

Ministry of Finance

Publication Date: April 2022

ANNUAL BORROWING PLAN

FISCAL YEAR 2022

COOPERATIVE REPUBLIC OF GUYANA

Table of Contents		Page
1.	General Statement	1
2.	Overall Borrowing Requirement for Fiscal Year 2022	2
3.	Planned Funding Sources	4
3.1.	External Debt	4
3.2.	Domestic Debt	4
3.2.1	Treasury Bills Rollover and New Issuances (Schedule/Calendar)	4

Acronyms and Abbreviations

ABP – Annual Borrowing Plan

BOP – Balance of Payment

CDB – Caribbean Development Bank

CDF – CARICOM Development Fund

IDA – International Development Association

IDB - Inter-American Development Bank

IFAD – International Fund for Agricultural Development

RMB Yuan – Renminbi Yuan

SDR – Special Drawing Rights

1. General Statement

The Government of the Cooperative Republic of Guyana, through the Office of the Minister with responsibility for Finance, possesses the legal mandate to borrow funds as required to finance its operations. This mandate is enshrined in several pieces of legislation, with the three (3) most important ones being: the Fiscal Management and Accountability Act (2003); the External Loan Act (1974); and the Public Loan Act (1973). Taken together, other than establishing the Government's authority to borrow, these pieces of legislation delineate broad parameters for external and domestic borrowing, stipulate debt ceilings, as well as outline rules to guide the issuance of sovereign guarantees.

In furtherance of its legal mandate to mobilise requisite financing, the Government has prepared this inaugural Annual Borrowing Plan (ABP) to apprise relevant stakeholders of the means by which it intends to secure the necessary financing to execute the 2022 Budget. The configuration of this ABP is premised on the Government's overarching debt management objective, as outlined in Guyana's inaugural Public Debt policy of May 2021, which is "to ensure that the country's financing needs and its payment obligations are met at the lowest possible cost over the medium-to-long term, consistent with a prudent degree of risk". This cornerstone objective underpins the country's more specific debt management objectives of long-term debt sustainability, effective portfolio management, and debt transparency. Notably, each of these specific debt management objectives is also captured in Guyana's Public Debt Policy, and significantly influences the projected structure of Guyana's borrowing for the fiscal year 2022.

The preparation and publication of this ABP exemplifies the Government's commitment to fiscal accountability, improved transparency, and the fostering of greater predictability in debt operations, with a view to aiding financial market participants in their respective financial planning processes.

Specifically, this ABP details the Government's projected borrowing needs, as provided for in the Annual Budget of 2022, along with the various categories of debt instruments to be issued during the fiscal year and estimated nominal amounts under each category of debt instrument.

To adequately finance Budget 2022, the Government is projected to mobilise a total of **\$110.8 billion** from domestic and external sources. Of this sum, it is anticipated that **\$45.8 billion, or 41.3 percent** of the total financing requirement would be met by external partners, while the remaining **\$65.0 billion, or 58.7 percent** of the required financing would be secured from the domestic market. Both external and domestic financing endeavours were approached with the goal of securing the most concessional financing terms possible for Guyana; that is, financing terms characterised by low, fixed interest rates, and long maturity periods. The preference for, and prioritisation of concessional financing align with the cost minimisation and risk mitigation ideals inherent in Guyana's overarching debt management objective.

With respect to external financing, the required amount of \$45.8 billion is projected to be met by Official Multilateral and Bilateral development partners. This move is motivated by the reality that financing from these creditor categories is generally more concessional than that which emanates from commercial and other potential sources of development financing.

As regards domestic financing, the 364-day treasury bill would be used exclusively to mobilise the required financing amount of \$65.0 billion, a decision informed by the very low and stable interest rates these instruments have attracted in recent years, as well as Government's commitment to stimulating further development of the domestic financial market.

2. Overall Borrowing Requirements for the Fiscal Year 2022

The ABP for the fiscal year 2022 presents the Government's strategy for debt operations to support efficient financing of the budget and sound fiscal management.

