



REVIEW OF  
**GUYANA BUDGET 2024**

*Jack A. Alli, Sons & Co.* **JAS**

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## Overview

The Senior Minister in the Office of the President, Honourable Dr. Ashni Singh, presented the 2024 Budget on 15 January 2024 under theme “**Staying the Course: Building Prosperity for All**”.

Budget 2024 projects total expenditure of G\$1,145 billion (US\$5.5 billion) while total revenue is estimated at G\$947 billion (US\$4.5 billion) giving rise to a budget deficit for 2024 of G\$199 billion (US\$1 billion).

### *Author's Note*

*Budget Estimates 2024 were prepared in Guyana Dollars. For purposes of this article, United States Dollar equivalent amounts have been determined by applying an exchange rate of G\$208.5 to US\$1 and have been rounded to the nearest million in most cases. Figures in tables may not sum to the total due to rounding.*



AUTHOR

**Khalil Alli**  
**Partner**  
**Jack A. Alli, Sons & Co.**

145 Crown Street, Queenstown, Georgetown, Guyana  
592-226-2904  
www.jackalli.com  
khalil.alli@jackalli.com

## Performance of National Economy in 2023

Budget 2023 had projected that the national economy would have grown by 25 percent in 2023, with the non-oil sectors expected to grow by 7.9 percent. Actual growth for 2023 was 33 percent, with the non-oil sectors growing by 11.7 percent.

### National Output and Inflation

The gross domestic product at current prices was US\$16.5 billion in 2023 compared to US\$14.8 billion in 2022, while per capita GDP in 2023 was estimated at US\$20,960 compared to US\$19,077 in 2022.

The contributions to gross domestic product of the major sectors, as measured at 2012 prices, are shown in the table below.

	2023	2022	2021
Gross Domestic Product (US\$ billion)	16.5	14.8	7.4
Sector Allocation	%	%	%
Petroleum	70	62	45
Agriculture, Fishing and Forestry	8	9	14
Mining and Quarrying	3	4	7
Manufacturing	2	2	3
Services:			
Real Estate	2	3	4
Construction	4	4	5
Wholesale and Retail Trade	3	3	4
Administrative and Support Services	2	3	4
Financial and Insurance Activities	2	2	3
Other	4	8	11

Source - Budget Speeches 2024, 2023, 2022

The petroleum sector continued to expand during 2023, producing 142.9 million barrels of oil in 2023 compared to 101.4 million barrels in 2022. In late 2023, a third FPSO - Prosperity - commenced production, joining the Liza Destiny and Liza Unity in the Stabroek Offshore Block operated by ExxonMobil and jointly held with Hess Corporation and China National Offshore Oil Corporation - Hess Corporation was acquired by Chevron during 2023.

During 2023, the Government also auctioned fourteen offshore blocks in shallow and deep-water areas. Negotiations are continuing with selected bidders from that auction. Proposals were also invited by the Government of Guyana for the construction of an oil refinery in Berbice. Evaluations of proposals are continuing and expected to be completed in 2024.

The gold industry contracted by 11.2 percent during 2023 on account of lower declarations from small and medium-sized operators. Total gold declarations in 2023 were 432,113 ounces, compared to 486,415 ounces in 2022. The lone large-scale

operation remains Aurora but exploration for potential large-scale reserves continues at Eagle Mountain, Marudi, Oko West and Omai.

The bauxite industry suffered a decline of 20.4 percent in 2023, largely due to depressed market conditions. The sand extraction and stone production sectors continued to grow strongly in tandem with the continuing surge in construction activity. The construction sector is estimated to have grown by 26.8 percent in 2023.

The agriculture, fishing and forestry sector is estimated to have grown by 7 percent in 2023 as most industries recorded better performances in 2023. The rice industry grew by 7 percent in 2023 with total production of 653,706 tonnes, as compared to 610,595 tonnes in 2022. The sugar industry is estimated to have grown by 28 percent in 2023 due to improved yields and weather conditions. Improved performances were also recorded in the livestock, fishing other crops and forestry industries.

Inflation in 2023 was 2 percent, compared to 7.2 percent in 2022.

