



Focus on

**Guyana's National
Budget**

2010

*20 years of Focus (1991 to 2010)
25 years for Ram & McRae (1985 to 2010)*

 **Ram & McRae**

Chartered Accountants
Professional Services Firm

10 February 2010

Copyright Notice:

Focus on Guyana's National Budget, © Copyright Ram & McRae 2010

The contents of this publication may be reproduced wholly or in part with due credit given to the Firm.

Published by:



Ram & McRae

Chartered Accountants
Professional Services Firm
157 "C" Waterloo Street,
Georgetown,
GUYANA

Telephone: (592) 226 1072 / 226 1301 / 226 0322

Facsimile: (592) 225 4221

E-mail: info@ramandmcrae.com

Website: www.ramandmcrae.com

Contents		Page
Section 1	About this Publication	1
Section 2	About Ram & McRae	2
Section 3	Pre-Budget Comments	3
Section 4	Introduction	5
Section 5	Highlights	8
Section 6	Review 2009	9
Section 7	2009 Legislation	15
Section 8	Unfinished Business	19
Section 9	2010 Policy Issues and Targets	21
Section 10	The Government of Guyana Financial Plan 2010	24
Section 11	Who Gets What in 2010	27
Section 12	2010 Budget Measures	30
Section 13	Commentary and Analysis	31
	The Audit Office	31
	Contract Employees	33
	Diverting Public Funds	35
	LCDS	37
	Presidential Assenting of Bills	39
	Whiter Guysuco?	41
Section 14	Conclusion	43
Appendix A	Acts passed in 2009	44
Appendix B	Selected Socio Economic Indicators	49

Index of tables and charts

Description	Section	Page #
Government expenditure 1995 to 2010	Introduction	6
Economic Targets: Sectoral Growth	Review 2009	9
Key Performance Indicators	"	10
Per Capita Gross Domestic Product	"	10
Public Debt: - Domestic	"	11
- External	"	11
Balance of Payments	"	12
Commercial banks: - Financial rates	"	12
- Liquidity	"	13
Sector output	"	13
Gross Domestic Product rebasing	2010 Policy Issues and Targets	21
Budgeted sector growth	"	21
2010 Budgeted Revenue and Expenditure	"	22
Income tax revenue (<i>Years 2004 - 2010</i>)	Government of Guyana Financial Plan 2010	24
Expenditure Trend (<i>Years 2003 - 2010</i>)	"	24
Financial Operations of Central Government (<i>Accounting classification</i>)	"	26
Current Non-Interest Expenditure: By Ministry / Department	Who Gets What 2010	27
By Region	"	27
Significant Changes in Estimates Among Ministries / Departments	"	28
Capital Expenditure between Ministries / Departments	"	28
Contracted Employees in Selected Agencies	Commentary and analysis	33

About this Publication

This 2010 Focus on Guyana's National Budget marks twenty years since **Ram & McRae** began this annual publication which highlights, reviews and comments on the major issues surrounding and raised in the National Budget. 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, is the wide circulation made possible by the publication, in the *Stabroek News*, of an abridged but comprehensive version of Focus. On behalf of the reading public, we say thank you, *Stabroek News*.

The contents of this publication are not intended to take the place of the text of the Budget Speech or of a professional advisor. This analysis is prepared and distributed on the understanding that **Ram & McRae** is not engaged in rendering professional services to the reader. If financial or other expert assistance is required, please contact the Firm.

Ram & McRae also offers the public a unique compilation of Guyana's tax and business related legislation (and advice thereon) including:

- Consolidated Tax Laws of Guyana (*comprising Income Tax, Corporation Tax, Property Tax, Capital Gains Tax, Tax, Income Tax (in Aid of Industry), Revenue Authority, Financial Administration and Audit, and Investment Acts, and the double taxation treaties signed by Guyana*).
- Value Added Tax and Excise Tax Acts 2005
- Companies Act 1991
- Securities Industry Act 1998
- Insurance Act 1998
- Bank of Guyana Act 1998
- Financial Institutions Act 1995
- Dealers in Foreign Currency (Licensing) Act 1989 and Foreign Exchange (Miscellaneous Provisions) Act 1996
- NIS Act Cap. 36:01
- Mining Act 1989
- Petroleum (Production) Act Cap 65:05 and Petroleum (Exploration & Production) Act 1986
- Termination of Employment & Severance Pay Act 1997
- Trade Union Recognition Act 1997

Each publication includes relevant subsidiary legislation.

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

- Handbook on the Companies Act 1991
- The Annual Guyana Business Outlook Survey 1995-2010 (except 1998)
- Guyana Investors Information Package
- Focus on Guyana's National Budget 1991 - 2009
- Business Page (weekly column by Managing Partner in the *Sunday Stabroek* and available on www.chrisram.net)
- Value Added Tax and Excise Tax Handbook which includes annotated copies of the legislation.
- Annual Tax Planner
- Monthly Tax Supplement

About Ram & McRae

Celebrating our 25th anniversary in 2010, **Ram & McRae** has distinguished itself in the field of professional services both in Guyana and abroad. Our client focus, commitment to professionalism, and our continuous search for excellence, are the sources of our unchallenged reputation among professional firms.

We have secured a premier place in the provision of taxation and advisory services to local and international business operators. 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.

Our partners

Christopher L. Ram, FCCA, ACMA, ACIS, LLB, LEC

Managing Partner and founder of the firm with overall responsibility for quality assurance aspects of the engagement, Christopher has in excess of thirty years experience in senior positions in international auditing firms. He was Financial Consultant to a regional government for several years where he was integrally involved in Budget preparation and Chairman of the National Insurance Board. Christopher is also a practising Attorney-at-law.

Robert V. McRae, CPA, BSc., FLMI

Robert has more than thirty years 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.

Rakesh V. Latchana, FCCA

Rakesh was admitted to the partnership on January 1, 2006 bringing the number of partners in the firm to three. He has over fourteen years experience in audit and accounting; and ensures that the firm has a broad array of skills and expertise to meet the challenges faced by our varied clientele. Rakesh became Chief Executive Officer of the firm on January 1, 2010.

Acknowledgements

The Partners of Ram & McRae are truly grateful to have been once again afforded the opportunity to contribute to society through this publication. We would sincerely like to thank those members of staff who provide us with the support to produce this publication in such a short period of time. These persons include Alexis Barry, Donna Dublin, Chetram Singh, Cleaveland Gilkes, Jermaine McPherson, Raj Ram, Dione Singh and Irzad Zamal.

Christopher Ram, Robert McRae and Rakesh Latchana

February 10, 2010

Pre-Budget Comments

Comments relevant to the 2010 Budget began even before 2009 ended, as various budget entities and their mainly political heads announced their agency's performance in that year. They continued up to the day of the Budget with comments featuring in two columns in the Kaieteur News, and as news items in the Guyana Chronicle and the Guyana Times.

First on the ball was President Jagdeo in his New Year's address in which he announced that while Guyana was not spared from the global economic crisis, preliminary indications are that the economy registered a positive growth rate of about 2% in 2009. He also indicated that the Government would continue to invest heavily in physical infrastructure.

The Commissioner-General of the Guyana Revenue Authority had announced in a press release that while 2008 was fairly successful, 2009 was "incredible in terms of revenue collection and the progress made toward the development of a modern, functional tax organisation." But when asked to comment on the report, columnist and Managing Partner of Ram & McRae, Christopher Ram, stated that "the notion of increased taxes as a measure of greater efficiency was questionable". Ram had noted that the overwhelming part of the increased collections arose from an adjustment to the rate of excise tax as the price of fuel imported decreased.

Mr. Sasenarine Singh, a frequent contributor to the letter columns of the newspapers called on the Minister of Finance to provide in Budget 2010, investment stimuli to the private sector in order to attract local investments. Pointedly, he said that the Public Sector Investment Programme should not be the primary strategy for growing the economy out of a recession. In fact, the Government is both facilitator and investor.

Mr. Singh also referred to the Norwegian funds to be made available under an Agreement between Guyana and Norway for the latter's support of the Guyana Low Carbon Development Strategy. Meanwhile President Jagdeo was quoted in the Stabroek News of January 30, 2010, that Guyana had qualified for US\$30M under the Norway forest pact, subject to agreement of the trust fund mechanism through which money will flow to Guyana.

Minister of Finance, Dr. Ashni Singh was not to be left out, and in early January he announced that from February 1, 2010, old age pensions would be paid at a rate of \$6,600 per month, a 4.8% increase from 2009, while public assistance would be paid at a rate of \$4,900 per month, a 4.3% increase from 2009.

Labour Minister Mr. Manzoor Nadir announced in late December that the Government's job placement agency had been responsible for finding jobs, mainly in the private sector, for 2,006 persons out of 2,673 registrants. The Ministry of Finance later revealed conflicting figures.

On the other hand, the management of the economy came in for some criticism in late January, with the disclosure that the Heritage Foundation/Wall Street Journal 2010 Index of Economic freedom had placed Guyana as the 153rd freest economy of 183 countries. According to the Index, the biggest barrier to the country's development was a repeat of last year – oversized government. See page 33 Contract Employees.

On Budget Day itself, the Chronicle essentially carried the pre-budget press release from the Minister of Finance in which he said that the Budget was cast in both a global-regional context, and in a domestic context.

“Peeping Tom” of the Kaieteur News was confident that this was an elections budget. Seeing the Budget in the context of the class system, he stated that the Budget would hold “more significance for the contracting class than it does for the working class.” He predicted – correctly – that there would not be an increase in the threshold.

Popular columnist Frederick Kissoon also wrote about the political dimension of the Budget, its complete absence of consultation and the prevailing political culture. He blamed the opposition for the now seventeen year rule by the PPP, without any regard for or fear of the “sheepish” opposition.

Reiterating President Jageo’s comments about infrastructure, Dr. Singh explained that deliberate emphasis was placed on the expansion of the physical infrastructure, because of its important role in enabling economic growth and improving the quality of life as well.

The article in the Guyana Times was along similar lines.

Ram & McRae did a telephone survey of the principal private sector organisations on the morning of the budget. None had been invited to make any submissions of the budget, nor did any of them make any submissions to the Minister. Almost without exception, each of them offered their private view while explaining that they are in regular contact or they are regularly engaged by the Government in the National Competitiveness Council, a body chaired by the President.

Introduction

Article 13 of the Constitution of Guyana requires that citizens and their organisations be provided with opportunities to participate in the management and decision making processes of the State and, more specifically, "on those areas of decision-making that directly affect their well-being". Ram & McRae has now confirmed that the Minister ignored this constitutional obligation, the flip side of which is the fundamental right and freedom of the citizen to participate in such processes.

This right has been a feature of all budgets up to the time Dr. Ashni Singh became the minister. It is time that citizens demand that their rights be respected, particularly in a matter as wide-ranging as the National Budget.

The Budget, with the theme **Consolidate, Transform, Sustain** was presented on February 8, 2010, just around the same time as last year. But this is still poor budgeting, and if the Minister would care to review the World Bank's Guyana Public Expenditure Review 2002, he would find that for the ten years 1968 - 1977, only once was the Budget presented after the beginning of the year. That was the norm, and how it should be. With far greater capacity in the Ministry of Finance, billions of dollars to spend without ever having to think about revenue shortfalls, the standard of budgeting seems to have fallen in many respects, under the stewardship of this Minister.

One feature of Dr. Singh's budgets that bears similarities with that of the President is its heavy reliance on contingencies and supplementary funds, themselves indicators of poor, or as the World Bank has noted, "deliberately inaccurate budgeting". While Dr. Singh does not match the record of President Jagdeo when supplemental as a percentage of Budget ran as high as 43%, Dr. Singh's supplementaries are far greater in absolute terms. In those circumstances, the budget presented is not a good indicator of what the actual expenditure in any year will be.

After a 1.4% decline in the real GDP in the first half of the year, the economy bounced back strongly, with second half growth of 3.75%, resulting in an overall full-year growth of 2.3%. This is less than half of the projected growth of 4.7% announced in the 2009 Budget Speech and it has to be wondered how this growth was achieved while VAT collections fell by 3%. This Government has an irrational fear about inflation and negative growth. The opportunities for guesswork and estimates abound in our economy, and among some sectors, they seem always to be positive.

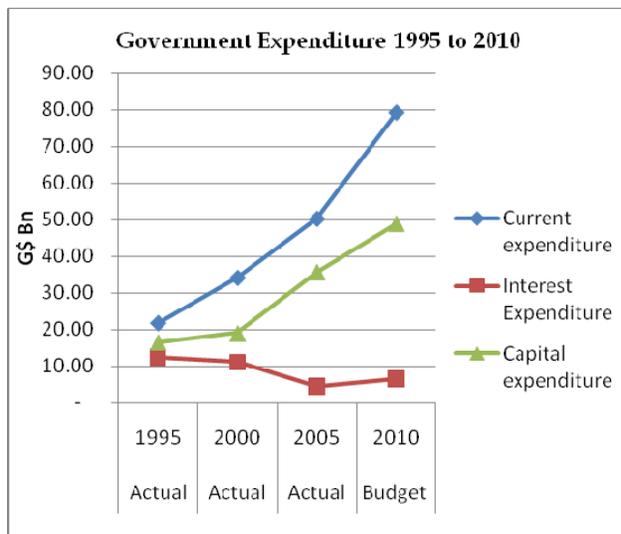
The Minister attributed the dramatic turnaround in the second half of 2009 almost entirely to sugar, the second crop of which grew by 22.3% over the corresponding period in 2008 and a huge 80% increase over the first crop; rice, production of which at 360,000 tonnes was 9.2% higher than 2008; the hard-to-measure other crops sector by 5.8%; and gold by 14.7%.

