

BUDGET FOCUS 2024

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JANUARY 2024



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About this Publication

Focus on Guyana's National Budget 2024 represents the thirty-fourth edition of this **Ram & McRae** flagship publication which highlights, reviews and comments on the major issues surrounding and raised in the National Budget.

First published in 1991, the publication, in memorandum format, consisted of nine pages. It has been published each year since that first publication and represents one of the longest continuous not-for-profit publications in Guyana.

Each year, Budget Focus is circulated among politicians, the business community and the country representatives of international agencies operating in Guyana. But most importantly for us and the public, is the wide circulation made possible by the publication, in the *Stabroek News*, of an abridged but comprehensive version of Focus. We thank *Stabroek News* for making this possible.

The contents of this publication do not replace the text of the Budget Speech, relevant laws, or of a professional advisor. Focus is prepared and distributed on the understanding that **Ram & McRae** or any of the group member, is not engaged in rendering professional services to any person reading this publication. If financial or other expert assistance is required, please contact the Firm.

Ram & McRae also offers up-to-date compilation of annotated tax laws comprising the Income, Corporation, Property, Capital Gains, Income Tax (in Aid of Industry) and Value-Added Acts, and the Revenue Authority, Financial Administration and Audit and Investment Acts, the double taxation treaties and the Tax Information Exchange Agreement to which Guyana is a party.

Other publications by the Firm, some of which are available on our website, are:

- Handbook on the Companies Act, Second Edition, 2017
- Guyana Business Outlook Survey 1995-2010 (except 1998)
- Guyana Investors Information Package
- Focus on Guyana's National Budget 1991 - 2020
- Value Added Tax and Excise Tax Handbook, Second Edition, 2017 (*includes annotated copies of the legislation*)
- Annual Tax Planner - Available in softcopy
- 2018 Guide to Petroleum Operations in Guyana
- Overview of the Local Content Policy
- 2022 Guide to Petroleum Operations in Guyana

About Ram & McRae

Established in 1985, **Ram & McRae** has distinguished itself in the field of professional services. Our client focus, commitment to professionalism, and continuous search for excellence, are the sources of our reputation among professional firms.

We offer a wide range of services including audit and assurance, accounting, tax, payroll, corporate/legal, litigation support and other business support services.

The Firm has secured a premier place in the provision of taxation and advisory services to local and international businesses in Guyana. Our continuing relationship with international partners provides us with access to worldwide resources and ensures that our clients benefit from business ideas, opportunities and solutions that place them in leadership positions in their industry.

Accēdō Inc., a service company of Ram & McRae, offers a wide range of Human Resources services matching potential employees and employers. More recently, it has extended its services to the petroleum sector, facilitating applications for work permits, permits to land and visas.

Christopher Ram & Associates, Attorneys-at-Law, a partnership company of Ram & McRae, is a law firm providing a complete legal service to clients in core sectors. The Firm advises businesses both locally and internationally on domestic and international legislation.

Computer Associates Limited (CAL), is the information technology service company of Ram and McRae with the aim of providing businesses with all of their technological needs. Our service features camera or software installation, hardware procurement and data protection.

Our partners

Christopher Ram

Founder of the firm with over forty years of experience in offering a wide range of professional services to the public and private sectors. As a holder of high-level professional qualifications in both Accounting and Law, most recently with a Masters in Oil and Gas Law. Ram is also a contributor to discussions on public policy in Guyana through a television programme, an online blog, newspaper column and letters to the press.

Robert V. McRae

Robert has more than thirty-five years of experience in the areas of audit, accounting and insurance in Guyana and the United States of America. Robert also practises as a Certified Public Accountant in New York.

Acknowledgements

The Partners of Ram & McRae are humbled by this opportunity to contribute once again to our country through this publication. We are proud of and grateful to our staff who volunteer to provide the effort and the hours to produce this publication in a short period of time. On this occasion, the Budget Focus team included Alexis Barry, Christopher Thompson and Felicia Hack.

Christopher Ram and Robert McRae
January 15, 2024

The Ram & McRae Family Tree

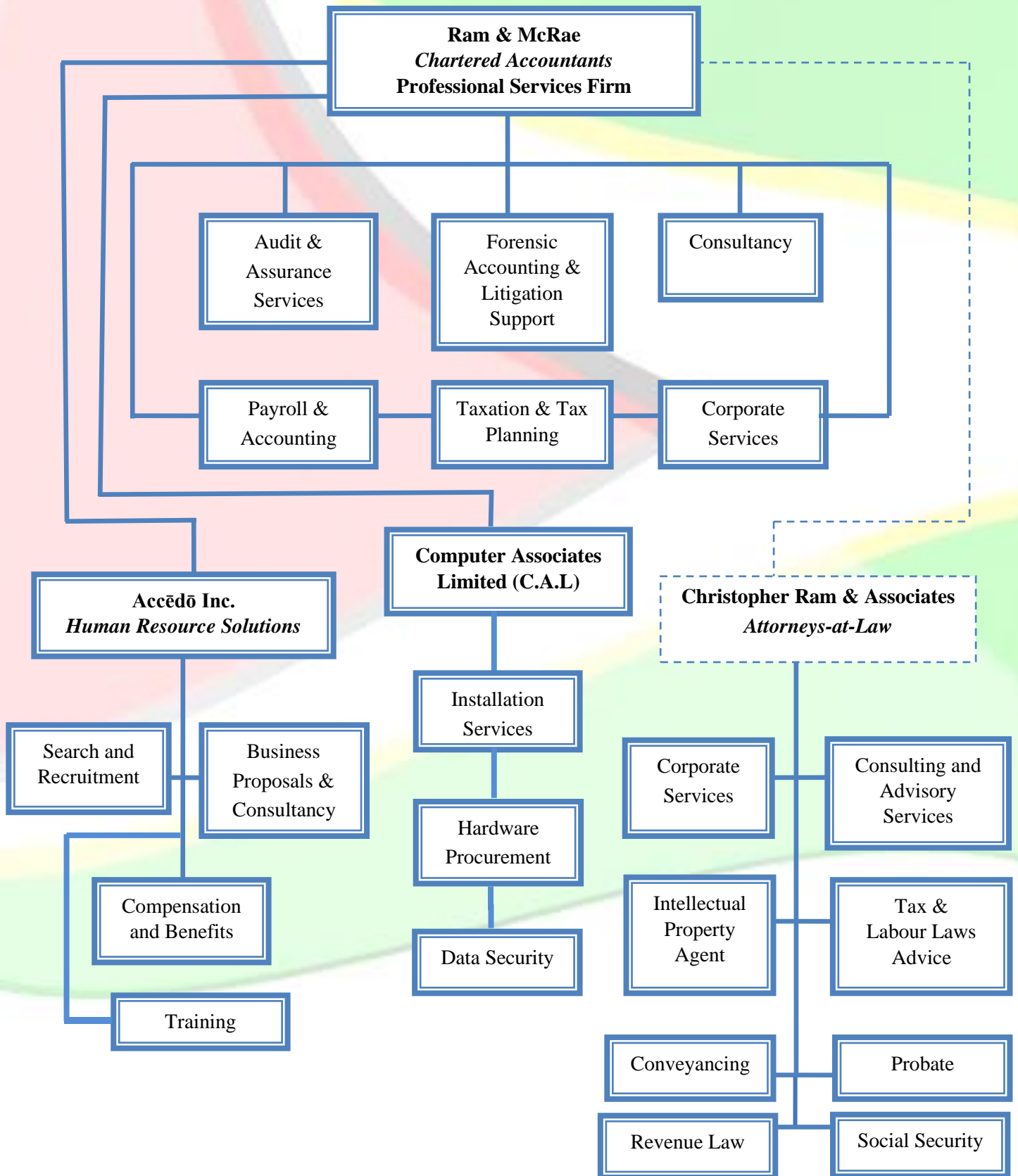


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Pre-Budget Comments

In its pre-budget consultations, Government met with representatives from Trade Unions which submitted written proposals of matters they wished included in the 2024 Budget. They spoke of the importance of collective bargaining; steps to address the NIS deficit, the payment of unemployment benefits, and a total overhaul of the Scheme; and free education from Nursery to University.

Included in the TUC's 12 points proposal were the convening of public hearings on the Sovereign Wealth Fund, that all borrowings be tabled in the National Assembly for discussion and approval; strict enforcement of the work permit rules, increase in the old age pension to \$50,000 per month; introduction of strict rules on procurement of goods and services; and the holding of a public inquiry into the 1999 and the 2016 Petroleum Agreements with Exxon.

Prime Minister Phillips on behalf of the Government responded that the government was committed to crafting a budget with everyone in mind. However, exactly two months after this supposed amicable meeting, the Government announced a 6.5% unilateral salary increase for public servants.

The Guyana Public Service Union, which was part of the earlier meeting, later issued a statement describing the government's unilateral salary imposition as "...insensitive, uncaring, and a blatant disregard for the collective bargaining process." We understand that the GPSU was engaged in efforts to have the court adjudicate on the matter. Whether or not this is so, the continuation of an imposed salary annually must rank as an in-your-face arrogance first by the APNU+AFC Coalition and now by the PPP/C Government.

President Ali in his New Year's message spoke of Guyana's shining economy and gave some information on the use of the block sum \$5 billion dollars voted in the 2023 Budget. According to the President, a programme for this sum was implemented to address cost of living "covering public servants, teachers, public agencies, farmers pensioners community workers and others." Focus 2023 had expressed concerns that such a provision violated the spirit and the letter of the Constitution and could be used as a slush fund. Emboldened by the success of the initiative, the Minister has proposed an increase to \$7 Bn. That is not how accountability works.

Vice President Bharrat Jagdeo took a slightly less sanguine view of the economy in defending the 6.5% salary increase, noting that "the country is not rich yet but that the government is willing to help those in need."

The Private Sector Commission, the umbrella business organisation, submitted a nine-point proposal calling for, among other things, the reduction of the VAT rate to 10%, an expansion of the zero-rated VAT basket, reduction in the corporate tax rate and allowing as non-taxable such allowances as housing, uniform, and transportation. The GMSA also submitted a proposal to the Minister, but we understand that no meeting was held with the Minister. Their proposal was quite comprehensive and deserved some consideration.

The PSC, the GMA and the pro-Government Trade Union Group FITUG all issued statements supporting the Budget. Of these, only the GMA has shown any semblance of independence from the Government.

There is the belief that the entire process of budget consultation is a mere photo opportunity when in fact it is exactly what Article 13 of the Constitution of Guyana anticipates - Consultation with persons on

matters which affect them. There is no doubt that a budget far exceeds that standard, requiring wide consultations.

VP Bharrat Jagdeo announced at a weekly press conference at the PPP/C's Freedom House that facial recognition technology (FRT) is being launched by the government in "the pursuit against crime". While no one can deny the role of technology in the fight against crime, the introduction of FRT needs to be widely discussed across society to ensure that there are sufficient safeguards in place to protect innocent persons going about their daily lives and business.

This country's experience with non-police intelligence work has not been particularly encouraging and one needs only to look at China and Russia to see how FRT can be used against political opponents and to undermine democracy.

Introduction

This was the fifth Budget by the PPP/C Government in this Twelfth Parliament. It came against the backdrop of the unjust claim by Venezuela to two-thirds of Guyana, a threat to the country's very existence. Internationally, 2023 was described by the London Guardian as the year in which the world reached a critical milestone with the peak of global carbon emissions from energy use. The Guardian quoted the International Energy Agency as raising hopes of an end to the fossil fuel era, when it predicted for the first time that the consumption of oil, gas and coal would peak before 2030, and begin to fall as climate policies took effect.

Following two positive developments in the Philippines and Brazil in 2022 when Trumpian type leaders - Duterte and Bolsonaro respectively - 2023 was not a particularly good year for peace and democracy. Russia continued its invasion of Ukraine while Israel, better known as the product of the Holocaust, itself engaged in a brutal and genocidal war to erase Hamas from the Gaza Strip. Coups had also returned to the African continent, in which at least seven countries had governments which came to power because of coups in the past three years. The age of the strongman politician appears to have returned across continents, with two of the largest countries by population led by strongmen.

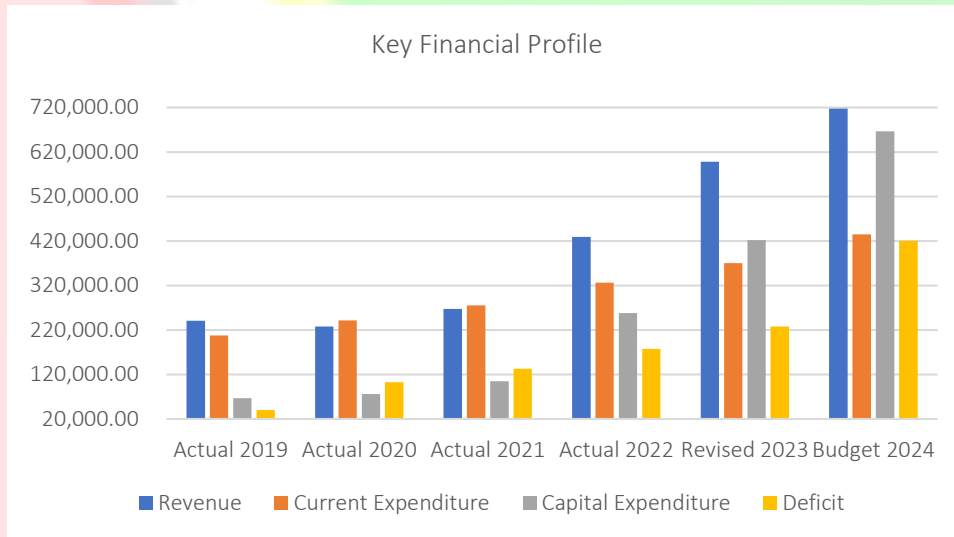
Perhaps for the first time in its post-independence history, Guyana itself appears to have shed its non-aligned stance, welcoming a British military vessel and a former US Army General within days of each other. But thanks to Maduro and his wild threat, again for the first time, a PPP/C Government has embraced and celebrated the Guyana Defence Force.

The Budget Speech commenced at 2:50 PM and ended at 8:15 PM. It was a combative presentation by a visibly emotional Minister. Uncharacteristically, he allowed himself to be baited into anger by members of the Opposition, doing nothing to enhance his reputation as an outstanding speaker. The thrust of his out-of-the-Speech remarks was to mistake elections for democracy. But even on that score, a one seat majority can hardly justify the winner-take-all style embraced and practised by this Government at almost every opportunity.

In our view, the Graph below tells the story of the current and recent Budgets. It shows four financial variables for the six years commencing in 2019 - the pre-oil year. The variables are Current Revenue, Current Expenditure, Capital Expenditure and finally, the Deficit for the year. That deficit is financed by internal/and or external loans, while surpluses could be used to pay back loans or to augment the Consolidated Fund. We consider 2019 is a useful benchmark year, being the year prior to the current government took office.

Let us look at the changes over the first and last year. Revenue has increased from \$ 240,585.30 million to \$717,810.60 million, by almost 200%; current expenditure has increased from \$207,683.10 million to \$ 434,809.90 or 109%; Capital Expenditure has increased from \$66,262.40 million to \$ 666,175.40 million, or 905%; and the Deficit has increased from \$ 40,028 million to 420,649.7 million, or 951%. What does this mean?

