Public Disclosure Authorized

Public Disclosure Authorized

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL MONETARY FUND

GUYANA

Joint World Bank-IMF Debt Sustainability Analysis

September 2019

Prepared jointly by the staffs of the International Development Association (IDA)

and the International Monetary Fund (IMF)

Approved by Marcello Estevão (IDA) and Aasim M. Husain and Edward R. Gemayel (IMF),

Guyana: Joint Bank-Fund Debt Sustainability Analysis

Risk of external debt distress	Moderate
Overall risk of debt distress	Moderate
Granularity in the risk rating	Substantial space to absorb shock
Application of judgment	No

The risk of external and overall debt distress for Guyana remains moderate, but debt dynamics will improve significantly with the start of oil production in 2020.[1] All external debt indicators remain below the relevant indicative vulnerability thresholds under the baseline scenario, which incorporates the average long-term effects of oil on economic growth, fiscal balance, and current account position. The PV of external debt-to-GDP is projected to decline to 3 percent over the long-term as the need for external borrowing is offset by the accumulation of external assets. Stress tests indicate the susceptibility of Guyana's external public debt in a very extreme shock which combines simultaneous shocks to real GDP growth, primary balance, exports, other flows (current transfers and FDI), and nominal exchange rate depreciation, as well as second order effects arising from interactions among these shocks. The combined effects of these shocks and their second order effects cause temporary but significant breaches in the external debt thresholds, prompting a moderate risk rating. Nonetheless, Guyana has substantial space to absorb these shocks, reflecting the current low level of external debt. Guyana's medium- and long-term outlook is very favorable given the incoming oil production and revenues, which will eventually underpin fiscal surpluses and a reduction in external indebtedness. The authorities reiterated their commitment in preserving fiscal discipline.

[1] This DSA was jointly prepared by IMF and World Bank staff under the new debt sustainability framework (DSF) for low-income countries (LICs), implemented since July 2018. The debt-carrying capacity is classified using the country-specific composite indicator (CI) derived from three macroeconomic indicators and the World Bank's Country Policy and Institutional Assessment (CPIA). Guyana's capacity is assessed as "moderate" using the CI based on the April 2019 WEO and the 2017 CPIA.

PUBLIC DEBT COVERAGE

1. **The coverage of public sector debt used in this report is central government debt and central government-guaranteed debt.** As of end-2018, the government had guaranteed a five-year syndicated loan amounting to G$16.5 billion (2.1 percent of GDP) raised by the National Industrial and Commercial Investments Limited (NICIL) for the purpose of restructuring state-owned Guyana Sugar Corporation (GuySuCo).[2] The loan, which is also secured by NICIL's assets, carries an interest rate of 4.75 percent, placing Guyana as one of the lowest sovereign credit risks in the Caribbean.[3] The government had undertaken the restructuring of GuySuCo following continued losses which resulted in heavy subsidies amounting to 1−2 percent of GDP per year from 2015−17.[4] Proceeds from the privatization of GuySuCo's estates will be used to repay this loan. The central government debt also includes borrowing from the Central Bank of Guyana, amounting to G$72.5 billion (9.3 percent of GDP) as of end-2018.[5] In addition, state-owned enterprises' (SOEs) debts are included in central government debt as these entities are not allowed to borrow directly. The central government borrows and on-lends to the SOEs. The central government does not issue explicit or implicit guarantees on sub-nationals and local governments' debts, which are not included in the DSA. External debt is defined based on residency basis.

Coverage of Public Sector Debt

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	X
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	
8	Non-guaranteed SOE debt	X

BACKGROUND

2. **Total gross public debt has declined significantly over the past decade, driven by debt relief, repayments, and prudent debt management.** Guyana's total public-sector debt declined to 55 percent of GDP (including central government guarantee on NICIL's G$16.5 billion syndicated loan) in 2018 from 61.2 percent of GDP in 2008. The IMF, World Bank (IDA), and Inter-American Development Bank (IDB) provided debt relief amounting to US$640 million in

[2] NICIL was incorporated as a Private Limited Company under the Companies Act of 1991 and is 100 percent owned by the Government of Guyana.

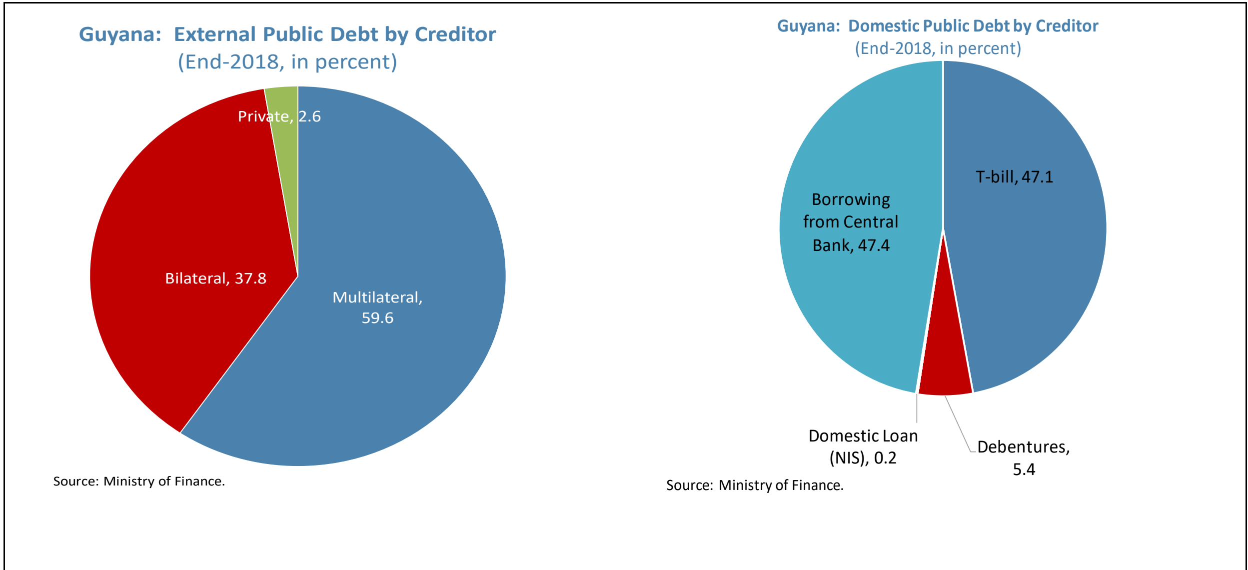
[3] The spread was broadly in line with investment-grade countries in the region. For example, Trinidad and Tobago's US$ sovereign bond maturing January 16, 2024 (rated BBB+ by S&P) traded at a yield-to-maturity of 4.36 percent at the point when NICIL raised the syndicated loan.

[4] The restructuring of GuySuCo is ongoing as offers have been received for the privatization of 3 of the 6 sugar estates, and all severance payments have been made to the 5,500 displaced workers.

[5] The central bank does not borrow externally on behalf of the central government.

2006– 07, under the Multilateral Debt Relief Initiative (MDRI). In addition, Paris Club bilateral creditors and some non-Paris Club creditors granted debt relief within the 2004 Paris Club agreement.[6] Guyana's rice exports to Venezuela helped repay part of its debt owed to that country under the PetroCaribe agreement. The PetroCaribe agreement was suspended since 2015 following the revival of a border dispute, and no further borrowing was made since then. The pace of public debt accumulation has slowed following the government's commitment to containing non-essential expenditures and restraint from contracting large amounts of debt.

3. External debt accounts for two thirds of total public sector debt, mostly to multilateral institutions. Multilateral creditors accounted for around 60 percent of total external debt in 2018. The IDB is the largest multilateral creditor, followed by Caribbean Development Bank, accounting for 39.7 percent and 11.3 percent of total external debt respectively, as of end-2018. China's state-owned Export-Import Bank is the largest bilateral creditor, comprising 16.1 percent of total external debt at end-2018. Commercial banks are the most important private creditors. Domestic debt comprises mainly Treasury bills (T-bills) and borrowing from the central bank.