It may mean little to the single mother with children at school, the small farmer in rural Guyana, or the youth in urban Guyana, but the message in the Budget was all positive - a strong balance of payment surplus of US\$234.4 million, the highest level of international reserves ever, an appreciation in the rate of the Guyana dollar for the first time in fifteen years, and the lowest rate of inflation in 8 years. Ignore that the main cause of the latter was a 36.3% fall in the average price of crude oil and forget that the country is racking up higher and higher domestic and external debts.

In respect of the national debt, it is worth updating what we said last year: the domestic debt has been climbing inexorably since 1992 when it was \$18Bn and at December 31, 2009 it is \$87Bn. External debt now stands at US\$933 million, a 12% increase in 2009, following an increase of 18% in

2008. If we take both the domestic and foreign debt the total debt is US\$1.36 billion, almost entirely incurred under Mr. Jagdeo as Minister of Finance or President. Credit is indeed given to President Jagdeo for the debt write-offs and concessions the country has received. But that does not give him and Dr. Singh the right to burden the taxpayers of this country, and future generations, with excessive borrowings that are then inefficiently utilised. Unless some brake is placed on the borrowing spree, we can soon find ourselves in the position we were in 1992 when total debt was close to US\$2 billion.

These increased borrowings and taxation have been used to finance the steep increases in public expenditure which continues to rise inexorably.



Source: Budget Estimates

Indeed the budget is now \$143 billion, 11% more than 2009 which itself had been an increase of 8.1% over 2008.

In current day value, the Government has spent more than \$1.290 trillion excluding Lotto money, and other sums not properly accounted for, over eighteen years. Despite the windfall in revenues, the Government stubbornly refuses to reduce personal or corporate tax rates which both encourage and reward tax evasion; or to make more than a token increase in public sector wages that are far below what a family of three would require to give them a proper, balanced diet. Of course, with a fractured trade union movement, weak and divided consumer groups, and a docile private sector that says one thing in private and another publicly, the Minister and the Government are never under any pressure to make concessions to any of these groups.

It is therefore hardly likely that voices will be raised that there was not a single budget measure while the personal income tax threshold remains at \$35,000 for the third straight year, eroded by more than 9.8% since that level was set in 2007. In other words, the Government becomes the beneficiary of inflation, at the expense of the worker.

The Minister had much to say about the Low Carbon Development Strategy and makes some lofty sounding commitments and promises on "Critical transformative infrastructure" on which the reader is left to speculate. The US\$250 million dollars over five years cannot finance all the various

projects which the President has identified. But it is far from clear what the Minister has in mind for 2010, to do with the Norwegian money. A separate fund, independently managed, and properly invested in sound projects may be the way to go.

Clico has now moved from “experiencing liquidity difficulties” to being a mere footnote, stalled in the courts, but the company’s depositors and insurers would be pleased that the Minister re-affirmed Government’s guarantee to honour Clico’s obligations to them. By contrast, the events at Bartica have earned the gold mining sector special attention in the Speech with its economic importance acknowledged and the Government’s longstanding relationship with the industry underscored.

The Minister announced the rebasing of the National Accounts resulting from a National Economic Survey of Business Establishments conducted by the Bureau of Statistics, and consumption data gathered in the 2006 Household Budget Survey. Using those rebased accounts, the National Estimates project that public sector investment as a percentage of GDP at current factor cost will be 17.4% compared with 12.5% for the private sector. This is as clear an indication as any that for all the talk about making the investment climate more conducive to business, and for all the tax concessions given, the private sector still does not believe that the economy and the environment are sufficiently attractive to warrant their investment. The economy is still far too dominated by public expenditure and suspect private capital.

After spending tens of millions on the World Court case with Suriname, mainly in the interest of oil, the Minister paid not even token acknowledgement to the sector, a silence that is truly deafening. Once again the Minister does not deal with poverty, unemployment, or the parallel economy but in 2010 ignores tax reform as well.

For 2010, the Minister projects non-sugar growth to be 3.4% but strengthened by sugar, the overall economy is projected to grow by 4.4%.

Conclusion

There is nothing in the budget that defines or describes an overarching vision for the country and the economy, other than as the Minister said, to maintain those same policies which have rewarded a few at the expense of the poor and the working class. The national budget is becoming increasingly unreliable as moneys required to be put in the Consolidated Fund are either placed elsewhere or used to make unlawful payments. These are compounded by weaknesses that have again surfaced recently on poor budgeting, making the whole process highly unreliable.

It has become trite to say that there was nothing new in the budget. But in 2009, this was taken a step further by the pre-announcement of spending initiatives, such as the pension increases and the mangrove billions.

The minister already undermines the budget’s credibility by successive and huge Supplementary Appropriations. Announcements of expenditure subsequently revealed in a Speech that has no policy content, strip the whole process of its relevance.

It would be so much better if the Minister drastically reduces the contents of his speech, identifies the policies, strategies and outcomes expected during the short and medium terms, and addresses any proposed reforms. He can then leave for the debate the details of a road here and a bridge there.

Highlights

2009 Facts

- Growth in real GDP of 2.3% compared to 3.1% in 2008 and a target of 4.7% for 2009. Contraction of 1.4% for the first half of the year was compensated by growth of 3.75% in the second half.
- Overall balance of payments surplus of US\$234.4Mn compared with a surplus of US\$5.6Mn in 2008.
- Decrease in the 91-day Treasury bill rate from 4.19% in 2008 to 4.18%.
- Inflation rate of 3.6% compared with a target of 5.2% and 6.4% in 2008. Actual in the first half of 2009 of 1.3%, and 2.3% in the second half.
- Appreciation of the Guyana dollar to the US dollar by a modest 0.97%. Average market mid-rates for US\$ however depreciated by 0.26% while the Canadian dollar, Pound Sterling and the Euro depreciated by 7.95%, 6.44% and 10.06% respectively.
- Increase in Current Revenue collections by 15% from G\$83.0Bn in 2008 to G\$94.9Bn.
- Minimum public sector wage of \$31,626 per month compared to \$29,836 in 2008, an increase of 6%.
- Growth in sugar 3.3%, rice 9.2%, other crops 5.8%, livestock 2.5%, mining and quarrying 0.7% (contractions in bauxite 29% and diamonds 14.8% offset by an increase in gold declarations of 14.7%), engineering and construction 1.5%, transportation and communication 2%, distribution 6.6%, financial services 3%, rental of dwellings 2% and other services 3%. Contractions were noted in fishing 10.5% and forestry 0.6%.
- Exports and imports decreased by 4.2% to US\$768.2Mn and 11.7% to US\$1,169.2Mn respectively, resulting in a merchandise trade imbalance of US\$401.1Mn, an improvement of 23.2% over the US\$522.1Mn in 2008.
- Current account deficit of US\$219.7Mn (2008 US\$321.4Mn); and net inflows on the capital account of US\$454.0Mn (2008 US\$308.5Mn).

2010 Targets

Size of the Budget: \$142.8Bn, 10.8% increase

- Inflation of 4% with growth in Real GDP of 4.4%.
- Current revenue of \$98.2Bn, an increase of 3.5% over 2009.
- Balance of payment deficit of US\$11.3Mn.
- Current expenditure (excluding interest) of \$86.9Bn, an increase of 8% over 2009.
- Overall deficit of non-financial sector to increase from \$13.5Bn (5.3% of GDP) to \$14.5Bn (3.2% of GDP).
- Improvement in overall deficit after grants to \$14.9Bn, or 3.3% of GDP.
- Increase in Capital expenditure is projected to increase by 4.2% to \$49.0Bn.
- See more in 2010 Policy Issues and Targets on page 21.

Review 2009

Economic Targets

Sector	2010 Budget %	2009 Actual %	Half Year 2009 Actual %	2009 Budget %	2008	
					Actual %	Budget %
Real GDP growth	4.4	2.3	(1.4)	4.7	3.1	4.8
Sugar	19.8	3.3	(19.3)	28.2	(15.1)	8.8
Rice	(4.6)	9.2	(6.7)	(7.1)	10.5	7.6
Livestock	2.9	2.5	4.4	3.0	7.4	2.5
Forestry	5.0	(0.6)	0.3	0.3	(15.2)	3.0
Mining and Quarry	4.2	0.7	(4.0)	(1.4)	6.1	5.8
- Gold	4.0	14.7	7.7	(1.5)	9.7	(2.7)
- Diamonds	4.2	(14.8)	5.9	(2.3)	(37.2)	NA
- Bauxite	9.1	(29.0)	(31.8)	(7.1)	(6.7)	17.1
Manufacturing	NA	-	NA	NA	(2.0)	3.0
Engineering and construction	2.0	1.5	2.5	3.8	8.5	4.0
Services	NA	NA	NA	NA	NA	NA
- transport and communication	4.3	2.0	3.3	4.0	9.9	8.0
- distribution	4.9	6.6	3.0	3.5	11.8	5.0
- rent of dwellings	2.0	2.0	1.0	1.5	4.5	2.0
Financial Services	8.0	3.0	1.2	4.0	12.0	5.5
Other Services	8.0	3.0	2.0	2.0	7.0	4.0
Electricity	3.4	NA	NA	NA	NA	NA
Water	4.5	NA	NA	NA	NA	NA
Education	7.5	NA	NA	NA	NA	NA

NA Not available

Source: Annual budget speeches and Bank of Guyana Half Year reports.

The Global Economy

The Minister estimated global decline of 0.8% in 2009 compared to 3% growth in 2008, attributed to weak demand in the world's larger markets, and decline in trade volumes affecting developed and developing economies alike. The US economy contracted by 2.5% while the Asian giants China and India recorded growth of 8.7% and 5.6% respectively.

Growth in the global economy is expected to be 3.9% in 2010.

Led by improvements in the financial sector, emerging and developed economies are projected to grow by 6% dominated by China and India.

It is estimated that the Caribbean economies contracted by 2.2% in 2009 and are projected to grow by 1.8% in 2010.

The Domestic Economy

	Target 2010	Actual 2009	Target 2009	Actual 2008
Real GDP growth	4.4%	2.3%	4.7%	3.1%
Inflation rate	4.0%	3.6%	5.2%	6.4%
Current account deficit of the balance of payments	US\$263.8Mn	US\$219.7Mn	US\$ 288.7Mn	US\$321.4Mn

Half-year decline in real GDP was reported by the Minister of Finance during November at 1.4%, with dismal performance in the agriculture and mining sectors.

Sugar production increased by 7,469 tonnes or 3.3% over 2008. Production for the first half of 2009 fell short by 19,923 tonnes or 19.3% below the corresponding period in 2008. The second crop produced an increase of 27,392 tonnes over the corresponding period in 2008. In rice, 53,633 tonnes were produced in excess of the projected 306,156 tonnes, attributed to favourable weather conditions and Government's fertiliser assistance and training programmes.

Mining and quarrying continued with positive growth of 0.7%. Influenced by high international gold prices and suitable weather conditions, raw gold declarations were 299,822 ounces, exceeding the previous year by 14.7%. Diamond declaration however fell by 14.8% to 143,982 carats. Bauxite decreased by 29% continuing from a similar decline in 2008 of 6.7%.

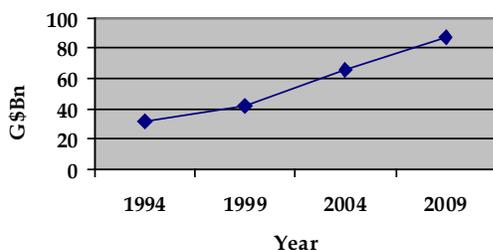
The manufacturing sector remained stagnant in 2009. Per capita GDP for 2009 was US\$1,298.6 compared with US\$1,233.66 in 2008, an improvement of 5.3%.

Years	Per Capita GDP (US\$)
2005	900.9
2006	992.4
2007	1,111
2008	1,233.6
2009	1,298.6

Source of information – Budget Speech

Domestic Debt

The growth in the domestic debt from 1992 to 2009 is shown in the following graph:



Source of information – BOG Statistics – All shown at December except 2009.

External Debt

The movement in the external debt from 1997 to 2009 is shown in the following table:

Year	Foreign Debt US\$Bn
1997	1.513
1998	1.507
1999	1.211
2000	1.193
2001	1.197
2002	1.247
2003	1.199
2004	1.188
2005	1.214
2006	1.043
2007	0.718
2008	0.833
2009	0.933

Source of information – BOG Statistics and Budget Speech – All shown at December

Balance of payments

The current account on the balance of payment reflected a surplus of US\$234.4Mn in 2009, compared to US\$5.6Mn surplus in 2008.

Balance of Payments Stated in US\$ Mn	Budget 2010	Revised 2009	Budgeted 2009	Actual 2008
CURRENT ACCOUNT	(263.80)	(219.70)	(288.70)	(321.40)
Merchandise trade (net)	(442.50)	(401.10)	(420.50)	(522.10)
Services (net)	(131.30)	(118.30)	(128.20)	(128.10)
Transfers	310.00	299.60	260.00	328.80
CAPITAL ACCOUNT	252.50	454.00	274.80	308.50
Capital Transfers	29.60	37.20	36.80	38.70
Non - financial public sector (net)	89.40	184.90	108.00	91.70
Private capital	168.40	208.00	162.00	184.00
Short term capital	(35.00)	24.00	(32.00)	(5.80)
Errors and Omissions	-	0.10	-	18.50
Overall balance	(11.30)	234.40	(13.90)	5.60

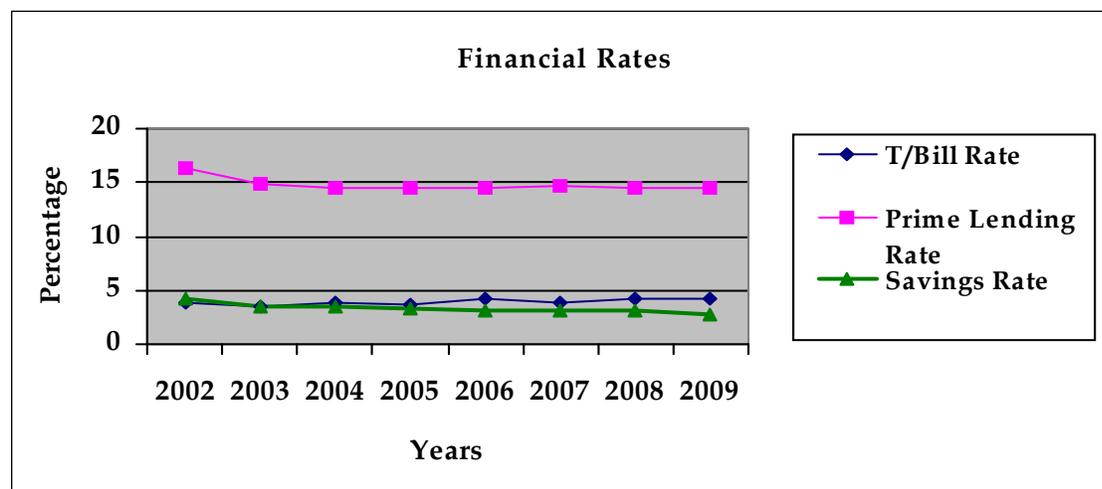
Source of information - *Estimates of the Public Sector*

The reported private transfers representing remittances and in-kind transfers, amounted to US\$299.6Mn in 2009.

