programmes for service providers and employees in areas such as taxi service, customer care, fire safety, and other service industry best practices will be conducted.

iv. Small Business

4.41 Mr. Speaker, while the agenda for transforming our economy might appear dominated by the tasks of modernising the traditional sectors and promoting growth in key emerging sectors, the importance of small and medium-sized enterprises (SMEs) in generating economic activity and improving livelihoods must not be underestimated. In every village economy, SMEs make a substantial contribution creating productive employment and generating incomes in such areas as agriculture, agro-processing, arts and craft, entertainment, and artisanry. Recognising the important role that SMEs play in improving livelihoods especially among the most vulnerable and in promoting a culture of entrepreneurship, Government has focused over the years on creating an enabling environment for these businesses.

4.42 Mr. Speaker, in 2011, the Small Business Bureau adopted the cluster approach to working with small businesses, more specifically, with members of the Guyana Arts and Craft Producers Association (GACPA) and Guyana Agro-Processors Association (GAPA). In this regard, awareness and training sessions were held at which nearly 500 small business

owners were exposed to such subjects as the procedures for registration of businesses, export procedures and reduction of export violation risks, standards and conformity assessment, entrepreneurship, packaging, marketing and pricing, and good management practices. In addition, a further 120 entities were added to the Bureau's database during the year increasing the number of registered businesses to a total of 1,244. Further, special targeted programmes continued to benefit their respective identified target groups. In the case of the Women of Worth (WOW) programme which is being implemented under a public private partnership, over 1,188 loans have been granted to beneficiaries in Regions 2, 3, 4, 5, 6, 8, 9 and 10, for investment in small businesses. Training programmes were also conducted and more than 400 single parents acquired the skills needed to become marketable and to improve their financial status.

4.43 In 2012, Government will continue to place emphasis on supporting the small business sector, providing training and capacity building, and improving the ease with which financing can be accessed by the sector. To these ends, an amount of \$22 million has been budgeted to enable the Small Business Bureau to discharge its functions. In addition, over the next four years, Government will spend US\$10 million to finance SME development and more specifically to address two of the major bottlenecks that constrain the development of SMEs and the ability of vulnerable groups to build alternative livelihoods in Guyana, namely limited access to finance and limited technical and business skills. Of this amount, US\$1.7 million is budgeted in 2012 for the operationalisation of the Small Business Development Fund. This fund will provide for a collateral guarantee scheme, an interest payment support facility, and a grant scheme to assist SMEs and vulnerable persons with viable business propositions to implement their business endeavours. Also, a skills voucher scheme will be launched to support the development of technical and business skills for 500 SMEs and vulnerable persons this year. Through this fund over 800 jobs are expected to be created, 300 SMEs and vulnerable persons will have access to loans and it is expected that at least 100 grants would be approved for those who are eligible.

### **C. Physical Infrastructure for Transformation**

#### **a. Roads and bridges**

4.44 Mr. Speaker, as we move to modernise and transform our economy to meet the challenges of our development agenda, our physical infrastructure plays an extremely pivotal role. In our efforts to grapple with the urgent demands for infrastructural improvement and enhancement, our focus is on creating efficient, safe, and reliable national and arterial road networks throughout the country aimed at strengthening connectivity for human and national development. In this regard, we are increasingly committed to improve the major arteries linking our hemispheric neighbours, Brazil and Suriname. At the same time, we will continue to create linkages for our productive sectors to facilitate expanded trade of goods and services. Central to our work in this area is the reduction of travel time and costs for businesses and commuters alike, and addressing the burning issues of road safety and maintenance.

4.45 Mr Speaker, in 2011, a total of \$8.7 billion was expended on the construction, rehabilitation and maintenance of our land transport network, of which \$6.9 billion was spent on roads and \$1.8 billion on bridges. An amount of \$1 billion was expended on the completion of 23 kilometres of all weather roads in Black Bush Polder, East and West Canje. The Government also spent \$1.7 billion on designs for widening Sheriff Street to Mandela Avenue and on preparatory works for the widening of the East Coast Demerara Four Lane Highway between Better Hope and La Bonne Intention. In addition, preliminary works on the widening of the East Bank Demerara Four Lane highway from Providence to Diamond and the upgrade of the Cheddi Jagan International Airport access road are ongoing. A sum of \$3.8 billion was expended on the reconstruction, rehabilitation and maintenance of urban, rural and hinterland roads in all the Regions. Further to this, \$867.5 million was expended on the clearing of vegetation and the construction and rehabilitation of access roads from Mabura Hill Road to Amaila Falls. Additionally, \$1.5 billion was spent on the completion of works on 16 critical structures along the East Bank and East Coast highways, to upgrade the Demerara Harbour Bridge, and installation of street lighting along main roads in Regions 2, 5 and 6.



4.46 Mr. Speaker, in 2012, Government will invest \$11.8 billion to sustain and improve our roads and bridges network, of which \$10.9 billion will be spent on roads and \$964 million on bridges.

4.47 Of this amount, \$1.3 billion will be expended on the completion of 30.5 kilometres of all weather roads in Black Bush Polder, East and West Canje to improve access to over 18,500 acres of agriculture land. An allocation of \$2.2 billion has been made for the upgrade, modernisation and expansion of the Four Lane Access Road to the Cheddi Jagan International Airport, the Sheriff/Mandela Roadway, the extension of the four lane highway from Providence to Diamond and the widening of the highway from Better Hope to Golden Grove on the East Coast Demerara. Studies and designs will be prepared for the extension of the four lane highway from Better Hope to Golden Grove, from Diamond to Timehri and for the Georgetown-Lethem road. The sum of \$5.5 billion is also allocated to construct, rehabilitate and maintain urban, rural, community, and hinterland roads. Further, approximately \$2.4 billion is allocated for the upgrade of 85 kilometres of existing roads and construction of 110 kilometres of virgin roads from Mabura Hill Road to Amaila Falls. In addition, \$545 million has been allocated for the reconstruction and rehabilitation of 20 critical structures from Belladrum to Rosignol, and for the rehabilitation of pontoons and cluster piles to extend the life of the Demerara Harbour Bridge.

b. Air and river transport

4.48 Mr. Speaker, the state of air and river transport infrastructure plays a crucial role in the economic progress of our country. Our energies have been focused on improving international trade in goods and services and on providing convenient and reliable access to our vast geography linking our coastal areas and remote communities in the hinterland.

4.49 In 2011, the concept design for the modernisation of the Cheddi Jagan International Airport (CJIA) was finalised and the runway at the Ogle Municipal Airport was extended by 2,200 feet. A sum of \$40 million was spent for the maintenance of 43 domestic airstrips in Regions 1, 2, 7, 8 and 9. Also, \$416 million was spent towards the modification of the Parika and Supenaam stellingings to accommodate the new roll-on roll-off ferries. The sum of \$482

million was spent to strengthen maritime infrastructure and to purchase navigational aids and critical spares.

4.50 In 2012, a sum of \$4.5 billion has been budgeted for the upgrade, expansion and modernisation of CJIA, which entails the commencement of construction of a new terminal building, aprons, air-bridges, taxiways and the extension of the runway by a further 3,500 feet. Also, \$180 million is budgeted for the rehabilitation of airstrips in Lethem, Imbaimadai and Ekereku Bottom and the ongoing maintenance of our country's 43 airstrips in Regions 1, 2, 7, 8 and 9. Furthermore, to improve air navigation services and safety, a sum of \$68 million will be expended for high frequency radio and security systems.

4.51 Additionally, over \$717 million is budgeted for the docking of vessels and acquisition of spares. Parika and Supenaam stelling will be completed to accept the new roll-on roll-off ferries, the Sanbanto and the Kanawan, which will each accommodate 800 passengers, 44 cars or 20 trucks and will create a more efficient and convenient river transport system.

c. Sea and river defence

4.52 Mr. Speaker, our relentless battle to protect our homes, our social and productive infrastructure, from the onslaught of the ever rising sea is a task that we are constantly committed to pursue. In this regard, Government continues to make significant investments to improve the stability of our natural and man-made sea defence structures for the protection of our coastland and riverain areas, in response to the considerable challenges posed by the rise of the sea level caused by climate change.

4.53 To this end, in 2011, \$2.7 billion was spent on the protection of approximately 10 kilometres of sea defence in Regions 2, 3, 4, 5, 6, and 7 for critical and emergency works. Replanting of mangrove seedlings was also done in areas such as Hope, Mon Repos, and Triumph.

4.54 In 2012, the sum of \$2.9 billion is budgeted for the continued protection of our sea and river defences. Critical and emergency works will be carried out in Regions 2, 3, 4, 5, and

6, and the replanting, restoration and protection of 10 kilometres of mangrove is targeted for Regions 2, 3, and 4. Government will also continue to implement its five year National Mangrove Management Action Plan for the protection of mangrove against human degradation.

d. Drainage and Irrigation

4.55 Mr. Speaker, Government continues to place emphasis on the improvement, upgrading and strengthening of our drainage and irrigation network and infrastructure aimed at reducing flooding, providing effective water management and improving the livelihood of farmers and rural households. Within this strategic policy framework Government is developing a comprehensive hydrologic and hydraulic model of the East Demerara Water Conservancy in order to better manage the water level.

4.56 In 2011, Government expended \$6.7 billion on our drainage and irrigation systems which included works on the construction of the head regulator, relief sluice outfall structure, public road bridge, and earthworks for the 10.3 kilometres Northern Relief Channel at Hope/Dochfour. Further, pontoons, revetment, sluices, drainage structures, excavation of drainage canals and acquisition of HDPE pipes to link the drainage and irrigation network were completed. In addition, \$234 million was spent to procure excavators and bulldozers for the Aurora Land Development Project.

4.57 Mr. Speaker, in 2012, \$7.8 billion has been budgeted for the continuation of work on the drainage and irrigation systems. This will see the Northern Relief Channel being advanced, along with the rehabilitation of the Cunha canal and the design and development of a hydrological model intended to monitor the flood plain. Further, eight super-long reach excavators and two pontoons will be procured and several intake structures and relief sluices will be rehabilitated. Additionally, eight pump stations will be constructed and eight fixed pumps will be procured to drain a total of 56,000 hectares of lands in Windsor Forest, Cane Grove, Paradise, Enterprise, Black Bush Polder, Skeldon, Albion and Rose Hall, while another six mobile pumps will be used for drainage interventions as the need arises.

e. Hydrometeorology

4.58 Mr. Speaker, we continue to enhance and upgrade the Hydrometeorological Service for planning and decision making critical to the aviation, sea defence and agricultural sectors, while ensuring that quality climate data is easily accessible for disaster risk management across the country.

4.59 In 2011, significant progress was made in real time data collection, storage and dissemination of water and climate information critical for planning, public awareness and preparedness consequent on the operationalisation of the new Doppler Station, and with the establishment of several automated weather stations country wide. In support, the National Water Information System (NWIS) was launched and two automated weather stations were procured for Timehri and Parika. Further, a Numerical Weather Prediction model for Guyana was developed which will improve the 3 to 7 day weather forecast.

4.60 Mr Speaker, in 2012, \$391 million has been allocated for the continued modernisation and expansion of the hydrometeorological network through the acquisition of a satellite receiving system to provide real time satellite images of approaching and developing weather systems. The Caribbean Community Climate Change Centre (CCCCC) will also provide support for ten automated stations to be installed at a number of interior locations, allowing for the automatic collection and transmission of data to a central data collection portal in Georgetown.

f. Energy, Power Generation and Supply

4.61 In keeping with the relentless drive to improve and expand power supply and distribution across the country, Government will continue to invest in and encourage projects and programmes to meet our national energy demand. In this regard Guyana's flagship project is the Amaila Falls Hydropower Project (AFHP). This project represents a key initiative which together with the provision of solar powered home systems for the hinterland communities will in time virtually eliminate our dependence on fossil fuels and create the environment for green energy supply for our domestic needs.