4. The authorities have remained committed to ensuring fiscal prudence and contracting external loans on highly concessional terms before the start of oil production. The government had been prudent in ensuring that its fiscal integrity would not be compromised by contracting large debt. It has been relying on concessional financing from Multilateral Development Banks, consistent with Staff recommendations. One instance of financing from

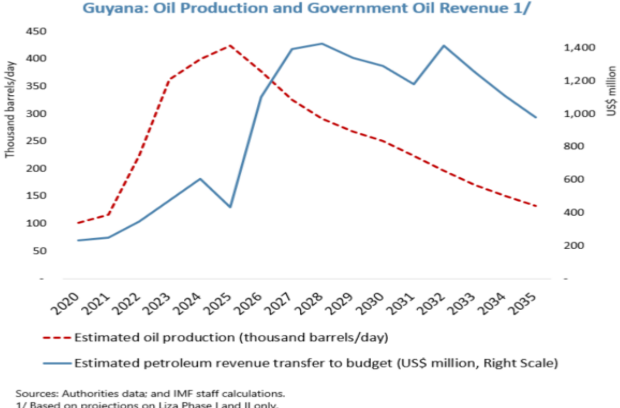
[6] Debt relief under the Heavily Indebted Poor Country (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) was granted by all multilateral creditors, by Paris Club bilateral creditors, and five non-Paris Club creditors (China, India, Venezuela, Bulgaria, and Cuba). Debt owed to Brazil and North Korea was paid off without relief.

private commercial banks was the publicly guaranteed NICIL syndicated loan to fund the restructuring of GuySuCo, which should strengthen the fiscal position over the medium-term by eliminating further government bailouts to that company.

BACKGROUND ON MACRO FORECASTS

5. Guyana is poised to be the major crude oil exporter in the Caribbean by 2020 as further oil discoveries have been made since 2015. ExxonMobil made a significant offshore oil discovery in 2015, conservatively estimated to hold between 800 and 1,400 million barrels. A recent 13th offshore discovery has been made in the Stabroek Block, adding to existing recoverable resources of approximately 5.5 billion oil-equivalent barrels, estimated by ExxonMobil. The oil company and its partners have also indicated potential for at least five floating production, storage and offloading vessels on the Stabroek Block producing more than 750,000 barrels/day (bpd) by 2025. The government has plans to undertake a third-party area reviews to ascertain the country's total oil reserves. The existing associated gas is being considered for the domestic market, allow Guyana to replace the heavy fuel oil (HFO) currently used for power generation.

6. Commercial oil production is expected to start in the first quarter of 2020 as planned. Liza Phase I will begin in the first quarter of 2020, averaging 102,000 bpd during that year. Liza Phase II is estimated to commence production in 2022, starting with an average output of 108,000 bpd. Additional discoveries have been made but their oil production prospects are not known at this time and thus, are excluded in the baseline.



7. The main direct effect of oil on the economy will be through fiscal revenues. Under the revenue-sharing agreement, 75 percent of oil production is initially allocated to "cost recovery" to ExxonMobil and its partners. The remaining 25 percent is considered "profit oil" and is shared 50−50 with the government. The agreement sets a royalty of 2 percent on gross earnings, which brings the government share to 14.5 percent of total oil revenues. The government share will increase substantially once cost recovery on the initial investment is met, and most of production consists of "profit oil." As the breakeven price for Liza Phase II is relatively low at around US$35 per barrel, it would take a major adverse price shock to delay its development plans. Upside potential remains considerable with prospects for new offshore oil discoveries in other blocks besides Stabroek, and many companies have expressed interest for the ultra-deep offshore block.

8. The assumptions in the baseline scenario are consistent with the macroeconomic framework presented in the staff report. As in the 2018 DSA, the baseline scenario incorporates the macroeconomic effects of oil through fiscal revenues and value added to domestic economic activities through employment and capital flows.[7] The discount rate used to calculate the net present value of external debt remains at 5 percent, consistent with the 2018 DSA and other LIC economies. The main assumptions are:

- Real GDP growth is projected at 16.7 percent, on average, during 2018–28. The projection takes into account three factors: (i) contribution of oil production starting from 2020 as Liza Phase I begins operation and Liza Phase II commences in 2022; (ii) stimulus to the domestic economy from an increase in central government developmental and capital spending to address social development and infrastructure needs, supported by oil revenues; and (iii) broadening of growth of the domestic non-oil sectors, benefitting from public capital investment, which improves infrastructure, connectivity, and efficiency. It also assumes a fiscal responsibility framework—consistent with the rule already in place governing transfers from the National Resource Fund (NRF) to the budget—that targets an overall balanced budget from 2022 onwards, by ensuring that the non-oil overall deficit do not exceed fiscal transfer from the NRF. This minimizes the "Dutch" disease crowding out effects on private investment and consumption while ensuring long-term fiscal sustainability and the accumulation of assets in the NRF as a buffer against shocks and for future generations.

Guyana: Baseline Macroeconomic Assumptions
(In percent of GDP, unless otherwise stated)

	2018 DSA	2019 DSA
	2017-27 Average	2018-28 Average
Real GDP growth	11.8	16.7
Real Non-oil GDP growth	3.9	5.0
Consumer prices (eop) 1/	2.7	2.8
Central Government overall balance 2/	5.2	-0.9
External current account balance 3/	24.4	-5.3
Foreign direct investment	-15.7	11.1

Sources: Guyanese authorities, IMF staff calculations and projections.
1/ Measured as percent (y/y) change.
2/ After grants.
3/ The deterioration in external current account balance reflects high value imports of oil goods and services for 2018 onwards.

- Inflation (measured by CPI) is projected to average 2.8 percent during 2018–28, slightly higher than the previous DSA projection to capture the structural rigidities associated with capacity constraints as the government increases spending to address infrastructure gaps and social development needs.

- Fiscal outlook: The ten-year forward-looking central government overall fiscal position is expected to average -0.9 percent of GDP, reflecting an overall balanced budget from

[7] Based on staff projections for Liza I and II from the Fiscal Analysis of Resource Industries (FARI) Model with inputs from the authorities, taking into consideration oil royalty and production profit-sharing with ExxonMobil, and the fiscal rule in the NRF Act.

2022 onwards (in line with the fiscal path described above) compared to the assumption of accumulating surpluses in the 2018 DSA.[8] This allows some front-loading of government spending to address infrastructure gaps and social development needs, and ensures that the accumulation of assets in the NRF will not be offset by the accumulation of public debt.[9] It is assumed that the path of ramping up public spending would be gradual given the need to address capacity constraints and minimize macroeconomic distortions related to "Dutch" disease. Going forward, external financing is also not required as capital and current expenditures will be met by oil revenues and non-oil revenues.

- External sector outlook: The current account balance is projected to worsen to a deficit of 5.3 percent of GDP, on average, during the forecast period due to high value imports of oil-related equipment and services. However, the flow of foreign direct investment will increase, by an average 11.1 percent of GDP, reflecting mainly the private sector financing of these oil-related imports and oil exploration activities.

9. **The favorable outlook is subject to downside and upside risks.** The significant challenges associated with measuring economic performance amid major structural changes could cause reported outturns to differ from the baseline.[10] Also, on the downside, increased dependence over time on oil revenue could expose the economy to oil price volatility. In addition, excessively rapid increases in government spending from oil revenues could subject Guyana to the "natural resource curse," with significant inflationary pressures, eroding competitiveness, and governance concerns. A slowing global economy could also affect non-oil exports, particularly sugar, rice, and other commodities. On the upside, further oil discoveries and production, if managed effectively, could significantly improve Guyana's economic welfare over the long-term. Concrete measures are needed to address issues relating to capacity constraints to mitigate the risks of under-execution of public capital investments.