Banking and Interest Rates

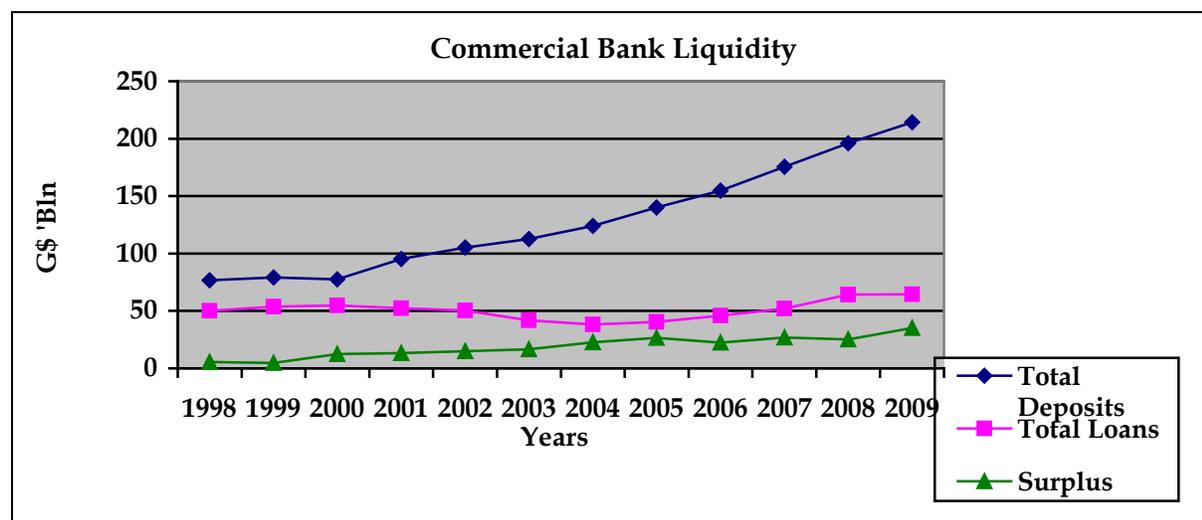
There was stability in the 91-day Treasury bill rate at 4.18% and the weighted average prime lending rate at 14.54%. On the other hand, the small savings rate declined from 3.04% to 2.78%.

The following table shows the spread earned by the commercial banks as the financial rates continue to decline.



Source of information - *BOG Statistics*

Not only do many borrowers pay rates higher than the prime lending rate, but banks' effective borrowing rate is lower than the savings rate as most demand deposit accounts earn no interest. Hence, the significant profits which those banks routinely report.



Source of information – BOG Statistics

The Exchange Rate

There was a slight appreciation in the value of the Guyana dollar to the US dollar from G\$205.25 to G\$203.25 per US dollar, or 0.97%.

Ram & McRae's Comments

- Several sector outputs stand out in comparison with the prior year as follows:

	2009	2008	Change	
Sugar (tonnes)	233,736	226,267	7,469	3.30
Rice (tonnes)	359,786	329,574	30,212	9.17
Bauxite (tonnes)	1,484,935	2,092,237	(607,302)	(29.03)
Gold (ounces)	299,822	261,424	38,398	14.69
Diamonds (carats)	143,892	168,926	(25,034)	(14.82)

Source: 2009 and 2010 Budget Speeches

- The results of the diversification of the economy are still not evident two decades after the ERP began. As a result, when agriculture declines, the economy suffers. Transforming the economy cannot mean diverting increasing sums to agriculture each year.
- The two sectors most affected by the global downturn are manufacturing and bauxite, the latter having several years of swings in performance. For a true turnaround in the economy, manufacturing has to show positive gains.

- With industrial action, weather patterns and cash flow difficulties affecting the Guyana Sugar Corporation, it is relying increasingly on budgetary support for its survival.
- The reduction in diamond output for five consecutive years is perhaps due to resources being shifted to gold, attracted by higher prices.
- It appears that the view in the bauxite industry is that the unions are a hindrance to the industry's success.
- While the exchange rate of the US has improved marginally, the average rate of the major currencies declined.
- The Government continues to ignore employment data. NIS actual contribution data indicate no growth in employment, even as about ten thousand youths leave school annually. In the past five years the number of employed persons increased by 4,632 while the number of self-employed persons decreased by 771.
- Like in the US, the financial sector is outperforming the other sectors. Like in the US, the financial sector benefits from tax shelters so that their effective tax rate is far less than the nominal corporation tax rate of 45%.

2009 Legislation

During 2009, thirty-five out of forty-nine Bills tabled in the National Assembly were passed, while three additional Bills from 2008 and two from 2007 also found their place on the statute books. The significant difference between Bills tabled and passed is a result of Bills being tabled more than once, or sent to Select Committees for consideration. Twelve Bills were before Select Committees at 31 December 2009, including one from 2008. The Leader of the Opposition (Benefits and Other Facilities) Bill 2009 has been continually deferred since being read for the first time on 30 April 2009. An additional bill from those tabled, Guyana Livestock Development Authority Bill 2009, was passed early in January 2010.

Of the forty passed, thirty six were assented to and therefore became law when published in the Gazette, or on such other dates prescribed by Order. (Please refer to Appendix A and the *Commentary and Analysis* section).

Major Acts of business interest passed in 2009 are as follows:

1. Anti-Money Laundering and Countering the Financing of Terrorism Act 2009
2. Insurance (Supplementary Provisions) Act 2009
3. Money Transfer Agencies (Licensing) Act 2009
4. Holiday with Pay (Amendment) Act 2009
5. Occupational Safety and Health (Amendment) Act 2009
6. Bills of Sale (Amendment) Act 2009
7. Rice Factories (Amendment) Act 2009
8. National Insurance and Social Security (Amendment) Act 2009

Of the Bills before Select Committees, the following are major ones of business interest:

1. Credit Reporting Bill 2009
2. Legal Practitioners (Amendment) Bill 2009

The Freedom of Information Bill 2006 tabled in May 2006 and again in November 2006 is still listed on the Order Paper of the National Assembly. The Bill was tabled by MP Raphael Trotman but as a private member's bill; he has not sought leave to present the Bill citing lack of support from the ruling PPP/C. *See comment 1 below.*

Anti-Money Laundering and Countering the Financing of Terrorism Act 2009

Bill No. 18/2007 was tabled in the National Assembly on 7 June 2007 but was committed to a Special Select Committee for consideration. The ten-member Committee was chaired by the Minister of Finance and met on sixteen occasions over a two year period. The Committee received submissions from the Office of the Commissioner of Insurance, Guyana Securities Council, Guyana Association of Bankers, Bank of Guyana and Christopher Ram, Managing Partner of Ram & McRae.

The Act provides for the establishment and management of a Financial Intelligence Unit with a Director, an Attorney-at-law, and an accountant appointed by the Minister of Finance, and other personnel appointed by the Director.

Among the offences listed as serious in the Act are terrorism, trafficking in persons, drugs, or ammunition, sexual exploitation, corruption and bribery, counterfeiting, smuggling and insider trading. The Act provides for unlawful proceeds from such crimes to be identified, traced, frozen, seized and forfeited.

Reporting entities are required to establish and maintain records as set out by the Act and to report suspicious transactions to the Financial Intelligence Unit. Such entities include banks, money transfer agencies, cambios, pawn-broking entities, credit unions, casinos, used car and car parts dealers, insurers and unit trusts. Attorneys-at-law, notaries, other independent legal professionals and accountants are considered reporting entities in respect of certain clients' transactions, namely, buying and selling real estate, managing client monies, etc.

The Act repeals and replaces the Money Laundering (Prevention) Act 2000. *See comment 2 below.*

Insurance (Supplementary Provisions) Act 2009

This Act replaced the Commissioner of Insurance with the Bank of Guyana, as the authority to administer the Insurance Act 1998. The Act also allows the Bank to nominate any person for the Court to appointment as Judicial Manager. *See comment 3 below.*

Money Transfer Agencies (Licensing) Act 2009

This Act requires a prospective money transfer agency to apply annually to the Bank of Guyana for a licence for that purpose, and for agents of the agency to be registered with the Bank. Licensees under the Dealers in Foreign Currency (Licensing) Act 1989 and any related party, holding company, subsidiary or other affiliate of such licensee may not hold a money transfer agency licence. The Act does not apply to a licensed depository financial institution under the Financial Institutions Act 1995.

Agencies and Agents are specifically required to comply with the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009. *See comment 4 below.*

Holiday with Pay (Amendment) Act 2009

The Act repeals and re-enacts section 9 of the principal Act which deals with "Offences penalties and court order" (sic); amends section 11 which deals with the institution of prosecutions by the Chief Labour Officer; and replaces the word 'holidays' with 'leave' throughout the Act.

Occupational Safety and Health (Amendment) Act 2009

The amendments sought primarily to remove redundancies, and clarify the relationship between the principal Act and the Employment of Young Persons and Children Act (Cap. 99:01).

Bills of Sale (Amendment) Act 2009

The amendment extends the renewal period of Bills of Sale from once yearly to once every three years.

Rice Factories (Amendment) Act 2009

Manufacturers (millers) may now owe individual farmers only up to five percent of the value of paddy supplied, requires the payment of fifty percent of such debts within fourteen days (two weeks), and the balance within forty-two days (six weeks).

National Insurance and Social Security (Amendment) Act 2009

Three sections of the principal Act were amended to provide for increased penalties for breaches while two new sections were inserted as follows:

1. Section 17A provides for the General Manager of the Scheme to submit records of contributions and annual compliance reports to employees and employers respectively;
2. Section 55 equates the principal Act with the Procurement Act 2003 by requiring every employer or self-employed person who tenders for a Government contract to submit a certificate of compliance. *See comment 5 below.*

Orders

Orders were made primarily to bring legislation into force and to transfer properties to / from the National Industrial and Commercial Investments Limited.

2009 legislation brought into force by Orders: the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009, the Money Transfer Agencies (Licensing) Act 2009, and the Insurance (Supplementary Provisions) Act 2009.

2008 legislation brought into force in 2009 by Orders: the Telecommunications (Amendment) Act 2008, parts of the Interception of Communications Act 2008, the Evidence and Motor Vehicles and Road Traffic (Amendment) Act 2008, and the Criminal Procedure (Plea Bargaining and Plea Agreement) Act 2008.

Regulations

Significant regulations include:

1. Guyana Rice Development Board (Export Licence) Regulations 2009 which provides for applications for licences to carry on the business of export of paddy or rice or any product of paddy.
2. Rules, Policies and Procedures Manual (Amendment) Regulations 2009 which provides for amended rationalised job/position titles in the Audit Office and for an increase in the authorised strength of the Audit Office from 223 to 227 personnel. *See Commentary and Analysis.*
3. Money Transfer Agencies (Licensing) Regulations 2009 stipulating the fees, forms and record keeping requirements for such agencies.

Ram & McRae's Comments

1. It is time that Article 146 of the Constitution is recognised and a Freedom of Information Act passed. Mr. Trotman may wish to consider seeking leave to present the bill and thus test the

reception it will receive by the other parliamentary parties. We understand that the reason for the delay or abandonment of the Opposition (Benefits and Other Facilities) Bill 2009 may be tit-for-tat for the Leader of the Opposition's voting against Former Presidents (Benefits and other Facilities) Act 2009. However, the Estimates provide for a more than 100% increase in expenditure for the office of the Leader of the Opposition.

2. As far as we are aware, no cases were ever brought under the 2000 Act and therefore either the law or the Financial Intelligence Unit was ineffective. The lack of submissions from the public and the effectiveness of the Select Committee in strengthening the legislation are causes for concern. Mr. Ram in his presentation for example noted that customs and tax evasion were not listed as serious crimes. We also believe that the limitations to narrowly specified transactions in respect of the professions would encourage further tax evasion and money-laundering.
3. We had recommended in Budget Focus 2009 the establishment of a Financial Services Commission (FSC) under which the supervisory functions of the Bank of Guyana, Securities Council and the Office of the Commissioner of Insurance should be brought. We also recommended that the Financial Intelligence Unit should be placed within the Bank of Guyana or under the FSC. It seems that the Government prefers a multiplicity of under-resourced regulators to a strong effective entity.
4. This Act requires such businesses to retain accounting records for a period of five years only. On the other hand, the Income Tax Act requires such records to be maintained for a period of eight years. This obvious conflict and confusion need to be resolved without delay.
5. Concerns have been raised by the Chairman of the National Insurance Board, Dr. Roger Luncheon on whether the records of contributions would reach employees if sent to employers. The business community is concerned that compliance certificates are only valid for one month, regardless of the compliance history of the applicant. This measure is excessively bureaucratic, costly, would be ineffective and exploited by the unscrupulous.
6. Some of the Acts require an Order to bring them into operation. Please refer to column 3 of Appendix A.