Chart showing Key Financial Profile



Source: National Estimates of the Public Sector Appendix A (G\$ Millions)

The Government is clearly on a spending extravaganza, building without thinking, executing without planning and acting without analysis. That is scary. Only a couple of months ago, one of the MFI partners had cause to caution us about absorptive capacity. The media is full of reports of complaints by ministers of work not being done on time or being done very shoddily – a serious capacity and efficiency matter. If only 10% of this Budget is consumed in inefficiencies, that would be more than one hundred billion dollars.

This spending spree can very well put to jeopardy the Natural Resource Fund which is weighted in favour of current spending over savings. For example, the first 500 million is available for spending via the Consolidated Fund while US\$1.250 Bn. of the first US\$2 Bn. or 62.5% As a sign that the Government considers this too conservative, the Minister has notified the House that he is coming back very soon to change the NRF Act to allow for more money to be spent out of the Fund.

The most striking element of this chart is that capital expenditure can soon exceed total Government revenue - an unbelievable proposition. Roads, bridges and buildings now seem more than people. What did Sir Jock Campbell say about this model? That people are more important than ships, shops and sugar estates.

It seems that it only takes an idea from one or two men to become a priority expenditure worthy of a supplementary appropriation. Words like “urgent, unavoidable and unforeseen” provided in the country’s financial management laws to define expenditure from the Contingencies Fund have lost their meaning while the term “national development priorities” used in the Natural Resource Fund Act will be interpreted very liberally and subjectively. In both cases, at the cost of accountability and good governance.

The 11 January editorial in the Stabroek News pointed to the almost mindless construction of certain hospitals across the country, in some cases in areas where new hospitals have recently been built. The plan for high span bridge across the Berbice River is another case. The problem is that the Government has no planning capability and does not seem to want one. If it did, it would not need to return to the National Assembly for supplementary funds on multiple occasions each year.

As day follows night, we can be sure that the Government will be returning to the National Assembly on more than one occasion this year for supplementary provision. After all, the Budget makes no allowance for the Vice President's pet project Amaila Falls or Bishop Edghill's dream office complex to house 6,000 government employees.

Debt Ceiling

As a sign of things to come, the Minister has already announced that he will be coming back to the National Assembly to raise the debt ceiling - for the third time in less than three years. Here is how the PPP/C has dealt with the debt ceiling.

Table showing Public Debts

Years	Pre 2021	2021	2022	2023	%
Domestic	150	500	500	750	400
External	400	650	650	900	125

Source: Taken from Order No. 2 and 3 of 2021 and Order No. 48 and 49 of 2023. (GY\$ Billion)

Highlights

In this section, we set out, without analysis or comments, the key takeaways from the Minister's review of the economy in 2023 and the policies, targets and projections for 2024.

2023 Performance

- Overall Growth in Real GDP of 33% compared with an initial target of 25.1%. The non-oil economy is estimated to have grown by 11.7%, compared with a projection of 7.9%.
- Inflation of 2% compared with an initial target of 3.8%.
- The Central Bank rate of the Guyana Dollar to the US Dollar at December 31, 2023 was \$208.5, the same as at December 31, 2022.
- Current revenue of \$597.9 billion, an increase of \$168.4 billion, or 39.2% for the year.
- Non-interest Current expenditure of \$369.9 billion and interest expenditure of \$11.7 billion. These represent an increase of \$43.9 billion, or 13.4% and - \$11.7 billion, or 33.6% compared with Budget for the year.
- Capital expenditure of \$421.8 billion compared with budget of \$ \$387.8 billion.
- Overall fiscal deficit of \$227.4 billion compared with a projected deficit for the year of \$193.4 billion and an actual deficit of \$177.6 billion in 2022.
- Merchandise exports of US\$13.2 billion and Merchandise imports of US\$6.6 billion.
- Surplus on current account of US\$1,980.9 million, compared to a revised surplus of US\$ 3,507.0 million.
- A deficit of US\$2,027.6 million in the capital account compared to a deficit of US\$3,357 million.
- Overall balance of US\$34.2 million, compared with projected NFA of US\$150 million. Financed by Bank of Guyana Net Foreign Assets.

Size of the Budget: \$1,146 Tn, 46.6% increase

Targets

- Real GDP is expected to grow by 34.3%, with the non-oil economy projected to grow by 11.9%.
- Inflation is projected at 2.5%.
- Current revenue of \$717.8 billion, an increase of 20%. Current expenditure of \$434.8 billion, and interest of \$19.7 billion, representing increases of 17.5 % and 68% respectively.
- Capital expenditure of \$666.1 billion, an increase of \$244.3 billion or 58.1%
- Overall fiscal deficit of \$420.6 billion, an increase of 84.9%.
- Balance of Payment is expected to register a surplus of US\$ 120 million, compared with a deficit of US\$34.2 million in 2023.
- Merchandise exports of US\$18,703.9 million, an increase of US\$5726.1 million or 69.38 % over revised 2023 while imports are expected to decline by \$1,163 Mn. or 17.5%.
- Net Services are projected at a negative US\$6,453.4 Mn., compared with US\$5,602.3 Mn. or US\$851.1 Mn, or 15.2%

Ram & McRae's Comments

- Crude Oil exports are projected at U\$16,821.5 Mn while imports of Fuel and Lubricants are projected at US\$1,357.3 - a difference of US\$15,464.2 Mn. In fact, Crude Oil exports account for some 89.9% of Merchandise Exports.
- Guyana is well and truly an oil country and needs to manage its economy on the certainty that petroleum is an exhaustible product whose price on the international market is perennially volatile. Growth projections are a function of the international, unpredictable price of oil, as well as increased production.
- A 2.5% rate of inflation has surprised many. As this Focus points out, however, there is a distinction between inflation and the high cost of living. See commentary and analysis. In which the empirical evidence suggests that there is both inflation and high cost of living.

Review 2023

In this section, we summarise, review and comment on the public sector economic and financial performance for the year 2023.

Economic Performance

Direct oil and gas activities again topped the growth sectors in the economy with fishing recording a robust 37.8% growth, and Sugar (both agriculture and factory) returning to growth after several years of decline. Gold and Bauxite also moved from decline to growth in 2023.

Table showing Sectoral Performance in the Economy 2023

Industry	Growth	Decline
Agriculture	7%	
Sugar	28.0%	
Rice	7.0%	
Other crops	4.1 %	
Livestock & Poultry	12.7%	
Forestry	5.4%	
Fishing	37.8%	
Oil & Gas	45.9%	
Gold Mining		11.2%
Other Mining	22.7%	
Bauxite		20.4%
Manufacturing	25.0%	
Sugar	28%	
Rice	8.3%	
Other Manufacturing	31,8 %	
Construction	26.8%	
Electricity	15.5%	
Water Supply and Sewage	9,9 %	
Services	10.3%	
Wholesale and Retail Trade and Repairs	9%	
Administrative and Support Services	20.6%	
Accommodation and Food Services	13%	
Transport and Storage	12.1%	

Source: Budget Speech 2024

Ram & McRae Comments:

- It is indeed heartening to see all but two of the economic sectors/sub-sectors in the growth column.
- From a succession of bad years, sugar appears to have rebounded, albeit from a very low base.

- Forestry continues the positive side, operating outside of the limelight. For those who travel on the Eash Bank of Demerara however, the sight of unprocessed logs on ultra-heavy-duty vehicles sinks the national spirit. Meanwhile, the price of lumber on the domestic market has gone out of the roof, while good quality lumber is a rarity.
- Agriculture, forestry and fish sector is reported to have grown by 7% which seems on the low side having regard to the significant growth in the significant sub-sectors - sugar (28%), rice (7%), other crops (4.1%) and fishing (37.8%). The growth in the fishing sector does not accord with the experience of the larger fishing companies nor is it consistent with statements during the year about the negative impact of climate change on the sector.

Moreover, the growth in Fishing does not appear to be supported by the Balance of Payments Analytic Summary in Appendix X to the Estimates.

- Similar paradoxes in 2022 concerning livestock and poultry and the production in eggs and milk were never addressed.
- Focus has consistently called for the rebasing of the economy and the re-classification of the sectors and sub-sectors. We accept that it is desirable that the economy be diversified but that must also be supported by reliable statistics and empirical evidence.

The Minister hinted at action on this exercise should take place this year.

- It appears as well, that statistics are not available on the tax collections by sector and subsectors. One should expect every productive sector, particularly those on which billions are spent, or which are blessed with all forms of incentives, to reflect some kind of returns on the investment, leading to increased tax collections.

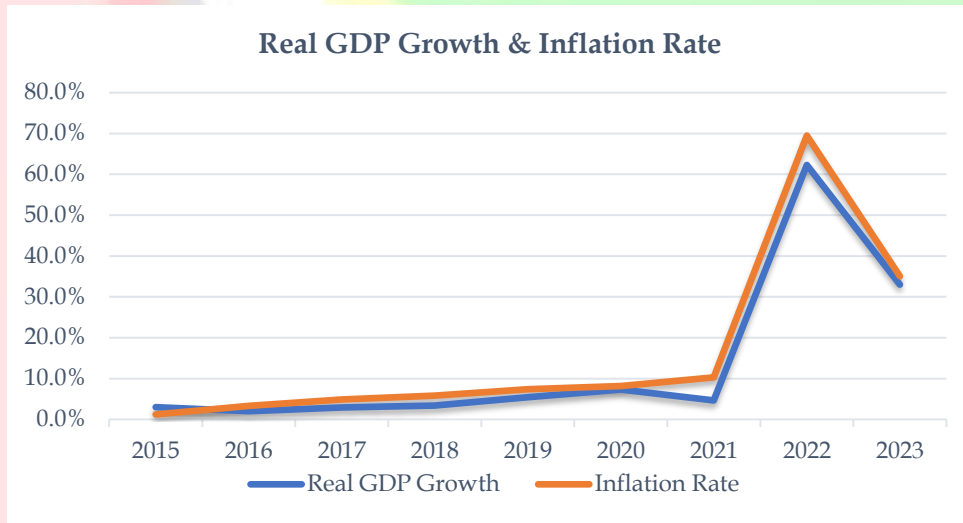
Inflation

The Minister reported that the inflation rate at the end of 2023 was an “estimated” 2.5%, dramatically lower than the 7.2% reported in 2022. He also reported that the prices in the official consumer basket increased by 3.8% in 2023, compared with a 14.1% in 2022.

Ram & McRae's Comments:

- The mid-year report issued on 28 August 2023, projected an inflation rate for the year of 3.8%, suggesting a significant decline in the latter half of the year.
- The private newspaper the Stabroek News has been running a weekly feature on Cost of Living for over fifty weeks. The refrain has been about the cost of living but if the official inflation rate is correct, then the relaxation of the significant costs associated with the COVID-19 pandemic has not benefitted consumers.

Chart showing Real GDP growth and Inflation Rate



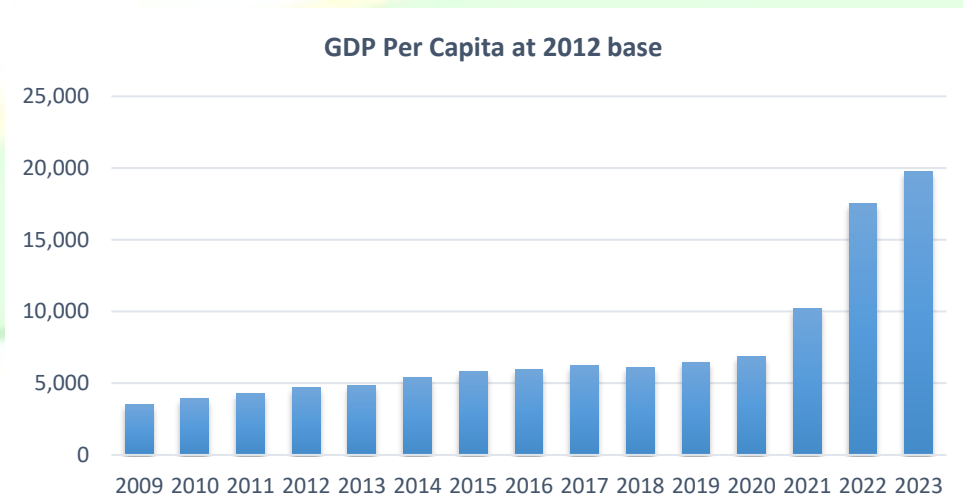
Source: Annual Budget Speeches (2011 – 2023)

Per Capita Gross Domestic Product (GDP)

For consistency, Focus has used per capita as the metric used by Ram & McRae in discussing the performance of the economy. The 12.7% growth in per capita GDP is less than the 33% increase in GDP, but both numbers are correct.

On this measure, Guyana has achieved a GDP that is within the range of the more successful European countries and among the top states in CARICOM.

Chart showing GDP Per Capita at 2012 Base



Source: Appendix 1 to Annual Budget Speeches, 2015 to 2023 are based on revised 2012 figures, 2009 to 2014 are estimated based on 2006 figures. (Stated in US Dollars)

Financial Performance

In order to avoid a duplication of material in this Focus, we invite readers to look at Refer to Financial Operations of Central Government (Accounting Classification) on page 33 forms the basis of the discussion that follows.

Current Revenue for 2023 amounted to \$597,905.3 million, an increase of \$168,445.9 million, or 39% over 2022.

Collections by the Guyana Revenue Authority (GRA) amounted to \$336,615 million, an increase of \$74,278.2 million or 25% over 2022. Of this, Internal Revenue accounted for \$227,860.3 million compared with \$176,045.4 million or 29.0% over 2022, while Value-Added and Excise Taxes amounted to \$103,787.0 million compared to \$85,222.3 million or 22% over 2022. Collections by the Customs and Trade Administration amounted to \$34,967.7 million, compared with \$31,069.0 million or 13.0%, over 2022. Please see Commentary and Analysis for a discussion on taxation.

On the expenditure side, Personal Emoluments, Other Goods and Services and Transfer Payments are reported at \$369,989.6 million which is 13.0% or \$43,937.8 over actual 2022. Personal emoluments amounted to \$104,938.3 million, compared to \$87,760.4 million or 20% over 2022, while other goods and services amounted to \$112,794.8 compared to \$108,602.6 or 4% over 2022. Transfer payments amounted to \$152,256.5 compared with \$129,688.7, or 17% over 2022.

Interest expenditure for 2023 was \$11,661.6 million, an increase of \$2,935.3 million, or 34.0%, over 2022.

The current account balance in 2023 is reported a positive balance of \$216,254.1 million, compared with a positive balance of \$94,681.4 billion in 2022.