4.62 In the year 2011 over \$11.7 billion was spent in the power sector. Of this amount, US\$18.9 million was spent for the expansion of the Kingston Power Plant by 15.68 MW, increasing its capacity and benefiting over 27,000 consumers. A sum of \$3.3 billion was expended to facilitate the finalisation of designs and to provide for the shipment of major equipment and materials for the construction of new sub-stations and transmission lines. Also, land was acquired for the sub-stations in Ruimveldt, Liliendaal, Good Hope, Columbia-Mahaicony, Vreed-en-Hoop, Edinburgh and Golden Grove, and preparatory works have begun. Meanwhile, work on the Canefield power plant to convert it from diesel generation to heavy fuel oil operation is ongoing. It is expected that when fully converted, significant cost savings will be generated. Under the hinterland electrification programme, some 1,729 solar panel systems were distributed to households and public institutions in areas such as Kamarang, Kato, Mabaruma, Aishalton, Shulinab, Lethem, Annai and Santa Rosa.

4.63 Government continued to make progress on the AFHP, which is being developed as a public-private partnership using a 20 year Build Own Operate Transfer (BOOT) model. The AFHP when fully operational will have the capacity to supply over 1000GWh of energy annually and allow the substitution of approximately US\$195 million in fuel imports based on the current price of fuel annually. This compares favourably with the estimated annual cost of US\$110 million that is targeted to be paid to Amaila Falls Hydropower Inc (AFHI). The AFHP is now sized at 165 MW with financing for this project of approximately US\$840 million coming from equity contributed by Sithe Global, equity from Government under the GRIF, and debt financing from the China Development Bank and the Inter American Development Bank.

4.64 GPL's capital works in 2011 will be continued in 2012 such that by the time AFHP comes on line, GPL will have a totally integrated transmission system operating at 69 KV that will allow power to be transferred from Skeldon to the Essequibo Coast, with the entire GPL system operating at 60 Hz. During 2012, works on the GPL US\$39 million transmission and distribution project will continue. Additionally, GPL will look to advance the conversion of its 50 Hz Wartsila engines to 60 Hz such that by next year, the entire grid

will operate at 60 Hz. GPL is currently pursuing initiatives to improve the overall efficiency of its operations including a reduction of technical and commercial losses, reducing the incidence of electricity theft and commencing training in the modelling and analysis of power systems. To this end, GPL is seeking to recruit a number of technical managers who will assist the company in improving its capability to adequately manage its system and integration of the hydropower. In 2012, GPL will continue to implement its loss reduction plan including replacing 6,000 meters with prepaid meters and metering 6,900 new service connection with Itron meters.

4.65 In 2012, \$1.8 billion will be invested for the installation of a submarine cable linking Kingston and Vreed-en-Hoop and the construction and upgrading of several sub-stations along the coastal belt. A further sum of \$100 million is budgeted to support capacity building, energy conservation and rehabilitation of the low voltage distribution network for the reduction of commercial losses. Furthermore, an additional \$50 million will be spent for the design of a 330 kW micro-hydropower project at Kato to boost electricity supply in our hinterland. This will benefit 2,700 persons in Sub-Region 1 of Region 8 and support commercial farming and agro-processing activities. Also, there will be a continuation of the distribution of over 8,000 solar panels under the Hinterland Electrification Programme. An allocation of \$94 million has been made for the construction of a power supply distribution network at Matthews Ridge and the acquisition of solar panels, transformers and generators for areas such as Lethem, Moruca, Barabina, Waramadong, Kato, Aishalton, Wakapou, Caria Caria, Low Wood and Rockstone.

4.66 Mr. Speaker, still on the subject of energy, over the past several years since the privatisation of the bauxite operations in Linden and the Berbice River, Government has been subsidising electricity rates in these communities. Currently, in Linden, electricity costs between \$5 and \$15 per kWh, while on the GPL grid customers pay an average of \$64 per kWh. The total cost of this electricity subsidy was \$2.9 billion last year, the equivalent of 10 percent of GPL's total revenues. Starting from 2012, reforms will be initiated to the tariff subsidy with the aim of giving effect to a progressive alignment of the subsidised rates with the national rates that are applicable on the GPL grid.

## **D. Investments in Our People**

4.67 Mr. Speaker, one of the hallmarks of successive PPP/Civic Governments has been our steadfast commitment to investment in the social sector, reflecting our firm conviction that there is no investment more important than that made in our people.

4.68 Late last year, our Government issued the Millennium Development Goals (MDG) Progress Report 2011, which documented the considerable progress made towards achieving the MDGs. Amongst the MDGs already achieved are nutrition and child health, while those on course to being achieved include education, water, sanitation and HIV. The only MDG that appears under threat of not being achieved is that on maternal health. While our progress towards achieving the MDGs can be regarded as the basis for much satisfaction, much work remains to be done if the gains made are to be preserved and advanced further in order to ensure attainment of all the Goals by 2015.

### **a. Education**

4.69 Mr. Speaker, this Government recognises that education is critical if we are to develop a well trained and highly skilled workforce to meet the needs of the modern economy. As such, over \$24 billion was expended in this sector in 2011, representing an increase of 13 percent in expenditure from 2010. Mr. Speaker, please allow me to reflect on a number of key achievements gained by the Education Sector during the third year of implementation of the National Education Strategic Plan 2008-2013.

4.70 Mr. Speaker, more than \$47 million has been expended on the establishment of the Guyana Learning Channel which broadcasts programmes that complement and supplement the education curriculum for all students countrywide. Additionally, over \$1 billion was spent on the operational cost of the Cyril Potter College of Education which offers the Associate Degree in Education. This programme saw enrolment of the first batch of 461 students in the academic year 2010/2011 while another 432 students enrolled for the current academic year 2011/2012, bringing us closer to the goal of attaining 70 percent of trained teachers by the end of the Strategic Plan period. Furthermore, while another \$768 million

was spent on the operational costs of the 2 campuses of the University of Guyana, and \$450 million on student loans. Mr. Speaker, we spent over \$1 billion on the National and Hinterland School Feeding Programmes which benefited over 63,000 children countrywide, while another \$266 million was expended on ensuring each child has a uniform for school. Additionally, over \$1.8 billion was spent on our technical vocational training institutes, including the completion of the 2 new vocational centres in Regions 3 and 5, while another \$2.8 billion was spent on construction, extension, rehabilitation and maintenance of our schools, and other educational facilities countrywide.

4.71 This Government recognises that education is a prerequisite to the successful development of a nation, and as such we will continue to respond accordingly to the educational needs of our people in order to improve their quality of life. To this end, Mr. Speaker, \$26.5 billion has been allocated for the education sector in 2012.

4.72 Mr. Speaker, over \$1 billion has been allocated towards the continued implementation of the National and Hinterland School Feeding Programmes, while the School Uniform Programme will continue, reiterating the current administration's commitment to improving attendance, participation rates, and attainment levels, by ensuring that every child has the basic necessities for school.

4.73 Mr. Speaker, as we continue to make significant progress towards universal secondary education, we are implementing programmes aimed towards achieving better performance in Mathematics and English Language at the Caribbean Secondary Education Certificate (CSEC) examinations. As such, 36 schools will be targeted countrywide as part of a pilot which will address key dimensions of education delivery, including working closely with teachers and allocating adequate resources in an effort to improve performances in both Mathematics and English at the 2012 CSEC examinations.

4.74 As indicated in our Manifesto, one of our key initiatives is to improve teacher quality by strengthening the institutions involved in teacher training, and upgrading the training programmes offered. We are proud to note that the proportion of trained teachers has consistently been increasing over the last five years, moving from 58 percent to 70 percent at



the primary level, and from 55 percent to 64 percent at the secondary level. As we strive to further improve these percentages, over \$1.2 billion has been allotted towards teacher training. This includes provision for operational expenditure of the Cyril Potter College of Education, which is expected to produce 430 graduates from the Associate Degree in Education Programme in November 2012, while another 800 students will complete the Trained Teacher Certificate Programme in July of this year.

4.75 Mr. Speaker, information and communication technology remains on the front burner as we accelerate training of our teachers with an aim of having 3,500 teachers trained by the end of 2012. Additionally, all secondary schools will be equipped with functioning ICT departments. Furthermore, the ICT-based Success Makers programme will be installed in another 60 primary schools and teachers will be trained in the use of this software as a teaching and learning aid.

4.76 Ensuring that the University of Guyana delivers quality education is another priority for this Government, towards which over \$900 million has been allocated. Furthermore, Mr. Speaker, having completed the preparatory work for the US\$10 million University of Guyana Science and Technology Project, \$80 million has been allocated under this project towards the commencement of curriculum reform, research support, and infrastructure rehabilitation. Moreover, another \$450 million has been budgeted for the student loan programme.

4.77 Mr. Speaker, we stated in our manifesto that special emphasis will be placed on ensuring that those who are differently abled are empowered to achieve personal fulfillment, thus making a contribution to productive effort. As such, we have budgeted for the construction of an annex at the Ptolemy Reid Rehabilitation Centre which caters for 60 differently abled students and will be equipped with the essential sanitary facilities, furnishings, and a computer room. Additionally, the training facility will be rehabilitated so as to provide technical and vocational training to the students at the centre.

4.78 Mr. Speaker, this Government is adamant about ensuring that our children are provided with conducive learning environments. As such, \$3.3 billion has been allocated for

continued construction, extension, rehabilitation and maintenance of schools and other educational facilities countrywide. This includes the construction of Turkeyen Nursery School, the extension of Parika Salem Secondary School, and Waramadong dormitory and teaching block. In addition, works on LBI, St. Pius and Diamond Primary Schools, Leonora Secondary School and dormitories at Charity and Sand Creek Secondary Schools, along with science and information technology laboratories are expected to be completed.

b. Health

4.79 Mr. Speaker, our Government remains steadfast in pursuing its vision of continued modernisation of the health care system, while placing emphasis on equitable access to high quality and consumer friendly health services. In pursuit of the National Health Strategy 2008-2012, Government's attention is focused on further decentralisation and expansion of health services. Towards the realisation of this vision and strategy, Government expended \$14.5 billion.

4.80 Mr. Speaker, in 2011, over \$998 million was spent on health care infrastructure development for the construction, rehabilitation and maintenance of health facilities, including the new 285 bed facility at the Georgetown Public Hospital, a denture laboratory at the Cheddi Jagan Dental Centre, West Demerara Regional Hospital, and reconstruction to sections of the Lethem Hospital. Furthermore, \$29 million was expended towards land preparation works for the construction of a new state of the art specialty hospital.

4.81 Mr. Speaker, our Government expended over \$300 million on training of medical and paramedical professionals in light of growing demand for health services while introducing a number of post graduate programmes.

4.82 Services were expanded in the area of maternal and child health with training in supervisory tools at the health centre level while the Health Qual Initiative has advanced from 21 to 51 sites. Additionally the national immunisation programme benefited from the introduction of a new vaccine which protects against 13 infections that severely affect young children. Further, some 15,147 infants (6-24 months) benefited from over 1.3 million sachets

of sprinkles while 10,154 pregnant mothers received 913,860 sachets of sprinkles under the maternal and child nutrition programme.

