



BUDGET 20 10

**CONSOLIDATE
TRANSFORM
SUSTAIN**

February 8, 2010

GUYANA

SESSIONAL PAPER NO. 1 OF 2010
NINTH PARLIAMENT OF GUYANA
UNDER THE
CONSTITUTION OF GUYANA

FIRST SESSION 2006 – 2010

BUDGET SPEECH

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Minister of Finance

February 8, 2010

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Introduction

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1.1 Mr. Speaker, I rise to move the motion for the approval of the Estimates of the Public Sector and the Budget for the Financial Year 2010 and, in so doing, I wish to indicate that, pursuant to Article 171 Paragraph 2 of the Constitution, the Cabinet has recommended that the National Assembly proceed upon this motion.

1.2 Mr. Speaker, the past year has been characterised by the most testing global economic circumstances in living memory. The recessionary conditions that prevailed at the start of the year proved to be deeper and more pervasive than originally anticipated, leading many to foretell the onset of the worst crisis since the Great Depression of the 1930s. Sluggish global demand, declining production and trade, depressed commodity and asset prices, as well as escalated bankruptcies and rising unemployment, were the order of the day in the major economic centres of the world throughout the early months of the year. The historic scale of the crisis brought expansionary policy responses of similarly unprecedented proportions and, as the year advanced towards its end, the world economy started to respond by showing tentative signs of being on the long and arduous journey to recovery.

1.3 As would be expected, the Caribbean was not to remain unscathed by these external adversities. Critical labour-intensive sectors such as tourism waned under the pressure of tightened demand, while other important foreign exchange earning sectors such as bauxite and alumina also suffered the consequence of depressed external market conditions. The result was closure of resorts and refineries, job losses, and pressure on external balances and exchange rates. These pressures were not aided by the Clico and Stanford debacles which tested the strength of exposed financial institutions and the stability of financial systems as a whole, increased investor and consumer caution, and exacerbated existing fiscal vulnerability in many jurisdictions across the Region.

1.4 It is against the background of this uncertain and threatening external context, coupled with lingering domestic challenges including some protraction in the recovery path of the critical sugar sector, that the task of managing the Guyanese economy had to be executed.

1.5 Mr. Speaker, in the final analysis, the domestic economy achieved positive real growth in 2009, inflation declined, the fiscal deficit was reduced, a balance of payments surplus was realised, our external reserves were increased, and the exchange rate remained stable. At the same time, visible progress was made in expanding and upgrading our country's physical infrastructure, and our Government's longstanding pact to invest heavily in social programmes continued to be honoured.

1.6 These achievements of the past year must neither be viewed in isolation from context nor as accidental occurrences. Instead, they are the direct result of a careful and deliberate policy stance, aimed at maintaining macroeconomic stability, strengthening the underlying capacity of our economy, and improving the circumstances of our people. These achievements must also not be taken for granted, for if a global recovery is actually underway it is still in its earliest days and is still subject to significant risks, and small economies like ours remain extremely exposed to the pace and depth of this recovery and to the external outlook for the medium term.

1.7 For this reason, even as we navigate tumultuous external circumstances ensuring throughout that domestic stability is preserved at the present time, our Government is also intent on deploying all of our country's resources and all of our people's creativity and energies to catalyse a more rapidly transformative acceleration in growth and development into the future.

1.8 To this end, His Excellency the President has himself led the development and advocacy of an innovative and visionary Low Carbon Development Strategy (LCDS), which places environmental responsibility through avoided tropical deforestation alongside accelerated development on a low carbon path as compatible, indeed twin, objectives to be pursued. High awareness and strong ownership of the LCDS on the domestic front, have complemented active participation in ongoing global negotiations, all aimed at securing tangible acknowledgement of the contribution of our standing forests in the global fight against climate change and at mobilising resources to facilitate investments that are critical to achieving accelerated low carbon growth.

1.9 This Strategy outlines an overarching framework, and lays the foundation, for building an economic base of a qualitatively different kind. Through its implementation, our Government seeks to build an economy and a country: (i) where national contribution to global effort in combating climate change is materially recognised; (ii) where the value added to our natural and other resources is maximised; (iii) where traditional vulnerabilities such as those that arise from external volatility or from limited domestic diversification are minimised; and (iv) where the potential of our people is mobilised and their aspirations realised.

1.10 Mr. Speaker, against this background, this fourth Budget of the current PPP/Civic Administration in the Ninth Parliament of Guyana is informed by the following imperatives: (i) firstly to guard and protect the stability we have achieved for our economy and our country, in the immediate term and for the long term; (ii) secondly to lay the basis for continued economic growth, social development, and improvement in the quality of life enjoyed by every single Guyanese man, woman and child; and (iii) thirdly to pursue the catalytic changes that would enable us to realise rapid transformation into the truly modern and prosperous Guyana to which we all aspire.

1.11 With these objectives in mind, Budget 2010 is presented under the theme *Consolidate Transform Sustain*.

Global Economic Developments

2

2.1 Mr. Speaker, the global economy is estimated to have contracted by 0.8 percent in 2009, having recorded growth of 3 percent in the previous year. This resulted from a 3.2 percent contraction in the advanced economies, with output in the United States economy shrinking by 2.5 percent, the Euro Area by 3.9 percent, Japan by 5.3 percent and Canada by 2.6 percent. On the other hand, emerging and developing economies grew by 2.1 percent, led once again by China and India who recorded growth of 8.7 and 5.6 percent, respectively. The negative global growth performance reflected persistently weak demand in large markets and a 12.3 percent decline in trade volumes, which affected developed and developing economies alike.

2.2 Emergent signs of a recovery manifested themselves in the evolution of the main commodity markets. Most primary commodity prices reflected a trend of upward movement as the year progressed, beginning a reversal of the steep declines of the second half of 2008 but not sufficiently so to return to the record highs of early 2008. This resulted in 2009 year-end prices being higher than 2008 year-end prices, but 2009 average prices remaining significantly below 2008 average prices, for most commodities.

2.3 Crude oil prices, for example, at US\$62 per barrel were 36.3 percent lower on average in 2009 than 2008. However, crude oil prices rose steadily from a low of US\$42 per barrel at the end of 2008 to US\$75 per barrel at the end of 2009. The same was the case with aluminium prices, which were 35.3 percent lower on average in 2009 at US\$1,669 per tonne relative to 2008, but rose by 45 percent during 2009 to US\$2,181 per tonne from the price at the end of the previous year. Food prices displayed a similar trend. In the case of rice, the average price in 2009 was US\$589 per tonne or 15.8 percent lower than 2008, but the price at the end of 2009 was US\$606 per tonne or 10 percent higher than at the end of 2008. Gold prices reflected a strikingly different trend, rising steadily throughout to reflect higher prices on average in 2009 than 2008. Consequently, the average price in 2009 of US\$972 per ounce was 11.5 percent higher than in 2008, and the price at the end of 2009 was US\$1,135 or 39 percent higher than the price at the end of 2008.

2.4 With these and other preliminary indications of a recovery in the making, including the appearance of improvement in the state of the major financial systems as a result of Government intervention, global output is projected to grow by 3.9 percent in 2010. The advanced economies are expected to grow by 2.1 percent, including the United States whose economy is projected to grow by 2.7 percent. Emerging and developing economies are estimated to grow more rapidly at 6 percent, with China and India still leading the way with 10 and 7.7 percent, respectively. World trade volumes are projected to increase by 5.8 percent, and commodity prices are anticipated to continue to rise. Nevertheless, demand remains uncertain and the tentative recovery has brought with it only limited reduction in unemployment levels in the advanced economies thus far. As a result, the outlook remains subject to significant downside risks.

2.5 Mr Speaker, the Caribbean economy is estimated to have contracted by 2.2 percent in 2009, compared to the 3 percent growth realised in 2008. This reflected dramatic declines in tourist arrivals at some destinations as high as 20 percent, significantly reduced activity in the bauxite and alumina sector in one instance as high as 60 percent, lower inward worker remittances, shrinking foreign direct investment and, in some jurisdictions, elevated uncertainty and risk arising from the Clico and Stanford situations.

2.6 Contingent on the global recovery gaining traction, particularly in North America and Europe which supply the majority of Caribbean tourists, host large Caribbean Diaspora communities, and drive much of the investment in the Caribbean, the Region is projected to grow by 1.8 percent in 2010.

Domestic Macroeconomic Developments

3

A. Real Gross Domestic Product

3.1 Mr. Speaker, the Guyanese economy grew by 2.3 percent in 2009, somewhat more modest than the 3.1 percent growth achieved in 2008, but nevertheless a fourth consecutive year of positive growth since the floods of 2005. Non-sugar gross domestic product grew by 2.2 percent in 2009. Viewed in the global and regional context just discussed, this sustained domestic performance is demonstrative of the increasingly strong fundamentals on which our economy now rests.

B. Sectoral Performance

3.2 Mr. Speaker, sugar production amounted to 233,736 tonnes, an increase of 3.3 percent over the previous year. First crop production at 83,357 tonnes was 19.3 percent below the corresponding performance in 2008, and was attributed by the industry to inclement weather conditions which made harvesting difficult and also contributed to lower sugar cane yields. On the other hand, the second crop grew by 22.3 percent reflecting less unfavourable weather conditions but which were somewhat tempered by the effect of industrial disruptions.

3.3 The rice industry expanded acreage under cultivation and earned higher yields, having taken advantage of conducive weather conditions, and having responded favourably to Government's fertiliser assistance and farmer training programmes. Consequently, this sector expanded its output by 9.2 percent to produce 359,789 tonnes, the highest annual production level in a decade and the second highest production level in the entire history of the industry.

3.4 The other crops sector grew by 5.8 percent, reflecting continued returns to the Grow More food campaign and more efficient market access, particularly with the bridging of the Berbice River. The distribution of improved livestock breeds and more breeding stock, and continued strong performance by the poultry meat subsector in particular, contributed to the

livestock sector expanding by 2.5 percent. On the other hand, the fishing sector contracted by 10.5 percent, mainly on account of lower demand in export markets coupled with the continued depletion of stock. The forestry sector also contracted, by 0.6 percent, driven by lower log production and reflecting lower demand for forest products in export markets which was only partly compensated for by increased demand in the domestic market.

3.5 Mr. Speaker, the mining and quarrying sector recorded growth of 0.7 percent, reflecting mixed performances in the subsectors. Bauxite production contracted by 29 percent to 1,484,935 tonnes, reflecting external developments. Diamond declarations also declined by 14.8 percent to 143,982 carats, mainly as result of the continued shift of productive capacity into the more lucrative gold industry. Offsetting these performances, declarations of raw gold increased by 14.7 percent to 299,822 ounces, the highest level of non-Omai gold declarations ever achieved in any one year. Indeed, if change in dealers' inventory were to be adjusted for, gold production would be measured even higher at 305,178 ounces.

3.6 The manufacturing sector continued to record mixed performances, with some subsectors such as aerated beverages, mineral or distilled water, and stockfeed recording increased production, while others such as rum and malt-based beverages declined, causing the sector to remain level on balance during the year. Growth in the engineering and construction sector moderated to 1.5 percent, reflecting the maturing of some large construction projects and a shift towards more residential and lower value-added type construction.

3.7 The transport and communication sector grew by 2 percent, while the distribution sector expanded by 6.6 percent, financial services by 3 percent, rental of dwellings by 2 percent, and other services by 3 percent.

C. Balance of Payments

3.8 Mr. Speaker, the balance of payments reflected significant improvement to end 2009 with an overall surplus of US\$234.4 million, compared with a surplus of US\$5.6 million in 2008.

3.9 The current account deficit was reduced by 31.6 percent to US\$219.7 million, largely due to a significant contraction in the total value of imports.

3.10 Merchandise imports declined by 11.7 percent to US\$1,169.2 million. This was driven primarily by a 32.5 percent decrease in the value of imported fuel and lubricants on account of price. In addition, other imports declined by 1.8 percent, with non-fuel intermediate goods declining by 10.3 percent, while consumption and capital goods increased by 2.9 percent and 1.7 percent respectively.

3.11 Export earnings contracted more moderately by 4.2 percent to US\$768.2 million, again reflecting primarily external price factors. The volume of sugar exported increased by 3.4 percent to 212,131 tonnes, but the average export price declined by 13.1 percent. In this regard, this Honourable House would recall that the third and final step of the European Union price cuts took effect on 1 October 2009, when a 22 percent reduction was effected. As a result, export receipts from sugar recorded a 10.2 percent decline to US\$119.8 million. Rice export volumes also increased, by 32.9 percent to 260,815 tonnes but the average export price declined by 27.3 percent. Consequently, rice export receipts declined by 3.3 percent to US\$114.1 million. Export earnings from bauxite were affected by external market conditions somewhat more drastically, and contracted by 39.3 percent to US\$79.5 million. In contrast, export earnings from gold benefited from an 11.2 percent increase in average export prices, which induced higher production levels, drove export volumes up by 24.4 percent to 311,884 ounces, and generated a 38.3 percent increase in export receipts to US\$281.7 million.

3.12 Net current transfers contracted by 8.9 percent to US\$299.6 million, with receipts from worker remittances declining by 4.3 percent to US\$262.1 million, in line with regional trends.

3.13 The capital account ended the year with a surplus of US\$454 million, aided by an allocation of US\$108.6 million of Special Drawing Rights by the International Monetary Fund, and on the strength of a 13 percent increase in net private investment to US\$208 million which was driven by a net repatriation of portfolio investments.

3.14 The overall balance of payments surplus enabled the Bank of Guyana to increase its external reserves position from US\$356 million at the end of 2008 to US\$628 million, the highest level ever in our country's history.

D. Monetary Developments

3.15 The focus of monetary policy remained on the maintenance of price and exchange rate stability while promoting private sector credit. Credit to the private sector expanded by 5.7 percent, led by the agriculture sector which expanded by 29.3 percent, real estate and mortgages by 24.4 percent, and other services by 21 percent.

3.16 During the year, in order to encourage lending for housing development and to promote home ownership and construction, Government increased the ceiling on mortgages granted by the New Building Society Ltd. from \$8 million to \$12 million. In addition, Government increased the ceiling on loans granted by participating commercial banks under Government's low income housing programme from \$2 million to \$8 million.

E. Prices and Income

a. Inflation Rate

3.17 Mr. Speaker, the inflation rate at the end of 2009 was 3.6 percent. This occurred against the background of the depressed global conditions outlined earlier, which resulted in

price pressures imported into the domestic economy being minimal. In addition, having restored the excise tax on fuel products towards the end of 2008, Government twice lowered the rate during 2009. This brought the excise on gasoline to 30 percent and that on diesel to 20 percent, both compared with a standard rate of 50 percent, by the end of the year.

b. Interest Rate

3.18 Mr. Speaker, the 91-day treasury bill rate which is the benchmark rate declined by 1 basis point to 4.18 percent during 2009. The weighted average time deposit rate increased by 6 basis points to 2.59 percent, while the weighted average lending rate declined by 17 basis points to 12.17 percent, as a result of which the spread between these two rates declined by 23 basis points to 9.58 percent. These developments aided the growth observed in private sector credit reported earlier.

c. Exchange Rate

3.19 In 2009, there was a marginal decrease in the value of transactions conducted on the foreign exchange market. Overall volumes fell by 2.8 percent to reach US\$4.7 billion, consistent with the significant reduction in the value of external current account transactions. The market adjusted throughout the period, and the value of the Guyana dollar appreciated by 0.97 percent against the US dollar during the year.

d. Developments in Wages

3.20 Mr. Speaker, with effect from the start of 2009, the temporary cost of living adjustment that had been initiated in 2008 was made permanent by incorporation into the basic salaries of its recipients. This Honourable House would recall that this incorporation by Government had resulted in the gross pay of public servants, teachers and members of the disciplined services being effectively increased by percentages ranging between 10 and 24.1 percent during 2008, with employees on the lower salary scales benefiting from higher rates of increase. Additionally, in 2009, public servants, teachers, and members of the

disciplined services, were awarded a further 6 percent across-the-board salary increase. Government pensioners were also granted a 6 percent increase in 2009.