Ram & McRae comments

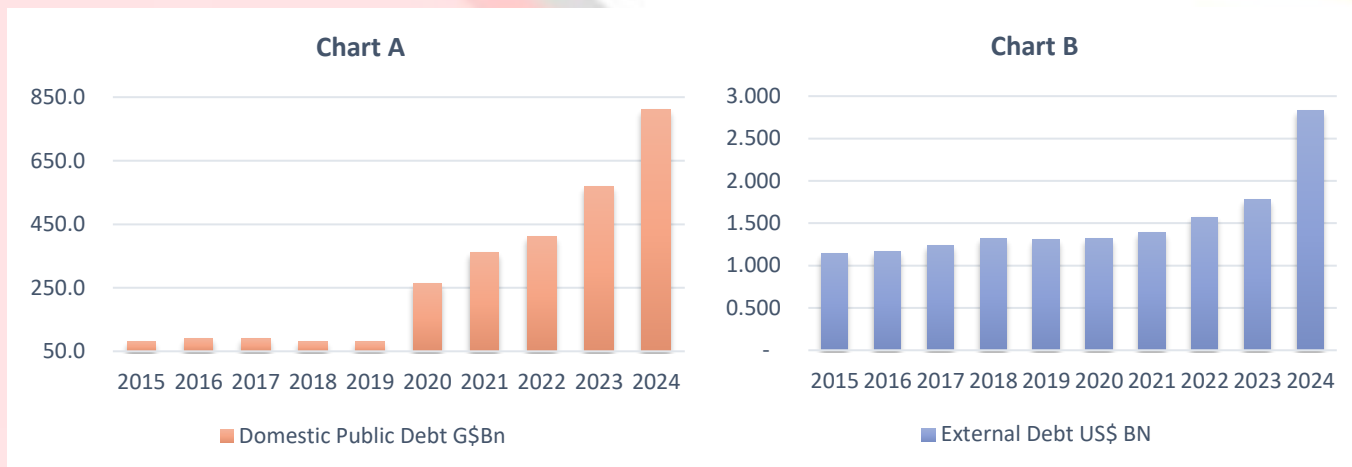
- On the surface, collections by the GRA appear fair. VAT on Domestic Supplies has increased from \$33,575 million to \$43,371 million, an increase of 33.6%. Company taxes have increased from \$104,560 million in 2022 to \$139,404 million on 2023, an increase of 33.2%. These are two different types of taxes administered by different departments. Contrast these with the tax paid by the self-employed rice farmers and millers, accountants, doctors, lawyers, contractors and miners and loggers. In 2020, the tax collected from this category amounted to \$5,023.504 million. In 2023 that number had declined to \$4,589.9 million. That this situation does not warrant a mention is simply unbelievable.
- Professionals are a special group, but this does not extend to making them immune from prosecution for tax evasion. It just cannot be right that the employed persons are taxed at source while doctors, lawyers and accountants, some of whom hold important positions in our country, have a free ride. As for the contractors, the PPP/C recklessly and without consultation, repealed the APNU+AFC tax measure for a withholding tax on payments greater than \$500,000 to contractors.
- The tax evasion by this category of persons is considered a serious offence under the AML. One can only wonder how contractors, accountants, doctors and lawyers obtain certificates of tax compliance.

Public Debts

Public debts comprise both domestic debts and external debts, being debts contracted with persons, including governments and companies, not resident in Guyana.

The chart below shows that over the period 2010 – 2024, the stock of public debt stated in USD grew by 5.5% from foreign creditors.

Chart showing Public Debts



Source: Appendix to Budget Speech 2024 (Appendix VI)

Ram & McRae Comments:

- The debt profile of Guyana is fast changing. The Charts show a stable debt exposure under the APNU+AFC Coalition from 2015 – 2020 during which time the law setting a ceiling on borrowings was not amended once. The current Administration has already increased the ceiling twice since coming to power. The Minister has promised a further increase in 2024.
- This Speech made references to that sustainability but makes no allowance that things can and will go wrong, or in the case of oil prices, go south. The Table above shows that since the end of 2020, domestic debt has increased by 42% and external debts by 60%. In other words, instead of reducing borrowings out of oil inflows, the PPP/C is increasing borrowings.

Balance of payments

The Balance of Payments represents the trading account which Guyana has with the rest of the world. It is an economic statement somewhat comparable with the accounting financial statements, except that there are no opening balances. An analysis involves the identification of the changes from the projections and inquiries into those changes. It is comprised of the Current Account, the Capital Account, Errors and Omissions and an Overall balance. See Appendix K to the Volume 1 of the Estimates. Countries would usually aim to have an Overall Surplus which can then translate into increased foreign assets.

Explanations offered by the Minister are in respect of changes over 2022.

Budget 2023 had actually projected a surplus on the current account of US\$3,507.0 Mn while the estimated actual surplus was some US\$1,980.9 million., a shortfall of US\$1,526.1 Mn. Total export earnings grew by 16.9 percent to an estimated US\$13, 182.3 million, reflecting higher earnings from both the oil and non-oil sectors. In the oil sector, export earnings grew by 18 percent to US\$11,631.5 million, with an estimated 40.2 percent increase in export volume. Meanwhile, earnings from non-oil exports amounted to an estimated US\$1,550.7 million, offsetting the lower earnings received from the gold and bauxite sectors.

Imports increased by 83.1% to US\$6,636 million in 2023, made up substantially of capital goods (US\$2,472.9 million) and consumption goods expanded by an estimated US\$181.9 million with increases across all sub-categories.

The deficit on the capital account declined by an estimated US\$1,630.9 million to US\$2,027.6 million.

Table showing Balance of Payments

Balance of Payments	Budget	Revised	Budget	Actual
Stated in US\$ Mn	2024	2023	2023	2022
CURRENT ACCOUNT	7,853.1	1,980.9	3,507.0	3,805.9
Merchandise trade (net)	13,230.8	6,546.2	7,441.4	7,657.0
Services (net)	(6,453.4)	(5,602.3)	(5,029.7)	(4,907.3)
Transfers	1,075.8	1,036.9	1,095.3	1,056.3
CAPITAL ACCOUNT	(7,733.1)	(2,027.6)	(3,357.0)	(3,658.4)
Capital Transfers	33.2	15.2	47.1	38.8
Non - financial public sector (net)	(261.9)	(409.1)	(55.8)	(603.2)
Private capital	(7,442.9)	(1,499.0)	(3,283.2)	(3,110.0)
Short term capital	(61.5)	(134.7)	(65.0)	16.0
Errors and Omissions	-	12.5	-	(26.0)
Overall balance	120.0	(34.2)	150.0	121.5

Source: Estimates of the Public Sector (Vol. 1 Appendix K)

The presentation of Balance of Payments based purely on economic theory, shows the urgency with which the Statistical Bureau needs to redefine national economic statistics. The existing arrangement distorts and misleads rather than inform.

Banking and Interest Rates

Small savings rate reflected a decrease in the first month of 2021, while the 91-day Treasury bills and Prime lending rate have remained stable and has continued on the same trend 2021.

The following table shows the movement of these rates for the past nine years.

Table showing Financial Rates

Financial Rates	2015	2016	2017	2018	2019	2020	2021	2022	2023
T/Bill Rate - 91 days	1.92	1.68	1.54	1.54	1.54	1.54	1.54	1.54	1.10
Commercial Bank Prime Lending Rate	12.83	13.00	13.00	13.00	10.29	8.88	8.88	8.54	8.29
Small Savings Rate Average	1.26	1.26	1.11	1.04	0.98	0.91	0.83	0.81	0.81

Source: BOG Statistics Abstract taken up to November 2023

For a comment on these rates, please refer to Ram & McRae comments below.

Table showing Commercial Banks Deposits, Loans and Liquid Assets

Commercial Banks	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Deposits G\$ Mn	356	374	369	399	447	513	581	668	769
Total Loans and advances G\$ Mn	143	145	147	152	167	170	196	232	256
Liquid Assets - Surplus G\$ Mn	40	42	33	36	53	125	174	124	126

Source: BOG Statistics Abstract taken up to November 2023

The Exchange Rate

The Minister restated monetary policy as focusing on containing prices and keeping exchange rates steady, in an environment that “encourages continued and sustained growth in the private sector credit and economic activity”.

Ram & McRae Comments:

- Because of its technical nature, the Balance of Payments (Account) is seldom a subject for discussion, other than among economists. It is important and reflects matters as trade policies, diversification, import substitutions and exchange rates.
- From time to time during the year, Guyana has experienced a shortage of foreign currency, Intuitively, for an oil economy, such shortages are difficult to accept, so policymakers instead try to dismiss them as localised, insisting that taken as a whole, there is an adequate supply to meet demand.
- Ram & McRae firmly believes that the problem can only be addressed by a more hands on approach to the management of the key sectors of the economy. It is a mistake to believe that oil will solve all the country’s problems. The nature, structure and operations of the 2016 PSA create their own challenges to our economy, over which it hovers like a dark shadow.

- We need to ensure that foreign companies not only have to finance all their investments out of foreign currency, but that they make a net contribution to the country's foreign exchange market and a significant contributor to its coffers.
- The Minister referred to the millions of U.S. dollars used in the importation of capital goods by the oil companies, and for mining machinery. If regional and international companies and large private companies in Guyana are permitted to utilise the country's available foreign exchange, there will be little left for the ordinary citizens.

Legislation 2023/2024 (Budget to Budget)

The following Table shows, by number, the principal and subsidiary legislation which became law during 2023. The Appendix hereto list all these instruments.

Type of Legislation	Total	Relevant to Business Community	Appendix Reference
Acts assented to	20	3	A1
Regulations issued	13	4	A2
Orders made	76	6	A3

Of the 20 Acts passed, 9 were substantive, new legislation. Of the remaining 11, four, including one from 2022, were Supplementary Appropriation Acts to authorise expenditure from the Consolidated Fund, one the annual Appropriation Act, and the remaining 6 were amendments to existing legislation.

Acts

The substantive Acts included the Combatting of Trafficking in Persons Act 2023, the Radiation Safety and Security Act, the Planning and Development Single Window System Act, the Electronics and Communications and Transactions Act 2023, the Real Estate Agents and Brokers Act, the Guyana Compliance Act, the Petroleum Activities Act, the Data Protection Act and the Digital Identity Card Act.

Regulations

There were 12 Regulations made and tabled in the National Assembly during the year, including 3 made under the Anti-Money Laundering Act and 1 each under the Income Tax Act and the Excise Tax Act.

Orders

Orders published ranged from 1 to 76 but with 22 not gazetted. Included among these are: The breakdown of these is:

Transfers of State Lands under the Public Corporations Act (13); Orders under the External Loans and the Public Loans Acts; Acquisition of Lands for Public Purposes (13); Local Authorities (Elections) Act; Land Registry Act (6); Double Taxation Order with UAE under the Income Tax Act; Commencement Orders for the Petroleum Activities Act; Estate Agents and Brokers Act and the Mental Health Protection and Promotion Act.

Ram & McRae Comments:

- Not a single one of the 20 Acts passed in 2023 had even a tangential relationship with social issues confronting Guyana, including domestic violence and femicide, road usage, alcoholism, remedial education, persons with disability and sexual orientation.
- Only on one occasion was a single Act passed at a single sitting. The National Assembly passed legislation on only seven days in the entire year, rushing through an average of three Acts per

day when they did meet. The National Assembly is failing as a major guardrail and instrument of democracy.

- Despite the large number of ministries and ministers, legislation in 2023 was tabled by a handful, led by the Attorney General (3) and the Prime Minister (2). It is doubtful that that reflects satisfaction with the legislation currently on the books.
- But let us not only blame the Ministers and place the overarching blame where it belongs – the President, the Leader of the National Assembly, the Leader of the Opposition and the Speaker of the National Assembly.
- Minister of Agriculture Mr. Zulfikar Mustapha, who operates without a junior Minister, has to be recognised. He singlehandedly made a 338 page 238 Regulations Fisheries (Products) Regulations 2023 under the Fisheries Act. The Regulations are to be enforced by the Veterinary Public Health Unit while every authorized officer of the competent authority shall comply with the Fisheries Act and the Regulations.
- The unavailability of at least 22 Orders is a combination of incompetence and maladministration, touching on the rule of law.

Unfinished Business

This section highlights key unresolved issues from high level pronouncements of earlier years of this Twelfth Parliament. Focus emphasises that ensuring the completion of projects, programmes and undertakings is the responsibility of the subject Minister, the Cabinet Secretary, and the President. Indeed, the nature of our Constitution is that the President is the chief executive while ministers are merely advisers.

The presidency under the 1980 Constitution is answerable to no one – not even the National Assembly, let alone the people. It is therefore with a huge dose of optimism that we offer and request action on the following as areas on which promises and commitments were made or legislation requires.

- Review and renegotiate the 2016 Petroleum Agreement.
- Non-confirmation of the judicial offices of the Chancellor and Chief Justice.
- Increasing the number of judges.
- Establishment of an independent and competent Petroleum Commission
- Non-constitution of the:
 - Judicial Service Commission;
 - Public Service Commission;
 - Police Service Commission.
- Failure to honour free collective bargaining.
- Review of Procurement Act and Regulations
- A Diaspora Project
- An Integrated National Infrastructural Development
- Rebasing national accounts to a more recent and suitable base year.
- The sale of the Marriott.
- Constitution of Boards of Reviews for Income Tax, Value-Added Tax and the Customs Tribunal.
- Review of the Auditor General's Report for several years.
- Publication in the Gazette of all fiscal incentives granted under s. 2 of the Income Tax in Aid of Industry Act

This is a long list, getting longer. It is time that the President give specific instructions to his various advisors to get all these outstanding matters completed and new tasks assigned. We have no interest in the bidder for the Marriott Hotel. Our concern is that there might be a sinister motive for the delay in completing the sale transaction.

2023 Policy Issues

Introduction

Budget 2024 has the theme *Staying the Course: Building Prosperity for All*. It sets out the Agenda and Targets for 2024 in Chapters 4 and 5 respectively, covering 77 pages. The policies, explained the Minister, are grounded in his Party's 2020 Elections Manifesto, apparently oblivious of the commitment to renegotiate the 2016 Petroleum Agreement with Exxon.

Overview

In section B of Chapter 4 of his Speech, the Minister highlights the LCDS 2030, which allows 15% of the revenues from Carbon Credits from Hess to be earmarked for Amerindian villages and committed the remaining 85% to meet the most urgent priorities of the LCDS. He also claimed that Guyana is now a leading international voice in resetting global relationships "to address the threat of climate, food and energy security."

On oil and gas, the Minister announced that the government is building "a world class oil and gas sector" within a diversified and competitive productive sector. He highlighted the new model Production Sharing Agreements and the new Petroleum Activities Act of 2023, repealing the 1986 Petroleum Exploration Act, even as the Regulations made under the 1986 legislation remain firmly in place. It should be noted as well that the stability clause which has been used by both the Government and Exxon as "sanctity of contract," is repeated, even though in different language.

Making the case for accelerated production, the Minister referred to the net-zero world and the need to secure revenues from the sector to accelerate the development agenda. The Minister also announced two significant developments - a centralised gas connection, storage and transport facility; and a refinery in the Berbice region, both by private investors. In this sub-sector, the Minister emphasised the promotion of Value-Added Production, Promotion of Local Content and Transparency.

Specific attention is given by the Minister to bauxite as being of "strategic importance", sand and stone expansion to keep pace with the rapid growth in the construction sector, manganese to ensure readiness for increased export, and the sustainable development of the forestry sector.

Diversified, Resilient and Competitive Productive Sector

Even as he sought to demonstrate the importance to the Government of the diversification of the economy, the Minister noted the government's resolute commitment to the development, transformation, diversification and expansion of the agricultural sector. Highlighted in the Speech were sugar, which will receive \$6 billion in 2024 to improve production and operational efficiency, rice, agro-processing, livestock, fisheries and aquaculture, drainage and irrigation, sustainable tourism business outsourcing small business support,

Other areas to support diversification of the economy include sustainable tourism, business process outsourcing and small business support.

