GUYANA

Table 1	2023
Population, million	0.8
GDP, current US$ billion	16.8
GDP per capita, current US$	20626.2
School enrollment, primary (% gross)[a]	90.5
Life expectancy at birth, years[a]	65.7
Total GHG emissions (mtCO2e)	30.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ WDI for School enrollment (2020); Life expectancy (2021).

Guyana emerged as one of the world's fastest-growing economies following the development of its oil and gas (O&G) sector. In light of the substantial oil revenues, the government is implementing an ambitious investment program to structurally transform the non-oil economy and address its development needs. Lack of recent data on poverty and equity limits the effectiveness and monitoring of public policies to reduce poverty in these transformational times for Guyana. Sound management of O&G resources will be critical for inclusive growth.

Key conditions and challenges

Guyana is a small state with abundant natural resources, including significant oil and gas (O&G) reserves and extensive forest cover. With a large part of its territorial waters still unexplored, Guyana's gross oil resources are conservatively estimated at over 11 billion barrels, making it one of the world's highest levels per capita. The start of oil production in 2019 led to an unprecedented rate of economic growth, resulting in the country being reclassified as high-income as of July 2023.

Guyana's new-found resource wealth contrasts with the overall needs of the population. Poverty and social exclusion, including limited access to basic services, have traditionally been particularly severe in Guyana's hinterland and among Amerindians. The lack of recent data on poverty and equity inhibits an assessment of progress in fighting poverty and fostering social inclusion since the start of oil production. The development of the O&G sector has allowed a notable scale-up of investments in infrastructure to support growth in other sectors. With over 70 percent of the working-age population residing in rural areas, agriculture, forestry, and fishing remain important for job creation and poverty reduction.

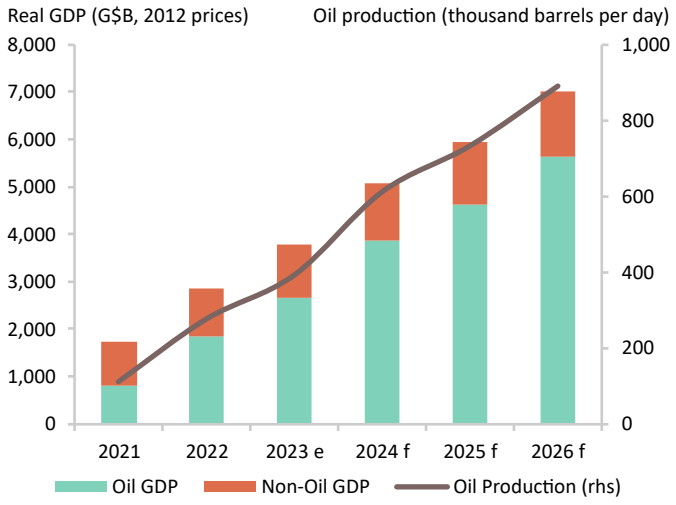
Guyana's oil revenues are held at the Natural Resource Fund (NRF), a sovereign wealth fund outside of the economy, with clear withdrawal rules governed by the NRF Act 2021. As of December 2023, the closing balance in the NRF was US$1.97 billion. The country is also advancing initiatives to sell carbon credits from forest conservation, which represent an additional source of fiscal revenues and will be partly employed to sustainably manage its forests.

Rising budget resources present both opportunities and risks for Guyana. They have allowed the government to respond to the global pandemic and inflation while increasing spending to address infrastructure gaps and human development needs. However, the extraordinary pace of scaling up public spending heightens the risks of spending inefficiencies, and oil revenues raise concerns of potential "Dutch Disease" effects. It is therefore critical to contain the pace of fiscal expansion and to effectively manage O&G revenues to support growth in the non-oil economy. Sound management of the O&G sector necessitates strengthening governance and proactive public financial management practices while boosting transparency and accountability to avoid increased social polarization. There has also been a recent escalation of tension between Guyana and Venezuela over the border controversy between the two countries.

Recent developments

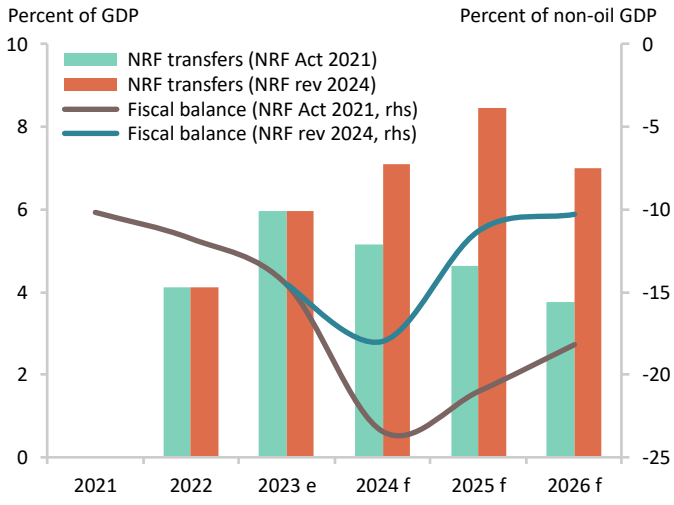
Guyana's economy continued its strong expansion in 2023, with real GDP growing by 33.0 percent. The third oil field started production in November 2023, allowing oil

FIGURE 1 Guyana / Oil production, real oil, and real non-oil GDP



Sources: Government of Guyana and World Bank staff calculations.
Notes: e=estimate, f=forecast.