10. **The realism tools support the reasonableness of our projections, in line with historical and peer experiences, and expected structural changes in Guyana's economy with the emergence of significant oil production.**

- Forecast errors (Figure 3): In the past, changes in both public- and publicly-guaranteed (PPG) external debt and public debt are largely due to economic performance. This factor continues to be a major determinant underpinning the changes in debt levels in our forecast. For the projection of PPG external debt, FDI is now a significant contributor, consistent with large FDI inflows arising from oil production and continuing exploration. Forecast errors of our past debt estimates (measured as the

[8] The framework assumes accumulation of assets in the NRF following the provisions of the NRF Act.

[9] The zero-overall balance framework will also allow a gradual repayment of the central bank overdraft.

[10] Projected real GDP growth in 2020 is potentially overstated and subject to large subsequent revisions because of the very high growth rate of oil GDP, which in turn is elevated on account of the very low (zero) base in 2019. Hence, even small changes to the projected oil output in 2020 would result in large changes in real oil GDP and overall real GDP growth rates. Work is ongoing to rebase the real GDP series to account for oil-related activities since 2015 in advance of actual oil production in 2020.

difference between actual and anticipated contributions on debt ratios) suggest that that we have been conservative—our estimation of PPG external debt and public debt had been higher relative to their actual levels compared to the distribution of other LIC economies.

- Realism of fiscal adjustment (Figure 4): The three-year adjustment in the primary balance of 2 percentage point of GDP is consistent with our recommendation to a adopt fiscal responsibility framework that targets an overall balanced budget. It is worth noting that fiscal policy will remain expansionary in the three years, supported by the new-found oil wealth.[11] The baseline growth path in 2020 is higher than implied under different fiscal multipliers due to the start of oil production which leads to a significant increase in exports, fiscal revenue, and FDI. This is consistent with the chart which shows significantly higher contribution of other factors (namely private capital from ExxonMobil and other oil-related companies) to economic growth compared to public capital. In addition, the chart on public and private investment rates shows that private investment will pick up gradually from 2022 onwards, in line with our current DSA assumption of a gradual increase in public capital spending which mitigates "Dutch" disease.

COUNTRY CLASSFICATION AND DETERMINATION OF SCENARIO STRESS TEST

11. Guyana is assessed to have a "medium" debt carrying capacity. Based on the April 2019 WEO macroeconomic framework, the country's composite indicator (CI) score is 3.01, within the range of 2.69–3.05 for "medium" rated countries. From the 2018 Guidance Note on The Bank-Fund Debt Sustainability Framework for Low Income Countries, the relevant indicative thresholds for public and publicly guaranteed (PPG) external debt in this category are: 40 percent for the PV of debt-to-GDP ratio,180 percent for the PV of debt-to-exports ratio, 15 percent for the debt service-to-exports ratio, and 18 percent for the debt service-to-revenue ratio. The benchmark of the PV of total public debt for "medium" debt carrying capacity is 55 percent.

[11] While the overall fiscal deficit will narrow and move to a balanced budget, the ratio of non-oil deficit to non-oil GDP (often used to measure fiscal stance in oil-exporting countries) would be widening gradually over the medium term, indicating a sustained expansionary fiscal stance.

Guyana: Debt Carrying Capacity Under the Composite Indicator Index

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.39	3.31	1.28	0.42
Real growth rate (in percent)	2.72	7.82	0.21	0.07
Import coverage of reserves (in percent)	4.05	30.90	1.25	0.42
Import coverage of reserves^2 (in percent)	-3.99	9.55	-0.38	-0.13
Remittances (in percent)	2.02	8.47	0.17	0.06
World economic growth (in percent)	13.52	3.56	0.48	0.16
CI Score			3.01	100%
CI rating			Medium	

Guyana: Composite Indicator Index Thresholds

EXTERNAL debt burden thresholds	Medium
PV of debt in % of	
Exports	180
GDP	40
Debt service in % of	
Exports	15
Revenue	18

12. **The stress test for combined contingent liability shock adjusts the default setting for public–private partnership (PPP) debt**. The authorities indicated no PPP debt outstanding as of end-2018 and any financing requirements by developmental agencies are met directly through central government borrowing. The World Bank Investments in IDA Countries Report also shows no outstanding PPI investments and projects in Guyana from 2013–17.

Guyana: Combined Contingent Liability Shock

1	The country's coverage of public debt	The central government plus social security, government-guaranteed debt			
		Default		Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	2.0	
4	PPP	35	percent of PPP stock	0.0	The authorities and IDA confirmed that PPP stock is zero.
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			7.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

DEBT SUSTAINABILITY ANALYSIS

External PPG Debt

13. Under the baseline scenario, all external PPG debt indicators remain below the policy relevant thresholds for the next ten years (Figure 1). The PV of debt-to GDP ratio is expected to decline gradually from 22 percent in 2019 to 3 percent in 2029 as existing debt is being amortized and the need to incur additional new external debt is significantly reduced with the incoming oil revenues to the central government starting from 2020 onwards.

14. The standardized stress test shows that combined shocks have the largest negative impact on the debt trajectory, causing a breach of the threshold for the PV of debt-to-GDP ratio in the immediate-term which normalizes in the medium-term. The combined shocks include temporary shocks to real GDP growth, primary balance, exports, other flows (including current transfers and FDI), and nominal exchange rate depreciation.[12] Under these shocks—a very extreme scenario—the PV of debt-to-GDP ratio could increase to 145 percent in the first year after the shocks, rising to 183 percent in the second year before declining gradually to 56 percent in 2029. In addition, the combined shocks which include a large nominal exchange rate depreciation[13] could also result in the PV of external debt service-to-revenue ratio breaching its threshold in 2021. Significant shocks to exports could also potentially lead to a temporary breach in the PV of debt-to-exports ratio in 2021 and 2022.

15. The results suggest that the risk of external debt distress remains moderate although in the baseline scenario, all sustainability indicators remain below their vulnerability thresholds. It is important to note that the breaches in the ratios of PV of debt-to-GDP, PV of external debt service-to-revenue, and PV of debt-to-exports are caused by shock assumptions which, under current and anticipated developments in Guyana, may be less relevant and probable.

- *External debt-to-GDP:* One reason for the PV of debt-to-GDP ratio threshold breach is that the sensitivity analysis neglects the high real GDP growth in 2020 (as if oil production in Liza Phase I did not start).[14] The historical standard deviation may be distorted by the underestimation of GDP, imports, and FDI in years prior to the start of oil production as the authorities' current data on the national accounts and balance of payments do not reflect foreign companies' investments in developing Guyana's offshore oil resources during the preparatory phase. Thus, while this scenario is meant to capture large but plausible adverse shocks, in this case it is mainly removing the level effect on GDP of going from no oil production to becoming an oil producer.

---

[12] Section VI of the 2018 Guidance Note provides further details.

[13] Assumes a one-time 30 percent nominal depreciation of the domestic currency in the second year of the projection period, or the size needed to close the estimated real exchange rate overvaluation gap, whichever is larger.

[14] The standardized shock on real GDP growth is set to its historical average minus one standard deviation, or the baseline projection minus one standard deviation, whichever is lower for the second and third years of the projection period.

- *External debt service-to-revenue ratio:* The assumption of a one-time 30 percent nominal exchange rate devaluation in 2021 is not reflective of Guyana's current economic cycle and past exchange rate path (the steepest exchange rate depreciation since 1990 was 11 percent, in 1998). On the contrary, the start of oil production in 2020 will substantially increase international reserves and may create significant appreciation pressures on the Guyanese dollar.

- *Debt-to-exports:* The shock on exports is distorted by the high standard deviation of export growth in the historical data due to the high share of commodity exports (85 percent of total exports), high volatility of commodity prices, and a few idiosyncratic shocks (e.g. the suspension of rice exports to Venezuela, and the collapse of the sugar sector).