Transformational Infrastructure

Under transformational infrastructure, the Minister highlighted energy expansion and diversification, transport infrastructure and roads and bridges. A new Corentyne River Bridge and a new high span bridge across the Berbice River is being considered while other transformational projects will include Air and River Transport.

Investing in People

The Minister announced a resilient health sector which makes available a comprehensive and widely accessible suite of health care services to all citizens. Specific initiatives include the expansion and upgrading of health facilities and diagnostic capabilities, again repeating the psychiatric and maternal hospital in Ogle, and multiple hospitals around the country. The Minister also announced measures to deal with chronic and communicable diseases, mental health, and maternal and child health, all of which were addressed in the 2023 Budget Speech.

Education

Describing education as being absolutely critical to the realisation of the country's national objectives, the Minister identified several projects, including the upgrading and expanding of the schools infrastructure, promotion of attendance and attentiveness through cash transfers and school feeding programmes, improving the availability of textbooks, the investment in tertiary education both at the University of Guyana and under the GOAL for which some \$4 billion is allocated in 2024.

The Minister also announced a strategic partnership with international providers for a bulk licensing arrangement allowing the training of up to 450,000 persons in wide areas where skills gaps exist. \$350 million is budgeted for this initiative in 2024. For technical and vocational education, budget 2024 makes a provision of \$2.3 billion.

Housing

Housing has been a flagship of this Administration and the Government takes justifiable credit for the reduction in the housing deficit as a result of opportunities of home ownership. The Speech is full of numbers of house lots distributed, the number of land titles delivered, and the number of homes completed for low- and moderate-income earners and young professionals across the country.

He announced that the single window approval system for building permits is in the final stages of development and will be launched shortly, complementing the Planning and Development Single Window System Act in 2023.

Under Water and Sanitation, the Minister announced expenditure of tens of billions of dollars on access, quality, efficiency and sanitation, including the upgrade of landfill sites.

Other Policies

Announcing the greatest transformation of sports infrastructure “in the history of Guyana”, the Minister announced five specific initiatives for which \$4.6 billion is provided in the 2024 budget. Some \$1.1 billion is provided to advance youth development initiatives across the country. There are also allocations in the budget for children, senior citizens, women and gender, persons with disabilities, victims of domestic violence and Amerindian and Hinterland Development.

Governance and Institutional Reforms

The Minister identified One Guyana as championing the principal of democracy, constitutionality and the rule of law, transparency and accountability, inclusion and participation. The speech claims that the government continues to monitor and support the functionality and operation of constitutional agencies and that there are continued actions to strengthen the country's public institutions and dialogue across all stakeholders. Attention was also paid to the justice sector strengthening, legal education, labour market considerations and strengthening local government.

Noting measures to support the objectives, the Minister touted the Government's direct cash subventions to Local Democratic Organs (\$1 billion); upgrading and rehabilitating community markets costing as much as \$2 Bn. and \$10 Bn. to augment the National Pathway Workers Project.

The Minister also announced plans a digital transformation strategy; for legal amendments to enable movable and financial assets to be pledged as security for financing; amendments to the Financial Institutions Act; work on a financial inclusion strategy; and the audit all credit unions, co-operatives and friendly societies.

On Data Systems Strengthening, the Minister acknowledged in his Speech that it has become necessary for the rebasing of the national accounts and reported on the Government's investment in information systems to accelerate the production and use of quality data.

Under the heading Optimising the Financing Mix, the Minister announced plans for an increase in the domestic and external debt ceilings “to provide the flexibility needed on the financing mix while at the same time safeguarding our debt sustainability.” We also announced a revision of the NRF withdrawal rule to allow an upward revision in withdrawals to take effect from the current year while in the same breath saying that there will be an increasing share of inflows into the Natural Resource Fund.

Ram & McRae's comments:

- One Guyana is now achieving an elevated status and appears destined to replace the national motto.
- While consistency does have its value, in too many cases Budget Speech is confusingly familiar, bears a striking resemblance to the 2023 Speech.
- There is a suggestion in the Speech that transfers to LDO's constitutes a voluntary act by the government. It is a requirement of the constitution.

- The Minister's explanation for increasing the debt ceiling is a most disingenuous attempt to justify borrowing and spending without proper regard for the principles of sound financial management. It will represent the third occasion on which this Parliament will have revised the debt ceiling so as to permit higher borrowing.
- A major oversight (or is it?) was any reference to a target exchange rate. Regardless of whether the government is prepared to admit it, there is a serious gap in the market for foreign currency which is forcing some persons to meet their needs from unconventional sources.
- It is dangerous for any Government to treat the NRF like some ordinary piece of legislation. For those who were merely concerned with the Dutch Disease from oil, the Resource Curse cannot be ruled out.
- Ram & McRae notes with increasing concern how new initiatives costing billions are adopted during public speeches without any planning, evaluation and prioritisation. The building for 6,000 Government workers, hospitals without workers and roads and bridges all seem to come out of nowhere.

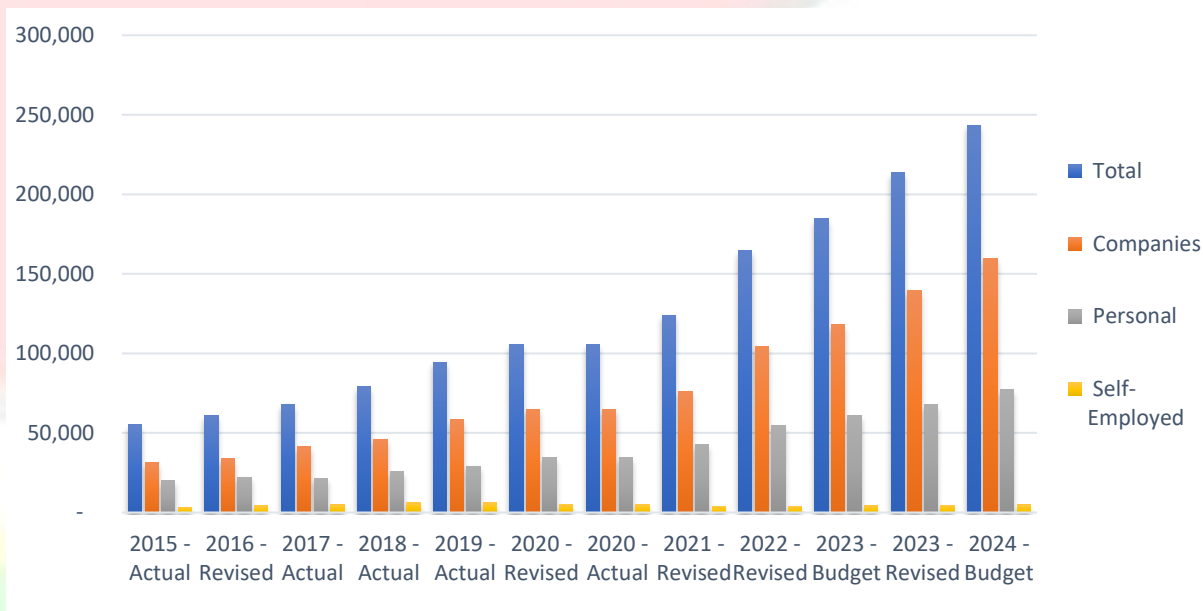
The Government of Guyana Financial Plan 2024

The Government's projected Financial Plan for 2024 is summarised on this Publication. There are four principal elements to the Plan: Current Revenue; Current Expenditure; Interest; Capital Revenue; Capital Expenditure, Debt Repayment and Overall Balance. These collectively represent the financial operations of the Central Government. This principal revenue sources of the Central Government are the Guyana Revenue Authority (56.9); NRF Withdrawal (33.4%) and Carbon Credits (6.0%) and Other (3.7%).

Total current revenues are projected to increase by \$119,905.3 million to \$717,810.6million or by 20.0%. This represents an increase of \$119,905.3 million or 20.0% over the revised 2023 (\$597,905.3 million).

Estimated collections by the Guyana Revenue Authority (GRA) amount to \$408,462.1 million, an increase of \$41,847.1 million or 11.4% over 2022. Of this, Internal Revenue is projected to account for \$258,076.9 million compared with \$227,860.3 or 13.2% over 2023. while Value-Added and Excise Taxes are expected to earn \$110,938.5 million compared to \$103,787 million over 2023 or 6.9%. Collections by the Customs and Trade Administration are anticipated to be \$39,446.6 million, an increase of \$4,478.9 million or 12.8%, over 2023.

Analysis of Internal Revenue by type of taxpayer

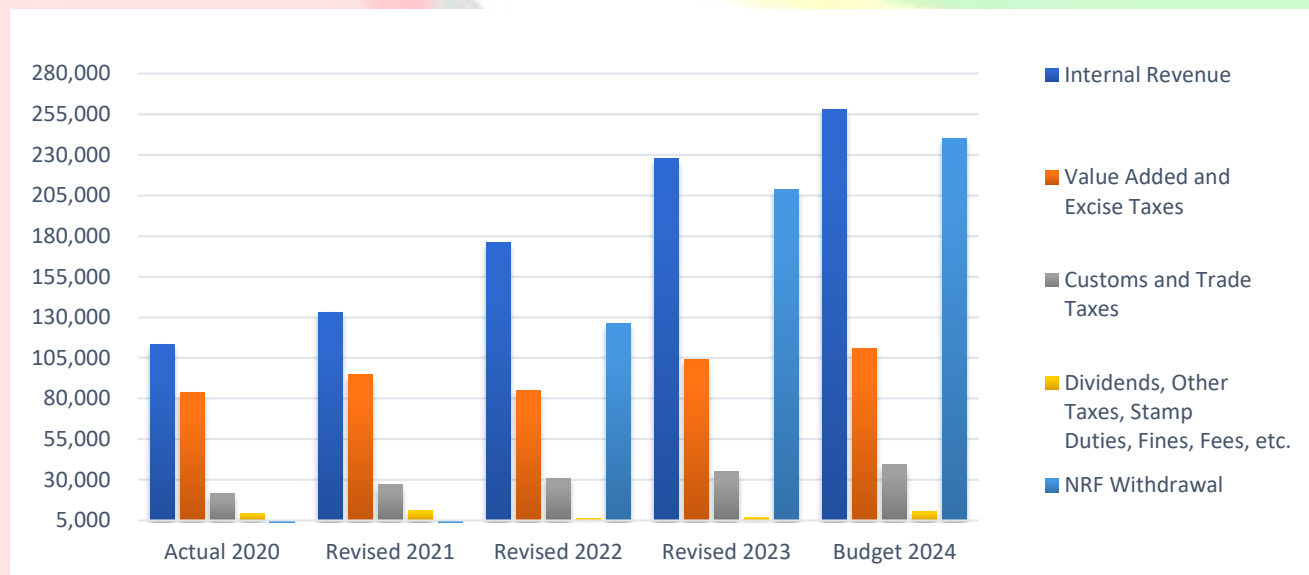


Source: Estimates of the Public Sector, Volume 1. (G\$ Millions)

NRF Withdrawal, increases to \$240,059.5 million over the \$208,421.8 million in revised 2023, or by \$31,637.7 or 15.2%. The NRF is Guyana’s equivalent of a Sovereign Wealth Fund to save and invest moneys earned from the exploitation of non-renewable resources for investment in intergenerational savings and assets. The NRF is an extra-budgetary fund regulated under the Natural Resource Fund Act which sets out in a schedule the amount of money that can be withdrawn in any year. Please see Commentary and Analysis for an essay on the NRF.

Carbon Credit Inflows (CCI) are anticipated to be \$43,733.3 million, an increase of \$37,947.8 million over \$5,785.5 million revised 2023. The CCI has arisen from the sale to Hess Corporation, one of the three contractors under the 2016 Petroleum Agreement, of carbon credits from the ART-TREES Secretariat. 15% of this revenue goes towards Amerindian villages and communities.

Current revenue by type



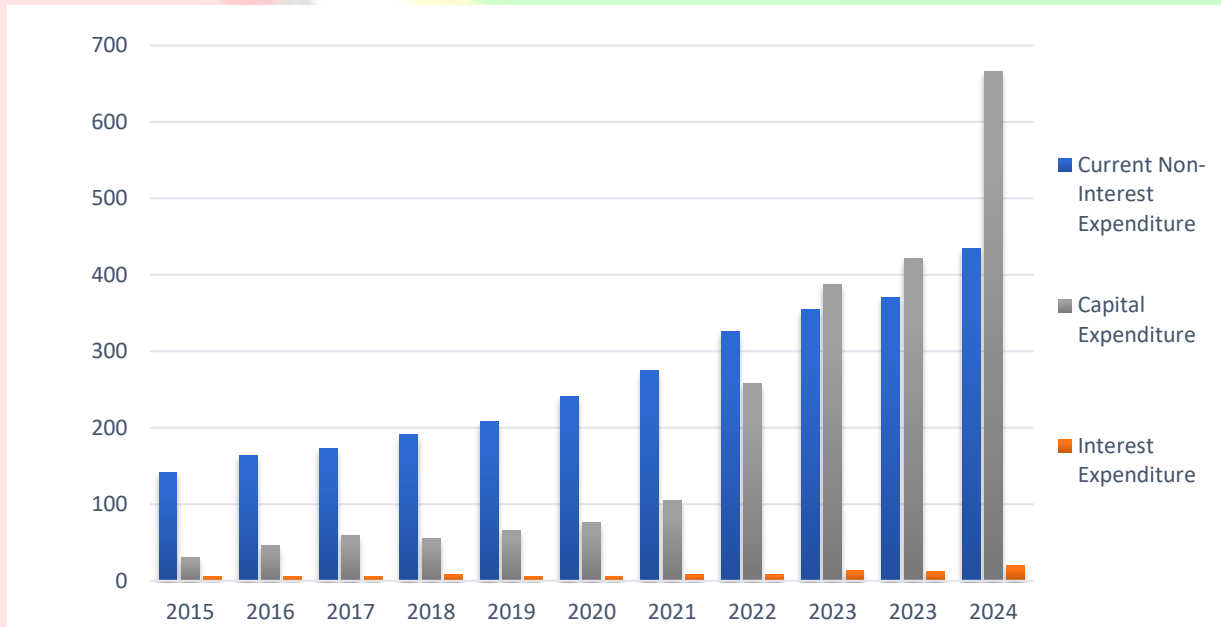
Source: National Estimates (G\$ Millions)

Budgeted current expenditure is \$434,809.9 million for the year 2024, an increase of \$64,820.3 million or 17.5%, as compared to revised 2023 of \$369,989.6 while Interest Expenditure is budgeted at \$19,661.5 million, an increase of \$7,999.9 million or 68.6%, giving a Current Balance of \$263,339.2 million compared with latest revised for 2023 of \$216,254.1 million.

Transfer payments are payments from the Government to individuals, organisations or other levels of Government made with the specific objective of furthering Government policy or programme delivery and for which the Government does not receive directly any goods or services. Budget 2024 has a provision of \$177,835.4 million compared with a \$152,256.5 in revised 2023 for transfer payments.