F. Fiscal Position

a. Non-Financial Public Sector

3.21 The fiscal performance of the non-financial public sector continued to improve in 2009, with an overall deficit of \$13.5 billion or 5.3 percent of gross domestic product, a significant reduction from the 7.6 percent in 2008.

b. Central Government

3.22 Current revenue amounted to \$94.9 billion, an increase of 15 percent over 2008, as a result of improved performance of both the tax and non-tax revenue categories.

3.23 The Guyana Revenue Authority (GRA) contributed \$89.1 billion, representing 93.9 percent of total current revenue, a decline from 95.9 percent in 2008. Internal revenue collections increased by 6.3 percent to \$36.7 billion, underlying which was a 24 percent increase in income tax payments by self-employed person and a 19.9 percent increase in corporation tax payments by public sector companies. Corporation tax payments by private sector companies and income tax under the pay-as-you-earn system increased more moderately at 5 and 4.3 percent, respectively. Taxes on customs and trade grew by 2.8 percent to \$7.7 billion, attributed primarily to increased levels of imports of consumption goods. Excise taxes amounted to \$21.4 billion, underlying which, excise taxes on motor vehicles increased by 25.4 percent to \$7.3 billion reflecting higher levels of vehicle importation, returns from the computerisation of the motor vehicle registration process, and increased surveillance activities. Additionally, as a result of the restoration of the excise tax on fuel and notwithstanding its subsequent lowering, additional revenues of \$6.5 billion were collected. Collections from the value-added tax declined by 3.1 percent to \$23.3 billion.

3.24 Collections from non-tax revenue increased by 73.3 percent to \$5.8 billion as compared to \$3.4 billion in 2008, mainly as a result of higher transfer of Bank of Guyana profits and higher returns from equity holdings.

3.25 Total expenditure increased by 11.4 percent above 2008 to \$127.4 billion primarily as a result of significant increases in investment expenditure of 30.7 percent to \$47 billion and a moderate increase of 2.5 percent in current expenditure. The former was mainly due to increased investments in the agricultural, construction and housing sectors. In the case of the latter, non-interest current expenditure increased by 2.7 percent to \$73.9 billion, resulting mainly from increases in employment cost and other goods and services and despite a decrease in transfer payments on account of the discontinuation of the 2008 operating subsidy to the Guyana Power and Light Inc. (GPL). Interest payments in 2009 of \$6.6 billion were slightly higher than 2008 mainly as a result of domestic interest increasing by 11.1 percent to \$3.3 billion, while external interest reduced by 8.1 percent to \$3.3 billion following the retirement of some external multilateral debts by the end of 2008.

3.26 Grants amounted to \$17.3 billion compared to \$16.6 billion in 2008. The significant increase of 44 percent in the disbursements of project grants over-compensated for a reduction in non-project and debt-relief grants received.

c. Public Enterprises

3.27 The public enterprises recorded an overall surplus of \$1.8 billion in 2009, compared to a deficit of \$2.9 billion in 2008. This arose primarily from lower material acquisition and operating costs, especially in the case of fuel purchases by all enterprises, and from rescheduling of capital expenditure and other payments by Guysuco as a result of that entity's cash constraints.

G. Debt Management

3.28 Mr. Speaker, our Government continues to employ a prudent approach to the management of our country's external debt. Following a number of debt initiatives that

resulted in a considerable reduction of the stock in recent years, increased multilateral and bilateral disbursements accounted for the bulk of the 12 percent growth in our external debt to US\$933 million at the end of last year. Even in the face of this growth in the debt stock, debt service payments declined by about 14 percent last year to US\$17.5 million.

3.29 Some progress has been made with our bilateral non-Paris Club creditors, and diplomatic and other efforts would be sustained in the search for a viable solution to reducing or eliminating the stock of outstanding debt to these creditors in line with our Paris Club obligations. As Government strives to maintain its programme of prudent macroeconomic and debt management policies, Guyana's debt is expected to remain sustainable over the medium term. Amid rising debt levels in many other Caribbean territories, this would be a significant achievement. In order for this to be realised, Guyana will require continued access to concessional financing going forward.

3.30 The stock of Government's domestic debt increased by 16 percent in 2009 to \$87 billion reflecting an expansion in the issuance of treasury bills to sterilise excess liquidity consistent with the monetary policy objective. Notably, commercial banks retained the largest share of outstanding stock of treasury bills with 76 percent up from 73 percent one year earlier. Total domestic debt service decreased by 28.7 percent to \$4.3 billion from 2008 as a result of redemption of debentures that saw a decline in principal payments even while interest charges increased on all maturities of treasury bills.

Sectoral Developments and the Agenda for 2010

4

A. The Low Carbon Development Strategy

4.1 Mr. Speaker, in Budget 2009, I indicated that Guyana would be developing a roadmap to establish a new model of low carbon economic development to follow the launch of our national policy on avoided deforestation. In fulfilment of this commitment, our Government launched last June the LCDS to which I have already referred. The LCDS outlines an overarching vision of Guyana providing and being remunerated for environmental services rendered to the world and, in turn, implementing a related agenda for rapid development along a low carbon path.

4.2 In order to build the strongest possible ownership of the LCDS, we engaged in a four-month period of intense information dissemination, stakeholder awareness and national and sub-national consultations. The sub-national consultations benefited from the inputs and ideas of 222 communities and 2,939 persons in addition to the 346 persons who attended the national event at our Convention Centre and were led by Prime Ministerial and Ministerial teams which included representation from Non-Governmental Organisations (NGOs) including the International Institute for Environment and Development. This process also benefited from oversight by a Multistakeholder Steering Committee that includes representation from Government, the private sector, labour, youth, women, indigenous NGOs, conservation NGOs, mining and forestry producers, and independent professionals.

4.3 Mr. Speaker, consistent with and pursuant to the LCDS, last November the Governments of Norway and Guyana signed an historic Memorandum of Understanding (MoU) that represented one of the first attempts between a developed and a developing country to work together to implement a national scale model on how forests can be deployed to address climate change without compromising sovereignty or national development priorities. The developments with Norway and the feedback gathered during the consultation period were used to guide the revisions in the second draft of the LCDS published in December 2009.

4.4 Mr. Speaker, shortly thereafter, the second draft of the LCDS was tabled in and endorsed by this Honourable House. This position of strong domestic ownership was the basis of our formal submission to the United Nations Framework Convention on Climate Change (UNFCCC) meeting in Copenhagen. Our delegation in Copenhagen was led by His Excellency the President and included representation from civil society and indigenous NGOs. While the outcome was disappointing given the absence of legally binding agreements a political accord was signed on to by a few countries which contained the most realistic option for targets, provisions for short and medium term financing, and specific reference to Reduced Emissions from Deforestation and Degradation Plus (REDD-Plus), and left the door open for a successor meeting in 2010.

4.5 Guyana has firmly established its role as a world leader on climate change and REDD in terms of advocacy, negotiations and national work. Technical negotiations will now continue as will the political momentum to push for legally binding outcomes at the next meeting in Mexico in 2010. We will continue to be proactive in the negotiations even as we advance the work on our LCDS. The Multistakeholder Steering Committee chaired by our President will also continue to oversee the work at the domestic level.

4.6 Mr. Speaker, the implementation of the Guyana-Norway MoU will result in the receipt of US\$250 million by 2015 in performance-based payments and we are currently negotiating and will shortly conclude an appropriate financing mechanism for the management of our earnings from the deployment of our forests. The mechanism is anticipated to be delivered through a Guyana REDD Investment Fund (GRIF). In 2010, we have budgeted to receive US\$30 million through the GRIF, which will enable the financing of critical transformative infrastructure, low carbon small business initiatives, the cost of land demarcation and land titling for indigenous communities, and the work of the Office of Climate Change.

B. Transforming the Economy

4.7 Mr. Speaker, central to our agenda for economic transformation are the parallel priorities of modernising the traditional sectors and promoting growth and development in new and emerging sectors.

a. Modernising the Traditional Sectors

4.8 The traditional sectors have long been the bedrock of our economy, and our vision for these sectors is one where viability, profitability, and global competitiveness are achieved sustainably into the long term. This will be pursued through requisite investments being facilitated, and critical restructuring being effected, in the sectors concerned.

i. Sugar

4.9 Mr. Speaker, as I indicated earlier, the sugar sector achieved higher production and export volumes in 2009 than in the previous year. However, the industry continued to be plagued by the challenges of erratic weather, pest infestation and damage, depleted and aged capital, managerial shortcomings, and strike action that resulted in 130,171 man days being lost for the year. Cognisant of these challenges, the turnaround plan mandated by Government was developed and approved last May. The new Skeldon factory which was commissioned last August continued its testing period, while physical works commenced on the Enmore packaging plant.

4.10 In 2010, the implementation of Guysuco's turnaround plan is expected to result in further significant improvements in land preparation and land use, rationalisation of factories, acceleration of mechanisation, improvement of cane yields, more timely execution of the capital investment programme and increased production. To this end, Guysuco is projected to invest \$5.8 billion in 2010, for the replacement of field and factory assets and land development. Testing of the Skeldon factory is ongoing and expected to be concluded shortly. A total amount of \$4.1 billion is projected to be spent in 2010 towards the completion of all aspects of the Skeldon project, including the agriculture operations, the

factory and the cogeneration plant. The factory will benefit from expected increases in cane production and resolution of the operational issues which affected its output in 2009. The construction of the Enmore packaging plant is also expected to be completed by the end of the year. This plant will have the capability to bag table-ready sugar in various sizes and allow Guysuco to supply some 10,000 tonnes of packaged sugar to markets in CARICOM, the United States and the United Kingdom.

4.11 The implementation of this plan, moreso if complemented by responsible and supportive action by all stakeholders, is expected to see us overcome the challenges currently being confronted and emerge with a sugar industry that is efficient and competitive, and equipped to convert opportunities that are emerging from developments in the global and regional marketplace to our national advantage.

ii. Rice

4.12 Mr. Speaker, in the process of achieving our second highest annual production of all time, the rice sector also recorded its second highest yields ever, measured at 70 bags per hectare in 2009, as a result of introducing new varieties and expanded farmer education programmes in the form of Farmer Field Schools. Over 51 Farmer Field Schools were conducted with the participation of 4,755 farmers countrywide. Also in 2009, having examined issues related to the trading of paddy, our Government successfully proposed in this Honourable House amendments to the Rice Factories Act to improve the functioning of the market for paddy and minimise difficulties which arise from late payment by millers to farmers. Government also provided \$400 million to the Guyana Rice Development Board (GRDB) in 2009 to finance support to the industry in light of the decline in export prices.

4.13 Looking ahead to the remainder of 2010, the rice sector is expected to sustain the gains made in yields. The Farmer Field Schools will be sustained and expanded. Also in 2010, construction of the new seed facility at No. 56 Village will commence at a cost of \$40 million and a new seed dryer will be purchased for the Burma research station at a cost of \$16 million. The laser leveller purchased in 2009 will contribute to more efficient water management and reduce the incidence of weed infestation thereby further enhancing paddy

yields. Further, 12 additional drying facilities will be constructed in Regions 2, 3, 4, 5 and 6 in such places as Anna Regina, Crane, Cane Grove, Bath, and Lesbeholden, and will aid in reducing spoilage.

iii. Bauxite

4.14 Mr. Speaker, as has already been reported, the domestic bauxite sector felt the effects of global conditions, but not as severely as some regional producers. In Guyana, BCGI was able to preserve a significant share of its bauxite production with all metallurgical bauxite being shipped to RUSAL's plant in the Ukraine, which was one of the few plants that remained at almost full capacity. However, financial losses were exacerbated by unhelpful industrial relations developments. In contrast, although Bosai lost markets also due to global factors, industrial relations conditions there enabled them to minimise loss of employment. The outlook for industry sales in 2010 is expected to improve as the global economy recovers.

iv. Gold

4.15 Government has a longstanding record of working closely with the gold mining sector over the years, including during the period from 1997 to 2002 when gold prices fell as low as US\$253 per ounce. In addition, Government support to the sector has included significant investment in hinterland infrastructure and a favourable fiscal regime. These and other factors have enabled gold declaration to reach historic levels in 2009, generated by more than 800 small to medium sized operations with individual productions ranging from 20 to 20,000 ounces, and who employ directly about 10,000 persons.

4.16 Small and medium scale gold mining exploits small, high grade, near surface occurrences, which are quickly exhausted and which lead operators to relocate regularly, evolving their methods. Mining activities have increased substantially in recent years, such that we must more formally and explicitly address the environmental and social effects and achieve better alignment with activities of others in the forests, including the timber

operators and their needs for certification of the forests and our indigenous people and hinterland communities, all within the framework of the LCDS.

4.17 Mr. Speaker, our Government is well aware of the economic importance of this sector. For this reason, as has been emphasised repeatedly by Government, while the future will bring with it necessary changes in the manner in which the mining sector operates, these will not result in the closure of small and medium scale mining, nor will they affect people's right to work and earn. Our Government has every interest in ensuring that our citizens in this sector grow and prosper.

b. New and Emerging Sectors

i. Agricultural diversification

4.18 Mr. Speaker, significant opportunities lie before us in our drive to diversify our economy, particularly as it relates to agriculture and food supply for the domestic and export markets. To this end, our focus will continue to aim at increasing output volumes, diversifying the product base, improving quality and consistency, and providing market facilitation and marketing support. These objectives will be pursued by working closely with small and medium-sized operators in the sector, as well as promoting investment and growth by larger operators in high-end agriculture and aquaculture.

4.19 During 2009, emphasis in the area of other crops and livestock was placed on research and development, key elements in the sector's diversification and modernisation drive. Amounts totalling \$490.2 million were expended on activities directed towards the diversification programme. Among these were the establishment of 5 business facilitation centres in Regions, 2, 3, 5, 6 and 10, aimed at assisting farmers in the research and identification of market opportunities. In addition, some 1,093 farmers were trained in the safe use and management of pesticides, 182 were trained in agribusiness, marketing and post harvest management and 140 persons were trained in sustainable aquaculture practices. Notably, 89,232 fingerlings were produced in 2009 compared to 20,000 in 2008. Under the

swine multiplication programme, 3,240 units were distributed. Improved breeds of cattle, sheep and goats were also multiplied and distributed. In addition, the operations of the sector benefited from the addition of 14 agronomists and 3 veterinarians to its personnel.