### Balance of Payments

The balance of payments recorded a deficit of US\$34.2 million in 2023 compared to a surplus of US\$121.5 million for 2022. The main contributors are highlighted below.

Account	2023 US\$mln	2022 US\$mln	2021 US\$mln
<b>Current Account</b>			
Merchandise			
Crude Oil	11,631.5	9,853.8	2,975.5
Gold	808.6	829.8	858.4
Rice	211.7	195.6	201.4
Bauxite	79.6	98.9	80.0
Sugar	24.9	17.4	14.7
Timber	20.5	27.6	26.5
Other and Re-exports	405.4	257.2	199.5
Fuel & Lubricants	(1,265.7)	(1,268.2)	(822.9)
Other Imports	(5,370.3)	(2,355.2)	(3,552.8)
Current – Services (Net)	(5,602.3)	(4,907.3)	(3,028.3)
Current – Transfers	1,036.9	1,056.3	1,053.2
<b>Total Current Account Surplus / (Deficit)</b>	<b>1,980.9</b>	<b>3,805.9</b>	<b>(1,995.0)</b>
<b>Total Capital Account (Deficit) / Surplus</b>	<b>(2,027.6)</b>	<b>(3,658.4)</b>	<b>2,107.5</b>
<b>Errors and Omissions</b>	<b>12.5</b>	<b>(25.9)</b>	<b>17.7</b>
<b>Overall Balance</b>	<b>(34.2)</b>	<b>121.5</b>	<b>130.2</b>

Source – Budget Speeches 2024, 2023, 2022

The current account benefitted from increased earnings from crude oil sales in 2023 due to higher production. Declines in earnings from gold and bauxite exports were recorded in 2023, offset by increased earnings from rice and sugar exports. Imports of fuel and lubricants decreased marginally while other imports of goods increased significantly on account of the third FPSO Prosperity being completed in 2023. The capital account of the balance of payments ended with a lower deficit of US\$2.028 billion due to inclusion of the investment in the third FPSO and improved foreign direct investment.

The balance of payments deficit resulted in a drawdown in net international reserves at the Bank of Guyana with a closing year-end balance of US\$898.2 million equivalent to 1.1 months of import cover, compared to US\$939.2 million as at 31 December 2022.

### Public and Guaranteed Debt

Total public and publicly guaranteed debt amounted to US\$4.5 billion at the end of 2023 with external debt and domestic debt amounting to US\$1.8 billion and US\$2.7 billion, respectively, compared to US\$1.6 billion and US\$2.0 billion at the end of 2022. The largest external debt lenders are the Inter-American Development Bank and the EximBank of China with US\$835 million and US\$223 million, respectively, outstanding at the end of 2023. Domestic debt comprises treasury bills of US\$1.8 billion and debentures issued by the Bank of Guyana of US\$902 million. The debt (including guaranteed debt) to GDP ratio at 2023 year-end was 27.3 percent compared to 24.6 percent at the end of the prior year.

### Natural Resources Fund

The NRF amounted to US\$1.973 billion at the end of 2023, compared to US\$1.272 billion at the end of 2022. Inflows to the NRF during 2023 comprised of US\$1.4 billion being Guyana's share of profit oil and US\$218 million from royalties, along with interest of US\$87 million. An amount of US\$1 billion was transferred from the NRF during 2023 to the Consolidated Fund for use on national development priorities.

### Budget Revenue Projections for 2024

Of the total projected revenue for 2024 of G\$947 billion (US\$4.5 billion) in Budget 2024, G\$718 billion (US\$3.4 billion) is from current sources while G\$229 billion (US\$1.1 billion) is from capital sources.

The major sources of current revenue of G\$718 billion are summarized in the table below.

