PLANNING FOR PROSPERITY: LABOUR MIGRATION AND GUYANA'S EMERGING ECONOMY







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ACRONYMS AND ABBREVIATIONS

ACRONYM	FULL NAME
CARICOM	Caribbean Community
CSME	CARICOM Single Market and Economy
ERP	Economic Recovery Plan
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HDI	Human Development Index
IDB	Inter-American Development Bank
ILO	International Labour Organization
IOM	International Organization for Migration
кіі	Key Informant Interviews
LAC	Latin America and the Caribbean
LFPR	Labour Force Participation Rate
LMIA	Labour Market Information Analysis
LMIC	Labour Market Information Centre
LMIS	Labour Market Information System
MoFA	Ministry of Foreign Affairs and International Cooperation
NRF	Natural Resource Fund
O&G	Oil and Gas
SDG	Sustainable Development Goals
TFP	Total Factor Productivity
VAT	Value Added Tax

FOREWORD

Established in 1951, the International Organization for Migration (IOM) is the leading inter-governmental organization in the field of migration and works closely with governmental, intergovernmental and non-governmental partners. IOM works with governments and regional organisations in the Caribbean to ensure that migration is safe, regular and orderly. Guyana is on the cusp of both a major economic boom and increased migratory inflows as its burgeoning oil and gas industry and peripheral sectors attract workers from around the world. This positive economic turnaround for Guyana calls for a robust multi-sectoral response to modernize its immigration system.

This study reflects IOM's continuing commitment to support the Government of Guyana in the development of a comprehensive national migration policy and systems for the ethical recruitment of workers. Guyana has a long history of internal, intraregional, and international migration that has resulted in shaping its unique cultural diversity. Due to its emerging oil and gas sector, the country's economic growth is expected to contribute to important migration flows, including the return of Guyanese nationals and their families in the diaspora, nationals from other Caribbean Community (CARICOM) States, nationals from States looking for investment opportunities, and internal flows of Guyanese nationals in the interior. As a result, the collection and management of migration-related data is imperative, and IOM offers its support in this area through the completion of this study.

This study assesses the labour and regulatory policies needed in order to ensure orderly, safe and ethical labour recruitment and to strengthen the adherence of migration processes to international standards and fulfilment of migrants' rights. Identifying the mechanisms that facilitate labour migration and mobility in Guyana is the first step to ensuring the availability, implementation and adaptability of regular channels for labour migration. This is done with the aim of counteracting high levels of unemployment in the region and in the country; promoting the insertion of national and migrant labour force from the informal into the formal labour market; and contributing to the overall development of Guyana and the region.

This report is timed strategically to provide valuable information to governments, employers and decision-makers on the functions, use and status of existing mechanisms that can contribute to promoting safe, regular and orderly migration processes. IOM looks forward to working with the Government of Guyana and other partners to use this information to identify areas of improvement for existing mechanisms, or to create new mechanisms, that respond to the needs of the country's labour markets and contribute to the ethical recruitment, work conditions and return of migrant workers as Guyana enters a new era of national development.

EXECUTIVE SUMMARY

Guyana is well-poised for take-off in the medium-term after a challenging social and economic history since independence. During the 1990s, especially the mid-2000s, the country has embarked on a series of reforms to its legislative, institutional and policy framework which set a solid base for growth over the past decade. Thus, the discovery of oil and gas in 2015 occurred in an economy which was experiencing positive rates of growth, although it remained a primary commodity producer.

The windfalls expected to proceed from the development of the oil and gas sector in the medium-term are anticipated to transform the landscape of the country. This rapid pace of development, exemplified by the pace at which the country moved from discovery in 2015 to production in 2019, is one in which dynamic changes must be accompanied by suitable policy responses.

While Guyana has made economic and social progress, over the past three decades, it is imperative that policymakers adapt and adjust the policy framework, institutions and legislation for the country to realize its full growth potential. An example which foreshadows the changes to be seen in Guyana can be observed by the increase in the number of migrant workers.

During this time, it is important to transition workers from the informal economy into the formal economy to ensure that the country reaps the maximum benefits from its available workforce. This, along with prudent macroeconomic management and the recommended reforms, will ensure that a stable environment exists for sustainable growth. Overall, modernization, digitization, legislative and institutional reforms will ensure that Guyana is able to realize its full growth potential and usher in a new era of continued prosperity.

Guyana's population has remained relatively constant over the past 20 years, fluctuating around a mean of approximately 750,000. Those in the population who are of working age are approximately 275,000, with the available labour force being much smaller. Guyana has the second lowest labour force participation rate, in the region, at approximately 60.4 per cent in 2020.

If Guyana were to harness all of its unemployed, underemployed and discouraged workers, the potential supply of labour would be only 63,500 the medium-term, it is estimated that Guyana will need approximately 160,000 workers. It can be concluded that there will be the need for, at minimum, 100,000 workers in Guyana to realize its full growth potential. It is for this reason that ensuring there is a structured migration policy, informed by evidence-based analysis is key. It is recommended that the government modernize the institutional and legislative framework associated with migration as a matter of priority.

Simultaneously, the government must ensure that the Guyanese workforce benefits from significant training for those without skills, retraining for those whose skills may be mismatched with the demand in the economy, and upskilling for those who may have skills but are unable to operate in an intensified competitive environment. Guyana has a large diaspora around the world, particularly in the US, UK and Canada, this pool of Guyanese workers is said to number about 550,000 many of whom are considered highly skilled. It is recommended that structured engagement with the diaspora ensues so this skill set can be utilized to contribute to its maximum potential.

The next decade is one in which Guyana's population, its labour force, and the number of migrant workers will increase like no other in the post-independence Guyana. This trend is already foreshadowed by a reversal of the net arrival rate in Guyana since 2015. In 2016, Guyana, for the first time in recent history, had more persons arriving in the country than departing with 1,510.¹ This number, growing exponentially to 18,150 in 2018, is expected to continue to rise throughout the decade. It is for this reason that Guyana must ensure that it has sufficient ICT infrastructure, human resources and management systems in place to handle this increase.

The recruitment process for migrant workers coming to Guyana takes approximately 72 days at minimum – with 52 being spent in the pre-arrival process, and another 20 being spent in the post-arrival phase, should one wish to extend their time here. However, concerns have been raised by participants in the oil and gas industry indicating that, while this is a lengthy amount of time in principle, in practice, the pre-arrival process can last for as long 90 days.

For foreign nationals to work in Guyana, they must apply for a work permit through an employment visa on arrival, which shall be issued by the Department of Immigration of the Ministry of Home Affairs. A prospective employer must submit to the Department a series of documents on behalf of the foreign national. However, some recruitment firms tend not to align with principles of ethical recruitment, as some employees indicated that they had to pay for their application to a job, which has been advertised through the recruitment firm, by an employer. This matter ought to be addressed in

¹ Cheddi Jagan and Eugene F. Correia International Airports Authorities

the near future as a high priority.

In February 2020, the Government of Guyana implemented a *Local Content Policy* for the oil and gas industry. However, this policy is being revised by the new administration which took office in August 2020 in consultation with domestic and international stakeholders. Under this policy, it is anticipated that first consideration will be given to Guyanese workers by operators in the industry and their prime contractors.

Guyana is a signatory to the *Charter of the United Nations* which outlines broad direction and commitments on matters related to governance. The country is guided by the Charter, as well as the conventions which it ratified in the United Nations' agencies such as the International Labour Organization (ILO). Guyana has ratified eight of the nine main international instruments in the field of human rights. However, concerns have been raised at the international level over the country's non-accession to the international conventions, particularly on refugees and statelessness and the *Complementary provisions of the ILO Convention on Migrant Workers (No.143)*. As more migrant workers begin to work in Guyana, these international conventions play an important role in ensuring international protection.

Guyana is a founding Member State and is home of the Secretariat of the Caribbean Community (CARICOM). Guyana is also a full member of the CARICOM Single Market and Economy (CSME) and is thus a signatory to the Revised Treaty of Chaguaramas - the principal instrument of the Community. Under the Treaty, Member States commit to the free movement of people within the CSME. Countries which are subscribed to the CSME are anticipated to play an integral role in the development of Guyana's economy in the future. This is particularly because Guyana will need migrant workers in the medium-term. Since the country is integrated into the regional framework of CSME, it is anticipated that migrant workers will originate from the region. Several other sources provide a potential pool of labour for Guyana including workers which are already in-country, bordering countries, as well as the diaspora.

However, it is important that there is an understanding of the type of labour which is needed as the country moves into the oil and gas era. There is need for the establishment of labour market information systems (LMIS) which can be handled by a labour market information centre (LMIC). An LMIC can be a bureau of Government which does research, analysis and forecasts. This agency would have the principal responsibility of analysing the labour market, forecasting trends, understanding labour market gaps, collaborating with agencies such as the Bureau of Statistics, evolving the Central Recruitment & Manpower agency and advising government on policy. Overall, the government has taken several steps in the right direction, however, reforms, innovation and modernization will be needed to ensure that Guyana can handle an explosion of growth in migrant workers coming into the country.

It is with this in mind that this report recommends the following actions:

A. Training

• Modernize role of government recruitment agencies to be able to respond to changing trends

B. Labour market information and analysis

- Establish of a labour market information centre conducting regular labour market information analysis
- Conduct a skills gap analysis of the local labour market
- Develop labour market indicators for skill shortage
- Stock-taking of migrant workers' skill set
- Formalizing structured engagement with the diaspora

C. Legislation, policy and administration

- Digitize migrants' database and work permit application process
- Enact measures to reduce the informal economy
- Establish an inter-agency committee on labour and migration
- Revise legislative and policy framework on the recruitment procedures for local and migrant labour and promoting ethical recruitment
- Codify labour regulation and legislation under one code for reference
- Enact legislation, policy and mechanisms to ensure the human rights of migrant workers

Additionally, the report provides recommendations for further research. These are: i. to conduct a migrant workers' skills survey and, ii. a skills gap analysis. All of these recommendations are elucidated, in greater detail, in the final chapter which deals with recommendations.

NATURE OF THE STUDY



INTRODUCTION

Guyana, now poised to be a major producer in the oil and gas industry, faces both social and economic transformation. IOM Guyana initiated a study, to peer through the lens of this expected growth and examine Guyana's current structures, readiness and institutional capacity to facilitate migrant labour. Hence, a study assessing labour migration in Guyana through this oil and gas-led growth was conceptualized and undertaken.

The findings of this study seek to shed new light on policy measures to be implemented in Guyana with regards to labour migration as well as to explore other aspects; notably: legislative and administrative structures in place to manage and develop labour migration in Guyana; safe labour migration practices; fair recruitment of workers; and appropriate integration of migrants into the local culture. These recommendations have been crafted through thorough and careful analysis of the Guyanese environment, its projected development and the situation prevailing in Guyana in relevant dimensions.

There is hope that through this study relevant stakeholders, including policymakers, continue to take steps in the right direction to ensure that Guyana has in place a suitable framework to manage its potentially explosive growth. In this study, using in-depth interviews, desk reviews, and other diagnostic interviews, the dynamics at play regarding the demand and supply of labour, given the emerging oil and gas sector in Guyana, are examined.

These dynamics are examined both from local and international contexts. This report also hones in on the economic context of Guyana historically and the potential opportunities that lie ahead. This study also places significant emphasis on the recruitment of migrant labour, specifically about fair recruitment and the ways in which local institutions can practice such recruitment protocols. As a result of the key informant interviews (KIIs) and the cross-referencing existing legislation and publications related to migrant labour, the research team was able to formulate succinct and practical policy recommendations to guide the management and development of labour migration for the years to come.



METHODOLOGY

The research team used a process of data triangulation to develop a comprehensive understanding of labour migration in the Guyana context, particularly in industries connected to the oil and gas sector. These include the industries that are expected to increase their rate of commercial activity due to the development of the oil and gas sector.

The team used both secondary data collection methods, including a comprehensive desk review along with diagnostic interviews aimed at providing context, followed by structured stakeholder mapping, and primary data collection, including indepth interviews with government officials, international economic experts with a focus on the oil and gas industry, peripheral sector stakeholders and recruitment agencies. The primary data collected was then anonymized, coded, and analysed. The findings of the study were presented to participants and relevant stakeholders to capture feedback. The research process is presented below:



SECONDARY DATA COLLECTION METHODS

Desk Review

The research team developed a comprehensive desk review, and all secondary data sources included were either publicly available or used with permission from the source.

The research team analyzed over 50 secondary data sources. These sources came from reports published by IOM and other UN agencies, academic journals, national legislation, policy documents, newspaper archives, national data sets, and published reports of international organizations with expertise in the topic of labour migration and related fields. This desk review guided the research team's understanding of labour migration and skills development in economic sectors – and more specifically the oil and gas industry in Guyana. The desk review formed the foundation for structured stakeholder mapping, primary data collection and the report's analytical framework.

Stakeholder Mapping

In addition to the desk review, the research team conducted a stakeholder mapping exercise to identify the relevant key informants across government sectors, academia, international agencies, private sector bodies, regional organizations, oil and gas industry stakeholders and related service sector entities.

The stakeholders were classified into three categories:



Background information was collected on all stakeholders selected, and the list was then validated by the study's research committee, which included IOM staff (including research specialists, labour migration specialists and programme managers) and senior members of the contracted research firm.

PRIMARY DATA COLLECTION METHOD

Given the exploratory nature of the study, coupled with data limitations, the primary data collection method was qualitative in nature. Key informant interviews were best suited to provide information on the changing context in Guyana and to fill information gaps where a paucity of data or studies exist. The qualitative approach provided a rich context that deepened the understanding of the cultures, challenges, strengths, and limitations surrounding Guyana's local labour pool and migrant labour.

Key Informant Interviews

Key informant interviews were conducted with the experts and representatives identified in the stakeholder mapping. These interviews were aimed at garnering contextual information on the labour market and challenges faced by oil and gas industry stakeholders regarding filling labour gaps in Guyana. In addition to understanding the realities in the country's local labour market, the study instruments aimed at understanding the context and the policies surrounding migrant labour.

The main purposes of the key informant interviews were:

- 1. To understand the experts' perceptions and understanding of the projected development of Guyana within the context of labour market dynamics and Guyana's economic growth;
- 2. To understand the patterns of the labour market, especially those which are not captured in formally published data; and
- 3. To gather suggestions for improvement in policies, legislation, institutions or building capacity.

Due to the challenges posed by COVID-19 and the need for social distancing, in-depth interviews were conducted through online meeting platforms. The questions in each interview were tailored to the expertise, capacity, and knowledge of the individual stakeholder.

The interview protocols were semi-structured to ensure that the research team gathered the needed information but also to allow room for the exclusion of questions and additional questions that were relevant to the interviewee and the objective of the study.

All participants of the study were informed about the purpose of the study and signed consent forms for the use of the information collected in the interviews.

DATA MANAGEMENT

Participants of the study granted permission to the research team to store audio recordings of the interviews conducted which were then transcribed and names of participants were then anonymized. Transcripts and audio files were stored on IOM's secure cloud-based platform.

DATA ANALYSIS

Transcripts were then uploaded into a data analysis software, coded based on an integrated approach of the start list method and the grounded theory approach, which ensures that the data collected guide the conclusions identified through data analysis, reducing the likelihood that the findings will be affected or biased by pre-existing knowledge or assumptions.





METHODOLOGY

The research team developed the structure of the Guyana labour study report based on the analysis of the primary and secondary data. A supply and demand analysis was done using national data sets on the economy, to gain insight into the labour market dynamics and migration flows, while legislative and policy analysis, interwoven with rich qualitative insights, offered researchers a holistic perspective on local and migrant labour in Guyana's oil and gas industry and the relevant peripheral sectors.

CHALLENGES AND LIMITATIONS OF THE STUDY

The study was conducted during 2020 which was a uniquely challenging time for Guyana. The primary restrictions encompassed:

- 1. the political environment in Guyana;
- 2. the subsequent change in administration;
- 3. the COVID-19 pandemic and resulting restrictions on travel;
- 4. the geographic dispersion of the Venezuelan population across Guyana; and
- 5. a lack of data and information on the Guyanese labour market, migrant population, and economic forecasts.



Figure 4. Participation Graph

These factors placed constraints on primary data collection. The political impasse created an air of uncertainty in Guyana and a general hesitance by experts to forecast as to the direction of the State. Subsequently, a change in political administration created some uncertainty around the specific policy directions that would be taken by the new administration and the reassignment of responsibilities to new ministries and departments.

