

**Guyana: Enhanced Initiative for Heavily Indebted Poor Countries—
Completion Point Document**

This paper was prepared by staff of the International Monetary Fund and the World Bank in connection with the Executive Board's consideration of **Guyana's** progress under the Enhanced Initiative for Heavily Indebted Poor Countries. It is based on the information available at the time it was completed on **November 26, 2003**. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of **Guyana** or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

GUYANA

**Completion Point Document under the Enhanced Heavily Indebted
Poor Countries (HIPC) Initiative**

Prepared by the Staffs of the International Monetary Fund and
The International Development Association¹

November 26, 2003

HIPC completion point. The staffs of the IMF and IDA consider that Guyana has broadly met the completion point conditions under the enhanced HIPC Initiative: a track record of policy implementation has been established through the completion of the first review under the PRGF in September and good progress toward meeting the conditions of the second review due in February 2004; overall progress in poverty reduction has been broadly acceptable as indicated by increased poverty-related expenditures and improvements in key social indicators since 2000; and most of the floating completion point conditions have been met. The completion point Board meetings will be held after the government has granted a 2003 wage increase for core civil servants in line with the PRGF program, and has enacted an organic budget law, and are tentatively scheduled for December 15 (IMF) and December 16 (IDA).

Waiver request. The staffs support the authorities' request for waivers of two of the floating completion point conditions on civil service reform, as compensatory measures have been taken. The requirement to downsize 1,000 core civil servants has been compensated by more than 2,500 lay-offs elsewhere in the public sector. The completion of a list of job descriptions and design of a performance appraisal system has been replaced by the initiation of a comprehensive civil service reform with IDB support. Moreover, the government has formalized a hiring freeze in the core civil service until the IDB program is operational in 2005 and has committed to grant 2003 wage increases to core civil service workers consistent with the macroeconomic framework.

Creditor assurances for the HIPC. Financing assurances regarding enhanced HIPC Initiative assistance for Guyana represent about 81 percent of the total assistance approved at the time of the decision point, which is sufficient for the completion point and for the IMF to disburse its assistance.

Future debt sustainability. Guyana qualifies for enhanced HIPC assistance under the fiscal window. At end 2003, after enhanced HIPC relief, the ratio of the NPV of debt to central government revenues is estimated at 213 percent, 37 percent lower than the fiscal threshold. While the ratio rises in the short run associated with the large investment in the sugar sector, it levels out at about 150 percent in 2022. Sensitivity analysis highlights that the ratio could be as high as 200 percent in 2022 if the sugar price that Guyana receives from its current preferential markets is halved in 2007 once liberalization of the sector takes place.

¹ Approved by Anoop Singh and Juha Kähkönen (IMF), and David De Ferranti and Gobind Nankani (IDA).

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I. INTRODUCTION

1. **In September 2002, some Directors noted that the completion point could be reached at the time of the first review of the current Poverty Reduction and Growth Facility (PRGF)-supported program, provided the conditions defined at the decision point² are fulfilled (Box 1).** Almost all triggers have now been met, including the preparation of a consultative poverty reduction strategy paper (PRSP) that outlines the government's plans to use HIPC debt relief to reduce poverty.³ The authorities have requested (Appendix I) that two pending triggers be waived—namely, the requirements to lay-off 1,000 core civil servants, and to complete a list of job descriptions and design a performance appraisal system in connection with civil service reform. The staffs support the authorities' waiver requests based on significant progress made in implementing a more comprehensive civil service reform program with support from the IDB (see Box 1 for more details); on the progress with employment downsizing in the non-government public sector; and on other measures aimed at advancing civil service reform and controlling the public sector wage bill. On this basis, and provided that the pending compensatory measures related to core civil service wage increase and enactment of the organic budget law (see below) are implemented, the staffs recommend that the Executive Boards of the IDA and IMF agree that Guyana has reached the completion point under the enhanced HIPC Initiative.

2. **Guyana has received substantial amounts of debt relief under the HIPC Initiative.** The Executive Boards of the IMF and IDA agreed in May 1999 that Guyana had met the requirements of the completion point under the original HIPC Initiative, qualifying it for US\$256 million in debt relief in net present value (NPV) terms (Table 1). This reduced the NPV of Guyana's external debt to the required threshold of 280 percent of average central government revenues as of end-1997. Paris Club bilateral creditors agreed in June 1999 to grant the required relief under Lyons terms (a stock of debt operation with an 80 percent NPV reduction on eligible debt).

3. **Subsequently, the Executive Boards agreed in November 2000 that Guyana had reached the decision point under the enhanced HIPC Initiative.** This qualified it for further relief of about US\$329 million in NPV terms, so as to bring its debt to revenue ratio below the new threshold of 250 percent as of end-1998.⁴ The Boards also agreed to provide interim debt relief to Guyana until the new completion point was reached. As a result, Guyana has received SDR15.4 million from the IMF and US\$6.5 million from IDA as enhanced HIPC interim relief since 2000, which was complemented by a decision by the Inter-American Development Bank (IDB) in September 2002 to give interim relief for about US\$16.5 million, as of end-2003.

² See www.imf.org and IDA's Report No. P7394-GUY (October 26, 2000).

³ www.imf.org and IDA/SecM202-0476.

⁴ Guyana qualified for enhanced HIPC assistance under the fiscal window with an NPV of external debt to revenue ratio of 417 percent.

Box 1: Guyana—HIPC Completion Point Status	
Key Reforms and Objectives to be Achieved Before Completion point	Status of Implementation as of November 25, 2003
<p>1. Poverty Reduction Strategy Paper Complete a broad-based fully participatory Poverty Reduction Strategy Paper.</p>	<p>Done. The Joint Staff Assessment has confirmed that the PRSP completed in November 2001 was prepared through a broadly satisfactory participatory process. Overall progress has been made in implementing the PRSP and in poverty reduction that is broadly acceptable, as evidenced by reforms in the social sectors, the water sector, the poverty monitoring and evaluation system, the tax system and the public sector procurement system.</p>
<p>2. Macroeconomic stability Maintain stable macroeconomic conditions as evidenced by satisfactory performance under the PRGF-supported program.</p>	<p>Done. Completion of the first PRGF review on September 5, 2003 and continued good performance under the program provide evidence of a satisfactory track record of policy implementation.</p>
<p>3. Governance Achieve satisfactory progress in the reform of the public procurement system, including the tabling of a new procurement legislation in parliament. Improve the coordination of capital and recurrent budgets with the objective of fully incorporating recurrent costs of the capital program in the national budget. Continue to track the planned spending of the HIPC resources in the budget.</p>	<p>Done. A new Procurement Act was tabled in parliament in June 2003 and was broadly satisfactory to IDA. For the most part, the Act reflects the agreement reached between the Government and the World Bank. In the one area where there is a significant change from what was agreed, the change could be addressed in the implementing regulations.</p> <p>Done. Government has taken the following actions to improve the coordination of current and capital expenditure estimates: (i) a single budget circular is now issued to all ministerial departments; and (ii) officers working on the current budget attend meetings related to the capital budget and vice versa. In addition, Guyana is strengthening the process of selecting investment projects, with IDB assistance. An ongoing project financed by Canada-CIDA is helping to introduce program budgeting on the recurrent budget side.</p> <p>Done. The authorities are tracking government expenditures deemed to reduce poverty.</p>
<p>4. Social sectors and structural reforms Achieve satisfactory progress in increasing the number of teachers and health care workers, as indicated in the I-PRSP matrix. Develop a plan for 2002 population census which will serve as input in updating the poverty map. Achieve progress in the following civil service reforms: Separate from core civil service 1,000 security guards. Complete the computerization of the public service payroll and pensions.</p>	<p>Done. The number of primary school teachers increased from 4,457 in 2000 to an estimate of 5,275 for 2003. The number of secondary teachers went from 2,298 to 2,659 during the same period. The ratio of trained teachers to the total number of teachers also increased from 54 percent to about 60 percent for primary teachers and from 56 percent to 68 percent for secondary teachers. The number of health care workers increased from 3,460 to 3,502 over 2000-02.</p> <p>Done. The census plan was completed in January 2002. Under the census, 95 percent of the population has so far been enumerated.</p> <p>Done. 1,359 security guards were outsourced in November 2000.</p> <p>Done.</p>
<p>Separate from core civil service 1,000 temporary and unqualified civil servants. Complete staff audits, job description, and a performance appraisal system to fulfill the technical assistance component of a comprehensive public sector modernization program.</p>	<p>Waiver requested, compensating measures taken. Although 1,000 members of the civil service were not laid-off because of the desire of the government to introduce a more comprehensive civil service reform program supported by the IDB, other efforts at downsizing in the rest of the public sector resulted in lowering employment by over 2,500 employees since 2001. This includes the actions taken with respect to Guyana National Cooperative Bank, GUYSUICO, and the state-owned bauxite companies.</p> <p>Partially done, waiver requested. Staff audits, job descriptions, and a performance appraisal system were to be supported by the IDB Technical Cooperation Design of the Public Sector Modernization Program (PSMP TC). Under this TC, which was approved in January 2000, staff audits of core government ministries, most regional administrations and a number of semi-autonomous agencies were carried out from May-June, 2002. Job descriptions and performance appraisal activities were not undertaken, owing to a joint IDB-GOG decision in June 2001 to reformulate the PSMP TC, with a view to improving the sequencing of activities and removing potential duplication with the activities of other donors. It was instead agreed that the program should focus upon overview studies of the public service function and vertical institutional capacity assessments of the government</p>

Box 1: Guyana—HIPC Completion Point Status	
Key Reforms and Objectives to be Achieved Before Completion point	Status of Implementation as of November 25, 2003
	<p>ministries. All GOG actions contemplated in the reformulated operation have been completed, with the publication in April 2003 of 22 ministerial Organizational Diagnostic Reports and four overview studies (Governance Processes, Structures, and Capacity, and Organizational Performance Measurement). These reports are the result of a participative and consensus-driven process, and have brought important new information to the civil service reform process in Guyana. The intention and spirit of this condition has been fulfilled.</p> <p>All these activities and studies will feed into the proposed public sector modernization program, that the IDB is currently working on with the GOG. The government has formalized a hiring freeze in October 2003 in the core civil service to be in place for two years. These measures will help contain the wage bill. Moreover, the enactment of the organic budget law in December 2003, incorporating semi-autonomous agencies into the budget, will create a better basis for civil service reform. Moreover, the government has committed to grant 2003 wage increases in the core civil service consistent with the macroeconomic framework. The 2003 teachers' wage increase is already in arbitration, and would be excluded, but the government is still aiming to reach settlement with the teachers' union independently.</p> <p>Done. The implementation of the six-year plan has started. The modernization agreement between the Government and GUYSUOCO, based on technical advice from the World Bank, was signed in March 2003. GUYSUOCO has begun the first phase of its new wage policy with (i) the recent arbitration ruling setting the 2003 wage increases in line with inflation; and (iii) negotiations underway between GUYSUOCO management and the labor unions on replacing the API by profit sharing. Permanent employment was downsized (excluding outsourcing) by 760 workers between 2000 and 2002. In mid-2003, negotiations started between GUYSUOCO and the private management company to replace production incentives with profit incentives. The authorities were planning to extend the sugar project beyond the original plan by adding a co-generation component, but have agreed that the component will move forward after consultation with the World Bank on its economic viability, and if the terms and the amounts of its financing are consistent with debt sustainability.</p>
Implement an agreed revised investment and restructuring plan for GUYSUOCO on the basis of the results of the economic viability study undertaken with IDA support, and in keeping with Guyana's commitments under the PRGF.	Done. The sale of GNBC was completed in March 2003.
Bring the Guyana National Commercial Bank (GNCB) to the point of sale and open it to bidding.	Done. An investment law was tabled in parliament in October 2003. If passed in its current form, it would provide a satisfactory investment framework and contain fiscal incentives that are consistent with the tax reform legislation enacted in August 2003.
Satisfactory progress in strengthening the framework for private sector investment, including the tabling of an investment law in parliament.	Done.
Begin the implementation of SIMAP III (as verified by signing of SIMAP III agreement with IDB) with strengthened Amerindian component.	Done.

4. **The debt stock estimate for Guyana as of end-1998 was revised upwards to US\$ 833.1 million in NPV terms, US\$5.9 million higher than the amount indicated at the decision point qualifying it for additional assistance (Table 2).** The revisions come mostly from new information from non-Paris Club and commercial creditors, and new calculations.

II. ASSESSMENT OF REQUIREMENTS FOR REACHING THE COMPLETION POINT

5. **Over the past few years Guyana has maintained macroeconomic stability (Tables 3–5) despite a difficult external, political, and security situation.** While progress with reforms in 2001–02 was mixed with the first PRGF going off track, their implementation has resumed in 2003. The implementation of the PRSP has progressed and there is some improvement in poverty indicators. The PRGF-supported program is on track, with the first review completed in September 2003 and good progress in policy implementation thereafter. Moreover, structural reforms have gained momentum, as indicated by satisfactory performance in meeting most of the pending completion point triggers and in implementing reforms envisaged under the PRGF and the Poverty Reduction Support Credit (PRSC).

A. Implementation of the Poverty Reduction Strategy

6. **The PRSP faces a formidable challenge in improving Guyana’s social indicators.** These continue to lag those of the region despite improvement since the launch of the Economic Reform Program in the late 1980s.⁵ Many basic indicators remain significantly below those of most other countries in Latin America and the Caribbean (see Table 1). In 2001, life expectancy at birth was 63 years in Guyana compared with 70 years in Latin America and the Caribbean, and the percentage of malnourished children under 5 was 12 percent in Guyana compared with 9 percent in the region. Moreover, the recent weak growth may have adversely affected some indicators.

7. **The broad policy reform agenda outlined in the PRSP is geared toward enhancing productivity and competitiveness to promote sustainable growth and poverty reduction, and improving the delivery of essential social services.** The strategic pillars of the PRSP are: (i) broad-based, jobs-generating growth; (ii) stronger institutions and better governance; (iii) investment in human capital, with emphasis on basic education and health; (iv) investment in physical capital; (v) improved safety nets; (vi) special intervention programs to address regional pockets of poverty; and (vii) environmental protection. The PRSP focuses on improving governance and public sector accountability, and on enlarging access and improving equity in the delivery of education and health services through increased spending on primary health care, primary and secondary education, water and sanitation, and housing.

⁵ The PRSP was finalized in November 2001 and builds on the National Development Strategy (1996) and the Interim-PRSP (2000), both of which were developed in wide consultation with civil society. The PRSP reflects the results of an extensive participation and consultation process and was discussed at the IMF and World Bank Boards in September 2002.

Table 1. Selected Social Indicators: Guyana and Comparators, 2001

	Guyana	Latin America and the Caribbean	Lower-Middle Income Countries
Poverty incidence (percent below poverty line, 1999/2000) 1/	35	11–26	...
Urban population (percent of total population)	38	75	42
Life expectancy at birth (years)	63	70	69
Infant mortality (per 1,000 live births)	54	30	32
Child malnutrition (percent of children under 5)	12	9	11
Prevalence of HIV/AIDS (female, percent ages 15–24)	4	n.a.	1
Illiteracy (percent of population 15+)	1	12	15

Source: World Bank, Social Indicators Data Base, 2003.

1/ For Guyana, the poverty incidence of 35 percent is for 1999 based on a national poverty line of US\$1.40 a day. (or 19.1 percent with a poverty line of US\$1.08 a day). For the LAC region it ranges between 10.8 percent and 26.3 percent for 2000 based on a poverty line of US\$1.08 and US\$2.15 a day, respectively.

8. **Since the adoption of the PRSP, progress has been made in reaching several of its objectives, albeit with delays.** In particular, advances have been made in achieving objectives (ii) through (v), with good progress in the water sector, the sugar sector, the government procurement system, and the monitoring and evaluation of programs and projects (including the tracking of poverty reducing spending). However, economic growth and government revenues in 2002–03 have been substantially lower than anticipated in the PRSP, as discussed below. This weak growth has adversely impacted the authorities' ability to reach objectives (i), (vi), and (vii). They have committed to completing a PRSP update by end–2003 to reflect the more difficult environment. It is difficult to assess whether durable changes are being made to the poverty situation because data on many of the PRSP targets are not yet available. However, poverty spending in terms of GDP has increased (Figure 1), the PRSP target for infant mortality reduction in 2001 was exceeded, and the number of health workers and teachers has also risen in recent years.

9. **Based on the current progress, the PRSP poverty-related targets appear to fall short of achievement of the Millennium Development Goals as stated in the Joint IDA-IMF Staff Assessment (2002).** Of critical concerns are the targets related to poverty incidence, infant mortality and maternal mortality. The PRSP progress report, which is under preparation, is expected to discuss in more details the progress made so far in achieving the MDGs and the actions that need to be taken by the government to correct for the shortcomings.

B. Broad-based Growth and Maintenance of Macroeconomic Stability

10. **A key growth challenge for the PRSP is to broaden the economic base and improve the competitiveness of traditional sectors.** This would allow the country to increase its growth potential and better withstand external shocks. The difficulties facing the traditional sectors and the absence of major new mining ventures imply a need for new

sources of growth and employment. Possibilities are agro-processing, forestry and eco-tourism, given Guyana's extensive tropical rainforest coverage.

11. **Programs supported by the PRGF since the decision point discussion in late 2000 have aimed at reversing the stagnation in output since 1998.** However, growth has remained sluggish in 2000–03 at an average of 1 percent, because of competitiveness-reducing wage increases and delayed structural reforms in a difficult political and security situation. Slippages in fiscal and structural policies led the 2001 PRGF-supported program off-track. A new three-year program was adopted in September 2002. It focuses on boosting export competitiveness with efficiency-enhancing structural reforms especially in the state enterprises, improving the framework for private investment, reining in increased wage costs and reinforcing the public finances while increasing poverty-reducing expenditure. These measures have been complemented by reforms under the PRSC which was adopted in December 2002.