4.83 Mr. Speaker in 2012, Government has allocated over \$16.9 billion to continue the modernisation of the sector and to consolidate on the gains made over the past decade. Government will continue to place emphasis on decentralising services, strengthening public-private collaborations in a continued effort to reduce chronic non-communicable diseases, improve the quality of care and access to health services, and strengthen the health system.

4.84 Mr. Speaker, Government continues to place emphasis on universal access to primary health care and expanding access to specialised care. To this end, \$672 million has been budgeted to commence construction of a state-of-the-art specialty surgical hospital at Liliendaal. This 100-bed hospital, when completed, will allow Guyanese nationals, our wider Guyanese diaspora, and Caribbean nationals access to the best quality tertiary health care at an affordable cost, including in the areas of cardiology, nephrology, oncology, intensive care services, along with supporting laboratory services, clinical services, training and research.

4.85 An additional \$948 million has been allocated to construct, rehabilitate and maintain health infrastructure countrywide. This includes completion of the National Psychiatric Hospital, Georgetown School of Nursing, construction of a health centre at Port Mourant, and renovation and transformation of the Mahaica and Linden hospital buildings into the National Treatment and Rehabilitation Facility for Drugs and Alcohol. A sum of \$235 million has been allocated for the construction, rehabilitation and maintenance of accommodation for doctors and other medical support staff in areas such as Sand Creek, Karasabai, Kwakwani, Corriverton and Long Creek and for the procurement of medical equipment.

4.86 In 2012, over \$387 million is budgeted for the training and improvement of public health personnel to meet the growing demands for specialised services. The sector is expected to benefit from the services of over 250 Cuban trained Guyanese doctors who will be placed across the country.

4.87 Government recently boosted the armoury of vaccines to provide national coverage against the Human Papilloma Virus (HPV). The HPV vaccine was launched in January and is being administered along with intensive sensitisation programmes to girls from age 11 in order to alleviate the occurrence of cervical cancer. Further, in 2012 the Government has budgeted to spend \$240 million to support the continued distribution of the antenatal and infant sprinkles which aims to improve the nutritional health of over 15,000 mothers and children.

c. Housing

4.88 Mr. Speaker, our Government remains resolute in its commitment to ensuring that all Guyanese have access to adequate and affordable housing within the context of sustainable and economically viable communities. In order to achieve this vision we will seek to allocate 30,000 new house lots by 2015, increase access to low cost financing for home construction, examine ways of improving occupancy rates in new housing areas, develop resettlement plans, regularise squatting areas and facilitate easier access to house lots and home financing .

4.89 In 2011, the sum of \$3.3 billion was expended on the housing sector of which \$700 million was spent on improving the road network and water distribution system in Plantation Zeelugt, Leonora, Mahdia and Culvert City benefiting over 1,500 households. Also, 25 core houses were completed and another 59 commenced. Further, some 8,981 house lots were allocated and 7,325 land titles were distributed while in excess of 1,000 persons accessed low interest financing valued at over \$5.6 billion. The One-Stop-Shop Outreaches conducted in Regions 2, 3, 4, 5, 6 and 10 benefited over 36,000 persons.

4.90 Mr. Speaker, in 2012 the Government will invest \$3.6 billion in the housing sector to increase access to affordable housing, improve the quality of infrastructure of housing schemes and regularise squatter settlements.

4.91 In this regard, 6,500 house lots will be allocated and 4,000 land titles will be processed and distributed. Further, an additional 200 core houses will be constructed and the programme for professional groups will provide 200 teachers, nurses and policemen with fast track access to loans for home construction. Another public-private initiative, to ensure greater access to affordable housing, has been the recent establishment of a turnkey housing initiative which seeks to minimise the time taken between allocation, loan application and construction by immediately providing 2 bedroom houses to an additional 80 families by the end of the year.

4.92 In addition, home improvement subsidies will be made available to vulnerable groups benefiting 190 coastland and 100 Amerindian families. Under the infrastructure development programme, works will be undertaken to improve roads, drains and structures in existing schemes such as Kokerite Hill, Uitvlugt, Herstelling, Bartica and Wisroc.

d. Water

4.93 Mr. Speaker, over the medium term, Government will continue to invest in the water sector consolidating the gains made over the previous term especially in ensuring that all Guyanese have access to adequate supplies of safe potable water.

4.94 In 2011, \$1.8 billion was spent in the water sector facilitating the construction and upgrading of distribution and transmission mains in Regions 2, 3, 4, 5 and 6 benefiting in excess of 90,000 persons. Some 10 kilometres of transmission mains were rehabilitated in areas such as Amelia's Ward, Richmond Hill, and Wisroc, benefiting over 7,000 residents. Also 3,000 service connections were installed, 6 new boreholes were completed, 17 new photovoltaic systems were installed, 14 elevated storages units were constructed and 4 distribution systems installed in communities such as 4 Miles, Falls Top, Micobie, Kariaku, and Kwabanna. Mr. Speaker, the Community Outreach and Awareness Programme and H<sub>2</sub>O Kids 'N' Action Campaign continued in 2011, benefiting approximately 5,000 students from 35 schools.

4.95 In 2012, \$2 billion has been allocated to improve the quality of water supply of which \$900 million is budgeted for the installation of approximately 20 kilometres of transmission and distribution mains, the upgrading of water treatment plant systems in areas such as Rose Hall, Pouderoyen and Fellowship and the completion of 4 boreholes benefiting approximately 233,900 residents. In addition, the sum of \$100 million is budgeted for the upgrade of the water supply system in areas such as West Watooka, Wisroc, Christianburg, Richmond Hill and Canvas City and \$400 million is allocated towards the construction of two new water treatment plants at Wisroc and Amelia's Ward to benefit approximately 30,000 residents.

4.96 Complementing these efforts, the Energy Efficiency Pilot Project, will address the need to improve energy use within GWI facilities through the installation of 12 energy efficiency devices at selected locations on the East Bank and West Demerara to reduce high start-up energy consumption in the water supply system.

4.97 Mr. Speaker, in keeping with the development of the hinterland communities and improving the quality of life of our indigenous peoples, the sum of \$150 million is budgeted to install 10 photovoltaic systems, upgrade 5 existing water supply systems and construct medium depth boreholes that will benefit over 11,000 persons

e. Sanitation

4.98 Mr. Speaker, the disposal of solid waste in a safe and efficient manner in order to ensure the health and well-being of our citizens continues to be a priority for this Government. In this regard, the establishment of a National Solid Waste Management Division is expected to be in place by the end of the year.

4.99 During 2011, the sum of \$588 million was spent on the construction and operation of the Haags Bosch Sanitary Landfill, which was opened in February of 2011 and is currently receiving and disposing of waste at an average rate of over 325 tonnes of garbage per day. Another \$142 million was expended for the procurement of materials which will be used in 2012 to rehabilitate the Georgetown sewerage system.

4.100 Mr Speaker, in 2012, \$503 million is budgeted to commence rehabilitation of 9 sewer-pumping stations in the Georgetown sewer network and for the distribution of drugs aimed at interrupting the transmission of filaria and other diseases caused by contact with contaminated soil. Another \$678 million is budgeted to continue the construction of the waste-receiving cell at the Haags Bosch Sanitary Landfill and to complete works towards the realisation of a treatment facility for pretreated medical and hazardous waste.

e. Vulnerable Groups and Other Targeted Interventions

i. Children

4.101 Mr. Speaker, Government continues to place significant emphasis on protecting and empowering vulnerable children countrywide. To this end, two additional pieces of legislation geared towards improving child protection were passed, the Child Care and Development Services Act 2011 and the Custody, Access, Guardianship and Maintenance Act 2011. Mr. Speaker, a new secretariat for the Child Care and Protection Agency has been commissioned in 2011. A total of 489 children have been removed from abusive situations and placed in safe homes. Additionally, the national foster care programme placed 55 children in foster homes. Mr. Speaker, the Sophia Care Centre was commissioned in 2011, with capacity to accommodate 100 children and aims to provide holistic care to our young children including specialised counselling, music, dancing, art and craft.

4.102 Mr. Speaker, we will upgrade the Mahaica home to provide care for our young girls who have been victims of abuse. This Government will also provide support and training and establish a “half way house” to accommodate those youths who have attained the age to leave the formal care system but are not yet capable of reintegration into the society. The national foster care programme will be expanded this year towards ensuring that the long term goal of every child in need is placed in a family. This is indicative of the wider Government position of promoting family-based care and ensuring that ultimately all children are cared for in a home versus an institutional environment. Guyana’s first family

court has been completed and this facility will allow adults and children to seek redress in family related matters, and enable adoption, guardianship and custody to be dealt with in an appropriate manner. The requisite rules of court are currently being finalised, and the court is expected to commence its sittings in 2012.

ii. Youth

4.103 Mr. Speaker, over 2,900 out of school youths and other vulnerable young people were trained under the National Training Programme for Youth Empowerment (NTPYE), the Board of Industrial Training (BIT), and the YEST programme. In support of this, our Government spent \$58 million on infrastructural works at the Smythfield Drop-In Centre, the Sophia Training Centre, the facility at Madewini Youth Camp, and youth training centres.

4.104 In 2012, increased focus will be given towards encouraging youth development through our vocational and other skills programmes with another 2,850 young people targeted to be trained and \$66 million allocated to equip and rehabilitate our training centres.

4.105 Mr. Speaker, the past year has witnessed significant developments in the area of sports infrastructure. In 2011, the National Aquatic Centre at Liliendaal was opened, along with our country's first public squash courts at the Racquet Centre in Georgetown. Both of these achievements would facilitate improved access to sports facilities especially among groups that might otherwise be unable to participate in these sports.

4.106 In 2012, the sports sector will enjoy further benefits from several new and improved facilities. A sum of \$675 million has been earmarked for the continuation of the athletic track at Leonora, completion of the Bartica Community Centre, upgrading of the National Gymnasium, Cliff Anderson Sports Hall, National Stadium and Colgrain Pool. Also, the two re-commissioned tennis courts at the racquet Centre would be equipped with lights. Of this amount, \$160 million has been allocated for the upgrading of sports grounds countrywide. To boost Guyana's efforts to host major international swimming meets, a 25-metre warm-up pool would be constructed at the National Aquatic Centre, Liliendaal.



iii. Single Parents

4.107 The single parent assistance programme continued its mandate with the aim of increasing economic opportunities and generating income for single mothers. Under the WOW programme, as indicated earlier, over 1,000 single mothers accessed loans for investment in a small business. Moreover, Guyana Women's Leadership Institute (GWLI) has continued its work on empowering over 230 women through several capacity building programmes offered at the institute, including life skills and for the first time information technology. In addition, the Single Parent programme under BIT trained 423 parents in cosmetology, computer repairs and electrical installation.