The COVID-19 pandemic and related mobility restrictions prevented the research team from travelling around Guyana. This adversely impacted the team's ability to gather data from the Venezuelan population, which is geographically dispersed across Guyana. Key expert informants also reported that their response rates were slowed as a result of the COVID-19 pandemic. While in-person interviews would have been preferred, the team had to conduct many of the interviews remotely.

Overall, there is a dearth of secondary data, and the research team encountered difficulties accessing detailed information relevant to the study. This served as a hindrance to the desk review process.



Figure 5. Gender Breakdown

In all, through innovation, the research team adjusted to these challenges and mitigated their effects on this study. The result was a collection of rich and invaluable information relating to the area of labour, the oil and gas industry and its peripheral sectors, which was able to inform this study and, guide accordingly, the recommendations which are made





I. THE GUYANESE ECONOMY





CHAPTER 1 provides an economic overview of the country, including the sectoral performances of the past decade, the structure of the economy and the major employers by sector.

The first section of Chapter 1 succinctly outlines the economic profile of Guyana. The second section gives an overview of the recent economic history of the country and its relation to migration dynamics. It gives background regarding Guyana's macroeconomic state in the 1980s, which provides context for policy making for the following decades. Foreign direct investment is then used as a leading indicator in understanding sectoral growth. The emergence of the oil and gas sector is also covered in this section.

The third section covers the macroeconomic and development outlook for the economy. It is divided into two main sub-sections. It examines income and economic growth within the context of labour migration; the macroeconomic framework; the outlook for the medium-term; the balanced growth phenomenon and its implication for the labour market and migrant workers; and long-term per capita growth prospects. It also briefly reviews relevant development indicators of Guyana.

GUYANA'S ECONOMIC CONTEXT

The Co-operative Republic of Guyana is a small, open economy, with a Gross Domestic Product (GDP) of about USD 5.17 billion and a population of approximately 782,766.² At the end of 2019, Guyana had a per capita GDP of USD 4,760, resulting in a classification of Upper Middle-Income by the World Bank.³

Approximately 90 per cent of the population resides on the coastland - a narrow strip of land - spanning the length of the country along the Atlantic Ocean⁴ where commercial and industrial transactions are concentrated due to historical infrastructural developments. The country is located on the north-eastern coastal strip of the South American continent. However, it is historically and culturally similar to the other Caribbean countries, with its history under colonization and systems of formal enslavement and indentured servitude, and achievement of independence from the United Kingdom in 1966. The main economic activities of the country are broad, relative to other CARICOM economies, spanning several sectors, including agriculture, forestry, fishing, mining, quarrying, manufacturing, services and construction.⁵

Migrant workers participate in Guyana's economic sectors to varying degrees based on the sector under consideration. However, no data exists on the migrant population participating in each of these sectors. For the benefit of policymakers in Guyana, it would be useful for data to be collected in this regard. This can include data related to the migrant population's current participation in each sector, their share of employment relative to local workers, as well as their role in the sector.

With a few notable exceptions,⁶ Caribbean economies tend to be heavily dependent on tourism.⁷ A unique feature of the Guyanese economy is that its sectors are more diverse when compared to its Caribbean neighbours. Guyana holds this position as a result of its vast natural resources, including large tracts of arable land and rich mineral deposits, particularly in Berbice, Potaro, Mazaruni, Cuyuni, North West and Rupununi⁸. Guyana's environmental footprint is low, as the country has the second highest forest carbon stock per capita of any country on earth – storing approximately 6,638 tons/person.⁹

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture, forestry and fishing	1.04	2.8	3.63		5.69	2.32	10.32	0.4	1.46
Mining and quarrying	-3.19	16.36	17.51	8.11	-11.3	8.18	46.12	-8.84	2.87
Manufacturing	0.26	6.81	2.38	7.92	10.71	5.47	-9.54	4.19	1.01
Construction	10.66	2.76	-11.04	22.55	18.05	-9.97	6.35	11.35	11
Services	6.51	5.06	7.65	2.44	3.29	4.88	0.74	3.63	4.48
Electricity	0.65	2.09	5.72	4.92	3.88	-0.19	9.95	2.33	1.99

Table 1. Growth performance of Guyana's main economic sector

Source: Bank of Guyana, Annual Report, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, and 2018.

Guyana's major economic sectors have performed positively over the past 10 years. In some years, there may be contractions in the rate of economic activity, due to the external vulnerabilities of the economy, including the dependence on international commodity prices. This is especially true for the sectors which export.¹⁰ An example of this was the contraction in the bauxite sector during the year 2015 due to a steep decline in the international price.¹¹

- 5 Bank of Guyana, Annual Report 2019 (Georgetown, Guyana: Bank of Guyana, 2019), available from www.bankofguyana.org.gy/bog/images/research/Reports/ANNREP2019.pdf. 6 Particularly, Suriname and Trinidad & Tobago. Source: Inter-American Development Bank, "IDB Report Envisions Devastating Tourism Shocks to Latin America and the Caribbean,"
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- 8 Sukrishnallall Pasha, Mark D. Wenner, and Dillon Clarke, Toward the Greening of the Gold Mining Sector of Guyana: Transition Issues and Challenges (New York: Inter-American Development Bank, 2017), available from www.publications.iadb.org/publications/english/document/Toward-the-Greening-of-the-Gold-Mining-Sector-of-Guyana-Transition-Issues-and-Challenges.pdf.
- 9 Government of Guyana, "Guyana Records Lowest Deforestation Rate in 7 Years," (Georgetown, Guyana: Department of Environment, 2018) available from www.doe.gov. gy/published-content-details/Guyana-records-lowest-deforestation-rate-in-7-years/5bbec2da1816ae7296f829cb#:~:text=Guyana's%20total%20forest%20cover%20hold,of%20 any%20country%20on%20earth.
- 10 International Monetary Fund, 2016 Article IV Consultation—Press Release; Staff Report; And Statement by the Executive Director for Guyana, IMF Country Report No. 16/216 (Washington, DC: IMF, 2016), available from www.imf.org/en/Publications/CR/Issues/2016/12/31/Guyana-2016-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-44046.
- 11 Government of Guyana, Stimulating Growth, Restoring Confidence: The Good Life Beckons (Georgetown, Guyana: Ministry of Finance, 2016), available from www.finance.gov. gy/wp-content/uploads/2017/05/budget_speech_2016.pdf.

² World Bank, "Guyana," (Washington, DC: World Bank, n.d.), accessed January 22, 2021. Available from www.data.worldbank.org/country/GY. 3 lbid.

⁴ Tim Merrill, Guyana and Belize: Country Studies (Washington, DC: Federal Research Division, Library of Congress, 1993), available from www.loc.gov/item/93010956/.

Table 1 depicts the GDP composition for Guyana over the past ten years which has remained roughly the same. The notable increase in the share of mining and quarrying in 2016, as a percentage of GDP, can be attributed to the discovery of oil and gas, as well as the large-scale operations of mining companies, Troy Resources and Aurora Gold Mines.¹²

In a liberalized economic environment, Guyana's economy has not structurally transformed - with all productive sectors remaining primarily in the production of primary commodities, e.g., rice, sugar, bauxite, gold.¹³ As a result, Guyana's economy remains vulnerable to fluctuations in international commodity prices for low value primary commodities. The inability to carve niche markets for the country's export sectors has resulted in the continued export of low-valued primary commodities, such as rice, sugar and bauxite.



Figure 6. Composition of GDP over past decade (by % of the total GDP)

Source: Estimated using data from the Bureau of Statistics.

Note: Sectors are defined according to ISIC Rev. 4



Energy Sector in Guyana

The Caribbean is known for having amongst the highest energy costs. In Guyana, according to the CARILEC, Guyana is fully dependent on fossil fuels through large diesel generators. This undiversified energy mix, coupled with technical and commercial losses of approximately 40 per cent, has hampered the development of industry in Guyana. It has been classified as the most severe constraint to enterprise in Guyana. However, this situation is not one which is unique to Guyana as a developing country or as a member of the Caribbean region. With the developments related to the oil and gas sector, the Government of Guyana has signalled its policy intention of piping natural gas onshore, and diversifying the energy matrix. The Prime Minister of Guyana has also committed to energy costs being halved in the next five years.

¹² Ibid.

¹³ Tarron Khemraj, "What Does Excess Bank Liquidity Say About the Loan Market in Less Developed Countries?" Oxford Economic Papers 62, no.1 (2010): 86-113; Joycelyn Williams, "Beyond Macroeconomic Stability: The Role of Selective Interventions in Guyana's Growth," Transition 42, no. 1 (2013): 4-25; Collin Constantine, "Why Guyana's Self Discovery is the Missing Link in its Development Strategy," MPRA Paper 44205 (2013), available from www.mpra.ub.uni-muenchen.de/44205/.

The development of Guyana's manufacturing sector is hampered by high energy costs. Like its Caribbean counterparts which are known to have some of the world's highest energy costs,¹⁴ Guyana has been unable to address its electricity challenges.¹⁵ ¹⁶ ¹⁷

Figure 7 depict the share of employment in the largest employment sectors in Guyana. The sectors are defined according to the fourth revision of the International Standard Industrial Classification (ISIC rev. 4). The three economic sectors which are the largest employers in the economy are: wholesale and retail trade; agriculture, forestry and fishing; and public administration and defence. These three sectors account for approximately 40 per cent of employment in Guyana. Manufacturing, construction and transport and storage services also account for a significant share, employing approximately 25 per cent.¹⁸ Notably, whilst mining and quarrying is the second largest contributor to the GDP, it is amongst the lowest in its share of employment in the economy. This is indicative of the relative capital intensity of the sectors.



Figure 7. Share of Employment in Select Economic Sectors

Source: Bureau of Statistics - Guyana Labour Force Surveys, 2017, 2018 and 2019

As has been noted, whilst no formal data exist on the employment of migrants in Guyana, experts on Guyana's economy, oil and gas, and migration have alluded to the fact that migrant labour tends to be absorbed into the wholesale and retail trade, construction, and mining sectors in Guyana. These sectors tend to rely on the national labour force. Notwithstanding, the reliance on the national labour force has begun to change, particularly over the past five years.

In contrast, it's important to note that the informal sector plays a key role in providing employment for migrants in Guyana Through key informant interviews with experts on Guyana's economy it was revealed that migrants living in Guyana tends to be absorbed into the informal labour market.¹⁹

¹⁴ The notable exceptions being Suriname and Trinidad and Tobago.

¹⁵ Chris Barton, Lumas Kendrick, and Malte Humpert, "The Caribbean has Some of the World's Highest Energy Costs – Now is the Time to Transform the Region's Energy Market," IDB Blog, November 14, 2013, available from www.blogs.iadb.org/caribbean-dev-trends/en/the-caribbean-has-some-of-the-worlds-highest-energy-costs-now-is-thetime-to-transform-the-regions-energy-market/.

¹⁶ Guyana Times, "Energy Costs Still a Challenge for Manufacturing Sector – PSC Executive," Guyana Times, March 19, 2019, available from www.guyanatimesgy.com/energy-costsstill-a-challenge-for-manufacturing-sector-psc-executive/; International Trade Centre, "Country Profile: Guyana," (International Trade Centre, 2009), available from www.intracen. org/Country-profile-Guyana/.

¹⁷ Sukrishnalall Pasha, Elton Bollers, and Mark Wenner, Constraints Affecting Guyana's Private Sector: Survey Results (Washington, DC: Inter-American Development Bank, 2018), available from www.publications.iadb.org/publications/english/document/Constraints-Affecting-Guyana-Private-Sector-Survey-Results.pdf.

¹⁸ It is of note to mention that the public administration and defense sectors lend themselves readily to the absorption of nationals of a country. This can free space in the other sectors of the economy for employment of migrant workers.

¹⁹ Ebrima Faal, Currency Demand, the Underground Economy, and Tax Evasion: The Case of Guyana, IMF Working Paper (Washington, DC: International Monetary Fund, 2003), available from www.imf.org/external/pubs/ft/wp/2003/wp0307.pdf; Key Informant Interviews with experts in enterprise and Guyana's economy.

Even with a relatively small informal economy, relative to other countries in the Caribbean, key informant interviews revealed that, of every 10 migrants with a job, 7 to 8 of them are employed in an informal manner.²⁰ This is especially prevalent among Venezuelan migrants where approximately 75 per cent of those employed are in informal employment.²¹ According to key informants on enterprise, employment of Venezuelans in the informal sector can be attributed to a number of issues such as the lack of a work permit, an expired work permit, the high cost of obtaining a work permit and many migrants have not regularized their migration status.

GUYANA'S RECENT ECONOMIC HISTORY

Emergence and Development of the Oil and Gas Sector

In 2015, significant hydrocarbon deposits were discovered by ExxonMobil in ultra-deep offshore exploration. This first discovery was followed by 12 more discoveries over the next four years. ExxonMobil estimates that there are more than 8 billion barrels of recoverable oil reserves in Guyana's Stabroek Block basin based on their current geographic exploration.²² In 2019, Tullow Oil, after spudding their first well, found significant oil reserves of approximately 100 million barrels of recoverable oil reserves.²³ Exploration by both companies continues to date in Guyana's ultra-deep waters. It is estimated that, by 2026, Guyana will produce 750,000 barrels of oil per day (b/pd), the production of which will result in a significant revenue stream for the government.²⁴



Local Content Policy

The Local Content Policy of Guyana is an important tool for Guyana's development. The core of the document encompasses procurement, employment and training for maximal benefit from the oil and gas sector to accrue to the Guyanese population. The document sets out a 'flexible local content' regime, as it is known in the literature on local content. In this flexible regime, 'first consideration' must be given to Guyanese contractors by the operators and 'prime contractors' in the oil and gas sector. This type of regime is different from the types seen in Brazil and Nigeria where targets for operators and prime contractors in the oil and gas sector are explicitly made, and there are penalties impose for not reaching the targets. The intention of a 'flexible local content' regime is to develop an internationally competitive private sector, retention of value in-country and to ensure non-disruption to the schedules of the industry.

Additionally, the private sector is expected to expand significantly due to the availability of opportunities.²⁵ The increase in vernment is expected to translate into infrastructure development, investments and better social services provision. In the preparatory stages for the oil and gas industry development, the government passed the *Natural Resources Fund (NRF) Act*, which is intended to act as the "sovereign wealth fund" in Guyana for macroeconomic stability, as well as intergenerational wealth transfer.²⁶ The *Local Content Policy* was adopted by the government in February of 2020.²⁷ With a change in administration in August 2020, the Government of Guyana is currently revising the *Local Content Policy* in consultation with local and international stakeholders. The Government intends to translate this *Local Content Policy* into legislation.²⁸

28 lbid (page 1).

²⁰ Guyana's estimates are on the lower end, with the IDB estimating a range of 29 to 33 per cent, while other Caribbean countries, such as Jamaica, Suriname and Barbados range 35-44%, 35-45% and 30-40%, respectively. Source: Amos Peters, *Estimating the Size of the Informal Economy in Caribbean States* (Washington, DC: Inter-American Development Bank, 2017), available from www.publications.iadb.org/publications/english/document/Estimating-the-Size-of-the-Informal-Economy-in-Caribbean-States.pdf.

²¹ Diego Chavez-González and Carlos Echevarría-Estrada, Venezuelan Migrants and Refugees in Latin America and the Caribbean: A Regional Profile (Migration Policy Institute and International Organization for Migration, 2020), available from www.migrationpolicy.org/sites/default/files/publications/mpi-iom_venezuelan-profile_english-final.pdf.

²² ExxonMobil, "ExxonMobil Announces Redtail Discovery Offshore Guyana," Irving Texas: ExxonMobil. September 8, 2020, from www.corporate.exxonmobil.com/News/ Newsroom/News-releases/2020/0908_ExxonMobil-announces-Redtail-discovery-offshore-Guyana.

²³ OilNow, "Guyana Remains Committed to Low Carbon Development – President Tells International Community," *OilNOW*, October 30, 2020, available from www.oilnow.gy/ featured/guyana-remains-committed-to-low-carbon-development-president-tells-international-community/.

²⁴ International Monetary Fund, 2019 Article IV Consultation – Press Release; Staff Report; and Statement by the Executive Director for Guyana. IMF Country Report no. 19/296 (Washington, DC: IMF, 2019), available from www.imf.org/en/Publications/CR/Issues/2019/09/16/Guyana-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48678.

²⁵ Ibid.