12. **Despite weaker activity than envisaged in 2002, macroeconomic performance under the new PRGF program, has been broadly satisfactory.** The economy stagnated despite increasing sugar output, reflecting slow implementation of structural policies, a weak external economic environment, and a deteriorating domestic security situation. Inflation at 6 percent was slightly above projections, reflecting mainly utility price increases. The gross official international reserve position at end-2002 was strong, covering 4.2 months of 2003 imports, 150 percent of base money and over 700 percent of short-term external public debt. The external current account deficit fell below 15 percent of GDP (20.2 percent of GDP in the program), owing to weak import growth in the context of a stagnant domestic economy and delays in implementing capital projects.

13. **Some end-2002 performance criterion were missed.** The 2002 nonfinancial public sector (NFPS) deficit was significantly below program target (5.9 percent of GDP compared to 7.6 percent), as lower domestic interest costs and capital expenditures more than offset weak performance in the public enterprises. However the performance criteria on the Bank of Guyana's net domestic and net foreign assets were missed, as delays in amending procurement legislation (see below) held up programmed IDA Credit disbursements.

14. **The first review of the PRGF-supported program was completed in September 2003.** This followed a period of six months of successful policy implementation between January 1, 2003 and end-June 2003. Over this period the budget target set by Fund staff was largely met, inflation remained close to program objectives, and the exchange rate was fairly stable. The revised 2003 program was based on a NFPS deficit of about 9 percent of GDP that accommodates large outlays for sugar sector restructuring and for certain delays in structural reforms,⁶ and takes into account the adverse impact of weak growth on revenues. Although the revised deficit target is somewhat higher by 0.4 percent of GDP than in the original program, it is consistent with macroeconomic stability as it comes at a time of weak private demand. To achieve the fiscal objective, the authorities have taken steps to improve

⁶ The underlying deficit for 2003, excluding these outlays, is set at 6.4 percent of GDP.

the tax system and its administration, to restructure public enterprises, and to cut budget outlays that do not affect poverty.

15. **The program continues to be implemented successfully.** All end-September 2003 indicative targets were met, except for the net foreign assets (NFA) target of the Bank of Guyana. It was missed by a small amount due to a delay in export receipts. Twelve-month inflation was at 6.2 percent in September and continues to be close to the programmed 6 percent, and gross international reserves of US\$262 million at end-September covered four months of projected 2004 imports. The stabilization of the political situation in May has helped advance the structural reforms supported by the program, including a comprehensive tax reform (see para. 29) and further restructuring of public enterprises.⁷ The authorities have implemented one end-December structural performance criterion on improving tax administration ahead of schedule. Amendments to the Guyana Revenue Authority (GRA) Act to improve its human resource management were enacted in October instead of December. Work is well underway to meet the other end-December structural performance criteria.

16. **On present trends, the end-December quantitative targets are likely to be met although there are risks regarding the ceiling on wages in the public sector since 2003 wage negotiations are ongoing.** Discussion on 2003 wages for teachers has already ended up in arbitration, but the authorities are still trying to reach settlement with the teachers' union independently. Moreover, they have committed to grant wage increases in the core civil service consistent with the macroeconomic framework prior to Board consideration of the completion point. The program assumes a wage increase of 6 percent, in line with projected inflation. They have also committed to enacting an organic budget law prior to Board consideration.

C. Stronger Institutions and Better Governance

17. **Actions have been taken to improve the government procurement process and increase the productivity of public investment.** The procurement process has suffered from understaffing, low thresholds calling for government review of contracts, conflicts of interest and a lack of centralized oversight that has led to delays and misuse of funds. A new Procurement Act (completion point trigger), passed by the National Assembly in May 2002, addressed some of these issues. However, it allowed continued cabinet intervention in the approval process, overlooked the role of the Public Procurement Commission (PPC) in parliament, centralized the decision-making process, and was not based on public consultation. To address these issues, the government decided to repeal the existing Procurement Act and, in consultation with IDA, presented a revised draft law to parliament which was ratified on July 24, 2003.

18. **Recognizing the importance of private sector development to growth and poverty reduction, the government has recently taken steps to improve the investment**

⁷ The opposition came back to parliament in May 2003 after nearly 14 months of absence due to disagreement with the ruling party on a complex of constitutional and political issues.

climate through institutional and legal reforms (completion point trigger). On the institutional side, the investment promotion agency (Go-Invest) has been revived by the appointment of a new chief executive officer. On the legal side, the government enacted the procurement law in July 2003 and in August, passed two other important acts to reform the tax system (see para. 27). In October 2003, it submitted new legislation to parliament to improve the investment climate, including for small enterprises. The legislation establishes basic guarantees and rights for investors (e.g., against expropriation) and makes incentives more transparent.

D. Investment in Human and Physical Capital

19. **The provision of water and sanitation services is being rationalized, which helps set the stage for expanding service delivery and coverage.** In 2002, the two state-owned water companies were merged into a single company (Guyana Water Inc., GWI) and legislation was enacted establishing quality standards and a mechanism to manage water resources. The initiation of private management of GWI in January 2003 is expected to promote sectoral restructuring, with capital outlays for service expansion and water quality improvements partly funded through better cost recovery.

20. **In the health and education sectors, the government has recently introduced several initiatives (completion point trigger).** As indicated earlier, the paucity of data makes an evaluation of improvements in these sectors difficult. However, the number of health workers has increased by about 5 percent per annum over the 1999–02 period and infant mortality rates are down. In terms of policies, the recently approved National Health Plan has prioritized the consolidation of facilities, management and service delivery, and training programs to increase and retain skilled staff. Particular attention will be given to expanding service delivery in hinterland areas. Some underutilized facilities will be closed, others consolidated, and some hospitals converted to outpatient polyclinics. Adequate upgrading, maintenance and staffing of facilities will be crucial. Efforts to fight HIV/AIDS have been intensified, with the elaboration of a HIV/AIDS National Strategic Plan encompassing education, counseling, and the adoption of treatment guidelines and access to antiretroviral drug therapy. Moreover, a major health sector program is being prepared with IDB support to strengthen the institutional capacity of the system, and to foster human resource development and improvements in health service delivery. In the education sector, priorities include teacher training and retention, facilities management and availability of books and school supplies, and accessibility and affordability of school attendance for families. Although these efforts have sustained primary and secondary school enrollment rates at high levels, chronic absenteeism and poorly qualified teachers have contributed to poor results. Indeed, national scores on the Caribbean Examinations Council remain substantially below the Caribbean average, despite considerable improvement in recent years.

21. **The retention of qualified personnel is a chronic problem, both at the national level and in rural regions, especially in the education and health areas.** Every year a large number of Guyanese emigrate contributing to high vacancy rates and continuing reliance on unqualified workers. Indeed, in 2000 up to 40 percent of positions in the ministry of health were vacant and 43 percent of secondary teachers were classified as untrained. Since then, the

share of unqualified secondary teachers has fallen by 12 percentage points. To address the problem of staff retention, the IDB-funded Basic Education Access and Management Support (BEAMS) project is providing in-service training opportunities and developing teacher accommodations in remote areas. Moreover, a recently approved education project (Education For All-Fast Track Initiative) will devote nearly US\$5 million to training teachers in the hinterland areas using a distance-learning approach, constructing houses for teachers and providing a hardship allowance.

22. **Available information suggests that key social performance indicators under the enhanced HIPC Initiative improved in 2000–02 (see Table 2 below).** The number of teachers (primary and secondary) increased by 5–6 percent per annum (completion point trigger), the ratio of trained teachers by 5–10 percentage points, and the student drop-out rates declined by 3 percent. With respect to the health sector, the number of workers has gradually increased during 2000–02. The European Union (EU) is restructuring its aid program with Guyana, and, beginning in 2004, its direct budget support program will be linked to Guyana’s ability to achieve a variety of social sector benchmarks, initially, in the health and housing sectors. It is therefore vital for the government to develop these and other indicators presented in its PRSP, and organize a transparent mechanism for tracking and reporting performance. The Policy Coordination and Program Management Unit, set up in 2001 at the Presidency, should take the lead in this context.

Table 2. Guyana: Selected Education and Health Indicators, 1999–2003
(Number of workers, except where noted)

	1999	2000	2001	2002	Est. 2003
Primary teachers	3951	4457	4808	5048	5275
<i>Of which</i>					
Trained (percent)	50	54	57	60	59
Secondary teachers	3371	2298	2412	2532	2659
<i>Of which</i>					
Trained (percent)	58	56	64	69	68
Total of newly trained teachers	320	509	576	472	n.a.
Student drop outs (primary)	2209	2100	2005	1992	n.a.
Student drop outs (secondary)	2500	2326	2275	2198	n.a.
Health care workers	3057	3460	3475	3502	n.a.

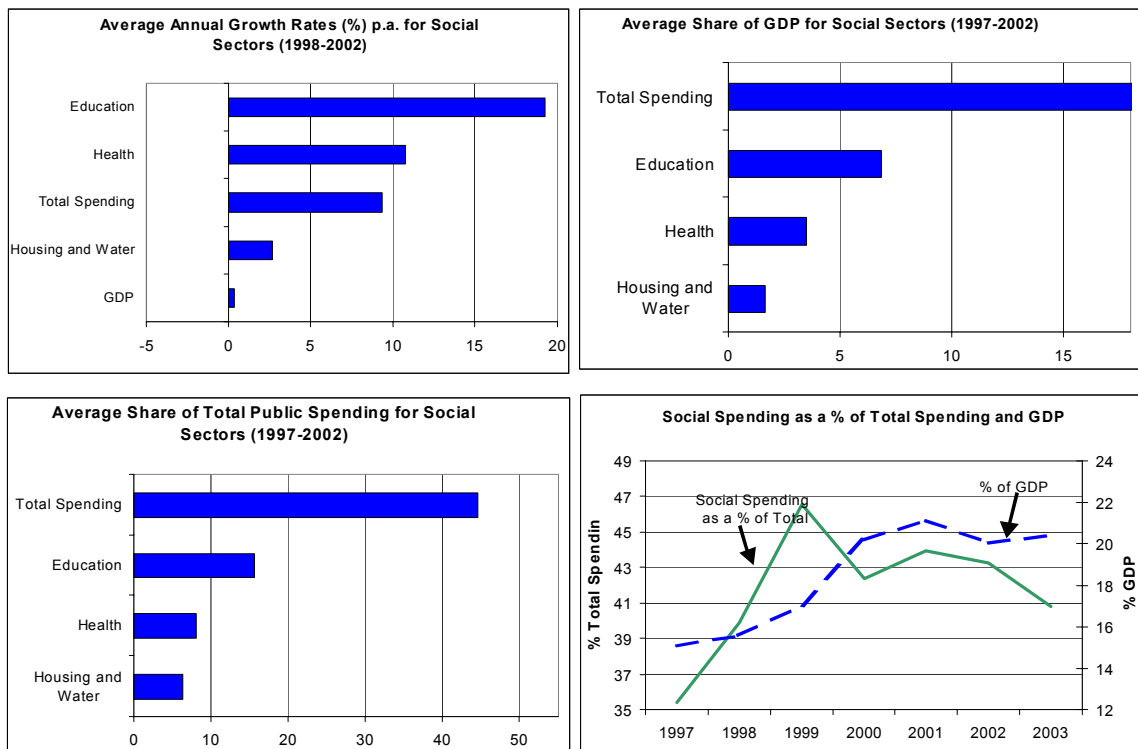
Source: Government of Guyana.

E. Improved Tracking of Poverty and Regional Poverty Programs

23. **The authorities have been tracking pro-poor growth spending fairly successfully (completion point trigger).** As shown in Figure 1, the government’s pro-poor growth spending—i.e., spending on education, health, housing and water, and other poverty alleviation programs—has substantially increased since 1997, both in real and relative terms. It grew by an annual average rate of 5.9 percent in real terms between 1997 and 2002, faster than GDP growth (0.7 percent) and total spending (3.2 percent). As a share of GDP, it increased from around 15 percent in 1997 to 20 percent in 2002, although it has stabilized at this level since 2000. Spending on both education and health increased sharply in relation to GDP during the period under review, with the share of education more than doubling and the share of health increasing by 50 percent. In both sectors, the increase is largely accounted for by spending on books, supplies and wages.

24. **However, advances in intervention programs to address regional pockets of poverty have been limited, owing to the lack of information on the extent of poverty.** This drawback is being rectified through the development of biennial household and expenditure surveys, the first of which is expected to be processed by end-2004, and a population census in 2002 (completion point trigger).

Figure 1. Guyana: Pro-Poor Growth Spending



Source: Government of Guyana.

F. Public Enterprises, Taxation, and Civil Service Reform

25. **Since the decision point, Guyana has made important progress in implementing other structural reforms not highlighted in the PRSP, but critical for poverty reduction.** Several, including social sector and civil service reforms, and restructuring of public enterprises, are among the triggers for reaching the enhanced HIPC initiative completion point.

26. **Guyana's state-owned sugar company (GUYSUCO) is being restructured (completion point trigger).** The aim is to reduce the economy's vulnerability to a decline in the sugar export price from the expected liberalization of the world sugar market in 2006. Since 1997, production has risen by 2½ percent per annum on average while U.S. dollar unit costs have declined by 6 percent. With technical support from IDA, GUYSUCO has started implementing a policy framework to restructure the sugar sector. The framework aims at lowering production costs to US\$0.13 cents per pound by 2006, the current estimate of the world sugar price following liberalization. This is to be achieved through the construction of a more efficient processing plant and by linking worker and management remuneration to company profitability rather than production. At the same time, productivity gains and cost savings would be achieved through downsizing. Some downsizing has already taken place: GUYSUCO reduced its permanent labor force by some 760 employees (over 4 percent of total) between 2000 and 2002, and a further reduction of 700 is expected by end-2003.

27. **The state-owned bauxite companies are being restructured to promote fiscal and external viability.** This would eliminate existing budgetary transfer payments and make more resources available for poverty-reducing programs. In mid-2002, two loss-making companies (BERMINE and AROIAMA) were restructured and merged into a new cash-neutral company (i.e., requiring no subsidies from the central government). Also, since June 2002, a large, loss-making company (LINMINE) is being restructured, with the upgrading of mining and transportation operations, an improvement in the reliability of electrical power, the privatization of its management, and the reduction of its work force from around 1,250 in 2002 to 250 at end-September 2003.

28. **A number of measures have been taken to strengthen the financial sector.** With support from the international financial institutions and CARTAC, the state-owned commercial bank (GNCB) was successfully sold to a domestic commercial bank in early 2003 (completion point trigger) and a satisfactory plan is being implemented to recover its nonperforming loans. The plan involves recovering the top 100 nonperforming loans, 50 of which have already been assessed. Over the coming year, the authorities intend to overhaul the financial institutions act with the objective of strengthening the ability of the Bank of Guyana to deal proactively with problem institutions and ensure consistency vis-à-vis international best practice.

29. **To enhance government revenue collection while improving external competitiveness, Guyana has begun implementing a comprehensive reform of the tax system and its administration, albeit with delays (Box 2).** The reform broadens the tax base, improves the overall efficiency of the system, and reduces the scope for discretion. It also envisages the introduction of a value added tax (VAT) in April 2006 after the next

national elections, which is considerably later than the recommendation of the Fund's technical assistance team. To help implement the reform, the authorities have appointed highly qualified and experienced professionals as Commissioner General and Deputy Commissioner General in the GRA, and, as discussed above, amended the GRA Act in October 2003 ahead of schedule to grant it full autonomy in the management of its human resources.

30. **Civil service reform is being addressed, albeit later than envisaged at the time of the decision point.** In 2000, the government outsourced over 1,300 security guards (compared with a target of 1,000), but it has been unable to downsize the core civil service by a further 1,000 employees (as originally envisaged by the completion point) given the existing high political and ethnic tensions and the potential for serious social and ethnic unrest. As a result the authorities are requesting a waiver of this condition. In 2002, the government payroll and pensions database was computerized (completion point trigger); a payroll audit was carried out; vacant positions were abolished and rules for establishing new positions were established. However, the preparation of job descriptions and a performance appraisal system (completion point trigger), were postponed and only institutional and organizational capacity assessments across ministries were undertaken. These assessments were completed in May 2003. The authorities are requesting a waiver of this condition as well.

Box 2. The Broad Parameters of the 2003 Tax Reform

Tax Policy

- Extend the consumption tax to all services provided by hotels, as well as to services provided by professionals;
- Introduce a presumptive income tax on the self-employed;
- Raise the annual license fees on professional businesses;
- Limit the government's discretionary power to grant tax exemptions to exceptional humanitarian cases;
- Limit income tax holidays to new firms that create employment located in depressed areas or that conduct economic activity in specific fields. Tax holidays are to be limited to five years (except for information and telecommunication technology, petroleum exploration, refining and mineral extraction, which would be limited to up to 10 years) and made nonrenewable.

Tax Administration

- Appoint a new head to the GRA and his deputy and amend the GRA Act to grant autonomy in the management of its limited resources

Further steps to be taken next year—with CARTAC, IDA, and IDB assistance—include: (i) improving transparency by requiring publication of tax exemptions granted; (ii) further broadening the tax base by including restaurant services; and (iii) modernizing technologies and procedures in tax and customs administration.