4.108 Mr. Speaker, the fact that a number of women are now able to work towards providing a better quality of life for themselves and families through some of our programmes is no small achievement for this Government. This programme will be extended to Regions 1 and 7 where over 400 single mothers stand to benefit. In addition, training will be provided to 2,000 women in areas such as small business management, basic accounting and self improvement, mainly to improve their capabilities and to afford them the opportunities to be able to source markets for production. In keeping with Government's commitment to eliminate sexual and domestic violence from our society, the Women's Affairs Bureau and the Men's Affairs Bureau will team up to launch the "No More Black and Blue" campaign and, in addition, White Zones in several communities would be identified across the country.

iv. Elderly

4.109 In 2011, infrastructural works continued at the Palms Geriatric Institution with a view to providing improved facilities. In addition, the exercise room at the recreation facility was fully furnished for residents. Further, over 42,000 pensioners countrywide continue to benefit from monthly old age pension. In 2012, continued efforts will be made towards improving the lives of our senior citizens.

v. Homeless

4.110 The Night Shelter continues to provide accommodation, meals and medical assistance to more than 200 persons on a daily basis. In 2011, the facility has recruited a full time social worker to provide counselling, training and job placement assistance. Further, with the completion of the Centre for Rehabilitation and Reintegration at Onverwagt, over 300 persons are expected to benefit. In support of these initiatives, developmental programmes would be introduced to ensure a better quality of life for our vulnerable citizens at the shelters.

vi. Indigenous Communities

4.111 Through the expansion of economic opportunities and provision of improved social services, Government continues to provide support towards the preservation of the cultural heritage and integration of Amerindian communities to ensure that every child has the same opportunities as their counterparts on the coastland. The furtherance of this objective has led to the establishment of a National Toshias Council Secretariat which commenced the preparation of a 3 year strategic plan.

4.112 Under the Amerindian Development Fund, \$87 million was expended on the acquisition of tractors, portable sawmill and other agricultural tools, installation of solar systems and execution of civil works including the construction of landings, multipurpose buildings and community centres benefiting residents in Regions 1, 2, 7, 8, 9 and 10.

4.113 The creation of employment opportunities and sustaining food security remain a priority of the Government. Under the National Secure Livelihood Programme, \$22 million was expended on monitoring and follow up training in areas such as crabwood oil production, aquaculture and beekeeping, acquisition of planting materials and construction of relevant infrastructure to support the expansion of agricultural productions to the benefit of over 200 farmers in Region 1.

4.114 The Government continues to focus on the educational development of hinterland students through the hinterland scholarship programme. In 2011, 112 students were granted scholarships and 68 students graduated from secondary, technical and tertiary institutions. Additionally, in support of the welfare of hinterland students, \$37 million was expended on the students' dormitory at Liliendaal, benefiting 58 students.

4.115 Mr. Speaker, over \$165 million has been budgeted under the ADF for community programmes, issuance of land titles to 13 villages, and the National Secure Livelihood Programme. The hinterland scholarship programme is expected to benefit over 100 students this year. Additionally, under the GRIF, funding will be provided to support the socioeconomic development of Amerindian communities through the implementation of their community development plans.

vi. Other Vulnerable Groups

4.116 Mr. Speaker, our Government continues to place significant emphasis on improving the lives of disadvantaged groups through our ongoing public assistance programme. In 2011, over 9,000 vulnerable individuals benefited from monthly support across communities countrywide. Added to this, the online registration service through the Central Recruitment and Manpower Agency has interviewed 3,716 unemployed individuals out of 4,042 registrants while 2,473 were placed into employment. In 2012, we expect to interview and place 3,000 unemployed persons in the work force.

**E. Enhancing Security and Justice**

a. Public safety and security

4.117 Mr. Speaker, the security of every resident of our country is of paramount importance to our Government. The expectation of every citizen to a safe community and a just and secure environment must be met. In this regard the effective interconnectedness of our security and justice sectors is critical to the meeting of this expectation.

4.118 During 2011, over \$15.3 billion was expended on improving the operational capability of our security forces in the areas of legislation, infrastructure, equipment and training with a continued focus on intelligence based policing. In addition to the substantial legislative agenda pursued in 2011 additional pieces of legislation including the Anti-Gang Act and amendments to the Motor Vehicle and Road Traffic Act are being drafted. Further key interventions made in 2011 included the operationalisation of an Integrated Crime Information System, the remodelling of police stations to accommodate a computerised environment, the placement of closed circuit monitoring devices in crime hot spots around the city, progress on the construction of a modern forensic laboratory, and the construction of a new training facility and a new fire station at Mahaica. Also \$769 million was spent on the acquisition of equipment to improve the operational capacity of the joint services. Further, over 300 security officers benefited from training in modern policing techniques, human rights and ethics consideration, and intelligence gathering. In addition emphasis has been placed on the promotion of social cohesion in communities. Through this initiative, over 6,000 persons benefited from anger management training, while over 1,000 youths were trained in various vocational skills.

4.119 Mr. Speaker, to consolidate the gains of previous years' investment as well as to ensure the continual improvement of the sector a 2012-2016 strategic plan is currently being drafted for future implementation. This year \$16.2 billion has been allocated for the continued modernisation of the security sector and in the area of infrastructure key investments will result in substantially modernised facilities. The completion of the construction of the forensic laboratory will result in improved investigative capability supported by analyses in the areas of toxicology, histology, chemistry, biology and DNA, several of which were never before available in Guyana. This will allow for greater timeliness and effectiveness in investigations of criminal activities. Further, the construction of the fire service training school at Leonora with live-in accommodation for 55 persons along with 2 lecture halls and training tarmac will continue, while the new fire station at Diamond will be operationalised this year. The joint services will also benefit from \$949 million to purchase and maintain equipment for the security sector to ensure its continued modernisation.

4.120 At the end of the year a total of 18 remodelled police stations in Regions 4 and 6 would be equipped with computers. This will support the operationalisation of the Integrated Crime Information System aimed at monitoring trends in crime and violence through a network which links the Ministry of Home Affairs to the GPHC, all prisons and IT equipped police stations. This will allow the joint services to plan more strategically, based on statistical analysis, and undertake evidence based interventions in fulfilling their mandate to ensure safety for all.

b. Justice

4.121 Mr. Speaker, the modernisation of our laws, systems and facilities that support the effective functioning of our judiciary continues to take precedence in the Government's development agenda. As acknowledged before, the effectiveness of the justice administration system is inextricably interlinked with the performance of the security sector and efforts to modernise both sectors will continue over the near term. Over \$1.7 billion was spent in 2011 in the justice sector.

4.122 Key achievements in 2011 include the progress made towards completing the revision of the Laws of Guyana for the period to 2010, and the compilation of the law reports for the period to 2007. These along with several pieces of legislation enacted previously such as the Time Limit for Judicial Decisions Act which imposes a time limit on judges for writing up their decisions, the Evidence Act which allows for the admissibility of audio visual testimony, and the Alternative Dispute Resolution Act which provides for the settlement of disputes out of courts, have the potential to enable a more efficient and effective judicial process.

4.123 In 2012, amounts totalling \$2.1 billion are budgeted for the sector. Continued modernisation of facilities will ensure greater geographical access by making court buildings more available and user friendly. Over \$300 million will be spent on the construction, rehabilitation and maintenance of court facilities including the rehabilitation of Georgetown Magistrates Court, completion of Magistrates Courts in Wales, Mibicuri, Lethem, and Linden. The latter will realise the opening of a new Magisterial District permitting a range of

actions including the filing of court matters and the deposit and collection of child support, which currently require residents in Linden to travel to West Demerara. This is yet another example, of our Government improving access to services and in particular to justice. Also, in 2012, mediation services will be expanded to Berbice with a new Mediation Centre to be constructed in New Amsterdam at cost of \$25 million. Additionally, efforts will be redoubled during the year to accelerate the reduction of backlogged cases.

## **F. Foreign Relations**

4.124 Mr. Speaker, the safeguarding of Guyana's sovereignty and territorial integrity remains paramount within our national foreign policy position with a priority focus on the promotion of trade and investment.

4.125 In keeping with our territorial priorities and as a party to the United Nations Convention on the Law of the Sea, Guyana has submitted a claim to the United Nations Commission for an extended continental shelf up to 350 nautical miles which is currently before the United Nations Commission on the Limits of the Continental Shelf.

4.126 Guyana also continues to have an active voice in the global, hemispheric and regional arenas on a range of issues particularly related to climate change and environmental protection, reform of the international financial architecture and related institutions, and the need for more concerted international attention to the peculiar challenges faced by small states.

4.127 Primary among our strategies is the strengthening of bilateral relations with countries with whom we have had traditional ties and fostering new strategic alliances with focus on enhancing economic and social links with our neighbours. In 2012, discussions with our neighbours to the east will continue and include the bridging of the Corentyne River which remains a priority. With respect to our neighbour to the south discussions are ongoing and will continue on the upgrading of the Linden to Lethem Road while the Frontier School's Project will commence later this year facilitating the training of Guyanese and Brazilian students in English and Portuguese Language.

4.128 Under Guyana's Chairmanship of UNASUR, which ended in October 2011 key accomplishments included the formal application to the United Nations for observer status and the signature of the additional protocol to the Constitutive Treaty on the commitment to democracy as well as the establishment of working groups on food security, the fight against hunger and malnutrition and the protection and promotion of social security.

4.129 With regards to CARICOM, Guyana signed the revised agreement establishing the Caribbean Agriculture Health and Food Safety Agency. In addition Guyana has removed all restrictions pertaining to the provision of services and the movement of capital to aid the functioning of the Single Market and continues to facilitate the processing and issuance of CARICOM Free Movement of Skills Certificates under the approved categories. In 2012, work will continue on the reviewing of the CARICOM trade instruments, CARICOM investment code, and CARICOM financial service agreement as Government remains unwavering in its support for regional integration of the Caribbean Community.

4.130 Mr Speaker, even closer to home, our diaspora is a vast source of expertise and inward investment, a natural market for our indigenous products, an important vehicle through which to influence international opinion and, therefore, an integral contributor to the achievement of our national development goals. Efforts will be strengthened through a more structured approach in maintaining a suitable engagement with our diaspora communities around the world.

## **G. Other Institutional Reforms**

### **a. Financial Sector Reform**

4.131 Mr. Speaker, over the next five years, the financial sector is expected to be more diversified and efficient as a result of the adoption of reform measures aimed at markets, institutions, instruments, and services. The emphasis will continue to be on a well regulated and properly managed financial system that is facilitative of innovation and growth without compromising stability and soundness.

4.132 Mr. Speaker, in 2011 the task of resolving the domestic chapter of the Caribbean-wide Clico saga continued. I am pleased to report that following the granting of a liquidation order by the Court, 7,744 policyholders were paid a total of \$4.1 billion. The repayment process will continue and the liquidator intends to garner additional funds through sale of company assets and legal actions with respect to the parent company and other regional subsidiaries.

4.133 Mr. Speaker, the rest of the financial system remains strong, and at the end of 2011 the domestic financial institutions remained adequately capitalised, profitable and very liquid.

4.134 A number of legislative and supervisory measures aimed at further strengthening the financial sector and achieving greater compliance with recommended best practices were enacted and issued in 2011. These included the reissuance of a revised guideline on the Public Disclosure of Information. To strengthen and encourage transparency, the Bank of Guyana publishes on its website 49 financial prudential indicators for the industry as well as for each individual bank and has encouraged the commercial banks to also publish their individual ratios independently on their website.

4.135 In the area of promoting a more efficient market for credit and, in particular, improving the ease of access to credit, steps are being taken to implement the provisions of the Credit Reporting Act 2010, and the process to license a credit bureau in Guyana is moving apace. Once operational, the credit bureau is expected to significantly increase access to cheaper credit by a larger segment of the population through the availability of more accurate credit information on a borrower.

b. Improving the Business Environment

4.136 Mr. Speaker, a National Competitiveness Summit was held in September 2011, under the theme “Partnering to Promote Economic Growth and Development” and provided a key forum for Government and private sector to review progress and agree on future commitments in advancing the implementation of the National Competitiveness Strategy.