The financing requirement of the Government for 2022, as approved by Parliament through the passage of the Estimates of the Public Sector and the Budget for the fiscal year 2022, is estimated at \$110.8 billion. Of this sum, \$45.8 billion would be sourced externally and the remaining \$65.0 billion would be sourced domestically.

Table 1. Central Government Financing Requirement for 2022 (Guyana Dollar Billion)

Category	G\$B 2022
Total Expenditure	530.0
Current Expenditure	302.2
Capital Expenditure	217.8
Interest	9.9
External	6.1
Domestic	3.9
Total Non- Interest Expenditure balance	520.0
Total Revenue and Grants	442.3
<i>Of which the NRF Withdrawal</i>	126.7
Primary balance	(77.8)
Overall Balance to be financed for Budget	87.7
Domestic Principal Repayment	9.7
External Principal Repayment	13.4
Financing Requirement	110.8
Financing	110.8
External Borrowing	45.8
Domestic Borrowing	65.0

Note:

1. It is projected that all Treasury Bills maturing at the end of 2021 for an amount totaling \$146.5 billion would be reissued/rolled over in 2022. The gross financing requirement excludes Treasury Bills at the end-2021 to be rolled over.

As shown in **Table 1**, the Government's financing needs would translate into the following prospective outcomes:

- Government's external borrowing needs are estimated at \$45.8 billion or 41.3 percent of the financing requirement; and
- Government's domestic borrowing needs are estimated at \$65.0 billion or 58.7 percent of the financing requirement.

Based on the above financing requirements, the Government will continue to pursue a blend of domestic and foreign borrowing initiatives. The ABP for the fiscal year 2022 anticipates a domestic environment in which liquidity conditions remain favourable and provide stable opportunities for the Government to refinance and/or issue new domestic local currency securities.

Given the amount of budgetary financing required and the observed absorption constraints in the domestic market, the Government will continue to leverage foreign currency borrowing opportunities with the most concessional terms.

The contraction of the new financing will be coordinated with a view to ensuring the adequacy of the Government's cash flow to meet obligations in a timely manner.

3. Planned Funding Sources for Fiscal Year 2022

As shown in Table 2, the Government's financing needs would result in the following:

- External Financing of \$45.8 billion, which would be sourced in 100 percent foreign currency and consist of withdrawals from existing loans and new loans to be contracted; and
- Domestic Financing of \$65.0 billion, which would be sourced in 100 percent local currency through the issuance of short-term debt securities.

Table 3. Source of Financing

Financing Requirement	Currency Composition	G\$ B
External Financing		45.8
Loans	100 Percent Foreign Currency - USD, Renminbi Yuan, SDRs	45.8
Securities		0.0
Domestic Debt		65.00
Loans		0.0
Securities	100 Percent Local Currency - GYD	65.0
Total Financing		110.8

Source: Ministry of Finance

3.1 External Debt

The total external financing required by the Government for 2022 is \$45.8 billion. To access this financing, the Government would continue to leverage new loans from Official Multilateral and Bilateral Creditors to primarily fund its Public Sector Investment Programme. This decision is based on the historical precedent of Official Creditors providing the most concessional loan terms and conditions for external financing

Additionally, the Government would be drawing down from existing loans, contracted prior to 2022. The drawings from these loans would be used mainly to fund ongoing projects. The external loan drawings are shown in **Table 4** below.