31. **The government has taken compensatory measures to support the waiver requests.** The downsizing outside the civil service in the public sector (over 2,500 people in the mining, sugar, and banking sectors) has more than compensated for the failure to reduce the civil service per se. Moreover, although the job descriptions and performance appraisal system have not been carried out, the civil service reform has been advanced by the preparation of a comprehensive public sector modernization program by the IDB. This has included a broad diagnostic of the problems of the sector and a proposal for reform with consultant studies, which are now under discussion with stakeholders, but the policy will not be effective until 2005. As a stop-gap measure, the government also reaffirmed a hiring freeze in the core civil service with a new government circular, which will remain in place until the IDB-supported program is operational. It has also committed to grant 2003 wage increases in the core civil service consistent with the macroeconomic framework prior to the Board discussion of the completion point. These actions will help to contain future increases in the wage bill and stem its continuous rise in recent years (from about 8 percent of GDP in 1998 to a projected 12 percent of GDP in 2003). The government has also committed to enact an organic budget law incorporating semi-autonomous agencies prior to Board consideration of the completion point. This would create a more solid basis for reform in the sector, and complement the coordination of current and capital expenditure estimates (completion point trigger) which has already been accomplished. Under these policies the wage bill is projected to decline gradually over the long-run. The staffs consider that these compensatory measures signal satisfactory progress toward meeting the conditions on civil service reform set out in the decision point document.

III. DELIVERY OF DEBT RELIEF AND MEDIUM-TERM SUSTAINABILITY

32. **In the process of updating the debt sustainability analysis (DSA) for the completion point, IDA and IMF staffs and the authorities solicited new creditor statements.** They revised the estimate for the end-1998 NPV of debt after original HIPC assistance to US\$833.1 million in NPV terms in the decision point document. The structure of the debt was as follows: 61 percent is held by multilateral institutions, 28 percent by Paris Club bilateral creditors, and 11 percent by non-Paris Club and commercial creditors (Tables 6–11). The revisions come mostly from non-Paris Club and commercial creditors' new information and calculation revisions.⁸ The original data on debts to multilateral creditors were confirmed. This requires an upward revision of assistance,⁹ and enhanced HIPC assistance required thus increases from US\$328.6 million in the decision point document to US\$334.5 million in 1998 NPV terms. The additional assistance of US\$5.9 million in NPV terms is equivalent to 3 percent of government revenue in 1998. The

⁸ Debts to Cuba and Bulgaria were not included in the decision point document because they were only recently uncovered when the state bank was privatized. Moreover, some commercial loans were reclassified, requiring revised calculations (India, United Arab Emirates and the United Kingdom). Revised calculations were also done for Democratic People's Republic of Korea (DPRK) and External Payment Deposit Scheme (EPDS)

⁹ "Information Reporting in the context of HIPC Initiative Assistance" approved by the Boards of the IMF (www.imf.org) and IDA (IDA/SecM2002-0131), March 4, 2002.

common reduction factor that would be applied by all creditors to their end-1998 NPV debt after full delivery of the original HIPC assistance would become 40.2 percent.

A. Status of Creditor Participation and Projected Profile of Relief

Multilateral creditors

33. **Under the original HIPC Initiative, multilateral creditors were to provide 64 percent of total assistance equivalent to US\$165 million in end-1998 NPV terms (Tables 12–17).** IDA has contributed US\$27.1 million in 1998 NPV terms through the purchase and cancellation by the HIPC Trust Fund of 10 IDA credits, including all remaining U.S. dollar credits, worth US\$54 million. The IMF gave a grant from the PRGF-HIPC Trust through a deposit on an escrow account being used to meet Guyana's debt service to the IMF, the IDB has contributed via a combination of write-offs of selected concessional loans, and partial payment of interest on other selected loans. The CARICOM Multilateral Clearing Facility (CMCF) has given relief via a loan cancellation operation, while the OPEC Fund has given debt relief through a concessional arrears clearance and a restructuring of an existing loan. The Caribbean Development Bank (CDB) has provided relief through the use of internal resources to cover debt service coming due on CDB loans. The International Fund for Agricultural Development (IFAD) gave relief via the IFAD-administered facility, covering 100 percent of debt service until full relief in NPV terms is delivered. Finally, the EU and European Investment Bank (EIB) contributed via refinancing on grant terms.

34. **Debt relief from multilateral creditors under the enhanced HIPC Initiative amounts to US\$202.3 million in NPV terms at end-1998 after an upward revision of US\$2.5 million in 1998 NPV terms.** IDB, IDA, the IMF, CDB, and the EU have granted interim relief. Other creditors, such as the OPEC Fund and IFAD, have committed themselves to providing the debt relief required under the Enhanced Initiative as soon as Guyana reaches its completion point. However, a portion of multilateral assistance calculated at decision point has not yet been secured, as the CMCF has indicated it has difficulty in participating fully.

The details of debt relief by multilateral creditors are as follows:

- **Debt relief from the largest creditor, IDB, now amounts to US\$65.1 million or an additional US\$0.8 million in NPV terms.** Since 2002 the IDB has provided interim assistance amounting to US\$16.4 million in nominal terms. The enhanced HIPC assistance would come from a reduction of Funds for Special Operations (FSO) loans until 2008, and via selective cancellation of principal payments on FSO loans thereafter.

- **Debt relief from the IMF now amounts to US\$40 million in NPV terms including an additional US\$0.5 million in NPV terms due to the revision.** As of December 2003 the interim assistance provided since 2000 amounts to SDR15.4 million in nominal terms. The enhanced HIPC assistance is being delivered via debt-service reduction grants from the PRGF-HIPC Trust until 2008.

- **Total debt relief from the IDA amounts to US\$41.2 million in NPV terms including US\$0.5 million additional assistance in NPV terms due to the revision.** The assistance is to be delivered by IDA through a debt service reduction from December 2000 to March 2021. Interim assistance over the period December 2000 and 2003 amounted to US\$6.5 million in nominal terms corresponding to a debt service reduction of 58.6 percent. The additional enhanced HIPC Initiative assistance from the IDA will be done by extending debt service reduction until March 2021 on IDA credits outstanding and disbursed as of end-December 1998. This includes an additional assistance of US\$1.4 million in nominal terms.
- **Debt relief from the CMCF amounts to US\$29.2 million in NPV terms incorporating an additional US\$0.4 million in NPV terms due to the revision.** CMCF, representing 9 percent of enhanced HIPC assistance, will have difficulty in participating fully in the enhanced HIPC as one of its members faces financial constraints. Staff will continue to search for modalities that might resolve the issues and allow CMCF to deliver its full enhanced HIPC relief to Guyana.
- **The enhanced HIPC Initiative assistance from the CDB amounts to US\$9.9 million in NPV terms including an additional US\$0.3 million due to the revision.** The CDB intends to contribute US\$5.5 million in NPV terms out of the accumulated net income of the Special Development Fund. Donors represented on the Board of the CDB would provide the remainder of the assistance.
- **Debt relief from the EU/EIB amounts to US\$10.6 million in NPV terms including an additional US\$0.1 million in NPV terms.** It is being provided via debt service reduction using EU grants. Interim relief was given in 2002.
- **Others.** Debt relief from the OPEC Fund amounts to US\$5.4 million in NPV terms incorporating an additional US\$0.1 million. It will be given at the completion point through a combination of refinancing and the extension of a new “HIPC” loan which will be used to service existing loans. Debt relief from IFAD amounts to US\$1 million in NPV terms and changes only marginally with the revisions. It will be provided at the completion point through a 100 percent debt service reduction until the target NPV relief is reached.

Bilateral and commercial creditors

35. **Following the revision of required HIPC assistance, bilateral creditors would need to provide US\$132.2 million in 1998 NPV terms (US\$94 million for the Paris Club) or an additional US\$3.4 million in NPV terms.** In June 1999, at the conclusion of the stock of debt negotiations, the Paris Club indicated its willingness to reduce Guyana’s debt further in the context of the enhanced HIPC Initiative. This commitment involved ten bilateral creditors, including Trinidad and Tobago. The relief provided under the original HIPC Initiative had consisted of a stock-of-debt operation with an 80 percent NPV reduction of eligible debt. The enhanced HIPC assistance would be provided through a stock-of-debt operation on Cologne terms at the completion point. A number of Paris Club creditors indicated that they would provide debt relief beyond that required under the terms of the enhanced HIPC Initiative, estimated to amount US\$15.1 million in NPV terms.

36. **Non-Paris Club bilateral and commercial creditors are expected to provide treatment comparable to that of the Paris Club creditors.** Of these creditors, China, India, and Libya have indicated their intention to provide debt relief in the context of the enhanced HIPC Initiative. China has already started providing relief through the cancellation of some loans, and in March 2003 India indicated its intention to write off all of Guyana's debt. In 1999, Guyana concluded a buyback operation financed by the IDA Debt Reduction Facility with EPDS¹⁰ for 72.4 percent of its debt. Government bonds (formerly the debt of Guymine) with a face value of US\$27.5 million were bought at a discount by Citizen Bank in 2002 and became domestic debt not subject to debt relief. This amount is projected to be repaid in full in 2007 and the payment is currently included in the projections on the medium-term scenario. Earlier this year, Booker McConnell (commercial creditor, United Kingdom) decided to waive its appeal to the International Court for the Settlement of Investment Disputes for repayment of a loan valued at over US\$19 million, although it has not officially written off the debt. Concerning the other official bilateral creditors, the Guyanese authorities are continuing their efforts to obtain full HIPC debt relief, in accordance with the principles of the HIPC Initiative.

37. **Financing assurances regarding enhanced HIPC Initiative assistance for Guyana are sufficient for the completion point.** Financial assurances obtained by creditors represent about 81 percent of the total original and enhanced HIPC assistance approved in November 2000 (this figure does not include CMCF debt relief, see above). The staffs are working with the authorities to facilitate the endorsement of the enhanced HIPC Initiative framework by the remaining creditors.

B. Long-Term Macroeconomic Framework

38. **The authorities updated the medium-term macroeconomic framework to reflect lower growth.** For the period 2003–07, the new framework differs substantially from that presented at the beginning of the PRGF program one year ago (Box 3 on macroeconomic assumptions). In particular, growth projections were halved to 1½ percent per annum over the next five years compared to the original program. The downward revision reflects the deteriorating crime and security situation since mid-2002, which has had an adverse impact on private investment, growth, and consumer imports resulting in a poor performance in many industries in the non-traded sectors in the first half of this year. Moreover, gold reserves in the largest gold mine in Guyana are projected to run out by end 2006, explaining the drop in output in 2005–06. Over the longer term, potential growth for the economy has also been revised downwards by 1½ percentage points a year to 2¾ percent owing to the absence of major new gold discoveries and a cautious assumption about developments in new expanding industries such as agro-processing.

39. **The capital account projection is based on the assumption that the current security climate will improve and that Guyana will be able to attract foreign private**

¹⁰ The External Payment Deposit Scheme was a payment deposit scheme where arrears to many small commercial creditors were deposited.

capital and bolster domestic saving. Gross domestic saving is projected to rise to 10 percent in 2007 in response to an improvement in public savings, but this will be insufficient to finance total domestic investment at about 24 percent of GDP per year. Hence, Guyana will continue to require substantial external official assistance and foreign direct investment over the long term. Structural changes and continued strong investment are projected to generate labor productivity growth of 1¾ percent over the long run.

Box 3. Guyana: Macroeconomic Assumptions Underlying the Debt Sustainability Analysis

- **Economic growth.** The economy is assumed to grow at an average annual rate of 1½ percent during 2003–07. Weak growth prospects are based on low private investment and structural problems. By 2007, growth would rebound and move to a projected medium term rate of 2¾ percent, largely driven by higher growth in tourism, services, sugar production and mining.
- **Inflation** is projected to stay in the low single digits (about 3 percent) during 2003–22 in the context of sound monetary and fiscal policies.
- **Central government revenues** are projected to increase from 31 percent of GDP in 2003 to 33 percent of GDP in 2007, owing to changes in the tax system and improvements in its administration. From 2007 onwards, revenues are projected to stay flat in relation to GDP.
- **The current account deficit** is projected to fall from a peak of 19 percent of GDP in 2004, associated with the large sugar investment, to below 9 percent of GDP in 2022. The volume of exports grows on average at 2½ percent in the long term and imports are projected to grow in line with real GDP.
- **Public sector external borrowing** declines from 5½ percent of GDP currently to 2½ percent in the long run. The borrowing is almost completely provided by multilaterals, with an average interest rate of about 1 percent and a grant element of 40 percent. Foreign direct investment is projected to average about 7 percent of GDP over the long run.^{1/}
- **Foreign grants** amount to about 4 percent of GDP in the short-run, dominated by disbursements from the European Union. These disbursements are conditional on appropriate macroeconomic policies. In the long run, grants are projected to decline to 1½ percent.

^{1/} This seems high by international standards, but reflects high replacement rates in Guyana and capital intensity of its investments.

40. **The overall fiscal deficit (after grants) is projected to decline to about 2 percent in 2008, after peaking at about 10 percent of GDP in 2003–04.** Central government revenue is projected to rise by about 2 percent of GDP over the next few years as a result of the broadening tax base and improved tax administration. Restructuring efforts in public enterprises also will contribute to stronger fiscal savings. Government current primary expenditure would increase slightly, owing to higher poverty reducing spending. Government investment, however, would increase significantly in 2004–05 on account of the GUYSUCO restructuring project, and then decline sharply after its completion.

41. **The external current account deficit is projected to rise over the medium term, but to decline to single digits over the long term.** The expected temporary rise is associated

with GUYSUCO's large sugar investment project. The deficit is projected to peak at about 19 percent of GDP over the next two years, up 2 percent from this year on account of the large sugar capital investment. Subsequently, the deficit falls to about 9 percent of GDP. Export volume is projected to decline through 2006 as the largest gold mine in Guyana is closed. Subsequently, exports grow at about 2½ percent per annum, fuelled by the assumption that sugar exports grow at about the same rate, with Guyana gradually taking over the CARICOM sugar market.

C. Updated Debt Sustainability Analysis

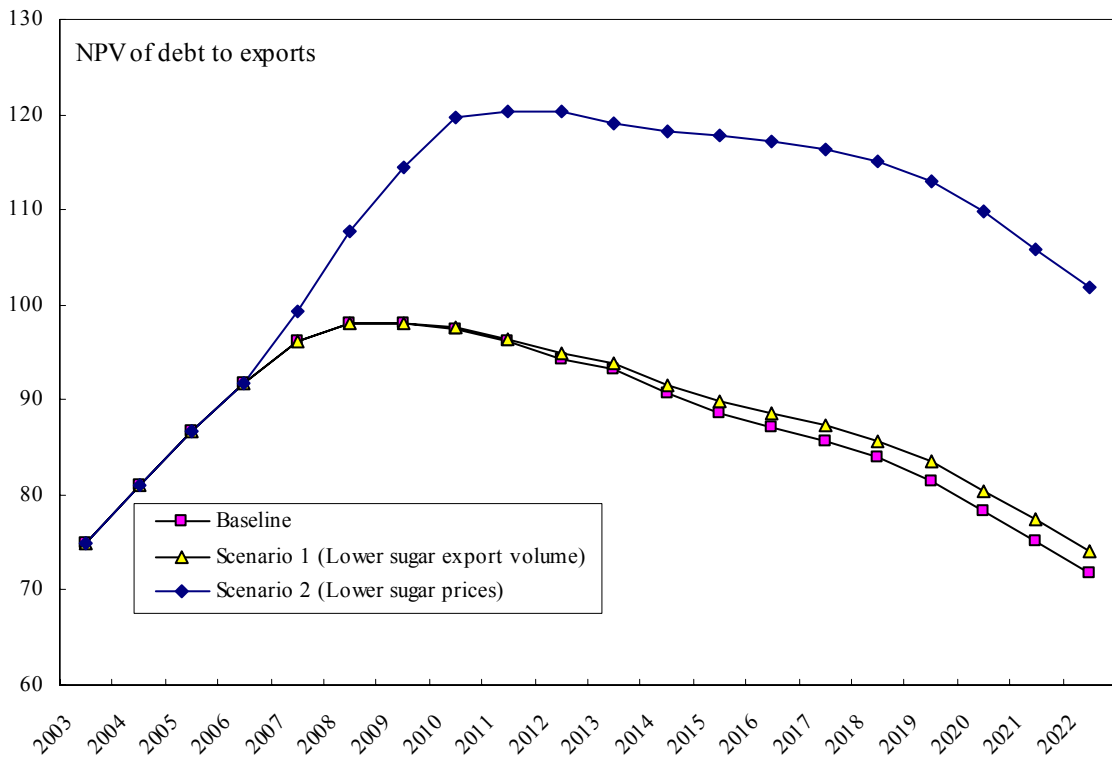
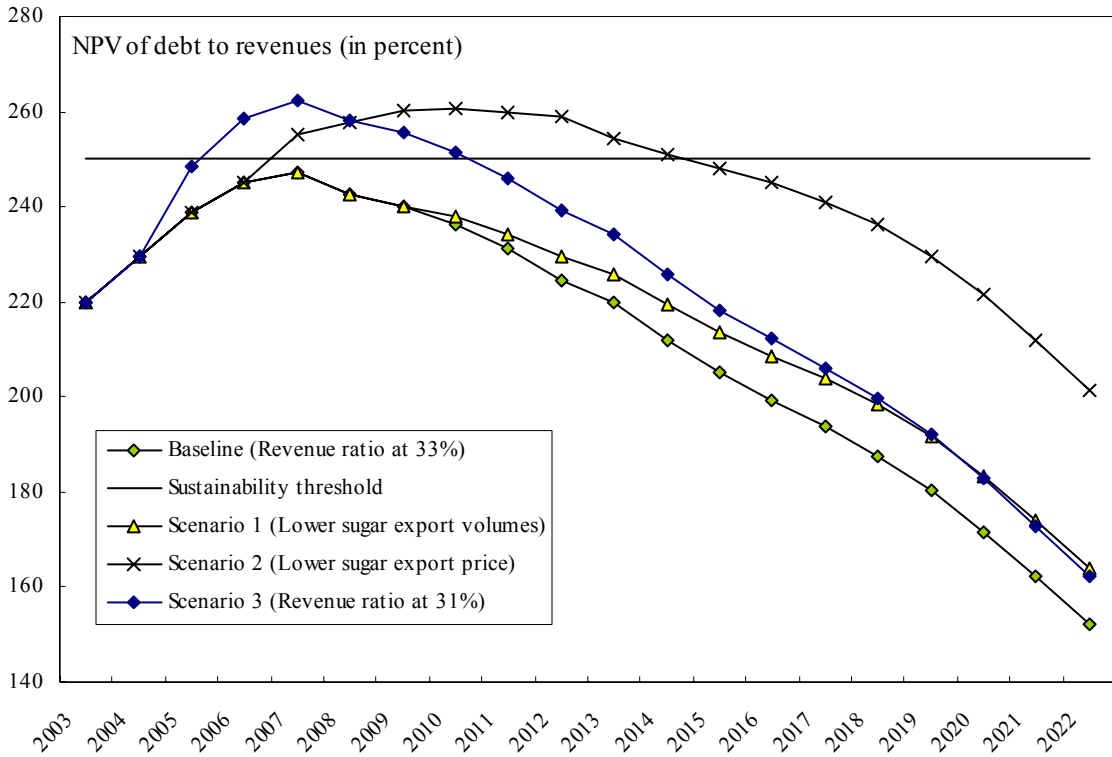
42. **Based on the framework above, debt indicators show that debt relief provided under the enhanced HIPC Initiative would reduce Guyana's public and publicly guaranteed external debt considerably.** By end-2002, the NPV of outstanding debt had risen to about US\$880 million. After enhanced HIPC relief, this amount would be reduced to US\$466 million at end-2003 with new debt accrued since end-2002 accounting for an additional US\$33 million (see Table 9). Although the initial relief amount corresponded to a target debt-to-revenue ratio of 250 percent at end-1998, revenues have grown more slowly than anticipated in the decision point document. Central government revenues for 2003 are now 21 percent below the level projected in 1998. As a result, the estimate of the ratio of debt to revenues for 2003 is at 220 percent, compared to the projection of 218 percent for 2003 made at the time of the decision point. Moreover, the ratio is projected to rise over the next few years associated with the large investment at GUYSUCO. The ratio is expected to peak at 248 percent in 2007, and to remain below 250 percent throughout the end of the projection period.