4.20 In 2010, Government has allocated \$1.3 billion to continue the expansion and development of the non-traditional sub-sectors in the areas of agribusiness planning, extension services, technology transfer, and institutional strengthening. Of this sum, amounts totalling \$736 million will be spent under the Agriculture Export Diversification Programme (AEDP) on the rehabilitation of the seed facility and the furnishing of the germplasm laboratory at National Agricultural Research Institute (NARI), and commencing the construction of a genetic bank at National Dairy Development Programme (NDDP). Improved services to farmers will be achieved through the streamlining of crop extension services, plant health and research, and the consolidation of livestock development programmes pursuant to the recently passed Guyana Livestock Development Authority Act. Also included in the 2010 allocation is an amount of \$350 million to be spent under the Rural Enterprise and Agricultural Development Programme to develop a market and enterprise information system, to conduct a market identification and competitiveness assessment, along with other activities such as training and capacity building for over 2,000 farmers.

4.21 In keeping with the objective to diversify the product base of the non-traditional sectors, Government will facilitate closer collaboration between farmers and investors in promoting production of export grade fruits and vegetables. The services offered by the New Guyana Marketing Corporation (NGMC) will be expanded with the recent acquisition of four trucks and five refrigerated containers, the first cold chain support system to our rural farmers. In addition, continued support will be provided through training of farmers on good agricultural practices, agribusiness planning, marketing and post harvest management, the provision of additional equipment and the establishment of a Guyana brand, which will give our local products a more competitive edge on the international market.

ii. Tourism

4.22 Mr. Speaker, Guyana's unique tourism product has recently been receiving the most favourable coverage ever in mainstream international media, and our Government regards the sector as offering important opportunities for growth and expansion. Our strategy for tourism will see continued focus on key markets especially the Diaspora and geographically contiguous markets such as Suriname and Brazil, new marketing techniques especially internet-based marketing, key niches such as domestic and event-based tourism, and high value-added subsectors such as birding and riverain yachting. The strategy will also see increasing attention to capacity and quality in the hospitality sector going forward.

4.23 In 2009, visitor arrivals increased by 9 percent to reach 141,281 as a result of increasing numbers primarily from the Guyanese Diaspora returning home, with observable peaks during the traditional months of February, July/August, and December. Despite the relatively weak performance in global and regional tourism, Guyana recorded the highest number of visitor arrivals in any one year in our history, and the highest rate of growth in visitor arrivals in the Caribbean for the year.

4.24 In 2010, this performance is expected to be sustained and very likely exceeded with key impetus coming from the hosting of ICC World Twenty 20 in April/May, the commencement of international flights into Ogle, and the commissioning of the Takutu Bridge. Regulations made at the end of 2008 under the Guyana Tourism Authority Act will be enforced, and greater emphasis placed on the improvement of quality, standards, service, safety and cleanliness in the hospitality industry, with the aim of improving customer satisfaction and overall visitor experience in Guyana. To this end, education and sensitisation sessions will be hosted with stakeholders across the country, tour guides trained, operators registered, and inspections and certification conducted as required.

iii. Lethem

4.25 Mr. Speaker, the community of Lethem has undergone rapid transformational changes in recent times. Accompanying last year's commissioning of the Takutu Bridge by

Their Excellencies the Presidents of Brazil and Guyana, was the opening of the multi-purpose complex in Lethem, which was completed at a cost of \$38.2 million, and which now provides accommodation at the trans-boundary location for customs, immigration, security, health, and agriculture. Since the opening of the bridge last September we have had over 6,000 vehicular arrivals and over 18,000 passenger arrivals. This frontier provides abundant opportunities to improve trade and economic relations between Brazil and Guyana. Further, the introduction of the Special Border Regime has resulted in benefits such as duty free access for certain items in the territory of the other, waiver of the requirement of passports for Guyanese and Brazilian Nationals visiting the border towns of Bonfim and Lethem, and the provision for taxis from Guyana and Brazil to take passengers up to the established barriers on either side, all in an effort to increase cooperation in the area of trade and investment.

4.26 So as to better facilitate private sector investment in Lethem, taking advantage of the recently expanded opportunities, Government has already spent \$41.5 million to finance infrastructure at the Lethem Industrial Estate. These developments, along with the fibre optic cable link of which I will speak shortly and the Linden to Lethem road, augur well for the future of this border town and the nation as a whole.

iv. Small Business

4.27 Mr. Speaker, small business development is well established as a most effective means of fighting poverty and improving lives. For this reason, Government has implemented a number of programmes for small business development. Prominent amongst these is small business facilitation under the Linden Economic Advancement Programme (LEAP). Under this programme, private business advisory agencies were established and small businesses were incubated, and enabling infrastructure was upgraded. The creation of the successor entity in 2010 will ensure that these gains are sustained, and will provide for the continuation of critical services previously supplied by LEAP, including business incubation and business advisory services.

4.28 Yet another example of Government's practical efforts to promote micro-enterprise is manifested in our investment to expand and upgrade community market infrastructure. Government has expended \$167 million on the construction of 8 market tarmacs in 2009, with works completed at DeWillem, Patentia and Charity, benefiting 576 vendors. In 2010, a further \$190 million has been earmarked for similar works. This year will see the completion of market tarmacs at Waterloo, Golden Grove, Best Klien/Pouderoyen, Enmore and Diamond, the reconstruction of the Mahaica market, as well as the rehabilitation of the Port Mourant market, benefiting over 3,500 vendors.

v. Information and Communications Technology

4.29 Mr. Speaker, cognisant of the catalytic and transformative role that information and communications technology (ICT) can play in our economy, our Government will continue to devote substantial efforts to the realisation of modern facilitative infrastructure in the sector. To this end, our objectives will continue to be the realising of full liberalisation and competition in the telecommunications sector, the promotion of increased and more affordable access to bandwidth, promoting private investment in ICT-based industries, making more effective use of ICT in the discharge of Government functions, and increased delivery of ICT education to our young people.

4.30 In pursuit of these objectives, and particularly to establish redundancy in connectivity, improve reliability, and reduce cost, the presence of additional fibre optic cables will encourage the growth of entrepreneurial activities, including in such areas as the call and data centre businesses. This industry already provides employment for more than 2,000 persons, and is poised to grow considerably. In this regard, Government welcomes the recent investment in fibre optic cable by the Guyana Telephone and Telegraph Company Ltd. (GT&T).

4.31 Government will complement this private sector initiative with the installation of a fibre optic cable that will link Lethem and Providence through Linden, establishing connectivity with northern Brazil, for the purpose of facilitating our e-Government efforts. A sum of \$847 million is provided for this purpose in 2010. A further amount of \$640

million is provided in 2010 to commence the establishment of a robust infrastructure to facilitate e-Government applications throughout the coast from Moleson Creek to Anna Regina, with onward extensions to remote locations in the future. When completed, this project will effectively revolutionise the landscape of how services are delivered by Government in the future, reducing cost and enhancing responsiveness.

4.32 Mr. Speaker, I would urge the private sector to take advantage of the boundless opportunities that would become available with cheaper and more reliable bandwidth, including by anticipating and developing their own applications to maximise use and generate gains.

4.33 While these initiatives will bring historic changes to the way Government does business, and present historic opportunities to the private sector, it is imperative that the legislative framework is kept current and relevant. To this end, an appropriate legislative and regulatory framework aimed at fostering and regulating the development of a fully open, competitive telecommunications sector will be finalised. In addition, drafting of legislation on electronic transactions will also be completed.

C. Physical Infrastructure for Transformation

a. Roads and bridges

4.34 Mr. Speaker, in the case of our transport infrastructure, our network of roads and bridges provides important access to agricultural and other productive areas, links these with major market centres, and provides connectivity between and within residential areas. Its expansion and upgrade is known to reduce cost and travel time, increase convenience to businesses and residents, reduce congestion, improve safety, improve market efficiency, and provide new economic opportunities.

4.35 Mr. Speaker, in 2009, \$8.1 billion was spent on improving our country's roads and bridges, of which \$6.3 billion and \$1.8 billion were spent on roads and bridges, respectively. The residents and road users of New Amsterdam to Moleson Creek now have 87 kilometres

of asphalted roadway, which was completed with \$2.1 billion expended in 2009. The approach access road to the Berbice River Bridge was also completed with \$691.9 million expended at the end of the year. Additionally, the sum of \$3.1 billion was expended to rehabilitate and maintain urban, rural and hinterland roads across the country, with approximately 600 community road projects being contracted in all the Regions. The installation of traffic lights at the Diamond Intersection has been completed, along with street lighting on the East Bank Demerara Public Road, in Anna Regina, and also in West Demerara from New Road to Crane, Windsor Forest to De Kendren, and Zeelugt to Vergenoegen.

4.36 Mr. Speaker, in 2010, a total of \$7.6 billion has been budgeted for roads and bridges, of which \$5.2 billion will be spent on roads and \$2.4 billion on bridges.

4.37 The sum of \$1 billion has been budgeted for the construction of approximately 35 kilometres of all weather roads in the Black Bush Polder area, which houses some 425 farmers and 17,000 acres of land under cultivation. Further, in order to improve access to over 1,500 acres of agricultural land, major improvement will commence on the East and West Canje roads from this allocation.

4.38 Government has also budgeted \$450 million to commence major rehabilitation works on Sheriff Street to Mandela Avenue, and on the access road in Timehri leading to the Cheddi Jagan International Airport (CJIA). In addition, designs for extending the four-lane highway on the East Bank Demerara up to Grove will commence. A further allocation of \$2.5 billion will finance rehabilitation and maintenance of urban, rural and hinterland roads in all Regions. Further, a sum of \$1.3 billion is budgeted for continuing works on 25 critical structures from Garden of Eden to Timehri, Annandale to Buxton, and Abary Bridge.

4.39 In order to maintain the crucial linkage between Regions 3 and 4, Government has budgeted the sum of \$700.5 million for continued upgrading of the Demerara Harbour Bridge, which includes the procurement of deck units, servicing of pontoons, replacement of the hydraulic ramp, and fabrication of distribution beams, transom beams and buoys.

b. Air and River Transport

4.40 Mr. Speaker, air transport infrastructure received a significant impetus in 2009. Guyana's second international airport, the Ogle International Airport (Ogle) which is being managed and upgraded under a strategic public private partnership, received international certification. Work commenced on the extension of the runway by a further 2,000 feet to 4,000 feet and a total of \$147 million was expended in 2009. Daily scheduled flights have since been introduced between Ogle and Zorg-en-Hoop in Suriname.

4.41 Additionally, in 2009, \$120 million was spent for the procurement of an aircraft rescue and firefighting vehicle to reinforce safety and response capabilities at the Cheddi Jagan International Airport (CJIA). This is expected to be in operation from 2010. The upgrading of the Mahdia airstrip was completed, works have commenced on the construction of Wakenaam airstrip, and maintenance was done on 39 domestic aerodromes in such areas as Lethem, Monkey Mountain, Itabac, Bartica and Port Kaituma.

4.42 An amount of \$126.7 million was also spent to improve river transport facilities particularly for the modification and extension of the Parika and Supenaam Stellings, along with the rehabilitation of the Moleson Creek Stelling and Wakenaam wharf while a further sum of \$387.9 million was expended for the docking and rehabilitation of MB Sandaka, MT Aruka, MV Makouria and the acquisition of spares and navigational aids.

4.43 Mr. Speaker, in 2010, the sum of \$235 million will be expended to complete the runway at Ogle, and \$50 million will be spent in addition to the \$30 million provided last year to further modernise air traffic control equipment at Ogle. When completed in August 2010, the airport will be capable of receiving Dash-8 series aircraft of types currently operated by regional airlines such as Caribbean Airlines and LIAT. Additionally, the sum of \$149.9 million is budgeted for the completion of the Wakenaam airstrip, commencing construction of the Leguan airstrip, rehabilitation of the Kamarang Airstrip, and maintenance of other domestic aerodromes across the country.

4.44 To enhance a reliable, safe and efficient ferry service across the major rivers and to outlying areas of the country, the sum of \$149.5 million is budgeted for the modification and extension of the Parika and Supenaam Stellings. This will facilitate the mooring of the roll on/roll off ferry vessels which are currently in the design stage and are expected to arrive in Guyana in 2011. Additionally, the rehabilitation of the Georgetown, Leguan and Bartica stellings, Kumaka Wharf and the Kingston lighthouse will benefit from this intervention. The sum of \$342 million is also budgeted for the docking and rehabilitation of Dredge Steve N, Split Barge, MB Baramani, and MV Malali, and for the acquisition of spares and navigational aids.

c. Sea and River Defence

4.45 Mr. Speaker, our manmade and natural sea and river defence systems protect the majority of our population and the main agricultural production areas, and continue to be of paramount importance both to our productive activity and to the comfort of our people.

4.46 In 2009, Government completed preparation of a Sea and River Defence Policy, and identified priorities for the effective strengthening of sea and river defence management and maintenance. In support of this, amounts totalling \$2.7 billion were spent on construction, rehabilitation, restoration and maintenance of the sea and river defences.

4.47 In 2010, the sum of \$3.1 billion has been budgeted for continued reconstruction, rehabilitation, restoration and maintenance of sea defence structures across Regions 2, 3, 4, 5, 6, 7 and 10, while \$124 million is budgeted for the commencement of a mangrove management project for sustainable coastal zone protection. This \$1.2 billion three-year project includes institutional strengthening at NARI, improved monitoring and rehabilitation of mangrove fields, training, and public awareness.

d. Drainage and Irrigation

4.48 Mr. Speaker, sustained investment in our drainage and irrigation system and capabilities over the years has enabled improvements in the efficiency of our drainage infrastructure and better equipped us to confront the threat of flooding.

4.49 In our ongoing efforts to ensure the adaptation of our East Demerara Water Conservancy (EDWC), geotechnical and hydrological studies were completed and the draft design and costing for construction commenced for the Hope outfall channel. In addition, 14 excavators were purchased to facilitate the commencement of earthen works for the new channel. Further, the construction, rehabilitation and maintenance of culverts, kokers, pumps and pump stations and revetment works were undertaken in Regions 2, 3, 4, 5, 6 and 10, as well as the purchase of pumps, punts, pontoons and track type dozers to enhance the equipment fleet required for such works on an ongoing basis. Collectively these initiatives amounted to \$4.9 billion in 2009.

4.50 In 2010, Government has allocated \$6.1 billion to further improve our country's drainage and irrigation structures. Of the budgeted sum, \$800 million is allocated to commence construction of the Hope outfall channel. An amount of \$852 million is allocated for the acquisition and installation of pumps, excavators and pipes in Regions 2 to 6 while \$3.9 billion is allocated for the construction, rehabilitation and maintenance of drainage structures including sluices, kokers, outfall channels, revetments and groynes.

e. Hydrometeorology

4.51 Mr. Speaker, our capability to monitor and predict weather developments was significantly improved in 2009, with the installation of our country's first modern weather forecast instrument, the Doppler Radar which was constructed at a total cost of \$758 million and was commissioned in October. This new generation of radar will complement our current hydrometeorological monitoring network and will provide continuous real-time radar coverage to a distance of 400 kilometres from Timehri when fully calibrated.