FIGURE 2 Guyana / Fiscal balances and Natural Resource Fund (NRF) transfers under NRF Act 2021 and 2024 revisions



Sources: Government of Guyana and World Bank. Notes: e=estimate, f=forecast. NRF rev 2024 projections assume yearly withdrawal of maximum amounts allowed by the revised rules in the Fiscal Enactments Amendment Bill 2024.

production to reach 143 million barrels in 2023, leading to a 45.9 percent growth in oil GDP. The non-oil economy grew by 11.7 percent, driven mainly by expansion in the construction and services sectors, supported by strong public investment. Agricultural output grew by 7 percent, with notable growth in the sugar-growing sector due to improved yields.

The urban consumer price index increased by an average of 2.8 percent in 2023, reflecting a sharp slowdown in inflation compared to the 6.4 percent recorded in 2022. Inflation slowed across all categories, but price increases in food were relatively high, averaging 5.8 percent in 2023, compared to housing, transportation, and other categories. Higher food costs disproportionately affect the poor and vulnerable, who spend a larger portion of their budget on food, and can jeopardize food security. The nominal exchange rate has remained stable since 2019 through periodic intervention, and the real effective exchange rate was also stable in 2023, after a slight appreciation in 2022.

The fiscal deficit was 14.6 percent of non-oil GDP in 2023, despite significant transfers from the NRF. Transfers from the NRF approximated US$1 billion (6.0 percent of GDP) in 2023, up from US$608 million in 2022 (4.1 percent of GDP), in accordance with the NRF Act 2021. In February 2024, the government passed the Fiscal Enactments Amendment Bill 2024 that authorizes a significant increase in the withdrawal limit from the NRF and higher ceilings on domestic and external debt. Fiscal policy focused on increasing capital investment to support growth in the non-oil economy, while providing relief to citizens from the adverse impact of the pandemic and rising prices. Relief efforts included direct and indirect income support, with adjustments to the income tax threshold and a reduction in the fuel excise tax. The public debt-to-GDP ratio increased to 28.5 percent of GDP in 2023 as a result of new external and domestic borrowing. The current account recorded a surplus of 11.8 percent of GDP in 2023, notably smaller than in 2022 due to the importation of the third oil platform.

Outlook

Guyana's economy is expected to continue its strong expansion over the medium term, with rising oil production driving the overall growth path. The three production platforms currently in operation are expected to reach over 550,000 bpd as the third and newest platform reaches full capacity. The fourth oil development project is expected to start operation in 2025, further increasing production capacity and GDP growth. Real non-oil GDP is projected to expand by an average of 9.4 percent annually, including through positive spillovers from the oil sector, supported by the Local Content Act, and the strong public investment program, boosting agricultural output and construction. Inflation is expected to be moderate in 2024 but will remain elevated in the medium term due to increased government consumption and higher input costs. Poverty reduction will depend on efforts to boost the purchasing power of poor and vulnerable households, as well as on translating the performance of the non-oil economy into jobs.

The fiscal deficit, not yet reflecting the NRF revisions, is projected to average 20.9 percent of non-oil GDP (or 8.1 percent of total GDP) as the increase in capital spending outstrips NRF transfers. Public debt as a percentage of GDP is expected to be on a moderate downward trend as the economy continues to expand. Increased exports of oil, gold, and bauxite will result in a current account surplus of around 23.9 percent of GDP over the medium term, also irregularly affected by the importation of oil production platforms.

The extractive sector is the dominant source of growth and fiscal revenues for Guyana. This increases the country's susceptibility to oil-related shocks and requires proactive management. Prudent NRF management and strengthening the medium-term fiscal framework are critical for preventing the economy from overheating. Oil production has environmental consequences that must be carefully considered, and the sector may face additional risks amid global decarbonization efforts. Addressing climate change risks remains central to poverty reduction given that sea level rise and flooding expose large segments of the population to food insecurity and job losses.

TABLE 2 Guyana / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at market prices (total)[a]	20.1	63.3	33.0	34.3	16.8	18.2
Real GDP growth, at market prices (non-oil)[b]	4.6	11.5	11.7	11.9	8.2	7.9
Agriculture	-9.1	11.7	7.0	10.4	6.0	4.2
Industry	5.0	12.7	13.0	9.7	8.7	7.7
Services	12.1	9.3	10.5	6.9	6.8	6.5
Inflation (consumer price index)	4.8	6.4	2.8	3.8	5.0	5.5
Current account balance (% of GDP)[c]	-24.8	25.9	11.8	35.3	15.6	20.9
Fiscal balance (% of GDP)[d]	-10.1	-11.7	-14.6	-23.4	-21.0	-18.2
Debt (% of GDP)	38.9	24.8	28.5	27.8	23.8	20.8
Primary balance (% of GDP)[d]	-9.4	-11.1	-13.7	-22.2	-19.8	-16.5
GHG emissions growth (mtCO2e)	4.9	15.9	12.4	13.4	8.3	8.5
Energy related GHG emissions (% of total)	24.7	33.5	39.7	45.8	48.9	51.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.
a/ Total GDP at 2012 prices.
b/ Non-oil GDP at 2012 prices.
c/ BOP definition in current US$.
d/ Share of non-oil GDP.