Interest expenditure is projected to increase by \$7,999 million or 68.6% from \$19,661.5 million. Domestic interest is projected to increase to \$6,514.5 million or 54.2%, while interest on external debt is projected to increase by \$13,147 million or 76.7%.

Expense trends from 2011 to 2024

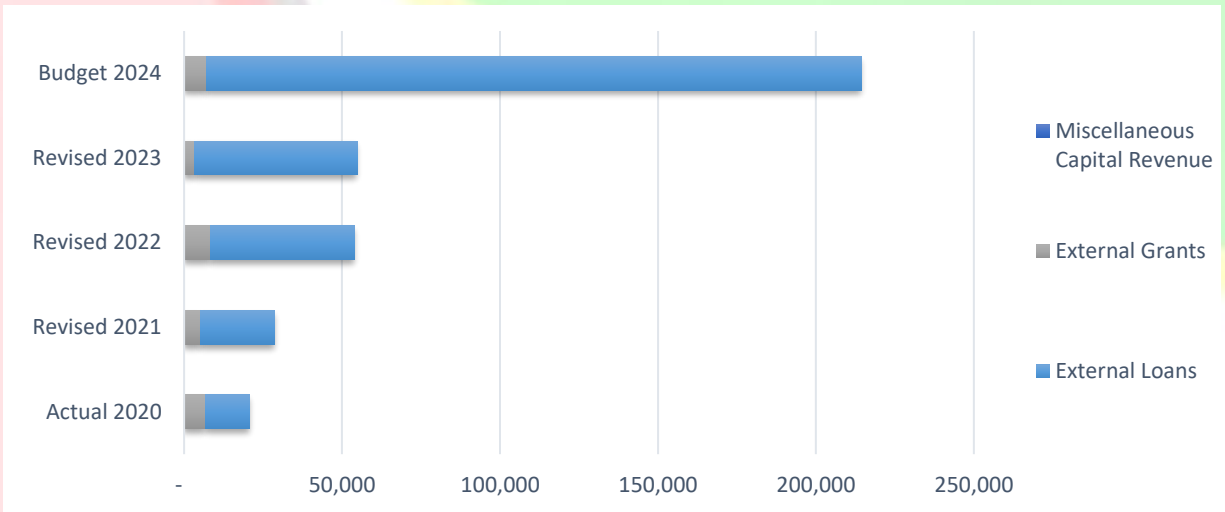


Source: Estimates of the Public Sector, Volume 1. (G\$ Millions)

Capital Revenue and Grants are budgeted at \$7,402.4 million compared with \$3,301.0 million for revised 2023. Budgeted Capital Expenditure is \$666,175.4 million which is some \$244,356 million over revised 2023. After Debt Repayment of \$25,216.0 million, an overall deficit of \$420,649.7 million is projected, compared with a deficit of \$227,434 million as per revised 2023, 52.9% of which is expected to be financed by borrowings from external sources and 47.1% from domestic sources. Of the current expenditure, personal emoluments account for approximately 27.9% or 121,445 million. Debt service as a percentage of current revenue is projected at 6.3% in 2024, a decrease from 6.2% in revised 2023.

Capital revenue and grants in 2023 are projected to decrease to \$7,402.4 million from \$3,301.0 million, of which Project and Programme funds are projected to increase by \$4,104.4 million, whereas HIPC and MDRI will once again not contribute in 2023.

Analysis of capital revenue by type



Source: National Estimates (G\$ Millions)

Capital expenditure for the year is budgeted at \$666,175.4 million, an increase of \$244,356 over the revised 2023 of \$421,819.4 million.

The top five ministries in terms of capital expenditure are:

1. Ministry of Public Works
2. Ministry of Housing and Water
3. Office of the Prime Minister
4. Ministry of Health
5. Ministry of Finance

The principal element of debt repayments is projected at \$25,216 million (2023: \$25,169.7 million), made up of domestic debt repayments of a projected \$8,310.7 million (2023: \$11,709.9 million), while external debt repayments are projected to increase to \$16,905.3 million (2023: \$13,459.7 million).

Ram and McRae's Comments:

- The central government financial operations statement shows that some \$240,059 million will flow to the Consolidated Fund in 2024. This should bring foreign exchange into the market and hopefully ease the gap in the foreign exchange market which currently exists.
- The Plan is dominated by Capital Expenditure which is 153% of current expenditure. (2022 – 79.1%).
- Over the period 2019 to 2023, payment of taxes by the self-employed has declined from \$6.0 billion to \$4.6 billion in 2023, a staggering decline of \$1.4 billion or 24.0%. It is difficult to understand the logic of companies and employed individuals having increased tax payments of 139% and 132% % respectively. It is accepted that these two groups would have benefitted from

the developments in oil and some of the contracts, but so too would the self-employed from the contracts.

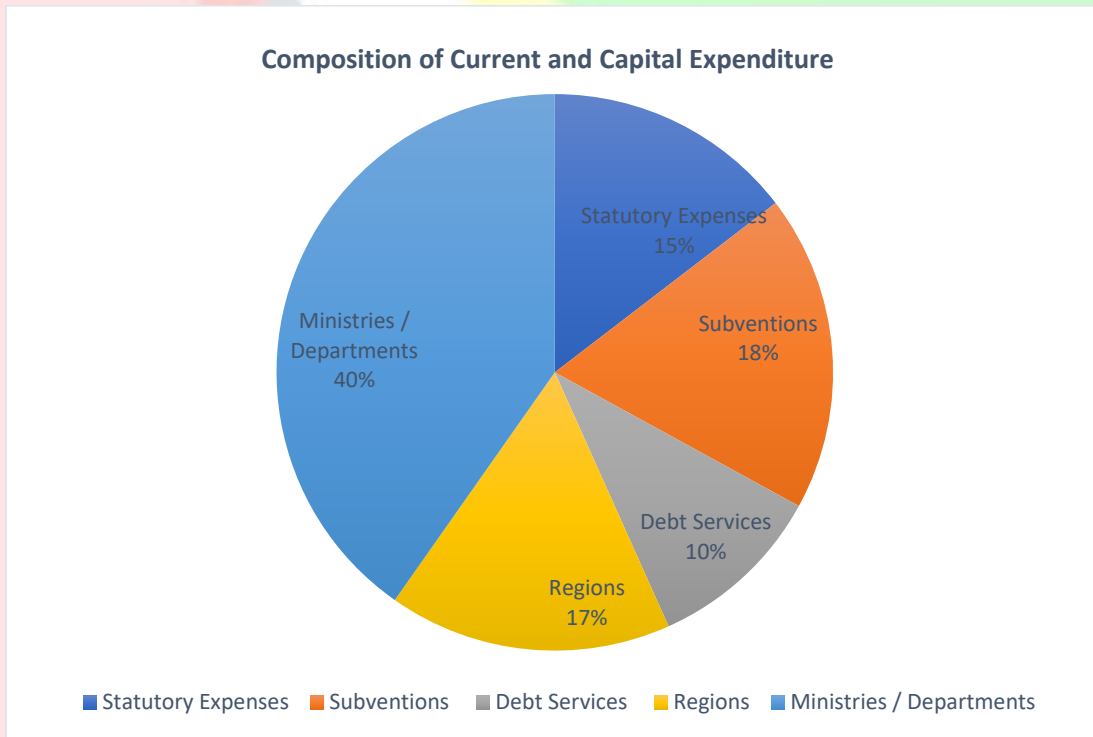
Financial Operations of Central Government (Accounting Classification)

Particulars	Budget 2024	Revised 2023	Budget 2023	Revised 2022	Budget 2022	Actual 2021	Actual 2020
CURRENT REVENUE	717,810.6	597,905.3	578,529.0	429,459.4	432,013.6	267,032.6	227,739.5
1.1 Guyana Revenue Authority	408,462.1	366,615.0	320,109.8	292,336.8	286,816.8	255,085.5	218,330.1
1.1.1 Internal Revenue	258,076.9	227,860.3	197,890.5	176,045.4	152,732.8	133,253.9	113,160.5
1.1.2 Customs & Trade	39,446.6	34,967.7	33,582.7	31,069.0	31,146.4	27,053.9	21,239.7
1.1.3 Value Added and Excise Taxes	110,938.5	103,787.0	88,636.6	85,222.3	102,937.6	94,778.3	83,829.9
1.2 Other	25,555.8	17,083.0	18,200.0	10,640.8	18,502.5	11,947.1	9,409.4
1.3 NRF Withdrawal	240,059.5	208,421.8	208,944.2	126,481.8	126,894.3		
1.4 Carbon Credit Inflows	43,733.3	5,785.5	31,275.0				
CURRENT EXPENDITURE	434,809.9	369,989.6	354,165.6	326,051.8	302,198.5	274,971.7	241,595.1
2.1 Personal Emoluments	121,445.0	104,938.3	105,718.3	87,760.4	89,911.1	77,811.9	71,852.2
2.2 Other Goods and Services	132,529.5	112,794.8	103,676.2	108,602.6	92,501.5	90,272.5	72,477.3
2.3 Transfer Payments	177,835.4	152,256.5	144,774.1	129,688.7	119,785.9	106,887.3	97,265.6
INTEREST EXPENDITURE	19,661.5	11,661.6	14,016.1	8,726.3	9,743.9	7,620.0	6,244.0
3.1 Internal	6,514.5	4,222.6	4,296.4	3,872.5	3,872.5	2,787.1	1,318.9
3.2 External (Cash)	13,147.0	7,439.0	9,719.7	4,853.9	5,871.4	4,833.0	4,925.1
CURRENT BALANCE	263,339.2	216,254.1	210,347.3	94,681.4	120,071.2	(15,559.2)	(20,099.6)
CAPITAL REVENUE & GRANTS	7,402.4	3,301.0	9,943.3	8,114.4	10,237.1	5,209.9	6,628.8
5.1 Grants	7,375.8	3,274.4	9,918.3	8,095.0	10,235.1	5,202.2	6,626.8
5.1.1 HIPC & MDRI	-	-	-	-	-	-	-
5.1.2 Project and Programme	7,375.8	3,274.4	9,918.3	8,095.0	10,235.1	5,202.2	6,626.8
5.2 Other (inc. Sale of Assets)	26.6	26.6	25.0	19.4	2.0	7.7	2.0
CAPITAL EXPENDITURE	666,175.4	421,819.4	387,799.8	258,086.8	217,838.4	104,386.2	76,114.7
DEBT REPAYMENT	25,216.0	25,169.7	25,899.4	22,338.1	23,153.0	17,874.4	13,080.4
7.1 Internal	8,310.7	11,709.9	11,710.2	9,679.9	9,680.2	5,799.9	2,039.9
7.2 External (Cash)	16,905.3	13,459.7	14,189.2	12,658.2	13,472.8	12,074.4	11,040.4
OVERALL BALANCE	(420,649.8)	(227,434.0)	(193,408.6)	(177,629.1)	(110,683.1)	(132,609.8)	(102,665.9)
TOTAL FINANCING	420,649.7	227,424.0	193,408.3	177,629.1	110,683.1	132,609.8	102,665.9
9.1 External	222,367.7	60,505.2	101,360.0	43,781.9	45,794.5	23,518.1	13,976.5
9.2 Domestic	198,282.0	166,928.7	92,048.6	133,847.2	64,888.6	109,091.7	88,689.4
Total Domestic and External Debt Service as a % of Current Revenues	6.3	6.2	6.9	7.2	7.6	9.5	8.5

Source: Estimates of the Public Sector 2019 to 2023 (G\$ millions)

Who Gets What in 2024?

Analysis of expenditure



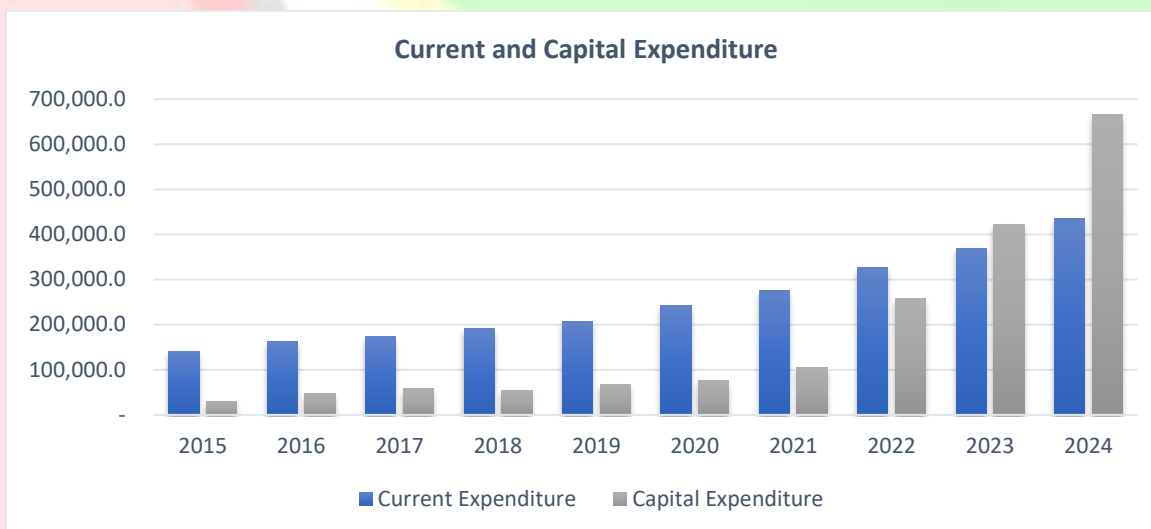
Source: Tables 6 & 7 & Appendix A of National Estimates

Introduction

The priorities adopted by the Government as set out in Part 5 Targets for 2024 in the Budget Speech find their place in the Estimates of Revenue and Expenditure. This was discussed in Government of Guyana Financial Plan 2024 of this publication. In this segment of Focus, we summarise and analyse the spending choices by the Cabinet, set out in the Estimates and which are subject to a debate and approval in the National Assembly. As the pie chart above shows, spending is done by Budget Agencies including Ministries and Departments, Constitutional Bodies, Regions and via subventions and subsidies made through various Ministries. Certain spending is automatic and does not require parliamentary approval: as the Constitution states, these are direct charges although in many cases, the actual amount is often a matter of some negotiation.

We identify and discuss the Current and Capital Expenditure of the top five Budget agencies.

Graph showing Current and Capital Expenditure



Source: Appendix A of National Estimates (G\$ Millions)

Current Expenditure

Ministries/Departments	Budget 2024		Revised 2023		Budget 2023		% Inc./ (Dec)
	G\$Mn	%*	G\$Mn	%*	G\$Mn	%*	
Ministry of Finance	55,118	15.4	48,403	11.9	48,467	13.6	13.9
Ministry of Health	53,647	15.0	43,892	10.8	44,157	12.4	22.2
Ministry of Human Services and Social Security	46,930	13.1	37,397	9.2	39,628	11.1	25.5
Ministry of Education	41,900	11.7	32,112	7.9	30,812	8.6	30.5
Ministry of Home Affairs	32,284	9.0	29,031	7.1	27,306	7.6	11.2
Ministry of Agriculture	28,247	7.9	27,704	6.8	18,142	5.1	2.0
Guyana Defence Force	21,725	6.1	19,300	4.7	17,106	4.8	12.6
Office of the Prime Minister	20,952	5.9	16,280	4.0	14,713	4.1	28.7
Ministry of Public Works	11,216	3.1	10,126	2.5	8,677	2.4	10.8
Ministry of Foreign Affairs	8,082	2.3	6,832	1.7	6,543	1.8	18.3
Office of the President	6,473	1.8	5,711	1.4	5,776	1.6	13.3
Ministry of Public Service	6,405	1.8	4,208	1.0	4,236	1.2	52.2
Others	24,137	6.8	125,825	30.9	128,517	36.0	(80.8)
Total	357,116	100	406,821	100	394,081	110	160

Source: Budget Estimates, Volume 1, Table 6.