²⁶ Government of Guyana, Natural Resources Fund Bill 2018 (Georgetown, Guyana: Ministry of Finance, 2018), available from www.finance.gov.gy/publications/guyana-naturalresources-fund-bill-2018-2/.

²⁷ Guyana's Local Content Policy - www.op.gov.gy/uploads/local-content-benefits-new-use.pdf.

Guyana is expected to become one of the top producing oil and gas economies globally within the next seven years.²⁹ The country is projected to surpass Kuwait, United Arab Emirates, Saudi Arabia and Norway in its per capita production.³⁰ Figure 8 below depicts the production per capita of barrels by top oil producers globally by 2027.





The projection of this development, and its magnitude, relative to the current size of the economy, means that the economic landscape of the country will be transformed in an unprecedented form. This will require changes in the institutional framework in many policy areas. It is against this backdrop that this study is framed.

However, a brief excursion into the economic history of Guyana is necessary to understand the base of the economy upon which the oil and gas finds are premised. In 1982, Guyana defaulted on its debt, which resulted in the country implementing, in cooperation with the International Monetary Fund (IMF), an economic recovery programme³¹ (ERP), which lasted from 1988 to 1992.³² The period following the ERP was characterized by liberalization of the economy, private sector development policies and growth, and fiscal consolidation by the government. Having been faced with a sovereign debt crisis in the 1980s, Guyana was classified as a heavily indebted poor country (HIPC) from the 1980s into the mid-2000s.

During this time, due to high levels of debt stock, as well as debt service, the availability of resources for expenditure on social services such as health, education and other social sector services was severely impacted. This influenced the quality of life in Guyana and subsequently influenced mass emigration from Guyana. It is this emigration which created a large diaspora - a current feature of the Guyanese economy – of approximately 550,000.³³

The country has experienced positive economic growth since 2006, having benefited from several rounds of debt relief under the Paris Club arrangement and the Multilateral Debt Relief Initiative (MDRI).³⁴ Between 2005 and 2019, Guyana's debt-to-GDP ratio declined from 116 per cent to 42 per cent, with consistent decline annually.³⁵ This relief, granted by bilateral and multilateral creditors, resulted in significant flexibility for government to spend on key social sector services such as health and

35 International Monetary Fund, Consultation, 2016.

Source: Mackenzie, 2020.

²⁹ Bloomberg (2019) The World's Newest Petrostate Isn't Ready for a Tsunami of Cash. Available from www.bloomberg.com/news/features/2019-08-13/guyana-isn-tready-for-its-pending-oil-riches-but-exxon-is.

³⁰ Wood Mackenzie, "Guyana: Global Oil's New King of the Heap," Forbes, March 6, 2020, available from www.forbes.com/sites/woodmackenzie/2020/03/06/guyana-global-oilsnew-king-of-the-heap/?sh=341f2682235d.

³¹ Guyana's version of a Structural Adjustment Programme.

³² Ethan Weisman, Erbima A. Faal, Philippe Egoume Bossogo, and Raj Nallari, Guyana: Experience with Macroeconomic Stabilization and Structural Adjustment and Poverty Reduction, IMF Special Issues (Washington, DC: International Monetary Fund, 2003), available from www.imf.org/en/Publications/IMF-Special-Issues/Issues/2016/12/30/Guyana-Experiencewith-Macroeconomic-Stabilization-and-Structural-Adjustment-and-Poverty-15983.

³³ Michael Matera, Linnea Sandin, and Maripaz Alvarez, The Guyanese Diaspora (Washington, DC: Center for Strategic and International Studies, 2020), available from www.csiswebsite-prod.s3.amazonaws.com/s3fs-public/publication/201019_Matera_The_Guyanese_Diaspora.pdf.

³⁴ Government of Guyana, Public Debt Annual Report 2015 (Georgetown, Guyana: Ministry of Finance, 2015), available from www.finance.gov.gy/wp-content/uploads/2017/08/ Public-Debt-Annual-Report-2015-V3.0-October-14-2016_Final_Final-with-New-Cover.pdf.

education. This has resulted in robust rates of economic growth, particularly over the past 10 years, of approximately four per cent over the period. Macroeconomic stability has become a hallmark feature of the economy with a low rate of inflation and stable exchange rate.³⁶

Since debt write-off in 2006, Guyana continues to broaden its tax base. These efforts started through the introduction of the Value Added Tax (VAT) in 2006 – an ad-valorem tax, originally charged at 16 per cent, now at 14 per cent.³⁷ As more fiscal space has been provided for government since the 2006 debt relief, infrastructure works continue to steadily expand to provide the physical outlay for economic development.³⁸ The development of infrastructure in Guyana, particularly in the private sector, continues to be supported by migrant workers.³⁹

Since the liberalization of the Guyanese economy, there have been significant increases in foreign direct investment (FDI) to Guyana. From 1992 to 2018, GDP grew from USD 146M to USD 1.1B. FDI has increased exponentially since 2015 when Guyana discovered oil and gas. Expenditure related to pre-production activities in the oil and gas sector in particular is responsible for the exponential rise seen in the rate of FDI in Guyana depicted in Figure 9.



Source: World Bank - World Development Indicators open database

Analyzing FDI utilizing statistical techniques⁴⁰ revealed that the agriculture, forestry and fishing and mining and quarrying sectors have the strongest relationship with FDI accounting for most of the changes to the FDI.⁴¹ While the manufacturing sector has the weakest relationship with FDI.

³⁶ Ibid.

³⁷ Government of Guyana, "VAT, PAYE Reduced, Tax Threshold, Old-Age Pension Increased," Guyana Department of Public Information, November 28, 2016, available from www. dpi.gov.gy/vat-paye-reduced-tax-threshold-old-age-pension-increased/.

³⁸ These have included: a major upgrade to the Cheddi Jagan International Airport at Timehri on the East Bank of Demerara River (ongoing); the commissioning of upgrades in 2019 to the Eugene F. Correia Airport at Ogle on the East Coast of Demerara River; the construction of a bridge across the Berbice river; the expansion of and highway transformation of the Eastern Coast of Demerara, Eastern Bank of Demerara, Western Coast of Demerara; new reliable ferries for crossing of the Essequibo River; the construction of a sporting stadium facility to host international events; and the construction of the Guyana Marriott Hotel Georgetown. Undertaking these large infrastructure projects and the concomitant works have driven a strong, labour-intensive construction in Guyana.

³⁹ Gibron Rahim, "Protecting Guyana's Vulnerable Migrant Community in the Time of COVID-19," Guyana Chronicle, April 19, 2020, available from www.guyanachronicle. com/2020/04/19/protecting-guyanas-vulnerable-migrant-community-in-the-time-of-covid-19/; Government of Guyana, Guyana Population & Housing Census 2012: Preliminary Report (Georgetown, Guyana: Bureau of Statistics, 2012), available from www.statisticsguyana.gov.gy/wp-content/uploads/2019/10/2012_Preliminary_Report.pdf, 18.

⁴⁰ Bi-variate correlation analysis through the least-squares method was undertaken. The relationship was examined between the main economic sectors highlighted in the text and the FDI. A full list of correlations is located in the Appendix.

⁴¹ Bi-variate correlation analysis through the least-squares method was undertaken. The relationship was examined between the main economic sectors highlighted in the text and the FDI. A full list of correlations is located in the Appendix.

I. THE GUYANESE ECONOMY

The informal sector is an important feature of the Guyanese economy which has been estimated to be between 29 to 33 per cent of GDP and 18 to 57 per cent of GDP according to the IDB and the International Labour Organization (ILO) respectively.⁴² In contrast, official statistics from Guyana's Bureau of Statistics identify the informal sector on the higher end of the estimates ranging from 45 to 52 per cent, with the incidence of informality being higher in the rural areas than urban.⁴³ Research shows that many migrant workers, particularly in the Caribbean, find employment in the informal economy but the incidence is not captured due to the absence of data collection on the informal economy. It is of great importance for the Guyanese authorities to pay closer attention to the functioning of the informal economy, particularly since, as dynamic production processes increase, the size of the informal economy grows.⁴⁴

The high level of rural informality is concerning as it relates to migrants. Tracking and monitoring of groups without regular migration status can be difficult. Especially for those who participate in the informal economy and prefer to be unidentified or are not accounted for in government registries.⁴⁵ In the case of migrant workers in Guyana, this phenomenon is compounded by the prevalence of Venezuelan migrants residing in the rural regions of Guyana without regular migration status. This is the case for Venezuelan migrants residing in Regions 7 and 1 who account for approximately 20 and 61 per cent respectively.⁴⁶ The absence of regular migration status leaves Venezuelans vulnerable to informal employment. It has been noted through key informant interviews with experts on enterprise and the Guyanese economy that Venezuelan migrants are likely to be absorbed as informal labour in construction, entertainment, mining and quarrying and retail including other sectors to a lesser extent. While Venezuelan migrants find employment in other sectors, the these sectors tend to absorb a greater proportion of Venezuelan migrants.



Source: ESRI and UN World Map

Note: This map is for illustration purposes only. The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the International Organization for Migration.

45 Ibid.

46 IOM (2019) – Displacement Tracking Matrix. Available from www.iom.int/sites/default/files/dtm/guyana_dtm_201808-09.pdf.

⁴² Peters, 2017; International Labour Organization (2017) Informality and economic units in the Caribbean. The range of estimates in both the IDB and ILO studies are attributed to differences in methodological approach. ILO paper available from www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/----sro-port_of_spain/documents/publication/ wcms_619979.pdf.

⁴³ Government of Guyana, Guyana Labour Force Survey (Georgetown, Guyana: Bureau of Statistics, 2019), available from www.statisticsguyana.gov.gy/wp-content/uploads/2020/07/ GLFS_Bulletin_2019.pdf.

⁴⁴ International Organization for Migration, Free Movement in the Caribbean: Economic and Security Dimensions (San José, Costa Rica: IOM, 2019), available from www.publications. iom.int/books/free-movement-caribbean-economic-and-security-dimensions.

These two regions share a border with the Bolivarian Republic of Venezuela and almost 60 per cent of migrants from the Bolivarian Republic of Venezuela originate from the Bolivar region in Venezuela.⁴⁷ The unemployment rate for Venezuelans increased from 28 per cent before migration to 38 per cent after migration. Thirty-three per cent reported that they were independent/self-employed, down from 40 per cent before migration. The percentage employed remained relatively static at 26 per cent. The increase in the percentage of unemployed increases vulnerability, as well as the potential for absorption into the informal economy. Increases in unemployment and a decline in self-employment are indicative of a loss of livelihood for Venezuelan migrants. This is likely to increase the vulnerability of Venezuelan migrants in Guyana.



Figure 10. Employment Status of Venezuelans Before and After Migration to Guyana

Source: Displacement Tracking Matrix (DTM), IOM (December, 2019)

ECONOMIC AND DEVELOPMENT OUTLOOK

Income and Economic Growth

Medium-term growth prospects

According to the International Monetary Fund (IMF), Guyana's economic growth is projected to have several sharp increases in the immediate future as a result of the activities related to and the production of oil and gas. This includes a real economic growth rate of an average of 22.9 per cent from the commencement of oil production in 2020. Per capita income is also projected to rise considerably, gradually and consistently, as benefits from the industry accrue and are absorbed into the economy. Within the first four years of production (from 2020 to 2023), per capita income is expected to almost double, moving from USD 4,939 in 2019 to USD 9,169 in 2023. Figure 12 depicts the positive historical and projected growth in real economic growth and per capita income. Guyana's medium-term macroeconomic outlook is extremely favourable.

			Key Fco	nomic In	dicators	•	•			
Key Economic Indicators										
							1	n-Term F	1	
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Economic Growth	3.9	3.1	3.4	2.1	3.4	4.8	29.8	22.1	11.8	27.9
Non-Oil Real Growth	3.9	3.1	3.4	2.1	3.4	4.8	4.6	4.6	4.8	4.9
Inflation	0.7	-0.9	0.8	2	1.3	2.9	3.1	3.4	3.5	3.3
Government					Per cent	of GDP				
Revenue	22.9	24.6	24.5	26	26.7	27.6	27.8	27.9	27.9	28.2
Expenditure	29.1	27	30	32.1	33.6	34.1	33.5	33	32.6	28.7
Gross Debt	51.9	50.1	50.7	52.2	57	57.2	54.4	51.7	51.6	41.4
Fiscal Balance	-5.9	-0.2	-2.8	-5.2	-6.1	-5	-4.6	-3.8	-3.4	0.5
External					USD A	Aillions				
Current Account Balance	-291	-163	13	-237	-220	-168	501	1,190	1,565	2,962
Gross Official Reserves	666	599	597	585	612	632	833	1,136	1,558	2,270
Import Cover	3.7	3.7	3.7	3.2	3.2	3.1	3.5	4.1	5.2	6.6
Memorandum Items										
Per Capita Income (USD)	4,030	4,168	4,531	4,578	4,649	4,939	5,931	6,896	7,570	9,169

Table 2. Medium-Term Macroeconomic Framework for Guyana

Source: IMF Article IV Report⁴⁸, Budget Estimate Vol. 1; Bank of Guyana⁴⁹

Balanced growth and labour dynamics

Guyana's non-oil economy is forecasted by the IMF to have positive rates of economic growth, which are projected to remain stable at approximately five per cent.⁵⁰ This is above Guyana's long-term economic growth rate of 4 per cent. Figures 11 and 12 below compare the real economic rate of growth to non-oil real economic growth.

It is anticipated that as a result of the growth in the oil and gas sector, other sectors are expected to benefit. It is forecasted that these sectors will expand in their production and service capacity over their historical amount as capital investments are made in other sectors. This is especially true for the sectors which will complement or support the infrastructure development by government as well as the growing oil and gas sector.



Figure 11. Changes in Guyana's Income Level (Historical and Medium-Term Projections)

Source: International Monetary Fund Article IV (2019) Press Release⁵¹, Bank of Guyana

⁴⁸ International Monetary Fund Article IV (2019) Press Release available from www.imf.org/en/Publications/CR/Issues/2019/09/16/Guyana-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48678.

⁴⁹ Available from: www.finance.gov.gy/budget-estimates-2020-volume-1/.

⁵⁰ International Monetary Fund, Consultation, 2016.

⁵¹ Available from: www.imf.org/en/Publications/CR/Issues/2019/09/16/Guyana-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48678.

The Multiplier Effect

The multiplier effect is an important concept in understanding how economic activity by one agent translates into benefit for another. An individual who receives income does not only save the money he receives but would also spend in the economy. When that individual conducts his activity, another individual would benefit from doing business. This virtuous cycle would continue to 'multiply' the effect of that individual spending in the economy. Some sectors would have a 'larger' multiplier than others, in the sense that persons may spend more of their income received on goods provided by that sector. In Guyana, increases in individuals having income as a result of the oil and gas sector will not benefit the oil and gas sector only, but it will benefit the other sectors where persons spend their incomes. It is this effect that drives demand and helps to increase economic activity.



Figure 12. Real Economic Growth and Non-Oil Economic Growth



It is expected that the oil and gas sector will have indirect⁵² and induced⁵³ impact on other economic sectors. This means that the oil and gas sector activities will result in other goods and services being purchased, increasing the rate of economic activity. Particularly, in the Guyanese context, the indirect impact will refer to the impact of the oil and gas sector spending on goods and services from other local industries while induced impact refers to those industries which, after the oil and gas sector purchases from them, will in turn purchase more goods and services in the wider economy.

The result is that the increase in spending in the oil and gas sector will work its way through the entire economy by way of the 'multiplier effect.' This is an important phenomenon since the demand for labour will not be constrained to a single sector. The development of the oil and gas sector and its effect throughout the economy can be conceptualized as depicted by Figure 13 below.

⁵² Indirect Impact refers to "the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money is spent outside of the local economy, either through imports or by payments to value added." Source: University of Alabama at Birmingham, "Definitions," (Birmingham, Alabama, USA: UAB, n.d.), available from www.uab.edu/impact/definitions.

⁵³ Induced Impact refers to the response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. Source: University of Alabama at Birmingham, n.d.



Figure 13. Effect of the Development of the Oil and Gas Sector Throughout the Economy

Source. Author's conception

The sectors expected to be indirectly impacted by the oil and gas sectors are.⁵⁴

- 1. Sustainable and business tourism
- 2. Commerce and specialized business services
- 3. Sustainable food and agriculture
- 4. Others, including health, construction, green technology and climate resilience



What are the Indirect and Induced Effects of the Oil & Gas Sector?