Unfinished Business

Every year, Focus tracks the implementation of the key issues and policies identified in previous Budget Speeches. Where it seems clear that some issues have been abandoned, such as the Tax Court and legislation on bankable property rights, we disregard these.

In 2009, with the exception of one item, we decided not to bore readers with repetition of the fourteen issues identified as unfinished business in the 2008 Budget Focus. That item was the Justice Improvement Project on which the Minister had announced that \$1.8Bn would be spent on strengthening the country's judicial system in 2009. We noted our difficulty in determining the composition of this amount, and wondered whether the judiciary had the capacity to absorb the expenditure. Those concerns remain.

If we proceed from 2008, the main issues outstanding from previous years are:

- **Feasibility work to be done for alternative generations of energy form wind, solar, hydro and biological sources** – No progress report but it is already obvious that expectations for any major Hydro-Electricity project were way too optimistic. With LCDS being the new mantra, these would warrant high priority. In his speech, the Minister announced \$4Bn for hydro.
- **Freedom of Information Act** – The PPP/C had committed itself to such an Act in its 1997 Manifesto “within that term.” Twelve years later, the Government resists in the National Assembly the passage of such a Bill initiated by the opposition. This is regrettable since such legislation guarantees every citizen the right to public information and strengthens accountability. See also page 15 on Legislation.
- **The Deeds Registry Act** – No progress. The Registry is the regulator for the Companies Act and this Act requires setting up of an advisory board. Failure means that a 19th Century regulator is being asked to regulate a 21st Century piece of legislation. Current attempts to review one of the functions of the Deeds Registry seem extravagantly misguided and ill-informed.
- **Review of the Companies Act, 1991, the Partnership Act, the Business Names (Registration) Act and the Friendly Societies Act** – Nothing was done on the review of the Companies Act 1991, despite a pledge by the PPP/C in their 1997 Manifesto. Ever since the Companies Act was introduced in 1995, it was acknowledged that there were both errors of commission and one particularly significant omission in relation to non-profit organisations creating particular difficulties for such organisations. Additionally, as companies, attorneys and academics began to apply the Act, certain additional areas of difficulty have surfaced, while new legislation such as the Banking, the Financial Institutions and the Insurance Acts, all have some impact on the Companies Act 1991.
- **Action plan based on the Labour Market Study as addressed in the Draft 2005 PRSP Progress Report** – There is no indication whether this has been done. It seems that the Government is avoiding any issue in relation to employment and unemployment.
- Full implementation of the **Fiscal Management and Accountability Act** – The Minister's and the Government's disregard for this Act – the showpiece of the country's commitment to transparency and accountability – borders on contempt. The Government carefully and apparently with good reason, avoided a proposed amendment to the legislation that would have

rendered Ministers liable to prosecution. The Minister should be sanctioned for his serial violations of this Act.

- **Establishment of a family court** – Committed to several years ago – and again by the Minister in his 2007 Budget Speech. A building to house the Court is now being constructed in the compound of the High Court, which many social workers consider insensitive.
- **Review of tax exemptions** – The Minister announced in the 2008 Budget that he would conduct a study of the tax system to determine the procedures for the implementation of further tax reform. See Tax reform, below.
- **Reform of judiciary** – As a result of a court decision, the positions of acting Chancellor and Chief Justice have been decoupled and three judges including the judge of the Commercial Court have been appointed to the Court of Appeal. The Minister has announced measures under a new Justice Improvement Project but the results of several years of such effort have not been very successful.
- **Bank of Guyana Reform** – No report.
- **National Drug Strategy Master Plan** – Measured by successful prosecutions, this Plan has had minimal effect and cannot be separated from a more comprehensive Crime Plan.
- **The Institutional Strengthening Project in the Office of the Auditor General.** More money being spent but results uncertain. This project, substantially funded by the Inter-American Development Bank, approved in December 2006, is still in the implementation stage. There is an unwillingness to confront the real issues that deprive the Office of any effectiveness – financial control, conflicts of interest and low capacity.

Tax Reform

This is perhaps the only year when the Minister did not announce that some foreign agency was engaged on some nebulously defined terms of reference to review the tax system. Both personal and corporate tax rates are the highest in the region; the capital gains tax and the property tax legislation cry out for reform; the tax laws encourage and reward tax avoidance and evasion. VAT is an anti-consumer tax that is widely abused by segments of the business community which do not bear the tax.

The Minister recognises the annual and immoral windfall he receives from VAT and the taxes he can gather from about a handful of major tax payers. Reforms to date were designed to increase tax take, not for redistribution or expansion of the economy.

The second and major unfinished business, which goes beyond the Minister of Finance but of which he is also the centre, is the matter of the National Procurement Commission. The Minister and the Government must be aware that the tens of billions in contracts under the capital and recurrent budget are the subject of strong suspicions, if not outright violations.

These latter two issues must surely be the cause for national and public concern, demanding urgent Government action.

2010 Policy Issues and Targets

In his introduction of the 2010 budget, the Minister attributed the achievements of 2009 to a careful and deliberate policy stance, aimed at maintaining macroeconomic stability, strengthening the underlying capacity of the economy and improving the circumstances of the people of Guyana. He noted that the 2010 budget was informed by the following imperatives:

- i. to guard and protect the stability achieved for the economy and the country in the immediate term and for the long term;
- ii. to lay the basis for continued economic growth, social development, and improvement in the quality of life enjoyed by Guyanese; and
- iii. to pursue the catalytic changes that would enable realisation of rapid transformation into the truly modern and prosperous Guyana which is aspired.

The Minister announced that the National Accounts have been rebased to 2006 prices with critical inputs from a National Economic Survey of Business Establishments conducted in 2006 and a nationwide Household Budget Survey conducted over the period October 2005 to September 2006. Gross Domestic Product based on 1988 and 2006 prices was as follows:

	2006	2007	2008	2009
GDP at 1988 prices (G\$Mn)	5,759	6,068	6,253	6,397
↳ growth (%)	5.15	5.37	3.05	2.30
GDP at 2006 prices (G\$Mn)	262,880	281,335	286,896	296,417
↳ growth (%)	Not available	7.02	1.98	3.32

Overall real growth is projected at 4.4% in 2010 with the non-sugar economy and the sugar economy projected to grow by 3.4% and 19.8% respectively. Sector targets are as follows:

Sector	% change expected	
Agriculture		
Sugar	19.8	▲
Rice	4.6	▼
Livestock	2.9	▲
Other agriculture	2.1	▲
Forestry	5.0	▲
Fishing	0.5	▲
Mining and quarrying	4.2	▲
Bauxite	9.1	▲
Gold	4.0	▲
Diamond	4.2	▲
Services		
Engineering and construction	2.0	▲
Transport and communications	4.3	▲
Distribution	4.9	▲
Financial services	8.0	▲
Other services	8.0	▲
Rental of dwellings	2.0	▲

Sector	% change expected	
Electricity and water	3.4	▲
Education	4.5	▲
Health	7.5	▲

Monetary Policy & Inflation

The Minister also announced that the Bureau of Statistics had completed the technical work required for an updating of the basket of goods and services underlying the Consumer Price Index (CPI) based on the Household Budget Survey. The new CPI series is being introduced from January 2010 and reflects decreased weights for food and medical care among others, and increased weights for transport, housing and furniture.

The Minister announced that the rate of inflation for 2010 is projected at 4% (based on new CPI series) compared with a target of 5.2% and an actual of 3.6% in 2009 (based on old CPI series).

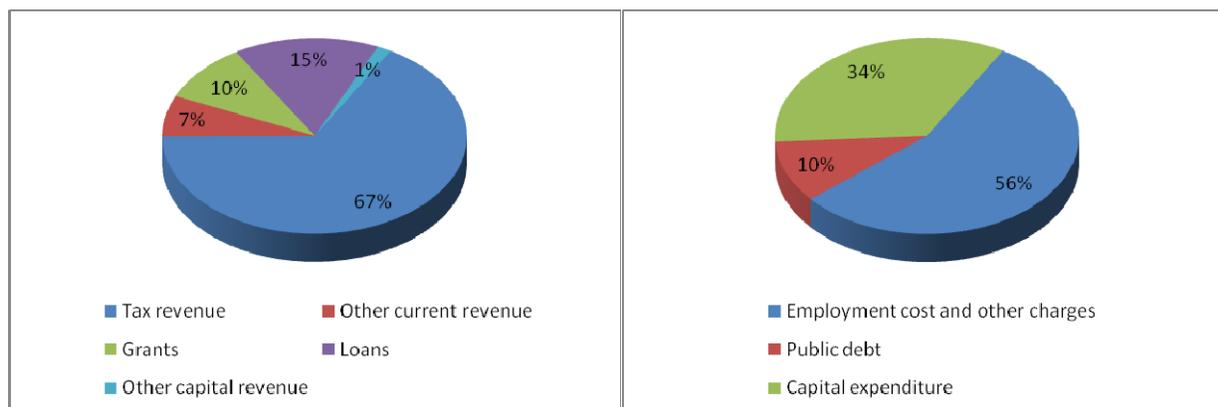
Balance of Payment

The Minister projects a deficit of US\$11.3Mn on the overall balance of payments, compared with a surplus of US\$234.4Mn in 2009. On the trade side, merchandise exports are projected to increase by 1.08% to US\$776.5Mn while merchandise imports are projected to increase by 4.26% to US\$1,219Bn. With net imports of services at US\$131.3Mn, and private transfers of US\$310Mn., a net deficit of US\$263.8Mn is projected as the balance on the current account.

The capital account is projected to have a surplus of US\$252.5Mn in 2010 (US\$454.0Mn in 2009). In this account, a net inflow of US\$257.8Mn is expected from medium and long term capital while a net outflow of US\$35Mn is expected on short term capital.

Revenue and Expenditure

Revenue and expenditure for the year 2010 is represented by the following graphs respectively:



Source: Estimates of the Public Sector

The size of the 2010 budget is \$142.8Bn which is 11.28% more than 2009 latest estimate and 10.78% higher than the 2008 budget.

Ram & McRae's comments

1. Achievement of the rebasing of the country's national accounts is commendable. Statistics produced would be more relevant and one hopes that timeliness would now improve.
2. The Minister noted that the current El Niño conditions have affected the sowing of paddy and consequently, is projecting a fall in rice production. Inexplicably, no impact is reported on sugar, currently being affected by a shortage of water. Indeed, the current weather pattern can affect not only the growth of the current crop, but ratooning as well.
3. Merchandise imports are projected to be 2.75 times merchandise exports in 2010, lower than in 2009 but higher than in 2008. This leaves our economy far too reliant on remittances and borrowings, if the cycle is to be reversed any time soon.
4. The Minister stated that Government remains focused on maximising rapid progress towards the attainment of the Millennium Development Goals (MDGs), and while he gave a review of progress and intentions of various sector strategies, he failed to state whether Guyana was on target for attainment of the MDGs, what corrective action may be necessary and possible, and the policy changes to achieve these.
5. With LCDS and the National Competitiveness Strategy being the new mantra, the Poverty Reduction Strategy Paper once again failed to get a mention in the Minister's speech. The increase in the size of the budget is 2.47 times the projected growth in GDP while the tax to GDP ratio moves from 24.95 to 24.23. Government Size, measured as government spending as a percentage of the GDP at current basic prices (rebased), increases from 35.68 to 36.49. It should be noted however that expenditure by state-owned enterprises would not be included Government spending but would be included in the rebased GDP. Consequently, a more thorough analysis would reveal much higher level of Government participation in and direct control of the economy.
6. Until the Bureau of Statistics is perceived as professional and independent, there will remain a lack of trust in national statistics. Key economic indicators are announced by the Minister, often unsupported by empirical evidence.
7. Amazingly, the Minister made no mention of the expected performance of the manufacturing sector in 2010. That sector is institutionally headed by the key private sector representative on the National Competitiveness Strategy Council.

The Government of Guyana Financial Plan 2010

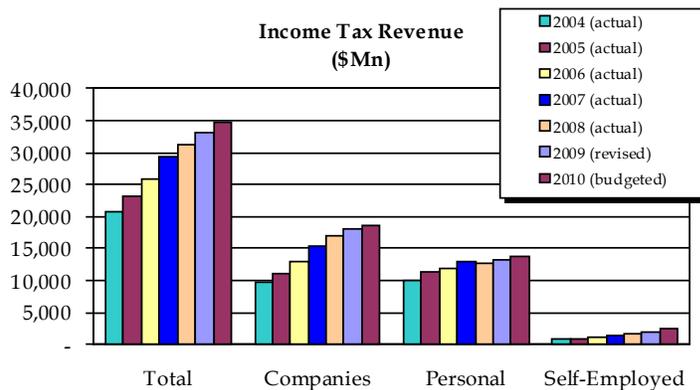
The table on page 26 presents a summary of the Government's projected Financial Plan for 2010.

The 2010 Plan projects a surplus on the current account of \$10.5Bn, but an overall deficit of \$0.5Bn.

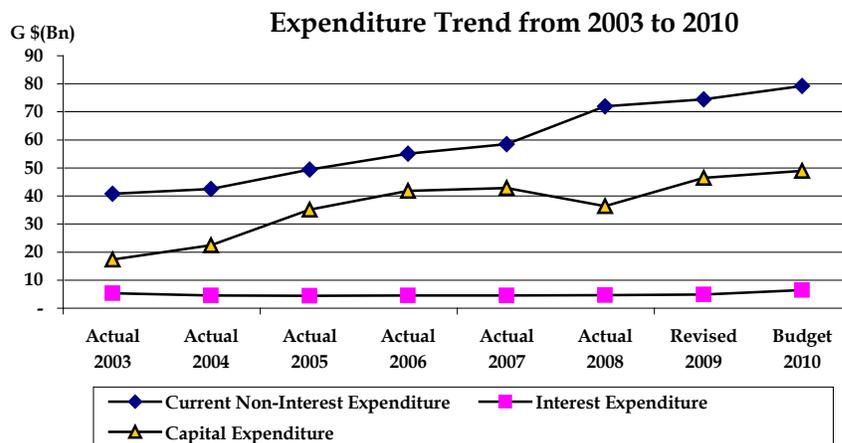
The main elements of the 2010 Plan are:

Total current revenues are projected to increase by \$3.3Bn to \$98.2Bn or by 3.5%. The Guyana Revenue Authority is expected to bring in revenues of \$94.1Bn or 95.8% of current revenue, an increase by \$5.0Bn, or 5.6% over 2009.