Ministry of Finance

The two Programmes under the Ministry of Finance are Policy and Administration and Public Financial Management Policies and Services, budgeted to spend \$39,724 million and \$8.349 million respectively. The two largest items of expenditure of Policy and Administration are Other Employment Costs and Subsidies and Contributions to Local Organisations.

Ministry of Health

The Ministry of Health has eight programmes for which expenditure of \$53,647 million is allocated. The single largest Programme is Regional and Clinical Services expected to spend \$28,571 million. The two largest items of expenditure are wages and salaries of \$8,680 million and subsidies and contributions to local organisations amounting to \$16,234 million, principally to the Georgetown Public Hospital Corporation.

Ministry of Human Services and Social Security

This Ministry has three Programmes and is budgeted to spend \$46,930 million. Of the three Programmes, Programme Social Services is allocated \$45,464 million while Old Age Pensions and Social Assistance make up the single largest item of expenditure, amounting to \$43,142 million or 92% of the amount allocated.

Ministry of Education

The allocation for the Ministry of Education is \$41,900 million, divided across six programmes including one each for Nursery, Primary, Secondary and Post-secondary education. The three largest programmes are as follows:

Primary:	\$14,471 million.
Secondary:	\$11,180 million.
Post-secondary/Tertiary education:	\$6,141 million.

Ministry of Home Affairs

The Ministry of Home Affairs has six Programmes, budgeted to cost \$32,273 million. Of this sum, the Guyana Police Force is allocated \$23,696 million or 73% of the total of which wages and salaries account 46%.

Ram & McRae's Comments

- In 2023, the Government sought from the National Assembly on three occasions for a total of \$118,231 Mn, for additional funds for capital and current expenditure. This represented 16% of the Appropriation for the year. In 2022, there were also three supplementary appropriations for a total of \$95,952 million or 19.1% of the amount in the Appropriation Act.

Capital Expenditure

Ministries/Departments	Budget 2024		Revised 2023		Budget 2023		%
	G\$Mn	%*	G\$Mn	%*	G\$Mn	%*	Inc./(Dec)
Ministry of Public Works	224,892	33.8	159,202	37.7	149,527	22.4	41.3
Ministry of Housing and Water	97,092	14.6	66,387	15.7	69,149	10.4	46.3
Office of the Prime Minister	90,163	13.5	59,720	14.2	55,753	8.4	51.0
Ministry of Health	56,468	8.5	25,724	6.1	22,916	3.4	119.5
Ministry of Agriculture	23,439	3.5	27,016	6.4	15,142	2.3	(13.2)
Ministry of Finance	56,160	8.4	7,049	1.7	7,680	1.2	696.7
Ministry of Education	32,525	4.9	15,242	3.6	15,096	2.3	113.4
Ministry of Local Government & Regional Development	20,675	3.1	17,457	4.1	16,913	2.5	18.4
Guyana Defence Force	20,510	3.1	3,760	0.9	3,122	0.5	445.5
Ministry of Home Affairs	12,567	1.9	11,260	2.7	7,007	1.1	11.6
Ministry of Tourism	6,586	1.0	3,244	0.8	4,137	0.6	103.0
Ministry of Culture, Youth and Sports	5,216	0.8	4,171	1.0	3,722	0.6	25.1
Ministry of Amerindian Affairs	4,871	0.7	7,652	1.8	2,910	0.4	(36.3)
Others	15,011	2.3	13,935	3.3	14,708	2.2	7.7
Total	666,175	100	421,819	100	387,780	58	1,630

Source: Budget Estimates, Volume 1, Table 8.

The top five allocations from the Capital Budget are discussed below.

Ministry of Public Works

The Public Works is allocated \$224.9 billion for expenditure. Please refer to Policies and Targets for some of the major projects proposed for the year. The amounts allocated for the major projects are:

- Rehabilitation of Public and Main Access: \$29.8 billion
- Miscellaneous Roads/Drainage: \$70 billion
- New Demerara River Crossing: \$19.7 billion
- East Bank – East Coast Demerara Road Linkage: 15.5 billion
- Infrastructural Development: \$12.9 billion

Ministry of Housing and Water

The Ministry of Housing and Water is allocated a total of \$97,092 million. The major projects and allocations are as follows:

- Provision for highways, building and infrastructure works: \$69.3 billion.
- Provision for coastal water supply systems and payment of retention: \$14 billion
- Provision for infrastructure development works and housing units: \$6 billion

Office of the Prime Minister

The Office of the Prime Minister is allocated a sum of \$90.2 billion. The major projects and allocations are as follows:

- Gas to Power Project: \$80 billion
- National Data Management Authority: \$4.4 billion

Ministry of Health

The Ministry of Health is allocated \$56.5 billion. The major projects and allocation are as follows:

- Health Sector Improvement Programme: \$33.5 billion
- Modernisation of Primary Health Care System: \$1.5 billion
- Ministry of Health-Buildings: \$15.6 billion

Ministry of Local Government and Development

The Ministry of Local Government and Development is budgeted to receive \$20.7 billion. The major projects and allocations are as follows:

- Provision for community enhancement and infrastructure projects and programmes: \$13.4 billion
- Provision for community driven entrepreneurial inventions \$5 billion
- Provision for Capital subventions for municipalities and neighborhood democratic councils: \$1 billion
- Provision for solid waste management interventions: \$1.2 billion

Ram & McRae's Comments:

- One of the defining features of the 2024 Budget is the shift from current expenditure to capital expenditure. Even by the Government's own admission, it does not have the capacity, nor apparently do the contractors to whom large contracts are awarded.
- The allocation to Agriculture may be premised on inadequate information. However, that Minister sees his Ministry as synonymous with Region 3, a PPP/C base.
- The Budget is merely a cheque to spend – there will be projects undertaken for which no moneys are allocated in the Budget, and vice versa.
- The single largest budget allocation is \$80 billion dollars under the Office of the Prime Minister. The source of that funding is uncertain, one of the concerns of that project.
- Increasingly, the Ministry of Housing is being assigned responsibility for infrastructural works. It is unclear whether there is adequate coordination between it and the Ministry of Public Works.

2024 Budget Measures

In this section we address the measures announced by the Minister, analyse them, evaluate their impact and discuss the extent to which they provide useful economic benefits to stakeholders. These are set out in Budget Measures of the Speech. Amendments are necessary to give effect to the respective tax measures and to set the date on which the respective legislation are to take effect.

We now look at these measures and offer our comments.

Measures to ease the Cost of Living

	Measures	R & M Comments
1	0% Excise tax on fuel.	
2	Extension of measure of adjusting Freight Charges to pre- pandemic level, extended to December 2024.	This will cost \$6 Bn. This is a hypothetical figure rather than an actual cost.
3	Expansion of Part Time job measures.	This will cost \$10 Bn. Unclear what an "expansion" constitutes. This programme has been in place and it would be useful to have a study of its impact.
4	Measures to determine after consultations with stakeholders, aimed at containing the impact of price increases.	This will cost \$7 Bn. Quite how this will be achieved is a matter of conjecture. Minister was silent on whether this will involve subsidies to suppliers or to the consumer.
5	Government will partner with Commercial Banks to lower the interest of loans up to \$5 Mn.	Again, clarity required on this partnership. The Government's favourite approach is to waive interest. No cost is attributed to the measure.
6	(a) Remove VAT and Duty on sports equipment. (b) Remove VAT and duty on essential cellphone accessories, such as chargers, charging cables along with phone components for repairs.	Currently, certain items such as cups, medals etc. are exempt. These are currently taxable.

Measures in Supporting the Vulnerable

	Measures	R & M Comments
1	Old Age Pension increased from \$33,000 to \$36,000 per month.	This represents a \$3,000 increase or 9%.
2	Public Assistance increased from \$16,000 to \$19,000.	This represents a \$3,000 increase or 18.75%.

3	(a) \$3,000 voucher towards the cost of an eye test for school children and pensioners. (b) For those who require spectacles, a \$15,000 voucher towards the cost for school children and pensioners.	This can be a very challenging programme to manage. The voucher should be adequate at most optical services but not for spectacles. For pensioners, the \$15,000 would not be adequate unless the person also receives an NIS spectacles benefit of \$12,000.
4	Cervical Cancer testing voucher \$8,000 for women aged 21 -65 years old.	This should be free
5	Removal of VAT on fire extinguishers and smoke alarms.	
6	Increase in the Minimum NIS pension from \$35,000 to \$43,075. or 23%.	Increase of \$8,075 or 23%.
7	Increase in Minimum Survivor's pension from \$17,500 to \$21,537, or 23%.	Increase of \$4,037 or 23%.
8	Increase in Invalidity NIS pension \$35,000 to \$43,075.	Increase of \$8,075 or 23%.
9	For persons who have attained the age of 60 but who have made 700 - 749 contributions, the NIS will offer an option to accept a full and final settlement as a one-off grant.	This proposal does not appear any different from what currently exists.

Measures in Increasing Disposable Income

	Measures	R & M Comments
1	(a) Because We Care Cash Grant - Increase from \$35,000 to \$40,000 per school child. (b) Uniform voucher of \$5,000 will continue to be paid.	Increase of \$5,000 or 14.3%. No change
2	Support to UG graduates. Debt write off.	Subject to conditions.
3	Increase in the tax-deductible allowance for life and medical insurance from \$30,000 to \$50,000 or 10% of salary whichever is greater.	This allowance is not restricted to insurance companies operating in Guyana.
4	Increase in the income tax threshold from \$85,000 per month to \$100,000.	Represents a \$15,000 increase, or 17.6%

Ram & McRae's Comments:

- Ram & McRae welcomes a number of these measures. The use of vouchers should help to reduce improprieties, but the measures will require considerable administration and personnel.
- More targeted benefits might have a greater impact.
- Some of the measures identified as easing the cost of living are in fact significantly in favor of businesses.
- The Minister is putting a value on an ongoing exemption.
- His number of persons over 60 is significantly inflated.

Commentary and Analysis

The purpose of this section is to draw to the attention of policy makers the issues of interest faced by the country, whether arising out of the Budget presentation or otherwise. Where we consider certain matters of special importance, we may even repeat them, as we have done in the past with Corruption, the National Insurance Scheme and the state of our democracy.

Last year we looked at Double Taxation, Freedom of Information, Gaming Policy and A Short Note on Prescriptive Title.

In this year's Section we address the following:

1. National Insurance Scheme - Taking the Bull by the Horn
2. The Natural Resource Fund
3. Cost of Living
4. Taxation Evasion Gone Wild - Time for Reform

National Insurance Scheme – Taking the Bull by the Horn

Among the measures announced in the Budget Speech was an increase in the minimum pension payable by the NIS from \$35,000 per month to \$43,075, or 23.1%. That increase is higher than the inflation rate since the last increase, so there is real value in this increase. He also announced similar increases for survivors' and invalidity pension which are less costly to the Scheme. As a measure to support the vulnerable, the Old Age Pension was increased by \$3,000 to \$33,000 per month. This is not an NIS issue but relevant in the overall pension benefits of the elderly.

These benefits are welcome even though they deserve some comment.

1. The minimum pension is usually linked to the national minimum wage which stands at \$60,147 per month. It seems therefore that the increase in the minimum pension without an increase in the minimum wage provides for the non-worker over the worker.
2. Surprisingly, the Minister appears to have been badly advised in relation to the number of persons entitled to the Old Age Pension which he gave as 76,000 persons and costing \$2.7 Billion. Based on the official census, that number is just around 40,000. One wonders therefore how the difference will be dealt with.
3. The Minister also announced a one-off grant for persons who have not met the minimum requirement of 750 contributions to qualify for an old age pension. Noting that many employers might have gone out of business and the consequent difficulties in ascertaining contributions, he suggested a one-off grant to bring some 3,800 matters to closure at a cost of \$550 million.

The Minister did not indicate how his proposed solution differs from what currently exists under the law. Focus believes that there are options. For example, the Scheme has a bank of uncredited contributions which could be utilised to top up persons who have 700 contributions. For persons who have between 600 and 699 contributions, their eligibility for a pension should be prorated based on the minimum pension. This will have some financial implications for the Scheme, but it is unlikely to come anywhere close to the Minister's estimate.

In any case, there is in progress an actuarial valuation being undertaken by the Scheme's Actuary. It would be good if various ideas and options are discussed with him with the request that he makes recommendations in accordance with Social Security principles and the policies of this Administration.

In the recent past, there were legitimate fears that the Scheme was about to go broke. Oil has changed all of that. There is a large body of expatriate employees in the oil sector paying contributions at the ceiling level but who are here for such short periods that they will never qualify for long term benefits, nor will they claim short term benefits. We understand that the Scheme is now in a surplus position, and that this will continue for the foreseeable future.

No doubt the Actuary will also be revisiting some of his earlier projections and recommendations on which successive administrations have sat without making decisions. It is time that major decisions be made, including increasing the minimum pension age. Across the world, changing demographics have necessitated such changes and Guyana should use these good times of the oil bonanza to place the Scheme on a safe and secure future.

As part of that reform, the governing legislation for the enforcement of the law against delinquent employers must be addressed. Focus regrets and laments the decision by the government to appeal what was considered one of the more enlightened and pro-worker decisions in the history of this Scheme. This could hardly be what President Ali meant when he boldly announced the Government's intention to resolve all backlog matters before the end of 2023.

The poor 74-year-old Mr. Sheriff Zainul and others like him will languish because of the fear of “opening the floodgates”. It is nothing more than a legal artifice to deprive them of their benefits and consign them to a state of poverty in their remaining years. And when they die, their claim will not be pursued. That may indeed be the subliminal wish of the NIS.

The Natural Resource Fund

In December, writing in his oil and gas column in the *Stabroek News*, civil society activist Christopher Ram disclosed that the Natural Resource Fund is overstated by \$274,765 Mn. He explained that this arose out of a failure by the Natural Resources Ministry to account for the taxes paid to the Guyana Revenue Authority in accordance with the 2016 Petroleum Agreement. Ram called for this to be addressed as a matter of urgency.

The Vice President described Ram's disclosure as a storm in a teacup, while the Attorney General in his Facebook page suggested that the NRF Act superseded the Agreement. Neither of them has addressed the issue of where the money has come from to pay the taxes of the oil companies to enable the GRA to issue to the oil companies a certificate of taxes paid. The Minister joined in that silence.

Meanwhile, the Minister announced that the Government intends a revision to the NRF withdrawal rule involving two conflicting effects: an increase in withdrawals while increasing the share of the inflows into the NRF! After touting the superiority of its version of the Natural Resource Fund Act (NRF) in 2021, the Government is now proposing to overhaul its own Act far as withdrawals are concerned.