Indirect impact of the oil and gas sector would refer to the impact of oil and gas industry buying goods and services from other local industries. This 'second layer' of spending is part of the cycle of spending which would work its way backward, through the supply chain until all money is spent in the local economy. The induced impact refers to the response by spending subsequent to the indirect effect. This would be seen as a "third layer" of spending. It is through these two effects that the oil and gas sector will be able to impact on the entire economy. Combined, the concepts of the multiplier effect, the indirect effect and the induced effect, give rise to the adage of "a rising tide lifts all boats".



Potential for Growth in the Hospitality Industry in Guyana

As a result of the development of the oil and gas sector, business tourism has begun to increase in Guyana. According to KIIs in the hospitality industry, occupancy rates are, for major hotels in Guyana, between 80 to 95 per cent on average in comparison to occupancy rates in the United States and the European Union ranged between 65 to 72 per cent in 2019. During the times of increased activities in Guyana related to the oil and gas sector, e.g. an oil and gas conference, major hotel franchises and even smaller hotels experienced 100 per cent of occupancy. Business tourism is anticipated to continue being indirectly impacted by the developments in the sector.

Figure 14 below depicts the sub-sectors which are anticipated to be indirectly impacted by growth in the oil and gas sector. Through a multiplier effect, the induced impact is expected to extend deep into the economy, with far-reaching impacts into other sectors, spurring non-oil economic growth.

54 Eric Hansen. Inter-American Development Bank (2019) Positioning Guyana's Enterprises for Success in New Era of Oil and Gas Development.





Source: Eric Hansen. Inter-American Development Bank (2019) Positioning Guyana's Enterprises for Success in New Era of Oil and Gas Development and Klls

However, as Guyana continues to pursue its green development through the Low Carbon Development Strategy (LCDS), promoting tourism in a sustainable manner is the policy goal of government.⁵⁵ This is underscored by the Living *Guyana Tourism Strategic Action Plan: 2018-2025* which identifies that "Guyana must become a leading sustainable tourism destination in the Latin America – Caribbean region.⁵⁶ The notion of low-carbon development will underpin other sectors as they continue their expansion.

According to interviews conducted,⁵⁷ Guyana's medium-term growth is anticipated to result in the creation of approximately 40,000 to 50,000 jobs directly in the oil and gas sector and a total increase of about 160,000 jobs through indirect and induced effects.

Guyana is poised to experience rapid transformation⁵⁸ after moving expeditiously from discovery to production.⁵⁹ Such high pace of activity in the oil and gas sector, coupled by the potentially rapid transformation,⁶⁰ will quickly change the skills being demanded in the economy. This change is likely to occur in the medium to long-term and will require training, retraining and upskilling of the population. Klls, with regional and national experts, have suggested that given the requisite upskilling and retraining of the labour force, which will need to occur, this rapid rise in demand will likely be supplied by overseas labour. This fact highlights the importance of migrant workers in the development of the Guyanese economy since foreign labour is likely to fill the skills gap in the labour market, at least in the short to medium term.

This is demonstrated by the increase in the issuance of employment visas and work permits. During the period January 2017 to July 2018 (approximately 18 months) employment visas, visa extensions and work permits were issued at a rate of approximately 721 per month. From July 2018 to the first week of February 2020 (approximately 18 months, 1 week), this increased to an estimated rate of 847 per month.⁶¹

While this rate is likely to have been stymied due to travel restrictions related to COVID-19, increases are likely to continue in the medium and long-term. This emphasizes the importance of ensuring that a digital processing system and database are in place at the earliest possible time for the Department of Immigration. This point is further underscored by the absence of human resources to handle the increasing volume, as stated by then Minister of Citizenship, Winston Felix.⁶²

⁵⁵ As indicated by H.E. the President of Guyana in his engagement with the G-77. Source: OilNow, 2020.

⁵⁶ Government of Guyana, Living Guyana Tourism Strategic Action Plan: 2018-2025: Draft (Georgetown, Guyana: Ministry of Business, 2018), available from www.business.gov.gy/ wp-content/uploads/2018/11/Tourism-Strategy-2018-2025.pdf.

⁵⁷ These interviews included those with expertise in economics and development who have undertaken forecasting and modeling of the Guyanese economy.

⁵⁸ The Economist, "Ahead of Oil Riches, Guyana Holds a Decisive Election," *The Economist*, February 27, 2020, available from www.economist.com/the-americas/2020/02/27/ ahead-of-oil-riches-guyana-holds-a-decisive-election.

⁵⁹ Mackenzie, 2020. Countries ordinarily take a range of 4 to 10 years to move from discovery to production. Guyana completed this process in 4.5 years, coming in on the lower end of the global range. Source: David Blackmon, "World's Largest Recent Offshore Oil Discovery Progresses Amid Political Tensions, Disputes," *Forbes*, July 29, 2019, available from www.forbes.com/sites/davidblackmon/2019/07/29/worlds-largest-recent-offshore-oil-discovery-progresses-amid-political-tensions-disputes/?sh=47b099e5672f.

⁶⁰ Navendra Seoraj, "Hope Restored," Guyana Chronicle, November 11, 2020, available from www.guyanachronicle.com/2020/11/11/hope-restored/.

⁶¹ Author's Estimates based on media reports from former Minister of Citizenship, Winston Felix. Source: Kaieteur News, "32,000 Visas, 1,200 Work Permits Granted from 2013-2018 – Number of Foreigners Overstaying Rises Sharply," *Kaieteur News*, August 11, 2018, available from www.kaieteurnewsonline.com/2018/08/11/32000-visas-1200-work-permits-granted-from-2013-2018-number-of-foreigners-overstaying-rises-sharply/; *News Room*, "Oil and Gas: Immigration Dept. Processes over 15,000 Visa, Work Permit Applications," News Room, February 6, 2020, available from www.newsroom.gy/2020/02/06/oil-and-gas-immigration-dept-processes-over-15000-visa-work-permit-applications/.

⁶² Kaieteur News, 2018.

The following skillsets are expected to significantly increase in demand: ⁶³



Figure 15. Skills With Increased Demand

Source: KIIs with Recruitment Companies in 2020 and Labour Market Intelligence Survey (2017)

Long-term per capita growth prospects

Long-term projections for per capita income in Guyana are extremely favourable for the country's growth. With population growth continuing to remain relatively slow and incremental, there are prospects for high per capita income from the rapid growth rates as a result of activity in the oil and gas industry. Figure 16 depicts the projection of per capita income in 2030 based on the medium-term projected growth rate. These are estimated by the author using methods identified in Appendix I. In addition, there is a range for the projections.⁶⁴ The optimistic scenario and pessimistic scenarios are represented by the upper and lower confidence bounds in the graph, respectively.





Figure 17 depicts the values of the projected per capita income in the long-term. The likely scenarios to occur in Guyana arethe 'current' and 'optimistic.' Under these two scenarios, Guyana is projected to have a per capita income of approximately USD 18,500 to USD 25,500. Therefore, in the long-term, Guyana is projected to have a significant increase in the level of purchasing power – roughly a 275 to 415 per cent increase in per capita income over the next decade. This would move Guyana from a classification of upper-middle income country to a high-income country within the top 35 countries – amongst the ranks of Portugal, Greece and Saudi Arabia.

64 These estimations are made using a 95 per cent confidence interval.

⁶³ Labour Market Intelligence Survey (2017) – Bureau of Statistics and Council for TVET; Sourced from KIIs with local recruitment firm, O&G stakeholder companies, expert economists (August 2020).

⁶⁵ Available from: www.imf.org/en/Publications/CR/Issues/2019/09/16/Guyana-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48678.



Figure 17. Forecast of Guyana's per Capita Income Under Scenarios in Medium-Term

Relevant development indicators

Inflation and remittances

Whilst inflation has been low in Guyana, since the discovery of oil and gas, in 2015, it has been consistently on the uptick, reaching 2.1 per cent in 2019. In the Guyanese context, two factors could mitigate against inflationary risk: the first being improvements in productive capacity as a direct and indirect result of the oil and gas industry and the second being the establishment and operationalization of the Natural Resources Fund⁶⁷ (NRF).

The oil and gas economy directly increase the productive capacity and productivity of the economy. There are also several latent and peripheral improvements in productivity, stemming from the oil and gas industry, which could ward off inflation. ⁶⁸ However, the low-price environment of oil and gas, coupled with the decline in global demand due to the COVID-19 pandemic reduces the likelihood of this scenario occurring in the short-term.

This stable inflation rate gives Guyana the space to ensure that the framework for macroeconomic management of the oil and gas economy is intact. High inflation can have a destabilizing effect on the economy as it can erode the purchasing power of the Guyana dollar and force depreciation in the real exchange rate.⁶⁹ However, a stronger macroeconomic framework implies that the likelihood of real exchange rate depreciation that can afflict migrant workers in Guyana is reduced. This is important for workers, but especially migrant workers whose families depend on relative stability and strength of the Guyanese dollar which ensures more certainty and predictability, which helps in making migratory and financial decisions. Of similar concern, is the fact that the purchasing power of the remittances their families receive in their country will be at risk of being eroded rapidly should there be high levels of inflation.

The sum effect of this occurrence is that workers sending outbound remittances to their families at home may not have the same value. This effect will tend to impact vulnerable migrant groups disproportionately as those will be the groups being paid by employers in Guyanese dollars, as opposed to less vulnerable migrant workers who are likely to be paid in US dollars.

⁶⁶ See Appendix I for modeling techniques in estimating.

⁶⁷ Guyana's version of the Sovereign Wealth Fund. Guyana's version includes the revenues which accrue to government from the extractive industries.

⁶⁸ Some of these include: (1) improvements in efficiency of management of organizations through ISO and other international standards; (2) a transformation in the culture of doing business; (3) amplified competition forcing highly efficient organizational performance for cost competitiveness; (4) improvements in supply chain management and reliability of suppliers as a result of production scheduling; amongst many other dimensions.

⁶⁹ Feldstein (1979); In situations where there is an influx of cash into a society which does not face increases in productivity, the economy tends to overheat. This is because there ends up being too much money in the economy to cater for the same level of production. When wages and profits increase from increases in productivity, inflationary pressures are mitigated because greater economic value is created and money supply increases as a result of increases in money demand. (Snowdon & Vane, 2005) - Modern macroeconomics: its origins, development and current state - In situations where there is an influx of cash into a society which does not face increases in productivity, the economy tends to overheat. This is because there ends up being too much money in the economy to cater for the same level of production. When wages and profits increases in productivity, the economy tends to overheat. This is because there ends up being too much money in the economy to cater for the same level of production. When wages and profits increase in productivity, inflationary pressures are mitigated because greater economic value is created and money supply increases as a result of increases in productivity. Inflationary pressures are mitigated because greater economic value is created and money supply increases as a result of increases in money demand. (Snowdon & Vane, 2005). Place formula for real exchange rate depreciation and explain.



Figure 18. Remittances and Exchange Rates during the past decade

Source: Bank of Guyana, Annual Report, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019; Bureau of Statistics

Human Development Index

Guyana currently ranks 122 of 189 countries on the Human Development Index (HDI), with a score of 0.682 in 2020.⁷⁰ Since



1990, the country's HDI has grown by 25 per cent, from 0.537 to 0.670.

70 United Nations Development Programme, "Guyana," Human Development Indicators (UNDP, n.d.), available from www.hdr.undp.org/en/countries/profiles/GUY. 2021.

Year	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita ⁷¹	HDI value
1990	63.3	10.1	6.8	2,097	0.537
1995	64.1	10.5	7.2	3,409	0.578
2000	65.2	10.9	7.7	4,332	0.606
2005	66.7	11	7.9	4,612	0.619
2010	68.1	10.9	8.1	5,793	0.639
2015	69.3	11.4	8.4	7,032	0.663
2016	69.5	11.5	8.4	7,294	0.666
2017	69.6	11.5	8.5	7,443	0.668
2018	69.8	11.5	8.5	7,615	0.67
2019	69.9	11.4	8.5	9,445 ⁷²	0.682

Table 3. Human Development Index Changes from 1990

Source: United Nations Development Programme

When compared with the Latin American and Caribbean (LAC) regional average of 0.737, Guyana lags behind on the HDI. However, the country is above the average HDI of middle-income countries globally, which is 0.634. With the projected increases in per capita income – a main factor in the HDI composition – as well as the increased availability of resources available to the government for addressing social needs, including healthcare and education, Guyana is poised to become a high-income country by 2025.

Therefore, Guyana's Human Development Index, in the future, is likely to increase with proper macroeconomic management such as reforms to public financial management laws, appropriate levels of stabilization savings, a strong institutional framework, effective spending policies, and effective use of taxation to reduce revenue volatility.

This increase is likely to act as a pull factor for migration, remigration and settlement of workers into Guyana as residents. Empirical evidence has pointed to the fact that migration flows tend to occur from countries with lower levels of human development to countries with higher levels of human development.⁷³



Figure 20. Comparison of HDI With Other Select Countries and Regions

⁷¹ Purchasing Power Parity dollars (2011).

⁷² Purchasing Power Parity (2017).

⁷³ Orhan Kandemir, "Human Development and International Migration," *Procedia – Social and Behavioral Sciences* 62 (2012): 446-451, available from www.researchgate.net/ publication/257716494_Human_Development_and_International_Migration; United Nations Development Programme, *Human Development Report 2009* (New York: UNDP, 2009), available from www.hdr.undp.org/en/content/human-development-report-2009; Kandemir (2010) -

Multidimensional Poverty Index (MPI)74

In Guyana, approximately 3.4 per cent of the population or, 26,000 persons are classified as multidimensionally poor. It is estimated that 5.8 per cent are classified as vulnerable to multidimensional poverty; this is approximately 45,000 persons. The intensity of deprivation in Guyana is 41.8 per cent.⁷⁵ Due to the development of the oil and gas sector, this is likely to transform to fewer persons being classified as multidimensionally poor in Guyana since more funds will be available to the government for its expenditure on social services such as education and healthcare.⁷⁶



Figure 21. Comparison of MPI Value Between Guyana, Belize and Suriname

Chapter Conclusion

Guyana is well-poised for take-off in the medium-term, after an economically and socially challenging history since its independence. During the 1990s, and the mid-2000s, the country has embarked on a series of reforms to its legislative, institutional and policy framework which set a solid base for growth over the past decade.

The windfalls anticipated from the development of the oil and gas sector in the medium-term are expected to transform the economic landscape of the country. This rapid pace of development, exemplified by the pace at which the country moved from discovery in 2015 to production in 2019, is one in which dynamic changes must be accompanied by suitable policy responses.

While Guyana has made progress particularly over the past three decades, it is imperative that policymakers adapt and adjust the policy framework, institutions and legislation for the country to realize its full growth potential. An example which foreshadows the increases to be seen in Guyana can be observed by the increase in the number of migrant workers. Ensuring that suitable digital infrastructure, human resources and management systems are in place to cater for the uptick in economic activity is of utmost importance.

During this time, it is also important to transition workers from the informal economy into the formal economy to ensure that the country reaps the maximum benefits from its available workforce. This, along with prudent macroeconomic management and the recommended reforms, will ensure that a stable environment exists for sustainable growth. Overall, modernization, digitization, legislative and institutional reforms will ensure that Guyana is able to realize its full growth potential and usher in a new era of continued prosperity.

⁷⁴ Most recent survey for Multidimensional Poverty Index in Guyana was 2014; Belize in 2015; Suriname in 2010 (United Nations Development Programme – Human Development Index Guyana Report (2019) available from www.hdr.undp.org/en/content/human-development-report-2019.

⁷⁵ Refers to the average deprivation score experienced by people in multidimensional poverty. 76 Adjusted for the intensity of the deprivation.




II. DYNAMICS OF GUYANA'S LABOUR MARKET, DEVELOPMENT AND MIGRATION ECONOMY





CHAPTER 2 reviews Guyana's labour market dynamics focusing on the implications for development and migration. The chapter is divided into three sections: 1. Guyana's labour profile; 2. labour market dynamics; and 3. migration trends.

Guyana's labour profile is divided into two subsections which examine Guyana's labour force and unemployment, underemployment and discouraged workers. The consideration and implication for migration, within an economic growth and development context, is examined in detail. This subsection extrapolates the estimated demand for labour and the potential supply during the medium-term in Guyana.

The section on labour market dynamics provides insight into the interaction of demand and supply and the implication within the context of the labour market. The third section of the chapter examines migration trends as it relates to Guyana. It examines the role and contribution of the diaspora to Guyana, net arrival rate at the airports, the migration trends as it relates to the border-sharing neighbours, in particular the Bolivarian Republic of Venezuela and displaced migrants, and ends with regional trends in the Caribbean Single Market and Economy (CSME).