Also in 2011, the Consumer Affairs Act was passed which gave rise to a consolidated Competition and Consumer Affairs Commission (CCAC) with a fully staffed and operationalised Secretariat. During 2012, the CCAC will intensify its training efforts and build the technical capacity of the Commission to carry out its mandate. Once fully functional, this Commission will provide a considerable fillip to the competitive business environment and to protection of consumer rights.

4.137 Mr. Speaker, during 2011, the operations of the GRA in the areas of revenue collection, processing time for entries and release of goods at customs for containerised and personal effects showed significant improvements. The entity continues to make further use of information technology in enhancing efficiency through the operationalising of the recently acquired container scanner, eliminating compulsory examination of small packages for non-commercial imports, and introducing for the first time a computer generated random selection process to identify containerised imports for examination that is witnessed by private sector umbrella organisation representatives. These initiatives have improved the quality of voluntary compliance, and reduced processing time for various transactions conducted with the entity.

4.138 During this year, significant enhancements will be made to the TRIPS application with the activation of additional modules, including manifest and third party modules which will strengthen systems for detecting false declarations while enforcement activities will be intensified to intercept smugglers. The outreach and public relations programmes will continue to target non-compliant taxpayers and serve to enhance the GRA's public image as a client-friendly entity. The Intelligence and Risk Management Unit will focus on high risk taxpayers, thereby utilising scarce human resources more efficiently. Through this shift in resource utilisation, the audit and debt management functions are expected to achieve greater efficiency. Further, the implementation of the Single Window Automated Processing System (SWAPS) when operational is expected to reduce the time required to process a request for an import/export license by allowing parties involved in trade and transport to lodge standardised information mainly electronic, with a single entry point, to fulfil all import and export and transit related regulatory requirements.

d. Strengthening Public Administration

4.139 Mr. Speaker, our Government continues to make significant strides in strengthening public administration and accountability. Ensuring value for money and delivering quality service to the public are the driving forces behind the programmes undertaken. On the subject of public financial management reform, amongst other areas, work has advanced in the development of a national monitoring and evaluation (M&E) framework with 127 persons successfully completing training in key concepts in monitoring and evaluation while work is ongoing with the two pilot Ministries, Health and Education, to further strengthen their M&E systems. The rest of Government is to be phased in over a four year period. Further, ongoing capacity building in internal audit will ensure more effective internal controls and improved accountability.

4.140 Mr. Speaker, in addition, to effectively govern the natural resources and environmental sectors of our economy a Ministry of Natural Resources and Environment was established by His Excellency the President to have oversight responsibilities for forestry, mining, wildlife, environmental management, protected areas, and land management. This new ministry is tasked with ensuring the sustainable development, use and management of natural resources in a transparent manner for the socio-economic benefit of our people.

e. National Statistics

4.141 Mr. Speaker, this Government has long recognised the critical importance of every country executing a Census of its population and housing facilities every ten years as is the global standard, and in keeping with this cycle, censuses were conducted in 2002 and previously in 1991. Another decade has now passed and the 2010 Round of Global Censuses which runs until 2014 is now in its final stages. Guyana continues to be a part of the Regional approach to census-taking coordinated by the Caricom Secretariat. The size, composition and dispersion of our population is also a matter of national security and it is for these reasons and more that all countries, and Guyana is no exception, recognise the critical importance of the Census exercise to human and economic development, evidence-

based policy making and ensuring the security of their citizenry. Government now intends for the next national census to be executed in the second half of 2012 from a date to be advised by the Bureau of Statistics.

f. Governance

4.142 Mr. Speaker, this Government has implemented several measures which further enhanced the democratic governance of the society at all levels, political, economic and administrative, and inclusivity and participatory democracy remain entrenched principles in Guyana's governance model. These measures included accountability and transparency in keeping with our international treaty obligations.

4.143 With the appointment arising from the parliamentary consensual mechanism, and, the establishment of the Women and Gender Equality Commission, the Rights of the Child Commission and the Indigenous Peoples Commission with budgetary allocations, offices and staffing, the Leader of the Opposition in accordance with the Constitution has been approached formally to provide the "six names not unacceptable to the President" from which he will select the chairperson of the Human Rights Commission.

4.144 Parliament continued to be the key deliberative forum to address matters of national importance. In this the last session of the 9<sup>th</sup> Parliament, these last four years have witnessed the most dynamic period of law-making with 124 bills being enacted, the largest number for any session in the history of the Guyana Parliament. These include new and modern legislation in every sector notably in the financial, judicial and security sectors, local government, child protection and sexual offences, and the new maritime law. Fourteen bills were subject to scrutiny by parliamentary special select committees. The Opposition continued unhindered in effectively using this forum. A noteworthy example is that in the same period over 300 questions were posed to Ministers and all were answered in keeping with the Standing Orders. The expanded committee system continued to play a major role in building the inclusive governance model and enhanced transparency and accountability. The Public Accounts Committee, led by the Opposition, continued unfettered to scrutinise Government's expenditure while the sectoral committees extensively reviewed government

policy and performance. As a result of an amendment to the Constitution, a new standing committee to oversight the security sector was established, which is the only one of its kind in the region.

4.145 As a result of the Government's unique open door policy there was no major issue, policy or programme, law or amendment to law, that was not subjected to discussion with various stakeholders, civil society, including with the interest groups, the National Stakeholders Forum, and communities as well as Cabinet and individual Minister's outreaches. In terms of consultations with the Amerindian communities and their Toshao's, the National Conference in July 2011 continued to strengthen the engagement of the Government with the Amerindian communities and further their integration into the national developmental agenda.

4.146 In relation to access to services and equitable distribution of these services, various administrative and legislative reforms were introduced. Government focused in this period on improved delivery of services as well as the expansion and decentralisation of services in the social sector to ensure that the poor and vulnerable were not disadvantaged. The decentralisation of key services focused on reducing difficulties people encounter due to bureaucratic hurdles, or long waiting periods and travelling costs thereby improving access to services across the country.

4.147 As Guyanese, we should continue to be proud of the governance model which is a truly unique model in the Caribbean region and the government continues its commitment in 2012 to place emphasis on the consolidation of these gains, the evolving process of transformation and the sustainability of this model.

## **5. Targets for 2012**

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

5.1 Mr. Speaker, the economy is projected to extend its six year stretch of uninterrupted growth into a seventh year in 2012, with overall growth projected at 4.1 percent, and the non-sugar economy projected to grow by 4 percent.

#### **a. Agriculture**

5.2 Mr. Speaker, at the start of 2012, the sugar industry set itself a target of 265,000 tonnes. Given developments since then, including industrial relations issues which now appear to have normalised, sugar production is currently projected at 250,000 tonnes, 5.7 percent above 2011 level of production. Government reaffirms its commitment to the sector and management remains committed to fostering good industrial relations with its workers. This target is indicative of management's commitment to achievement of the plans set out in the turnaround plan, which is premised on the expansion in acreage under cultivation, advancement in mechanisation and the operation of Skeldon factory at its optimum.

5.3 The rice industry since 2008 has recorded higher output levels in every consecutive year and coming off the bumper harvest of 401,904 in 2011, the industry is now projected to expand further to 412,425 tonnes, a 2.6 percent increase in value added to the industry. This record output target places the industry in a favourable position to exploit new and emerging markets. The industry continues to reap the benefits of investments made in research and extension services and is aided by improvements in drainage and irrigation infrastructure.

5.4 The livestock industry is expected to grow by a further 4.9 percent, while the other agriculture sector is also projected to expand by 4 percent. The continued expansion in these two sub-sectors positions Guyana to take advantage of regional market opportunities while ensuring domestic food security. The forestry sector is projected to decline by 8.2 percent reflecting the implementation of programmes to improve stakeholder capacity in areas of

forest policy and sustainable forestry management. The fishing sector is expected to return growth of 5 percent, supported by Government initiatives to combat piracy.

b. Industry

5.5 The mining and quarrying sector is expected to moderate to 1.8 percent growth. The bauxite industry is expected to decline slightly by 0.2 percent to a production level of 1,716,261 tonnes, due to expectations of some contraction in overseas markets especially for higher value grades of bauxite. Now that gold production recorded a double digit expansion to more than 350,000 ounces in 2011, a more moderate growth of 2.9 percent is projected in 2012, even as price incentives continue to lure greater investment into the sector. Diamond declarations are projected to contract by 5 percent.

5.6 The manufacturing sector is projected to expand by 3.9 percent in 2012, mainly attributed to the expansion in the production of rice and sugar and consequent increases in related processing activities coupled with some growth in light manufacturing.

c. Services

5.7 The outturn in 2011 substantiated the greater role the service sector plays in contributing to the economy's total output as compared to agricultural and industrial activities and it is expected to continue to be a leading driver of growth. The information and communication sector is expected to post a 3 percent growth, while the construction industry is targeted to grow by 6.3 percent, a recovery from the moderate growth in 2011. The wholesale and retail sector is projected to grow by 6.5 percent while the transport industry is targeted to grow by 9.5 percent. Likewise, financial services, rental of dwellings and other services are targeted to grow by 8 percent, 2 percent, and 0.5 percent respectively.

**B. Monetary Policy and Inflation**

5.8 Monetary policy will continue to be geared towards the expansion of private sector credit, while maintaining a stable exchange rate and low inflation. The inflation rate is

targeted at 4.6 percent in 2012, primarily as a result of the increase in global oil prices due to continued tensions in key oil producing areas, and notwithstanding our Government's commitment to intervene as necessary to mute the effects of full pass through of global oil price movements to the domestic market.

### **C. Balance of Payments**

5.9 The overall balance of payments is forecasted to record an overall surplus of US\$136.3 million compared to a deficit of US\$15 million in 2011. This outturn is on account of a lower current account deficit, attributed to expected higher export earnings and transfers, outweighing the projected increase in import commodity prices. In addition, the capital account is projected to register a surplus of US\$462 million reflecting higher capital inflows and foreign direct investment.

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

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

5.10 Total current revenue (Net of GRIF inflows) is projected to expand by 6.2 percent to \$128.5 billion, with GRA garnering a \$116.8 billion. This outturn is attributed to a 6.9 percent increase in value-added and excise tax collections, due to increased VAT collections on imports, as import levels are projected to expand further in 2012. Similarly, higher imports will also contribute to an expansion in Customs and trade taxes, which are targeted at \$12.9 billion, \$1.8 billion above 2011 collections. Internal revenue collections are targeted to moderate to \$47.2 billion. Non-tax revenue collections are projected to increase by 22.5 percent to \$11.6 billion, reflecting projected higher Bank of Guyana profits.

5.11 Total expenditure is projected at \$189.6 billion, \$38.8 billion above 2011. This outturn is attributed to a \$14.5 billion expansion in non-interest current expenditure due to the expansion and improvement in social services being offered to our citizens. Capital expenditure is projected to expand to \$75.8 billion attributed to the advancement of major infrastructural projects including those funded under the GRIF, the modernisation of the

Cheddi Jagan International Airport, continuation of the OLPF program and the e-Government project.

5.12 Based on these developments the overall fiscal deficit of the Central Government is targeted at \$26.5 billion, equivalent to 4.6 percent of GDP compared to 3.1 percent in 2011.

5.13 Mr. Speaker, the size of Budget 2012 is \$192.8 billion, Guyana's largest budget ever, and it is fully financed without the introduction of any new taxes.

b. Summary Operations of the Public Enterprises

5.14 Public enterprise receipts are projected to increase to \$146.6 billion, while total expenditure is projected to expand by 12.2 percent to \$144.3 billion mainly due to higher fuel prices and an expansion in the capital programme. Based on these developments, an overall surplus of \$2.3 billion is projected in 2012.

c. Operations of the Non-Financial Public Sector

5.15 The deficit of the non-financial public sector is projected at \$24.2 billion or 4.2 percent of GDP, compared to 4.4 percent in 2011, reflecting Government's continuing efforts at fiscal consolidation.