4.52 With this major development, and with the aid of modern instruments and increased numbers of trained staff in meteorological and hydrological technology, our weather forecasters will now be able to define areas where severe weather is likely to form with increased precision, and forecast the time, intensity and location of heavy precipitation with improved accuracy. Our policy makers and planners in agriculture, water resource management, engineering, aviation, mining, sea defences and particularly our farmers and the public at large would be provided with real-time information which is critical to our daily livelihoods as well as for our overall national development.

f. Energy, Power Generation and Supply

4.53 Mr. Speaker, the generation of adequate, affordable and reliable power has long been a concern for our Government, given its impact on our balance of payments and on the cost of delivery of goods and services. In the context of our LCDS, this concern is now augmented by the need to develop renewable and cleaner sources of energy for the development of industry and to meet the needs of households across the country. Our strategy for the sector therefore comprises actions that involve increasing the capacity and efficiency of the sector to meet immediate requirements, promoting responsible use of energy, developing alternative sources of energy, and in particular, harnessing our country's long established hydropower potential.

4.54 Last November, power generation in Demerara was boosted by the installation of a new 20.7 megawatt plant bringing the available capacity to over 90 megawatts which currently exceeds the peak demand in the county. This plant was acquired and installed at a total cost of US\$27 million. Largely on account of this, GPL achieved a substantial reduction in its dependence on high cost fuels, moving the diesel to heavy fuel oil ratio from 33:67 to 10:90 by the end of 2009 thereby reducing the cost of power generation. In addition, the design of the US\$33.8 million project to finance a major upgrading of substations and transmission lines was completed and the procurement process initiated.

4.55 Mr. Speaker, amounts totalling \$5.8 billion have been allocated in 2010 to the power sector. From this sum, will be financed the completion of the rehabilitation of the Canefield

power station and the 69KV link between Skeldon and No. 53 Village, along with the commencement of works on the development and expansion of the 69KV transmission lines and associated substations, the interconnection of the Berbice Interconnected System (BIS), the Demerara Interconnected System (DIS), and the installation of a Supervisory Control and Data Acquisition (SCADA) system.

4.56 In its continued efforts in reducing technical and non-technical losses GPL will replace 15,000 main demand meters with minor meters, install 1,365 iron meters, replace 9,000 defective meters, install 12,000 pre-paid meters and upgrade the secondary conductors for better management of primary voltage. GPL also intends to make fully functional in 2010 its US\$2.8 million state of the art customer information system which will see customer accounts being immediately credited with payments made, accounts adjusted and new bills immediately generated enabling customers' queries to be monitored more effectively. This system is an enormous step forward in the operations of GPL utilising ICT to make services more efficient and consumer friendly.

4.57 Mr. Speaker, as I have already indicated, in our efforts to provide a long term solution to our energy requirements and in keeping with our LCDS, Government has recognised the need to develop renewable energy sources to provide viable alternatives to the costly import of fuel. To this end, we will seek to promote investments in the area of biofuel production, and it is expected that several pre-investment studies will be launched jointly with private firms before the end of the year.

4.58 Mr. Speaker, in addition, electricity will be provided to areas including Chenaupou, Yupukarri, Sand Creek, Red Hill, Santa Aratak, Katoonarib, and Paruima using solar home systems benefiting 1,800 households and 12 schools.

4.59 Mr. Speaker, Government will also spare no effort in advancing the long embraced aspiration of harnessing hydropower in Guyana. To this end, Government continues to work on the Amalia Falls project, currently sized at 156 megawatts. In late 2009, the developer presented a position to Government where total capital costs would exceed US\$600 million and expressed its willingness to fund all of the equity. Debt financing for the

project is being actively pursued from both bilateral and multilateral sources and the project is expected to see start of construction in the second half of 2010, once the financing is completed. To this end, Government has allocated \$4.1 billion for the construction of a roadway and other infrastructure to improve access to Amalia Falls in its pursuit of this most important project.

4.60 Mr. Speaker, minor adjustments in daily routines and choices can conserve energy and save money. Our ability to develop sustainable sources of energy and to practise the sustainable use of energy will determine our future as low carbon nation. In 2010, Government will enhance existing energy saving efforts through a programme to promote the effective and efficient use of energy.

D. Investments in our People

4.61 Mr. Speaker, this Government has consistently placed the highest priority on our social programmes, regarding these as the most worthwhile investment in the future of our country. In this regard, Government remains focused on maximising rapid progress towards the attainment of the Millennium Development Goals and the targets set in our respective social sector strategies.

a. Education

4.62 The new Education Strategic Plan identifies as priorities the provision of quality education, universal secondary education, technical and vocational education, inclusive education, school health and nutrition, teacher education, and the development of managerial capacity within the sector. Last year was the first year of this plan, and a sum of \$20.3 billion was expended in the sector towards its implementation.

4.63 More than \$400 million was expended on the technical vocational institutions which included the construction of a workshop at the Linden Technical Institute, procurement of tools and equipment for all technical institutes as well as the expansion of the Secondary

Competency Certificate Programme to include 18 additional secondary schools from September 2009, resulting in a total of 24 schools and 6 practical instruction centres now delivering this programme.

4.64 In excess of \$375 million was expended on Cyril Potter College of Education (CPCE), including for the rehabilitation of the science laboratory, purchase of laboratory and other equipment and furniture, and to meet operating costs. The College delivered 491 trained teachers including, for the first time, 10 graduates from the Kamarang Centre in Upper Mazaruni. Moreover, first year intake at the College almost doubled, and total enrolment now stands at 1,967 representing more than 50 percent increase over 2008. The distance education secondary programme was launched at 3 centres in Vreed-en-Hoop, Rose Hall and Georgetown, enrolling 115 students. Consistent with the objective of inclusive education, 21 teachers were trained in sign language, enabling children with hearing impairments to enrol in at least 4 mainstream schools in Region 4 and Georgetown. This programme was a collaborative effort with NGOs and is expected to continue in 2010.

4.65 In keeping with the national and sectoral ICT strategies and Government's commitment to increase the use of computers for teaching and learning, an investment of \$105 million was made towards purchasing equipment, such as phonics kits, televisions, and DVDs which were distributed to 200 primary schools and the construction of 15 new information technology labs in primary and secondary schools. A further \$10 million was expended to train 2,000 primary and secondary teachers in the use of this equipment and another 600 teachers in basic computer programmes of which 250 have received more specialised training so as to facilitate computer assisted learning.

4.66 In addition, more than \$2.3 billion was expended on the construction, rehabilitation and maintenance of nursery, primary and secondary schools and supporting dormitories countrywide, including the completion of the construction of Hope Secondary School.

4.67 The implementation of the Education Strategic Plan will continue to be of priority in 2010 reflecting the Ministry's ongoing efforts to transform the education sector into one that

eliminates illiteracy, modernises education and strengthens tolerance. In this regard, \$21.4 billion has been allocated for the sector in 2010.

4.68 Mr. Speaker, a total of \$800 million has been budgeted for our national school feeding programme, targeting over 47,000 students in nursery and primary levels which will increase attendance and retention as well as improve the nutritional balance of our children.

4.69 Mr. Speaker, over \$940 million has been allocated for the continued expansion of technical vocational training. These funds will be utilised in the construction, rehabilitation and maintenance of facilities and the procurement of tools and equipment for all technical institutes. Additionally, another 12 secondary schools are programmed to conduct the Secondary School Competency Programme.

4.70 Over \$880 million is allocated for teacher training and development, and will result in the continued upgrade of our teachers as well as the revision and production of the materials needed to promote a comprehensive training and development programme.

4.71 In keeping with our Government's continued emphasis on ICT, we are committed to providing and mobilising resources for its integration into teaching and learning in our schools. To this end, we will continue the programme to establish information technology laboratories in all secondary schools. More than 2,000 teachers are to be trained in the area of ICT, in an effort to achieve the strategic plan's objective of 75 percent trained ICT teachers in the secondary schools and 50 percent in the primary schools by 2013.

4.72 A total of \$2.4 billion is budgeted for the construction, maintenance and rehabilitation of dormitories, educational facilities, nursery, primary and secondary schools nationwide. This amount will finance the completion of works on 6 schools, 39 computer labs, construction of 2 dormitories at Charity and Sand Creek, renovation of the science laboratory at Richard Ishmael Secondary School, extension works on Paramakatoi and Waramadong Secondary Schools, and construction of Leonora Secondary School.

4.73 Over \$700 million has been allocated to the University of Guyana, comprising \$657 million for recurrent expenditure on the operations and maintenance of the two campuses, and \$48 million on capital expenditure to enable the completion of works on the office building at Tain, upgrading of plumbing and electrical facilities, procurement of science laboratory equipment, library books and furnishings. In addition, in 2010, an amount of \$450 million has been provided for student loans.

b. Health

4.74 Mr. Speaker, the health sector faced in 2009 the unimaginable challenge of recovering from the destruction by arson of the Ministry of Health's head office, main buildings and an invaluable collection of health sector records. In response, the sector demonstrated exceptional resilience by continuing its work uninterrupted as Government's commitment to providing equitable access to high quality health services remained unshaken.

4.75 In 2009, expenditure in the health sector amounted to \$12.8 billion, financing the operations of the public healthcare system, and ongoing modernisation and expansion of health facilities, services and training programmes, in accordance with our National Health Strategy for 2008 to 2012. The priorities of the sector continue to be expanding and upgrading infrastructure to increase coverage and access, enhancing the human resources capability of the sector as a whole, and improving quality in the delivery of publicly guaranteed health services, with emphasis on such areas as family health, chronic, communicable, and non-communicable diseases.

4.76 In 2009, amounts totalling \$1.5 billion were spent on construction, rehabilitation and maintenance of health facilities, of which \$502 million was spent on the completion of the state of the art facility at the new Linden Hospital Complex which was opened to the public in December. Other major highlights included the operationalising of the Mabaruma and Lethem hospitals and the National Ophthalmology Hospital at Port Mourant last year. The latter facilitated the completion of over 1,100 eye surgeries to date and is the most modern of its kind in the Caribbean. Construction, rehabilitation and maintenance works were also

done to several other health facilities across the country, including the extension of the Cheddi Jagan Dental Centre, and refurbishment at the National Psychiatric Hospital.

4.77 Training efforts were focused on further expansion and consolidation of human resource skills to complement the new and expanded health institutions being operationalised across the country. Over 290 graduates in various disciplines such as doctors, nurses, medex, pharmacy and dental assistants, community dental therapists, dentex, rehabilitation practitioners and community health workers entered the system while another 700 continued training.

4.78 Considerable progress has been made in expanding mental health programs in 2009. Psychiatric clinics are now being held in addition to the GPHC and the National Psychiatric Hospital, in Parika, Linden, Suddie and Skeldon. The programme advanced with training aimed at strengthening and building capacity. The mental health programme also expanded with the establishment of substance abuse programmes in the Georgetown, New Amsterdam and Timehri prisons, the Georgetown, New Amsterdam, Skeldon and Mibicuri Hospitals. The sector also continued to make progress in the fight against chronic diseases on several fronts. Supplies of diabetic medicines were procured at a cost of over \$400 million. Significant progress has also been made in the fight against communicable diseases such as HIV, tuberculosis and malaria.

4.79 Mr. Speaker, in 2010, the health sector has been allocated \$13.3 billion in 2010. Of this total, the sum of \$1.4 billion has been budgeted for the construction, rehabilitation and maintenance of health facilities countrywide. This includes \$716 million for the new inpatient facility at GPHC which is expected to be completed later this year and will accommodate over 300 patients. This total also includes \$37 million budgeted for the rehabilitation of West Demerara Regional Hospital, \$23 million for the rehabilitation and expansion of Skeldon Hospital, \$23 million to purchase and install a new elevator at the GPHC, and \$15 million to construct a Nurses Hostel in Port Kaituma.

4.80 Mr. Speaker, our ability to deliver high quality health care across our country would be impossible without a well trained workforce and over \$300 million will be spent on human resource development in the sector. Over 60 newly trained medical personnel who returned in 2009 will be available to the system throughout 2010. This will be buttressed by expanded training of an additional 500 persons in the nursing programme and various other health disciplines. Further, the nurses' anesthetic training will expand with an intake of nurses from all 10 regions who upon successful completion will be deployed back to their respective regional facility resulting in more surgeries being conducted within the regions thus improving timeliness of response and reducing the number of referrals to the GPHC. In addition, the system will benefit from the ongoing return of Cuban trained doctors.

4.81 In 2010, \$300 million is budgeted to be spent on further enhancement of antenatal and child health programmes with specific focus on the prevention of maternal and infant mortality and on child nutrition.

4.82 In 2010, amounts totalling \$2.7 billion will be spent to procure drugs and medical supplies for the public health care system. An allocation of \$60 million will complete a modern warehouse facility which, along with the computerised inventory management system, will improve the storage and distribution of pharmaceuticals across the 10 regions and significantly reduce the turnaround time for supply of drugs to the regions.

4.83 Major emphasis will be placed on effectiveness of operations and on quality of services in the health system in 2010. In order to make further advances in the quality of services provided in both the public and private systems, we will continue our efforts to modernise the legal framework, including through such legislation as the Allied Health Professionals Bill and the Persons with Disabilities Bill currently before Parliament. In addition, regional service agreements are being developed which will result in each Administrative Region committing to the delivery of a health care package based on agreed targets while being held accountable by the Ministry of Health.

c. Housing

4.84 Mr. Speaker, our programme for housing development and promoting home ownership has been one of the flagship achievements of this Government, and no effort has been or will be spared in ensuring that housing is affordably available to every Guyanese family.

4.85 To this end, \$7.5 billion was expended on the housing sector in 2009. Key achievements included the processing of 4,334 house lots and allocation of 4,257 land titles surpassing the targets of 2,000 house lots and 2,500 titles. One major contributor to this performance was the revival of the One Stop Shop outreach conducted in Regions 2, 3, 4, 5, 6, 9 and 10, which benefited over 10,000 persons since it allowed for improved response time for the processing of applications, the conducting of interviews and the allocation of houselots.

4.86 Over \$1 billion was spent for infrastructural development of housing areas, including the construction of roads, drains and structures at Parfaite Harmony and the upgrading of roads at Mon Repos and No 77 Village for 800 house lots which benefited 4,000 persons, while another \$4 billion was expended to acquire land for the development of additional housing. Also last year, \$2 billion was allocated towards the establishment of a low income housing fund to enable citizens who have been allocated house lots but are still unable to secure loans from the formal financial systems to access financing and construct their homes.

4.87 In 2010, \$2.8 billion is allocated to the housing sector. Key targets for 2010 include the allocation of 5,500 house lots and the processing and distribution of 3,750 land titles. One Stop Shop outreach activities will continue with the aim of increasing the occupancy rate of the housing areas, and reflecting continued emphasis on quality of service delivery by Government. Importantly, and consistent with Government's drive to use ICT for delivery of services, one can apply today online for a houselot and be able to access development plans, building policies, codes and guidelines. This facility has already benefited 151 applicants since its launch in December 2009 and seeks to benefit thousands more this year.

4.88 Of the total allocated, \$1.1 billion will be spent on improving road networks and water distribution in areas such as Anna Catherina, Plantation Schoonord and Hope Estate, which will benefit approximately 700 households. In addition, community multipurpose buildings will be completed at Westminster, Cummings Lodge and Glasgow to serve as supporting facilities to complement the infrastructural works completed in these areas.