16. Guyana has substantial space to absorb shocks, reflecting the current low level of external debt. Figure 5 shows that all debt burden indicators in the baseline scenario are well below their respective thresholds. Only shocks in the upper quartile of the observed distribution of shocks would downgrade the country to high risk of debt distress.

Public Sector Debt

17. Under the baseline scenario, the PV of public debt-to-GDP ratio does not breach the 55 percent vulnerability threshold (Figure 2). The PV of debt-to-GDP ratio is expected to decline gradually from 46 percent in 2019 to 6 percent in 2029 as existing debt is being amortized and the need to incur large additional new external debt is significantly reduced with the increasing oil revenues as well as the fiscal responsibility framework that targets an overall balanced budget.

18. The standardized stress test shows that the largest shock that leads to the highest PV of debt-to-GDP ratio in 2029 is the shock to real GDP growth. Under this shock, the debt ratio could reach 122 percent of GDP in 2020.[15] In addition, commodity price shock could result in a breach of the vulnerability threshold in 2026, pushing the PV of debt-to-GDP ratio to 68 percent in 2020. The vulnerability to such a shock highlights the importance of structural reforms to diversify the domestic economy to ensure broad-based growth and reduce over-reliance on oil which could lead to large volatility in economic growth. The susceptibility these shocks also underscore the importance of adopting a fiscal responsibility framework to safeguard long-term debt sustainability.

[15] As in external debt, this standardized sensitivity analysis totally neglects the high real GDP growth in 2020 and treats as though oil production in Liza Phase I does not exist.

CONCLUSION

19. The debt sustainability analysis under the new LIC DSF framework suggests that Guyana's risk of external and overall debt distress remains moderate. While the country's debt dynamics improve considerably under the baseline, it remains vulnerable under the standardized stress test. In the baseline scenario, debt indicators remain well below their respective vulnerability thresholds over the projection period. The PV of external debt-to-GDP ratio is projected to decline to around 3 percent in the long run as the need for external borrowing is eliminated by the accumulation of external assets. However, stress tests indicate that Guyana's external public debt ratio is vulnerable to an extreme shock which combines simultaneous shocks to real GDP growth, primary balance, exports, other flows (current transfers and FDI), and nominal exchange rate depreciation as well as second order effects arising from interactions among these shocks. While some of these shocks are less probable given the distortions in the historical standard deviations used in the stress test, it highlights the importance of structural reforms to diversify and strengthen the domestic economy and reduce over-dependence on oil which could exacerbate economic growth volatility. At present, Guyana has substantial space to absorb shocks, reflecting the current low level of external debt. While the NRF Act enshrines a budget transfer rule that ensures fiscal transfers are determined by the expected financial return on the NRF in the long-run, a complementary fiscal responsibility framework is needed to ensure that fiscal policies remain disciplined in line with the principle underlying the budget transfer rule, which in turn is necessary to safeguard debt sustainability and the accumulation of net wealth (that is, asset accumulation without a corresponding accumulation of public debt) in the NRF.

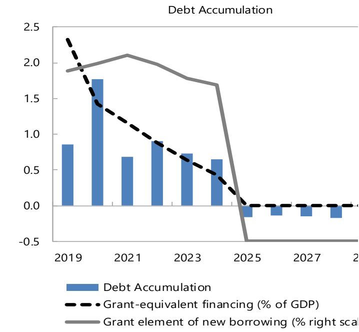
AUTHORITIES' VIEWS

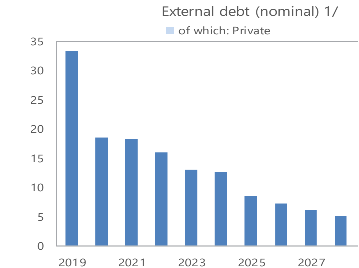
20. The authorities agreed with the debt sustainability assessment under the new framework and are committed to preserving fiscal discipline. They noted that prudent fiscal policies over the last 5 years had helped reduce the debt-to-GDP ratio, from 61.2 percent in 2008 to 55 percent (including central government guarantee on NICIL's G$16.5 billion syndicated loan) in 2018. Nevertheless, the authorities recognized that extreme shocks emanating from external risks such as fluctuations in global commodity prices and capital flows could put pressure on the domestic economy. As such, they are committed to maintaining fiscal prudence to ensure enough buffers to weather such shocks. They concurred with staff's recommendation of adopting a fiscal framework that anchors fiscal policy by constraining the annual non-oil deficit to not exceed the expected transfer from the NRF as this will ensure that public debt does not rise. To improve public financial management, the authorities intend to adopt rigorous project selection, prioritization and costing criteria that will also inform multi-year budgeting. They indicated that they would consider other mechanisms to further improve fiscal transparency and have requested further information on the Fiscal Transparency Evaluations.

Table 1. Guyana: External Debt Sustainability Framework, Baseline Scenario, 2016−2039