43. **In the medium term, the ratio of debt service to government revenue stabilizes.** In the decision point document, debt service was projected to decline to about 13–14 percent of revenues two years after the initial completion point date, which was set for 2001. Similarly, the latest estimate indicates that the ratio will be about 14 percent in 2008, five years after the revised completion point date. This increase is in line with the weak government revenues experienced over the last few years. Debt service remains high over the whole projection period.

D. Sensitivity Analysis

44. **This section examines the implications for debt sustainability under more pessimistic assumptions than those included in the baseline scenario described above (Table 18).** Three scenarios are examined and compared to the baseline case in terms of their impact on the ratio of debt to central government revenues (Figure 2).

Figure 2. Guyana: Debt Sustainability Indicators, 2003–22



Source: Fund staff estimates.

45. **The first alternative scenario examines the likely impact of zero sugar export volume growth after 2008.** In the baseline, sugar export volumes are projected to grow at an annual rate of about 2 percent from 2009 onwards. If Guyana is not able to penetrate the world market after this date because of increased competition, the growth of sugar exports after this date would be zero. Since sugar plays an important role in overall activity, such a decline in exports would lower aggregate growth by 0.4 percent in 2009 and by a permanent 0.2 percent over the longer term. Combining the effects of lower sugar exports and output growth yields a neutral effect on the balance of payments, with reduced exports compensated by reduced imports eliminating any need for additional external financing. However, central government revenues are clearly lower because of the weaker growth outcome, and this effect results in an increase in the debt-to-revenue ratio of about 10 percentage points to 164 percent in 2022. The NPV of debt to revenue would average 198 percent under the zero sugar export growth scenario, compared with 189 percent from 2012–22 under the baseline scenario.

46. **The second alternative scenario examines the impact of a sharp decline in the world price of sugar in European markets.** It depicts a 50 percent decline in the sugar price in 2007 following the end of the preferential price treatment offered to the poorest countries. The sugar price per pound is estimated to decline from 27 cents—the current price obtained by Guyana in the European market—to 13 cents per pound, which is a rough estimate of the world sugar price following liberalization. This terms of trade shock reduces exports by about 7 percent per annum creating a need for extra foreign financing to cover imports. External borrowing rises by about US\$40 million per annum over the 2008–22 period so that by the end of the period, the NPV of debt is up by over 35 percent. Since the direct contribution of the sugar company to central government revenues is minimal in the baseline, there is no change in revenues associated with the terms of trade shock. However, the higher NPV of debt results in an increase in the ratio relative to revenues of about 50 percentage points to 200 percent in 2022, compared to the baseline ratio of debt to revenues at about 150 percent.

47. **The third alternative scenario assumes that the government is unable to raise the ratio of central government revenues to GDP above 31 percent, compared to 33 percent in the baseline case.** In this case, the debt to revenue ratio rises above 250 percent in 2006, peaks at 257 percent in 2007 and then falls below 250 percent, but remains 10 percentage points above the baseline in 2022.

48. **The main risks to sustainability over the medium term are terms of trade shocks associated with liberalization in the sugar market, and the ability of the government to sustain the revenue base and control wage growth in the public sector.** The sugar and tax reforms that are currently taking place and continued monitoring of the wage bill are crucial. None of the scenarios breach the sustainability target on the basis of exports because the export level is so high. In the baseline, the ratio of the NPV of debt to exports is about 70 percent in 2003, 80 percentage points lower than the sustainability threshold. As expected, the highest debt-to-export ratio is associated with the terms of trade shock in the sugar sector, but this scenario only gives rise to a maximum debt-export ratio of about 120 percent.

IV. CONCLUSION

49. **The staffs of the IMF and IDA consider that Guyana's performance with respect to the conditions for reaching the completion point under the enhanced HIPC Initiative has been satisfactory.** They therefore recommend that the Executive Directors approve the proposed revision to the enhanced HIPC Initiative debt relief agreed to at the decision point.

50. **While the PRGF and IDA lending programs have been implemented with delays, there has been important progress with critically needed reforms in the last half year.** Overall, the authorities were able to establish a track record of satisfactory policy implementation under the PRGF-supported program, evidenced by the completion of the first program review in early September and good progress toward meeting the conditions of the second review due in February 2004; overall progress in poverty reduction has been broadly acceptable as indicated by increased poverty-related expenditures and improvements in key social indicators since 2000; and most of the floating completion point conditions have been met.

51. **The staffs support the authorities' request for waivers of two of the floating completion point conditions on civil service reform, once compensatory measures have been taken.** The requirement to downsize by laying off 1,000 core civil servants has been compensated by more than 2,500 lay-offs elsewhere in the public sector. The failure to complete a list of job descriptions and design of a performance appraisal system has been replaced by the initiation of a comprehensive civil service reform with IDB support. Moreover, the government has formalized a hiring freeze in the core civil service until the IDB program is operational in 2005. It is expected that the two pending compensatory actions, namely, the 2003 wage increases to the core civil service consistent with the macroeconomic framework and the enactment of an organic budget law, will be implemented prior to Board consideration of the completion point.

52. **There are, however, concerns with some elements of the poverty reduction strategy and with the outlook.**

- **The general paucity of data on poverty indicators makes it difficult to assess the extent to which poverty reduction objectives are being achieved.** This is an area that the authorities will have to address. While progress has been made in reaching some of the PRSP objectives, it has been slow reflecting difficulties in establishing dialogue with the major opposition party and capacity constraints. These issues are gradually being resolved with the return of the opposition to parliament in May this year and the likelihood that the Poverty Monitoring Group will be fully staffed by end-year. However, the completion of the PRSP progress report is a key issue for the completion of the next PRGF-supported program review scheduled for February 2004.

- **Provided the key structural reforms and governance improvements in the PRSP are implemented, the macroeconomic framework through 2022 is externally viable and fiscally sustainable.** The sugar sector is the main uncertainty for the medium-term outlook, making it imperative to pursue reforms toward improving its competitiveness. It is also essential to strengthen the revenue yield to sustain poverty-reducing spending.

V. ISSUES FOR DISCUSSION

53. **The staffs seek guidance from the Directors on the following points:**

- Do the Directors agree that Guyana should reach the completion point at this stage?
- Do the Directors agree that Guyana should continue to seek debt relief from its non-Paris Club creditors within the framework of the HIPC Initiative and that the staffs should continue to monitor the delivery of debt relief from all creditors?
- Do Directors agree that assistance agreed at the decision point (as revised) will provide Guyana with a solid basis for debt sustainability over the medium term, as discussed in Section III?
- Do Directors agree with Guyana's plans to strengthen debt-management capacity and policy in the future (Appendix II)?
- Do Directors agree that sufficient assurances have been given by Guyana's other creditors to commit enhanced HIPC Initiative assistance to Guyana on an irrevocable basis?

Table 1. Guyana: Estimated Assistance at Enhanced Decision Point (Amended) 1/

(In millions of U.S. dollars, unless otherwise indicated)

HIPC Initiative Framework	NPV of debt-to-Revenues Target (In percent)	Assistance						Common Reduction Factor (Percent of end-1998 NPV of debt)	
		Total			Of which				
		Bilateral	Multilateral	IDA/IBRD	IMF	IADB	Other		
Original Framework	280	256.4	91.3	165.1	27.1	34.5	51.8	51.7	23.6 2/
Enhanced Framework 3/	250	328.6	128.8	199.8	40.7	39.5	64.3	55.4	
Enhanced Framework (amended)	250	334.5	132.3	202.3	41.2	40.0	65.1	56.1	40.1 4/
Total (amended)	250	590.9	223.6	367.4	68.3	74.5	116.9	107.8	
Memorandum items:									
NPV of debt at end-1998 after traditional relief (amended)		1,090.5	421.5	668.9	129.6	134.1	213.8	191.4	
NPV of debt after original HIPC Initiative assistance (Amended) 5/		833.2	329.4	503.8	102.5	99.6	162.0	139.6	
Three-year average of exports		717.8	...	...	...	...	...	...
NPV of debt-to-exports ratio 6/		116.1	...	...	...	...	...	...
Central government revenue 7/		199.8	...	...	...	...	...	...
NPV of debt-to-revenues ratio 8/		417.0	...	...	...	...	...	...
Targeted NPV 9/		499.5	...	...	...	...	...	...

Sources: Guyanese authorities; and staff estimates.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (www.imf.org and IDA/SEC M 97-306, 7/7/97).
 2/ The common reduction factor is shown as percentage reduction of NPV of debt before original HIPC assistance. This is equivalent to a common reduction factor of 25.9 percent of end-1996 data.

3/ As calculated at Decision Point.

4/ Amended common reduction factor shown as a percentage reduction of NPV of debt after full implementation of original HIPC assistance.

5/ Based on amended data at end-1998 after full application of traditional debt relief mechanisms, and assumed full delivery of original HIPC assistance.

6/ In percent of three-year export average after original HIPC Initiative assistance.

7/ Based on the 1998 government revenue excluding grants, converted at end-1998 exchange rates.

8/ In percent of central government revenue after original HIPC Initiative assistance.

9/ After full delivery of original and enhanced HIPC Initiative assistance.

Table 2. Guyana: Net Present Value of External Debt Outstanding as of End-December 1998 1/
(In millions of U.S. dollars)

	After Traditional Debt Relief		After Original HIPC 2/		After Enhanced HIPC	
	As in E-HIPC Decision Point Document 3/	Revised	As in E-HIPC Decision Point Document 3/	Revised	As in E-HIPC Decision Point Document	Revised
Total debt	1,085.3	1,090.5	827.7	833.1	499.4	498.6
Multilateral	668.9	668.9	503.8	503.8	304.0	301.5
IDB	213.8	213.8	162.0	162.0	97.8	97.0
IDA/IBRD	129.6	129.6	102.5	102.5	61.9	61.4
IDA	113.3	113.3	86.2	86.2	52.0	51.6
IBRD	16.4	16.4	16.4	16.4	9.9	9.8
IMF	134.1	134.1	99.6	99.6	60.1	59.6
CMCF	102.0	102.0	72.8	72.8	43.9	43.6
EU/EIB	34.5	34.5	26.5	26.5	16.0	15.8
CDB	32.0	32.0	24.5	24.5	14.8	14.7
OPEC Fund	19.6	19.6	13.4	13.4	8.1	8.0
IFAD	3.3	3.3	2.4	2.4	1.5	1.5
Bilateral and commercial 3/	416.2	421.5	323.9	329.3	195.4	197.1
Paris Club	317.2	319.5	234.3	236.5	141.4	141.6
Canada	2.0	1.9	1.5	1.4	0.9	0.9
Denmark	1.6	1.6	1.2	1.2	0.7	0.7
France	1.8	1.7	1.3	1.3	0.8	0.8
Germany	12.4	12.6	10.4	10.6	6.3	6.3
Japan	1.3	1.3	1.3	1.3	0.8	0.8
Netherlands	7.0	7.1	5.0	5.1	3.0	3.0
Russian Federation	1.2	3.9	0.8	3.5	0.5	2.1
Trinidad and Tobago	182.3	182.3	128.2	128.2	77.4	76.7
United Kingdom	80.1	79.6	57.9	57.4	34.9	34.4
United States	27.7	27.5	26.7	26.6	16.1	15.9
Other official bilateral	51.1	52.3	43.7	44.8	26.4	26.8
Argentina	2.2	2.9	1.7	2.4	1.0	1.4
Brazil	3.8	3.8	3.8	3.8	2.3	2.3
Bulgaria	0.0	0.3	0.0	0.3	0.0	0.2
CDC 4/	0.0	...	0.0	0.0	0.0	0.0
China	8.3	7.9	8.0	7.7	4.8	4.6
Cuba	0.0	0.3	0.0	0.3	0.0	0.2
DPRK	0.7	0.3	0.6	0.1	0.4	0.1
India	1.5	1.5	1.5	1.4	0.9	0.9
Kuwait	12.1	12.1	9.2	9.2	5.6	5.5
Lybia	10.6	11.0	8.2	8.6	4.9	5.1
United Arab Emirates	1.8	4.4	1.4	4.0	0.8	2.4
Venezuela	9.9	7.5	9.1	6.7	5.5	4.0
Yugoslavia	0.3	0.3	0.2	0.2	0.1	0.1
Commercial creditors	47.8	49.8	45.9	47.9	27.7	28.7
Canada	0.3	0.3	0.3	0.3	0.2	0.2
India	0.0	0.1	0.0	0.1	0.0	0.0
Norway	0.0	2.0	0.0	2.0	0.0	1.2
United Kingdom	10.4	10.5	8.7	8.8	5.2	5.3
United States	0.5	0.3	0.2	0.0	0.1	0.0
EPDS 5/	4.9	6.5	5.0	6.6	3.0	3.9
Bonds	31.7	30.1	31.7	30.1	19.1	18.0

Sources: Guyanese authorities; and Fund staff estimates.

1/ Using 1998 CIRR and discount rates. The NPV of debt for bilateral and commercial creditors reflects the 1996 Paris Club stock-of-debt operation on Naples terms with comparability of treatment for non Paris Club creditors at end-1998.

2/ Assumes a stock-of-debt operation on Lyon terms by Paris Club creditors, and comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).

3/ Modified numbers from the decision point document due to correction for summation errors and data revision.

4/ CDC was reclassified as a commercial creditor.

5/ Modified numbers from the decision point due to new data.

