

**FOR
INFORMATION**

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September 21, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **Guyana—Staff Report for the 2022 Article IV Consultation—Revised Draft Press Release**

Board Action: Executive Directors' **information**

Additional Information: The second paragraph of the press release has been revised to provide the overall projected real GDP growth rate.

Publication: Yes, after the close of business on Friday, September 23, 2022

Questions: Ms. Carare, WHD (ext. 39749)



IMF Executive Board Concludes 2022 Article IV Consultation with Guyana

FOR IMMEDIATE RELEASE

Washington, DC – September 21, 2022: The Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ with Guyana.

Following the pandemic-induced recession in 2020, and protracted political transition, non-oil economic growth recovered in 2021, despite being negatively impacted by floods. Inflation increased markedly since 2021 owing to the floods and supply-side disruptions, as well as continually rising fuel and food prices.

Oil production has increased significantly. Oil GDP is expected to grow over 100 percent in 2022, and by about 30 percent on average per year during 2023-26. Oil production has the potential to transform profoundly Guyana's economy (overall real GDP growth rate is projected to be 57.8 percent in 2022). Guyana's commercially recoverable petroleum reserves is expected to reach over 11 billion barrels, one of the highest levels per capita in the world. This could help Guyana build up substantial fiscal and external buffers to absorb shocks while addressing infrastructure gaps and human development needs. Main downside risks to the outlook include volatility in global oil prices, a slowing global economy, or rapid increases in investment which could lead to macroeconomic imbalances, while upside risks include higher global oil prices and additional gas and oil discoveries.

Executive Board Assessment²

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

² At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

Guyana: Selected Social and Economic Indicators

I. Social Indicators							
Population, 2021 (thousands)	789	Population not using an improved					
Life expectancy at birth (years), 2019	70	water source (%), 2015		4.9			
Under-five mortality rate (per 1,000 live births), 2020	28	Gini index, 1998		45			
Population living below the poverty line (%), 2000-06	35	HDI rank, 2019		122			
II. Economic Indicators							
	Prel.	Proj.					
	2021	2022	2023	2024	2025	2026	2027
(Annual percent change)							
Production and Prices							
Real GDP	23.9	57.8	25.2	21.2	28.2	25.5	3.3
Real Non-Oil GDP	4.6	7.2	5.0	5.1	5.2	5.2	5.2
Real Oil GDP	56.9	116.1	36.8	28.3	36.5	31.1	2.9
Real GDP per capita	23.4	57.3	24.8	20.9	27.9	25.1	3.0
Consumer prices (average)	3.3	7.6	7.6	5.0	3.8	3.5	3.5
Consumer prices (end of period)	5.7	9.4	6.0	4.1	3.5	3.5	3.5
Terms of trade	13.1	28.0	(3.0)	(0.9)	(2.2)	(1.0)	1.0
(Percent of non-oil GDP)							
Central Government							
Revenue	24.3	34.3	36.3	37.4	37.9	37.9	37.6
Grants	0.5	0.8	0.0	0.0	0.0	0.0	0.0
Expenditure	35.3	36.8	37.5	37.9	37.9	37.9	37.6
Current	25.8	24.7	25.2	25.4	25.4	25.4	25.1
Capital	9.5	12.1	12.3	12.5	12.5	12.5	12.5
Overall balance (after grants)	-10.5	-1.7	-1.2	-0.5	0.0	0.0	0.0
(Percent of GDP)							
Total public sector gross debt 1/	42.9	22.8	20.9	18.8	16.2	13.7	13.5
External	17.8	10.1	10.6	10.5	9.7	8.0	7.8
Domestic	25.1	12.7	10.2	8.3	6.5	5.7	5.8
(Annual percent change)							
Money and Credit							
Broad money	12.2	11.5	12.3	9.9	9.0	8.9	9.0
Domestic credit of the banking system	18.1	3.7	-3.7	-1.9	-3.8	3.7	7.4
Public sector (net) 2/	32.0	0.0	-15.1	-12.8	-20.7	-2.0	10.1
Private sector	7.1	7.4	6.7	6.1	6.3	6.2	6.2
External Sector							
Current account balance 3/	-1,971.7	6,502.6	5,173.3	5,445.9	3,998.7	7,273.5	7,594.6
(Percent of GDP)	-25.5	43.8	30.8	28.7	17.4	26.3	26.7
Gross official reserves 4/	810.8	870.7	1,323.3	1,856.6	2,454.3	2,832.2	3,172.5
Months of imports of goods and services 5/	1.9	1.3	2.9	2.9	5.1	6.8	7.2
Crude oil production (million barrels)	42.4	93.4	124.5	155.5	207.0	264.6	264.6
Oil price (barrel)	69.1	106.8	92.6	84.2	78.5	74.7	72.5
Memorandum Items:							
Nominal GDP (G\$ billion)	1,609.1	3,094.0	3,503.5	3,961.3	4,780.1	5,776.2	5,925.9
Nominal GDP, non-oil (G\$ billion)	1,098.3	1,264.0	1,388.1	1,509.1	1,633.4	1,767.6	1,913.2
Per capita GDP, US\$	9,777.6	18,744.6	21,162.3	23,855.8	28,700.7	34,578.0	35,367.6
Holdings of SDRs, in millions of U.S. dollars	1.7	1.7	1.7	1.8	1.8	1.8	1.8
Guyana dollar/U.S. dollar (period average)	208.5

Sources: Guyanese authorities; UNDP Human Development Report; World Bank; and IMF staff calculations and projections.

1/ Since 2015-16, public debt to GDP ratios have been adjusted to reflect unsettled government balances at the central bank.

2/ The changes in public sector (net) are from a small base, making the series volatile.

3/ The external current account for 2018 onwards includes high value imports of oil goods and services.

4/ From 2022 through 2027 reserves include transfers of oil revenues consistent with staff's fiscal policy advice on the use of oil revenues.

5/ Gross reserves in months of projected imports of goods and services. From 2017, these are affected by high value imports of oil goods and services.