	Actual			Projections								Average 8/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
External debt (nominal) 1/	33.2	34.4	33.9	33.3	18.6	18.3	16.0	13.0	12.6	4.4	1.0	40.5	13.0
of which: public and publicly guaranteed (PPG)	33.2	34.4	33.9	33.3	18.6	18.3	16.0	13.0	12.6	4.4	1.0	40.5	13.0
Change in external debt	-2.6	1.2	-0.5	-0.6	-14.7	-0.3	-2.3	-3.0	-0.4	-0.8	-0.1		
Identified net debt-creating flows	-4.4	0.0	2.3	-3.5	-19.5	-5.9	-10.2	-11.1	-7.4	-5.8	4.7	-1.3	-9.1
Non-interest current account deficit	-0.9	6.3	16.9	22.2	18.1	15.6	5.4	0.6	-1.9	-2.4	8.0	8.6	3.3
Deficit in balance of goods and services	9.4	15.7	29.6	34.9	2.3	-0.6	-24.7	-38.7	-40.8	-7.0	7.9	24.0	-14.0
Exports	45.7	44.7	39.1	39.8	51.0	50.7	62.8	69.0	68.0	29.1	13.1		
Imports	55.0	60.4	68.7	74.7	53.3	50.1	38.1	30.3	27.2	22.1	21.0		
Net current transfers (negative = inflow)	-9.9	-9.2	-12.8	-12.8	-9.5	-9.3	-8.2	-7.3	-7.2	-5.5	-2.0	-14.8	-7.6
of which: official	-0.7	-1.4	-1.0	-1.1	-0.6	-0.8	-0.4	-0.4	0.0	0.0	0.0		
Other current account flows (negative = net inflow)	-0.4	-0.3	0.1	0.1	25.3	25.5	38.4	46.5	46.1	10.0	2.1	-0.7	25.0
Net FDI (negative = inflow)	-0.9	-5.9	-12.7	-24.8	-23.3	-20.9	-12.7	-8.6	-5.3	-3.0	-3.2	-7.5	-10.2
Endogenous debt dynamics 2/	-2.6	-0.4	-2.0	-1.0	-14.3	-0.6	-2.8	-3.0	-0.2	-0.4	0.0		
Contribution from nominal interest rate	0.5	0.6	0.6	0.5	0.2	0.2	0.2	0.2	0.2	0.1	0.0		
Contribution from real GDP growth	-1.1	-0.7	-1.3	-1.4	-14.6	-0.8	-3.1	-3.2	-0.4	-0.5	-0.1		
Contribution from price and exchange rate changes	-2.0	-0.2	-1.3	...	...	...	...	...	...	...	...		
Residual 3/	1.8	1.2	-2.7	2.9	4.8	5.6	7.9	8.1	7.0	5.0	-4.8	0.4	6.4
of which: exceptional financing	0.0	0.0	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	22.8	22.4	12.3	12.1	10.5	8.6	8.4	3.1	0.7		
PV of PPG external debt-to-exports ratio	...	...	58.3	56.2	24.2	23.9	16.8	12.5	12.4	10.6	5.4		
PPG debt service-to-exports ratio	3.4	3.8	5.1	4.5	1.7	1.7	1.2	0.9	0.8	1.2	0.7		
PPG debt service-to-revenue ratio	6.3	6.4	7.4	6.4	4.8	4.7	4.3	3.8	3.2	1.3	0.4		
Gross external financing need (Billion of U.S. dollars)	0.0	0.1	0.2	0.0	-0.3	-0.4	-0.7	-1.0	-1.0	-1.8	3.4		
Key macroeconomic assumptions													
Real GDP growth (in percent)	3.4	2.1	4.1	4.4	85.7	4.7	20.6	26.1	3.2	9.9	5.1	4.0	17.2
GDP deflator in US dollar terms (change in percent)	6.0	0.8	3.8	1.2	5.4	2.7	2.2	3.9	6.9	1.9	-0.2	3.3	6.2
Effective interest rate (percent) 4/	1.5	1.8	1.8	1.5	1.4	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.4
Growth of exports of G&S (US dollar terms, in percent)	23.6	0.7	-5.4	7.6	150.9	6.9	52.7	43.8	8.8	-4.1	1.8	5.1	24.5
Growth of imports of G&S (US dollar terms, in percent)	0.6	12.9	22.9	15.0	39.8	1.1	-6.5	4.2	-1.0	9.5	5.2	5.9	10.8
Grant element of new public sector borrowing (in percent)	...	...	...	39.7	41.4	43.4	41.4	38.1	36.4	0.0	0.0	...	21.9
Government revenues (excluding grants, in percent of GDP)	24.5	26.2	26.9	28.0	18.5	18.7	17.3	15.7	17.1	26.1	26.7	24.0	20.9
Aid flows (in Billion of US dollars) 5/	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.1	0.1	0.0	0.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.3	1.4	1.2	0.9	0.6	0.4	0.0	0.0	...	0.6
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	60.3	53.7	55.4	47.2	46.2	36.4	...	...	...	49.9
Nominal GDP (Billion of US dollars)	4	4	4	4	8	9	11	14	15	35	69		
Nominal dollar GDP growth	9.6	2.9	8.1	5.7	95.7	7.6	23.2	31.0	10.4	12.0	4.9	7.4	24.2
Memorandum items:													
PV of external debt 7/	...	...	22.8	22.4	12.3	12.1	10.5	8.6	8.4	3.1	0.7		
In percent of exports	...	...	58.3	56.2	24.2	23.9	16.8	12.5	12.4	10.6	5.4		
Total external debt service-to-exports ratio	3.4	3.8	5.1	4.5	1.7	1.7	1.2	0.9	0.8	1.2	0.7		
PV of PPG external debt (in Billion of US dollars)			0.9	0.9	1.0	1.0	1.1	1.2	1.3	1.1	0.5		
(PVt-PVt-1)/GDPt-1 (in percent)				0.9	1.8	0.7	0.9	0.7	0.7	-0.2	-0.1		
Non-interest current account deficit that stabilizes debt ratio	1.7	5.0	17.4	22.9	32.9	15.9	7.7	3.6	-1.5	-1.6	8.1		

Definition of external/domestic debt	Residency
Is there a material difference between the two criteria?	No





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

(In percent of GDP, unless otherwise indicated)

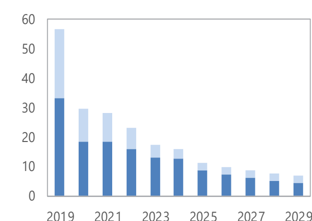
Notes: The residuals reflect external debt comprising mainly concessional borrowing with long-term maturities. Projected real GDP growth in 2020 is potentially overstated and subject to large subsequent revisions because of the very high growth rate of oil GDP, which in turn is elevated on account of the very low (zero) base in 2019. Hence, even small changes to the projected oil output in 2020 would result in large changes in real oil GDP and overall real GDP growth rates. Work is ongoing to rebase the real GDP series to account for oil-related activities since 2015 in advance of actual oil production in 2020. The GDP deflator in 2020 reflects deflators in the non-oil and sectors. The deflator in the oil sector accounts for prices of ancillary services relating to oil production, in addition to oil price projections.

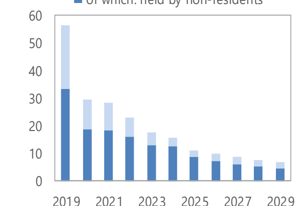
Table 2. Guyana: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016–2039
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
Public sector debt 1/	50.7	51.4	55.0	56.6	29.7	28.3	23.0	17.5	15.8	6.9	3.8	58.2	19.5
of which: external debt	33.2	34.4	33.9	33.3	18.6	18.3	16.0	13.0	12.6	4.4	1.0	40.5	13.0
Change in public sector debt	0.6	0.6	3.6	1.6	-26.9	-1.4	-5.4	-5.5	-1.7	-0.8	-0.2		
Identified debt-creating flows	-0.2	2.7	-0.7	1.6	-26.9	-1.4	-5.3	-5.5	-1.6	-0.8	-0.1	-0.6	-4.4
Primary deficit	3.4	3.3	2.4	4.0	0.1	0.2	-0.4	-0.3	-0.3	-0.1	0.0	2.5	0.2
Revenue and grants	25.6	27.8	28.2	29.3	19.1	19.1	17.5	15.9	17.1	26.1	26.7	25.8	21.2
of which: grants	1.1	1.6	1.3	1.3	0.6	0.4	0.2	0.2	0.0	0.0	0.0		
Primary (noninterest) expenditure	29.0	31.2	30.6	33.3	19.1	19.3	17.0	15.6	16.8	26.0	26.7	28.4	21.4
Automatic debt dynamics	-3.6	-0.6	-3.1	-2.4	-26.9	-1.6	-4.9	-5.1	-1.3	-0.7	-0.1		
Contribution from interest rate/growth differential	-2.2	-1.0	-2.5	-2.6	-26.5	-1.4	-4.9	-4.9	-0.8	-0.7	-0.2		
of which: contribution from average real interest rate	-0.5	0.1	-0.5	-0.3	-0.3	-0.1	0.0	-0.1	-0.2	0.0	0.0		
of which: contribution from real GDP growth	-1.6	-1.1	-2.0	-2.3	-26.1	-1.3	-4.8	-4.8	-0.5	-0.7	-0.2		
Contribution from real exchange rate depreciation	-1.5	0.4	-0.6	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	0.8	-2.1	4.3	0.2	-0.5	-0.1	-0.1	-0.3	-0.6	0.0	0.0	-0.1	-0.4
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	43.8	45.6	23.5	22.2	17.6	13.1	11.7	5.6	3.5		
PV of public debt-to-revenue and grants ratio	...	...	155.6	155.8	123.4	116.1	100.5	82.6	68.1	21.4	13.3		
Debt service-to-revenue and grants ratio 3/	58.2	68.3	63.3	69.2	65.9	58.2	51.1	38.0	27.7	10.0	10.6		
Gross financing need 4/	18.3	22.3	20.2	24.2	12.6	11.3	8.5	5.7	4.4	2.5	2.8		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	3.4	2.1	4.1	4.4	85.7	4.7	20.6	26.1	3.2	9.9	5.1	4.0	17.2
Average nominal interest rate on external debt (in percent)	1.5	1.8	1.8	1.5	1.4	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.4
Average real interest rate on domestic debt (in percent)	-3.8	0.8	-2.7	-0.7	-2.1	-0.1	0.4	-0.9	-3.3	1.1	1.1	-0.8	-2.0
Real exchange rate depreciation (in percent, + indicates depreciation)	-4.2	1.2	-1.7	...	...	...	...	...	...	...	...	-1.6	...
Inflation rate (GDP deflator, in percent)	6.0	0.8	3.9	1.3	6.0	3.9	3.5	4.9	7.9	1.9	0.9	3.4	6.9
Growth of real primary spending (deflated by GDP deflator, in percent)	15.3	9.6	2.2	13.6	6.9	5.6	6.5	15.1	11.7	10.6	5.3	5.2	15.0
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.8	2.7	-1.2	2.4	26.9	1.6	4.9	5.1	1.3	0.7	0.2	1.4	4.6
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central government plus social security, government-guaranteed debt . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Guyana: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2019−2029 (In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to GDP ratio											
Baseline	22	12	12	11	9	8	6	5	4	4	3
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	22	25	27	30	33	36	37	40	**43**	**45**	**46**
B. Bound Tests											
B1. Real GDP growth	22	**42**	**42**	37	30	29	20	17	15	13	11
B2. Primary balance	22	13	13	11	9	9	7	6	5	4	4
B3. Exports	22	28	**44**	37	30	28	20	18	16	15	13
B4. Other flows 3/	22	23	31	27	21	20	14	13	12	10	9
B5. Depreciation	22	15	14	12	10	10	7	6	5	4	4
B6. Combination of B1-B5	22	**145**	**183**	**155**	**123**	**117**	**84**	**75**	**68**	**62**	**56**
C. Tailored Tests											
C1. Combined contingent liabilities	22	13	13	11	9	9	6	6	5	4	4
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	22	13	14	13	11	11	8	7	6	5	5
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	56	24	24	17	12	12	11	11	11	11	11
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	56	49	53	48	48	53	70	91	114	134	158
B. Bound Tests											
B1. Real GDP growth	56	24	24	17	12	12	11	11	11	11	11
B2. Primary balance	56	25	25	18	14	14	13	13	13	13	13
B3. Exports	56	148	**277**	**190**	138	133	124	131	138	140	148
B4. Other flows 3/	56	44	62	42	31	30	28	29	30	31	32
B5. Depreciation	56	24	22	16	12	12	10	11	10	10	10
B6. Combination of B1-B5	56	**200**	96	**186**	135	130	121	129	136	138	147
C. Tailored Tests											
C1. Combined contingent liabilities	56	25	25	18	13	13	12	13	13	12	13
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	56	27	29	20	15	16	15	16	16	16	17
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	5	2	2	1	1	1	1	1	1	1	1
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	5	3	3	3	2	3	3	4	5	6	7
B. Bound Tests											
B1. Real GDP growth	5	2	2	1	1	1	1	1	1	1	1
B2. Primary balance	5	2	2	1	1	1	1	1	1	1	1
B3. Exports	5	5	8	7	5	5	5	5	5	6	6
B4. Other flows 3/	5	2	2	2	1	1	1	1	1	1	2
B5. Depreciation	5	2	2	1	1	1	1	1	1	1	1
B6. Combination of B1-B5	5	4	9	7	5	5	4	5	5	5	6
C. Tailored Tests											
C1. Combined contingent liabilities	5	2	2	1	1	1	1	1	1	1	1
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	5	2	2	1	1	1	1	1	1	1	1
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	6	5	5	4	4	3	3	2	1	1	1
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	6	9	9	10	11	10	12	8	7	8	8
B. Bound Tests											
B1. Real GDP growth	6	16	16	15	13	11	10	6	5	5	5
B2. Primary balance	6	5	5	4	4	3	3	2	2	1	1
B3. Exports	6	5	7	8	7	6	5	3	3	2	2
B4. Other flows 3/	6	5	6	7	6	5	4	2	2	2	2
B5. Depreciation	6	6	6	5	5	4	3	2	2	2	2
B6. Combination of B1-B5	6	18	**31**	**33**	**29**	**24**	**20**	12	10	9	9
C. Tailored Tests											
C1. Combined contingent liabilities	6	5	5	4	4	3	3	2	1	1	1
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	6	5	5	5	4	4	3	2	2	2	1
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