Table 3. Guyana: Selected Economic and Financial Indicators

	Actual		Projections						Averages	
	2001	2002	2003	2004	2005	2006	2007	2008	2003–12	2013–22
(Percentage change)										
Production and prices										
Real GDP (factor cost)	2.3	1.1	-0.2	2.0	0.8	1.8	2.9	2.9	2.0	2.7
Nominal GDP (market prices)	2.6	3.3	3.6	6.4	3.5	2.1	4.0	4.0	5.0	5.8
GDP deflator (factor cost)	1.5	3.8	4.7	4.6	2.4	0.3	1.0	1.0	2.8	3.1
Consumer prices (average)	2.7	5.3	5.8	4.6	3.5	3.0	3.0	3.0	3.5	3.0
Consumer prices (end of period)	1.5	6.1	6.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Real GDP per capita	1.3	0.1	-1.2	1.0	-0.2	0.8	1.9	1.9	1.1	1.8
(In percent of GDP)										
National accounts										
Investment	21.9	20.0	23.4	28.2	27.5	23.9	23.5	23.6	23.7	21.6
Private sector	8.2	7.4	6.6	7.0	8.0	10.0	10.0	11.0	9.5	11.0
Public sector	13.7	12.6	16.8	21.2	19.5	13.9	13.5	12.6	14.2	10.6
National saving	3.8	5.2	6.5	9.4	9.1	9.1	10.3	11.4	9.3	11.2
Private sector	5.1	6.5	6.3	5.4	5.4	4.7	4.5	5.5	4.3	4.4
Public sector	-1.3	-1.3	0.2	4.0	3.6	4.4	5.7	5.9	5.0	6.8
External current account balance(excluding transfers) 2/ 3/	-18.1	-14.8	-16.9	-18.7	-18.4	-14.8	-13.3	-12.2	-14.4	-10.4
Nonfinancial public sector										
Revenue	33.1	33.2	33.4	35.5	36.5	37.8	38.1	37.3	36.7	36.4
Expenditure	48.5	47.5	47.3	52.6	52.4	47.3	45.9	44.0	45.9	40.2
Current	34.5	34.6	33.5	31.5	32.9	33.4	32.3	31.4	31.7	29.6
Capital	14.0	13.0	13.9	21.2	19.5	13.9	13.5	12.6	14.2	10.6
Saving	-1.4	-1.3	-0.1	4.0	3.6	4.4	5.7	5.9	5.0	6.8
Overall balance (before grants) 1/ 2/	-15.3	-14.3	-13.9	-17.2	-15.9	-9.5	-7.8	-6.7	-9.2	-3.8
Grants (including HIPC relief) 3/	8.3	8.4	4.8	6.7	6.9	6.0	5.3	5.1	4.9	2.1
Overall balance (after grants) 1/ 2/	-7.0	-5.9	-9.1	-10.4	-8.9	-3.4	-2.5	-1.7	-4.3	-1.7
Statistical discrepancy 4/	-0.7	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net external financing	6.9	2.5	6.4	4.1	6.2	5.8	5.7	3.6	4.0	0.9
Net domestic financing	0.8	1.3	1.6	2.7	-0.5	-3.2	-3.2	-2.0	-0.6	0.8
PRGF financing	0.0	1.0	1.1	3.6	3.3	0.8	0.0	0.0	0.9	0.0
(In millions of U.S. dollars)	0.0	7.3	8.5	27.4	25.6	6.4	0.0	0.0	6.8	0.0
Total public sector debt (end of period)	200.7	203.1	185.9	189.5	194.4	195.7	193.9	193.0	187.4	147.8
External 2/	171.1	171.4	154.8	160.1	166.4	171.6	174.1	174.1	165.6	135.6
Domestic 5/	29.6	31.7	31.1	29.4	27.9	24.0	19.8	18.8	21.8	12.2
(Percentage change relative to broad money at the beginning of the year)										
Money and credit (end of period)										
Domestic credit of the banking system	2.6	2.2	6.3	-0.9	-4.5	5.8	2.5	2.5	...	...
Public sector (net)	1.9	2.4	15.4	-3.2	-4.9	4.3	-0.6	-0.6	...	...
Private sector	0.7	-0.1	-9.2	2.3	0.5	1.4	3.1	3.1	...	...
Broad money	8.9	5.5	5.6	6.2	3.8	4.8	5.9	5.9	...	...
Interest rates (end of period)										
Treasury bills (91 days)	6.3	3.9	...	...	...	...	...	...	...	...
Commercial lending rate	16.8	16.3	...	...	...	...	...	...	...	...
Small savings rate	6.7	4.3	...	...	...	...	...	...	...	...
(In millions of U.S. dollars, unless otherwise indicated; end of period)										
External sector										
Overall balance of payments	-12.3	20.0	-20.2	-28.4	-7.0	6.4	42.8	34.4	8.9	13.2
Gross official reserves	285	279.8	262.7	241.1	240.6	239.4	269.8	294.9	285.0	451.0
Months of imports 6/	4.3	4.2	3.7	3.5	3.5	3.4	3.8	4.0	3.8	4.0
(In percent; unless otherwise indicated)										
Debt-service ratios										
Exports of goods and nonfactor services										
Before original HIPC assistance	14.6	13.6	14.7	14.8	14.6	14.8	14.2	13.6	13.2	8.8
After original HIPC assistance 7/	10.3	9.5	11.1	4.7	4.5	4.9	5.0	5.4	5.2	5.1
Central government revenue										
Before original HIPC assistance	43.9	39.8	44.1	43.0	40.2	38.7	36.9	34.6	35.1	20.6
After original HIPC assistance 7/	30.9	27.7	33.4	13.7	12.5	12.7	13.0	13.7	13.8	11.9
Real effective exchange rate 8/	-4.2	-9.5	...	...	...	...	...	...	...	...
Memorandum items:										
Nominal GDP (G\$ billion)	133.4	137.8	142.8	152.5	158.0	161.9	168.5	176.6	175.5	278.1
Guyana dollar/U.S. dollar 9/	187.6	190.7	193.6	198.1	202.3	204.8	206.8	206.8	207.8	207.8

Sources: Data provided by the Guyanese authorities; and Fund staff estimates and projections.

1/ Beginning in 2004 reflects interest payments after o-HIPC and e-HIPC debt relief.

2/ Assumes that e-HIPC completion point is reached in December 2003.

3/ Includes only o-HIPC debt relief, except in 2000 and 2001 when e-HIPC interim assistance is also included.

4/ A negative number indicates an over-financing of the deficit when measured from below the line.

5/ Based on monetary data and nonbank holdings of government debt.

6/ Imports of goods and nonfactor services, excluding escrow account movements.

7/ After beyond e-HIPC for 2004 onwards.

8/ Twelve-month rate of change, depreciation (-).

9/ Period average.

Table 4. Guyana: Central Government

	Actual		DSA						Averages	
	2001	2002	2003	2004	2005	2006	2007	2008	2003-12	2013-22
	(In millions of Guyana dollars)									
Total revenue	41,218	44,565	44,299	48,159	51,693	54,183	56,583	59,078	58,012	93,144
Tax	37,773	40,800	40,393	43,501	46,133	48,471	50,582	53,038	52,359	86,354
Income taxes	16,721	19,043	18,948	19,736	20,926	22,043	23,079	24,440	24,089	40,513
Consumption taxes	14,376	15,102	14,973	15,917	16,848	17,610	18,490	19,378	19,048	30,525
Trade taxes	4,790	4,634	4,482	4,927	5,261	5,555	5,897	6,180	6,013	9,735
Other	1,886	2,021	1,990	2,922	3,098	3,263	3,117	3,041	3,208	5,580
Nontax	3,445	3,765	3,906	4,657	5,560	5,712	6,000	6,040	5,654	6,791
Total expenditure	63,641	64,056	66,307	75,720	78,746	71,563	71,990	73,582	75,811	107,818
Current	47,130	48,379	49,454	47,951	51,964	54,072	54,464	55,415	55,572	82,132
Noninterest expenditure	35,456	37,526	41,224	42,580	44,752	46,816	47,067	48,308	48,665	74,285
Severance payments	0	441	1,199	0	0	0	0	0	120	0
Personal emoluments	14,833	15,830	16,852	17,843	18,366	18,874	19,465	20,041	19,772	26,534
Other goods and services 1/	9,057	9,718	11,319	13,466	14,719	15,930	15,220	16,173	16,199	28,701
Transfer payments	9,568	9,630	10,197	11,271	11,667	12,012	12,381	12,093	12,408	19,050
Transfers to Linmine	1,997	1,907	1,658	0	0	0	0	0	166	0
Primary balance	5,762	7,039	3,075	5,579	6,941	7,367	9,516	10,771	9,347	18,860
Interest payments	11,674	10,853	8,229	5,371	7,212	7,256	7,397	7,108	6,907	7,848
External interest 2/	6,842	6,566	5,303	2,513	2,643	2,755	2,956	3,046	3,073	3,831
Domestic interest	4,832	4,287	2,927	2,858	4,569	4,501	4,441	4,062	3,834	4,016
Capital expenditure and net lending 1/	16,511	15,677	16,853	27,769	26,782	17,492	17,526	18,166	20,239	25,685
Current balance	-5,912	-3,814	-5,154	208	-270	111	2,119	3,663	2,440	11,012
Overall balance	-22,423	-19,491	-22,007	-27,561	-27,052	-17,380	-15,407	-14,503	-17,799	-14,673
Grants 3/	10,903	11,249	7,237	10,270	10,977	9,783	9,005	8,917	8,409	5,593
HIPC Relief	7,937	8,579	3,537	4,452	4,211	3,694	2,804	2,295	2,367	0
Other	2,966	2,670	3,700	5,818	6,767	6,089	6,200	6,622	6,042	5,593
Overall balance after grants 4/	-11,520	-8,243	-14,770	-17,292	-16,075	-7,597	-6,403	-5,587	-9,390	-9,080
Statistical discrepancy 5/	-723	1,828	0	0	0	0	0	0	0	0
Net foreign financing	7,978	3,734	8,081	6,297	9,736	9,422	9,578	6,438	6,649	2,397
Disbursements	12,929	8,623	10,749	12,637	12,151	11,639	12,422	10,727	10,885	9,652
Amortization 6/	-4,951	-4,889	-2,667	-3,570	-3,431	-3,253	-3,688	-4,289	-4,248	-7,255
Rescheduling	0	0	0	0	0	0	0	0	0	0
GUYUSUCO escrow account financin	...	0	0	-2,771	1,016	1,036	844	0	12	0
Net domestic financing	3,542	2,680	5,050	5,579	1,143	-3,159	-3,175	-851	1,382	6,683
PRGF 7/	0	0	1,639	5,416	5,196	1,335	0	0	1,359	0
In U.S. dollars	0	7	8.5	27.4	25.6	6.4	0.0	0.0	6.8	0.0
	(In percent of GDP)									
Revenue	31.3	32.4	31.0	31.6	32.7	33.5	33.6	33.5	33.0	33.5
Expenditure	48.4	46.5	46.4	49.7	49.8	44.2	42.7	41.7	43.6	38.8
Current	35.8	35.1	34.6	31.5	32.9	33.4	32.3	31.4	31.8	29.6
Interest payments 2/	8.9	7.9	5.8	3.5	4.6	4.5	4.4	4.0	4.0	2.8
Noninterest payments	27.0	27.2	28.9	27.9	28.3	28.9	27.9	27.4	27.8	26.7
Of which										
Severance payments	0.0	0.3	0.8	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Wages	11.3	11.5	11.8	11.7	11.6	11.7	11.6	11.4	11.3	9.6
E-HIPC interim assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital	12.6	11.4	11.8	18.2	17.0	10.8	10.4	10.3	11.8	9.2
Of which										
E-HIPC interim assistance	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	4.4	5.1	2.2	3.7	4.4	4.6	5.6	6.1	5.2	6.8
Current balance	-4.5	-2.8	-3.6	0.1	-0.2	0.1	1.3	2.1	1.2	3.9
Overall balance	-17.0	-14.2	-15.4	-18.1	-17.1	-10.7	-9.1	-8.2	-10.6	-5.3
Grants 3/	8.3	8.2	5.1	6.7	6.9	6.0	5.3	5.1	4.9	2.1
Of which										
HIPC relief	6.0	6.2	2.5	2.9	2.7	2.3	1.7	1.3	1.5	0.0
Overall balance after grants 4/	-8.8	-6.0	-10.3	-11.3	-10.2	-4.7	-3.8	-3.2	-5.7	-3.3
Statistical discrepancy	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net foreign financing	6.1	2.7	5.7	4.1	6.2	5.8	5.7	3.6	4.0	0.9
Disbursements	9.8	6.3	7.5	8.3	7.7	7.2	7.4	6.1	6.4	3.5
Amortization	-3.8	-3.5	-1.9	-2.3	-2.2	-2.0	-2.2	-2.4	-2.4	-2.6
Rescheduling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GUYUSUCO escrow account financin	...	0.0	0.0	-1.8	0.6	0.6	0.5	0.0	0.0	0.0
Net domestic financing 5/	2.7	1.9	3.5	3.7	0.7	-2.0	-1.9	-0.5	0.8	2.3
PRGF 7/	0.0	0.0	1.1	3.6	3.3	0.8	0.0	0.0	0.9	0.0
Memorandum item:										
Nominal GDP at market prices										
(In millions of Guyana dollars)	131,553	137,748	142,768	152,462	157,996	161,855	168,476	176,563	175,529	278,140

Sources: Guyanese authorities; and Fund staff estimates.

1/ Includes poverty reducing spending financed from HIPC resources.

2/ Beginning in 2004 reflects interest payments on external debt after debt stock reduction.

3/ Beginning in 2004 includes HIPC assistance only in the form of grants and CMCF HIPC assistance transferred by the Bank of Guyana to the central government.

4/ Beginning in 2004 reflects interest payments after debt stock reduction and HIPC assistance provided only in the form of grants and CMCF HIPC assistance transferred by the Bank of Guyana to the central government.

5/ A negative number indicates an over-financing of the fiscal deficit when measured from below the line.

6/ Beginning in 2004 reflects principal payments after debt stock reduction and HIPC assistance provided in the form of debt rescheduling.

7/ To be filled with PRGF disbursements in 2002-06.

Table 5. Guyana: Balance of Payments

	Actual		DSA					Averages	
	2001	2002	2003	2004	2005	2006	2007	2008–12	2013–22
(In millions of U.S. dollars)									
Current account 1/									
(excluding official transfers)	-129	-107	-125	-142	-142	-115	-105	-115	-138
Merchandise trade (net)	-94	-68	-101	-136	-141	-126	-121	-124	-172
Exports (f.o.b.)	490	495	502	512	494	473	483	533	687
<i>Of which</i>									
Bauxite	61	35	45	51	59	64	65	71	92
Sugar	109	119	134	143	145	150	152	165	195
Rice	50	46	45	46	47	49	49	52	60
Gold	127	135	109	104	76	41	42	53	89
Timber	16	24	21	23	26	28	30	36	50
Imports (c.i.f.)	584	563	602	648	636	599	604	657	859
Services (net)	-79	-79	-69	-52	-51	-49	-50	-32	-61
Nonfactor services	-20	-26	-26	-27	-27	-27	-28	-21	-37
Factor services 1/	-59	-53	-43	-25	-24	-21	-22	-21	-24
Net private transfers	44	40	45	45	50	60	66	62	95
Capital and financial account 2/ 3/	118	90	105	114	135	121	148	134	151
Capital account	0	0	0	0	0	0	0	0	0
Financial account 2/ 3/	118	121	105	114	135	121	148	134	134
Nonfinancial public sector (net) 2/ 3/	73	54	75	66	86	52	76	134	35
Net official transfers 2/	24	33	39	33	36	32	29	54	26
Net official borrowing 3/	43	12	30	48	45	15	43	30	8
Project loans	39	32	43	41	42	46	46	24	44
Program loans	26	7	12	23	18	10	13	46	0
Restructured stock									
Amortization 3/	-22	-26	-26	-16	-15	-41	-16	-23	-36
Other public sector (net)	6	8	7	-14	5	5	4	0	0
Private sector (net)	45	35	30	48	49	69	72	80	116
Change in NFA of commercial banks	-11	-8	-18	0	0	0	0	0	0
Other short-term flows/trade credits	0	0	0	0	0	0	0	0	0
Foreign direct investment (net)	56	44	48	48	49	69	72	80	116
Errors and omissions	19	9	0	0	0	0	0	0	0
Overall balance	8	-9	-20	-28	-7	6	43	19	13
Financing	-8	9	20	28	7	-6	-43	-19	-13
Bank of Guyana net foreign assets	-16	-5	3	2	-19	-13	-42	-19	-14
Assets (increase -)	12	5	17	22	1	1	-30	-15	-14
Liabilities	-28	-10	-14	-20	-19	-14	-12	-4	0
<i>Of which</i>									
Use of IMF credit (net)	-20	-9	-14	-20	-19	-14	-12	-4	0
Change in NFPS arrears	0	0	0	0	0	0	0	0	0
Exceptional financing 4/	9	14	8	0	0	0	0	0	0
Debt relief (HIPC from 1999) 4/	9	14	8	0	0	0	0	0	0
Debt-stock restructuring	0	0	0	0	0	0	0	0	0
Debt forgiveness	0	0	0	0	0	0	0	0	0
Rescheduling (Paris Club 1999)	0	0	0	0	0	0	0	0	0
Gap 5/	0	0	9	27	26	6	0	0	0
(Percentage change)									
Export volume	-6	-1	1	-3	-6	-4	4	3	3
Export prices	3	2	1	5	3	-1	-2	1	1
Import volume	0	-1	-5	-3	1	-2	0	3	3
Import prices	0	-1	4	0	0	-1	0	1	1
External terms of trade	4	3	-3	5	3	0	-2	0	0

Sources: Bank of Guyana; Statistical Bureau of Guyana; Ministry of Finance; and Fund staff estimates and projections.

1/ Including scheduled interest payments before HIPC Initiative for years through 2003. Including scheduled interest payments after e-HIPC since 2003.

2/ Including interim assistance under the enhanced HIPC Initiative through 2003.

3/ Including scheduled amortization before HIPC Initiative through 2003. Including scheduled amortization after e-HIPC after 2003.

4/ Including debt relief provided under o-HIPC for years before 2003. Including o-HIPC debt relief provided through flow rescheduling after 2003.

Non-Paris Club creditors are assumed to provide comparable debt relief as Paris Club creditors.

5/ To be filled with PRGF disbursements in 2003–06.