Of the GRA's collections, the Internal Revenue is expected to bring in \$38.6Bn compared with \$36.7Bn in 2009, an increase of 5.1% or \$1.9Bn while Value-Added and Excise Taxes are expected to earn \$47.2Bn compared to \$44.7Bn in 2009, an increase of 5.6%. Collections by the Customs and Trade Administration are anticipated to be \$8.3Bn, an increase of \$0.6Bn or 8.1% from 2009.



Total Current non-interest expenditure is projected to increase by \$5.4Bn from \$73.9Bn to \$79.3Bn for 2010. Personal emoluments of \$28.2Bn represent an increase of 7.6% or \$2.0Bn over the revised figures for 2009.



Capital revenue and grants are projected to decrease by \$0.7Bn to \$16.0Bn for 2010 from \$16.7Bn in 2009. HIPC and MDRI funds are projected at \$2.0Bn or \$0.4Bn more than 2009 of \$1.6Bn, while Project and Programme funds will have a decrease of \$1.3Bn.

Capital expenditure of \$49.0Bn represents an increase of \$2.0Bn or 4.2% over 2009 of \$47.0Bn.

For a further analysis of current and capital expenditures, please refer to page 27 - 'Who Gets What'.

Interest expenditure is projected to increase by 31.3% or \$1.5Bn from \$4.9Bn in 2009 to \$6.4Bn in 2010, with domestic interest showing an increase of \$0.5Bn while interest on external debt is projected to increase by \$1.0Bn.

The principal element of debt repayments is projected at \$8.1Bn (2009 - \$2.6Bn), made up of domestic debt repayments of a projected \$5.0Bn (2009- \$1.0Bn), while external debt repayments are projected to double to \$3.1Bn from \$1.5Bn in 2009. During 2010, domestic and external debt service as a percentage of current revenue is projected at 14.8% compared with a revised for 2009 of 7.9%.

There is an overall deficit of \$28.6Bn which will be financed by external borrowings.

Ram & McRae's Comments

1. Total revenue appearing in the Government of Guyana Financial Operations (Accounting Classification) is \$98.2Bn compared to \$104.3Bn in the overall estimates, a difference of \$ 6.1Bn. We presume these are the funds expected to be received from Norway.
2. Collections of value-added and excise taxes were 20.4% higher than in 2008, and are budgeted to increase a further 7.1% points in 2010 over the 2008 levels. These taxes now account for 50.15% of total tax revenue. Excise taxes increased by \$8.3Bn while VAT collections decreased by \$0.8Bn. The Minister attributed increased collection of excise taxes on motor vehicles of \$1.5Bn to higher levels of imports, returns from the computerisation of the registration process, and increased surveillance activities. He also noted an increase in excise taxes on fuel of \$6.5Bn as a result of the restoration of the tax (which were increased in October and December of 2008 and subsequently lowered in June of 2009).

Strangely, no explanation was given for the decrease in the level of value-added taxes collected despite reported growth in most sectors, in imports, and in the economy as a whole. Despite high incidence of acknowledged evasion, high tax collections reduce the incentive to go after non-compliance.

3. As Budget Focus has reported on in previous years, the disparity between the taxes paid by the employed and self-employed continues. Employed persons have little control over the taxes deducted under the PAYE system, and once again, there is a lack of enforcement against the self-employed. The Self-employed dominate the reported growth sectors but pay minimal taxes. Indeed, encouraged by the tax system, companies are now de-incorporating so tax revenues from the self-employed should be significantly higher. With PAYE accounting for 14.7% of tax revenues, the tax system is now heavily directed against the employed and the consumers.
4. Expenditure continues to trend upwards with no proposed curtailments while the proposed deficit is the highest for this decade.

Financial Operations of Central Government (Accounting Classification)

Particulars	Budget 2010	Revised 2009	Budget 2009	Actual 2008	Revised 2008	Budget 2008	Actual 2007	Actual 2006
CURRENT REVENUE	98,197.6	94,890.3	90,285.1	82,484.1	82,484.1	81,638.8	80,356.8	62,450.1
1.1 Guyana Revenue Authority	94,084.5	89,084.8	86,387.3	79,133.9	79,133.9	78,204.0	77,353.2	58,540.2
1.1.1 Internal Revenue	38,601.6	36,721.1	37,362.0	34,547.7	34,547.7	30,125.7	32,456.6	30,511.3
1.1.2 Customs & Trade	8,315.3	7,692.0	7,758.8	7,484.4	7,484.4	6,662.9	8,183.4	28,028.9
1.1.3 Value Added and Excise Taxes	47,167.6	44,671.8	41,266.6	37,101.7	37,101.7	41,415.5	36,713.2	-
1.3 Other	4,113.1	5,805.5	3,897.8	3,350.2	3,350.2	3,434.8	3,003.6	3,909.9
CURRENT EXPENDITURE	79,249.8	73,852.9	74,494.6	71,944.3	71,538.5	67,991.7	58,432.7	55,108.5
2.1 Personal Emoluments	28,150.4	26,171.0	26,623.2	23,882.9	23,911.4	24,521.3	21,987.9	20,085.0
2.2 Other Goods and Services	27,982.6	25,889.3	26,759.1	24,243.8	24,256.3	24,364.6	20,341.4	19,484.3
2.3 Transfer to the Private Sector	23,116.8	21,792.6	21,112.3	20,767.6	20,071.7	19,105.8	16,103.4	15,539.2
2.4 Transfer to the Public Sector	-	-	-	3,050.0	3,299.1	-	-	-
INTEREST EXPENDITURE	6,441.6	4,907.7	5,263.3	4,622.0	4,622.8	4,948.3	4,538.5	4,484.4
3.1 Internal	3,808.3	3,305.7	3,384.7	2,975.7	2,975.8	2,892.1	3,105.4	2,618.4
3.2 External (Cash)	2,633.3	1,602.0	1,878.6	1,646.2	1,647.0	2,056.2	1,433.0	1,866.0
CURRENT BALANCE	12,506.2	16,129.7	10,527.2	5,917.8	6,322.8	8,698.7	17,385.6	2,857.2
CAPITAL REVENUE & GRANTS	15,974.6	16,689.0	17,724.0	16,432.2	16,432.2	21,733.2	10,314.8	15,141.5
5.1 Grants	15,774.5	16,689.0	17,724.0	15,953.2	15,953.2	21,733.2	10,314.8	15,141.4
5.1.1 HIPC & MDRI	1,986.8	1,636.5	1,643.9	2,341.6	2,341.6	2,351.5	2,802.8	3,820.9
5.1.2 Project and Programme	13,787.6	15,052.6	16,080.1	13,611.0	13,611.6	19,381.7	7,512.0	11,320.5
5.2 Other (inc. Sale of Assets)	200.1	-	-	479.0	479.0	-	-	-
CAPITAL EXPENDITURE	48,974.6	46,990.3	46,502.6	35,941.4	36,389.6	40,853.8	42,877.2	41,806.4
DEBT REPAYMENT	8,109.6	2,553.4	2,622.1	5,028.9	5,028.9	5,411.2	1,806.3	3,452.6
7.1 Internal	4,978.9	1,010.1	1,009.9	3,078.0	3,078.0	3,078.1	52.3	1,143.4
7.2 External (Cash)	3,130.7	1,543.3	1,612.2	1,950.9	1,950.9	2,333.1	1,754.0	2,309.1
OVERALL BALANCE	(28,603.4)	(16,724.9)	(20,873.4)	(18,620.3)	(18,663.5)	(15,833.1)	(16,983.1)	(27,260.3)
TOTAL FINANCING	28,603.4	16,724.9	20,873.4	18,620.3	18,663.5	15,833.1	16,983.0	27,260.3
9.1 External	37,718.8	20,435.1	33,509.4	27,375.2	27,375.3	33,169.3	19,964.1	17,007.9
9.2 Domestic	(9,115.4)	(3,710.2)	(12,635.9)	(8,754.9)	(8,711.9)	(17,336.2)	(2,981.1)	10,252.4
Total Domestic and External Debt Service as a % of Current Revenues	14.8	7.9	8.7	11.7	11.7	12.7	7.9	12.7

Source of information: Estimates of the Public Sector 2008 to 2010

Who Gets What in 2010

Current Non-Interest Expenditure

In this section we consider how the budgeted expenditure is allocated among the principal Ministries, Departments, Programmes and Projects.

Central Government's non-interest current expenditure (employment costs, statutory expenditure and other charges) for the year is budgeted at G\$79.3Bn which is 7.3% more than revised 2009. The Ministries/ Departments with the most significant allocations are:

Ministries/Departments	2010		Revised 2009		% Inc./ (Dec)
	\$ (Mn)	%*	\$ (Mn)	%*	
Ministry of Finance	16,493	20.81	15,219	20.61	8.37
Ministry of Education	6,715	8.47	6,499	8.80	3.32
Ministry of Home Affairs	6,496	8.20	6,048	8.19	7.41
Guyana Defence Force	5,798	7.32	5,798	7.85	-
Ministry of Labour, Human Services, And Social Security	5,262	6.64	4,594	6.22	14.54
Ministry of Health	4,413	5.57	4,157	5.63	6.16
Georgetown Public Hospital Corporation	3,461	4.37	3,169	4.29	9.21
Ministry of Agriculture	2,599	3.28	2,949	3.99	(11.87)
Ministry of Foreign Affairs	2,491	3.14	2,390	3.24	4.23
Office of the President	2,048	2.58	1,862	2.52	9.99
Guyana Elections Commission	1,980	2.50	1,330	1.80	48.87
* Percentage of total current non-interest expenditure					

The regions with the most significant allocations are:

Region	2010		Revised 2009		% Inc./ (Dec)
	\$ (Mn)	%*	\$ (Mn)	%*	
No. 6 East Berbice/Corentyne	2,925	19.32	2,801	19.97	4.43
No. 4 Demerara/Mahaica	2,327	15.37	2,246	17.84	3.61
No. 3 Essequibo Islands/West Demerara	2,107	13.92	1,970	15.65	6.95
No. 2 Pomeroon Supenaam	1,613	10.66	1,510	11.99	6.82
No. 10 Upper Demerara/ Upper Berbice	1,497	9.89	1,332	10.58	12.39
No. 5 Mahaica/Berbice	1,249	8.25	1,166	9.26	7.12
* Percentage of total regional allocation					

Significant changes from the previous year's latest estimates are provided for in the following Ministries/ Departments:

Ministries/Departments	Budgeted 2010	Revised 2009	Difference	% Inc/(Dec) 10/09
	\$ (Mn)	\$ (Mn)	\$ (Mn)	
Office of the Ombudsman	13	3	10	333.33
Public Service Appellate Tribunal	17	6	11	183.33
Guyana Elections Commission	1,980	1,330	650	48.87
Ministry of Labour, Human Services and Social Security	5,262	4,594	668	14.54
Ministry of Finance	16,493	15,220	1,273	8.36
Ministry of Home Affairs	6,496	6,048	448	7.41
Ministry of Agriculture	2,599	2,949	(350)	(11.87)

Capital Expenditure

Central Government's capital expenditure for the year is budgeted at G\$49.0Bn which is 4.2% above revised 2009 and 36.0% of total 2010 expenditure. The Ministries/Departments with the most significant capital expenditure allocations compared with the latest estimates for 2009 are:

Ministries/Departments	2010		2009		% Inc./(Dec)
	\$ (Mn)	%*	\$ (Mn)	%*	
Ministry of Finance	10,760	21.97	7,384	15.71	45.72
Ministry of Public Works and Communication	9,904	21.30	10,187	27.99	(2.78)
Ministry of Agriculture	5,581	12.00	2,976	8.18	87.53
Ministry of Housing and Water	5,367	11.54	11,192	30.76	(52.05)
Office of the Prime Minister	3,191	6.86	2,604	7.16	22.54
Office of the President	2,227	4.79	715	1.96	211.47
Ministry of Home Affairs	1,999	4.30	1,558	4.28	28.31
Ministry of Education	1,958	4.21	2,544	6.99	(23.03)

* Percentage of total capital expenditure

Highlights from Ministers' Speech

The Minister in his speech highlighted the following allocations:

- Roads and bridges \$7.6Bn
- Drainage and irrigation structures \$6.1Bn
- Power sector \$5.8Bn
- Replacement of field and factory assets of Guysuco \$5.8Bn
- Water treatment plants \$4.3Bn
- Completion of Skeldon factory project \$4.1Bn
- Educational facilities \$3.1Bn
- Sea defense structures \$3.1Bn
- Road networks, water distribution and additional housing \$2.6Bn
- e-Government infrastructure \$1.5Bn
- Health facilities \$1.4Bn

- Expansion and development of non-traditional agriculture sector \$1.3Bn

Ram & McRae's Comments

1. Despite significant expenditure and investments in the national power company, the supply still remains unstable, inefficient and expensive.
2. The budget speech has been relegated to a spending list. Many of the projects are ill-conceived, insufficiently studied, poorly executed and badly supervised. Some are also the subject of nepotism and corruption.
3. Some projects are repeated and budgeted for year after year – the airstrips at Wakenaam and Leguan being obvious cases. The projects remain unexecuted, even as the respective ministry's budget is reported as fully spent.
4. Significant criticism has been levelled at capital projects whose budgets seem excessive, despite the appearance of competitive bidding.
5. Spending, rather than policies, is increasingly driven by the politicians. Controls are non-existent or ineffective and the value derived from some expenditure is questionable.
6. The Audit Office has consistently reported on irregularities in capital projects but Value-for-money (VFM) audits have so far only been trialled at the Palms. In any case, with its independence compromised and capacity weakened, the Audit Office is unable to do effective VFM audits.
7. GINA gets \$100M and NCN \$60M; the expired Ethnic Relations Commission gets \$74M; while the similarly expired National Sports Commission gets \$100M, the same sum allowed the little-known Sports and Arts Development Fund.
8. Four billion is allocated for the construction of a roadway and other infrastructure to access the Amaila Falls in the pursuit of hydropower to be funded by a US\$600M equity investment by a private development. Hopefully the Government has received binding commitments and the four billion dollars of public moneys to be spent on the project will not go to waste. If so, someone should be held accountable.
9. \$847M has been allocated to the installation of a fibre optic cable, on top of \$350 million recently approved by the National Assembly as supplementary funds. The Minister failed to link these and the National Assembly must ensure that it get the answers before funding this adventure.
10. Huge sums have been proposed for the Ministry of Finance - the Minister was silent about these.
11. Help and Shelter receives a nine-fold increase to \$10M and a Legal Aid Clinic gets a commendable \$32M.