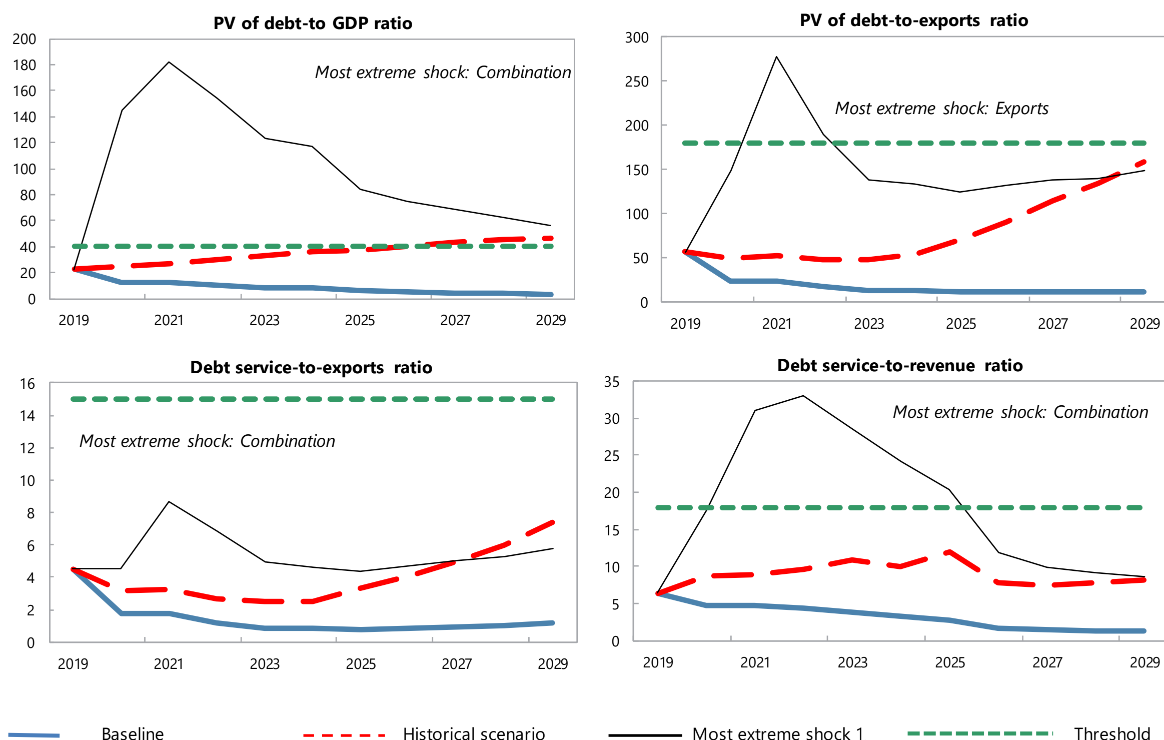
Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Guyana: Sensitivity Analysis for Key Indicators of Public Debt, 2019−2029