This dangerous proposition is all part of the spending extravaganza and more directly, the possibility that the expected loan to support the gas-to-shore project may not materialise. Focus shares the view of both the IMF and the Inter-American Development Bank concerning the structure and operations of the NRF. The Fund is already structured to allow substantial sums to be withdrawn before sums are retained as intergenerational savings.

Calculating the Ceiling on Annual Withdrawals

	Block %	Block	Annual Withdrawal	Cumulative	Cumulative %	Balance Remaining
100 percent of the first five hundred million	100%	500,000,000	500,000,000	500,000,000	100	-
75 percent of the second five hundred million	75%	500,000,000	375,000,000	875,000,000	87.5	125,000,000
50 percent of the third five hundred million	50%	500,000,000	250,000,000	1,125,000,000	75	375,000,000
25 percent of the fourth five hundred million	25%	500,000,000	125,000,000	1,250,000,000	62.5	750,000,000
5 percent of the fifth five hundred million	5%					
3 percent of any amounts in excess of the first two thousand five hundred million	3%					
		2,000,000,000	1,250,000,000			750,000,000

Source: Compiled by Ram & McRae using the Schedule for the NRF Act. (US\$ Millions)

The IMF Report further noted, using the shorthand term fiscal policy, that government tax and spending policies have a direct impact on economic conditions and that in ensuring that Guyana's oil wealth is managed effectively and equitably, the Government is advised not to ignore long-term fiscal and debt sustainability. That was prescient but instead of heeding the sensible caution, the Government is now proposing the very opposite of what the two MFIs warned about.

It is of course merely a footnote that the Minister and his technical people also avoided addressing the concerns about withdrawals for the payment of taxes raised by Ram. Focus will reserve final judgment until the Minister brings the proposed amendment to the National Assembly and the oil companies publish their audited financial statements.

Cost of Living

The Minister announced inflation for the year at 2.5%, following an increase of 7.2% in 2022. The announcement has had mixed or no reaction. As one of the issues identified for attention as an issue of significance, this essay looks at a survey on cost of living began by the Stabroek News in October 2022. The feature is titled How the Cost of Living is affecting People and has now been covered in fifty-eight articles, arising out of interviews conducted by Stabroek News reporters.

Given the personal nature of the responses, verification was not possible. Focus has access to the monthly purchases by Ram & McRae made from independent sources in Region 4 and the purchase of fruits and vegetables from the markets. Our own experiences reflect those of the respondents to the survey.

Indeed, as the following Table shows:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
% Increase/ Decrease	2	(6)	3	(5)	3	3	0	2	7	0	2	5

From these figures not only have prices not fallen from the highs of 2022, but with a few exceptions, they have kept going upward. In other words, the relief measures announced in the Budget have not done much to reduce the high costs from supply chain problems arising during the COVID -19 Pandemic. We note too the difference between cost of living and inflation. Unfortunately, the empirical evidence is that the lower income class are suffering from both these ailments. Back to the Stabroek News series.

The geographical breadth, demographic depth of the coverage and range of products and services were sufficient to make some useful conclusions and recommendations. Guyanese were not only not afraid to speak but were willing to be photographed as well. That probably reflects the severity of their plight.

Respondents shared their personal stories about the difficulties they face on a daily basis, such as being unable to afford basic school supplies for children, challenges in affording nutritious food, and the constant struggle to balance budgets. This concern appears corroborated by a recent joint report by UNICEF, WHO and the World Bank that Guyana ranks among leading Caribbean in various forms of child malnutrition.

Significantly, respondents did not identify any single cause of the increases as predominant, with some attributing the factors as including global events such as the COVID-19 pandemic, shipping costs, wars and climate change. Vendors and business owner respondents, while not accepting any responsibility for price gouging claimed that they themselves face the challenge of in balancing rising costs with maintaining reasonable prices for customers.

The key constant in the series was:

- Almost all basic goods and supplies have food items keep getting more expensive.
- Salaries and incomes are not keeping pace with the rate of inflation.
- The high cost is having social and economic effect on ordinary people, leading to frustration and anger.

Focus notes with considerable disappointment that the national minimum wage has not changed since 1st of July 2022. An increase in the tax threshold does nothing to someone who is paid 30% less than that threshold. A minimum wage of \$60,147 per month is simply unacceptable, insensitive and uncaring.

We need benefits that genuinely target the unemployed and the working poor. This is a task for the social and economic and finance ministries. It should come as no surprise therefore that despite all the talk about diaspora projects and helping the poor, no dent is being made on the net migration rate.

Tax Evasion Gone Wild – Time for Reform

Some thirty years ago, in association with Ernst & Young, Christopher Ram & Co had a one-day seminar on the topic Managing for Economic Recovery. At that seminar, a paper was presented by the local firm on Tax Reform: A vehicle for Economic Recovery. That Paper emphasised the lack of compliance by the self-employed, particularly with reference to the professional class. Nothing it seems has changed over the thirty years.

In Budget 2024, the Minister spent some time discussing “tax administration and reducing tax compliance gaps across all categories of existing and potential taxpayers.” Whether by “gaps” he meant tax evasion is uncertain, but there appears to be a gap as wide as the Demerara River when it comes to some categories. The Estimates show an appropriation for the GRA of \$11,732 million, of which \$9,232 million is for Current Expenditure and \$2,500 million for Capital Expenditure.

On the surface, collections by the GRA appear fair. VAT on Domestic Supplies has increased from \$33,575 million to \$43,371 million, an increase of 33.6%. Company taxes have increased from \$104,560 million in 2022 to \$139,404 million on 2023, an increase of 33.2%. These are two different types of taxes administered by different departments. Contrast these with the tax paid by the self-employed rice farmers and millers, accountants, doctors, lawyers, contractors and miners and loggers. In 2020, the tax collected from this category amounted to \$5,023.5 million. In 2023 that number had declined to \$4,589.9 million.

Professionals may consider themselves a special group and enjoy special licences. But surely, this does not extend to making them immune from prosecution for tax evasion. It just cannot be right that the employed persons must pay their taxes at source while doctors, lawyers and accountants, some of whom hold important positions in our country, have a free ride. As for the contractors, the PPP/C recklessly and without consultation, repealed the APNU+AFC tax measure for a withholding tax on payments greater than \$500,000 to contactors.

It should be noted that tax evasion by this category of persons is considered a serious offence under the AML. One can only wonder how contractors, accountants, doctors, and lawyers obtain certificates of tax compliance on a regular basis.

As we did thirty years ago, we must restate the case for tax reform. Unfortunately, this call may go unheeded by the PPP/C whose own conduct and lack of understanding have contributed to the exacerbation of tax evasion. They regarded as a virtue the removal of the 2% withholding tax on contractors who make little contribution to the coffers to the country.

This in no way exonerates the GRA from doing a better job. Regardless of who has friends in the government and in cabinet, they must administer the law fairly and without fear or favour.

Table showing Revenue Breakdown

	2019	2020	2021	2022	2023	2024
Tax Revenue	226,517	218,790	255,648	292,863	367,034	408,843
Income Tax	94,504	105,756	124,088	164,802	213,898	243,542
Companies	58,346	64,992	75,897	104,581	139,405	159,864
Personal	29,213	34,688	42,907	54,881	67,833	77,120
Self Employed	6,036	5,023	4,054	4,021	4,590	4,815
Value Added Tax	52,675	49,844	48,363	56,830	72,042	81,333
Imports	29,302	22,934	21,134	23,255	28,670	33,125
Domestic Supplies	23,373	26,910	27,228	33,575	43,372	48,208
Taxes on International and Trade Transactions	24,996	19,641	25,611	30,274	34,755	39,402
Other Current Revenues	14,068	11,255	11,385	137,012	230,871	308,968
Natural Resource Fund Withdrawal	-	-	-	126,481	208,422	240,059

Conclusion

This Budget makes history, not all for the right reasons. It is the largest Budget ever – by far -much of it in capital works. It is all about spending and borrowing. The Minister has given no explanation for the levels of spending and borrowing. Even if this Government can bring inefficiencies down to 10%, we will have a loss over 100 billion dollars, before any later supplementary provisions.

Because of a change in how the Estimates are constructed, the exact starting balance in the Consolidated Fund is indeterminable. In other words, the Government will be spending from a fund whose balance is unascertained. The Ministries, Departments and Regions have demonstrated no financial capacity or capability to handle the kinds of sums for which the Minister seeks parliamentary approval.

The Capital Budget is now \$666.1 billion dollars or US\$3.1 billion, without an independent planning authority. Volume 3 of the Estimates identify close to 400 projects many of which bear nebulous names and descriptions. One common factor is that many of them have not been subjected to any serious evaluation. Indeed, many bear the hallmark of slush funds. Here are a few examples.

Regional Economic transformation is allocated \$5 billion while Community Infrastructure Improvement Project is allocated \$13.4 billion. The Low Carbon Development Programme is allocated \$50 billion while the Amerindian Development Fund is allocated \$4.6 billion dollars, even though it is highly that such a fund in fact exists. Another \$3.3 billion for Industrial Estates and Payment of Retention is allocated under the Ministry of Tourism while under Agriculture there is the Integrated Agriculture Development Programme for \$6.7 billion to cover enterprise and agriculture development initiatives. The list goes on and on.

The Gas to-Shore project is facing an uncertain funding situation, and having so committed itself, the Government may have to rely on the Natural Resource Fund for salvation. Hopefully, this will be mutual support and not anything else.

The legislative performance of this Administration is sorely lacking. There can be no excuse for the fact that most of the Ministers have failed to produce even a single piece of secondary legislation, let alone primary legislation. It is hard to put this down to absorptive capacity. President Ali has to recognise that this reflects on him, and he needs to demand more from his ministers. But he himself needs to lay put his policy agenda in the National Assembly and not have this communicated by some third party on a Thursday.

There is a modest increase in the allocation for State Audit despite its substantially greater responsibilities while the Budget has increased by approximately 46.6%. The country's accountability framework is not helped by the tardiness of the Public Accounts Committee. The guardrails for transparency and accountability are being systematically dismantled.

As usual, the Budget has received commendation from the Private Sector Commission which could hardly produce a Budget Submission to the Minister. FITUG also praised the Budget but then its own General Secretary sits on the board of directors of the NIS which agreed to take up a legal challenge against a 74-year-old ex-carpenter.

The list of unfinished business is long and getting longer. The Courts are already scheduling court hearings to the second half of 2024. The prisons are overcrowded with persons awaiting their trial.

This Focus includes an essay on the shocking level of collections by the GRA from the army of self-employed persons. The fact that we are forced to raise a matter to which we drew attention thirty years ago causes us deep concern. It is time that the talking ends and for the GRA to act against lawyers, accountants, doctors, contractors and all others who treat the tax system as some voluntary arrangement.

If the exchanges between the Minister of Finance and a few of the Opposition members during the Speech is any indicator, the debate starting next Monday will be bitter and acrimonious. In the final analysis, with the security of its one-seat majority, the Estimates are as good as passed, as usual.

Appendix A

Acts Passed in 2023

Act No. & Title	Description	Date Passed	Date of Assent	Bill
1 of 2023 – The Supplementary Appropriation (No. 3 for 2022) Act 2023	Additional appropriation from the Consolidated Fund of \$ 3,812,999,559 for the construction of the natural gas-fired 300 MW power plant and natural gas liquids (NGL) plant.	February 2, 2023	February 6, 2023	1 of 2023
2 of 2023: The Appropriation Act 2023	Authorises \$ 721,529,734,000 for Current and Capital Expenditure for the year 2023, pursuant to the 2023 National Budget.	February 2, 2023	February 6, 2023	2 of 2023
3 of 2023 – The Income Tax (Amendment) Act 2023	Income Tax threshold moved from \$900,000 to \$1, Mn.	February 2, 2023	February 6, 2023	3 of 2023
4 of 2023 Criminal Law (Procedure) (Amendment) Act 2023	Allows the DPP to apply for a warrant to arrest and commit an accused person who was discharged by a magistrate.	April 24, 2023	May 12, 2023	21 of 2022
5 of 2023 – Court of Appeal (Amendment) Act 2023	Number of Judges of the Court of Appeal to include not less than two and not more than five Justices of Appeal.	April 24, 2023	May 12, 2023	22 of 2022
6 of 2023 – Motor Vehicles and Road Traffic (Amendment) Act 2023	Bring electric cycles under the same legislative regime as motor cycles.	May 10, 2023	May 22, 2023	7 of 2023
7 of 2023 – The Combating of Trafficking in Persons Act 2023	Repeals and replaces the Combating of Trafficking in Persons Act 2005.	May 10, 2023	June 7, 2023	6 of 2023
8 of 2023 – The Supplementary Appropriation (No. 1 for 2023) Act 2023	Additional appropriation from the Consolidated Fund of \$31,275,000,000 under the Capital Budget for Ministry of Finance and Ministry of Amerindian Affairs.	July 20, 2023	July 21, 2023	8 of 2023
9 of 2023 – The Foreign Judgments (Reciprocal Enforcement) Act 2023	Repealed and replaced the pre-Independence Act of the same name.	July 20, 2023	August 2, 2023	4 of 2023
10 of 2023 – The Radiation Safety and Security Act 2023	Provide for the regulation of ionizing radiation and the protection of persons and the	July 20, 2023	August 2, 2023	8 of 2022

	environment against the harmful effects of radioactive waste.			
11 of 2023 - The Planning and Development Single Window System Act 2023	Establishment of the Planning and Development Single Window System and to define the functions of the Oversight Committee pertaining to land use planning and development.	July 20, 2023	August 2, 2023	26 of 2022
12 of 2023 - The Electronic Communications and Transactions Act 2023	Provides for the regulation of secure electronic communications, transactions and receipt, payment and transfer of money.	August 3, 2023	August 16, 2023	9 of 2023
13 of 2023 - The Real Estate Agents and Brokers Act 2023	Provides for the registration and regulation of real estate agents, brokers, sales associates and other related matters.	August 3, 2023	August 16, 2023	11 of 2023
14 of 2023 - The Guyana Compliance Commission Act 2023	Establishes the Guyana Compliance Commission, and indicates its structure, powers and functions.	August 3, 2023	August 16, 2023	12 of 2023
15 of 2023 - The Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act 2023	Amends the Anti-Money Laundering and Countering the Financing of Terrorism Act, Cap 10:11.	August 3, 2023	August 16, 2023	13 of 2023
16 of 2023 - The Supplementary Appropriation (No. 2 for 2023) Act 2023	Additional appropriation from the Consolidated Fund for 2023 of further sums from the Consolidated Fund of \$50,831,185,983 under the Capital Budget and \$10,181,998,722 under Current Budget.	August 9, 2023	August 16, 2023	17 of 2023
17 of 2023 - The Petroleum Activities Act 2023	Repeals and replaces the Petroleum (Exploration and Production) Act Cap. 65:04 and the Petroleum (Production) Act Cap 65:05 and to make provisions for the regulation of exploration for petroleum in Guyana.	August 9, 2023	August 16, 2023	16 of 2023
18 of 2023 - The Data Protection Act 2023	Protects the right to privacy of personal data.	August 9, 2023	August 16, 2023	14 of 2023
19 of 2023 - The Digital Identity Card Act 2023	Establishes a Digital Identity Card Registry for the collection of identity data of citizens 14 years and over and certain non-citizens.	August 9, 2023	August 16, 2023	15 of 2023