2010 Budget Measures

No budget measures were introduced by the Minister.

During January 2010, the Minister had announced an increase in Old Age Pensions from \$6,300 to \$6,600 per month, or a 4.8% increase from 2009, and an increase in monthly Public Assistance from \$4,700 to \$4,900, or a 4.3% increase from 2009, with effect from February 2010.

Ram & McRae's Comments

The rates of Old Age Pensions and Public Assistance translate to \$217 and \$161 per day, not enough to pay for one decent meal.

The Minister did not seek to explain the reasons for not changing the Income Tax threshold from \$420,000 per annum. This has been in effect since January 1, 2008 and represents perhaps the single most anticipated change by workers.

With the threshold having been eroded by inflation, the economic and social case for an increase was compelling.

The size of the budget offers huge opportunities to bring relief to public servants and the poor.

Commentary and Analysis

The Audit Office

This Office is supposed to be the edifice of accountability and the watchdog of the public interest. It is, according to its website, committed to the promotion of good governance including openness, transparency and improved public accountability through:

- The execution of high quality audits of the public accounts, entities and projects assigned by the Audit Act.
- Timely reporting of the results to the legislature and ultimately the public.
- Ensuring that the independence, integrity and objectivity of the Audit Office are recognised.

Its performance however, suggests that it has consistently failed to achieve its goals, even as if falls short of the standards required of the audit profession in matters of independence, conflict of interest and capacity. As a constitutional office, its expenditure is a direct charge on the Consolidated Fund, theoretically free from any political direction or influence. To enable parliamentary oversight of the Office, the Audit Act 2004 requires that the budget of the Office be submitted for review and subsequent endorsement by the Public Accounts Committee, a Committee of the National Assembly.

This requirement is routinely ignored by Mr. Deodat Sharma who has been acting as Auditor General for several years, but who on account of his lack of any professional qualification, cannot be confirmed in the position. Instead the Audit Office deals direct with the Ministry of Finance which can thereby determine the extent and scope of the work which the Audit Office can undertake. This places the PAC in the position in that whatever it may subsequently direct or comment on in terms of deliverables and/or shortfalls in targets, may well prove to be unachievable.

Nor should the neglect and/or failure to appoint an appropriately qualified person to the position of Auditor General be regarded as a mere human resource management issue. That is a key constitutional office and the failure to have a substantive appointee is reported to affect all other consequential senior appointments – so that for the past six years at least, no one has been confirmed. Among these candidates are prospective retirees who would remain ineligible for the quantum of superannuation to which they would otherwise be entitled.

As a result, the Audit Office is perhaps the most under-resourced entity in the country. The position of the Auditor General is listed as vacant and filled by an acting appointee. Of twelve managers, nine of the positions are filled by acting appointees, or are vacant. With little attention ever paid to government accounting, this is dangerously expensive.

Like the Minister of Finance, the Audit Office routinely fails to meet deadlines set in the law for the completion of critical functions. Under the Fiscal Management and Accountability Act 2003, the report on the consolidated financial statements and the accounts of the budget agencies must be submitted to the Speaker of the National Assembly within nine months of the financial year. On the presentation of the very late 2007 report in June 2009, Mr. Sharma assured the Speaker that the auditing of accounts for 2008 had already commenced and that the report thereon would be

submitted to the National Assembly by December last year. That has come and gone, even as the Auditor General (ag.) announces, presumably seriously, that his Office would be doing a value-for-money (VFM) audit of purchases.

In early 2009, the Audit Office with assistance from the Office of the Auditor General of Newfoundland and Labrador of Canada undertook a VFM audit it was of the Palms Geriatric Institution. A VFM audit is really an investigation into whether proper arrangements have been made for securing economy, efficiency, and effectiveness in the use of resources. The choice of the under-resourced Palms was hardly a suitable candidate for such an audit. But it was a soft target and distracted attention from the heavy discretionary expenditure incurred, without authority or oversight, by the Office of the President and other budget agencies.

The Audit Office impresses not only by its failure to carry out some of its functions within the statutorily prescribed time, but also its abject failure to carry out others. For example, the law requires the Auditor General, or some suitably qualified person designated by him for the purpose, to carry out annually, a procedural or process audit of incentives granted under section 2 of the Income Tax (In Aid of Industry) Act. None has ever been done. That was the same section that the Government hurriedly amended to facilitate concessions to a politically connected business house.

In 2008, the Minister of Finance announced that work would commence on the strengthening of the Audit Office's capability in performance audit, forensic audit and audit quality assurance. The reality is that the Audit Office now barely has the resources to do very basic auditing in a timely manner. The development of these capabilities require expertise and experience and a culture and approach to auditing that have so far not been demonstrated by the Office. It will not achieve those by rhetoric or overnight.

The final issue is this: even if the Audit Office had the will, it does not have the capacity. Of an approved strength of two hundred and twenty-three, up to very recently there just over one hundred positions filled, with another thirty recently appointed. With most of the higher positions unfilled or occupied with unqualified persons, the Audit Office simply does not have the capacity to carry out its principal mandate and meet its statutory deadlines. This must be a cause for major concern to anyone wishing to address the almost daily occurrences of financial improprieties, involving several hundreds of millions.

Contract Employees

Last year, this publication, under Commentary and Analysis, examined the explosion of the number of Ministries between 1992 and current. In addition to commenting on a table listing the Ministries, we noted that a number of ministries now have two ministers, and some even have parliamentary secretaries as well. We pointed out that masking these numbers is the vast battery of advisors particularly in the Office of the President, where several former ministers are guaranteed a position, apparently indefinitely. And in the Ministry of Local Government, there are two former ministers who are now employed as consultants, reportedly on the same terms and conditions they enjoyed as minister. We commented that given our economic conditions and needs, these contracted employees place too great a costly burden on the taxpayers and that a major reorganisation was warranted. Not surprisingly, our recommendation was not accepted. In fact, the situation has worsened, beyond poor management and now seems reckless.

Relevant data on revenue expenditure and employment cost, show that from 13% in 1992, employment cost as a percentage of total expenditure, has now risen to 32% in 2009. We have examined the increase and except for the years 1998 to 2000, when there was a significant salary adjustment by an Arbitration Tribunal, the increases have largely been as a result of a substantial spike in the number of contract employees across the Central Government.

Whereas in 2004, the percentage which the wages and salaries of contracted employees bore to the total wages and salaries was 8.9%, that percentage is budgeted to jump to 21.5%, with 5% of this budgeted increase in 2010 alone.

This is how the position looked at the end of 2009:

Agency		Total Employees		Contracted		Temporary Staff		Semi Skilled		Clerical	
		2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
#	Name										
1	Office of The President	193	201	82	95	54	54	24	23	17	14
2	Prime Minister Office	22	21	11	13	-	-	7	5	4	3
3	Ministry of Finance	223	219	20	40	14	13	16	16	98	81
4	Ministry of Foreign Affairs	266	260	33	56	19	7	45	40	87	72
7	Parliament Office	55	64	8	20	-	-	13	12	22	20
9	Public Service Commission	33	29	5	8	-	-	3	2	15	12
13	Local Government	55	53	21	26	-	-	3	3	18	14
14	Public Service Ministry	53	52	20	26	3	1	6	5	13	11
16	Amerindian Affairs	70	72	51	56	-	-	12	10	1	-
23	Ministry of Tourism	62	87	27	54	-	-	5	5	12	12
31	Public Works	85	87	3	21	-	-	22	20	33	30
44	Ministry of Culture	351	366	159	174	35	41	41	39	55	53

Source: Public Sector 2009 Estimates

If these numbers are analysed further, it will be seen that the Office of the President is the worst by far with some with 106 contracted employees out of a total of two hundred and five (205); eighty one (81) of these are attached to Presidential Advisory which has grown from 41 currently. These include former members of the Government; those whose sole purpose is to do party political work; who use public resources to engage in personal and private business; or who apparently work from their

homes. In the Ministry of Culture Youth and Sports, all thirteen of the employees in Sports, are contract employee. The Auditor General Report shows that this department has not been constituted for more than two years and that its audits are several years in arrears.

The Public Service Ministry also has a significant number of contract employees. This Ministry is responsible for ensuring that the Public Service is properly organised and has a pool of persons on the fixed establishment to ensure that institutional memory survives any personnel changes. This practice, of which the Office of the President is at the centre, effectively subverts Article 201 of the Constitution that envisages the role of the Public Service Commission as being principally responsible for the employment of public officers.

This other “contract” phenomenon allows the ministers and the politicians, many of whom with no business experience or expertise, the freedom to create as many job positions as they wish, unhindered by any strictures of the Public Service Commission, or any principles of proper human resource administration. Contract employees are not eligible to join the Public Service Union but receives generous gratuity every six months. They also benefit from state-owned vehicles, chauffeurs and other support that mask the true value of the cost of such employees.

Wages and salaries for contract employees will rise in 2010 by 36.7% over 2009. By contrast, the wages and salaries for all the other thousands and thousands of public servants – teachers, nurses, police, soldiers, clerks, etc. – rises by a mere 4.8%.

Diverting Public Funds

We have discussed elsewhere the constitutional and statutory requirement that all funds belonging to the state should be placed in the Consolidated Fund. The table below shows how the Government has been misusing the provision of an old law, the Public Corporations Act, intended to facilitate the transfer of Government-owned property to a corporatised entity.

Order No.	Purchaser	Address of Property	Price	Date Order Passed
2 of 2009	Roraima Airways Limited- Owned by the Chairman of the Private Sector Commission	Lot 53-54 Kingston	Not Stated	January 2, 2009
10 of 2009	Property transferred from NICIL to the Government of Guyana	Lot 146 Noitgedacht, South Mackenzie, Linden	Not Stated	May 14, 2009
13 of 2009	Property transferred from Guyana Sugar Corporation Inc. to Guyana Oil Company Inc.	Plot lettered A Plantation Prospect, East Coast Berbice.	Not Stated	July 14, 2009
31 of 2009	Property transferred from NICIL to the Government of Guyana	Lot 629 Noitgedacht, South Mackenzie, Linden	Not Stated	December 11, 2009
32 of 2009	Property transferred from NICIL to the Government of Guyana	Lot 64 Noitgedacht, South Mackenzie, Linden	Not Stated	December 11, 2009
33 of 2009	Property transferred from NICIL to National Communication Network	Lot 85 and 86 Noitgedacht, South Mackenzie, Linden	Not Stated	December 11, 2009
34 of 2009	Property transferred from NICIL to the Guyana Revenue Authority	Block lettered "B" being portion of lot 170 Noitgedacht, South Mackenzie, Linden	Not Stated	December 11, 2009
35 of 2009	Property transferred from PHI to NICIL - Both companies are headed by Winston Brassington.	Lot 18 Lombard Street	Not Stated	December 11, 2009
36 of 2009	Property transferred from NICIL to Vibert Rose of Guy Go Service Station	Lot "SS" of lot 43 Noitgedacht, South Mackenzie, Linden	Not Stated	December 11, 2009
37 of 2009	Shaheed M. Farouz and Zabeeda Forouz - Twins Manufacturing Chemist	Lot 31 South Ruimveldt, Georgetown	Not Stated	December 14, 2009

It now uses that provision to transfer assets which it proposes to sell or otherwise dispose of, to the National Industrial and Commercial Investments Limited (NICIL) and for NICIL to sell the property. That was the case with the Duke Street property under Order 2 of 2009 and Order 37 of 2009, which have been the subject of public comments, because of the relationship between the owners of those businesses and the President. NICIL is chaired by the Minister of Finance and its

members include the Head of the Presidential Secretariat, the Minister of Agriculture and Mr. Winston Brassington.

When NICIL sells any property, it retains the money to meet whatever expenses it considers appropriate, paying such sums as dividends as it considers appropriate. Meanwhile NICIL has failed to file annual returns and audited financial statements with the Registrar of Companies. The Constitution is subverted; the politicians control public moneys; and the public is kept in the dark.

In the relevant cases, the price at which the properties are sold by NICIL is not disclosed. Clearly the publication is intended merely to meet statutory requirements, and not to provide information.

LCDS

The LCDS has earned a separate section in the 2010 budget speech. The Minister announced the development of a new model of low carbon economic development, consistent with the national policy to avoid deforestation. He referred to the consultations undertaken under the oversight of the multi-stakeholder committee headed by President Jagdeo, and indicated that with the implementation of the Guyana-Norway memorandum of understanding Guyana would receive in 2010 US\$30Mn through the Guyana REDD Investment Fund. This amount is included in Budget 2010.