Table 6. Guyana: Nominal and Net Present Value of External Debt Outstanding at End-2002 1/
(In millions of U.S. dollars)

	Legal Situation 2/		NPV of Debt 3/	
	Nominal Debt	NPV of Debt	After Original HIPC relief	Percent of Total
Total	1,324.5	982.2	878.5	100.0
Multilateral	832.3	568.3	568.3	64.7
IDB	359.7	247.1	247.1	28.1
IDA/IBRD	199.2	110.0	110.0	12.5
IDA	196.8	107.5	107.5	12.2
IBRD	2.4	2.4	2.4	0.3
IMF	96.2	70.5	70.5	8.0
CMCF	51.9	51.3	51.3	5.8
EU	42.0	28.4	28.4	3.2
CDB	60.9	42.0	42.0	4.8
OPEC Fund	18.2	16.1	16.1	1.8
IFAD	4.1	2.9	2.9	0.3
Bilateral and commercial	492.2	413.9	310.2	35.3
Paris Club 3/	295.5	224.1	223.8	25.5
Pre-cutoff	261.9	197.4	197.2	22.4
ODA	0.0	0.0	0.0	0.0
Non-ODA	261.9	197.4	197.2	22.4
Post-cutoff	33.5	26.7	26.7	3.0
ODA	33.5	26.7	26.7	3.0
Non-ODA	0.0	0.0	0.0	0.0
Canada	1.4	1.3	1.3	0.1
Denmark	1.1	1.2	1.0	0.1
France	1.2	1.1	1.1	0.1
Germany	14.5	8.7	8.7	1.0
Japan	0.7	0.8	0.7	0.1
Netherlands	4.6	4.4	4.4	0.5
Russian Federation	3.9	3.4	3.4	0.4
Trinidad and Tobago	176.9	125.1	125.1	14.2
United Kingdom	53.9	47.6	47.6	5.4
United States	37.2	30.5	30.5	3.5
Other official bilateral	152.6	146.8	43.0	4.9
Pre-cutoff	152.0	146.3	42.5	4.8
ODA	54.9	48.8	21.8	2.5
Non-ODA	97.2	97.5	20.6	2.3
Post-cutoff	0.6	0.5	0.5	0.1
ODA	0.6	0.5	0.5	0.1
Non-ODA	0.0	0.0	0.0	0.0
Argentina	10.1	10.1	2.1	0.2
Brazil	0.0	0.0	0.0	0.0
Bulgaria	1.0	1.0	0.2	0.0
China	36.4	30.3	13.9	1.6
Cuba	1.3	1.3	0.2	0.0
DPRK	0.0	0.0	0.1	0.0
India	0.6	0.5	0.5	0.1
Kuwait	46.7	47.0	9.1	1.0
Libya	36.1	36.1	7.8	0.9
United Arab Emirates	6.0	6.0	4.8	0.6
Venezuela	13.3	13.3	3.9	0.4
Former Republic of Yugoslavia	1.2	1.2	0.2	0.0
Commercial creditors	44.1	43.0	43.3	4.9
Canada	0.0	0.0	0.0	0.0
India	0.2	0.2	0.2	0.0
Norway	2.2	2.2	2.2	0.2
United Kingdom	37.5	36.5	36.5	4.2
United States	0.6	0.6	0.6	0.1
EPDS	3.5	3.5	3.9	0.4
Bonds	0.0	0.0	0.0	0.0

Sources: Guyanese authorities; and staff estimates.

1/ Figures are based on data at end-2002 and refers to public and publicly guaranteed external debt only.

2/ Reflects the external debt situation as of end-2002, and includes the 1996 Paris Club stock-of-debt operation on Naples terms and the 1999 Paris Club stock-of-debt operation on Lyon terms under the original HIPC initiative from the Paris Club creditors.

3/ Reflects full delivery of assistance under the original HIPC initiative.

Table 7. Guyana: Comparison of Discount Rate and Exchange Rate Assumptions
at End-1998 and End-2002

Currency	Discount Rates 1/ 2/ (In percent per annum)		Exchange Rates 2/ (Currency per U.S. dollar)	
	At decision point	At completion point	At decision point	At completion point
United States Dollar	6.23	5.12	1.00	1.00
Special Drawing Rights	5.25	4.82	0.71	0.74
United Arab Emirates Dirham	5.25	4.82	3.67	3.67
Canadian dollar	6.25	5.88	1.53	1.58
Chinese Yuan	5.25	4.82	8.28	8.28
Deutsche Mark	5.16	5.55	1.67	1.87
Danish Kroner	5.64	5.78	6.39	7.08
Guyanese Dollar	6.23	5.55	154.10	162.25
European Euro	5.00	5.55	0.84	0.95
Great Britain Sterling	6.81	5.84	0.60	0.62
Indian Rupee	5.25	4.82	39.28	48.03
Italian Lira	5.58	5.55	1653.10	2197.06
Japanese Yen	2.22	1.75	115.60	119.90
Kuwaiti Dinar	5.25	4.82	0.30	0.30
Netherland Guilders	5.78	5.55	1.89	2.10
Saudi Arabian Rial	5.25	4.82	3.75	3.75
Swedish Kroner	5.66	6.11	8.06	8.83
Units of account (IDB)	4.88	4.82	0.65	0.66

Memorandum item:

Paris Club cutoff date is December 31, 1988

Sources: OECD; and IMF, International Financial Statistics.

1/ The discount rates used are the average commercial interest reference rates (CIRRs) for the respective currencies over the six-month period ending in December 2002 for the completion point and in December 1998 for the decision point.

2/ For all currencies for which the CIRRs are not available, the SDR discount rate is used as a proxy.

Table 8. Guyana: Comparison of Net Present Value of External Public Debt Between Decision Point and Completion Point
(In millions of U.S. dollars; unless otherwise indicated)

	Stock at end-2002					
	Decision Point DSA (Projection) 1/			Completion Point DSA 2/		
	After original debt relief	After enhanced debt relief	After traditional debt relief	After original debt relief	After enhanced debt relief	After additional bilateral relief 3/
NPV of debt using end-December 1998 parameters	915.2	603.3	1,140.2	836.2	475.1	461.9
Multilateral	557.4	364.3	729.2	552.9	343.4	343.4
Official bilateral	357.9	239.0	410.9	283.4	131.7	118.5
NPV of debt using end-December 2002 parameters	...	...	1,164.4	878.5	491.3	478.2
Multilateral	...	...	727.5	568.3	356.7	356.7
Official bilateral	...	...	436.9	310.2	134.6	121.5
NPV of debt-to-revenues ratio 4/						
Using end-December 1998 parameters	338.1	222.9	490.6	359.8	204.4	198.7
Using end-December 2002 parameters	...	...	501.0	378.0	211.4	205.8
Memorandum items:						
NPV of enhanced HIPC assistance 5/						
Using end-December 1998 parameters	...	328.6	...	...	361.1	...
Using end-December 2002 parameters	...	...	...	...	387.2	...
Central government revenue 4/						
Decision point	270.7	270.7	232.4	...	...	...
Completion point	...	...	232.4	232.4	232.4	232.4

Sources: Guyanese authorities; and staff estimates.

1/ Debt sustainability analysis (DSA) based on stock of debt reconciled as of end-December 1998, assuming full (hypothetical) delivery of enhanced HIPC assistance.

2/ Based on stock of debt reconciled as of end-December 2002, assuming full (hypothetical) delivery of enhanced HIPC assistance.

3/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

4/ Based on government revenue excluding grants, converted at end-of-period exchange rates.

5/ The value of assistance under the enhanced HIPC framework was determined at its November 2000 decision point, namely, US\$329.2 in NPV terms, using end-1998 parameters (exchange rates and discount factors). The corresponding values for enhanced HIPC relief expressed as of end-2002 are provided for information only.

Table 9. Guyana: Net Present Value of External Debt, 2002-22
(In millions of U.S. dollars; unless otherwise indicated)

	Actuals										Projections			Averages	
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2017	2022	2003-12	2013-22		
1. NPV of total debt (2+5) 2/	878.5	878.1	898.1	922.4	929.8	936.5	940.1	949.9	960.0	988.1	964.3	934.6	978.8		
2. NPV of outstanding debt (3+4)	878.5	844.5	810.4	781.6	750.2	720.6	690.5	669.2	651.1	510.8	402.9	716.4	499.1		
3. Official bilateral and commercial	310.2	302.2	297.3	295.7	291.8	289.8	287.6	285.1	282.3	246.2	211.5	288.6	241.5		
Paris Club	223.8	223.4	222.8	222.0	220.9	219.6	217.8	215.7	213.3	179.5	149.6	217.3	175.8		
Other official bilateral	43.0	36.6	32.1	32.1	31.7	31.2	30.9	30.6	30.6	29.4	24.7	31.6	28.3		
Commercial	43.3	42.2	41.7	41.6	39.2	39.1	38.9	38.8	38.6	37.3	37.3	37.7	37.4		
4. Multilateral	568.3	542.3	513.1	485.9	458.4	430.8	402.9	384.2	368.8	264.6	191.4	427.8	257.6		
IDB	247.1	243.4	238.8	233.7	229.5	222.0	213.0	206.2	198.9	141.7	103.7	216.0	138.8		
IDA	107.5	108.7	109.5	110.1	110.3	110.4	110.5	110.4	109.4	87.6	63.3	109.2	84.4		
IMF	70.5	60.9	48.9	38.2	26.8	18.8	11.1	6.8	3.3	0.0	0.0	21.7	0.0		
Others	143.1	129.3	115.9	103.9	91.9	79.6	68.3	60.8	57.2	35.3	24.4	81.0	34.4		
II. After enhanced HIPC assistance															
1. NPV of total debt (2+5) 2/	954.2	499.6	549.5	596.0	627.1	654.4	675.1	700.0	722.0	821.0	816.9	651.7	813.2		
NPV of total debt after full delivery 3/	491.3	499.6	549.5	596.0	627.1	654.4	675.1	700.0	722.0	821.0	816.9	651.7	813.2		
2. NPV of outstanding debt (3+4)	954.2	466.1	461.8	455.1	447.5	438.5	425.5	419.4	413.1	343.8	255.6	433.6	333.5		
Official bilateral and commercial	413.7	123.9	123.9	122.1	120.3	118.5	116.9	115.3	113.6	93.9	61.6	117.7	88.7		
Paris Club	223.8	80.0	79.0	77.9	76.8	75.7	74.6	73.5	72.2	56.2	32.9	74.9	175.8		
Other official bilateral	146.8	36.7	36.0	35.3	34.6	33.9	33.4	32.9	32.6	30.2	24.2	33.9	28.3		
Commercial	43.0	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.8	7.5	4.5	8.8	37.4		
4. Multilateral	540.5	340.5	337.9	333.0	327.2	320.0	308.6	304.1	299.5	249.9	194.0	315.9	244.8		
IDB	243.3	171.4	168.8	166.0	164.6	161.8	158.3	161.7	165.0	141.7	103.7	165.8	138.8		
IDA	101.2	65.5	66.9	68.2	70.6	71.7	71.7	72.8	73.8	74.7	68.6	70.8	73.8		
IMF	65.1	32.6	28.8	25.9	20.8	16.2	11.2	6.8	3.4	0.0	0.0	14.7	0.0		
Others	130.9	71.1	73.4	72.9	72.3	71.4	67.4	62.8	57.3	33.5	21.7	64.6	32.3		
III. After bilateral debt relief beyond HIPC assistance 4/															
1. NPV of total debt (2+5) 2/	954.2	485.9	535.8	582.3	613.4	640.7	661.4	686.3	708.3	809.5	810.0	638.1	802.4		
NPV of total debt after full delivery 3/	478.2	485.9	535.8	582.3	613.4	640.7	661.4	686.3	708.3	809.5	810.0	638.1	802.4		
2. NPV of outstanding debt (3+4)	954.2	452.4	448.0	441.4	433.8	424.8	411.8	405.7	399.4	332.2	248.6	419.9	322.7		
Official bilateral and commercial	413.7	111.8	110.1	108.4	106.6	104.8	103.2	101.6	99.9	82.4	54.7	104.0	77.9		
Paris Club	223.8	66.3	65.2	64.2	63.1	62.0	60.9	59.8	58.5	44.7	26.0	61.3	41.9		
Other official bilateral	146.8	36.7	36.0	35.3	34.6	33.9	33.4	32.9	32.6	30.2	24.2	33.9	29.1		
Commercial	43.0	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.8	7.5	4.5	8.8	7.0		
4. Multilateral	540.5	340.5	337.9	333.0	327.2	320.0	308.6	304.1	299.5	249.9	194.0	315.9	244.8		
IDA	243.3	171.4	168.8	166.0	164.6	161.8	158.3	161.7	165.0	141.7	103.7	165.8	138.8		
IMF	101.2	65.5	66.9	68.2	70.6	71.7	71.7	72.8	73.8	74.7	68.6	70.8	73.8		
African Development Bank	65.1	32.6	28.8	25.9	20.8	16.2	11.2	6.8	3.4	0.0	0.0	14.7	0.0		
Others	130.9	71.1	73.4	72.9	72.3	71.4	67.4	62.8	57.3	33.5	21.7	64.6	32.3		
Memorandum items:															
5. NPV of new borrowing	...	33.5	87.7	140.9	179.6	215.9	249.6	280.6	308.9	477.3	561.4	218.2	479.7		
Official bilateral	...	1.0	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.9	1.4	1.6	1.7		
Multilateral	...	32.5	86.2	139.3	178.0	214.2	247.9	278.9	307.2	475.4	560.0	216.5	477.9		

Sources: Guyanese authorities; and staff estimates and projections.

1/ Refers to public and publicly guaranteed external debt only and assumes a stock-of-debt operation on Naples terms (67 percent NPV reduction) at the end of 1998, and at least comparable action by other official bilateral creditors. Includes a flow rescheduling under Lyon terms. Also assumes a Lyon stock deal in June 1999.

2/ Discounted on the basis of the average commercial interest rate for the respective currency, derived over the six-month period prior to the latest date for which actual data are available (December 2002). The conversion of currency-specific NPVs into U.S. dollars occurs for all years at the base date (December 31, 2002) exchange rate.

3/ NPV of total debt assuming the entire HIPC initiative assistance is fully delivered as of end-2002.

4/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

Table 10. Guyana: External Debt Service After Full Implementation of Debt-Relief Mechanisms, 2003-2022
(In millions of U.S. dollars; unless otherwise indicated)

	2003	2004	2005	2006	2007	2008	2009	2010	2020	2021	2022	2003-12	2013-22
Total debt service 1/	100.1	102.9	100.2	98.9	97.8	96.3	85.3	83.8	63.9	65.4	61.7	95.2	86.8
After traditional debt-relief mechanisms 2/	99.4	101.4	97.9	96.0	94.3	92.2	79.8	73.8	39.8	39.4	33.8	88.5	65.3
Multilateral	73.1	73.8	69.6	67.0	64.1	61.2	47.7	40.5	32.5	31.7	30.4	57.6	34.7
IDB	21.3	21.9	22.1	20.5	23.1	24.3	21.5	21.6	16.8	16.3	15.2	21.9	18.6
IDA	5.7	6.1	6.6	6.9	7.1	7.0	7.2	8.4	10.7	10.6	10.4	7.4	10.5
IMF	17.8	18.9	16.4	15.8	10.8	8.6	5.0	3.8	0.0	0.0	0.0	10.1	0.0
Others	28.3	26.9	24.6	23.7	23.1	21.3	14.0	6.7	5.0	4.9	4.8	18.2	5.6
Official bilateral	26.3	27.5	28.3	29.0	30.1	31.0	32.1	33.3	7.3	7.7	3.4	30.8	30.6
Paris Club	23.3	24.2	25.1	26.0	27.1	28.1	29.2	30.4	2.3	2.2	2.2	27.8	26.9
<i>Of which: ODA</i>	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.1	1.7	1.6	1.6	2.1	1.8
Other official bilateral and commercial	3.1	3.3	3.2	3.0	3.1	2.9	3.0	2.9	5.0	5.4	1.1	3.0	3.8
<i>Of which: ODA</i>	1.3	1.6	1.6	1.4	1.4	1.1	1.1	0.9	1.0	1.1	1.1	1.2	0.8
Total debt service 1/	75.9	75.9	70.1	69.5	69.2	68.7	59.7	59.9	66.5	68.9	67.1	68.4	67.0
After enhanced HIPC assistance 3/	75.3	74.3	67.8	66.5	65.6	64.6	54.1	50.0	42.4	42.8	39.3	61.7	45.5
Multilateral	54.5	56.4	52.9	51.8	50.4	49.4	38.7	34.4	26.2	25.8	25.5	45.5	28.1
IDB	15.9	16.6	16.9	15.8	18.8	20.0	17.3	17.5	13.7	13.4	13.2	17.4	15.2
IDA	4.1	4.4	4.7	5.1	5.2	5.2	5.4	6.4	8.7	8.6	8.6	5.5	8.4
IMF	13.3	15.2	13.3	13.4	9.4	8.6	5.0	3.8	0.0	0.0	0.0	8.6	0.0
Others	21.3	20.1	18.0	17.5	17.0	15.5	11.1	6.8	3.8	3.7	3.7	14.1	4.5
Official bilateral	20.8	18.0	14.9	14.8	15.1	15.2	15.4	15.5	16.2	17.0	13.8	16.2	17.3
Paris Club	12.3	12.4	12.5	12.8	13.1	13.4	13.6	13.9	13.7	14.3	11.8	13.3	15.3
<i>Of which: ODA</i>	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.1	1.7	1.6	1.6	2.1	1.8
Other official bilateral and commercial	8.5	5.6	2.4	2.0	2.1	1.8	1.9	1.7	2.5	2.7	2.0	2.9	2.0
<i>Of which: ODA</i>	1.3	1.6	1.6	1.4	1.4	1.1	1.1	0.9	1.0	1.0	1.1	1.2	0.8
Total debt service 1/	52.3	33.6	32.0	33.3	35.3	38.8	32.9	37.4	55.7	61.5	64.0	38.5	53.2
After enhanced HIPC assistance	51.6	32.0	29.6	30.4	31.7	34.7	27.4	27.4	31.6	35.4	36.1	31.7	31.7
Multilateral	35.7	24.3	22.0	22.8	24.2	27.5	20.2	20.3	21.7	25.0	25.1	23.5	22.9
IDB	11.5	11.0	11.1	9.6	10.9	11.5	4.4	4.7	13.7	13.4	13.2	8.4	14.0
IDA	1.7	1.9	2.0	2.2	2.3	2.3	2.5	2.9	4.1	7.8	8.6	2.5	4.7
IMF	6.6	5.3	4.4	6.3	5.5	5.8	5.0	3.8	0.0	0.0	0.0	4.6	0.0
Others	15.9	6.1	4.6	4.6	5.4	7.9	8.3	8.9	3.9	3.8	3.2	7.9	4.2
Official bilateral	15.9	7.7	7.7	7.6	7.6	7.2	7.2	7.1	9.9	10.4	11.0	8.3	8.8
Paris Club	12.2	5.3	5.2	5.2	5.1	5.1	5.1	5.2	7.2	7.5	7.9	5.9	6.6
<i>Of which: ODA</i>	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.1	1.7	1.6	1.6	2.1	1.8
Other official bilateral and commercial	3.7	2.4	2.4	2.4	2.4	2.1	2.1	2.0	2.7	2.9	3.1	2.4	2.2
<i>Of which: ODA</i>	3.5	1.3	1.3	1.3	1.3	1.0	1.0	0.7	0.3	0.4	0.4	1.3	0.2
Total debt service	52.3	32.8	31.2	32.5	34.5	38.0	32.1	36.6	54.2	59.9	62.3	37.7	51.9
After bilateral debt relief beyond HIPC 4/	51.6	31.3	28.9	29.6	31.0	33.9	26.6	26.6	30.1	33.9	34.4	31.0	30.4
Multilateral	35.7	24.3	22.0	22.8	24.2	27.5	20.2	20.3	21.7	25.0	25.1	23.5	22.9
Official bilateral	15.9	6.9	6.9	6.8	6.8	6.5	6.4	6.3	8.4	8.8	9.3	7.6	7.5
Paris Club	12.2	4.5	4.5	4.4	4.4	4.3	4.3	4.4	5.7	5.9	6.2	5.2	5.3
<i>Of which: ODA</i>	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.1	1.7	1.6	1.6	2.1	1.8
Other official bilateral and commercial	3.7	2.4	2.4	2.4	2.4	2.1	2.1	2.0	2.7	2.9	3.1	2.4	2.2
<i>Of which: ODA</i>	3.5	1.3	1.3	1.3	1.3	1.0	1.0	0.7	0.3	0.4	0.4	1.3	0.2
Memorandum items:													
Debt service of new debt	0.6	1.5	2.3	2.9	3.6	4.1	5.5	10.0	24.1	26.0	27.9	6.7	21.5
Multilateral	0.6	1.5	2.3	2.9	3.5	4.1	5.5	9.9	23.9	25.8	27.7	6.7	21.3
Official bilateral	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1
Nominal HIPC relief													
Under the original HIPC initiative	24.2	27.1	30.2	29.4	28.7	27.6	25.7	23.9	-2.6	-3.4	-5.5	26.8	19.9
Under the enhanced HIPC initiative	23.7	42.3	38.1	36.2	33.9	29.9	26.8	22.5	10.8	7.4	3.2	29.9	13.8

Sources: Guyanese authorities; and staff estimates.