		Projections 1/									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
					PV of Debt-to-GDP Ratio						
Baseline	46	24	22	18	13	12	8	7	7	6	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	46	44	44	43	41	41	41	42	42	42	41
B. Bound Tests											
B1. Real GDP growth	46	**122**	**160**	**164**	**158**	**180**	**182**	**211**	**237**	**261**	**283**
B2. Primary balance	46	27	29	23	17	15	11	10	9	8	7
B3. Exports	46	38	53	43	33	31	22	20	18	17	15
B4. Other flows 3/	46	34	41	34	26	24	17	15	14	13	12
B5. Depreciation	46	25	22	17	12	10	7	5	4	2	1
B6. Combination of B1-B5	46	44	41	43	43	49	49	**58**	**64**	**70**	**75**
C. Tailored Tests											
C1. Combined contingent liabilities	46	28	26	21	15	14	10	9	8	7	7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	46	**68**	**107**	**122**	**126**	**152**	**160**	**192**	**219**	**245**	**268**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
					PV of Debt-to-Revenue Ratio						
Baseline	156	123	116	100	83	68	57	32	27	24	21
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	156	228	225	240	256	237	279	181	165	160	159
B. Bound Tests											
B1. Real GDP growth	156	599	789	916	965	1,052	1,235	923	939	1,005	1,086
B2. Primary balance	156	142	151	129	105	87	75	43	34	30	27
B3. Exports	156	201	276	247	210	179	150	87	72	65	59
B4. Other flows 3/	156	178	217	193	163	138	116	67	56	50	45
B5. Depreciation	156	133	117	99	77	58	45	22	14	8	4
B6. Combination of B1-B5	156	224	213	246	268	289	333	251	255	270	287
C. Tailored Tests											
C1. Combined contingent liabilities	156	149	138	118	97	80	68	39	32	28	25
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	156	375	587	736	826	906	1,107	838	868	941	1,027
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
					Debt Service-to-Revenue Ratio						
Baseline	69	66	58	51	38	28	19	12	11	10	10
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	69	118	106	109	99	77	71	48	45	45	47
B. Bound Tests											
B1. Real GDP growth	69	209	373	496	542	606	782	534	547	598	657
B2. Primary balance	69	66	74	78	58	43	34	19	16	14	13
B3. Exports	69	66	60	55	41	30	21	13	12	11	11
B4. Other flows 3/	69	66	60	53	40	29	20	13	11	11	11
B5. Depreciation	69	62	55	44	36	26	18	11	10	9	9
B6. Combination of B1-B5	69	111	100	88	119	145	194	142	153	173	194
C. Tailored Tests											
C1. Combined contingent liabilities	69	66	79	67	50	37	28	16	14	13	12
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	69	69	264	411	486	553	745	502	517	568	628
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

Figure 1. Guyana: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2019−2029



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	No	
Natural disaster	n.a.	n.a.
Commodity price 2/	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.2%	1.2%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	26	36
Avg. grace period	5	15

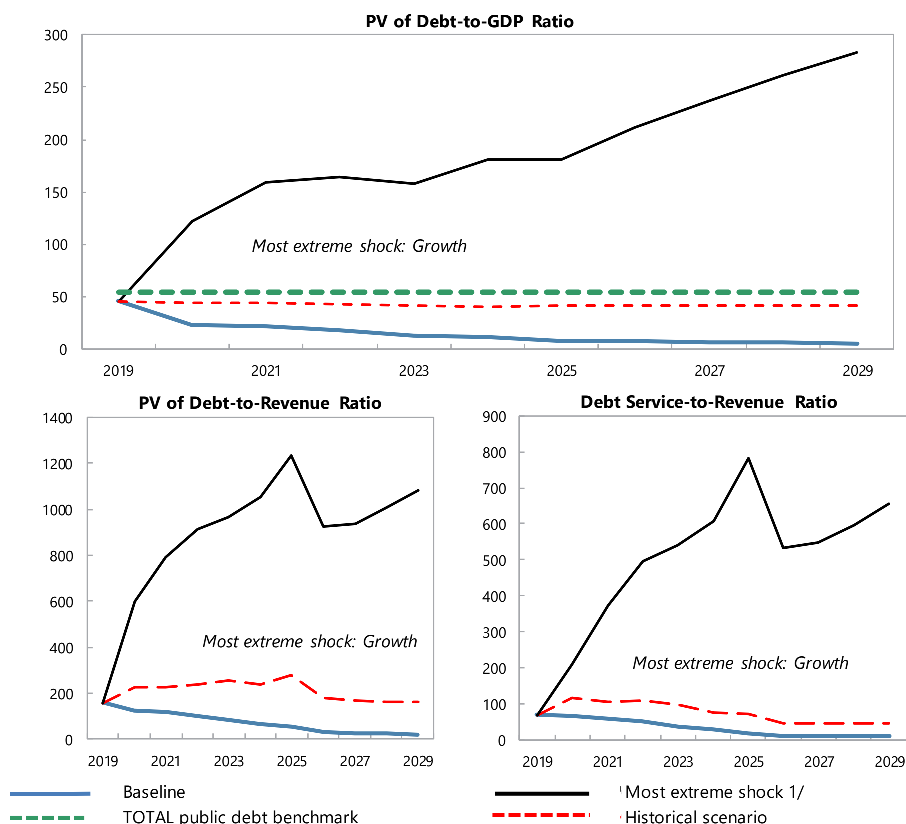
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Guyana: Indicators of Public Debt Under Alternative Scenarios, 2019−2029



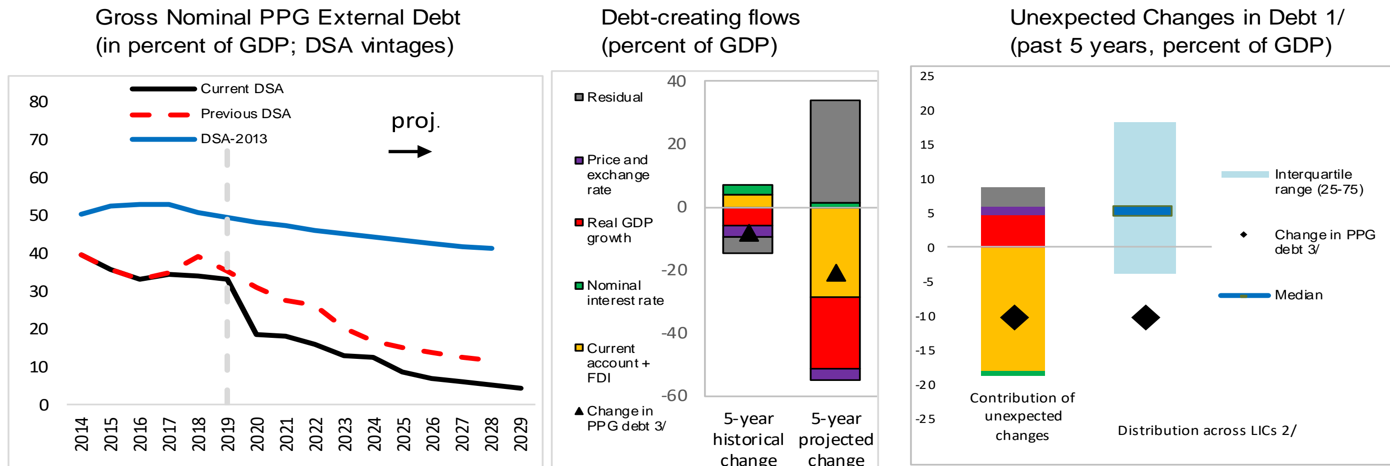
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	10%	10%
Domestic medium and long-term	0%	0%
Domestic short-term	90%	90%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.2%	1.2%
Avg. maturity (incl. grace period)	26	26
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	0.0%	0.0%
Avg. maturity (incl. grace period)	1	1
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	-6.9%	-6.9%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

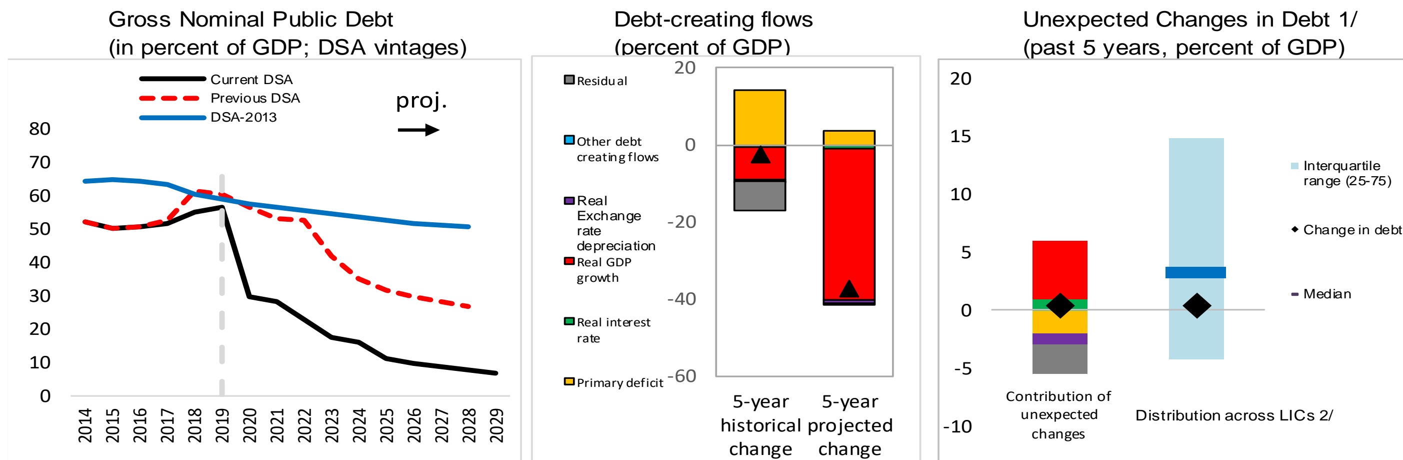
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Guyana: Drivers of Debt Dynamics - Baseline Scenario External Debt