Form of Current Revenue	2024 Budget G\$bln	2023 Budget G\$bln	2022 Budget G\$bln
<b>Tax Revenue:</b>	408.5	320.0	286.8
- Withholding tax	82.5	54.4	46.3
- Corporation tax	82.2	67.8	48.2
- Value-added tax	81.3	65.2	56.6
- Personal income tax	77.1	61.2	46.5
- Import duty	34.6	29.4	27.6
- Excise tax	29.6	23.4	46.3
- Other tax revenue	21.2	18.6	15.3
<b>Withdrawal from Natural Resource Fund</b>	<b>240.0</b>	<b>208.9</b>	<b>126.7</b>
<b>Carbon Credit Inflow</b>	<b>43.7</b>	<b>31.3</b>	<b>0</b>
<b>Other Current Revenue</b>	<b>25.6</b>	<b>18.3</b>	<b>18.5</b>
	<b>717.8</b>	<b>578.5</b>	<b>432.0</b>

Source – Budget Estimates 2024, 2023, 2022

The current revenue for 2024 includes withdrawals from the Natural Resource Fund of G\$240.1 billion (US\$1.2 billion). It also reflects Carbon Credit Inflows of G\$43.7 billion (US\$210 million). During 2022, almost 33.5 million carbon credits were issued to Guyana for the period 2016 to 2020 by the Architecture for REDD+ Transactions Environmental Excellence Standard (ART-TREES) Secretariat. Hess Corporation became the first buyer of Guyana's carbon credits, with a purchase of approximately one third of Guyana's carbon credits issued by ART-TREES.

Tax revenue is projected to grow as economic activity expands in 2024. No new taxes were introduced in Budget 2024. However, certain fiscal measures were introduced or extended in Budget 2024, as highlighted below.

### **I. Excise tax, Import Duty and VAT**

- a. Continued application of zero percent excise tax on fuel.
- b. Continued application of the freight cost adjustment which utilises pre-pandemic freight values in the determination of CIF values for tax and duty purposes, up to 31 December 2024.
- c. Removal of VAT and Import Duty on sports equipment, essential cell phone accessories and fire extinguishers and smoke alarms.

### **II. Income Tax**

- a. Increase in monthly income tax threshold from G\$85,000 to G\$100,000.
- b. Increase in limit of permissible deduction of premiums for life and medical insurance from taxable income from the lower of G\$30,000 and 10% of income, to the lower of G\$50,000 and 10% of income.

### **III. Public Assistance and Support:**

- a. Increase in "Because We Care" grants from G\$35,000 to G\$40,000 per child.
- b. Increase in Old Age Pension from G\$33,000 to G\$36,000.
- c. Increase in Public Assistance from G\$16,000 to G\$19,000.
- d. Provision of a G\$8,000 voucher to women aged between 21 and 65 years to meet cost of Cervical Cancer Testing.
- e. Provision of vouchers for G\$3,000 and G\$15,000 for school children and pensioners to meet costs of an eye test and spectacles, respectively.
- f. Adjustments to NIS benefits:
  - i. Increase in minimum monthly pension from G\$35,000 to G\$43,075
  - ii. Increase in minimum monthly survivor's pension from G\$17,500 to G\$21,537
  - iii. Increase in minimum monthly invalidity pension from G\$35,000 to G\$43,075
  - iv. One-off grant to persons who made between 700 to 749 contributions and have attained age of 60 years.
- g. An allocation of G\$7 billion to meet other cost of living interventions to be determined.

### **IV. Other**

- a. Allocation of G\$10 billion for the Government's part-time job programme where one person per household can be employed with a public office in close proximity to their home for 10 days per month, earning G\$40,000 per month.
- b. Partnering with commercial banks to lower the interest rates on loans up to G\$5 million to small businesses.
- c. Commencement of first phase of elimination of outstanding loans owed by graduates of the University of Guyana once proof of employment or self-employment in Guyana for a minimum period to be specified, can be demonstrated.

Capital revenue of G\$229 billion (US\$1.1 billion) is expected to be received principally through external loans of G\$207 billion (US\$994 million). Significant project loans are expected from the People's Republic of China – G\$26 billion (US\$125 million) and the United States of America - G\$40 billion (US\$192 million). A Support Loan of G\$46 billion (US\$223 million) is also expected from the United States of America.

## Budget Expenditure Projections for 2024

Budget 2024 projects total expenditure of G\$1,145 billion (US\$5.5 billion) compared to G\$782 billion (US\$3.75 billion) in 2023. The table below analyses the allocation of total expenditure across responsible agencies, with comparative allocations from 2023 and 2022.

