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August 29, 2022

**Statement by Mr. Lischinsky and Ms. Bustillo on Guyana
(Preliminary)
Executive Board Meeting
August 31, 2022**

We thank staff for the clear report and Mr. Bevilaqua, Mr. Fuentes, and Ms. Mahabir their helpful Buff Statement.

We welcome Guyana's economic recovery from the pandemic-induced recession, the 2021 floods, and the unprecedented rate of expansion expected in 2022. The medium- and long-term outlook, sustained in large part by increasing oil production, is very favorable opening the possibility of an economic transformation and improving the well-being of the population. As the Buff statement notes, the authorities are committed to a careful management of oil revenues to maximize the benefits of the rapid growth in the energy sector.

We welcome the authorities' commitment to prudent fiscal policy while addressing critical development needs. In this regard, the amended Natural Resources Fund (NRF) Act improves the management of oil revenue to ensure that the NRF benefits both present and future generations. We positively note the authorities' commitment to gradually adjusting the fiscal stance and strengthening the medium-term fiscal framework. We acknowledge the significant investments needed to support the country's development goals, as highlighted in the Buff statement. At the same time, the economy's absorptive capacity should be closely monitored to ensure that scaling up public investment does not generate macroeconomic imbalances, and thus we encourage the authorities to strengthen public investment management capacity. *On the debt outlook, we would appreciate staff's comments on the estimation of debt-carrying capacity.*

On monetary and exchange rate policy, we welcome the authorities' focus on price stability. Moreover, developing a revised monetary policy framework with increased exchange rate flexibility over the medium term would facilitate the economy's adjustment to oil price shocks while maintaining price stability and safeguarding foreign reserves.

We welcome the continued efforts to strengthen the financial sector. We positively note the progress in the implementation of the 2016 FSAP recommendations, particularly Basel II/III. We also note the authorities' efforts to strengthen the effectiveness of the AML/CFT framework, aligning its

legal framework with international standards and promoting financial inclusion. On the latter, the growth in mobile money and digital payments can help the authorities' efforts to diversify the non-oil economy. At the same time, like staff, we encourage the authorities to consider technical assistance from the Fund on the regulation and supervision of mobile payments.

Structural reforms to boost sustained and inclusive growth. We welcome the authorities' commitment to reforms to improve infrastructure, strengthen governance, and address development needs, including reforms to improve education with investments at all educational levels, technical capacities, skills, and employment including immigration policies to address current labor market needs. With regards to strengthening governance, we support the anti-corruption framework and the authorities' acknowledgement of Extractive Industries Transparency Initiative (EITI) recommendations. We also welcome an expanded Low Carbon Development Strategy to protect the Amazonian rainforest and accelerate growth along a low carbon path. *Could staff elaborate on the feasibility and prospects of generating carbon credits?*

With these comments, we wish the authorities and people of Guyana every success in their future endeavors.