GUYANA'S LABOUR PROFILE

Labour force

Over the past two decades, Guyana's population has remained relatively constant, fluctuating around a mean of 750,000 persons.⁷⁷ Of this, the working-age population⁷⁸ is approximately 560,000 at the end of 2019 – while the size of the labour force in Guyana is notably smaller than the working age population, ranging from 275,000 to 280,000 persons.⁷⁹ Thus, the labour force participation rate (LFPR) in Guyana is low at 49 per cent as estimated by the methodology used by the Guyana's Bureau of Statistics.⁸⁰



Source: Guyana Bureau of Statistics - Year end population estimates⁸¹

When using the World Bank's methodology, the LFPR differs from the Guyana Bureau of Statistics. For consistency in crosscountry comparison in this report, the World Bank's assessment of the LFPR will be used for the year 2020. It is revealed that Guyana's LFPR is low at 60.3 per cent when compared to global LFPR which is 66.3 per cent. The average in the Latin American and Caribbean (LAC) Region is 69.47 per cent, while the average for Caribbean small states⁸² during 2020 was 68.9 per cent. Middle income countries globally have an LFPR of 64.7 while Belize and Trinidad and Tobago hover around 68 per cent. Within relevant comparisons, only Suriname records a lower LFPR than Guyana at 56.2 per cent. Thus, in most relevant comparisons, Guyana can be said to have a low LFPR.

This implies that Guyana has a pool of labour which could be absorbed into the productive sectors to drive economic growth, if they have the skillset which the labour market demands. If they are unable to be absorbed into the economy as it continues to grow, this group will require training, retraining and upskilling, in line with the development trajectory of the country to provide more beneficial service to the productive sectors.

However, the training, retraining, retooling and upskilling of the domestic labour market is an activity which will take time for the benefits to assimilate into the economy. This creates an opportunity, especially in the short term, for domestic demand for migrant labour from countries which may have an existing stock of workers that is advanced in the learning curve in their field. It is this notion which underscores both the importance, and urgency of ensuring that the institutions, policies and legislation that govern labour migration are modern, comprehensive and that the processes associated with migration management operate efficiently.

81 Bureau of Statistics Year end population estimates available from: www.google.com/

⁷⁷ Bureau of Statistics (2018) - Guyana Labour Force Survey.

⁷⁸ Defined as persons who are aged 15 and older.

⁷⁹ Ibid.

⁸⁰ Bureau of Statistics, Guyana Labour Force Survey Bulletin (2019).

url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwilsK6zhorwAhUBbs0KHYlcC9lQFjABegQlAxAD&url=https%3A%2F%2Fstatisticsguyana.gov.gy%2Fwp-content%2 Fuploads%2F2019%2F11%2FYear_end_and_mid_year_population_estimates_annual_1996_to_2018.xlsx&usg=AOvVaw04vFjE9M4i9NKvzWECSP3W.

⁸² Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago.

It is noteworthy to mention that low LFPRs, coupled with high number of informal enterprises, are characteristic of the LAC region.⁸³ In these circumstance special consideration is given to the fact that the presence of a high degree of informality in the economy does not lend itself to compliance with the legislative framework and labour standards. This occurs since informal forms of employment are not covered under the labour laws of Guyana. The lack of protection by labour laws in the informal sector can create conditions that foster exploitation for vulnerable groups especially migrants. In the Guyanese context this includes migrants – specifically including displaced migrants from Venezuela, of which approximately 30 per cent are without regular migration status.⁸⁴

From an economic growth perspective, there is a consensual hypothesis and evidence which suggests that an informal sector exhibits a lower total factor productivity (TFP) and as a result, lowers national TFP and creates a situation of underutilization of capacity.⁸⁵ It is the presence of this 'disguised unemployment' through high levels of informality that affect the country's transition to a "take-off" – a period characterized by rapid levels of industrial development which reduces 'disguised unemployment' and transitions persons to formal employment in the productive sectors.⁸⁶

The continued presence of informality would adversely impact the country in achieving Sustainable Development Goal (SDG) 8 by 2030: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Figure 23. Labour Force Participation Rate Compared Against Select Countries/Regions

Source: World Bank - World Development Indicators open database

Unemployment, underemployment and discouraged workers

In Guyana, the unemployment rate hovers between 13 to 14 per cent, and there is seasonal fluctuation in the range.⁸⁷ In disaggregating and examining unemployment, clear trends emerge for Guyana. These are:

- 1. Youth:⁸⁸ High prevalence of youth unemployment
- 2. Location: Rural unemployment accounts for the majority of the unemployed
- 3. Gender: Female unemployment highest of all sub-groups

⁸³ OECD/ILO (2019) Tackling Vulnerability in the Informal Economy. Available from www.ilo.org/global/topics/employment-promotion/informal-economy/publications/ WCMS_711804/lang--en/index.htm.

⁸⁴ Calculated using data from IOM's Displacement Tracking Matrix (December 2019). Available from: www.iom.int/sites/default/files/dtm/guyana_dtm_201808-09.pdf.

⁸⁵ P.N. Rosenstein-Rodan, "Problems of Industrialisation of Eastern and South-Eastern Europe," *The Economic Journal* Vol. 53, no. 210/211 (1943): 202-211, available from www. jstor.org/stable/2226317/seq=1; Kevin M. Murphy, Andrei Shleifer, and Robert W. Vishny, "Industrialization and the Big Push," *Journal of Political Economy* Vol. 97, no. 5 (1989): 1003-1026, available from www.jstor.org/stable/1831884/seq=1; Paul Krugman, "Increasing Returns and Economic Geography," *Journal of Political Economy* Vol. 99, no. 3 (1991): 483-499, available from www.econpapers.repec.org/article/ucpjpolec/v_3a99_3ay_3a1991_3ai_3a3_3ap_3a483-99.htm.

⁸⁶ W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labour," *The Manchester School* Vol. 22, no. 2 (1954): 139-191, available from www.onlinelibrary.wiley. com/doi/abs/10.1111/j.1467-9957.1954.tb00021.x; Gustav Ranis and John C.H. Fei, "A Theory of Economic Development," *The American Economic Review* Vol. 51, no. 4 (1961): 533-565, available from www.jstor.org/stable/1812785?seq=1.

⁸⁷ Guyana Labour Force Survey Bulletin (2018 & 2019) Available from www.statisticsguyana.gov.gy/wp-content/uploads/2019/10/GLFS_Bulletin_2018.pdf and www. statisticsguyana.gov.gy/wp-content/uploads/2020/07/GLFS_Bulletin_2019.pdf.

⁸⁸ Ages 15-24 years old. Source: Government of Guyana, Guyana Labour Force Survey, 2019.

II. DYNAMICS OF GUYANA'S LABOUR MARKET, DEVELOPMENT AND MIGRATION

Youth unemployment is significantly higher than national unemployment, hovering between 26 to 29 per cent during 2018 and 2019.⁸⁹ Approximately 75 per cent of those who are unemployed reside in rural areas and the unemployment rate amongst females is recorded at approximately 16 per cent.⁹⁰ The size of the pool of unemployed workers in Guyana ranges between 37,000 to 40,000 workers and represents a group which can be absorbed into the growing sectors.⁹¹ According to the International Labour Organization (ILO), the trends highlighted above mirror issues experienced by developing countries through the LAC region.⁹² Unfortunately, unemployment rates for migrant workers are unknown. This is an area that is pertinent to the management of migration and migrant workers in Guyana and the government should consider the commencement of data collection in this regard.

In Guyana the underemployed account for approximately 8,000 workers, while 15,000 workers are discouraged workers – the latter refers to those workers who are of the working age, but have been unemployed for a long period and, as such, have stopped looking for work.⁹³ These represent workers who, under the right conditions, can be employed in the productive sectors as full-time workers.

The development of labour migration policy and structed engagement programs are pertinent to supplying the emerging oil and gas sector that will be required for its development and sustainability. It's critical that labour migration policy be informed by evidence-based research and analysis. As a result, it is recommended that the government modernize the institutional and legislative framework associated with general migration, labour migration and international recruitment specifically, as a matter of priority.

Category	Number of Workers		Sector	Number of Workers
Underemployed	8,500		Oil and Gas Sector	50,000
Discouraged Workers	15,000	1 \$	Induced Demand	110,000
Unemployed Workers	40,000			
Potential Estimated Domestic Supply	63,500		Total Estimated Demand	160,000

Source: Author's Estimation⁹⁴

Although potential supply exists in the domestic labour market from the unemployed, underemployed and the discouraged workers, Guyana is still regarded as having a skills shortage which is attributed to issues that can be lumped into three main categories: labour characteristics, labour market issues and structural issues. Of the eight reasons identified in Figure 24 below, by the joint Bureau of Statistics-IDB commissioned Guyana Labour Force Survey, only one can be attributed as a feature of the labour force; seven others are issues which can be directly addressed by way of policy.

Between 1965 and 2000, almost 90 per cent of Guyanese nationals with a tertiary-level education and 40 percent of those with a secondary education emigrated from Guyana.⁹⁵ This situation was compounded by pull factors in developed countries including favourable immigration laws in the United States, the United Kingdom and Canada during the post-independence era of Guyana.⁹⁶ This can be attributed to Guyana's challenging history – economically, socially and politically – which created conditions that served as push factors for migration. Guyana's complex migration history has resulted in labour characteristics such as a concentration of low educational and skills attainment levels in the domestic labour supply.

This long-term effect of sustained emigration is the accumulation of a skilled and educated pool of labour in the Guyanese diaspora. In the United States, over half of working-age Guyanese population can be identified as being in professional,

⁸⁹ Ibid

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² ILO (2019) - Labour Overview of Latin America & the Caribbean. Available from: www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---sro-port_of_spain/ documents/genericdocument/wcms_735507.pdf.

⁹³ Guyana Labour Force Survey Bulletin (2019). Available from: www.statisticsguyana.gov.gy/wp-content/uploads/2020/07/GLFS_Bulletin_2019.pdf.

⁹⁴ Estimation based on information from Government of Guyana, Guyana Labour Force Survey, 2019 and Klls.

⁹⁵ Prachi Mishra, Emigration and Brain Drain: Evidence from the Caribbean (Washington, DC: International Monetary Fund, 2006), available from www.imf.org/external/pubs/ft/ wp/2006/wp0625.pdf.

⁹⁶ Omarsh Roopnarine, Guyana Population Movement and Societal Development (Georgetown, Guyana: Institute of Development Studies, 2013), available from www. guyaneseonline.files.wordpress.com/2014/08/guyana-population-movement-and-societal-development.pdf.

managerial, or sales occupations while others work in the service, construction, and agriculture industries.⁹⁷ In Canada the Guyanese diaspora were noted to be involved in sales and service; business, finance, and administration; retail trade; and healthcare and assistance.⁹⁸



Figure 24. Factors Contributing to Guyana's Labour Shortage

Source: Author's Elaboration based on Government of Guyana, Guyana Labour Force Survey 2017 Fourth Quarter Report (Georgetown, Guyana: Bureau of

Statistics, 2017), available from www.statisticsguyana.gov.gy/wp-content/uploads/2019/10/GLFS_2017_Quarter4_Final-PDF-1.4MB.pdf.



Map 2. Mapping Labour and Sectors Against Potential Sources

Source: Author's elaboration based on figures presented in this report

Note: This map is for illustration purposes only. The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the International Organization for Migration.

97 Matera, Sandin, and Alvarez, Diaspora, 2020.98 Ibid.

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The mappings of labour and sectors against potential sources with skills which Guyanese in the diaspora possess, highlights the importance of structured engagement with the diaspora on an on-going basis. Map 2 demonstrated that the skills which exist in the Guyanese diaspora can supply the demand for labour in certain sectors. A comprehensive mapping exercise can be completed to provide the necessary information needed for stock-taking and forecasting and Labour Market Information System (LMIS). Through a Labour Market Information System (LMIS), stock-taking and forecasting, numbers can be inputted into a mapping exercise along with specific areas and persons, with their willingness to relocate.

Engaging the diaspora is of great importance for the government has it is an investment that will yield positive returns for the country in allowing the country to fully realize its growth potential. Given the fact that a shortage of skilled labour is a feature of the Guyanese economy, the government must help attract and retain skilled workers.

Drawing on its long-standing experience, IOM has formulated a comprehensive strategic approach centred on the "3 Es" for action with diaspora: to enable, engage and empower transnational communities as agents for development – with each area involving a range of interventions by governments and other stakeholders, supported by IOM through policy advice and programming. Specifically, the creation of appropriate conditions is essential to enable transnational communities to become effective agents for development. Moreover, knowing and understanding transnational communities is crucial to engaging effectively with them and developing the appropriate outreach strategies towards diaspora. Finally, with the right conditions in place, transnational communities will spontaneously transfer resources and strengthen links between their countries of origin and destination regardless and often in spite of administrative, regulatory and other constraints. However, governments can empower this process by introducing special measures and programmes in a variety of fields. IOM leads several projects in the Caribbean and globally to further strengthen relation with diaspora.⁹⁹

LABOUR MARKET DYNAMICS

It is estimated based on interviews with experts on the economy, regional trade and oil and gas, that within the mediumterm, demand for labour in Guyana in the oil and gas sector will amount to approximately 50,000 - 160,000 while its support services, through induced demand, will require another 110,000.¹⁰⁰ Guyana's potential labour force¹⁰¹ is estimated by Guyana's Bureau of Statistics in its Guyana Labour Force Bulletin to be in the range of 49,000 to 53,000.¹⁰² With the population expecting to remain constant, this potential labour force is not likely to move beyond its range.

As highlighted in the previous section, even under a hypothetical scenario of perfect conditions where all unemployed, underemployed and discouraged workers are trained, retrained and upskilled, and become employed, demand will still outstrip supply in the medium-term. Therefore, migrant labour for absorption into the economy is necessary for the realization of economic growth prospects. This can be seen in Figure 25, which abstracts an increase in demand in the non-oil sector.





⁹⁹ For further information on this topic, please see: www.diaspora.iom.int/ioms-strategy-enable-engage-and-empower-diaspora.

¹⁰⁰ Estimation based on information from Government of Guyana, Guyana Labour Force Survey, 2019 and Klls with experts on the Guyanese economy.

^{101 &}quot;Potential labour force" is defined as all persons of working age who, during the short reference period, were neither in employment nor in unemployment and: (a) carried out activities to "seek employment" were not "currently available" but would become available within a short subsequent period established in the light of national circumstances (i.e., unavailable job seekers); or (b) did not carry out activities to "seek employment," but wanted employment and were "currently available" (i.e., available potential job seekers). (ILO:

¹⁰² Guyana Labour Force Survey Bulletin (2019) Available from: www.statisticsguyana.gov.gy/wp-content/uploads/2020/07/GLFS_Bulletin_2019.pdf.

With the hypothetical benchmark case set under perfect conditions, it is anticipated that, in the medium-term, Guyana will need to accommodate, at minimum, 100,000 migrant workers. This will be a combination of demand from the oil and gas sector as well as the sectors from induced demand in the wider economy. Without migrant labour, the shortage of workers in Guyana realizing its growth potential.

When properly managed, labour migration has far-reaching potential for the migrants, their communities, the countries of origin and destination, and for employers. Interviews with experts on development revealed that while the country does not have sufficient labour for the medium-term, it is necessary to concentrate on the demand for labour, which will increase in the non-oil and gas sectors. This revelation highlights the importance of a structured labour migration policy to effectively and efficiently manage the increase numbers of migrant workers. The streamlining of a labour migration policy will facilitate the movement of workers with the right skillsets to enter the Guyanese labour market and regularize migrant workers with irregular status that may have the skillsets in demand. Through its global network of more than 400 offices, IOM is able to bring together stakeholders to establish labour migration programmes and mechanisms that balance their various interests, and address migrants' needs. The IOM approach to international labour migration is to foster the synergies between labour migration.

MIGRATION TRENDS IN GUYANA

Traditionally, Guyana has had a negative net migration rate, with the trend peaking during the 1980s and markedly reducing during the past two decades. With the development of the oil and gas sector there has been an increase in the inflow of migrant workers connected directly and indirectly to the development of the sector. The net migration rate is expected to decrease over the medium term as the country is expected to grow in its inflow of migrant workers.