4.89 Under the Second Low Income Settlement Programme, \$1.5 billion will be spent in 2010 to begin construction works in 6 new sites, namely Block 8 Tuschen, Section EE Non Paniel, Ordnance/Fortlands, No. 76 Village, Five Miles Bartica and Amelia's Ward which will see the creation of 1,504 new houselots. In addition, Government is targeting to complete 80 core houses and distribute 100 subsidies to low income households in 2010. Over its entire life, this entire Programme will cost US\$27.9 million, aims at improving the quality of life of low income families through better access to housing, and will see the establishment of 3,768 low-income house lots to the benefit of 15,449 persons at the end of implementation in 2014.

d. Water

4.90 Mr. Speaker, the water sector is moving towards an integrated water resource management system. In addition, the Guyana Water Inc.'s (GWI's) turnaround plan is expected to result in more effective management of the production and distribution of water and reduce both technical and commercial losses. This system and plan, together with the specific objectives of increasing access, improving quality, and reducing production costs, guide the sector in designing its programmes.

4.91 Mr. Speaker, in excess of \$3.6 billion was expended in the water sector in 2009. This reflected the construction works on the iron removal plants at Central Ruimveldt and Sophia and water treatment plants at Lima, Vergenoegen and Cotton Tree advancing considerably during the last year, the expansion and improvement of water distribution networks at coastal locations and Linden, the completion of metering from Industry to Plaisance as well as the transmission main linking Amelia's Ward and McKenzie. Other notable achievements included the upgrade of 20,000 service connections, the installation of over 19,000 water

meters, and the completion of a new well benefiting 5,000 residents at Grove/Diamond at a cost of \$43.3 million.

4.92 In continuing to provide access to potable water in the hinterland communities solar photovoltaic systems were installed in Waramadong, Quebenang and Jawalla, while pump stations were rehabilitated in Orealla, Siparuta, Ituni, Mabaruma, Port Kaituma, Bon Success and Culvert City. Also, water storage facilities were constructed at Whitewater, Santa Rosa, Waramuri, Manawarin, Phillipai and Kamwatta.

4.93 The introduction of Camp Resolution as a mobile customer facility that brought services directly to the end users demonstrated quick responses to concerns and complaints and provided timely resolutions to issues. Services offered included leak repairs, billing queries, bill payments and the installation of new service connections, and camps were set up in Regions 2, 3, 4, 5, 6, 7 and 10 resulting in approximately 1,900 persons benefiting from improved service.

4.94 Mr. Speaker, in 2010, an allocation of \$2.7 billion to the water sector will facilitate the completion of water treatment plants in Lima, Cotton Tree and Vergenoegen as well as the Central Ruimveldt and Sophia iron removal plants which will benefit over 128,000 persons. It is also expected that phase two of the Corriverton water treatment plant will be completed at a total cost of \$1.6 billion benefiting over 12,000 residents from No. 74 Village to Moleson Creek which will realise the expanded use of the slow sand filtration system and will result in lower energy consumption and with no mechanical processes lead to lower maintenance costs. In addition, service connection upgrades and metering will be done in Bartica, Leguan, Patentia, Soesdyke, Herstelling, Nabaclis, Craig Prospect and Covent Garden. Distribution networks at Half Mile and One Mile and transmission mains from McKenzie to Richmond Hill will be also rehabilitated.

4.95 Further, Government's plan to provide potable water to hinterland communities will be expanded in 2010 to include communities such as Capoey, Mainstay, Surama, Toka, Tiger Pond, Haiwa, St. Cuthbert's Mission and Paramakatoi.

4.96 In addition, this year we will launch a national water conservation education campaign.

e. Sanitation

4.97 Mr. Speaker, in the area of sanitation, rehabilitation work on the Tucville Septage station was completed while rehabilitation works on several sewer pumping stations commenced and new sewer pumps and motors were procured. Last year, under the solid waste management programme \$693 million was spent which saw the commencement of the contract for the construction and operation of the Haags Bosch sanitary landfill and substantial completion of the access road to the site. In addition, works were done at Le Repentir landfill resulting in the closure of cell No. 2. The latter landfill is expected to be fully closed in the last half of 2010.

4.98 In 2010, GWI will embark on updating its Sewerage Masterplan for Georgetown and Linden. Additionally a computerised model of the existing sewer system would be generated and used as a management tool to better evaluate interventions by predicting possible outcomes and will be completed in November of this year. The model will also serve as a database for the attribute and performance of the sewer network and data will be available for the first time to all users.

4.99 Mr. Speaker, Government has allocated over \$1.1 billion for sanitation, which will among other things complete the rehabilitation of additional sewer pumping stations in the Georgetown area. Under the Solid Waste Management Programme the access road to Haags Bosch will be completed and the Haags Bosch sanitary landfill will become operational. Also under this programme NDCs will be assisted in updating their property valuation and property tax collection system. A pilot project on waste transfer at two NDCs will be implemented and a public awareness campaign and community participation programme will be realised.

f. Vulnerable Groups and Other Targeted Interventions

4.100 Mr. Speaker, our Government's commitment to protect vulnerable members of society remains strong. Achievements over the last year have materially improved the lives of vulnerable groups including children and young people, the elderly, homeless people, vulnerable women and indigenous populations. We will consolidate and sustain these efforts in 2010 and beyond.

i. Children

4.101 Last year four pieces of legislation were enacted to enhance the protection of our children, the Child Care and Protection Agency (CCPA) commenced operation, and a 'Prevent Child Abuse Hotline' was introduced. Since commencing operation, the CCPA has been responding to cases of child abuse, has provided support and financial assistance to prevent the separation of 262 children from their families. It has also reintegrated 62 children from children's homes into their biological families. The national foster care programme piloted last February successfully moved 40 children from institutional care into foster homes. On the other hand, 124 children were removed from threatening environments into care. All children's homes are now in compliance with minimum standards and individual care plans have been implemented for every child in institutional care.

4.102 In 2010, an additional two pieces of legislation are expected to be passed to address child care and development services, adoption, and the custody, contact, guardianship and maintenance of children. Based on the success of the pilot in 2009, an amount of \$20 million is budgeted to support the national foster care programme. This programme is expected to place 100 children with foster parents, taking them out of institutional care. Additionally, the completion of a new building at the Sophia Care Centre facility will accommodate another 70 vulnerable children and increase living space. Furthermore, our school uniform assistance programme will be expanded this year to provide every child with a uniform.

ii. Youth

4.103 Mr. Speaker, vocational training to the young continues to be a high priority, and especially for out of school youth:

- 1,143 out of school youths graduated from National Training Project for Youth Empowerment (NTPYE) programmes. The range of disciplines was expanded to cover training for the positions of heavy duty equipment operator and driver/salesperson based on labour market demands. The NTPYE aims to train another 2,500 young people in 2010;
- 500 young people were trained through the Youth Entrepreneurial Skills Training Programme, and an additional 500 will be offered training in 2010.
- 66 students graduated from the Board of Industrial Training Apprenticeship programme in 2009, and 150 more are expected to enrol in 2010. These apprenticeships provide longer term training, developing skills in electrical engineering, mechanical engineering and building and construction.

4.104 Mr. Speaker, in addition, to upgrade facilities and purchase training materials and sports equipment, \$39.3 million was spent in 2009 and a further \$40.7 million has been allocated for 2010. Furthermore, Government has allocated \$392.5 million to upgrade sports infrastructure in 2010, including the completion of an Olympic sized swimming pool, upgrading of Colgrain Pool, a new athletics track, tennis courts, and squash courts. This year, over \$100 million has also been allocated to the National Sports Commission to develop sports opportunities countrywide.

iii. Single Parents

4.105 Mr. Speaker, Government has also taken action to improve the position of single parents. Day care vouchers subsidising the cost of childcare have been distributed to 324 single parents. Child-friendly job training has been provided to 374 single parents, in such areas as cosmetology, catering, information technology, office procedures, childcare, and care for the elderly. Each graduate will receive a grant towards the start-up of a business in their area of training. This budget allocates \$50 million to continue these programmes.

iv. Elderly

4.106 The Palms Geriatric Facility was upgraded last year at a cost of \$40.7 million. Moreover, our Government continues to support the elderly financially both through old age pension payments and the payment of water rates. Pension payments will be made to 44,000 elderly citizens in 2010 at the recently increased rate of \$6,600 per month, at a cost of \$3.5 billion.

v. Homeless

4.107 Mr. Speaker, in addition to support provided to homeless people in and around the capital through the night shelter, \$325 million has been budgeted in 2010 to complete the residential centre for rehabilitation and reintegration to accommodate 300 homeless persons.

a. Indigenous Communities

4.108 Mr. Speaker, providing support and opportunity to indigenous communities remains a strong focus of this Government. The National Secure Livelihoods (NSL) programme targets producers and processors in 15 different communities in Region 1, assisting with business management and marketing, enabling them to better target domestic and international markets. The programme includes initiatives in agricultural production (peanut, orange and passion fruit, ginger and cassava), one aquaculture company, and one apiculture organisation. This programme has been allocated \$44 million in 2010, will directly benefit 260 families, and indirectly benefit 5,915 persons within the communities through the sharing of resources.

4.109 An additional 154 communities have benefited from funding totalling \$160 million for income generating and social projects including cattle and poultry rearing, beekeeping, the improvement of communications systems and the provision of transportation for the community. Such projects will continue to be funded in 2010.

4.110 Mr. Speaker, access to education is essential to the economic development and continued integration of our indigenous communities. In 2009, work began on the construction of a fully equipped dormitory at Liliendaal, which will improve access to education for over 200 hinterland students. Over \$107 million has been allocated in 2010 to complete this project.

vi. Other Vulnerable Groups

4.111 Mr. Speaker, an allocation of \$645 million has been made to fund the recently increased public assistance payments of \$4,900 per month in 2010.

4.112 Whilst such financial assistance is essential to help the most disadvantaged groups, providing employment opportunities is especially beneficial to improving the lives of vulnerable people. This year, the Central Recruitment and Manpower Agency placed 2,023 persons into employment out of 2,479 requests. The Agency will target the placement of 2,500 persons in 2010 and will establish a database, allowing online vacancy registration.

E. Enhancing Security and Justice

4.113 Mr. Speaker, our Government is undertaking a process of steady reforms to ensure the modernisation of the security and justice sectors.

a. Public safety and security

4.114 In 2009, our security sector benefited from over \$13.8 billion which was expended on upgrading the physical infrastructure, strengthening operational capability, improving quality of personnel and improving community policing to ensure the enhanced security and wellbeing of our citizens. As a result of initiatives taken by the security sector, murders reduced by 26 percent, and overall serious crimes reduced by 9 percent in 2009.

4.115 In our ongoing efforts to enhance the working conditions and performance of ranks and officers at various locations across the sector, several facilities were constructed,

rehabilitated and maintained for a sum of \$553.6 million. These included officers' quarters, police stations, fire stations and training facilities for security personnel.

4.116 In 2009, \$1.5 billion was spent on the acquisition and maintenance of vehicles and equipment. This resulted in an increase in the security fleet for land and water transport, as well as equipment to enhance capability in the areas of forensic analysis, finger printing, drug detection, communications and traffic. A further \$25 million was spent on equipping community policing groups, which has resulted in over 21,000 community patrols being conducted with 829 arrests and 561 cases being made.

4.117 In 2010, our Government will consolidate on the advances made within the security sector reform and has allocated \$14.9 billion to our disciplined forces. This will result in the enhanced capability of our disciplined services in addressing new and emerging dimensions of security threats, improved public order and safety and the heightening of public confidence in and support for law enforcement agencies.

4.118 Mr. Speaker, the sum of \$1.2 billion has been allocated for the construction, rehabilitation, maintenance, and remodelling of facilities for the security sector. This includes the rehabilitation and extension of the Brickdam lockups, rehabilitation of police stations at such locations as Orealla, Mara, and Orinduik, renovations of Georgetown prisons, construction of a new fire station at Mahaica, construction of new training schools for our firefighters and our police officers. In addition, the sum of \$473 million has been allocated for the construction of the forensic laboratory which will significantly improve our forensic investigative capacity.

4.119 The mobility and efficiency of our forces will benefit from an allocation of \$544 million for the purchase and maintenance of vehicles including the purchase of one water cannon and one mobile police station. In addition, over \$256 million will be expended to train our forces including the training of trainers in the police force in areas of investigation and detection of crime, information management, case management and strategic management.

4.120 Over \$1.2 billion is budgeted for the purchase and maintenance of equipment, some of which will target the expanded use of ICT in the standardisation of information gathering and surveillance. The Crime Observatory will continue to aid formulation, implementation and evaluation of public policies on citizen security and in 2010 will conduct the second round of the Safe Neighbourhood Survey to monitor national trends in crime and violence and to track progress towards the achievement of the National Security Programme. Further, with the operationalising of the integrated crime and violence information system in 2010, the flow of information and strategic planning within the sector will be significantly enhanced. The use of modern polygraphy equipment has also enabled greater accountability of our forces with integrity testing of frontline officials, which will be expanded to a wider cross section of officials involved in security and law enforcement.

4.121 Mr. Speaker, together these investments in our security sector will serve to better equip our crime fighting forces, including more timely availability and analysis of crime data. This will ultimately redound to the benefit of our people and further heighten public confidence in our security institutions.

b. Justice Sector Reform

4.122 Mr Speaker, over \$1.4 billion was spent on the justice sector in 2009. Of this total, the sum of \$248 million was spent on enhancing the efficiency of the process for dealing with criminal and civil cases within the system. An action plan for the strengthening of the functional and operational relationship between the Chambers of the Director of Public Prosecutions and the Police was completed and over 45 State and Police Prosecutors were trained in detecting evidentiary weaknesses in cases. In addition, draft guidelines for the Civil Procedures Rules were completed and circulated to Judges for their views. The new Rules will place stronger emphasis on time management of cases, case conferences and mediation. Continuing the efforts to reduce the current backlog of cases, a total of 4,612 cases were disposed of during the year.

4.123 As part of the overall reform and modernisation of the Judiciary, Government will consolidate its efforts towards the transformation of the judicial system. To this end, a total

of \$1.7 billion has been budgeted in 2010 to improve the quality, efficiency and effectiveness of service delivery in the justice sector. Of this, the sum of \$322.5 million has been budgeted for the implementation of several reform measures. Mr Speaker, a strategic plan for mediation as well as mediation referral guidelines are being developed and are expected to be completed and implemented. This plan is intended to reduce the excessive amounts of cases that are filed within the High Court and reduce the amount of cases requiring adjudication by a Judge. It is anticipated that approximately 5,500 cases of the backlog will be disposed of in 2010. In addition, the Time Limit for Judicial Decisions Act which was passed in 2009 is expected to contribute further to timely conclusion of matters before the Court.

4.124 Mr Speaker, yet again the application of ICT will serve to advance this sector with the piloting of a Digital Speech Recording System in the Supreme Court and the Court of Appeal later this year. The pilot will be evaluated six months after implementation to determine the feasibility of implementation countrywide. The application of this system is expected to significantly reduce the time taken to record evidence in court.

4.125 A total of \$121.8 million has been budgeted for the construction and maintenance of courts countrywide. Of this amount, \$45.9 million has been budgeted towards the completion of the first ever Family Court later this year. This new facility will deal with issues such as divorce, division of property, domestic matters, adoption, guardianship and custody. In addition \$26 million has been budgeted for the construction of a Magistrate Court and office at Lethem, \$19.3 million for the completion of the Charity Magistrate and Leonora Magistrate Courts and a further \$27.2 million is budgeted to be spent on the maintenance of the High Court and Magistrate Courts. The completion of these courts would provide improved access to and upgraded infrastructure in the justice system.