## **6. Measures**

6.1 Mr. Speaker, as I have just indicated, Budget 2012 projects a reduction in the fiscal deficit consistent with our fiscal consolidation objectives. Nevertheless, the budget contains the following measures which I now wish to announce.

### **A. Support to the Sugar Industry**

6.2 Mr. Speaker, much is known and has already been said about both the importance of the sugar industry to national life, and about the challenges being confronted by the industry. Our Government's position has always been clear and steadfast. We will spare no effort to ensure that the sugar industry is transformed to a viable and competitive one. To this end, significant resources have already been injected by Government into the industry to enable it to recapitalise, and expand into value added products.

6.3 I now wish to announce that Budget 2012 provides for a transfer of \$4 billion from the Central Government to GUYSUCO, in order to ensure that the sugar industry is financially able to meet its operating and investment requirements. The production and financial turnaround that is expected to be aided, with this support from Government and other initiatives taken by the industry, will ultimately redound to the benefit of the industry's 18,000 workers and their families along with the industry's suppliers of goods and services, bringing the total number of beneficiaries to 120,000 persons.

### **B. Support to the Guyana Power and Light Inc.**

6.4 Mr. Speaker, electricity tariffs were last adjusted in December 2007, at a time when heavy and light fuel oils were being procured at US\$71 and US\$109 per barrel respectively. Today, those prices have moved upwards by 61 and 38 percent to US\$114 and US\$150 per barrel respectively. Meanwhile, GPL has had to fund these escalated costs without any adjustment to their tariffs. Recognising the importance of cushioning as far as possible the impact of imported oil price movements on domestic consumers, Budget 2012 includes a transfer of \$6 billion from the Central Government to GPL. This will benefit all of GPL's

164,000 subscribers and by extension every member of all of the households connected to GPL's grid.

### **C. Renewable Energy Sources**

6.5 Mr. Speaker, consistent with our Low Carbon Development Strategy which promotes clean and renewable sources of energy along with energy efficiency, and recognising the rising cost of energy from traditional sources, it is our intention to promote greater reliance on renewable sources of energy and the use of more energy efficient devices.

6.6 I therefore wish to announce that Government intends to bring legislation to remove applicable taxes on equipment used for generating electricity from non-traditional or renewable sources for both household and commercial purposes. These include solar panels, solar lamps, solar batteries, solar generators, solar water heaters, wind turbines, water turbines, power inverters, compact fluorescent lamps and light emitting diode (LED) lamps.

### **D. Export Duties**

6.7 Mr. Speaker, with respect to customs duties on exports, Article 14 of the EU-CARIFORUM Economic Partnership Agreement provides that customs duties should not be applied to originating exports. The said Article 14 and Annex 1 to the EPA call for the removal of such taxes within three years of signature of the Agreement.

6.8 Mr. Speaker, just as Guyana moved promptly to introduce the EPA tariff in January 2011, so do we now announce our intention to bring to this Honourable House legislation to give effect to this undertaking.

### **E. Public Assistance**

6.9 Mr. Speaker, public assistance is currently paid at a monthly rate of \$5,500 to approximately 9,000 beneficiaries. Budget 2012 provides for public assistance to be paid, with effect from May 1, 2012, at a rate of \$5,900, a 7 percent increase. For the purposes of

comparison, the applicable rate in 2006 was \$2,350. As a result, the new rate just announced is more than double what was being paid just five years ago.

#### **F. Old Age Pensions**

6.10 Mr. Speaker, old age pensions are currently paid to 42,000 pensioners at a rate of \$7,500 per month. Budget 2012 provides for old age pensions to be paid, with effect from May 1, 2012, at a rate of \$8,100 per month, an 8 percent increase over the 2011 rate. It should be pointed out that, in 2006, old age pensions were paid at a monthly rate of \$3,500. As in the case of public assistance, the new rate of old age pensions just announced is more than double the rate at which pensions were paid in 2006.

6.11 Taken together, the increase in public assistance and old age pensions will place a further \$350 million of disposable income in the hands of the elderly and the most vulnerable.

#### **G. Personal Income Tax**

6.12 Mr. Speaker, it would be recalled that this Government has made steady upward adjustments to the personal income tax allowance or the income tax threshold as it is popularly known. In 2006, the income tax threshold was set at \$300,000 annually or \$25,000 per month. Since then it has been adjusted progressively, up to last year, when it was set at \$480,000 annually or \$40,000 monthly.

6.13 I now wish to announce that, with effect from year of income 2012, the personal income tax allowance will be increased to \$600,000 annually or \$50,000 monthly. The income tax threshold in 2012 will now be twice as high as it was in 2006. As a result of this measure, every taxpayer will benefit with higher take home pay. For example, a person whose income before tax is \$50,000 per month, will now take home \$40,000 more for the year. In addition, some 21,000 persons will be removed from the income tax net, and over \$3 billion of additional disposable income will be placed in the hands of beneficiaries.

## **7. Conclusion**

7.1 Mr. Speaker, as we meet today to consider this the first national budget of Guyana's tenth Parliament, we cannot be unmindful of the context in which small economies such as ours confront the challenges of development. Today's external environment is characterised by a virtually limitless interconnectedness that exacerbates exposure and vulnerabilities as much as it creates opportunities. The resulting uncertainty has manifested itself in considerable economic trauma for many small economies, including some in our Region.

7.2 It is therefore to our collective credit as a country that we have traversed these perilous times and emerged thus far an even stronger economy. The growth that we have achieved in recent years bears testimony to the soundness and responsibility of our policies. It also bears testimony to the response by our private sector which has been positive and sustained. The result has been that, as I stated earlier, we are literally at the most exciting juncture in our country's economic history, poised for rapid takeoff. Once the large scale investment in such sectors as information technology, mineral extraction, and agriculture materialise, the implications for growth and job creation, and income and wealth generation will be vast. Needless to say, the beneficiaries will be the Guyanese people, whom we in this Honourable House serve.

7.3 This is the background against which Budget 2012 is cast. Ours is therefore the responsibility to ensure that these opportunities are mobilised as quickly as possible, that we take the actions necessary to keep Guyana on the path to accelerated economic growth and social development, and that we avoid any actions that could possibly jeopardise this being realised. No less is required of us, as responsible representatives of the Guyanese people.

7.4 Mr. Speaker, much has been said about the opportunities presented by the current Parliamentary configuration and the promise it holds. Much has also been said about the perils and challenges that emerge from this configuration. We have before us an incomparable chance to put this configuration to the test. Budget 2012 is built around objectives with which very few could rationally disagree. The achievement of higher levels of sustainable real growth in the economy, preserving the conditions necessary for private

investment and job creation, expanding and upgrading our country's infrastructure, raising access to and improving quality in our social services and making steady advances on all of our key social indicators, further strengthening of our public institutions, goals that would readily be embraced by all.

7.5 For this reason, Mr. Speaker, it is my fervent hope that the debate on this budget will see all of my colleagues in this Honourable House putting Guyana first, recommitting to the better Guyana of tomorrow, to which we all aspire, and voting in favour of Budget 2012.

7.6 With those words, Mr. Speaker, I thank you for presiding so patiently over this first Budget Speech in your current chair, I thank my colleague members of the House for the kind courtesy of their attention, and I thank the hardworking staff of my Ministry and the many other agencies that contributed to the technical effort in preparing this budget.

7.7 The privilege and pleasure are now mine to commend Budget 2012 to this Honourable House.

7.8 Thank you very much.





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# APPENDICES





# APPENDIX I

## SELECTED SOCIO - ECONOMIC INDICATORS

INDICATORS	2007	2008	2009	2010	2011
<b>1.10 NATIONAL ACCOUNTS AGGREGATES (2006 Base)</b>					
1.11 Growth Rate of Real GDP	7.0	2.0	3.3	4.4	5.4
1.12 GDP at current basic prices (US\$M)	1,514.6	1,731.9	1,776.6	1,970.1	2,265.1
1.13 GNP at current basic prices (US\$M)	1,503.4	1,717.1	1,759.7	1,982.9	2,255.8
1.14 Per capita GDP (US\$)	1,984.5	2,260.3	2,308.5	2,513.9	2,868.7
1.15 Per capita GNP (US\$)	1,969.8	2,241.0	2,286.6	2,530.2	2,856.8
1.16 Gross National Disposable Income (US\$M)	2,019.8	2,176.6	2,324.0	2,644.3	2,879.9
1.17 Private Consumption as % of Gross Domestic Expenditure	68.9	70.3	65.7	68.3	69.8
1.18 Public Consumption as % of Gross Domestic Expenditure	11.8	11.6	13.0	11.8	11.8
<b>2.0 EXTERNAL TRADE AND FINANCE (US\$M)</b>					
2.1 BOP Current Account Balance	-189.1	-321.4	-230.6	-247.4	-373.0
2.2 Imports of Goods and Non-Factor Services (G&NFS)	-1,335.6	-1,648.8	-1,451.8	-1,762.9	-2,204.8
2.3 Exports of Goods and Non-Factor Services (G&NFS)	870.9	1,013.4	938.5	1,133.0	1,426.4
2.4 Resource Balance	-464.7	-635.4	-513.3	-629.9	-778.3
2.5 Imports of G&NFS/GDP (%) at 2006 Base	88.2	95.2	81.7	89.5	97.3
2.7 Exports of G&NFS/GDP (%) at 2006 Base	57.5	58.5	52.8	57.5	63.0
2.8 Net International Reserves of Bank of Guyana	254.0	298.8	569.4	724.4	749.7
2.9 External Public Debt Outstanding	718.8	833.5	931.6	1,040.3	1,205.7
<b>3.0 PRICES, WAGES &amp; OUTPUT</b>					
3.1 Rate of Inflation (% change in CPI) 1/	14.0	6.4	3.6	4.5	3.3
3.2 Public Sector Monthly Minimum Wage in G\$(e.o.p)	28,416.7	29,836.0	31,626.0	33,207.0	35,864.0
3.3 % Growth Rate	9.0	5.0	6.0	5.0	8.0
3.4 Electricity Generation (in M.W.H)	559.2	569.2	602.0	627.4	645.2
<b>4.0 POPULATION &amp; VITAL STATISTICS</b>					
4.1 Mid-Year Population ('000)	763.2	766.2	778.7	783.7	789.6
4.2 Population Growth Rate (e.o.p)	0.3	0.4	0.2	0.3	0.3
4.3 Net Migration ('000)	-10.8	-18.8	-6.4	-4.2	8.6
4.4 Visitor Arrivals ('000)	134.1	129.6	141.3	150.1	156.9
4.5 Crude Birth Rate (per 1,000 persons)	19.8	19.6	18.9	19.0	18.8
4.6 Crude Death Rate (per 1,000 persons)	6.6	6.5	5.9	7.0	6.9
4.7 Crude Marriage Rate (per 1,000 persons)	5.3	4.2	5.4	5.4	6.2
4.8 Infant Mortality Rate (per 1,000 live births)	19.3	14.0	10.8	14.7	14.4
4.9 Under 5 mortality Rate (per 1,000 live births)	22.3	17.3	14.3	18.2	17.9
<b>5.0 HEALTH AND EDUCATION</b>					
5.1 Public Expenditure on:					
5.1.1 Education as % of National Budget	17.1	15.5	15.7	15.3	15.2
5.1.2 Health as % of National Budget	10.6	9.3	9.9	9.4	9.0
5.2 Number of Physicians per Ten Thousand Population	3.8	5.1	5.9	6.8	7.0
5.3 Number of Nurses per Ten Thousand Population	14.2	12.6	12.8	10.1	13.0
5.4 Number of Hospital Beds per Ten Thousand Population	18.8	21.0	25.1	25.0	25.2
5.5 Low birth-weight babies (<2500g.) as a % of live births	11.6	11.0	10.1	10.9	NA
5.6 Severely malnourished	0.5	0.3	0.2	0.5	NA
5.7 Moderately malnourished	7.0	5.9	5.5	2.1	NA
5.8 Overweight (%)	3.6	3.3	2.3	0.6	NA
<b>6.0 IMMUNIZATION COVERAGE</b>					
6.1 1 year olds Immunized against DPT/ (Pentavalent) (%)	94.0	93.0	98.0	95.0	92.6
6.2 1 year olds Immunized against MMR, Yellow Fever (%)	96.0	95.0	97.0	94.5	97.4
6.3 1 year olds Immunized against polio (%)	94.0	93.0	97.0	94.8	93.3
6.4 1 year olds Immunized against TB, BCG (%)	97.0	96.0	98.0	97.6	97.4
<b>7.0 CRIME</b>					
7.1 Reported Serious Crimes 2/	3428	3684	3356	3457	3583
7.2 of which: Murder	115	158	117	140	130

Note: 1/ Rate of inflation in 2010 is presented under the New Series with base year December 2009, while for 2005 to 2009 data is presented under the Old Series with Base Year December 1994.