Responsible Authority	2024 Budget G\$bln	2023 Budget G\$bln	2022 Budget G\$bln
Ministry of Public Works	236	158	96
Office of Prime Minister (inc. Power Generation)	111	70	40
Ministry of Finance	111	56	54
Ministry of Health	110	67	57
Ministry of Housing and Water	100	72	17
Ministry of Education	74	45	33
Ministry of Agriculture	52	33	29
Ministry of Human Service and Social Security	48	40	30
Ministry of Home Affairs	45	34	28
Guyana Defence Force	42	20	18
Regional Authorities	80	68	60
Other Authorities	90	79	59
Public Debt	45	40	32
	1,145	782	553

Source – Budget Estimates 2024, 2023, 2022

Some of the policy and expenditure priorities highlighted in the Budget 2024 Presentation are listed below.

- Construction of a 300-megawatt gas power plant and integrated natural gas liquids plant, as part of the Gas to Energy Project (GtE) which will utilise the estimated 17 trillion standard cubic feet of recoverable natural gas reserves from offshore oil activities. Budget 2024 provides G\$80 billion (US\$384 million) for ongoing works on the GtE Project.
- Allocation of G\$78 billion (US\$374 million) for infrastructure works in new and existing housing areas.
- Construction of the New Demerara River Bridge which will be a high-span, four-lane permanent concrete and cable-stayed structure. Budget 2024 provides G\$19.7 billion (US\$94.5 million) for ongoing works on the new bridge.

- d. In addition to continuing works on the new Demerara Harbour Bridge, there will also be construction of a new Wismar Bridge with G\$4.2 billion (US\$20 million) allocated. Efforts are also under-way towards a Corentyne River Bridge and feasibility work on a new high span bridge across the Berbice River.
- e. Allocations for the following major transport links:
  - i. EBD Ogle to Eccles – G\$15.5 billion (US\$74 million)
  - ii. EBD Diamond to Busby Dam – G\$8 billion (US\$38 million)
  - iii. ECD Railway Embankment from Sheriff Street to Mahaica River Bridge Highway – G\$10.5 billion (US\$50 million)
  - iv. Linden to Soesdyke Highway – G\$10 billion (US\$48 million)
  - v. WCD Meer-Zorgen to Crane – G\$9 billion (US\$43 million)
- f. Allocations for the following health facilities:
  - i. Construction of a paediatric and maternal hospital in Ogle - G\$10.3 billion (US\$49 million)
  - ii. Construction of six regional hospitals at Bath, De Kendren, Diamond, Enmore, Lima and No. 75 Village – G\$15.5 billion (US\$74 million)
  - iii. Upgrades to hospitals at Bartica, Suddie and West Demerara – G\$10 billion (US\$48 million)
  - iv. Construction of a new hospital in New Amsterdam – G\$6.2 billion (US\$30 million)
- g. Improvements to educational infrastructure with a budgetary allocation of G\$28.7 billion (US\$138 million).

## **Projected Performance of National Economy in 2024**

It is projected that the national economy will grow by 34.3 percent in 2024, with the non-oil sector expected to grow by 11.9 percent.

With production from three FPSOs – Liza Destiny, Liza Unity, Prosperity - in 2024, the petroleum sector is expected to increase production to 550,000 bpd, reflecting growth of 44.7 percent in 2024. With preparations continuing for three additional projects – Yellowtail, Uaru, Whiptail – production is expected to exceed 1.3 million bpd by 2027.

Other key sectors of gold and bauxite are expected to reverse contractions in 2023 through higher expected production in 2024. The rice sector is also expected to grow with more areas under cultivation and use of better productive varieties. Construction is expected to continue to show robust growth with the continuation of the Government's public sector investment programme along with private sector investments in hotels and housing.

The balance of payments position is expected to record a surplus of US\$120 million with higher export earnings from oil, gold, rice and bauxite. Import payments are expected to decline in 2024 as no new FPSOs are expected to be completed in 2024.

The NRF is expected to receive US\$2.456 billion during 2024, with US\$1.154 billion eligible for transfer to the Consolidated Fund in 2024. The NRF is expected to close 2024 at US\$3.275 billion.

Inflation is projected at 2.5 percent reflecting global influences as it is expected that domestic production will increase to meet demand pressures.