F. Foreign Relations

4.126 Mr. Speaker, over the past year, our Government continued to seek to strengthen the institutional framework for the adequate and effective preservation of Guyana's sovereignty and territorial integrity. To this end, an agreement was reached with Venezuela on the nomination of a Special Representative of the United Nations Secretary General in his role

as the UN Good Officer in the Guyana-Venezuela controversy. Guyana also advanced its preparations for the submission of a potential claim to an Extended Continental Shelf. In addition, Government prepared and tabled in this Honourable House a revision of Guyana's maritime boundary legislation.

4.127 Coinciding with the inauguration of the Takutu Bridge was the signing of 8 Agreements with Brazil which included the Promotion of Trade and Investment, Defence Cooperation and a Special Border Regime for Bonfim and Lethem, Abolition of Visas for Business persons. All of these aimed at providing the appropriate environment for increased cooperation especially in the area of trade and investment. Further, in support of the regional integration process, Guyana ratified the Treaty of the Union of South American Nations (UNASUR) and will take over the chairmanship of this body in 2010.

4.128 Mr. Speaker, our Government's focus in 2010 will be to seek to further consolidate relations with traditional partners and to forge strategic alliances with others. We remain firmly committed to the strengthening of political and economic relations with our neighbours. Government will work aggressively to encourage our CARICOM partners to take advantage of our geographical location to access markets in Latin America. The Government's diplomatic lobby will be intensified to attract new capital flows and investments in keeping with our developmental thrust.

G. Other Institutional Reforms

a. Financial Sector Reform

4.129 Mr. Speaker, whilst for the most part Guyana has been spared the ravages of the global crisis, one particularly stark manifestation of the crisis in the Caribbean and in Guyana was the financial meltdown of the CL Financial Group of Trinidad and Tobago. In summary, this financial conglomerate experienced a depreciation of its real estate assets held in Florida and a sudden fall in the price of its methanol products, in turn triggering a sequence of events that affected its subsidiaries in countries throughout the Caribbean, including Barbados, Belize, the OECS, Suriname and Guyana. Clico Bahamas, which had

invested 59 percent of its assets in a related company CLICO Enterprises, was petitioned into liquidation because its liabilities were estimated to exceed its assets. In turn, Clico Guyana which had invested 53 percent of its assets with Clico Bahamas was placed under judicial management. The Judicial Manager has since made an application to the court for liquidation of the company. These proceedings have recently been suspended owing to a stay granted on behalf of a purported director of the company. Meanwhile, it would be recalled that this Honourable House unanimously endorsed Government's statement guaranteeing the savings and pensions of all depositors and policyholders of Clico Guyana. Immediately upon being granted the necessary permissions by the Court, the Judicial Manager will proceed with liquidation of the company and Government stands ready to honour its guarantee.

4.130 Relatedly, during the year, legislation was passed to assign to the Bank of Guyana responsibility for administering the Insurance Act.

4.131 Mr. Speaker, in 2009, a number of other legislative measures aimed at further strengthening the financial sector and achieving greater compliance with recommended international best practices were enacted or drafted. To this end, a new Anti-Money Laundering and Countering the Financing of Terrorism Act and Money Transfer Agencies (Licensing) Act were passed by this Honourable House and brought into operation. Regulations were also issued under the latter Act, and the Bank of Guyana has commenced licensing the agencies concerned. In addition, a supervision guideline on risk management was issued to licensed financial institutions.

4.132 In 2010, implementation of the financial sector reform agenda will continue apace. It is expected that the Credit Reporting Bill will emerge from Committee stage and return to this House for consideration. Legislation to bring the New Building Society Ltd. under the supervision of the Bank of Guyana has been prepared and will be reviewed. Regulations and guidelines pursuant to the Anti-Money Laundering and Countering of Financing of Terrorism Act will also be finalised and implementation of the Act will advance. In addition, a new guideline on public disclosure will be finalised and issued.

b. Improving the Business Environment

4.133 Mr. Speaker, policy coordination and leadership for the national competitiveness programme continue to be provided by a National Competitiveness Council chaired by His Excellency the President and including a number of Ministers, along with representatives of the private sector and labour. Under the auspices of this Council, work advanced on a number of initiatives aimed at removing obstacles to competitiveness.

4.134 Progress was made with the Deeds Registry to digitise business registration and incorporation records last year. In 2010, the networking of an information system with central Deeds Registry, its sub-Registries, the National Insurance Scheme and the Guyana Revenue Authority (GRA) will be completed, facilitating online filing of registration, renewal of registration and same day registration of businesses. A single window processing system for which \$146.8 million has been allocated, will effect the linking of all licensing bodies with the GRA, with a view to reducing the time taken to process trade transactions. Taken together, these reforms will significantly further reduce the time and cost of doing business in Guyana.

4.135 The reforms and modernisation of the GRA also continued with the completion of the restructuring of GRA along functional lines, further development of the integrated tax administration system and the alignment of various business processes, procurement of computers and other equipment including a scanner, the purchase of patrol boats and establishment of a Marine Operations Unit to enhance enforcement operations, the establishment of checkpoints at Kurupukari, Crab Island and Charity along with the establishment of a fully integrated regional tax office at Parika.

4.136 Mr. Speaker, in 2010, we will continue to focus on modernising and strengthening capacity in the various operational areas of the GRA. This will result in completion of a warehouse, the operationalising of the container scanner, as well as expansion of regional tax offices. These are expected to significantly improve operational efficiency and taxpayer satisfaction, while enhancing the revenue generation capability of the Authority.

Meanwhile, consideration will continue to be given to options for tax reform and further strengthening of the tax administration.

4.137 Further, Mr. Speaker, an allocation of \$75 million has been made for the establishment and operationalising of the Competition and Consumer Protection Commission, that will enable the establishment of a functional secretariat.

c. National Insurance

4.138 Mr. Speaker, in relation to the National Insurance Scheme (NIS), 2009 saw steps being taken to increase compliance among employers and self-employed persons, to enhance the quality of service provided by the Scheme to its contributors, and to improve administrative efficiency. To this end, a number of amendments were effected to the statutes.

4.139 The requirement of submission of certificates of NIS compliance by employers and self-employed persons before the award of Government contracts has been made mandatory. This stipulation had been in implementation administratively for some time, but without the support of explicit legislative reference. Its enshrinement in the statutes should bring increased compliance particularly by self-employed persons, a category known traditionally to be somewhat elusive from the Scheme's reach.

4.140 The penalties and fines attached to several offences were also increased, with the aim of creating a more effective deterrence against violations and infractions. The offences concerned include failure by insured persons or employers to pay contributions over within the specified time.

4.141 With the aim of promoting greater administrative efficiency at the NIS and reducing incidence of inaccurate or incomplete contributor records, the statutes were amended to require NIS to submit to both employers' and employees' annual statements of contributions after the end of each year. NIS has also introduced and is now enforcing the requirement of electronic submission of contribution schedules by employers. Work is still ongoing with

large employers to ensure their full transition. These initiatives would enable greater accuracy and more timely verification and rectification of inaccuracies where required.

4.142 Going forward, steps will be taken to implement the recommendations that emerged from the NIS reform process and its latest actuarial study along with its most recent strategic review.

d. Strengthening Public Administration

4.143 Mr. Speaker, the maximising of programme effectiveness continues to be of highest priority to our Government. In 2009, work commenced on the development of a results-based monitoring and evaluation system and the designing of training programmes to be rolled out in 2010. In addition, Government will pursue an agenda for further strengthening public financial management which, when implemented will see improved internal controls, expanded use of ICT in the delivery of information and services, and the further strengthening of the Audit Office in support of expanded conduct of performance and forensic audits. These and other initiatives will be pursued in keeping with Government's increased emphasis on quality of delivery, value for money, and enhanced accountability for performance, across all programmes.

e. Governance

4.144 Mr. Speaker, in 2009, Parliament continued to be the key deliberative forum to address matters of national importance, and the Parliamentary mechanisms established to promote good governance continued to function effectively. These included the right to ask questions of Ministers, which right was exercised liberally by the Opposition. The expanded committee system also continued to play a major role in examining performance of Government, and provided an opportunity for greater scrutiny of legislation. At the end of 2009, 12 bills representing major areas of reform were before parliamentary special select committees.

4.145 In addition, Mr. Speaker, Government continued to engage stakeholders extensively on major policies, programmes and issues. Prominent examples include the LCDS, the Competitiveness Strategy, and the National Education Strategic Plan, many of which form the basis for the policies and programmes outlined in this budget. Mechanisms used included multistakeholder steering committees, targeted consultation, and community outreaches. Government also maintained a close engagement with our development partners, in keeping with the Paris Declaration on Aid Effectiveness.

f. National Statistics

4.146 Mr. Speaker, in Budget 2009, I reported on progress being made towards the rebasing of our National Accounts framework as well as updating the basket of goods and services underlying computation of our Consumer Price Index (CPI). I am now pleased to announce that the Bureau of Statistics, with external assistance and support, has completed the technical work required. Consequently, the National Accounts have been rebased to 2006 prices, and this rebased framework is being introduced from January 2010. The new CPI series is also being introduced from January 2010.

4.147 Mr. Speaker, one of the principal indicators of an economy's performance, its growth rate, is measured through the instrument of the National Accounts which are prepared relative to a particular reference or base year. Prior to the current rebasing, the base year for Guyana's National Accounts was 1988. As time advances further from the base year, there is increased likelihood of measuring with error the current period's level of growth, particularly by underestimation, and likewise of measuring with error other components of the National Accounts.

4.148 Among the reasons for this is the fact that the base year reflects the relative price and cost structures that obtain in that year, and these become progressively less relevant for calculating volumes of output and for estimating value added, particularly for those sectors whose output might not be directly observable or measurable. In addition, new products, technologies, and industries which did not exist at the time of the base year result in economic activity which, at best, is only captured in a very limited manner over time.

4.149 Mr. Speaker, it is for such reasons and cognisant of the challenges that could arise from a base or reference year being retained for an excessive period of time, that the United Nations Statistics Division has recommended that the base year be reviewed and changed in a time frame of 5 to a maximum of 10 years for those countries which can afford to do so. In addition, from a regional perspective, the Standing Committee of Caribbean Statisticians has adopted a resolution urging all CARICOM Member States to revise their National Accounts series to a base year not earlier than year 2000, in order to effect closer harmonisation and more meaningful comparison across CARICOM economies, especially as the region moves towards a Single Market and Economy.

4.150 Mr. Speaker, against this background, Guyana's Bureau of Statistics undertook to rebase the National Accounts. The Bureau conducted a National Economic Survey of Business Establishments in 2008. Data collected from the latter survey, along with national consumption estimates derived from data gathered in the 2006 Household Budget Survey, provided the critical inputs for the rebasing exercise.

4.151 Mr. Speaker, the resultant rebasing of Guyana's National Accounts has had a number of relatively predictable outcomes. Firstly, it introduced refined estimation techniques, included new data sources which will enable more comprehensive coverage, and it improved the classification of economic activity using the most current standard of the International Standard Industrial Classification system. As an example of the latter impact, health and education will now be measured as separate industries and not as part of Government.

4.152 Secondly, as a result of previously excluded economic activities now being captured by the rebased framework, and more accurate measurement of current rather than historical contribution by each sector, the rebasing has resulted in a reweighting of each sector's relative contribution to the GDP. As a result of the rebasing to year 2006, the estimated weight of agriculture, fishing and forestry and of Government have declined, while the weight of mining and quarrying, manufacturing, and services have increased. This result confirms the prior expectation that there has occurred since 1988 significant increase in the relative importance of sectors previously considered to be non-traditional, particularly services.

4.153 Thirdly, consistent with the experience in most countries that have undertaken a similar exercise, the rebasing has resulted in an upward revision in the estimates of nominal GDP, arising from the increased coverage and improved measurement. In Guyana's case, prior to the rebasing being brought into effect, Guyana's GDP at market or purchaser prices for 2010 would have been estimated at \$268.5 billion. The rebasing having been effected, Guyana's GDP at market or purchaser prices for 2010 is now estimated at \$448.1 billion, some 66.9 percent higher.

4.154 Mr. Speaker, the Estimates of the Public Sector that I am tabling in this Honourable House today includes detailed tables showing the National Accounts up to 2009 using 1988 base year, and from 2010 using 2006 base year. In the case of the latter, data is also presented for the years from 2006 to 2009 for comparative purposes. The growth performance of the domestic economy for 2009 that I reported earlier is derived from the framework prior to rebasing, since this was the basis on which the growth target for the year was set. However, the growth projection for 2010 which I will shortly announce is based on the framework subsequent to the rebasing, which is the basis that will be applied in the National Accounts going forward.

4.155 Mr. Speaker, in like manner, the CPI which is used to compute inflation in an economy is recommended for periodic update to reflect changing consumption patterns, including as a result of developments in income levels, population demographics, consumer preferences and trends, and technological evolution.

4.156 Prior to the current revision, Guyana's CPI was measured on a basket of goods and services compiled from a nationwide Household Income and Expenditure Survey which was conducted over a period of one year from 1992 to 1993, and the CPI was calculated relative to a base period of January 1994. Since then, a wide range of goods and services that were previously not available or in some cases not in existence have now become readily available and popular among consumers. Obvious examples include mobile phones, internet services. On the other hand, there are also items that would have been popular among consumers at the time of the last survey that would have declined in importance since, like radios, tape recorders, and cinema charges.

4.157 Using data gathered from a nationwide Household Budget Survey, which commenced in October 2005 and concluded in September 2006, the Bureau of Statistics has compiled a new basket based on both the frequencies and aggregate levels of consumption expenditure recorded at item level for the widest possible range of goods and services as reported by the sample households.

4.158 Expectedly, the change in consumption patterns has been accompanied by changes in relative significance or weights of the different consumption categories. Among the categories whose weights have declined are food, clothing, footwear, medical and personal care, while other categories such as transport, housing, and furniture now have heavier weights than before. These shifts reflect a confirmation of the prior expectation that, as income levels grow over time, a reduced proportion is spent on food and more on essential services and durable and semi-durable items.

4.159 Mr. Speaker, as with real gross domestic product, the inflation result reported earlier for 2009 is based on the old series. The inflation target that I will announce shortly is based on the new series, which will have January 2010 as the base period.

4.160 Mr. Speaker, the Bureau of Statistics will shortly host a workshop at which further technical details will be provided on the rebasing exercise.

4.161 Mr. Speaker, given the considerable work that has been done to arrive at this point where we have our first rebasing of our National Accounts in over 20 years, and our first revision of the CPI in over 15 years, it is apposite that I draw attention to the need for compliance with the provisions of the Statistics Act, specifically those that require business enterprises to provide certain data to the Bureau of Statistics. Over the years, the Bureau has had to contend with significant non-response, delayed response with attendant excuses, and in some cases outright refusal to supply data. This is unacceptable and unlawful, and steps will be taken to enforce the law as it relates to reporting to the Bureau, and to examine other means through which compliance rates can be improved.