Focus

20 of 2023 - The Supplementary Appropriation (No. 3 for 2023) Act 2023	Additional appropriation from the Consolidated Fund for 2023 of further sums from the Consolidated Fund of \$13,933,333,864 under the Capital Budget and \$12,010,409,378 under the Current Budget a total of \$25,943,743,242	December 19, 2023	December 20, 2023	20 of 2023
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Regulations Issued in 2023

Regulation No. & Title	Principal Legislation	Description	Date
1 of 2023 - The Condominium Regulations 2022.	The Condominium Act (Act 6 of 2022)	Provides Conditions for Registration of a Declaration and Description of Land.	January 16, 2023
2 of 2023 - The Income Tax (Depreciation Rates) (Amendment) Regulations 2023	The Income Tax Act Cap. (81:01)	Includes All-Electric Motor Vehicles in the Depreciation Schedule to the Income Tax Act at a rate of 50%.	January 16, 2023
3 of 2023 - The Excise Tax (Amendment of Schedule) Regulations 2023	The Excise Tax Act Cap. (82:03)	Introduces a Flat Rate of Tax of \$800,000 on Tariff heading 8703.21.90 for Vehicle four years and over.	January 16, 2023
4 of 2023 - The Rules, Policies and Procedures Manual (Amendment) Regulations 2023	The Audit Act (Cap. 73:01)	Amends Volume I of The Rules, And Procedures Manual used by the Audit Office.	February 21, 2023
6 of 2023 - The Mining (Special Mining Permit) Regulations 2023	The Mining Act No. 20 of 1989	This is a persons specific Regulations applying to applications received from Andron & Rona/do Alphonso before the 31 st day of January 2018.	April 17, 2023
7 of 2023 - The Dealers in Foreign Currency (Licensing) (Amendment) Regulations 2023	The Dealers in Foreign Currency (Licensing) Act 1989 (Cap. 87:01)		June 22, 2023
8 of 2023 - The Money Transfer Agencies (Licensing) (Amendment) Regulations 2023 ...	The Money Transfer Agencies (Licensing) Act 2009 (Cap. 85:10)		June 22, 2023
9 of 2023 - The Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Regulations 2023	The Anti-Money Laundering and Countering the Financing of Terrorism (Cap. 10:11)		July 19, 2023
10 of 2023 - The Anti-Money Laundering and Countering the Financing of	The Anti-Money Laundering and Countering the Financing of Terrorism (Cap. 10:11)		July 19, 2023

Terrorism (Amendment) (No. 2) Regulations 2023			
11 of 2023 - The Fisheries (Products) Regulations 2023	The Fisheries Act (Cap. 71:08)		July 28, 2023
12 of 2023 - The Anti-Money Laundering and Countering the Financing of Terrorism (Miscellaneous) Regulations 2023	The Anti-Money Laundering and Countering the Financing of Terrorism (Cap. 10:11)		August 12, 2023
Regulation 5 2023	Missing		

Orders Made in 2023

Order No. & Title	Principal Legislation	Nature of Order	Date of Order
1 of 2023: The Bail Act 2022 (Commencement) Order 2023	The Bail Act 2022	Giving effect to the Bail Act	January 4, 2023
2, 15, 24, 25, 31, 32, 33, 36, 37, 45, 46, 55, 61 of 2023: National Industrial and Commercial Investments Limited (Transfer of Property) Order 2023	13 - The Public Corporations Act (Cap. 19:05)	Transfers State land by NICIL to the CHPA.	Miscellaneous
3 - 7, 21, 26, 27, 68, 69, & 77 of 2023 - The Acquisition of Lands for Public Purposes Order, 2022/2023	11 - Acquisition of Lands for Public Purposes (Cap. 62:05)	To compulsorily acquire lands for Construction of Gas Pipelines	Miscellaneous
8 of 2022 - The Prohibited Immigrant Order 2023	The Immigration Act (Cap. 14:02)	Declaration of named persons as prohibited immigrants.	January 9, 2023
9 of 2023 - The Customs (Amendment of First Schedule) Order 2023	The Customs Act (Cap. 82:01)	Reduction of rates of duty under Tariff heading 8703.21, 22 & 23 - Motor cars and other motor vehicles by 10% (45% to 35%)	January 16, 2023
10 of 2023 - The Value-Added Tax (Amendment of Schedule II) Order 2023	The Value Added Tax Act (Cap. 81:05)	Includes as VAT-exempt goods Exempts VAT on all-electric motor vehicles of any power rating less than four years old, and housing units/residential properties built by the CHPA.	January 16, 2023
13, 14, 16, 17, 39, 40 of 2023 - The Local Authorities (Elections) (Formation of Constituencies) Order 2023	6 - The Local Authorities (Elections) Act (Cap. 28:03)	Defines the area of Local Authorities.	Miscellaneous
18 of 2023 - The National Registration (Suspension of Continuous Registration) Order 2023	The National Registration Act (Cap. 19:08)	Suspended effective February 24, 2023 the period of continuous registration scheduled to run from 3 January to 31 May 2023.	February 22, 2023
20, 22, 23, 35, 43, & 50 of 2023 - Land Registry Order 2023	6 - The Land registry Act (Cap. 5:02)	Designating specific areas situate on the West Sea Coast in the County of Berbice as a Registration Area.	Miscellaneous
29 of 2023 - The Double Taxation Relief (Taxes on Income) (United Arab Emirates) Order, including an Erratum.	The Income Tax Act (Cap. 81:01)	Brings into operation a Double Taxation "Treaty" between the United Arab Emirates and Guyana.	March 29, 2023

41 of 2023 – The Quarry Licence (QL) Exemption Order 2023	The Mining Act No. 20 of 1989	Exempts Elaine Ville Housing Development Inc. from the application for the issuance of a Quarry Licence.	May 23, 2023
44 of 2023 – The Customs (Amendment of First Schedule) (No. 2) Order 2003	The Customs Act Cap. 82:01	Removing the 20% duty on all mobile phones	June 12, 2023
47 of 2023 - The Condominium Act 2022 (Act No. 6 of 2022)	The Condominium Act 2022 (Act No. 6 of 2022)	Approves Esplanade Condos A and B as meeting the requirements of a Condominium Scheme.	July 12, 2023
48 of 2023 – The External Loans (Increasing of Limit) Order 2023	The External Loans Act (Cap. 74:08)	Increases the limit on External Loan from G\$600 B to G\$950 B.	July 20, 2023
49 of 2023 – The Public Loan (Increasing of Limit) Order 2023	The Public Loan Act (Cap. 74:13)	Increases the limit on Public Loan from G\$500 B to G\$650 B.	July 20, 2023
52 of 2023 – The Restorative Justice (Commencement) Order 2023	The Restorative Justice Act (Act No. 20 of 2023)	Giving effect to the Act.	August 17, 2023
57 of 2023 – The Real Estate Agents and Brokers Act 2023 (Commencement) Order 2023	The Real Estate Agents and Brokers Act 2023	Giving effect to the Act.	September 5, 2023
58 of 2023 – The Petroleum Activities Act 2023 (Commencement) Order 2023	The Petroleum Activities Act 2023	Giving effect to the Act.	September 1, 2023
63 of 2023 – The Condominium Act 2022 (Act No. 6 of 2022)	The Condominium Act 2022	Navigant Builders Inc. Approval to Esplanade Condos C and D Plantation Peter's Hall EBD.	October 11, 2023
67 of 2023 - The Small Business Lending Company (Designation) Order 2023.	The Income Tax Act (Cap. 81:01)	Designates Demerara Bank, Citizen's Bank, GBTI and RBGL under the Poultry Sector Agreement between the Government and the approved lending agency.	November 1, 2023
71 of 2023 – The Mental Health Protection and Promotion Act 2022 (Commencement) Order 2023	The Mental Health Protection and Promotion Act 2022 (No. 14 of 2022)	Giving effect to the Act	October 31, 2023
75 of 2023 – The Ministers, Members of the National Assembly and Special Offices (Emoluments) Order 2023	The Ministers, Members of the National Assembly and Special Offices (Emoluments) Act (Cap. 1:07)	Increases with effect from 1st January 2023 by six- and one-half percent the respective annual rates of the salaries as at 31 st December, 2022	December 12, 2023
76 of 2023 – The Constitutional Offices (Remuneration of Holders) Order 2023	The Constitutional Offices (Remuneration of Holders) Act (Cap. 27:11)	Increases with effect from 1st January 2023 by six- and one-half percent the respective annual rates of the salaries as at 31 st December, 2022	December 12, 2023

11, 12, 19, 28, 30, 34, 38, 42, 51, 53, 54, 56, 59, 60, 62, 64-66,70, 72-74 of 2023 Missing	22 - Missing Orders 2023		
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Appendix B: Selected Socio - Economic Indicators

INDICATORS	2019	2020	2021	2022	2023
1.0 NATIONAL ACCOUNTS AGGREGATES					
1.1 Growth Rate of Real GDP (2012 Base) (%)	5.4	43.5	20.1	63.3	33.0
1.2 GDP at Current Basic Prices (US\$M) (2012 Base)	4,475.4	4,940.1	7,434.9	14,799.8	16,525.6
1.3 GNP at Current Basic Prices (US\$M) at 2012 Base	4,428.8	4,895.1	7,379.6	13,457.9	15,391.5
1.4 Per Capita GDP (US\$) at 2012 Base	6,539.3	6,900.5	10,301.6	19,077.1	20,960.1
1.5 Per Capita GNP (US\$) at 2012 Base	6,478.5	6,845.6	10,229.1	17,347.4	19,772.5
1.6 Gross National Disposable Income (US\$M) at Current Purchaser's Price	5,550.4	5,867.1	8,805.5	14,514.2	16,245.1
2.0 EXTERNAL TRADE AND FINANCE (US\$M)					
2.1 BOP Current Account Balance	- 2,823.7	- 810.1	- 1,995.0	3,805.9	1,980.9
2.2 Imports of Goods and Non-Factor Services (G&NFS)	- 5,150.5	- 4,239.4	- 7,233.3	- 7,405.4	- 11,211.3
2.3 Exports of Goods and Non-Factor Services (G&NFS)	1,792.0	2,791.3	4,627.1	11,497.0	13,675.1
2.4 Resource Balance	- 3,358.5	- 1,448.1	- 2,606.2	4,091.5	2,463.8
2.5 Imports of G&NFS/GDP (%) at 2012 Base	- 115.1	- 85.8	- 97.3	- 50.0	- 67.8
2.6 Exports of G&NFS/GDP (%) at 2012 Base	40.0	56.5	62.2	77.7	82.8
2.7 Net International Reserves of Bank of Guyana	575.9	680.6	810.8	932.4	894.7
2.8 External Public Debt Outstanding	1,305.5	1,320.8	1,392.8	1,571.9	1,775.5
3.0 PRICES, WAGES & OUTPUT					
3.1 Rate of Inflation (% Change in CPI)	2.1	0.9	5.7	7.2	2.0
3.2 Public Sector Monthly Minimum Wage in G\$	70,000.0	70,000.0	74,900.0	80,892.0	86,150.0
3.3 % Growth Rate	9.0	-	7.0	8.0	6.5
3.4 Electricity Generation (in M.W.H) ('000)	872.5	900.4	937.3	1,030.3	1,180.0
4.0 POPULATION & VITAL STATISTICS					
4.1 Mid-Year Population ('000)	767.0	770.0	773.0	775.8	778.4
4.2 Population Growth Rate (e.o.p)	0.4	0.4	0.3	0.4	0.3
4.3 Net Migration Rate (per 1,000 persons)	47.9	6.9	7.9	16.6	16.8
4.4 Visitor Arrivals ('000)	314.7	286.5	173.8	288.3	319.0
4.5 Crude Birth Rate (per 1,000 persons)	20.0	20.0	21.8	23.6	23.4
4.6 Crude Death Rate (per 1,000 persons)	7.2	6.1	5.5	8.7	7.1
4.7 Crude Marriage Rate (per 1,000 persons)	5.7	4.4	6.0	5.2	5.7
4.8 Infant Mortality Rate (per 1,000 live births)	11.9	9.1	9.3	10.0	10.0
4.9 Under 5 Mortality Rate (per 1,000 live births)	14.7	11.1	11.4	13.0	14.0
5.0 HEALTH AND EDUCATION					
5.1 Public Expenditure on:					
5.1.1 Education as % of National Budget	11.9	15.6	16.0	13.4	11.8
5.1.2 Health as % of National Budget	12.3	15.5	16.0	13.2	11.0
5.2 Trained Teachers Across the Education Sector (%)	72.0	71.0	69.0	72.0	72.0
5.3 Matriculation Rate (%)	43.0	49.0	30.0	32.0	34.0
5.4 Gross Enrolment Rate at Tertiary/TVET Institutions (%)	5.0	5.0	5.0	5.0	10.0
5.5 Percentage of Graduates from TVET/Higher Education Sector Employed	3.0	3.0	4.0	3.0	3.0
5.6 Number of Physicians per Ten Thousand Population	16.3	11.2	13.0	12.5	17.8
5.7 Number of Nurses per Ten Thousand Population	28.6	27.6	22.0	21.9	26.8
5.8 Number of Hospital Beds per Ten Thousand Population	22.3	23.4	22.0	25.8	25.8
5.9 Low Birth-Weight Babies (<2500g.) as a % of Live Births	11.4	8.1	8.1	10.0	10.0
5.10 Nutritional Status of Children Under 5 as a % of Age Group:					
5.10.1 Severely Malnourished	0.2	0.1	0.4	0.7	0.5
5.10.2 Moderately Malnourished	1.1	0.5	1.0	1.0	1.0
5.10.3 Overweight (%)	0.5	0.1	1.0	3.0	2.0
6.0 IMMUNIZATION COVERAGE					
6.1 1 Year Olds Immunized Against DPT/ (Pentavalent) (%)	99.0	90.0	92.0	99.0	99.0
6.2 1 Year Olds Immunized Against MMR, Yellow Fever (%)	92.0	92.0	89.0	100.0	100.0
6.3 1 Year Olds Immunized Against Polio (%)	97.0	97.0	89.0	97.0	99.0
6.4 1 Year Olds Immunized Against TB, BCG (%)	97.0	97.0	82.0	100.0	98.0
7.0 CRIME					
7.1 Reported Serious Crimes	3,658.0	2,468.0	1,853.0	1,590.0	1,383.0
7.2 of which: Murder	134	154	121	128	159

Notes:

APPENDIX I

SELECTED SOCIO-ECONOMIC INDICATORS

1) . . . indicates data not available.

2) The 2023 figures are estimates in some instances and subject to revision.

3) Electricity generation for 2023 is an estimate and subject to revision.

4) National Account aggregates were revised for 2022.

5) Marriages and deaths for 2023 are estimates. Crude death rate was revised for 2022 and crude marriage rate was revised for 2021.

6) Visitor Arrivals was revised for 2022.

7) Severely malnourished was revised for 2022.

8) Immunization coverage reflect projected numbers for 2023. Immunization coverage figures for 2022 were revised.

9) External Trade and Finance Section for 2020 - 2022 reflects updated data from the Bank of Guyana due to revisions made to the treatment of oil related transactions and updated trade statistics.

Source: Budget Speech 2024

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