Outmigration has been a serious factor undermining Guyana economy for the past four decades. The migration history of Guyana can be divided into three phases – the 1980s, the 1990s and the 2000s. The first phase coincided with what is generally regarded as the 'lost decade' of economic growth in the Caribbean.¹⁰³ CARICOM fostered better relationships among Member-States in the late-1980s which was the contributing force behind a wave of skilled Guyanese emigrating to countries throughout the Caribbean.

This provided Guyanese migrant workers with familiar environment including culture, weather, religion and heritage with, simultaneously, greater stability in the state.¹⁰⁴ During this time, many Guyanese professionals – including nurses and teachers, for example – migrated regularly thanks to the free movement regime of the Caribbean Single Market and Economy (CSME); many also migrated irregularly to neighbouring countries in the Caribbean and to neighbouring Venezuela.¹⁰⁵ The 1990s witnessed a period of skilled workers emigrating primarily due to low periods of economic growth.¹⁰⁶ In the 2000s, the political and security situation contributed to further emigration.¹⁰⁷



Source: World Bank (2020) Migration Portal and UNDESA (2019)

106 Ibid.

107 Roopnarine, Population Movement, 2013.

¹⁰³ Richard Bernal, "The Caribbean's Future is Not What It Was," Social and Economic Studies Vol. 52, no. 1 (2003): 185-217, available from www.jstor.org/ stable/27865319?seq=1.

¹⁰⁴ Matera, Sandin, and Alvarez, Diaspora, 2020.

¹⁰⁵ While there has not been published information on how many Guyanese historically emigrated to Venezuela, it is known that many Guyanese, particularly those living in Essequibo, have family members residing in Venezuela.

According to the 2020 IOM *World Migration Report*, Guyana had one of the highest proportions of emigrants for its population size globally in 2019.¹⁰⁸ The emigration proportion of a country represents an accumulation of migration (and displacement) over time, sometimes over decades. Around 40 per cent of Guyanese live abroad, which makes Guyana the sixth country with the highest emigration proportion in the world.

The Guyanese diaspora has an important role to play in the economic development of Guyana. Currently, by way of remittances, their contribution to supporting the local economy is substantial. Over the past decade, personal remittances received annually averaged 1.8 times larger than the amount paid in wages by the central government. This demonstrates the importance of remittances to the Guyanese economy since the government is the single largest employer in the economy.¹⁰⁹

When examined as a per cent of GDP, the importance of remittances to the economy is further highlighted. However, with years of strong economic growth and increases in GDP due to pre-production activity of the oil and gas sector, personal remittances as a percentage of GDP have declined below 10 per cent.¹¹⁰ Considering the new emerging economy, the interaction of the diaspora will evolve to include new means of contribution to Guyana, which will create the opportunity for technical skills in the diaspora to contribute to the development. IOM engages in concrete initiatives on remittances and financial empowerment relating to: 1. improving knowledge of remittance usage, remittance corridors and reducing transfer costs; 2. studies on the impact of remittances on families and communities; 3. Enhancing the developmental impact of remittances; and 4. financial inclusion and empowerment¹¹¹.





As such, the role of the diaspora in the future must evolve to one which is a more structured engagement¹¹². This will facilitate the Guyanese economy to fully benefit from the skills which the diaspora has been able to accumulate. However, this requires an understanding of the skillsets which are in the diaspora.

As such, it would be of benefit to Guyana for the Diaspora and Remigration Unit (DRU) of the Ministry of Foreign Affairs and International Cooperation (MoFAIC) to have a stock of readily accessible information on the skillsets of members of the diaspora with a ranking of their willingness to relocate. While a diaspora mapping was completed with the support of IOM in 2013, and a draft diaspora policy was consequently developed, the information has not been kept fully up to date. The Government of Guyana is currently in the process of revising a draft diaspora policy that had been previously developed with the support of IOM.

¹⁰⁸ International Organization for Migration, World Migration Report 2020 (Geneva: IOM, 2019), available from www.publications.iom.int/system/files/pdf/wmr_2020.pdf. 109 Bureau of Statistics, Guyana Labour Force Survey (2019).

¹¹⁰ While this can no longer be considered, by experts' benchmark, in contributing to the country's external vulnerability to economic shocks, it is still a significant source of income relative to the GDP, hovering at an average of 8 per cent since 2015.

¹¹¹ For more information on IOM's work on remittances, please see: www.iom.int/sites/default/files/our_work/ODG/GCM/IOM-Thematic-Paper-Remittances.pdf.

¹¹² As already mentioned above, to learn more about the comprehensive IOM work on diaspora empowerment and contribution to development, please see www.diaspora. iom.int/ioms-strategy-enable-engage-and-empower-diaspora.

It would be useful for Guyanese in the diaspora to also be considered in the *Local Content Policy* and/or legislation which is crafted by the Government of Guyana. As of April 2021, while there has been mention of the diaspora in the draft *Local Content Policy* (2021), no clear role has been defined.¹¹³

There has been a reversal of Guyana's travel patterns since the discovery of oil and gas in 2015, with the country having reversed a pattern of negative net arrival rates. The first, positive net arrival rate in recent years was recorded in 2016, resulting from an uptick in travel to Guyana (Table 5). This trend is predicted to continue, albeit in a dampened form in 2020 and 2021, in light of the COVID-19 pandemic and the resulting travel restrictions and border closures.

	ARRIVAL			DEPARTURES			
Year	CJIA ¹¹⁴	EFC ¹¹⁵	Total	CJIA	EFC	Total	Net Arrival Rate ¹¹⁶
2013	235,967	-	235,967	245,010	-	245,010	-9,043
2014	247,477	-	247,477	256,698	-	256,698	-9,221
2015	250,012	27,894	277,906	254,020	28,374	282,394	-4,488
2016	287,549	31,179	318,728	284,895	32,323	317,218	1,510
2017	299,732	35,823	335,555	292,321	36,748	329,069	6,486
2018	324,220	41,966	366,186	305,923	42,113	348,036	18,150

Table 5. Arrivals and Departures From Guyana's International Airports

Source: Cheddi Jagan and Eugene F. Correia International Airports Authorities



Figure 28. Net Arrival Rate Through Guyana's International Airports

Source: Cheddi Jagan and Eugene F. Correia International Airports Authorities



113 Guyana's Local Content Policy (2020) Guyana Petroleum Sector – Local Content Policy – Ministry of Natural Resource (NRE). Available from: www.nre.gov.gy/wp-content/ uploads/2021/02/LCP-for-the-Development-of-Guyanas-Petroleum-Economy-Revised-Draft-02.11.2021-updated.pdf.

116 Calculated as the difference between the Arrivals and Departures.

¹¹⁴ Cheddi Jagan International Airport.

¹¹⁵ Eugene F. Correia International Airport.



Figure 30. Flow to Guyana From Main Markets

Source: Authorities of Ports of Entry to Guyana

Figure 30 reveals that there has been an increase in persons from the Caribbean arriving in Guyana in 2018 compared to the 2013 amount. The Caribbean has had an increase of 165 per cent in comparison to the Bolivarian Republic of Venezuela in second with 41 per cent and Europe in third at 25 per cent. Nominally, the Caribbean, as a region, is responsible for the largest share of persons visiting Guyana in 2018, with 137,433 persons, with the United States in second at 89,456 and bordering countries in third at 29,826. Notable in its size is the Venezuelan arrivals to Guyana at approximately 1,100 during 2018. This number was said to have increased exponentially during 2019, when it was noted by then President David Granger that Guyana was hosting more than 36,000 Venezuelan migrants.¹¹⁷

For Venezuelans, traditionally, only government and diplomatic officials were exempted from entry visas. However, the political situation in the Bolivarian Republic of Venezuela has prompted the Guyanese government to create a new regime for Venezuelan migrants. Venezuelans in possession of the relevant documents, such as ID cards or passports, are issued a temporary three-month stay. This can be renewed every three months for an extension of stay.¹¹⁸

All migrants who wish to work in a regular manner require a work permit in Guyana, and, in some cases, an employment visa, which depends on the status of relations between Guyana and the migrant workers' home country.¹¹⁹ Reflecting the current interest in work permits for Guyana, the former Department of Citizenship of Guyana, under the then Ministry of the Presidency, reported that over a period of 18 months,¹²⁰ approximately 15,000 work visas and permits were granted.¹²¹

Despite this, almost 30 per cent of Venezuelan migrants are without any migration documents.¹²² The vulnerability of migrants in Guyana, particularly those without documents, is of significant concern. Migrants are vulnerable to different forms of exploitation and abuse, such as labour exploitation and human trafficking.¹²³ Notable is the fact that migrant workers from border-sharing countries such as Brazil and Suriname do not require a visa to enter Guyana but are required to apply for a work permit in order to gain employment.¹²⁴ This means that the conditions are in place for potential rapid movement for migrant workers from neighbouring countries. This reason only further underscores the importance in ensuring that there is sufficient technological infrastructure, human resources and management systems in place to handle an exponential increase in migrants.

¹¹⁷ Brentnol Ashley, "Over 36,000 Venezuelans Now in Guyana," Stabroek News, January 13, 2020, available from www.stabroeknews.com/2020/01/13/news/guyana/over-36000-venezuelans-now-in-guyana/.

¹¹⁸ UNHCR, Universal Periodic Review, 2019.

¹¹⁹ For the full list, please see Chapter 4.

¹²⁰ July 2018 to February 2020.

¹²¹ News Room, 2020.

¹²² Author's elaboration based on Displacement Tracking Matrix (2020) by IOM. Available from: www.iom.int/sites/default/files/dtm/guyana_dtm_201808-09.pdf

¹²³ UNHCR, Universal Periodic Review, 2019.

¹²⁴ Government of Guyana, "Visa Entry Requirements (Countries)," (Georgetown, Guyana: Ministry of Foreign Affairs, 2017), available from www.minfor.gov.gy/visa-entryrequirements-countries/.

Chapter Conclusion

Guyana's population has remained relatively constant over the past 20 years, fluctuating around a mean of approximately 750,000. Those in the population who are of working age are approximately 275,000 with the available labour force being much smaller. Guyana has the second lowest labour force participation rate, in the region, at approximately 60.4 per cent in 2020.

Even if Guyana were to harness all of its unemployed, underemployed and discouraged workers, the potential supply of labour would be only 63,500. In the medium-term, it is estimated that Guyana will need approximately 160,000 workers. The conclusion can be drawn that there will be the need for, at minimum, 100,000 workers in Guyana to realize its full growth potential.

It is for this reason that ensuring there is a structured migration policy, informed by evidence-based analysis is key. It is recommended that the government modernize the institutional and legislative framework associated with migration as a matter of priority.

Simultaneously, the government must ensure that the Guyanese workforce benefits from significant training for those without recognized skills, retraining for those whose skills may be mismatched with the demand in the economy, and upskilling for those who may have skills but are unable to operate in a capable manner within an intensified competitive environment.

Guyana also has a large diaspora around the world, but particularly in the United States, United Kingdom and Canada. This pool of Guyanese workers is said to number at about 550,000 and are highly skilled. It is recommended that structured engagement with the diaspora ensues where this skillset can be tapped in a manner which can contribute to its maximum potential.

The next decade is one in which Guyana's population, its labour force, and the number of migrant workers will increase like no other period in the post-independence Guyana. This trend is already foreshadowed by a reversal of the net arrival rate in Guyana which has reversed since 2015. In 2016, Guyana, for the first time in recent history, had more persons arriving the country than departing. This number, growing exponentially to 18,150 in 2018, is expected to continue to rise throughout the decade.



III. THE RECRUITMENT PROCESS, INSTITUTIONS AND SOURCES OF LABOUR FOR GUYANA





CHAPTER 3 serves to outline the recruitment process in Guyana; it maps the institutions involved in labour migration governance and operations, it identifies the sources of labour from which Guyana can draw from to address labour and skills shortages.

The first section details the process a firm must undertake if it would like to engage in the process of recruitment of migrant workers. It details the time taken and ascertains the average time for the recruitment process. Additionally, through key informant interviews (KIIs), some notable points have been mentioned regarding the recruitment process.

The second section maps the institutions involved in labour migration governance and operations. It commences by identifying, for the purposes of clarity, the difference between institutions and organizations and the contextual meaning of institutions as it relates to this study. Mapping of the institutions in Guyana is undertaken, and the functional role of domestic institutions is detailed. Regional institutions and their role in the governance architecture of Guyana is briefly examined with the purpose and intent of understanding the framework within which the country operates.

The final section identifies, based on the country's historical, regional and international relations, where there are viable pools of labour that can supply the Guyanese labour market.

THE RECRUITMENT PROCESS FOR MIGRANT WORKERS IN GUYANA

Global supply chains are complex – often involving multiple countries and actors, and providing employment, either directly or indirectly, to millions of people around the world. While workers are often sourced from local or national labour markets, in many cases, companies also need to recruit workers from overseas to fill critical labour shortages. This is a reality Guyana might start to experience very soon due to exponential development changes.

While many migrant workers have positive migration experiences, it is an unfortunate reality that migrant workers can be vulnerable to exploitation. Their vulnerability is often exacerbated by the prevalent international recruitment model which is fragmented, non-transparent and operates largely on the assumption that it is the worker's responsibility to cover the cost of their recruitment and migration. This model can push migrant workers into precarious situations including, in extreme cases, situations of forced labour, human trafficking or modern slavery.

In Guyana, the recruitment process for migrant workers is critical for ensuring that migrants can enter formal work and integrate into the national economy. The process usually takes a minimum period of 72 days. The process is depicted in Figure 35 and detailed timing in Table 6. The process can be conceptualized into two main stages: 1. pre-arrival process, and 2. post-arrival process. The former covers from the date of notice to receipt of permission to stay whilst post-arrival involves the application for an extension of stay.

While the (former) Department of Citizenship¹²⁵, now currently under the Ministry of Home Affairs, were key in mapping the recruitment process for migrant workers in Guyana, several stakeholders were instrumental in filling gaps allowing for a holistic insight into these procedures. When considering the possible recruitment of migrant workers, it is implied that job vacancies posted in Guyana require technical skills. Under this category, both skilled and semi-skilled labour would be covered.

The first step in the recruitment process is the advertisement or job posting of a vacancy to the public to attract prospective applicants. Notably, it was revealed during key informant interviews that some recruitment firms required potential employees to pay for their application to vacancies. For other recruitment firms, the employer bears the cost. As recommended by IOM's global initiative, International Recruitment Integrity System (IRIS), while the adoption of ethical recruitment practices is often viewed through a corporate social responsibility (CSR) lens, there is a strong business case for companies adopting ethical recruitment as part of their overall approach to risk management and prevention. The goal of IRIS is to transform the international recruitment industry to make it fair for workers, recruiters and employers. It does this by promoting the Employer Pays Principle, promoting greater transparency within international recruitment, and promoting the rights of migrant workers.¹²⁶

According to Guyana's recruitment practice vacancies are first posted in the local domain. The term etiquette is used, because there is no formal legislation which speaks to how advertisement ought to be made but rather an internal policy implemented in the office managing immigration processes. After the post has been advertised locally, then companies are encouraged to seek out international candidates. Additionally, the administrative processes is 20 workdays on average, consisting primarily of the processing time associated with attaining an employment visa. Generally, the static process involved in attracting a migrant to Guyanese shores, according to key informant interviews (KIIs), takes approximately 51 workdays to complete. However, global challenges, such as the COVID-19 pandemic, create barriers for the efficiency of these processes. The absence of a digital database for the processing of migrant workers during the situation of the COVID-19 pandemic would have an acute impact on this process. The typical employment visa locally lasts for three months, after which the migrant worker has an option to extend for a period of three years by application to the Ministry of Home Affairs.

126 For more information on IRIS, please see: www.iris.iom.int/.

¹²⁵ Under the new administration, installed 3 August 2020, the Department of Citizenship within the Ministry of the Presidency was dissolved, and many responsibilities were moved to Immigration Services under the Ministry of Home Affairs.



Source: Compilation from key informant interviews, Department of Citizenship and Laws of Guyana

In order to work in Guyana, foreign nationals must apply for a work permit through an employment visa on arrival, which shall be issued by the Department of Immigration of the Ministry of Home Affairs. As part of the requirements, a prospective employer must submit the application, on behalf of the foreign national. The application shall include:

- a. the company's registration and establishment, in line with the government's requirements;
- b. the employee's personal and contractual information; and
- c. the employer's personal and business information; and
- d. the employee's police and medical clearance.