2/ The category 'Reported Serious Crimes' now includes the reclassification of certain offences.

## APPENDIX II (A)

### GROSS DOMESTIC PRODUCT AT 1988 PRICES BY INDUSTRIAL ORIGIN

SECTOR	2006	2007	ACTUAL 2008	Budget 2009	Revised 2009
<b>TOTAL</b>	<b>5,759</b>	<b>6,068</b>	<b>6,253</b>	<b>6,548</b>	<b>6,397</b>
Sugar	802	824	699	896	723
Rice	189	183	203	188	221
Livestock	125	128	137	141	141
Other Agriculture	308	322	347	354	367
Fishing	156	161	158	158	141
Forestry	237	211	179	179	178
Mining & Quarrying	334	409	434	428	437
Manufacturing	364	367	360	360	360
Distribution	532	579	648	670	690
Transport & Communication	692	782	860	894	877
Engineering & Construction	597	631	685	711	695
Rent of Dwellings	114	118	123	125	125
Financial Services	340	364	408	424	420
Other Services	246	258	277	282	285
Government	722	729	736	736	736

Note: Individual figures may not sum up to the total due to rounding

**APPENDIX II (B)**

**GROSS DOMESTIC PRODUCT AT 2006 PRICES BY INDUSTRIAL ORIGIN**

INDUSTRY	REBASED 2008	REBASED 2009	BUDGET 2010	Actual 2010	Budget 2011	Revised 2011	Budget 2012
<b>Agriculture, Fishing and Forestry</b>	<b>61,280</b>	<b>62,060</b>	<b>65,470</b>	<b>63,514</b>	<b>67,568</b>	<b>65,199</b>	<b>66,949</b>
Sugar	13,358	13,794	16,527	13,037	17,642	13,960	14,757
Rice	7,311	7,974	7,611	8,009	8,398	8,891	9,124
Other Crops	14,313	14,508	14,813	14,871	15,168	15,716	16,345
Livestock	7,887	8,134	8,368	8,160	8,046	8,632	9,052
Fishing	9,483	8,488	8,531	9,199	9,152	8,711	9,146
Forestry	8,927	9,161	9,619	10,238	9,162	9,289	8,526
<b>Mining and Quarrying</b>	<b>32,166</b>	<b>31,233</b>	<b>32,543</b>	<b>29,531</b>	<b>29,905</b>	<b>35,202</b>	<b>35,844</b>
Bauxite	7,422	5,009	5,296	4,529	5,140	6,252	6,238
Other	24,744	26,225	27,247	25,003	24,765	28,951	29,606
<b>Manufacturing</b>	<b>19,863</b>	<b>20,714</b>	<b>21,575</b>	<b>20,770</b>	<b>22,376</b>	<b>22,185</b>	<b>23,059</b>
Sugar	3,551	3,667	4,393	3,465	4,690	3,711	3,923
Rice	4,567	4,986	4,759	5,003	5,261	5,570	5,716
Other Manufacturing	11,745	12,061	12,423	12,302	12,425	12,905	13,421
<b>Electricity and Water</b>	<b>5,203</b>	<b>5,390</b>	<b>5,576</b>	<b>5,446</b>	<b>5,446</b>	<b>5,560</b>	<b>5,753</b>
<b>Construction</b>	<b>28,508</b>	<b>28,649</b>	<b>29,209</b>	<b>31,703</b>	<b>33,162</b>	<b>32,579</b>	<b>34,631</b>
<b>Wholesale and Retail Trade</b>	<b>36,334</b>	<b>39,886</b>	<b>41,854</b>	<b>44,233</b>	<b>45,871</b>	<b>46,241</b>	<b>49,247</b>
<b>Transportation and Storage</b>	<b>22,353</b>	<b>22,148</b>	<b>22,944</b>	<b>23,673</b>	<b>24,471</b>	<b>27,042</b>	<b>29,603</b>
<b>Information and Communication</b>	<b>19,932</b>	<b>20,668</b>	<b>21,721</b>	<b>22,115</b>	<b>23,221</b>	<b>22,447</b>	<b>23,120</b>
<b>Financial and Insurance Activities</b>	<b>10,243</b>	<b>11,340</b>	<b>12,247</b>	<b>12,799</b>	<b>12,892</b>	<b>14,041</b>	<b>15,164</b>
<b>Public Administration</b>	<b>25,619</b>	<b>25,619</b>	<b>25,676</b>	<b>25,619</b>	<b>25,619</b>	<b>25,772</b>	<b>25,772</b>
<b>Education</b>	<b>12,937</b>	<b>13,564</b>	<b>14,180</b>	<b>14,187</b>	<b>14,329</b>	<b>15,141</b>	<b>15,412</b>
<b>Health and Social Services</b>	<b>4,849</b>	<b>5,782</b>	<b>6,217</b>	<b>6,268</b>	<b>6,331</b>	<b>6,508</b>	<b>6,876</b>
<b>Real Estate Activities</b>	<b>3,578</b>	<b>3,650</b>	<b>3,723</b>	<b>3,723</b>	<b>3,760</b>	<b>3,782</b>	<b>3,858</b>
<b>Other Service Activities</b>	<b>12,052</b>	<b>13,169</b>	<b>14,222</b>	<b>13,959</b>	<b>14,518</b>	<b>14,029</b>	<b>14,099</b>
<i>less adjustment for FISIM</i>	<i>(8,022)</i>	<i>(7,454)</i>	<i>(7,827)</i>	<i>(8,168)</i>	<i>(8,177)</i>	<i>(9,535)</i>	<i>(9,917)</i>
<b>TOTAL</b>	<b>286,896</b>	<b>296,417</b>	<b>309,329</b>	<b>309,373</b>	<b>321,290</b>	<b>326,194</b>	<b>339,471</b>

Note: Years 2007-2009 have been rebased and rebenchmarked at the new base year of 2006 and are presented for comparative purposes.

FISIM - Financial Intermediation Services Indirectly Measured

## APPENDIX III

### CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	ACTUAL 2010	BUDGET 2011	REVISED 2011	BUDGET 2012
<b>Total Revenue</b>	<b>108,045.4</b>	<b>126,986.1</b>	<b>120,916.1</b>	<b>146,863.6</b>
<b>Revenue</b>	<b>107,875.6</b>	<b>112,048.4</b>	<b>120,916.1</b>	<b>128,468.9</b>
Tax	100,958.9	104,356.9	111,409.0	116,823.8
Income taxes	39,243.0	39,745.8	43,060.4	42,814.9
Consumption taxes	48,363.3	50,218.5	53,046.8	56,714.6
Trade taxes	9,731.7	10,300.0	11,126.0	12,870.1
Other	3,620.9	4,092.6	4,175.8	4,424.2
Non-tax	6,916.7	7,691.5	9,507.1	11,645.1
Private sector	4,853.4	4,431.1	5,590.6	6,645.1
Public enterprise & BOG	2,063.3	3,260.4	3,916.5	5,000.0
<b>GRIF Inflows</b>	<b>-</b>	<b>14,350.0</b>	<b>-</b>	<b>18,394.7</b>
<b>Total expenditure</b>	<b>133,044.8</b>	<b>157,658.5</b>	<b>150,737.1</b>	<b>189,556.6</b>
<b>Current expenditure</b>	<b>86,386.4</b>	<b>95,516.0</b>	<b>100,620.9</b>	<b>113,800.0</b>
Non-interest expenditure	78,506.8	87,651.0	92,546.7	107,092.5
Personal emoluments	28,367.4	31,523.2	31,346.0	34,753.7
Other goods and services	26,811.4	31,271.3	33,688.3	35,434.6
Transfer Payments	23,328.0	24,856.5	27,512.3	36,904.2
<b>Interest</b>	<b>7,879.6</b>	<b>7,865.0</b>	<b>8,074.2</b>	<b>6,707.5</b>
External	3,919.8	4,066.5	4,032.4	3,958.1
Domestic	3,959.8	3,798.5	4,041.8	2,749.3
<b>Primary balance</b>	<b>29,368.8</b>	<b>24,397.4</b>	<b>28,369.4</b>	<b>21,376.4</b>
<b>Current balance</b>	<b>21,489.2</b>	<b>16,532.4</b>	<b>20,295.2</b>	<b>14,668.9</b>
<b>Capital Revenue</b>	<b>169.8</b>	<b>587.7</b>	<b>-</b>	<b>-</b>
<b>Capital Expenditure</b>	<b>46,658.4</b>	<b>62,142.5</b>	<b>50,116.3</b>	<b>75,756.7</b>
<b>Overall Balance before Grants</b>	<b>(24,999.4)</b>	<b>(30,672.4)</b>	<b>(29,821.1)</b>	<b>(42,693.1)</b>
<b>Grants</b>	<b>11,610.5</b>	<b>15,648.5</b>	<b>13,452.7</b>	<b>16,229.3</b>
HIPC relief	2,155.9	2,384.5	1,857.0	2,398.3
Original	-	-	-	-
Enhanced	698.7	816.6	812.5	835.6
CMCF	-	518.8	-	518.8
MDRI	1,457.2	1,049.1	1,044.5	1,044.0
Other	9,454.6	13,264.0	11,595.7	13,830.9
Projects	5,469.6	4,245.3	6,143.2	8,432.8
Non-projects	3,985.0	9,018.7	5,452.5	5,398.1
<b>Overall Balance after Grants</b>	<b>(13,388.9)</b>	<b>(15,024.0)</b>	<b>(16,368.3)</b>	<b>(26,463.8)</b>
<b>Financing</b>	<b>13,388.9</b>	<b>15,024.0</b>	<b>16,368.3</b>	<b>26,463.8</b>
Net External Borrowing	12,988.7	20,508.0	17,947.8	21,139.6
Disbursements of Loans	15,427.5	31,949.0	15,233.5	22,807.3
Debt Repayments	3,714.6	4,528.7	4,462.8	3,783.7
Rescheduling	870.6	746.3	743.2	684.7
Guysuco - Escrow A/C	-	-	-	-
Overseas Deposits	405.1	(7,658.6)	6,433.9	1,431.2
Net Domestic Borrowing	400.2	(5,484.0)	(1,579.4)	5,324.2
Net Divestment Proceeds	-	-	-	-
<b>Overall Deficit as a % of GDP</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(4.6)</b>

