



## *Guyana, Beyond Oil*

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Many believe that oil is the magic bullet that will hit the bullseye of prosperity for Guyana, dramatically increasing revenue, growth and economic development (regardless of how and where that largesse is spent).

However, the near-exclusive focus on oil and gas exploration unfortunately diverts the attention of foreign investors and multinational enterprises from other promising sectors and industries that can strengthen the Guyanese economic ecosystem. Recognizably, oil services, equipment, transportation, and technology tied to the petroleum sector offer abundant opportunities, as well, to companies and entrepreneurs keen on doing business in the energy sector. These supporting and spillover circumstances provide a multiplier effect and are extremely important to the development of the Guyanese economy.

Be that as it may, an assessment of the structure of Guyana's economy could lead one to conclude that a near-exclusive reliance on commodities—particularly gold, rice, bauxite and sugar—poses a huge limitation on the nation's economic diversification and industrial development. Actually, the truth is just the opposite. Despite the volatility of commodities, they are a dependable source of foreign exchange and enable a continued source of revenue to enable a nation to diversify its economy and spur industrialization.

Although doing business in Guyana can be challenging, where in an environment with huge potential is it not? The nation has copious assets that entice foreign direct and indirect investment. These include being the only country in South America where English is the official language, a stable economy, similar time zones as the U.S., geographic proximity, location outside hurricane zones, and government commitment to expand investment in infrastructure such as education, information and communication technology, and transportation. Other important assets are a young, educated workforce and labor productivity rates superior to Central American countries and Jamaica, to name a few.

To encourage both foreign and domestic investment, the government offers a package of incentives including exemption from various taxes, accelerated depreciation rates and repatriation of capital, profits and dividends. GO-INVEST (Guyana Office for Investment) actively encourages investment in light manufacturing, services, agribusiness and renewable energy. Among the most promising investment opportunities—and a real strength of Guyana in the services sector—is

business process outsourcing, for both back office and front office functions. Call centers and telemarketing are two areas in this arena where Guyana has huge upside potential. Still another excellent investment opportunity lies in ecotourism. Guyana was named the #1 'Best of Ecotourism' destination in the world at the Sustainable Top 100 Destination Awards in Berlin in recent times. Guyana was recognized because of its holistic approach to sustainable destination management and development from its national policy for pursuing a Green State Development Strategy and implementing a strategy and action plan centered on sustainable tourism development.

In anticipation of expanded revenues from oil, the Government of Guyana has sought to implement a Sovereign Wealth Fund, known in Guyana as the Natural Resources Fund, which is intended to capture royalties and other revenues from the oil and gas sector. The Fund includes amongst its objectives, an intention to use natural resource wealth to finance national development priorities, including any initiative aimed at realizing an inclusive green economy. Eventually it also intends to have, deposited into it, revenues from other extractive industries in Guyana.

The fund intends to incorporate a mix of short/long term investments aimed at achieving economic advancement. The Government must learn from the past experience of other oil/gas producing countries to avoid wastage of resources and remain focused on a strategy to minimize grift and encourage socially responsible practices that can lift a large portion of the population of its dependence on remittances from the diaspora.

The Government should also be encouraged to institute a Diaspora Investment Fund. This type of fund must develop clear strategies to securitize international remittances and facilitate access to the appropriate skills and networks required to advance the economy. A recent example of the efficacy of this mechanism is the receipts of an estimated \$3billion in remittances to Kenya in 2019 from North America and Europe into a licensed investment fund, representing the largest source of foreign exchange for the country.

The Guyanese diaspora which includes migrants and their dependents, is comprised of well-educated individuals who may have benefitted from the redistribution of income during the pandemic year including massive stimulus packages passed their adoptive countries. Many also hold executive level positions in innovative companies. They may be enticed to share their expertise and technical know-how through partnership agreements. These should go beyond the commodities industries and provide avenues for a diversification of the economy similar to the opportunities described above. Job creation and entrepreneurial ventures in the oil/gas sector, artificial intelligence, machine learning and biomedical fields have the potential for reversing the brain drain for highly educated Guyanese residents as well as the diaspora.

In addition to being altruistic and willing to advance their home country's educational and infrastructure, the members of the diaspora may also seek good investment opportunities but will expect the transparency they have become accustomed to in their home countries.

The Fund administrators should create a structure to do the following:

- a) Like Taiwan, create a database to track skilled migrants and match them with entrepreneurial ventures and job opportunities.
- b) Use social media to create a network of like-minded individuals working toward a common purpose. To be effective it must be populated with the right staff who work towards clear performance metrics.
- c) Work with senior executives to incorporate their companies' global initiatives in advancing sustainability, diversity, equity, and inclusiveness. This has the added benefit of opening up the market to green opportunities and expanded goods and services.

Guyana is at an inflection point and all signs report to an upward growth and development trajectory for the remainder of 2021 and beyond. Opportunities for domestic and foreign investors are abundant in select sectors of the economy, and the country's talented human resource base will enable the country to expand its engagement in the knowledge economy. And with so many successful Guyanese expatriates in Canada, the UK, and the U.S., one would hope that in an act of financial patriotism they step up to the plate and invest in a private sector Diaspora Investment Fund, complementing the existing public Sovereign and Natural Resources funds. Betting on Guyana is a winning proposition!

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