1/ Includes debt service on new debt.

2/ Assumes a stock-of-debt operation on Naples terms (67 percent NPV reduction) at the end of 1996, and at least comparable action by other bilateral creditors.

3/ Includes debt relief from original HIPC Initiative.

4/ After debt relief beyond HIPC offered by some of the Paris Club creditors.

Table 11. Guyana: External Debt Indicators, 2003–2022 1/
(In percent, unless otherwise indicated)

	Outeryears											Averages			
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2016	2021	2022	2003–12	2013–22
After traditional debt relief mechanisms															
NPV of debt to GDP ratio	157.5	152.8	150.7	144.5	139.0	130.9	124.0	117.7	110.9	103.9	78.3	54.3	51.2	133.2	71.4
NPV of debt to exports ratio 3/4/	172.8	170.8	169.4	165.3	164.2	160.2	153.7	147.2	139.7	132.2	103.7	76.2	73.1	157.5	95.7
NPV of debt to revenue ratio 5/	507.5	484.6	467.4	441.6	422.1	396.6	375.9	356.7	336.1	315.0	237.4	164.6	155.1	410.3	216.5
Debt service to exports ratio	14.7	14.8	14.6	14.8	14.2	13.6	11.5	10.9	11.3	11.5	10.0	5.8	5.3	13.2	8.8
Debt service to revenue ratio 5/	44.1	43.0	40.2	38.7	36.9	34.6	29.3	27.4	28.3	28.5	23.8	12.8	11.5	35.1	20.6
After original HIPC assistance 2/															
NPV of debt to GDP ratio	119.9	118.4	119.2	118.9	116.4	111.5	107.5	103.6	99.4	94.9	80.0	62.8	59.3	111.0	75.0
NPV of debt to exports ratio 3/	131.6	132.3	134.0	136.0	137.5	136.5	133.1	129.6	125.2	120.8	105.9	88.1	84.7	131.7	100.7
NPV of debt to revenue ratio 4/	386.5	375.4	369.8	363.4	353.5	337.8	325.7	314.1	301.2	287.7	242.4	190.4	179.7	341.5	227.3
Debt service to exports ratio	11.1	10.9	10.2	10.4	10.0	9.7	8.0	7.8	8.2	8.4	6.6	6.1	5.8	9.5	6.7
Debt service to revenue ratio 4/	33.4	31.7	28.1	27.2	26.1	24.7	20.5	19.6	20.5	20.8	15.6	13.4	12.5	25.2	15.6
After enhanced HIPC assistance															
NPV of debt to GDP ratio	68.2	72.4	77.0	80.2	81.3	80.1	79.2	77.9	76.2	74.1	65.8	53.5	50.2	76.7	62.1
NPV of debt to exports ratio 3/	74.9	80.9	86.6	91.7	96.1	98.0	98.1	97.5	96.0	94.3	87.1	75.1	71.8	91.4	83.5
NPV of debt to revenue ratio (existing debt only)	69.9	68.0	66.1	65.4	64.4	61.8	58.8	55.8	52.9	50.2	38.7	25.2	22.5	61.3	34.8
NPV of debt to revenue ratio 4/	219.9	229.7	238.9	245.1	247.0	242.6	240.0	236.2	230.9	224.6	199.3	162.2	152.3	235.5	188.3
Debt service to exports ratio	7.7	4.8	4.7	5.0	5.1	5.5	4.4	4.9	5.3	5.6	5.0	5.4	5.5	5.3	5.2
Debt service to revenue ratio 4/	23.0	14.0	12.8	13.0	13.3	13.9	11.3	12.2	13.3	13.9	11.9	12.0	11.9	14.1	12.2
After bilateral debt relief beyond HIPC assistance 5/															
NPV of debt to GDP ratio	66.4	70.6	75.3	78.4	79.6	78.4	77.7	76.5	74.8	72.8	64.8	53.0	49.8	75.0	61.3
NPV of debt to exports ratio 3/	72.8	78.9	84.6	89.7	94.1	96.0	96.2	95.6	94.2	92.6	85.7	74.3	71.2	89.5	82.4
NPV of debt to revenue ratio 4/	213.9	224.0	233.4	239.7	241.8	237.7	235.3	231.7	226.7	220.6	196.3	160.6	151.0	230.5	185.7
Debt service to exports ratio	7.7	4.7	4.5	4.9	5.0	5.4	4.3	4.8	5.2	5.5	4.9	5.3	5.3	5.2	5.1
Debt service to revenue ratio 4/	23.0	13.7	12.5	12.7	13.0	13.7	11.0	12.0	13.0	13.6	11.6	11.7	11.6	13.8	11.9
Memorandum items:															
NPV of debt after traditional debt relief mechanisms	1,153	1,159	1,166	1,130	1,118	1,104	1,096	1,090	1,077	1,057	961	843	832	1,115	923
Debt service after traditional debt relief mechanisms	100	103	100	99	98	96	85	84	91	96	96	65	62	95	87
NPV of debt after enhanced HIPC assistance (in millions of US dollars)	500	549	596	627	654	675	700	722	740	754	807	830	817	652	813
Debt service after enhanced HIPC assistance (in millions of US dollars)	52	34	32	33	35	39	33	37	43	47	48	61	64	38	53
GDP	732	759	774	782	805	843	884	926	971	1,017	1,227	1,551	1,626	849	1,329
Exports of goods and services 3/	682	697	686	668	688	710	742	770	799	830	960	1,138	1,166	727	1,015
Exports of goods and services (3-year mvg. avg.) 3/	667	679	688	684	681	689	714	741	771	800	927	1,106	1,138	711	982
Government revenue 5/	227	239	249	256	265	278	292	306	320	336	405	512	537	277	438

Sources: Guyanese authorities; and staff estimates.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated.

2/ Reflects a stock-of-debt operation on Naples terms at end-1996 and assumes a Lyon stock deal in June 1999.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 2001–03 for NPV of debt-to-exports ratio in 2003).

4/ Revenue is defined as central government revenue, excluding grants.

5/ Some Paris Club creditors have agreed to extend additional debt relief beyond HIPC assistance.

Table 12. Guyana: Status of Creditor Participation Under Original HIPC Initiative

	Debt Relief in NPV Terms (US\$ mil.)	Percentage of Total Assistance	Satisfactory Reply	Modalities to Deliver Debt Relief	Implemented
IADB	51.8	20.2	Yes	Combination of write-offs of selected concessional loans, and partial payment of interest on other selected loans.	Yes
IDA/IBRD	27.1	10.6	Yes	HIPC Trust Fund (Purchase of IDA debt)	Yes
IMF	34.5	13.5	Yes	PRGF HIPC Trust (Provision of PRGF grant to cover debt service)	Yes
CARICOM Multilateral Clearing Facility	29.1	11.3	Yes	Write-off of CMCF common share.	Yes
OPEC Fund (CMFC)	6.2	2.4	Yes	Relief has partially been provided through concessional arrears clearance. The remainder has been fully delivered as of February 2001 through loan restructuring.	Yes
CDB	7.5	2.9	Yes	OCR resources and some accumulated net income from OSFR were used to meet debt service coming due by Guyana on CDB loans.	Yes
EC	8.0	3.1	Yes	Refinancing on grant terms	Yes
IFAD	0.9	0.4	Yes	Up to 100 percent debt service relief until NPV target is achieved (to cover debt service as it falls due).	Yes
Total multilateral	165.1	64.4			
Paris Club creditors 1/	69.6	27.1	Yes	Stock-of-debt operation under Lyon terms (80 percent NPV reduction) on June 25, 1999	Yes 1/
Non-Paris Club creditors	11.9	4.6			
Argentina			No	Being contacted by Guyana	No
Brazil			No	Being contacted by Guyana	No
Bulgaria			No	Being contacted by Guyana	Yes
China			Yes	Some loans have already been cancelled	No
Cuba			No	Being contacted by Guyana	No
DPRK			No	Being contacted by Guyana	No
India			Yes	Has indicated its intention to cancel 100 percent of debt	No
Kuwait			No	Being contacted by Guyana	No
Lybia			Yes	Has indicated its intention to participate to the HIPC Initiative.	No
United Arab Emirates			No	Being contacted by Guyana	No
Venezuela			No	Being contacted by Guyana	No
Yugoslavia			No	Being contacted by Guyana	No
Commercial creditors	9.7	3.8	No	Being contacted by Guyana	No
Total bilateral and commercial	91.3	35.60			
TOTAL	256.4	100.0			

Sources: Guyanese authorities; and Fund staff estimates.

1/ Guyana is in discussion with Russia on a bilateral agreement.

Table 13. Guyana: Status of Creditor Participation Under Enhanced HIPC Initiative

	Debt Relief in NPV Terms (US\$ mil.) ^{1/}	Amended Debt Relief in NVP terms	Percentage of Total Assistance	Satisfactory Reply	Modalities to Deliver Debt Relief	Implemented
IADB	64.3	65.1	19.5	Yes	Assistance will cover reduction of debt service on FSO loans through 2008. Beyond 2008 selective cancellation of principal repayments on FSO loans. Total assistance will be delivered over 11 years.	Yes
IDA	40.7	41.2	12.3	Yes	Provide HIPC debt relief equal to 58.6% of IDA debt service falling due, subject to the one-third ceiling in the interim period. Interim period started as of December 2000. The debt relief would be provided over 20 years, ending in December 2020. Resources provided by HIPC Trust Fund.	Yes
IMF	39.5	40.0	12.0	Yes	PRGF HIPC Trust. Provision of PRGF grant to cover debt service.	Yes
CMCF	28.9	29.2	8.7	Pending	The technical working group of the CMCF explored possible modalities of delivery of the CMCF share of assistance. Among the options explored were various rescheduling scenarios with extended maturity periods, lowered interest rates, and debt-stock reduction.	No
OPEC Fund	5.3	5.4	1.6	Yes	Debt refinancing through new "HIPC" loan.	No
CDB	9.7	9.9	2.9	Yes	CDB would contribute US\$5.5 million in NPV terms out of accumulated net income of the Special Development Fund and donors represented on the Board of the CDB would provide the remainder of the assistance.	Yes
EC	10.5	10.6	3.2	Yes	Debt-service relief on identified EC loans during the interim, supplemented with grants at the completion point allowing for anticipated repayments of agreed loans.	Yes
IFAD	1.0	1.0	0.3	Yes	Up to 100 percent debt service relief until NPV target is achieved. Relief will begin from completion point.	No
Total multilateral	199.8	202.3	60.5			
Paris Club creditors ^{1/}	97.9		29.8	Yes	Stock-of-debt operation under Cologne terms (90 percent NPV reduction) is expected at completion point	Yes ^{1/}
Non-Paris Club creditors	16.7		5.1			
Brazil				No	Being contacted by Guyana	No
Bulgaria				No	Being contacted by Guyana	Yes
China				Yes	Some loans have already been cancelled	No
Cuba				No	Being contacted by Guyana	No
DPRK				No	Being contacted by Guyana	No
India				Yes	Has indicated its intention to cancel 100 percent of debt	No
Kuwait				No	Being contacted by Guyana	No
Lybia				Yes	Has indicated its intention to participate to the HIPC initiative	No
United Arab Emirates				No	Being contacted by Guyana	No
Venezuela				No	Being contacted by Guyana	No
Yugoslavia				No	Being contacted by Guyana	No
Commercial creditors	14.2		4.3	No	Being contacted by Guyana	No
Total bilateral and commercial	128.8		39.2			
TOTAL	328.6		99.7			

Sources: Guyanese authorities; and Fund staff estimates.

^{1/} Guyana is in discussion with Russia on a bilateral agreement.

Table 14. Guyana: Delivery of IMF Assistance under the HIPC Initiative I/
(In millions of SDRs, unless otherwise indicated)

	Actual				Act./Proj.						
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Profile of total assistance under the HIPC Initiative (original and enhanced, in percent)											
Delivery schedule of IMF assistance: original HIPC Initiative (in percent)	22.0	2/	13.0	9.3	11.4	13.9	11.0	10.5	6.0	3.1	0.0
Delivery schedule of IMF assistance: enhanced HIPC Initiative (in percent)		6.8	13.0	6.5	11.8	18.8	14.0	15.0	8.0	6.1	0.0
Debt service due on IMF obligations 3/	17.3	20.0	13.2	13.1	12.9	14.3	12.4	10.6	7.0	4.3	1.6
Principal	16.3	19.0	12.5	12.5	12.5	13.4	11.6	9.9	6.3	3.6	0.9
Interest	1.0	1.0	0.7	0.6	0.3	0.9	0.8	0.7	0.7	0.7	0.7
IMF assistance—deposits into Guyana's account	25.6	6.14		4.133	5.1						
Completion point assistance - Original HIPC Initiative 4/					15.7	6					
Interim assistance - Enhanced HIPC Initiative 5/											
Completion point assistance - Enhanced HIPC Initiative											
IMF assistance under the original HIPC Initiative 7/	5.6	4.5	4.1	3.7	3.3	2.7	2.3	1.7	1.1	0.0	0.0
IMF assistance without interest	5.6	3.8	3.3	3.1	2.8	2.3	2.0	1.5	1.0	0.0	0.0
Estimated interest earnings	0.0	0.7	0.8	0.6	0.5	0.4	0.3	0.2	0.1	0.0	0.0
IMF assistance under the enhanced HIPC Initiative 7/	2.1	2.1	4.1	2.1	5.0	7.3	6.6	5.2	2.8	2.1	0.0
IMF assistance without interest	2.1	2.1	4.0	2.0	3.7	5.8	4.3	4.7	2.5	1.9	0.0
Estimated interest earnings	0.0	0.0	0.0	0.1	1.3	1.4	2.2	0.6	0.3	0.2	0.0
Total IMF assistance under the HIPC Initiative	5.6	6.6	8.2	5.8	8.2	10.0	8.9	6.9	3.9	2.1	0.0
IMF assistance without interest	5.6	5.9	7.4	5.1	6.5	8.1	6.4	6.2	3.5	1.9	0.0
Estimated interest earnings	0.0	0.7	0.8	0.7	1.8	1.9	2.5	0.8	0.4	0.2	0.0
Debt service due to the IMF after total IMF assistance 7/	11.7	13.4	5.0	7.3	4.6	4.3	3.6	3.7	3.1	2.2	1.6
Share of debt service due to the IMF covered by total IMF assistance (in percent)	34.5	34.8	65.5	46.7	65.8	74.4	76.0	70.5	62.3	58.6	0.0
Proportion of each principal obligation falling due during the period to be paid by HIPC Initiative assistance from the principal deposited in Guyana's account	56.7	20.2	26.7	24.6	22.5	18.3	20.7	19.0	22.8	0.0	0.0
Under the original HIPC Initiative 8/	79.1	40.8	40.8	38.0	29.3	43.4	37.3	47.3	39.6	52.9	0.0
Under the enhanced HIPC Initiative 9/											
Memorandum items:											
Total debt service due (millions of U.S. dollars) 10/	70.2	108.8	98.0	97.9	100.1	102.9	100.2	98.9	97.8	96.3	85.3
Share of total debt service covered by total IMF assistance (in percent)	10.9	8.3	11.3	8.1	11.2	13.2	12.0	9.5	5.4	3.0	0.0
Debt service due to the IMF after total IMF assistance (in percent of exports)	2.4	2.8	1.0	1.4	0.9	0.8	0.7	0.6	0.5	0.4	0.2

Sources: Guyanese authorities; and Fund staff estimates.