Table 4: External Loan Disbursements

Category	Loan Currency	Creditor Type	Estimated	Estimated	Total Estimated
			Disbursements on New Loans to be Contracted in 2022 (equivalent G\$ millions)	Disbursements on Existing Loans Contracted prior to 2022 (equivalent G\$ millions)	
A. Project Loans			6,966.0	19,855.3	26,821.3
CDB	USD	Multilateral	0.0	2,227.4	2,227.4
IDA	SDRs	Multilateral	20.0	3,600.0	3,620.0
IDB	USD	Multilateral	2,200.0	9,021.5	11,221.5
IFAD	USD	Multilateral	0.0	385.8	385.8
CDF	USD	Multilateral	0.0	100.0	100.0
Islamic Development Bank	USD	Multilateral	3,496.0	300.0	3,796.0
China	RMB Yuan	Bilateral	1,250.0	0.0	1,250.0
India	USD	Bilateral	0.0	4,220.6	4,220.6
					0.0
B. BOP Support Loans			16,848.0	2,125.2	18,973.2
IDB	USD	Multilateral	13,312.0	1,771.6	15,083.6
IDA	SDRs	Multilateral	3,536.0	353.6	3,889.6
Total External Disbursement (A+B)			23,814.0	21,980.5	45,794.5
Multilateral Financing			22,564.0	17,759.9	40,323.9
as a % of Total External Drawings			94.8%	80.8%	88.1%
Bilateral Financing			1,250.0	4,220.6	5,470.6
as a % of Total External Disbursements			5.2%	19.2%	11.9%

Source: Ministry of Finance

3.2 Domestic Debt

The total domestic financing required by the Government for 2022 is \$65.0 billion. This financing would be sourced using short-term domestic debt securities.

3.2.1 Treasury Bill Tenders and Rollovers

The Government will continue to conduct Treasury Bill tenders, to roll over existing issues totalling \$146.5 billion. Additionally, the Government would issue new Treasury Bills for an amount of \$65.0 billion in book value which is worth an estimated \$65.7 billion in face value to meet its domestic financing requirement for 2022. It should be noted that based on Table 5 the amount of new issuance of T-bills to be issued by quarter is subject to changes, based on the Government's cash flow needs.

Table 5: Indicative Auction Schedule of Government Securities

Indicative Auction Schedule for Government Securities for the Period January 1 to December 31, 2022 (in billions of Guyana dollars)			
Intrument	Issue Date	Book Value	Announced Amount (Face Value)
364-Day T-bills	Quarter 1	27.9	28.2
364-Day T-bills	Quarter 2	12.4	12.5
364-Day T-bills	Quarter 3	12.4	12.5
364-Day T-bills	Quarter 4	12.4	12.5
Total New Issuance		65.0	65.7
Rolled Over T-bills			
364-Day T-bill	14-Jan-22	3.5	3.5
364-Day T-bill	15-Jan-22	7.9	8.0
364-Day T-bill	16-Jan-22	1.1	1.2
364-Day T-bill	18-Feb-22	6.4	6.5
364-Day T-bill	04-Mar-22	5.9	6.0
364-Day T-bill	08-Apr-22	0.8	0.8
364-Day T-bill	27-May-22	1.0	1.1
364-Day T-bill	10-Jun-22	23.3	23.6
364-Day T-bill	22-Jul-22	4.2	4.2
364-Day T-bill	29-Jul-22	5.0	5.0
364-Day T-bill	05-Aug-22	6.9	7.0
364-Day T-bill	18-Aug-22	5.0	5.0
364-Day T-bill	02-Sep-22	7.0	7.1
364-Day T-bill	09-Sep-22	5.0	5.0
364-Day T-bill	14-Oct-22	14.9	15.0
364-Day T-bill	14-Oct-22	22.2	22.5
364-Day T-bill	11-Nov-22	5.6	5.7
364-Day T-bill	02-Dec-22	3.0	3.0
364-Day T-bill	02-Dec-22	1.5	1.5
364-Day T-bill	09-Dec-22	3.0	3.0
364-Day T-bill	23-Dec-22	4.7	4.7
364-Day T-bill	30-Dec-22	5.9	6.0
182-Day T-bill	20-May-22	0.4	0.4
91-Day T-bill	04-Feb-22	0.5	0.6
91-Day T-bill	11-Mar-22	0.4	0.4
Total Rolled Over T-bills		145.1	146.5

Source: Ministry of Finance