Government recruitment is conducted primarily through the Central Recruitment & Manpower Agency (CRMA), as well as the Public Service Commission (PSC). The former serves as a vacancy board and places workers interested jobs into suitable training.¹²⁷ The latter is a Commission established by the Constitution of Guyana and is responsible for the government's appointment to public offices. The PSC is responsible for a variety of functions as it relates to employment in the public service which includes, but is not limited to, recruitment, training, secondment and vacancy circulars – a document issued to publish public sector vacancies, usually published once or twice annually.¹²⁸

While the public administration sector is not a sector which traditionally absorbs migrant workers, it is noteworthy to mention that the system is a key infrastructure in supporting national development. A vibrant, robust and productive public service ensures that enterprise can be facilitated and aids in the environment for doing business being conducive. This in turn promotes enterprises which are more productive and can absorb more workers through their expansion. Measures ought to be enacted by policymakers to ensure that the public administration system is efficient, productive and can facilitate growth of enterprise in the rapidly expanding economy.

Some important points garnered from KIIs, government agencies and the law about the recruitment process are worthy of special mention. These are as follows:

- 1. If a non-national visits the country and later finds a potential position, non-nationals are required to leave the country, and then return to uplift the employment visa or landing permit.
- 2. All landing permits and employment visas are issued at the official port of entry by immigration officers.

¹²⁷ Key Informant Interview with government officers involved in labour management and administration.

¹²⁸ For more information on the PSC, please see: www.oas.org/juridico/PDFs/mesicic4_guy_psc.pdf. Notably, the PSC is not responsible for training of Public Servants. This is done through the Public Service Ministry (PSM) which deals with training and scholarships for public servants.

III. THE RECRUITMENT PROCESS, INSTITUTIONS AND SOURCES OF LABOUR FOR GUYANA

- 3. Haitian nationals who enter the country as visitors or individuals with student visas can transition to migrant worker status and can receive landing permits whilst in the country, not requiring them to leave the country.
- 4. Venezuelans, once with the relevant documents, such as ID cards or passports, are automatically issued a three-month extension of stay.¹²⁹
- 5. Recruitment firms noted delays in the time spent processing applications, e.g. according to one KII, whilst the specified time period is 72 days, one migrant worker application took six weeks longer than the stated time frame.
- 6. Klls noted that digital transformation at Immigration Support Services will ensure greater efficiency, processing speeds and reduced cases of delays in applications.

Improving recruitment practices and promoting ethical recruitment in Guyana might be a key factor in the emerging new development model. IOM's IRIS highlights that companies that treat their workers well by complying with all labour and human rights standards tend to have more productive workplaces, in which the rates of staff turnover are low, there are fewer workplace accidents and fewer work stoppages leading to improvements in quality, efficiency and productivity. Similarly, companies that invest in better recruitment practices and ensure that they cover all recruitment fees and costs, tend to have workers that are more motivated and better matched to their role. This in turn helps attract other motivated and skilled workers to the company. 'Employer pays' is one of the most relevant IRIS principles.¹³⁰

INSTITUTIONAL FRAMEWORK FOR LABOUR MIGRATION GOVERNANCE IN GUYANA

Domestic institutions

Domestic institutions refer to those national agencies in Guyana that operate with either the latent or express function of regulating or facilitating labour migration. These include government regulatory and policy bodies – including statutory agencies and policy bodies – as well as private sector entities which participate in or support the labour migration process.

Labour migration governance is governed by both the legislative framework, as well as the regulatory and policy framework. This is determined by the Parliament of Guyana and the Cabinet of Guyana respectively. As such, these institutions ought to be captured in the landscape of domestic institutions, since their functioning has a direct impact on the general direction and operation of migration and its management.

The regulatory and policy bodies include the Ministry of Labour, the Ministry of Foreign Affairs, the Ministry of Home Affairs and the Immigration Department of the Guyana Police Force. Private sector entities that would either participate in or support the labour migration process, include recruitment firms, immigration attorneys and the companies seeking labour.

Figure 32 maps the domestic environment of labour migration and its management. Table 6 outlines the functional role of those institutions in the domestic environment as it relates to the management of labour migration and general involvement in the processes.

¹²⁹ A process implemented in 2019.

¹³⁰ For more information on the Employer pays principle, please see: www.ihrb.org/employerpays/the-employer-pays-principle.



Figure 32. Mapping the Domestic Environment of Labour Migration and Management

Table 6. Functional Role of Institutions in the Domestic Environment

AGENCY	ROLE							
I. Parliament	The legislative branch of Government in Guyana is the sole body enshrined with the power under the Constitution to pass laws. By way of Article 51 of the Constitution of Guyana, Parliament consists of the National Assembly and President. Any bill to be introduced which establishes the legislative framework for labour migration, or management of the process, must be introduced by way of the National Assembly and approved by a simple majority of Parliament.							
	B. POLICY FRAMEWORK							
I. Executive Government - Cabinet	The Executive branch of Government is responsible for setting the policy of the country. Ultimately, any new policy of the Government will be tabled at the Cabinet for either approval or a no-objection before proceeding. This would include any new policy on labour migration or the management of the process. The Cabinet acts as the central decision-making body of the country.							
	C. REGULATORY AND POLICY BODIES							
I. Ministry of Labour The Ministry of Labour is the lone ministry of the Government of Guyana on matters related to the v of workers in Guyana. It was re-established as a separate entity under the new administration in August Broadly, the Ministry's work is divided to handle matters related to industrial relations and occupational and safety. The Ministry also houses the Central Recruitment & Manpower Agency which serves as a va- board for the public sector and places workers interested jobs into suitable training.								

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AGENCY	ROLE		
II. Ministry of Foreign Affairs and International Cooperation	The Ministry of Foreign Affairs is the ministry of the Government of Guyana which handles all matters related to international relations. The Ministry of Foreign Affairs is a key entity in the labour migration process and its management as it is charged with the management and direction of all the foreign missions of Guyana. Thus, the Ministry is the first point of contact for any overseas worker seeking out information on employment in Guyana. Further, the Ministry is responsible for bilateral relations and, as such, the policy as it relates to bilateral and multilateral labour and trade agreements, visas, work permits, immigration procedures and processing. The Ministry thus assumes a central role in driving and implementing changes in labour migration and management of the process.		
III. Immigration Support Services, Ministry of Home Affairs	The Immigration Support Services, is a department, housed under the Ministry of Home Affairs. The department has responsibility for the registration of immigrants, especially those migrants who are seeking residency status, processing documents, amongst other support services.		
IV. Immigration De- partment, Guyana Police Force	The Immigration Department of the Guyana Police Force provides two important services to the public: the passport service (provision of passports and other travel documents) and other services at ports of entry, including sea, land and air travel. The present ports of entry are: Moleson Creek, Ogle, Timehri, Parika, Charity, Morawhanna, Lethem and Eteringbang, New Amsterdam, Georgetown, Bartica and Springlands. The Immigration Department is involved in the labour migration process and its management as an integral component, since the Department's processes and capabilities will dictate the scope and the capacity of the organization to manage from an operational perspective.		
	通過 D. PRIVATE SECTOR ENTITIES		
I. Recruitment Firms	Recruitment firms in Guyana have obtained significant importance since the emergence of the oil and gas sector. Within the context of the labour migration process, recruitment firms play an important role as a specialized entity in determining the local skills gap. Some recruitment firms in Guyana work with employers from the call for resumes to the arrival of workers in Guyana. Some firms work with workers during post-settlement integration to ensure that their families obtain housing, childcare, school enrolment, familiarization with the environment, amongst other 'soft skills.'		
II. Immigration Attorneys III. Immigration attorneys function as a support to both employers, migrant workers, as well as other of immigrants to Guyana. Their support can be considered two-fold in nature. Attorneys can adv processing and settlement in Guyana and, as such, serve as consultants for firms and individuals. T able to advise and represent should there be a violation of the law or with difficulties regarding the process.			
III. Private Sector EntitiesPrivate sector entities which require labour also exist in the institutional framework of labour migration migration management. These firms would seek to recruit labour and would function to absorb migrant wor into their work force			

Source: Government of Guyana, Key Informant Interviews.

International and Regional Institutions

In conceptualizing Guyana's international and regional institutional framework, the International Labour Organization (ILO) and the CSME are of importance; the former establishing a framework for the conditions of labour whilst the latter, with the narrowly defined free movement of labour within the Caribbean Community. Subsequent to its role in establishing CARICOM, the country also engages in its various organs, including: Caribbean Single Market and Economy (CSME); the CARICOM Implementing Agency for Crime and Security (IMPACS); the Association of Caribbean States (ACS); and the Caribbean Court of Justice (CCJ). Additionally, Guyana is participant to the Global Forum on Migration and Development (GFMD). Guyana is a Member-State of the International Organization for Migration and is a signatory to the Global Compact on Migration.

Figure 33. International and Regional Institutions



Source: Author's Conception

International Framework: International Labour Organization (ILO)

Guyana is integrated into the global architecture of countries and is a Member State of the United Nations (UN) and many of its agencies, including the International Organization for Migration (IOM) and the International Labour Organization (ILO). The country is a signatory to the United Nations Charter which outlines broad direction and commitments on matters related to governance. Thus, the State is involved in the deliberations of the conventions which are advanced by those agencies and ratifies the convention by way of signature to the treatise.

The country is guided by the Charter of the United Nations, as well as the conventions which it ratified in the United Nations' agencies e.g. the International Labour Organization (ILO). As it relates to labour relations and management, it is the ILO which sets out the framework through its conventions.



Figure 34. Key Conventions Ratified by Guyana

Source: International Labour Organization¹³¹

131 Available from: www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:103086.

III. THE RECRUITMENT PROCESS, INSTITUTIONS AND SOURCES OF LABOUR FOR GUYANA

Guyana has ratified eight of the nine main international instruments in the field of human rights. From a human rights perspective, concerns have been raised about the international protection of migrants, including asylum-seekers and refugees, since the country has not acceded to the *1951 Convention on the Status of Refugees* nor its 1971 Protocol.¹³² Similar concerns have also been raised about the absence of the country's accession to the international conventions on statelessness.¹³³ Importantly, for migrant workers, Guyana has not ratified Treaty No. 143 – the *Complementary Provisions of the ILO Convention on Migrant Workers*. As more migrant workers begin to work in Guyana, these international conventions play an important role in ensuring international protection. As an urgent matter, Guyana should seek to ensure that these conventions are ratified. Table 6 outlines a list of international conventions in force for Guyana from the ILO.

Regional Framework: CARICOM: The Revised Treaty of Chaguaramas

From a regional perspective, Guyana is a founding member of the Caribbean Community (CARICOM). Guyana is also a full member of the CARICOM Single Market and Economy and is thus a signatory to the Revised Treaty of Chaguaramas – the principal instrument of the Community. Under the Treaty, Member States commit to the free movement of people within the CSME. It is in light of these regional and international commitments made by the State that the institutional framework for labour migration is premised.

Article 9 of the Revised Treaty of Chaguaramas mandates every CARICOM Member State to ensure the obligations arising out of the Treaty are carried out.¹³⁴ Generally, Member States who are signatories of the CSME, subject themselves to the free movement of nationals within the Caribbean Community.¹³⁵

Certain categories of persons are given the right to seek employment in CARICOM Member States which are members of the CSME, subject to Article 46 of the Treaty. This is as a first step to achieving the goal set out in Article 45 which was the commitment of Member States to free movement of their Nationals within the Caribbean Community.

Section 2 of Article 46 binds nationals of CSME participating States to a duty to establish appropriate legislative, administrative and procedural arrangements to facilitate the movement of the skills specified above, to provide for movement without harassment or impediments, elimination of the requirement for a passport for nationals seeking to travel to their jurisdictions, elimination of the requirement of a work permit for nationals seeking approved employment, establishment of mechanisms for certifying and establishing equivalency of degrees and for accrediting institutions, harmonization and transferability of social security benefits.

Section 3 of Article 46 makes provision for the consideration of public interest in making these decisions. In Guyana, the Immigration Act allows visa-free travel for CARICOM countries and gives the Chief Immigration Officer wide discretion to issue work permits to members of CARICOM requested in good faith, to persons who are seeking employment for up to three years.

This allowance is extended for CARICOM nationals by virtue of the CARICOM (Free Entry of Skilled Nationals) Act Cap 18:08. In this Act, it states that the Immigration Officer (having the same meaning of the Immigration Act) shall allow the holder of a CARICOM Passport and a 'Schedule II Certificate' to enter and remain in Guyana for a period of indefinite duration. Under the 18:08 Act, a Schedule II Certificate serves as an attestation to the entrants' skills and is granted by the Government of Guyana.

Further, under the Act, the categories of persons who may apply for this certificate¹³⁶ is more descriptive than the categories provided for in the Revised Treaty of Chaguaramas.

¹³² UNHCR, Universal Periodic Review, 2019.

¹³³ United Nations General Assembly, 1954 Convention relating to the Status of Stateless Persons (New York, UNHCR, 1954), available from www.unhcr.org/ibelong/wpcontent/uploads/1954-Convention-relating-to-the-Stateless-Persons_ENG.pdf; United Nations General Assembly, Convention on the Reduction of Statelessness (New York: UNHCR, 1961), available from www.unhcr.org/protection/statelessness/3bbb24d54/states-parties-1961-convention-reduction-statelessness.html.

¹³⁴ Caribbean Community, Revised Treaty of Chaguaramas Establishing the Caribbean Community Including the CARICOM Single Market and Economy (Chaguaramas, Trinidad and Tobago: CARICOM Secretariat, 2001), available from www.caricom.org/documents/4906-revised_treaty-text.pdf, Article 9, page 9.

¹³⁵ CARICOM, Revised Treaty of Chaguaramas, Article 46, page 30.

¹³⁶ Government of Guyana, *Caribbean Community* (Free Entry of Skilled Nationals) Act, Chapter 18:08, Act 6 of 1996, amended 2014 (Georgetown, Guyana: Government of Guyana, 1996), available from www.ilo.org/dyn/natlex/docs/ELECTRONIC/72330/73406/F535832581/GUY72330%202014.pdf, Section 8, page 7.

Figure 35. Categories of the Free Movement of Skills Certificate



The benefits of having this certificate¹³⁷ include extension of freedom of movement to the family members or dependents of the entrant. It also allows the entrant to acquire property for use as a residential or business if they are engaged in the business of property management. The spouse of an entrant can also engage in gainful employment without the need for a work permit.

Countries which are subscribed to the CSME therefore will play an integral role in the development of Guyana's economy in the future. This is particularly based on the fact that Guyana will need migrant workers in the medium-term. Since the country is integrated into the regional framework of CSME, it is anticipated that migrant workers will emanate from the region.¹³⁸ This is further compounded by the fact that Trinidad and Tobago has a mature petroleum sector and the country is in close geographic proximity to Guyana.

In 2017, according to statistics from the CSME, 1,165 Skills Certificates were issued to CARICOM nationals, and over 60 per cent of those certificates were issued in Guyana, Jamaica and Trinidad and Tobago. The total long-term and shorter work permits issued on that year was 2,468 and 1,275, respectively.¹³⁹



Figure 36. Total Persons From Caricom Countries Entering Guyana Between 2018 - 2020

¹³⁷ Government of Guyana, Skilled Nationals, 1996, Section 10, page 9.

¹³⁸ This may be further supported by the notion of the gravity model of migration.139 IOM, *Free Movement*, 2019.



Figure 37. Skills Certificates Issued in Guyana to Other CARICOM Nationals Between 2018 - 2020

Figure 38. Skills Certificates Issued in Guyana to Guyanese Nationals Between 2018 - 2020



SOURCES OF LABOUR

As has been identified, Guyana currently faces a shortage of skills.¹⁴⁰ The projected economic growth and existing and projected demand for labour will result in inflows of migrant workers filling these gaps. Understanding the sources of labour will help in streamlining the migration-related policies to maximize the potential contribution of labour through employment. Broadly, two main categories of sources of labour exist – the first is those foreign and national workers who are already within the Guyanese borders whilst the second category refers to those workers who are outside the Guyanese border i.e., members of the Guyanese diaspora, bordering countries and other workers willing to relocate to Guyana for work.

The first category includes those Guyanese who are in Guyana but are currently unemployed, underemployed or are employed in the informal sector ("disguised unemployed"). These workers are either not directly contributing to the productivity of the economy through their unemployed status or have the potential to contribute more given their status as being underemployed or employed in the informal sector. This category includes migrant workers who are currently in Guyana. This will particularly include those who are involved in the informal sector as they represent a group which can be absorbed into the formal sector. This group has the potential to assist in driving the economy as they can be an important source of labour for the formal sector.