1/ Total IMF assistance under the HIPC Initiative is SDR 56.6 million calculated on the basis of data available at the original completion point and the enhanced decision point, excluding interest earned on Guyana's account and on committed but disbursed amounts as described in footnote 7. The amount of IMF assistance committed at the enhanced decision point is adjusted upwards from SDR 30.68 million to SDR 31.07 million owing to data revisions.

2/ The delivery schedule for 1999 through 2002 shows the shares of HIPC assistance applied to Guyana's principal obligations that fell due from June 1999 to December 1999, during the last six weeks of 2000, from January 2001 through November 2001, and from September 2002 through December 2002, respectively.

3/ Forthcoming obligations estimated based on principal and rates in effect at the time of Guyana's enhanced HIPC decision point in November 2000.

4/ Assistance of SDR 25.6 million under the original HIPC Initiative was deposited into Guyana's account in May 1999.

5/ Interim assistance of SDR 6.14 million, SDR 4.133 million, and SDR 5.072 million were deposited into Guyana's account in November 2000, September 2002, and September 2003, respectively, to cover principal obligations falling due in the next 12-month period following each deposit.

6/ A final disbursement of SDR 15.725 million (plus accrued interest) assumed to be deposited into Guyana's account at the completion point in December 2003.

7/ Includes estimated interest earnings on: (1) amounts held in Guyana's account; and under the enhanced HIPC initiative, (2) up to the completion point, amounts committed but not yet disbursed. It is assumed that these amounts earn a rate of return of 5 percent in SDR terms; actual interest earnings may be higher or lower. Interest accrued on (1) during a calendar year will be used toward the first principal obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final principal obligation(s) falling due in that year. Interest accrued on (2) during the interim period will be used toward the repayment of principal obligations falling due during the three years after the completion point.

8/ Reproduced from table in www.imf.org that has been approved by the Board. The proportion for 1999 applies to principal repayment obligations that fell due from June 1999 to December 1999.

9/ The proportions for 2000, 2001 and 2002 apply to principal repayment obligations that fell due during the last six weeks of 2000, from January 2001 to November 2001, and from September 2002 to December 2002, respectively, as approved by the Board.

10/ After traditional debt relief mechanisms.

Table 16. Guyana: Paris Club Creditors' Delivery of Debt Relief Under Bilateral Initiatives Beyond the HIPC Initiative

Countries covered	ODA (In percent)		Non-ODA (In percent)		Provision of relief	
	Pre-COD (2)	Post-COD (3)	Pre-COD (4)	Post-COD (5)	Decision point (In percent) (6)	Completion point (7)
Australia						
HIPCs	100	100	100	100 1/	... 1/	...
Austria						
HIPCs (case-by-case)	Case-by-case (100)	Case-by-case (100)	Case-by-case (100)	-	Case-by-case	Case-by-case
Belgium						
HIPCs	100	100	Case-by-case (100)	-	flow	Stock
Canada						
HIPCs	- 3/	- 3/	100	100	100 flow	Stock
Denmark						
HIPCs	100	Case-by-case (up to 100)	-	-	-	Stock
France						
HIPCs	100	100	100	-	100 flow 4/	Stock
Finland						
HIPCs	95	98	-	-	-	-
Germany						
HIPCs	100	100	100	-	100 flow	Stock
Ireland						
HIPCs	-	-	-	-	-	-
Italy						
HIPCs	100	100 5/	100	100 5/	100 flow	Stock
Japan						
HIPCs	100	100	100	-	-	Stock
Netherlands						
HIPCs	100	100	100	-	90-100 flow 6/	Stock 6/
Norway						
HIPCs	- 3/	- 3/	100	100 7/	100 flow	Stock
Russia						
Case-by-case	-	-	-	-	-	Stock
Spain						
HIPCs	100	Case-by-case	Case-by-case	Case-by-case	-	Stock
Sweden						
Case-by-case	- 3/	- 3/	Case-by-case (100)	-	-	Stock
Switzerland						
HIPCs	- 3/	- 3/	Case-by-case	Case-by-case	Case-by-case, flow	Stock
United Kingdom						
HIPCs	100	100	100	100 8/	100 flow 8/	Stock
United States						
HIPCs	100	100	100	100 9/	100 flow	Stock

Source: Paris Club Secretariat.

Note: Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table means that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

1/ Australia: post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.

2/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 11 out of 17 HIPCs with debt service due to Canada. The debt will be written off at the completion point. The countries to be covered are: Benin, Bolivia, Cameroon, Ethiopia, Guyana, Honduras, Madagascar, Mali, Senegal, Tanzania, and Zambia.

3/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

4/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims as they fall due starting at the decision point. Once countries have reached their completion debt relief on ODA claims will go to a special account and will be used for specific development projects.

5/ Italy: cancellation of 100 percent of all debts (pre- and post-COD, ODA, and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point cancellation of the related amounts falling due in the interim period. At completion point cancellation of the stock of remaining debt.

6/ The Netherlands: ODA: 100 percent ODA: pre- and post-cutoff date debt will be cancelled at decision point; for non-ODA: in some particular cases (Bolivia, Burkina Faso, Mali, Ethiopia, Nicaragua, and Tanzania), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPC countries will receive 100 percent cancellation of the remaining stock of the pre-cutoff date debt.

7/ On debt assumed before December 31, 1997.

8/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.

9/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to 06/20/99 (the Cologne Summit).

Table 17. Guyana: HIPC Initiative: Status of Country Cases Considered Under the Initiative, July 31, 2003

Country	Decision Point	Completion Point	Target NPV of Debt-to-Gov.		Assistance Levels 1/				World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
			Exports	Revenue	(In millions of U.S. dollars, present value)						
					Total	Bilateral	Multi-lateral	IMF			
Completion point reached under enhanced framework											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
Original framework	Sep. 97	Sep. 98	225		448	157	291	29	54	14	760
Enhanced framework	Feb. 00	Jun. 01	150		854	268	585	55	140	30	1,300
Burkina Faso					553	83	469	57	231		930
Original framework	Sep. 97	Jul. 00	205		229	32	196	22	91	27	400
Enhanced framework	Jul. 00	Apr. 02	150		195	35	161	22	79	30	300
Topping-up	...	Apr. 02	150		129	16	112	14	61	24	230
Mali					539	169	370	59	185		895
Original framework	Sep. 98	Sep. 00	200		121	37	84	14	43	9	220
Enhanced framework	Sep. 00	Mar. 03	150		417	132	285	45	143	29	675
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
Original framework	Apr. 98	Jun. 99	200		1,717	1,076	641	125	381	63	3,700
Enhanced framework	Apr. 00	Sep. 01	150		306	194	112	18	62	27	600
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
Original framework	Apr. 97	Apr. 98	202		347	73	274	69	160	20	650
Enhanced framework	Feb. 00	May 00	150		656	110	546	91	357	37	1,300
Decision point reached under enhanced framework											
Cameroon	Oct. 00	Floating	150		1,260	874	324	37	179	27	2,000
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Ethiopia	Nov. 01	Floating	150		1,275	482	763	34	463	47	1,930
Gambia, The	Dec. 00	Floating	150		67	17	49	2	22	27	90
Ghana	Feb. 02	Floating	69	250	2,186	1,084	1,102	112	781	56	3,700
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Guyana					585	220	365	74	68		1,031
Original framework	Dec. 97	May 99	107	280	256	91	165	35	27	24	440
Enhanced framework	Nov. 00	Floating	150	250	329	129	200	40	41	40	591
Honduras	Jul. 00	Floating	110	250	556	215	340	30	98	18	900
Madagascar	Dec. 00	Floating	150		814	457	357	22	252	40	1,500
Malawi	Dec. 00	Floating	150		643	163	480	30	331	44	1,000
Nicaragua	Dec. 00	Floating	150		3,267	2,145	1,123	82	189	72	4,500
Niger	Dec. 00	Floating	150		521	211	309	28	170	54	900
Rwanda	Dec. 00	Floating	150		452	56	397	44	228	71	800
São Tomé and Príncipe	Dec. 00	Floating	150		97	29	68	-	24	83	200
Senegal	Jun. 00	Floating	133	250	488	193	259	45	124	19	850
Sierra Leone	Mar. 02	Floating	150		600	205	354	123	122	80	950
Zambia	Dec. 00	Floating	150		2,499	1,168	1,331	602	493	63	3,850
Preliminary HIPC document issued											
Côte d'Ivoire	Mar. 98 3/	...	141	280	345	163	182	23	91	6 4/	800
Total assistance provided/committed					31,428	15,456	15,801	2,516 5/	7,228		51,935
Preliminary HIPC document issued											
Côte d'Ivoire 6/	...	...	91	250	2,569	1,027	918	166	438	37	3,900

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.

3/ Côte d'Ivoire reached its decision point under the original framework in March 1998. The total amount of assistance committed thereunder was US\$345 million in NPV terms. Excluded from the NPV of debt at the completion point in the calculation of this ratio.

4/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is

5/ Equivalent to SDR 1,796 million at an SDR/US\$ exchange rate of 0.7138, as of June 30, 2003.

6/ It is suggested that enhanced HIPC relief for Côte d'Ivoire overtakes the commitments made under the original HIPC framework.

Table 18. Guyana: External Debt Indicators and Sensitivity Analysis, 2003–22 1/
(In millions of U.S. dollars; unless otherwise indicated)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2016	2022	Average		
													2003-11	2012-22	
Baseline scenario															
NPV of debt-to-revenue ratio 2/	213.9	224.0	233.4	239.7	241.8	237.7	235.3	231.7	226.7	220.6	196.3	151.0	231.6	188.9	
Debt service-to-revenue ratio	23.0	13.7	12.5	12.7	13.0	13.7	11.0	12.0	13.0	13.6	11.6	11.6	13.8	12.1	
NPV of debt-to-export ratio 3/	72.8	78.9	84.6	89.7	94.1	96.0	96.2	95.6	94.2	92.6	85.7	71.2	89.1	83.3	
Debt service-to-export ratio	7.7	4.7	4.5	4.9	5.0	5.4	4.3	4.8	5.2	5.5	4.9	5.3	5.2	5.2	
Grant element in total debt	52.7	49.8	47.5	45.5	43.8	42.4	40.9	39.6	38.5	37.4	34.2	29.7	44.5	33.4	
Grant element in new debt	47.3	43.4	42.4	41.5	41.2	40.2	39.3	38.6	38.2	38.1	36.4	32.0	41.3	35.5	
Alternative scenario - lower sugar export volume 4/															
NPV of debt-to-revenue ratio 2/	213.9	224.0	233.4	239.7	241.8	237.7	235.3	233.2	229.9	225.1	205.3	162.7	232.1	198.1	
Debt service-to-revenue ratio	23.0	13.7	12.5	12.7	13.0	13.7	11.0	12.1	13.2	13.9	12.1	12.5	13.9	12.7	
NPV of debt-to-export ratio 3/	72.8	78.9	84.6	89.7	94.1	96.0	96.2	95.7	94.5	93.1	87.2	73.4	89.2	84.8	
Debt service-to-export ratio	7.7	4.7	4.5	4.9	5.0	5.4	4.3	4.8	5.2	5.6	5.0	5.5	5.2	5.3	
Alternative scenario - lower sugar export prices 5/															
NPV of debt-to-revenue ratio 2/	213.9	224.0	233.4	239.7	248.9	251.6	255.3	258.0	258.7	257.4	246.5	206.3	242.6	238.6	
Debt service-to-revenue ratio	23.0	13.7	12.5	12.7	13.0	13.7	11.0	12.1	13.2	13.9	12.1	12.5	13.9	12.7	
NPV of debt-to-export ratio 3/	72.8	78.9	84.6	89.7	96.8	105.2	112.3	117.8	118.0	117.2	112.7	96.8	97.4	109.7	
Debt service-to-export ratio	7.7	4.7	4.5	4.9	5.0	5.9	4.9	5.3	5.8	6.1	5.4	5.7	5.4	5.6	
Alternative scenario - lower revenue ratio 6/															
NPV of debt-to-revenue ratio 2/	213.9	224.0	242.8	253.1	256.8	253.0	250.5	246.7	241.3	234.8	209.0	160.7	242.4	201.1	
Debt service-to-revenue ratio	23.0	13.7	13.0	13.4	13.8	14.6	11.7	12.8	13.8	14.5	12.4	12.4	14.4	12.8	

Sources: Guyanese authorities; and staff estimates.

1/ All debt indicators refer to public and publicly guaranteed debt and are defined after bilateral debt relief beyond HIPC assistance, unless otherwise indicated.

2/ Revenues are defined as central government revenues, excluding grants.

3/ Based on a three-year average of exports on the previous year.

4/ Assumes no sugar export volume increase after 2008.

5/ Assumes that the sugar price in European markets reverts to 13 cents per pound in 2007 when the preferential sugar price is scheduled to be phased out.

6/ Assumes that central government revenues in relation to GDP remains at 31 percent from 2003 onwards compared to 33 percent in the baseline.

IN REPLYING QUOTE DATE
HEREOF AND No.....



MINISTRY OF FINANCE
49 Main & Urquhart Streets,
Georgetown,
Guyana.

Georgetown,
Guyana
November 19, 2003

Mr. Horst Köhler
Managing Director
International Monetary Fund
Washington, D.C. 20431
U.S.A.

Dear Mr. Köhler:

In September 2003, the IMF's Executive Board concluded Guyana's first review under current Poverty Reduction and Growth Facility (PRGF) arrangement, and Directors noted that Guyana had maintained macroeconomic stability while making substantial progress in the implementation of most of the completion point triggers under the Enhanced Heavily Indebted Poor Countries initiative (E-HIPC). In light of the completion of the first review and Guyana's satisfactory track record of policy implementation under the PRGF arrangement, and the successful implementation of many of the policies elaborated in the Poverty Reduction Strategy Paper (PRSP) over the last year, the government of Guyana now wishes to advance towards the attainment of the completion point, under the Enhanced HIPC initiative, in December 2003.

As noted above, by September 2003, almost all the completion point trigger conditions had been met, but there were two exceptions, both associated with civil service reform.

- With respect to the reduction of 1,000 persons in the core civil service, it was felt that given the ethnic composition of the civil service, the strong efforts needed to obtain this objective would have resulted increased ethnic tensions and significant risks to the social and political stability of the country. This notwithstanding, the Government was able to take compensatory measures through efforts to improve efficiency and lower costs in the overall public sector, which has resulted in a reduction of 2,500 public sector employees, since 2001. The efforts were not envisaged under the original completion point triggers.
- On the commitment to complete staff audits, job descriptions, and a performance appraisal system, while the first objective was completed, the two remaining objectives were changed through a joint decision with the IDB, in June 2001. Instead of developing job descriptions and a performance appraisal system, the

compensatory measures agreed with the IDB, required that the government complete a civil service payroll audit, approve a Public Sector Modernization Program (PSMP) and finalize the initial design of the PSMP. All government actions contemplated in the reformulated program have been fully completed.

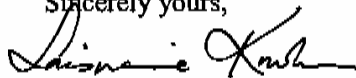
To further strengthen civil service reform, the government has tightened its existing hiring freeze, with respect to employment in the core civil service, beginning October 2003, and this will remain in place for two years until the IDB program becomes operational. Also, the government will enact in early December, a revised Fiscal Management and Accountability Act, designed to strengthen the regulatory framework for the preparation and execution of the annual budget and which will also provide a more transparent and efficient financial management system for the Central Government and its semi-autonomous agencies.

As noted above, important progress was made on the full implementation of most of the floating completion point trigger conditions, a satisfactory track record of policy implementation exists under the PRGF arrangement, and the government's remains strongly committed to civil service reform, over the remaining years of the current arrangement, and into the long term. Given that where certain completion point trigger conditions could not have been met, significant compensatory measures were taken, the government of Guyana requests waivers for the nonobservance of the following floating completion point triggers;

- a. Separate from the core civil service 1,000 temporary and unqualified civil servants.
- b. Complete staff audits, job description and a performance appraisal system to fulfill the technical assistance component of a comprehensive public sector modernization program.

The Government of Guyana remains committed to the major objectives of poverty reduction and sustainable growth as outlined in our Poverty Reduction Strategy Paper (PRSP), and incorporated in our PRGF-supported program, and we look forward to continued support from the IMF in our pursuit of these two important objectives.

Sincerely yours,



Saisnarine Kowlessar
Minister of Finance

DEBT MANAGEMENT

Guyana's debt-monitoring system tracks medium- and long-term public and public-guaranteed debt on a loan-by-loan basis although the data processing capacity has some shortcomings. The debt monitoring tasks are divided between the ministry of finance which handles Guyana's external debt and the Bank of Guyana which monitors the domestic debt.

A committee comprising of representatives from the ministry of finance, the Bank of Guyana, and the ministry of foreign affairs meets on an ad hoc basis to discuss debt strategy although the debt management function is not yet integrated into macroeconomic policy making. The authorities are planning to enhance their capacity to make medium term macroeconomic projections and will use the results of the debt sustainability analysis performed in conjunction with this completion point document as a starting point for regular debt strategy meetings.

The data management capacity of the external debt statistics could be enhanced with extra resources and technical support. The data is currently stored in excel spreadsheets and therefore the debt management unit would benefit from funds to install the latest version of the Commonwealth Secretariat database system CS-DRMS for data management and the analytical software Debt-Pro to carry out debt sustainability analyses. Staff is trained in basic debt management functions although there is a shortage of specialists with analytical skills. The skill base is enhanced by a repeated two-year economist secondment from DFID.

While the debt unit methodically evaluates the concessionality of any new external loan that is being considered, consistent with the condition on eliminating nonconcessional borrowing, it does not play a coordinating role in new borrowing. As a result, the roles of the various government institutions in contracting new borrowing is unclear as is the role of the Accountant General's Department in debt management. To rectify this problem, the ministry of finance must take a leading coordinating role in future and assess in detail the impact of new loans on the overall debt portfolio.