Asserting Guyana's international leadership role on climate change, the Minister announced that Guyana would push for legally binding outcomes at the United Nations Climate Change Conference in Mexico later this year, while the local Multi-Stakeholder Steering Committee would continue to oversee LCDS domestic initiatives. The Norway money, he said, would enable the financing of critical transformative infrastructure; Low Carbon Small Business Initiatives; the cost of Land demarcation and land titling for indigenous communities; and the work of the Office of Climate Change.

LCDS has a short but interesting history. Since 2005, civil society had questioned Guyana's failure to participate in the international discussions on mitigation of, and adaptation to, climate change, despite being a high forest, low deforestation country. But it was not until the end of 2006, following the completion of the National Competitiveness Strategy, that President Jagdeo recognised the possibility of capturing funds suggested by UK's Sir Nicholas Stern's economic study of the costs of mitigating climate change. He became an instant convert, even offering to assign most of Guyana's forests under an international protection regime, in exchange for money.

The President then considered, based on a study by McKinsey, consultants, two options – the first, logging and mining followed by forest clearance and replacement by agricultural plantation crops; and the other, foregoing this option in exchange for an annual annuity of US\$580 million, computed on a remarkably optimistic 10 per cent annuity on the capitalised value of the exploitation and cropping.

This was soon put in the first draft of the Low Carbon Development Strategy (LCDS), at the centre of which was significantly reduced forestry activity, and a sketchy spending plan for some of the projects developed in the National Competitiveness Strategy. A road show followed in the form of an unprecedented series of single-message presentations on the draft LCDS by the President and Ministerial teams, sent out from the Office of Climate Change housed in the Office of the President. The information communicated was incomplete, and numerous questions remain unanswered. That has led to the kind of confrontation between the gold miners and the Government over the mining sector's perception that the Government was planning to give an effective veto over mining licences, to the Guyana Forestry Commission.

Norway has rejected the proposal by President Jagdeo from Guyana to channel funding through the Office of the President, and is negotiating for a multi-donor trust fund to handle the annual payments. The inclusion of the US\$30M in the 2010 Budget is surprising and even premature since there are a number of matters addressed in the Guyana-Norway Memorandum of Understanding (MoU) and its accompanying Joint Concept Note, which are subject to further negotiations and agreement.

Norway has set no conditions on how the money should be spent, unlike the REDD Readiness Preparation grants being negotiated separately by the Guyana Forestry Commission (GFC) from the World Bank's Forest Carbon Partnership Facility.

The REDD Readiness Preparation money is subject to spending plans agreed in principle by the Participants Committee of the FCPF, and to disbursement rules of the World Bank. Unlike the LCDS, and notwithstanding the absence of commitment from Guyana in its REDD Readiness Preparation Proposals, FCPF/REDD money is intended to plan for explicit reductions in emissions of forest carbon. In this sense, the absence of such requirements in the Norway-Guyana MoU is remarkably generous.

While the economic justifications for the development proposals on LCDS projects are set out in the National Competitiveness Strategy (NCS), they are reflected in outline only in the LCDS. Costings are not explained in the LCDS and no priorities have been suggested. A rational approach would be to take the NCS and LCDS as background documents and to revive the non-partisan independently-moderated multi-stakeholder forum which prepared the National Development Strategy in 1995-6. The Norwegian money might be used to co-fund some of the high-priority projects to be agreed through this forum.

The four items listed by the Minister to be funded or co-funded from the Norwegian payment in 2010 are all described in such vague terms that none has been through any rigorous analysis and evaluation. For example, his reference to "critical transformative infrastructure" can mean the fibre optic cables and technology park (US\$10 - 30 million), the Amalia Falls Dam (US\$ 400 -600 million), drainage, irrigation and road development (US\$300 - 500 million), all of which are mentioned in the revised LCDS.

On the issue of land demarcation and land titling for indigenous communities, there are still some 40 Amerindian communities without title and demarcation, and no process for addressing security of tenure for communities which do not fit the eligibility criteria of the Amerindian Act 2006. In addition there is no provision for reviewing the contested titles from previous demarcations; for addressing the serious problem of expanding needs due to population increase; and that in indigenous areas, agriculture has a low level of productivity. This too needs to be addressed by stakeholders with the Government.

Finally, the Minister did not identify any sums allocated for mitigation activities - which comprise the fundamental basis of the REDD bargain.

Presidential Assenting of Bills

The President's failure to assent to several Bills passed by the National Assembly in 2006, which lapsed when the Assembly was prorogued, has been debated on numerous occasions in the press. The Constitution in Article 170 requires the President, if he withholds his assent to a Bill passed by the National Assembly, to refer the legislative measure to the Speaker of the National Assembly within twenty-one days after it was presented to him for his assent, giving reasons for withholding his assent. The clear intention must have been that if the President did not exercise the power to refer a Bill to the National Assembly, he would expeditiously assent to it within the twenty-one days.

Despite the costly and embarrassing experience of 2006, the situation has been repeated in respect of most of the Bills passed in 2009. Of the forty passed, thirty six were assented but only five were assented to within the constitutional deadline. Principal among these were the Acts 7, 8, 16, 27, 40 (see Appendix A). For the others, the average time taken by the President to assent was 66 days, within the range 28 days to 189 days.

There was another dimension noted in the more recent cases of presidential delay. A number of the Acts were published in predated Gazettes, effectively with retrospective effect, since the law is that an Act comes into operation on the date of publication in the Gazette unless an Order is required.

There now remain four Bills which have been passed but not yet assented: Act No. 6 – Forests Act 2009 providing for sustainable management of the forestry sector, as well as preservation of Guyana's forests; Act No. 28 - Local Government Commission Act 2009 establishing a Commission by that name; Act No. 32 - Private Security Services (Regulation) Act 2009 empowering the Commissioner of Police to regulate and control private security services; and Act No. 38 - Mutual Assistance in Criminal Matters Act 2009 providing for mutual assistance in criminal matters between Guyana and Commonwealth countries, and other countries with which Guyana has a treaty. This is an average of 183 days since being passed by the National Assembly.

It is difficult to understand why the Government would wish to add to the Commissioner's already heavy workload or wish to regulate the relationships between security firms and their clients. That is a matter of freely negotiated contracts and the marketplace. The case of the Local Government Commission is easier to understand, since it leaves, in the hands of a Minister of the Government, the entire political control of local government, due to have elections in another few months.

One senior counsel is of the view that once the President has not notified the National Assembly that he is withholding assent, then by necessary implication, the Bill has to be treated as so assented. If this view is correct, the Bill becomes law without meeting the statutory rule that a Bill becomes law only when it is gazetted.

It is of course unacceptable that the President would continue to act in clear violation with the Constitution. But that does not remove the role or obligation of the parliamentary management committee and the secretariat of the National Assembly to facilitate the process. The Speaker of the National Assembly has argued that parliament's constitutional role ends when the bills are forwarded to the President for his assent. Given that this matter has been extensively discussed publicly, it may be appropriate for the parliamentary opposition to seek clarification from the courts.

Whoever is right, this is really a messy and amateurish way for two of the most important institutions in the land to conduct the country's affairs.

Whither Guysuco?

With all the bad news coming out of the state-owned Guyana Sugar Corporation practically for the entire 2009, the news that the sugar sector ultimately caused the economy to report growth for the full year, must have come as a great relief to the Government. Minister Singh in his presentation gave a litany of woes faced by the Corporation during the year, among which were erratic weather, pest infestation and damage, aged capital equipment, and industrial action. He could have added public disclosure about management salaries; publicity about the Corporation being unable to pay its wage bill on time; and a shortage of skills at all levels of the industry.

The Minister and the Government continue to give the mistaken impression that the issue facing Guysuco is one of production. That is simplistic. For Guysuco, productivity and profitability are survival issues. Volumes may help production, exports and GDP, but not necessarily profitability. Not that production is unimportant: it would surely have been good if the Corporation were able to achieve in 2009 its 1999 production of 321,871 tonnes. That is a long way from the 233,000 tonnes produced in 2009.

This Government has bet its shirt on the industry in which it continues to inject massive sums, in various forms, taken from other sectors of the economy. It is not without significance that the amount that will be injected in Guysuco is about the sum budgeted in 2010 as receipts from Norway. The Government has effectively assumed the debts of the Corporation, while its business operations have been racking losses of billions of dollars annually. This is after all, not bauxite or GNCB. For a PPP Government it is not whether Guysuco is *too big to fail* – it is simply *too important to fail*. Yet even as the Minister announced, ten billion dollars in 2010 capital expenditure by the Corporation, money which the Corporation does not have, he was careful enough to use conditional language in discussing the emergence of an efficient and competitive industry. The bets now are on what an interim Board developed as a Turnaround Plan.

Much thought must have gone into that Turnaround Plan: but some observers believe that the issues facing the industry are still not being confronted. They argue that there is a reluctance to put some of those issues on the table – the professionalisation of the management structure; insulation from political interference; low worker morale; consolidation of the industry and the possible closure of some estates; and the human resource shortage referred to above.

The Minister may have found it convenient to compare the 233,000 tonnes produced in 2009 with the 226,000 tonnes produced in 2008. But that was misleading. A better measure would have been the actual production against budget; profitability; yield; productivity; and similar factors. What if for some reason the Government finds itself unable to under-write the industry, or if the field workers continue to find the company a poor choice of employer?

Fortunately for the Corporation, the international price of sugar has risen to lucrative levels just when the sharp EU price cuts took ultimate effect. That allows some breathing space. But that is still below the price at which some of the estates produce. The future of those estates has to be confronted. Even if the much heralded Skeldon Project eventually operates at full capacity, it would not be able to service its debts and carry the unprofitable estates as well.

These are the realities which the Minister did not confront. The longer the problems are ignored, the more costly and drastic the solutions will eventually be. It is futile to complain about adverse weather and lost man-days – these will always be with you.

Conclusion

Once again it is a disappointing Budget. Again, it is more about what the Minister did not say, than what he said. The traditional sectors and the public sector continue to dominate, while the economy now subsidises sugar, water and electricity. In the twentieth year of the Economic Recovery Programme, it would have been helpful for the Minister to do a review of its results. He did not.

But it is not a forward-looking Budget either. It fails to express a clear vision and, to the extent that the Lotto and Petro Caribe funds are not bought into it, and NICIL holds back public moneys, the Budget is incomplete, and not prepared in accordance with the Constitution and the law. Unemployment, the exodus of teachers and nurses, public sector pay, weak regulatory bodies, excessive bureaucracy and corruption are all overlooked.

In his usual style, the Minister boasted that the 2010 Budget is the "largest budget ever". It is also the largest deficit ever.

In a Business Page column on the Minister's mid-year report, Christopher Ram had indicated that he would review the performance of the key sectors in the second half of the year. The Speech and the Estimates do not allow for this. As a management tool, the Estimates is not the most useful document and the parliamentary Committee of Supplies will have a wonderful time wading through it.

While frauds take place regularly in Government Ministries and Departments, the Accountant General's Office and the accounting capabilities of the ministries, departments, agencies and regions, earn no mention. There the money is spent.

But it suits the purpose of the Minister to talk up the Audit Office with which he has a signal conflict of interest. He must however, be aware that the Audit Office under current management will not advance. The weaknesses in the budget agencies and the Audit Office combine to make public accountability a nightmare.

The Minister exercises controls over many institutions which should operate independent of his Ministry. These include the Bank of Guyana, the Accountant's General Department, the Audit Office, and the Bureau of Statistics. Such controls undermine the confidence which the public have in the output of these bodies.

Ram & McRae accepts that we have made many of these criticisms before.

Indications are that this will not be the last time.

Appendix A: Acts Passed in 2009

Legislation	Title	Description	Date Act Passed	Date of assent	Bill
Act No. 1 of 2009	Trade Union Recognition (Amendment) Act 2009	Amends the Trade Union Recognition Act 1997 mainly in respect of the appointment of the Recognition Board.	January 8, 2009	March 17, 2009	25/2008
Act No. 2 of 2009	Childcare and Protection Agency Act 2009	Provides for the establishment of a Childcare and Protection Agency charged with the implementation of policies and decisions relating to the laws governing children. The Order bringing the Act into force has not yet been made.	January 8, 2009	April 7, 2009	26/2008
Act No. 3 of 2009	Supplementary Appropriation (No. 3 for 2008) Act 2009	To provide, after the end of 2008, parliamentary approval for \$4,057,905,045 of which \$1,573,421,169 relates to expenditure from the Contingencies Fund and \$2,484,483,876 relates to expenditure from the Consolidated Fund.	January 15, 2009	February 19, 2009	1/2009
Act No. 4 of 2009	Medical Practitioners (Amendment) Act 2009	To increase from six to twelve the minimum requirements for attendance by a medical practitioner at academic sessions recognised by the Medical Council of Guyana.	January 22, 2009	March 17, 2009	2/2009
Act No. 5 of 2009	Constitution (Amendment) Act 2009	To provide a new Article 119 D setting up a Standing Committee - the Parliamentary Oversight Committee on the Security Sector - with responsibility for examining the policies and administration of the Disciplined Forces of Guyana.	January 29, 2009	March 17, 2009	4/2009
Act No. 6 of 2009	Forests Act 2009	Not published in the Gazette. The Act seeks to provide for sustainable management of the forestry sector, as well as preservation of Guyana's forests.	January 22, 2009		21/2007
Act No. 7 of 2009	Appropriation Act 2009	To provide out of the Consolidated Fund \$118,483,761,000 approved by the National Assembly for the 2009 Budget.	February 26, 2009	March 18, 2009	7/2009
Act No. 8 of 2009	President Hoyte Pensions Act 2009	To provide an enhanced pension to the wife of the late President Hoyte.	April 23, 2009	April 24, 2009	10/2009