4.162 In other developments relating to strengthening national statistics, in keeping with CARICOM's coordinated approach to the conducting of censuses across member States, it is expected that 2010 will be a census year. As with previous censuses, it is expected that this census will generate valuable data on our population stock including the foreign-born population and their locations, age structure, gender distribution, and other indicators, each of which has its own importance for policy and planning.

Targets for 2010

5

A. Real Gross Domestic Product

5.1 Mr. Speaker, as was just elaborated, this year marks the bringing into use and application of a new series of national accounts with 2006 as the base year. This new framework is more comprehensive and in every other respect a marked improvement in the measurement of economic activity, since the structure of the economy has changed significantly with the emergence of new sectors, and the traditional sectors have themselves undergone significant structural changes.

5.2 Overall real growth in gross domestic product is projected at 4.4 percent, with the non-sugar economy projected to grow by 3.4 percent.

a. Agriculture

5.3 Mr. Speaker, sugar production is projected at 280,000 tonnes, 19.8 percent above the 2009 level of production. This target reflects implementation of the turnaround plan, including from increased acreage under cultivation, returns to mechanisation and improvement in the conversion rate of sugar from cane. Achievement of this target will also be considerably aided by a stable industrial relations environment, and favourable weather conditions.

5.4 Following the bumper harvest of 2009, the rice industry is projected to moderate somewhat, with production projected to contract by 4.6 percent to 343,373 tonnes. The current El Nino conditions, which have prevailed since the latter months of 2009 and are expected to continue through the first quarter of this year, have adversely affected sowing of paddy, which translates to lower acreage under cultivation and hence lower production.

5.5 The livestock industry is expected to continue along a similar growth path in recent years with a projected 2.9 percent growth. Other agriculture is also projected to grow by 2.1 percent, as the agricultural diversification programme and the Grow More Campaign

continue to reap rewards. The forestry sector is projected to grow by 5 percent, as the demand for wood products is expected to increase as the world economy recovers, and as increased production of sawn lumber and policies to facilitate greater export of higher value-added wood products take effect. After a disappointing performance in 2009, the fishing industry is projected to expand marginally by 0.5 percent with some restoration of demand as the tourism dependent centres of the Caribbean recover.

b. Industry

5.6 Mr. Speaker, the mining and quarrying sector is expected to build on its 2009 performance, with a projected growth rate of 4.2 percent in 2009. The bauxite industry is expected to recover with a 9.1 percent growth to 1,620,000 tonnes, as the operations of both bauxite companies are expected to be scaled up in response to some expected renewal in demand on the world market for aluminium. Gold declarations are projected to grow by 4 percent to 311,816 ounces, somewhat more conservatively than the industry's own projection of 500,000 ounces. Diamond production is budgeted to grow by 4.2 percent.

c. Services

5.7 The engineering and construction industry will continue to benefit from policies aimed at stimulating private construction and is estimated to grow by 2 percent, while the transport and communication sector is projected to grow by 4.3 percent with continued expansion in both sub-sectors. The distribution sector is projected to grow by 4.9 per cent. Likewise, financial services, other services, and rental of dwellings are projected to grow by 8, 8 and 2 percent respectively.

5.8 The electricity and water, education, and health sectors are separately identified for the first time following the rebasing exercise. These are projected to grow by 3.4, 4.5, and 7.5 percent respectively, the latter driven primarily by the number of additional facilities available to provide full service for the first time throughout 2010.

B. Monetary Policy and Inflation

5.9 Monetary policy will continue to be aimed at maintaining stable prices and a responsive exchange rate, while fostering private sector growth. Based on the new CPI basket, the inflation rate is targeted at 4 percent, in anticipation of some continuation in the recovery of commodity prices.

C. Balance of Payments

5.10 Mr. Speaker, the overall balance of payments is expected to return a deficit of US\$11.3 million compared to a \$234.4 million surplus in 2009. The current account deficit is projected at US\$263.8 million, attributed to higher levels of imports mainly due to higher world market oil prices, which outweigh the projected improvement in export earnings. Exports receipts are budgeted at US\$776.5 million, on the strength of increased output in the sugar and bauxite sectors. Private transfers are expected to improve marginally as worker remittances increase with an easing of the economic situation in our major Diaspora centres. On the other hand, the capital account is projected to decline on account of a more conservative projection of foreign direct investment.

D. Targets for the Non-Financial Public Sector

a. Central Government Operations

5.11 Current revenue (not including receipts from GRIF) is budgeted to increase by 3.5 percent to \$98.2 billion, of which the GRA is projected to collect \$94.1 billion. Customs and trade taxes are projected to collect \$8.3 billion representing an 8.1 per cent increase primarily attributed to higher import duties, on account of both higher levels of imports along with improved surveillance activities by GRA. Internal revenue collections are targeted to increase by 5.1 percent to \$38.6 billion, reflecting improved private sector performance in the areas of corporation taxes and income taxes from the self-employed. Value-added and excise taxes are targeted to increase by 5.6 percent to \$47.2 billion, due to higher VAT collections on both imports and domestic supplies consistent with projected increases in business activities.

Non-tax revenue is projected at \$4.1 billion or 29.2 percent below the 2009 collections, mainly on account of lower Bank of Guyana net income transfers and dividends from equity holdings.

5.12 Total expenditure is projected at \$135.9 billion, an increase of 6.6 per cent over the 2009 level. Of this, current expenditure is projected to grow by 8 percent to \$86.9 billion, while capital expenditure is projected to increase by 4.2 percent to \$48.9 billion. The growth in non-interest current expenditure is largely attributed to expanded activities especially in the social sector, while the projected increase in capital expenditure reflects primarily investments in major electricity and ICT projects.

5.13 The overall fiscal balance of the Central Government is projected to improve to a deficit of \$14.9 billion from \$15.3 billion.

5.14 Mr. Speaker, the size of this budget is \$142.8 billion, 10.8 percent higher than last year's budget, making it Guyana's largest budget ever, and its financing requires the introduction of no new taxes.

b. Summary Operations of the Public Enterprises

5.15 Total receipts of the public enterprises are targeted to increase by 17.7 percent to \$105.8 billion. Taxes and other transfers are projected to rise to \$1.2 billion, while capital expenditure is projected to increase to \$9.7 billion, the latter being mainly due to accelerated implementation by Guysuco. The overall surplus is projected at \$0.3 billion.

c. Operations of the Non-Financial Public Sector

5.16 Partly aided by the rebasing of the national accounts, but also reflecting continued strong efforts at fiscal consolidation, the deficit of the non-financial public sector is programmed to decline to 3.2 percent of gross domestic product, the lowest deficit to GDP ratio since 1999.

Conclusion

6

6.1 Mr. Speaker, I concluded last year's budget speech by urging that caution and prudence be our watchwords, but also by expressing the optimism that we can and will emerge from the prevailing global economic crisis a stronger people and a stronger Guyana. One year later almost to the day, even if the global crisis could not yet be said to be nearly over, I believe it is worthwhile to reflect on how we have fared since.

6.2 Surrounded by recessionary conditions near and far, and buffeted by prices in commodity markets that generally moved against our favour, our economy nevertheless grew for a fourth consecutive year. Our rice sector returned its highest production in 10 years and its second highest production of all time. Our gold mining sector returned its highest production ever, if the large scale operations of Omai are excluded. We achieved a strong balance of payments surplus, in the process accumulating our highest level of external reserves ever. Our currency appreciated in value for the first time in 15 years. Inflation was at its lowest in 8 years. And, we reduced our fiscal deficit to its lowest in 10 years.

6.3 At the same time, we commissioned our first international bridge at Takutu, and opened new conversations and vistas of opportunity with our neighbour Brazil. We certified our country's second international airport at Ogle, and inaugurated scheduled international flights to our neighbour Suriname. We switched on a new 20.7 megawatt power plant in Kingston, the first major expansion in generating capacity installed in 12 years. We opened new hospitals in Lethem, Linden, Mabaruma, and Port Mourant; new schools in Hope and No. 8 Village; and a new well in Grove/Diamond. We graduated 491 new teachers, added 66 recently returned young Guyanese doctors to the public healthcare system, and trained over 1,700 vulnerable youths.

6.4 We enriched the body of our laws with major new enactments, on subjects ranging from strengthening the financial sector such as by fighting money laundering on the one hand, to safeguarding the most vulnerable in society such as by providing for the status adoption, and protection of children on the other.

6.5 These are but some examples of developments which, taken individually or in totality, would lead one to the inescapable conclusion that there has been progress in our country. Even so, I would admonish that it be less of an occasion for celebration and more of a reason for vigilance on our part. For, while the evidence of progress is plenty, the risk of reversal is never distant, and the remainder of the work is certainly not complete. We must, as a nation, never be complacent about the gains we have made. Instead, we must be unwavering in our resolve, unapologetic in our steadfastness, and united in our efforts to secure and build upon these gains.

6.6 This is the promise of this PPP/Civic Government to the people of Guyana, that we will neither be distracted nor diverted from the task of building our country. This is equally the exhortation of this PPP/Civic Government to the people of Guyana, that we must as a nation neither be distracted nor diverted from the task of working together to build our country.

6.7 Thank you very much.



APPENDICES

APPENDIX 1

SELECTED SOCIO - ECONOMIC INDICATORS

INDICATORS	2005	2006	2007	2008	2009
1.0 NATIONAL ACCOUNTS AGGREGATES					
1.1 Growth Rate of Real GDP	-1.9	5.1	5.4	3.1	2.3
1.2 GDP at factor cost (US\$M)	683.8	754.9	847.9	945.2	999.4
1.3 GNP at factor cost (US\$M)	663.5	698.1	836.7	930.4	982.5
1.4 Per capita GDP (US\$)	900.9	992.4	1111.0	1233.6	1298.6
1.5 Per capita GNP (US\$)	875.1	917.7	1096.3	1214.3	1276.6
1.6 Gross National Disposable Income (US\$M)	930.4	1,019.9	1,353.1	1,406.2	1,436.0
1.7 Private Consumption as % of Gross Domestic Expenditure	55.3	48.5	54.6	57.1	50.5
1.8 Public Consumption as % of Gross Domestic Expenditure	20.3	18.0	17.3	16.8	18.7
2.0 EXTERNAL TRADE AND FINANCE					
2.1 BOP Current Account Balance (US\$M)	-157.5	-250.3	-189.1	-321.41	-219.7
2.2 Imports of Goods and Non-Factor Services (G&NFS US\$M)	-984.6	-1,130.4	-1,335.6	-1,648.8	1,440.9
2.3 Exports of Goods and Non-Factor Services (G&NFS US\$M)	698.9	732.7	870.9	1013.4	938.5
2.4 Resource Balance (US\$M)	-285.7	-397.7	-464.7	-635.4	-502.5
2.5 Imports of G&NFS/GDP(%)	144.0	149.7	157.5	174.4	144.2
2.7 Exports of G&NFS/GDP(%)	102.2	97.1	102.7	107.2	93.9
2.8 Net International Reserves of Bank of Guyana (US\$M)	160.5	221.5	254.0	298.8	569.4
2.9 External Public Debt Outstanding (US\$M)	1,214.6	1,043.2	718.8	834.3	933.0
3.0 PRICES, WAGES & OUTPUT					
3.1 Rate of Inflation (% changed in Urban CPI)	8.3	4.2	14.0	6.4	3.6
3.2 Public Sector Monthly Minimum Wage in G\$(e.o.p)	24,828.9	26,070.3	28,416.7	29,836.0	31,626.0
3.3 % Growth Rate	7.0	5.0	9.0	5.0	6.0
3.4 Electricity Generation (in M.W.H)	528.4	534.6	559.2	569.2	602.0
4.0 POPULATION & VITAL STATISTICS					
4.1 Mid-Year Population ('000)	758.2	760.7	763.2	766.2	769.6
4.2 Population Growth Rate (e.o.p)	0.3	0.3	0.3	0.4	0.4
4.3 Net Migration ('000)	-15.2	-9.2	-10.8	-15.7	-18.8
4.4 Visitor Arrivals ('000)	116.8	113.5	134.1	129.6	141.3
4.5 Crude Birth Rate (per 1,000 persons)	19.6	19.5	19.0	19.9	19.6
4.6 Crude Death Rate (per 1,000 persons)	6.9	6.6	6.6	6.5	6.2
4.7 Crude Marriage Rate (per 1,000 persons)	4.8	6.1	5.3	4.2	5.4
4.8 Infant Mortality Rate (per 1,000 persons)	22.0	19.2	20.3	17.5	14.9
4.9 Under 5 mortality Rate (per 1,000 live births)	26.5	20.3	23.9	20.2	19.8
5.0 HEALTH AND EDUCATION					
5.1 Public Expenditure on:					
5.1.1 Education as % of National Budget	13.7	13.0	17.1	15.5	15.7
5.1.2 Health as % of National Budget	7.5	9.0	10.6	9.3	9.9
5.2 Number of Physicians per Ten Thousand Population	4.9	4.9	5.1	6.6	6.6
5.3 Number of Nurses per Ten Thousand Population	11.6	10.8	10.1	10.6	11.2
5.4 Number of Hospital Beds per Ten Thousand Population	24.9	24.1	24.9	24.9	25.1
5.5 Low birth-weight babies (<2500g.) as a % of live births	11.7	10.8	11.6	11.0	10.1
5.6 Under 5 Severely malnourished (as a % of total Clinic attendees)	0.6	0.4	0.5	0.3	0.2
5.7 Under 5 Moderately malnourished (as a % of total Clinic attendees)	7.0	5.9	7.0	5.9	5.3
5.8 Under 5 Overweight (as a % of total Clinic attendees)	4.7	3.9	3.6	3.3	3.6
6.0 IMMUNIZATION COVERAGE					
6.1 1 year olds Immunized against DPT/ (Pentavalent) (%)	92.0	93.0	94.0	94.0	96.0
6.2 1 year olds Immunized against MMR, Yellow Fever (%)	92.0	90.0	96.0	96.0	95.0
6.3 1 year olds Immunized against polio (%)	93.0	92.0	94.0	94.0	96.0
6.4 1 year olds Immunized against TB, BCG (%)	96.0	96.0	97.0	96.0	96.0
7.0 CRIME					
7.1 Reported Serious Crimes	3270	2756	2470.0	2547	2289
7.2 of which: Homicides	150	173	116.0	165	120

APPENDIX II (A)

GROSS DOMESTIC PRODUCT AT 1988 PRICES BY INDUSTRIAL ORIGIN

SECTOR	2004	2005	2006	ACTUAL 2007	REVISED 2008	BUDGET 2009	REVISED 2009
TOTAL	5,587	5,478	5,759	6,068	6,253	6,548	6,397
Sugar	1,006	761	802	824	699	896	723
Rice	200	168	189	183	203	188	221
Livestock	133	129	125	128	137	141	141
Other Agriculture	297	288	308	322	347	354	367
Fishing	157	161	156	161	158	158	141
Forestry	184	199	237	211	179	179	178
Mining & Quarrying	518	426	334	409	434	428	437
Manufacturing	309	346	364	367	360	360	360
Distribution	420	483	532	579	648	670	690
Transport & Communication	575	629	692	782	860	894	877
Engineering & Construction	487	533	597	631	685	711	695
Rent of Dwellings	98	104	114	118	123	125	125
Financial Services	296	315	340	364	408	424	420
Other Services	213	228	246	258	277	282	285
Government	694	708	722	729	736	736	736