## APPENDIX IV

### CONSUMER PRICE INDEX - NEW SERIES

GROUP	2010	2011											
	Dec	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ALL ITEMS	104.5	104.5	104.8	106.6	107.4	107.1	107.8	107.5	107.6	108.4	108.0	108.1	107.9
FOOD	110.4	109.5	110.3	112.6	113.0	111.7	113.4	113.2	113.5	115.6	114.5	113.5	113.2
CLOTHING	99.3	97.7	98.1	97.2	98.9	98.9	99.3	99.5	99.5	100.5	100.5	101.7	101.8
FOOTWEAR AND REPAIRS	100.5	97.3	99.0	98.0	102.0	102.5	102.8	103.1	103.1	103.1	103.1	103.5	103.5
HOUSING	99.7	99.7	99.8	99.8	100.2	100.5	100.7	100.8	100.7	100.8	100.7	100.5	100.4
FURNITURE	99.2	99.8	99.9	100.0	99.6	99.7	99.8	99.9	100.2	100.8	100.7	100.6	101.1
TRANSPORT & COMMUNICATION	104.8	107.0	107.0	112.3	114.8	115.3	115.2	114.1	113.9	113.8	113.4	115.6	115.5
MEDICAL & PERSONAL CARE	101.4	99.7	99.7	99.7	99.7	99.8	99.8	100.7	100.7	100.7	100.7	100.8	101.3
EDUC., RECR. AND CULTL. SERVICES	102.0	102.7	103.1	103.1	102.9	102.9	102.9	102.5	102.5	102.6	102.6	102.9	98.7
MISC. GOODS & SERVICES	102.0	102.0	102.1	102.6	103.1	103.9	103.8	103.3	103.9	104.7	104.9	107.7	107.0

GROUP	OLD SERIES CONCLUDED AT 31st DECEMBER 2009				NEW SERIES COMMENCED 1st JANUARY 2010			
	2006	2007	2008	2009	2009	2010	2011	% Change
	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC - DEC
ALL ITEMS	219.2	250.0	265.9	275.6	100.0	104.5	107.9	3.3
FOOD	212.4	256.2	285.9	273.7	100.0	110.4	113.2	2.5
CLOTHING	75.4	86.6	84.7	80.8	100.0	99.3	101.8	2.5
FOOTWEAR AND REPAIRS	66.7	75.5	78.9	73.8	100.0	100.5	103.5	3.0
HOUSING	261.4	277.6	296.5	352.7	100.0	99.7	100.4	0.8
FURNITURE	148.7	161.6	168.9	173.9	100.0	99.2	101.1	1.9
TRANSPORT & COMMUNICATION	285.0	304.7	282.3	293.2	100.0	104.8	115.5	10.2
MEDICAL & PERSONAL CARE	242.0	287.4	292.5	290.3	100.0	101.4	101.3	-0.1
EDUC., RECR. AND CULTL. SERVICES	232.6	270.1	273.6	286.4	100.0	102.0	98.7	-3.2
MISC. GOODS & SERVICES	170.9	209.6	215.6	228.2	100.0	102.0	107.0	4.9

Old Series Base Year - Jan 1994=100  
 New Series Base Year - Dec 2009=100  
 Source: Bureau of Statistics

## APPENDIX V

### BALANCE OF PAYMENTS ANALYTIC SUMMARY

ITEM	ACTUAL 2010	BUDGET 2011	REVISED 2011	BUDGET 2012
<b>A Current Account</b>	<b>(247.4)</b>	<b>(385.6)</b>	<b>(373.0)</b>	<b>(325.6)</b>
<b>1.0 Merchandise (Net)</b>	<b>(534.1)</b>	<b>(616.9)</b>	<b>(642.1)</b>	<b>(655.4)</b>
1.1 Exports (f.o.b.)	885.0	922.3	1,128.8	1,291.1
1.1.1 Bauxite	114.2	127.4	133.3	128.5
1.1.2 Sugar	101.5	138.5	123.4	137.1
1.1.3 Rice	151.3	122.4	173.2	181.2
1.1.4 Gold	346.4	341.5	517.1	640.5
1.1.5 Timber	48.5	52.0	39.1	39.8
1.1.6 Other	111.8	125.0	123.5	138.0
1.1.7 Re - exports	11.2	15.5	19.3	25.9
1.2 Imports (c.i.f.)	(1,419.1)	(1,539.2)	(1,771.0)	(1,946.5)
1.2.1 Fuel & Lubricants	(395.5)	(449.7)	(558.8)	(619.3)
1.2.2 Other	(1,023.6)	(1,089.5)	(1,212.1)	(1,327.2)
<b>2.0 Services (Net)</b>	<b>(84.1)</b>	<b>(147.0)</b>	<b>(145.5)</b>	<b>(168.8)</b>
2.1 Factor	12.8	(12.0)	(9.3)	(13.8)
2.2 Non Factor (Net)	(96.9)	(135.0)	(136.2)	(155.0)
<b>3.0 Transfers</b>	<b>370.8</b>	<b>378.3</b>	<b>414.6</b>	<b>498.6</b>
3.1 Official				
3.2 Private	370.8	378.3	414.6	498.6
<b>B Capital Account</b>	<b>339.2</b>	<b>410.0</b>	<b>373.2</b>	<b>462.0</b>
<b>'1.0 Capital Transfers</b>	<b>27.1</b>	<b>20.7</b>	<b>30.1</b>	<b>40.4</b>
<b>'2.0 Medium and Long Term Capital (Net)</b>	<b>309.3</b>	<b>425.2</b>	<b>375.4</b>	<b>446.8</b>
2.1 Non - Financial Public Sector Capital (Net)	39.6	218.0	67.7	85.9
2.1.1 Disbursements	142.0	213.5	206.2	251.2
2.1.2 Amortization	(52.9)	(59.6)	(59.6)	(58.7)
2.1.3 Other	(49.5)	64.1	(79.0)	(106.6)
2.2 Private Sector (Net)	269.7	207.2	307.8	360.9
<b>'3.0 Short Term Capital</b>	<b>2.9</b>	<b>(35.9)</b>	<b>(32.3)</b>	<b>(25.2)</b>
<b>C Errors and Omissions</b>	<b>24.7</b>	<b>0.0</b>	<b>(15.2)</b>	<b>0.0</b>
<b>D OVERALL BALANCE</b>	<b>116.5</b>	<b>24.4</b>	<b>(15.0)</b>	<b>136.3</b>
<b>E Financing</b>	<b>(116.5)</b>	<b>(24.4)</b>	<b>15.0</b>	<b>(136.3)</b>
<b>1.0 Bank of Guyana net foreign assets</b>	<b>(154.9)</b>	<b>(74.6)</b>	<b>(25.4)</b>	<b>(189.9)</b>
<b>2.0 Change in Non-Financial Public Sector Arrears</b>		-	-	-
<b>'3.0 Exceptional Financing</b>	<b>38.4</b>	<b>50.2</b>	<b>40.4</b>	<b>53.6</b>
3.1 Debt Relief	4.3	13.7	3.6	14.3
3.2 Balance of Payments Support	-	-	-	-
3.3 Debt Forgiveness	34.7	37.5	37.7	40.2
3.4 Debt Stock Restructuring	(0.6)	(1.0)	(1.0)	(1.0)

## APPENDIX VI

### ACTUAL AND PROJECTED EXTERNAL DEBT STOCK

ITEM	Actual End-December 2009 (After E-HIPC & MDRI Reduction) 1/	Actual End-December 2010 (After E-HIPC & MDRI Reduction) 1/	Actual End-December 2011 (After E-HIPC & MDRI Reduction) 1/	Preliminary End-December 2012 (After E-HIPC & MDRI Reduction) 1/
<b>TOTAL EXTERNAL DEBT</b>	<b>931.56</b>	<b>1,040.25</b>	<b>1,205.58</b>	<b>1,130.57</b>
<b>1.0 Multilateral</b>	<b>536.99</b>	<b>588.09</b>	<b>631.09</b>	<b>654.84</b>
IBRD	0.00	0.00	0.00	0.00
IDA	9.71	9.41	10.02	11.35
IADB	259.34	316.90	365.94	426.21
CDB	130.99	130.63	134.19	140.65
CMCF	31.10	31.10	31.10	0.00
IMF	58.10	55.65	48.36	37.01
IFAD	9.68	9.44	9.32	9.91
Others 2/	38.08	34.96	32.17	29.71
<b>2.0 Bilateral</b>	<b>373.75</b>	<b>431.80</b>	<b>554.55</b>	<b>456.19</b>
<b>2.1 Paris Club Creditors:</b>	<b>54.78</b>	<b>51.80</b>	<b>48.58</b>	<b>44.57</b>
<b>USA</b>	<b>0.96</b>	<b>0.91</b>	<b>0.91</b>	<b>0.82</b>
-PL 480	0.96	0.91	0.91	0.82
UK	0.00	0.00	0.00	0.00
Canada	0.00	0.00	0.00	0.00
<b>Germany</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
-KFW	0.00	0.00	0.00	0.00
Netherlands	0.00	0.00	0.00	0.00
Denmark	0.00	0.00	0.00	0.00
Norway	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00
T&T	49.03	46.39	43.31	39.72
Russian Federation	0.28	0.28	0.28	0.00
Italy	4.51	4.22	4.08	4.03
Others 3/	0.00	0.00	0.00	0.00
<b>2.2 Non-Paris Club Creditors:</b>	<b>318.97</b>	<b>380.00</b>	<b>505.96</b>	<b>411.62</b>
Venezuela 4/	141.56	185.24	286.65	132.87
Argentina	12.51	12.85	13.19	13.52
Kuwait	61.93	65.42	68.36	70.75
Libya	38.63	40.91	41.20	41.50
China	32.37	44.68	66.45	115.97
India	21.33	20.08	18.79	25.28
UAE	6.87	7.00	7.13	7.26
Others 5/	3.77	3.82	4.20	4.46
<b>3.0 Private Creditors</b>	<b>20.82</b>	<b>20.36</b>	<b>19.95</b>	<b>19.54</b>
3.1 Suppliers 6/	13.44	13.41	13.40	13.43
3.2 Financial Markets/Bonds 7/	7.38	6.95	6.54	6.12

Notes:

1/ Takes into account debt relief granted under the Enhanced HIPC initiative and the Multilateral Debt Relief initiative.

2/ Includes EEC, EIB, OPEC FUND and IFC Loans.

3/ Includes CDC Loans.

4/ Figures for Venezuela (PDVSA) were revised from 2009 to 2011 in keeping with a decision taken by Venezuela (PDVSA) not to include capitalised interest with effect from January 1, 2010

5/ Includes DPRK, Brazil, Bulgaria and Serbia (ex-Yugoslavia) Loans.

6/ Includes ITT, Caterpillar Americas, Nissho Iwai/Komatsu, Boskalis, GPL (Banco de Credito, Panama) and EPDS debts.

7/ Includes Booker plc, Bonds, Bank of Nova Scotia, Lloyds Bank (O/Draft), GPL (NBIC/RBTT Debenture) and Barclays Bank debts.