Legislation	Title	Description	Date Act Passed	Date of assent	Bill
Act No. 9 of 2009	Time Limit for Judicial Decisions Act 2009	To give effect to Article 197 (3) of the Constitution by providing limits for a judge to give a decision in civil and appeal cases and to provide for the judge's removal in cases of persistent failure.	April 23, 2009	August 14, 2009	8/2009
Act No. 10 of 2009	Election Laws (Amendment) Act 2009	To make provisions relating to the payment of election scrutineers, and to make the Leader of the Opposition responsible for the list of scrutineers of opposition parties to be controlled by him.	April 23, 2009	May 28, 2009	9/2009
Act No. 11 of 2009	Office of the Spouse of the President Act 2009	To create an Office of the spouse of the President and allowances and benefits for such a person.	April 30, 2009	May 28, 2009	11/2009
Act No. 12 of 2009	Former Presidents (Benefits and other Facilities) Act 2009	To provide several benefits and facilities to former Presidents.	April 30, 2009	May 28, 2009	12/2009
Act No. 13 of 2009	Anti-Money Laundering and Countering the Financing of Terrorism Act 2009	This replaces the Money Laundering (Prevention) Act 2000 and provides for the establishment and management of a Financial Intelligence Unit to deal not only with the prevention of money laundering but terrorist financing and other financial crimes.	April 30, 2009	August 14, 2009	18/2007
Act No. 14 of 2009	Public Utility Undertakings and Public Health Services Arbitration (Amendment) Act 2009	The scope of this Act is the settlement of dispute and prohibition of strikes and lock-outs in essential services; and to provide for new and continuing offences.	May 7, 2009	August 14, 2009	13/2009
Act No. 15 of 2009	Shops (Consolidated) (Amendment) Act 2009	To provide for a uniform opening and working hours for shops and establishments in both urban and rural areas; and to extend the opening hours for certain establishments.	May 7, 2009	June 12, 2009	14/2009
Act No. 16 of 2009	Insurance (Supplementary Provisions) Act 2009	To transfer responsibility for the functions of the Office of the Commissioner of Insurance to the Bank of Guyana.	May 7, 2009	May 28, 2009	17/2009

Legislation	Title	Description	Date Act Passed	Date of assent	Bill
Act No. 17 of 2009	Protection of Children Act 2009	Protection of Children at risk or in difficult circumstances. It sets out that the paramount and overriding consideration in any decision must be in the best interest of the child. The Order bringing the Act into force has not yet been made.	May 7, 2009	November 12, 2009	3/2009
Act No. 18 of 2009	Adoption of Children Act 2009	This Act repeals the Adoption of Children Act Cap. 46:04; introduces new laws relating to the adoption of children and provides for the establishment and composition of an Adoption Board and the Establishment of the Secretariat. The Order bringing the Act into force has not yet been made.	May 21, 2009	October 26, 2009	6/2009
Act No. 19 of 2009	Status of Children Act 2009	This Act modernises the legislation dealing with children born out of wedlock; provides for presumptions for parentage and parentage testing.	May 21, 2009	September 18, 2009	5/2009
Act No. 20 of 2009	Money Transfer Agencies (Licensing) Act 2009	This Act introduces a licensing requirement for money transfer agencies and registration requirement for their agents.	May 28, 2009	August 14, 2009	15/2008
Act No. 21 of 2009	Holiday with Pay (Amendment) Act 2009	This Act amends the principal Act primarily in relation to offences and penalties.	May 28, 2009	August 14, 2009	19/2009
Act No. 22 of 2009	Occupational Safety and Health (Amendment) Act 2009	Deals with the employment of children in factories and the institution of proceedings for enforcing the Act.	May 28, 2009	August 14, 2009	18/2009
Act No. 23 of 2009	Bills of Sale (Amendment) Act 2009	Now provides for Bills of Sale to be renewed triennially, instead of annually.	June 25, 2009	August 14, 2009	27/2009
Act No. 24 of 2009	Administration of Justice Act 2009	To permit increases from \$50K to \$150K, the limit of the jurisdiction of a magistrate's court.	June 25, 2009	August 14, 2009	24/2009
Act No. 25 of 2009	Summary Jurisdiction (Lay Magistrates) Act 2009	Provides for the Constitution of Lay Magistrates' Courts and the appointment of such Magistrates. Such Magistrates have jurisdiction throughout Guyana.	July 9, 2009	September 8, 2009	28/2009
Act No. 26 of 2009	Local Authorities (Elections) (Amendment) Act 2009	Provides the legal framework for the holding of Local Government Elections in 2009.	July 30, 2009	September 29, 2009	21/2009

Legislation	Title	Description	Date Act Passed	Date of assent	Bill
Act No. 27 of 2009	Supplementary Appropriation (No.1 for 2009) Act 2009	To provide, after the end of 2008, parliamentary approval for \$2,780,491,784 of which \$247,406,429 relates to expenditure from the Contingencies Fund and \$2,533,085,355 relates to expenditure from the Consolidated Fund.	August 4, 2009	August 25, 2009	33/2009
Act No. 28 of 2009	Local Government Commission Act 2009	Not published in the Gazette. The Act establishes the Local Government Commission as provided for by Article 78A of the Constitution and sets out functions and procedures of the Commission.	August 6, 2009		22/2009
Act No. 29 of 2009	Administration of Justice (No.2) Act 2009	Increases the penalty for damages to any public or private, movable or immovable property.	August 6, 2009	September 8, 2009	32/2009
Act No. 30 of 2009	Fugitive Offenders (Amendment) Act 2009	This amendment gives effect to the 2008 decision in Barry Dataram's case that held that there is no implied condition or prohibition of re-extradition of a fugitive offender to a third country emerging from 1931 UK - USA Extradition Treaty.	October 22, 2009	December 22, 2009	34/2009
Act No. 31 of 2009	Rice Factories (Amendment) Act 2009	Restricts the amounts and period which millers may owe farmers for paddy supplied.	October 22, 2009	December 22, 2009	35/2009
Act No. 32 of 2009	Private Security Services (Regulation) Act 2009	Not published in the Gazette. The Act provides for the Commissioner of Police to regulate and control private security services.	November 12, 2009		38/2009
Act No. 33 of 2009	National Insurance and Social Security (Amendment) Act 2009	Requires the General Manager of the NIS to submit annual contribution statements and compliance reports to employees and employers. It also requires persons tendering for Government contracts to produce NIS compliance certificates.	November 19, 2009	January 13, 2010	39/2009
Act No. 34 of 2009	Fire Prevention (Amendment) Act 2009	Increases the number of members of the Fire Prevention Board and penalties for offences under the Act.	November 26, 2009	December 31, 2009	40/2009
Act No. 35 of 2009	Fire Service (Amendment) Act 2009	Increases fines and other penalties for offences under the Act.	November 26, 2009	December 31, 2009	41/2009

Legislation	Title	Description	Date Act Passed	Date of assent	Bill
Act No. 36 of 2009	Fires and Casualties Inquiry (Amendment) Act 2009	Requires the magistrate to hold a public enquiry where the Fire Service investigation discloses sufficient reasons for such an enquiry.	November 26, 2009	January 13, 2010	42/2009
Act No. 37 of 2009	Prison (Amendment) Act 2009	Amends the definition of prison officer and young prisoner; creates new offences and provides for enhanced penalties. Protests on the roof deemed a major prison offence.	November 26, 2009	December 31, 2009	43/2009
Act No. 38 of 2009	Mutual Assistance in Criminal Matters Act 2009	Not published in the Gazette. The Act provides for mutual assistance in criminal matters between Guyana and Commonwealth countries and other countries with which Guyana has a treaty concerning such assistance.	December 3, 2009		46/2009
Act No. 39 of 2009	Local Authorities (Elections) (Amendment #2) Act 2009	Extends the deadline to December 31, 2010 for the holding of Local Government Elections.	December 10, 2009	January 13, 2010	47/2009
Act No. 40 of 2009	Supplementary Appropriation (No.2 for 2009) Act 2009	To provide, after the end of 2008, parliamentary approval for \$4,677,208,405 of which \$2,240,280,499 relates to expenditure from the Contingencies Fund and \$2,436,927,906 relates to expenditure from the Consolidated Fund.	December 10, 2009	December 14, 2009	48/2009

Appendix B: Selected Socio - Economic Indicators

ITEM	2009	2008 (Revised)	2008	2007	2006	2005
1 National Accounts Aggregates						
1.1 Growth Rate of Real GDP	2.30	NA	3.1	5.4	5.1	(1.9)
1.2 GDP at factor cost (US\$M)	999.40	NA	945.2	847.9	754.9	683.0
1.3 GNP at factor cost (US\$M)	982.50	NA	930.4	836.7	698.1	663.5
1.4 Per Capita GDP (US\$)	1,298.60	NA	1,233.6	1,111.0	992.4	900.9
1.5 Per Capita GNP (US\$)	1,276.60	NA	1,214.3	1,096.3	917.7	875.1
1.6 Gross National Disposable Income (US\$M)	1,436.00	1406.2	1,483.8	1,353.1	1,019.9	930.4
1.7 Private Consumption as % of Gross Domestic Expenditure	50.50	57.1	63.3	54.6	48.5	55.3
1.8 Public Consumption as % of Gross Domestic Expenditure	18.70	16.8	14.4	17.3	18.0	20.3
2 External Trade and Finance (US\$M)						
2.1 Bal of Payments Current Account Balance	(219.7)	(321.4)	(299.1)	(189.1)	(250.4)	(157.5)
2.2 Imports of Goods and Non- Factor Services (G&NFS)	(1,440.9)	(1,648.8)	(1,624.0)	(1,335.6)	(1,130.4)	(984.5)
2.3 Exports of Goods and Non- Factor Services (G&NFS)	938.5	1,013.4	1,010.3	870.9	732.7	698.9
2.4 Resource balance	(502.5)	(635.4)	(613.7)	(464.7)	(397.7)	(285.7)
2.5 Imports of G&NFS/GDP(%)	144.2	174.4	171.8	157.5	149.7	144.1
2.7 Exports of G&NFS/GDP (%)	93.9	107.2	106.9	102.7	97.1	102.3
2.8 Net International Reserves of Bank of Guyana	569.4	NA	298.8	254.0	221.5	160.5
2.9 External Public Debt Outstanding	933.0	834.3	833.7	718.8	1,043.2	1,214.6
3 Prices, Wages and Output						
3.1 Rate of Inflation (% change in Urban CPI)	3.6	NA	6.4	14.0	4.2	8.3
3.2 Public Sector Monthly Minimum Wage in G\$ (e.o.p)	31,626.0	NA	29,836.0	28,416.7	26,070.3	24,828.9
3.3 % Growth Rate	6.0	NA	5.0	9.0	5.0	7.0
3.4 Electricity Generation (in MWh)	602.0	NA	569.2	559.2	534.6	528.4
4 Population & Vital Statistics						
4.1 Mid- Year Population ('000)	769.6	NA	766.2	763.2	760.7	758.2
4.2 Population Growth Rate (e.o.p)	0.4	0.4	0.3	0.3	0.3	0.3
4.3 Net Migration ('000)	(18.8)	NA	(15.7)	(10.8)	(9.2)	(15.2)
4.4 Visitor Arrivals ('000)	141.3	NA	129.6	134.1	113.5	116.8
4.5 Crude Birth Rate (per 1,000 persons)	19.6	NA	19.9	19.0	19.5	19.6
4.6 Crude Death Rate (per 1,000 persons)	6.2	NA	6.5	6.6	6.6	6.9
4.7 Crude Marriage Rate (per 1,000 persons)	5.4	NA	4.2	5.3	6.1	4.8
4.8 Infant Mortality Rate (per 1,000 persons)	14.9	NA	17.5	20.3	19.2	22.0
4.9 Under 5 Mortality Rate (per 1,000 live births)	19.8	NA	20.2	23.9	20.3	26.5
5 Health and Education						
5.1 Public Expenditure on:						
5.1.1 Education as % of National Budget	15.7	15.5	15.1	17.1	13.0	13.7
5.1.2 Health as % of National Budget	9.9	NA	9.3	10.6	9.0	7.5
5.2 Number of Physicians Per Ten Thousand Population	6.6	NA	6.6	5.1	4.9	4.9
5.3 Number of Nurses per Ten Thousand Population	11.2	NA	10.6	10.1	10.8	11.6
5.4 Number of Hospitals Beds per Ten Thousand Population	25.1	NA	24.9	24.9	24.1	24.9
5.5 Low birth-weight babies (<2,500g.) as a % of live births	10.1	NA	11.0	11.6	10.8	11.7
5.6 Severely Malnourished	0.2	0.3	0.4	0.5	0.4	0.6
5.7 Moderately Malnourished	5.3	5.9	6.0	7.0	5.9	7.0
5.8 Overweight	3.6	3.3	3.6	3.6	3.9	4.7
6 Crime						
6.1 Reported Serious Crimes	2,289.0	2,547.0	2,246.0	2,470.0	2,756.0	3,270.0
6.2 of which: Homicides	120.0	165.0	164.0	116.0	173.0	150.0
7 Exchange Rates						
7.1 G\$ to US\$	203.25	NA	205.25	203.50	201.00	200.25
8 Interest Rates						
8.1 Prime Lending Rate (weighted average) ¹	14.54	NA	14.54	14.71	14.54	14.54
8.2 Small Savings Deposit	2.78	NA	3.04	3.15	3.19	3.38
8.3 Three Months Time Deposits	2.32	NA	2.34	2.40	2.48	2.59
8.4 Treasury Bill Rate (91 days)	4.18	NA	4.19	3.90	4.16	3.74
9 Debt						
9.1 External Public Debt (G\$M) ²	189,632.3	NA	171,116.9	146,136.0	209,677.8	243,215.4
9.2 Public Domestic Debt (G\$M)	87,000.0	NA	74,972.6	69,345.4	74,308.2	67,754.3

1: The average prime lending rate actually used by commercial banks applicable to loans and advances.

2: Amount denoted in US\$- converted using exchange rate in 7.1

NA: Not Available / Not Applicable