

GUYANA

Table 1 **2023**

Population, million	0.8
GDP, current US\$ billion	17.2
GDP per capita, current US\$	20765.4
School enrollment, primary (% gross) ^a	99.7
Life expectancy at birth, years ^a	66.0
Total GHG emissions (mtCO ₂ e)	24.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent WDI value (2022).

Guyana remains one of the world's fastest-growing economies following the development of its oil and gas sector. The government is implementing an ambitious investment program to transform the non-oil economy and address development needs. Lack of recent data on poverty and equity limits the effectiveness and monitoring of public policies to reduce poverty. Sound management of oil and gas resources remains critical for inclusive growth.

Key conditions and challenges

Guyana is a small state with abundant natural resources, including significant oil and gas reserves and extensive forest cover. With much of its territorial waters still unexplored, Guyana's gross oil resources are conservatively estimated at over 11 billion barrels, one of the world's largest on a per capita basis. The start of oil production in 2019 led to an unprecedented rate of economic growth, and Guyana was reclassified as a high-income country in July 2023.

Guyana's resource wealth is helping address longstanding social and economic needs. It helped finance the pandemic response and is addressing infrastructure gaps, and human development needs. Poverty and social exclusion are prevalent in Guyana's hinterland regions and among Amerindians. Agriculture, forestry, and fishing are important drivers of job creation and poverty reduction, as more than 70 percent of the working-age population resides in rural areas. However, a lack of recent data has inhibited an assessment of progress on poverty reduction and social inclusion.

Guyana's oil revenues are held in the Natural Resource Fund (NRF), a sovereign wealth fund with withdrawal rules governed by the NRF Act 2021. The NRF was amended in 2024 to increase the pace of withdrawals from the fund and enable additional public

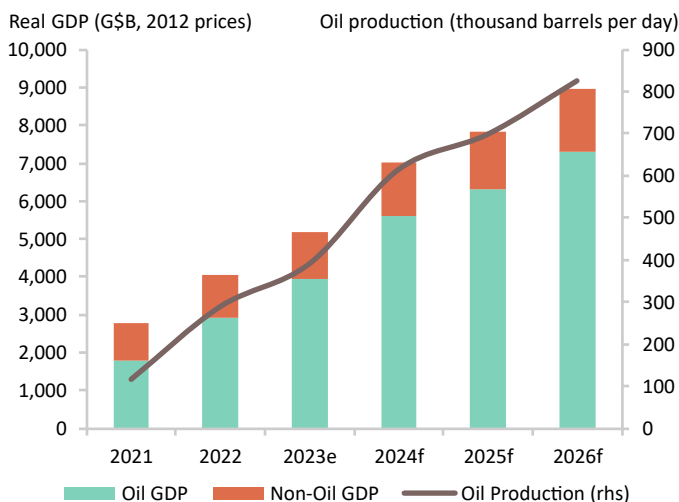
investments. However, faster withdrawals also raise the risk of increasing spending inefficiency, accelerating inflation, and dampening the competitiveness of non-oil sectors. A reliance on oil revenues may also contribute to economic imbalances and vulnerabilities to commodity price fluctuations ("Dutch Disease" effects).

Guyana is also advancing on an initiative to sell carbon credits from forest conservation, with a portion of the proceeds earmarked to support sustainable forest management and for the Amerindian communities. Transparent and accountable governance, along with robust public financial management, can help ensure equitable and sustainable growth.

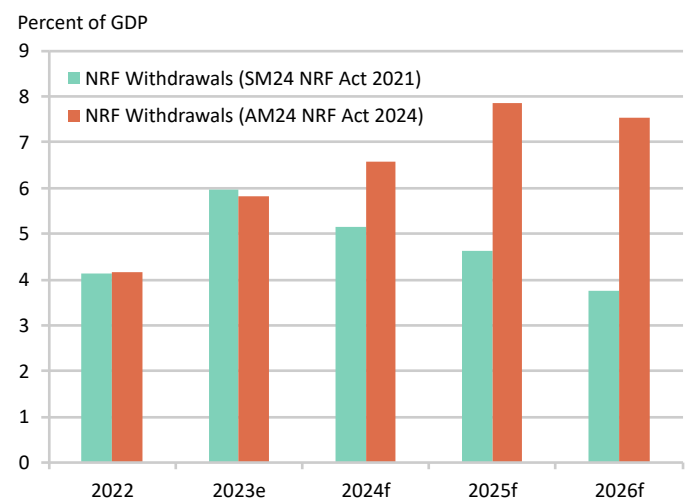
Recent developments

Rapid growth continued reaching 33.8 percent in 2023 and accelerating further in the first half of 2024 as oil production expanded. Oil production reached 143 million barrels in late 2023 as a third oil field entered production, supporting an oil GDP growth of 45.9 percent. The non-oil economy grew by 12.3 percent in 2023, driven mainly by construction, manufacturing, and agriculture, supported by substantial public investment. Agricultural output grew by 6.9 percent, led by sugar production.