Public debt



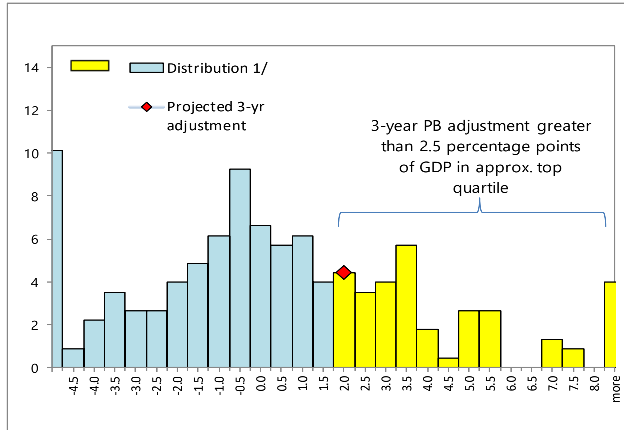
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

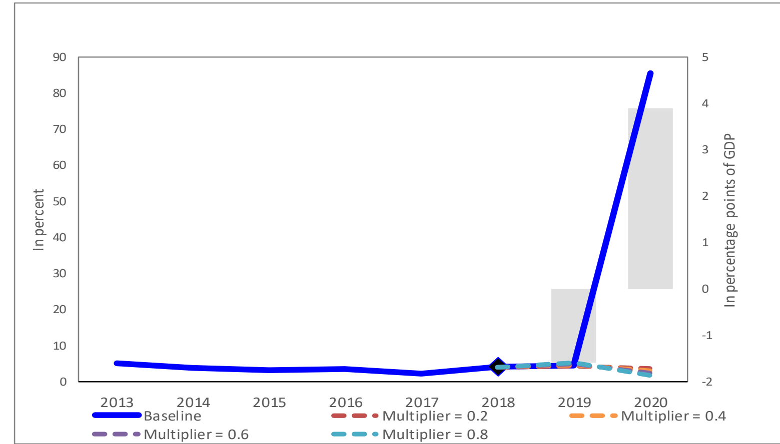
Figure 4. Guyana: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



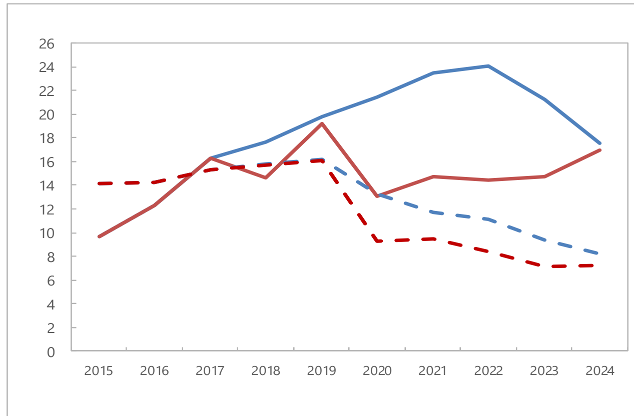
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

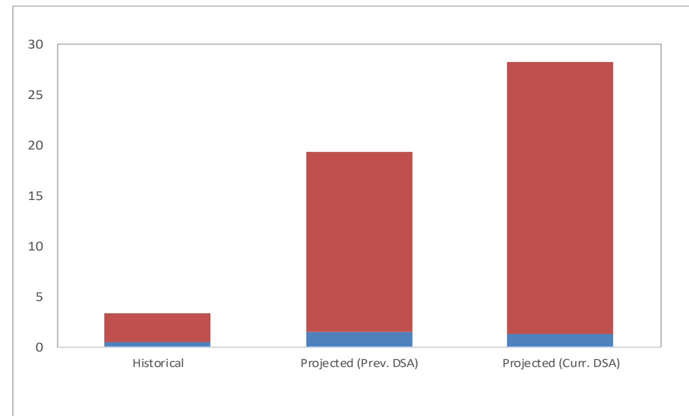
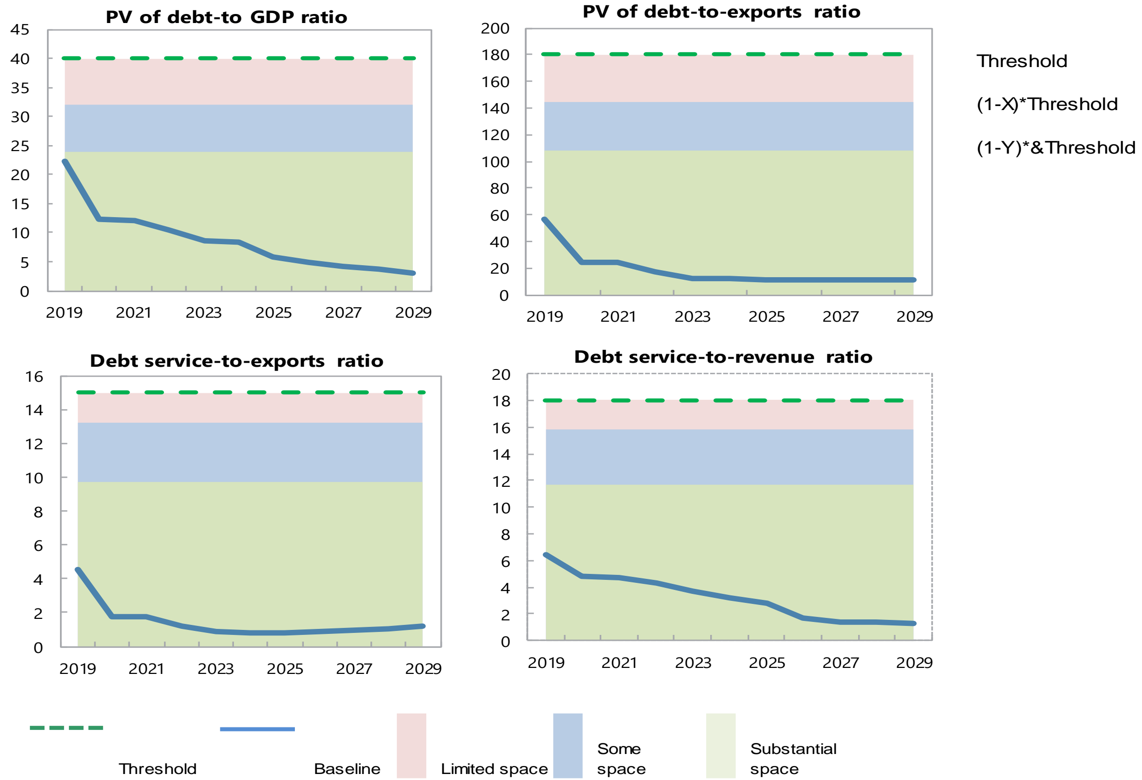


Figure 5. Guyana: Qualification of the Moderate Category, 2019−2029 1/



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.