Note: Individual figures may not sum up to the total due to rounding

APPENDIX 11 (B)

GROSS DOMESTIC PRODUCT AT 2006 PRICES BY INDUSTRIAL ORIGIN

INDUSTRY	REBASED 2006	REBASED 2007	REBASED 2008	REBASED 2009	Budget 2010
Agriculture, Fishing and Forestry	62,779	63,131	61,280	62,060	65,470
Sugar	15,317	15,730	13,358	13,794	16,527
Rice	6,811	6,613	7,311	7,974	7,611
Other Crops	13,162	13,545	14,313	14,508	14,813
Livestock	7,181	7,263	7,887	8,134	8,368
Fishing	9,349	9,649	9,483	8,488	8,531
Forestry	10,958	10,331	8,927	9,161	9,619
Mining and Quarrying	28,066	32,196	32,166	31,233	32,543
Bauxite	5,172	7,724	7,422	5,009	5,296
Other	22,894	24,472	24,744	26,225	27,247
Manufacturing	20,169	20,784	19,863	20,714	21,575
Sugar	4,072	4,182	3,551	3,667	4,393
Rice	4,255	4,132	4,567	4,986	4,759
Other Manufacturing	11,842	12,471	11,745	12,061	12,423
Electricity and Water	4,724	4,751	5,203	5,390	5,576
Construction	25,976	27,882	28,508	28,649	29,209
Wholesale and Retail Trade	32,003	34,780	36,334	39,886	41,854
Transportation and Storage	19,715	21,032	22,353	22,148	22,944
Information and Communication	14,054	18,242	19,932	20,668	21,721
Financial and Insurance Activities	9,475	9,352	10,243	11,340	12,247
Public Administration	25,334	25,792	25,619	25,619	25,676
Education	11,851	12,579	12,937	13,564	14,180
Health and Social Services	3,802	4,266	4,849	5,782	6,217
Real Estate Activities	3,340	3,474	3,578	3,650	3,723
Other Service Activities	8,933	10,553	12,052	13,169	14,222
<i>less adjustment for FISIM</i>	<i>(7,340)</i>	<i>(7,479)</i>	<i>(8,022)</i>	<i>(7,454)</i>	<i>(7,827)</i>
TOTAL	262,880	281,335	286,896	296,417	309,329

Notes: Years 2006 – 2009 have been rebased and rebenchmarked at the new base year of 2006 and are presented for comparative purposes.

FISIM – Financial Intermediation Services Indirectly Measured.

APPENDIX III

CENTRAL GOVERNMENT FINANCIAL OPERATIONS

	ACTUAL 2008	BUDGET 2009	REVISED 2009	BUDGET 2010
Total Revenue	82,963.1	90,285.1	94,890.3	105,547.7
Revenue	82,484.1	90,285.1	94,890.3	98,197.6
Tax	79,133.9	86,387.3	89,084.8	94,084.5
Income taxes	31,241.6	33,750.6	33,197.3	34,806.8
Consumption taxes	37,109.3	41,266.6	44,685.3	47,167.5
Trade taxes	7,754.6	7,931.6	8067.8	8,732.2
Other	3,028.4	3,438.5	3134.4	3,378.0
Non-tax	3,350.2	3,897.8	5805.5	4,113.1
Private sector	2,121.4	2,192.8	3,347.6	2,604.3
Public enterprise & BOG	1,228.8	1,705.0	2,457.9	1,508.8
GRIF Inflows				6,150.0
Total expenditure	114,433.4	127,766.7	127,430.6	135,881.4
Current expenditure	78,491.9	81,264.2	80,440.3	86,906.9
Non-interest expenditure	71,944.3	74,494.6	73,852.9	79,249.8
Personal emoluments	23,882.9	26,623.2	26,171.0	28,150.4
Other goods and services	24,243.8	26,759.1	25,889.3	27,982.6
Transfer Payments	23,817.6	21,112.3	21,792.6	23,116.8
Transfers to the private sector	20,767.6	21,112.3	21,792.6	23,116.8
Transfers to the public sector	3,050.0	-	0	-
Interest	6,547.6	6,769.6	6,587.4	7,657.1
External	3,571.8	3,384.9	3,281.7	3,848.8
Domestic	2,975.8	3,384.7	3,305.7	3,808.3
Primary balance	10,539.8	15,790.5	21,037.4	18,947.8
Current balance	3,992.2	9,020.9	14,450.0	11,290.7
Capital Revenue	479.0	-	-	200.1
Capital Expenditure	35,941.4	46,502.6	46,990.3	48,974.6
Overall Balance before Grants	(31,470.3)	(37,481.6)	(32,540.2)	(31,333.7)
Grants	16,550.0	18,831.1	17,257.0	16,477.6
HIPC relief	2,938.4	2,751.0	2,222.4	2690.0
Original	-	-	-	-
Enhanced	596.8	1,107.1	586.0	703.1
CMCF	513.9	257.0	257.0	518.8
MDRI	1,827.7	1,386.9	1,379.5	1,468.0
Other	13,611.6	16,080.1	15052.6	13,787.6
Projects	5,335.0	7,916.0	7681.1	6,605.4
Non-projects	8,276.6	8,164.1	7,371.5	7,182.2
Overall Balance after Grants	(14,920.3)	(18,650.5)	(15,265.2)	(14,856.2)
Financing	14,920.3	18,650.5	15,265.2	14,856.2
Net External Borrowing	14,605.9	21,338.2	15,526.2	19,192.5
Disbursements of Loans	27,375.3	33,509.4	20,435.1	37,718.8
Debt Repayments	3,017.4	2,320.5	2,254.8	3,687.0
Rescheduling	956.7	922.1	916.9	877.3
Guysuco - Escrow A/C	-	-	-	-
Overseas Deposits	(10,708.5)	(10,772.8)	(3,571.0)	(15,716.7)
Net Domestic Borrowing	(314.3)	(2,687.7)	(261.0)	(4,336.3)
Net Divestment Proceeds	-	-	-	-
Overall Deficit as a % of GDP	(6.3)	(7.3)	(6.0)	(3.3)

APPENDIX IV

ALL URBAN CONSUMER PRICE INDEX (including GEORGETOWN)

GROUP	2008	2009											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ALL ITEMS	265.9	274.7	267.3	267.0	265.4	267.6	269.4	272.1	274.2	275.0	272.6	274.4	275.6
FOOD (incl. Alcoholic Beverages)	285.9	301.4	284.2	274.6	268.3	272.3	275.1	272.2	276.1	277.5	272.8	271.6	273.7
CLOTHING	84.7	84.7	86.1	86.1	86.5	86.6	86.9	86.9	87.1	87.1	82.0	81.2	80.8
FOOTWEAR	78.9	78.7	78.4	78.4	78.8	79.0	79.0	79.1	79.1	79.1	71.5	73.6	73.8
HOUSING	296.5	307.3	309.1	324.9	327.9	328.3	329.6	344.4	345.1	345.8	345.4	352.5	352.7
FURNITURE	168.9	169.4	169.5	169.1	169.7	169.3	170.2	171.6	171.4	169.9	172.1	173.6	173.9
TRANSPORT & COMMUNICATION	282.3	271.0	272.7	274.7	279.5	282.4	284.4	286.4	287.7	290.0	289.8	292.7	293.2
MEDICAL & PERSONAL CARE	292.5	292.6	292.6	292.6	292.6	289.9	289.9	290.4	290.4	290.4	290.3	290.3	290.3
EDUCATION, RECREATION, CULTURE	273.6	273.7	273.7	276.4	274.3	275.7	275.7	282.6	282.6	282.6	282.0	288.2	286.4
OTHER GOODS AND SERVICES	215.6	218.3	221.5	221.3	221.4	221.8	221.8	223.7	224.4	222.0	223.7	224.2	228.2

GROUP	2004	2005	2006	2007	2008	2009	2009	% Change	
	DEC	DEC	DEC	DEC	DEC	NOV	DEC	DEC - DEC	NOV - DEC
ALL ITEMS	194.4	210.4	219.2	250.0	265.9	274.4	275.6	3.6	0.4
FOOD	185.6	200.1	212.4	256.2	285.9	271.6	273.7	-4.3	0.8
CLOTHING	75.2	75.4	75.4	86.6	84.7	81.2	80.8	-4.6	-0.6
FOOTWEAR AND REPAIRS	64.5	66.2	66.7	75.5	78.9	73.6	73.8	-6.4	0.2
HOUSING	228.5	252.3	261.4	277.6	296.5	352.5	352.7	19.0	0.1
FURNITURE	142.5	144.2	148.7	161.6	168.9	173.6	173.9	3.0	0.2
TRANSPORT & COMMUNICATION	255.7	285.3	285.0	304.7	282.3	292.7	293.2	3.9	0.2
MEDICAL & PERSONAL CARE	206.5	206.5	242.0	287.4	292.5	290.3	290.3	-0.7	0.0
EDUC., RECR. AND CULTL. SERVICE	214.4	235.4	232.6	270.1	273.6	288.2	286.4	4.7	-0.6
MISC. GOODS & SERVICES	161.6	165.3	170.9	209.6	215.6	224.2	228.2	5.8	1.8

APPENDIX V

BALANCE OF PAYMENTS ANALYTIC SUMMARY

ITEM	ACTUAL 2008	BUDGET 2009	REVISED 2009	BUDGET 2010
A Current Account	(321.4)	(288.7)	(219.7)	(263.8)
1.0 Merchandise (Net)	(522.1)	(420.5)	(401.1)	(442.5)
1.1 Exports (f.o.b.)	801.5	763.5	768.2	776.5
1.1.1 Bauxite	131.1	114.7	79.5	94.4
1.1.2 Sugar	133.4	153.2	119.8	123.6
1.1.3 Rice	118.0	113.6	114.1	99.5
1.1.4 Gold	203.7	165.5	281.7	280.0
1.1.5 Timber	53.8	54.5	41.4	44.0
1.1.6 Other	152.4	145.0	120.2	120.0
1.1.7 Re - exports	9.1	17.0	11.5	15.0
1.2 Imports (c.i.f.)	(1,323.6)	(1,184.0)	(1,169.2)	(1,219)
1.2.1 Fuel & Lubricants	(424.3)	(314.6)	(286.5)	(324.0)
1.2.2 Other	(899.3)	(869.4)	(882.7)	(895.0)
2.0 Services (Net)	(128.1)	(128.2)	(118.3)	(131.3)
2.1 Factor	(14.8)	(23.6)	(16.9)	(20.0)
2.2 Non Factor (Net)	(113.3)	(104.6)	(101.4)	(111.3)
3.0 Transfers	328.8	260.0	299.6	310.0
3.1 Official	-	-	-	-
3.2 Private	328.8	260.0	299.6	310.0
B Capital Account	308.5	274.8	454.0	252.5
*1.0 Capital Transfers	38.7	36.8	37.2	29.6
*2.0 Medium and Long Term Capital (Net)	275.6	270.0	392.9	257.8
2.1 Non - Financial Public Sector Capital (Net)	91.7	108.0	184.9	89.4
2.1.1 Disbursements	186.6	198.6	135.2	177.0
2.1.2 Amortization	(45.6)	(42.7)	(42.7)	(52.9)
2.1.3 Other	(49.3)	(47.9)	92.5	(34.7)
2.2 Private Sector (Net)	184.0	162.0	208.0	168.4
*3.0 Short Term Capital	(5.8)	(32.0)	24.0	(35.0)
C Errors and Omissions	18.5	0.0	0.1	0.0
D OVERALL BALANCE	5.6	(13.9)	234.4	(11.3)
E Financing	(5.6)	13.9	(234.4)	11.3
1.0 Bank of Guyana net foreign assets	(43.4)	(30.0)	(271.4)	(36.4)
2.00 Change in Non-Financial Public Sector Arrears	-	-	-	-
3.0 Exceptional Financing	37.8	43.9	37.0	47.7
3.1 Debt Relief	4.7	11.7	4.5	13.4
3.2 Balance of Payments Support	-	-	-	-
3.3 Debt Forgiveness	33.7	32.8	33.1	34.9
3.4 Debt Stock Restructuring	(0.6)	(0.6)	(0.6)	(0.6)

APPENDIX VI

ACTUAL AND PROJECTED EXTERNAL DEBT STOCK

ITEM	Actual End-December 2007 (After E-HIPC & MDRI Reduction) 1/	Actual End-December 2008 (After E-HIPC & MDRI Reduction) 1/	Preliminary End-December 2009 (After E-HIPC & MDRI Reduction) 1/	Preliminary End-December 2010 (After E-HIPC & MDRI Reduction) 1/
TOTAL EXTERNAL DEBT	718.78	834.86	933.04	1,069.80
1.0 Multilateral	429.02	472.86	536.99	571.46
IBRD	0.00	0.00	0.00	0.00
IDA	9.97	9.77	9.71	8.37
IADB	152.58	191.44	259.34	328.09
CDB	123.89	130.80	130.99	132.84
CMCF	31.10	31.10	31.10	0.00
IMF	58.56	60.18	58.10	56.24
IFAD	9.77	9.49	9.68	10.20
Others 2/	43.14	40.07	38.08	35.73
2.0 Bilateral	267.94	340.63	375.22	477.79
2.1 Paris Club Creditors:	59.05	56.91	54.78	51.96
USA	1.06	1.01	0.96	0.91
-PL 480	1.06	1.01	0.96	0.91
UK	0.00	0.00	0.00	0.00
Canada	0.00	0.00	0.00	0.00
Germany	0.00	0.00	0.00	0.00
-KFW	0.00	0.00	0.00	0.00
Netherlands	0.00	0.00	0.00	0.00
Denmark	0.00	0.00	0.00	0.00
Norway	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00
T&T	53.14	51.27	49.03	46.39
Russian Federation	0.28	0.28	0.28	0.0
Italy	4.57	4.35	4.51	4.66
Others 3/	0.00	0.00	0.00	0.00
2.2 Non-Paris Club Creditors:	208.89	283.72	320.44	425.83
Venezuela	40.31	109.52	143.04	225.58
Argentina	11.83	12.17	12.51	12.85
Kuwait	60.72	62.10	61.93	64.09
Libya	37.86	38.24	38.63	39.02
China	26.85	30.07	32.37	49.30
India	21.36	21.32	21.33	23.99
UAE	6.61	6.74	6.87	7.00
Others 3/	3.35	3.55	3.77	4.00
3.0 Private Creditors	21.82	20.83	20.82	20.55
3.1 Suppliers 5/	13.39	13.42	13.44	13.46
3.2 Financial Markets/Bonds 6/	8.42	7.41	7.38	7.08

Notes:

1/ Takes into account debt relief granted under the Enhanced HIPC initiative and the Multilateral Debt Relief initiative.

2/ Includes EEC, EIB, IFAD, OPEC FUND and IFC Loans.

3/ Includes CDC Loans.

4/ Includes DPRK, Brazil, Bulgaria and Serbia (ex-Yugoslavia) Loans.

5/ Includes ITT, Caterpillar Americas, Nissho Iwai/Komatsu, Boskalis, GPL (Banco de Credito, Panama) and EPDS debts.

6/ Includes Booker plc, Bonds, Bank of Nova Scotia, Lloyds Bank, GPL (NBIC/RBTT Debenture) and Barclays Bank debts.

Figures: US\$m
Source: Ministry of Finance