Inflation decelerated in 2023 and early 2024 as food prices moderated. However, inflationary pressure has modestly reaccelerated, as drought and supply

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


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

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


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

chain disruptions contributed to higher food prices, and inflation reached 4.0 percent by June 2024. Higher food prices disproportionately affect the poor and vulnerable, who allocate a larger portion of their budget to food than the better off.

The fiscal deficit was 12.7 percent of non-oil GDP in 2023, despite NRF transfers of approximately US\$ 1 billion in 2023 (5.8 percent of non-oil GDP), up from US\$ 607 million in 2022 (4.1 percent of non-oil GDP). The NRF withdrawal limit was significantly increased in February 2024, to support non-oil capital investment and mitigation measures to help households navigate higher prices. The income tax threshold was raised, and a fuel excise tax was reduced. The central government debt-to-GDP ratio increased to 26.3 percent of GDP in 2023 due to both external and domestic borrowing. The current account surplus narrowed to 10.2 percent of GDP in 2023 (down from 25.9 percent in 2022) as a result of importation of a third oil platform. The nominal exchange rate and the real effective exchange rate remained stable in 2023 following a slight appreciation in 2022.

Outlook

Strong GDP growth is expected over the medium term, driven by rising oil production to up to 550,000 bpd as a third platform reaches full capacity. A fourth oil development project is expected to start operation in 2025, further increasing GDP growth. Real non-oil GDP is projected to expand by an average of 9.8 percent annually from 2024-26. Growth will be driven by positive spillovers from the oil sector supported by the Local Content Act, which requires the use of Guyanese goods and services in many sectors, and an expanding public investment program. Inflation is expected to be moderate in 2024, rising over the medium term as a result of increased government investment and consumption. Poverty reduction will depend on the government's efforts to boost the purchasing power of poor and vulnerable households and job creation in non-oil sectors fostered by infrastructure and human capital development.

The fiscal deficit is projected to average 13.9 percent of non-oil GDP as the increase in NRF transfers finances additional capital spending from 2024-26. As a result of

recent legislative amendments, NRF transfers in 2024 are expected to reach US\$ 1.6 billion, up from US\$ 1.2 billion under the previous formula. Public debt as a percentage of GDP is expected to remain stable as the economy continues to expand. Increased exports of oil, gold, and bauxite will sustain the current account surplus over the medium term, despite the importation of oil production platforms. Net foreign direct investment flows are expected to remain negative as a result of the repatriation of investments in the oil sector.

The extractive sector is Guyana's dominant source of growth and fiscal revenues, which 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 is crucial for poverty reduction, as rising sea levels and flooding threaten large segments of the population with food insecurity and job losses.

TABLE 2 Guyana / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023	2024e	2025f	2026f
Real GDP growth, at market prices (total)^a	20.1	63.3	33.8	43.0	12.3	15.7
Real GDP growth, at market prices (non-oil)^b	4.6	11.5	12.3	12.5	8.5	8.2
Agriculture	-9.1	11.7	6.9	10.9	6.0	4.2
Industry	5.0	12.7	14.6	12.3	10.3	10.0
Services	12.1	9.3	10.9	7.7	7.1	6.1
Inflation (consumer price index)	4.5	6.9	2.8	3.1	4.9	5.5
Current account balance (% of GDP)^c	-24.8	25.9	10.2	28.7	24.2	30.2
Net foreign direct investment inflow (% of GDP)	27.6	-20.7	-6.9	-29.3	-19.4	-18.2
Fiscal balance (% of GDP)^d	-10.2	-11.7	-12.7	-16.7	-14.7	-10.2
Revenues (% of GDP)	16.2	14.3	16.8	16.6	17.2	16.5
Debt (% of GDP)	38.9	24.8	26.3	27.9	28.6	27.8
Primary balance (% of GDP)^d	-9.5	-11.1	-11.9	-15.7	-13.9	-9.3
GHG emissions growth (mtCO₂e)	0.6	16.7	12.5	16.6	8.4	10.6
Energy related GHG emissions (% of total)	16.7	23.7	28.6	34.2	35.3	36.0

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.