The second category involves those workers who are outside of the Guyanese borders. These include the Guyanese diaspora, bordering countries, CSME Member States, and the United States, Canada and the United Kingdom. The 'rest of the world' can also be included in this second category but given that characteristics vary from country to country making it difficult for inclusion below. Guyana's large diaspora of approximately 550,000 people¹⁴¹ will form part of the sources of labour which the country can tap into, many of whom are still Guyanese citizens or first-generation descendants of Guyanese citizens.



Who are the Unemployed, Underemployed and Disguised Unemployed? Unemployed workers refer to those workers who are of working age, changes work but are actively seeking employment. Underemployed workers, according to the Bureau of Statistics, are the employed workers who fulfil three criteria, namely: work fewer than 30 hours per week, are willing to work more, and are available to work more.

However, no assessment of the skill sets of the diaspora currently exists. Nationals from CSME Member States also represent a viable pool of labour which will benefit Guyana's market greatly. Bordering countries represent a pool of labour which is easily accessible to Guyanese firms since they are within close geographic proximity to Guyana, specifically the Bolivarian Republic of Venezuela and Brazil. Given the emergence of the oil and gas sector and the international attention which the industry has garnered, North American countries and the United Kingdom, with their strong oil and gas sectors, also provide a large and viable pool of labour for Guyana.

¹⁴⁰ Guyana Labour Force Survey (2017). Available from: www.statisticsguyana.gov.gy/wp-content/uploads/2019/10/GLFS_2017_Quarter4_Final-PDF-1.4MB.pdf. 141 Matera, Sandin, and Alvarez, Diaspora, 2020. The diaspora is estimated to be 70 per cent of the size of the Guyanese population.

777	Potential barriers	Guyanese locals	Migrants in Guyana	Guyanese in the diaspora	Bordering countries	CSME Member States	North America and UK
A H	Language	No	Maybe	No	No	No	No
	Visa Restriction	No	No	No	No	No	No
	Difficulty to travel	No	No	No	No	No	No
i	Knowledge of Guyana	Yes	Yes	Yes	Yes	Yes	Not Prevalent

Table 7. Potential Barriers for Labour Pools

Source: Author's Assessment

Note: Visa Restriction is identified as a barrier and not a 'work permit' since everyone coming to Guyana to work needs a work permit but not everyone needs a visa

As it relates to barriers that may affect the potential labour pool, the table above highlights that within the barriers identified, there are several barriers that may prevent migrant workers from entering Guyana. Table 7 demonstrates that the potential barriers do not present acute obstacles to the migration of various groups to Guyana. This demonstrates that industries established in Guyana have relative ease of access to labour including migrant labour.

However, it is important that there is an understanding of the type of labour which is demanded as the country moves into the oil and gas era. It is for this reason that labour market information systems (LMIS) become critical in managing the labour market. As has been established by the ILO, an LMIS provides an "essential basis for employment and labour policies, and inform the design, implementation, monitoring and evaluation of policies that are better focused and targeted."¹⁴²

An LMIS can be managed in Guyana by a labour market information centre. The LMIC can be a bureau of government which does cutting edge research, analysis and forecasts. An agency would have the principal responsibility of analysing the labour markets (domestic and foreign), forecasting trends, understanding labour market gaps, collaborating with other agencies such as Bureau of Statistics, evolving the Central Recruitment & Manpower agency and, advising government on policy.

Considering, the developments in oil and gas sector and the development of the peripheral sectors and the resulting economic growth, a more dynamic and complex labour market will be fostered. An LMIS through an LMIC becomes especially important as it can assist policy makers in understanding the direction of the market and where gaps will emerge and guide them as to the sectors in which domestic and migrant workers can be readily absorbed. This can have the effect of reducing frictional unemployment – the time an individual spends looking for a job between leaving one form of employment and obtaining a new one.

In the medium to long term, the establishment of such a centre undertaking the type of work highlighted will be able to advise academic and training institutions from an empirical perspective on the courses which they can introduce, the areas to specialize, new programmes for introduction and where to concentrate resources. The centre may also assist the Diaspora

¹⁴² International Labour Organization, "Labour Market Information Systems (LMIS)," (Geneva: ILO, n.d.), available from www.ilostat.ilo.org/resources/labour-market-informationsystems/.

and Remigration Unit of the Ministry of Foreign Affairs regarding available labour sources in the Guyanese diaspora. It is important to ensure that the stock of the skills existing in the Guyanese diaspora are taken. An index can be developed which can rank a diaspora Guyanese based on their willingness to relocate and the suitability of their skill-sets to the Guyanese labour market. Such a structured approach becomes even more important considering this study's discussion on the inclusion of the diaspora in the country's *Local Content Policy*.

Chapter Conclusion

The recruitment process for migrant workers coming to Guyana takes approximately 72 days at minimum – with 52 being spent in the pre-arrival process, and another 20 being spent in the post-arrival phase, should one wish to extend their time here. However, concerns have been raised by participants in the industry indicating that, while this is length of time in principle, that in practice, the pre-arrival process can last for approximately 42 days longer.

In order to work in Guyana, foreign nationals must apply for a work permit through an employment visa on arrival, which shall be issued by the Department of Immigration of the Ministry of Home Affairs. A prospective employer must submit a series of documents on behalf of the foreign national. However, some recruitment firms tend not to align with principles of ethical recruitment having employees pay for their application to a job which has been advertised through the recruitment firm, by an employer. This matter ought to be addressed in the near future as a high priority.

The Government of Guyana has implemented a *Local Content Policy* which is anticipated to impact on the way private sector entities, particularly in the petroleum sector, are likely to conduct their recruitment. Under this regime, first consideration must be given to Guyanese workers by operators in the industry and their prime contractors.

Guyana is a signatory to the United Nations Charter which outlines broad direction and commitments on matters related to governance. The country is guided by the Charter of the United Nations, as well as the conventions which it ratified in the United Nations' agencies, e.g. the International Labour Organization. Guyana has ratified eight of the nine main international instruments in the field of human rights. However, concerns have been raised at the international level over the country's non-accession to particular international conventions, including those related to refugees and statelessness. As more migrants seek protection and work in Guyana, these international conventions play an important role in their human security.

Guyana as a participating State in the CSME engages and commits to the free movement of people within the region, and labour sources from these fellow CSME participating States have the potential to benefit not just Guyana, but the country of origin and the region as well. The relatively easy access CSME citizens have to the Guyana labour market should be leveraged, including with the mature petroleum sector and close geographic proximity to of Trinidad and Tobago. Beyond the national labour pool, the large Guyanese diaspora and Guyana's neighbors have great potential for filling labour shortages in the short to medium term.

However, it is important that there is an understanding of the type of labour which is demanded as the country moves into the oil and gas era. There is need for the establishment of labour market information systems (LMIS) which can be managed by the establishment of a labour market information centre. Such a centre can conduct cutting edge research, analysis and forecasts, while collaborating with other agencies such as Bureau of Statistics, evolving the Central Recruitment & Manpower agency and advising government on policy. Overall, the government has taken several steps in the right direction in the past. However, reforms, innovation and modernization will be needed to ensure that Guyana has the ability to handle an explosion of growth in migrant workers to the shores.

IV. RECOMMENDATIONS AND CONCLUSIONS





Guyana has made several relevant steps in the right direction. With Guyana poised to experience rapid transformation, various dimensions of migration governance will need to be updated, modernized, or overhauled to facilitate migrant workers, which as demonstrated in this report, will aid in Guyana's full economic growth potential to be realized.

Several key recommendations are made in this section for both the public and private sector. Crafting an action plan from these recommendations to coordinate the sequence and synchrony from the public and private sector will see maximum benefit accruing to Guyana. The recommendations can be divided into three main areas, including:

- 1. Training;
- 2. Labour market information and analysis; and
- 3. Legislation, policy and administration.

TRAINING



1. Evolving the Role of Government Recruitment Agencies

While the public administration sector is not a sector that traditionally absorbs migrant workers, it is noteworthy to mention that it serves as key infrastructure in supporting national development. A vibrant, robust and productive public service ensures that enterprise can be facilitated and aids in the environment for doing business being conducive. This in turn promotes enterprises which are more productive and can absorb more workers through their expansion. Measures ought to be enacted by policy makers to ensure that the public administration system is efficient, productive and can facilitate growth of enterprise in the rapidly expanding economy.

As such, as has been demonstrated in this report, it is necessary for the national labour force to be upskilled. Agencies which interact with the labour force, must see it as imperative to evolve their role and function. This includes evolving the role of the Government recruitment agencies including the Central Recruitment and Manpower Agency (CRMA) and the Public Service Commission (PSC) to ensure that they offer training opportunities which are attuned to the market, and its gaps and demands.

Additionally, public-private partnerships need to be developed to promote ethical recruitment principles. Global initiatives such as IOM's IRIS can help to improve regulations, increase corporate responsibility on international recruitment and protect migrant workers' rights. Ethical recruitment means hiring workers lawfully, and in a fair and transparent manner that respects their dignity and human rights. The IRIS Standard explains what ethical recruitment means in practice, and what labour recruiters need to demonstrate to become IRIS certified. The IRIS Standard consists of seven core principles for ethical recruitment. Each principle is supported by one or more criteria, which provide further guidance on the key components. Each criterion is then supported by set of indicators that need to be met to be IRIS compliant. The IRIS principles are:

- 1. Respect for Laws, Fundamental Principles and Rights at Work
- 2. Respect for Ethical and Professional Conduct
- 3. Prohibition of Recruitment Fees to Jobseekers
- 4. Respect for Freedom of Movement
- 5. Respect for Transparency of Terms and Conditions of Employment
- 6. Respect for Confidentiality and Data Protection
- 7. Respect for Access to Remedy

The IRIS Ethical Recruitment Standard was developed in consultation with a wide range of stakeholders. It is based on existing international human rights instruments, ILO Conventions and standards, ILO's General principles and operational guidelines for fair recruitment, the UN Guiding Principles on Business and Human Rights, as well as related codes of conduct and best practices from the recruitment industry, including World Employment Confederation Code of Conduct.



2. Establishment of Labour Market Information Centre Conducting Regular Labour Market Information Analysis

It is recommended that there be the establishment of a labour market information centre (LMIC) which can serve as a multi-purpose centre in labour market information and intelligence. The LMIC can be tasked with managing a labour market information system, undertaking periodic labour market information analysis which can serve as the basis for understanding the needs of the market from both the demand and supply side. This would serve as a data collection centre to conduct periodic LMIA, which would consist of a skills-gap analysis that can serve as a guide for education, labour and migration policy. This approach will engender human capital development and reduce both underemployment and structural unemployment in the economy. In light of regional and international expertise, Guyana can also tap the resources of the International Labour Organization, the Caribbean Development Bank and CARICOM in establishing such a centre in Guyana.

3. Conduct a Skills Gap Analysis of the Local Labour Market

There is an urgent need to conduct a demand and supply analysis of the labour market in Guyana. This is necessary to understand the current pool of labour which Guyana currently has, and the skills required by the market. The opportunity ought to be used to understand the demand for skills in the medium-term from employers. This will enable recruiters and the government to advertise jobs and promote Guyana in the CSME and further abroad. This will ensure that Guyana does not have the unintended consequence of attracting migrant workers where the skillset they possess may be in oversupply. Through this, the Government is also able to plan its engagement with countries which may have workers with proficiency in the area as a result of training and development in the migrant's home country.

4. Development of Labour Market Indicators for Skill Shortage

Building indicators to assess the state of the labour market is becoming increasingly common throughout the world to actively monitor the health of the labour market, and by extension, the economy. For Guyana, it is recommended that indicators be developed to assess skill shortages across sectors. This function can also be absorbed into the LMIC recommended above and can be a routine function of the organization.

- A. 12-indicator methodology to assess skill and labour migrant needs is one example to assess the labour market which can include¹⁴³:
 - Three price-based indicators, such as the growth in wages in the occupation;
 - Four volume-based indicators, such as the growth in employment or the unemployment rate in the occupation.
 - Three employer-based indicators, such as employer reports of labour shortages;
 - Two other indicators, including job vacancy data.¹⁴⁴

The Government of Guyana can use a similar methodology in its assessment of skills and labour shortages across sectors.

In 2019, the IOM Regional office of IOM for North America, Central America and the Caribbean in collaboration with the ILO have published a Labour market information System Report.¹⁴⁵

¹⁴³ Patterned from the British Government's Labour Market indicators' efforts.

¹⁴⁴ Daniel Costa and Philip Martin, Temporary Labor migration Programs: Governance, Migrant Worker Rights, and Recommendations for the U.N. Global Compact for Migration (Washington, DC: Economic Policy Institute, 2018), available from www.epi.org/publication/temporary-labor-migration-programs-governance-migrant-worker-rightsand-recommendations-for-the-u-n-global-compact-for-migration/#epi-toc-9.

¹⁴⁵ The results of this research that was carried out in El Salvador, Guatemala, Honduras and Mexico, based on an in-depth analysis of the components of the labor market information systems, including the diverse vision of actors, both from governments and from of workers 'organizations and employers' organizations... This report is available in Spanish at the following link: www.kmhub.iom.int/es/sistemas-de-informacion-sobre-mercados-laborales-informe-regional.

5. Stock-Taking of Migrant Workers' Skill Set

A proactive approach to building a database that captures the attributes and skillsets of migrant workers can help to curb potential oversupply of a particular skill set and reduce frictional unemployment. This practice can aid in ensuring that excess capacity is avoided in key skill areas, particularly in the technical and vocational fields for jobs including engineering, machinists, mechanics, welders, plumbers, accountants etc. Additionally, an up-to-date inventory base of migrant workers' skillsets allows for sourcing of migrant workers to be done on a need-basis, which then allows for greater regulation of international labour. This can also serve to better integrate displaced migrants entering Guyana. Succinctly, this action will guide employment based on relevant skills with little lag time, with the benefit of providing a more secure destination for displaced migrants.

6. Formalizing Structured Engagement With the Diaspora Following IOM's 3 Es Strategy of Enabling, Engaging and Empowering

An underutilized pool of labour in Guyana is the diaspora. The Diaspora and Remigration Unit of the Ministry of Foreign Affairs, for example, can be utilized to manage the relation between the diaspora and the labour market. It can assist in taking stock of the skill set which exists in the diaspora which will be indicative of the supply of labour in the diaspora. The skills gap analysis recommended in the first point will indicate the existing demand gaps in Guyana. The management of this relation would therefore be informed by the skills-gap analysis. Further, as has been highlighted in this study, the diaspora, second only to Guyanese natives, face the lowest potential barriers to entering the Guyanese labour market.

It is in this regard that a local content policy or any other piece of local content instrument which the government enacts ought to consider the Guyanese diaspora as a viable pool of labour and specifying their role in procurement of goods, services and labour. Consideration can be given to the amendment of the *Local Content Policy*, or the inclusion in any subsequent instrument such as legislation, to consider the diaspora as a tier in the procurement. The current structure of the *Local Content Policy* involves the employment of local workers in the first tier. In the instance that suitable skill cannot be found locally, the second tier involves seeking workers from the CARICOM territory. The third tier involves searching for workers globally. Under a revised policy with consideration for structured engagement with the diaspora, there can be a four-tiered dimension for employment. The first tier remains as local workers, with the Guyanese diaspora to be included as the second priority tier. The CARICOM region can be included as a third tier, followed by the rest of the world or other areas of preference dependent on needs and agreements.

LEGISLATION, POLICY & ADMINISTRATION



7. Digitize Migrants' Database and Work Permit Application Process

Research findings indicate that the process for migrant workers to apply for a work permit, from point of application to being able to commence work in Guyana, takes a period of 51 working days. According to the KIIs, the process is often extended, in some cases for as much as six weeks, due to inefficiencies of the administrative agencies responsible for processing landing permits and employment visas. Recruitment agencies highlighted that the shortcomings are often due to the processing of migrant visas, which requires a heavy paper trail during the application process.

According to KIIs with government officials, the digitization of migrant records will help to increase the efficiency of the Department of Immigration and Support Services. The digitized database will make analysis of information about migrants easier and aid with the development of empirical data driven policy and legislation. It can also be used as a baseline for the skills gap analysis should the relevant data including skill set, area of education and job experience be included.

8. Enacting Measures to Reduce the Informal Economy

The informal economy accounts for a significant amount of employment and livlihood, with official estimates ranging from 45 to 52 per cent of total Guyanese economic activity and its prevalence increases in the rural areas. In addition to lowering national productivity by inefficient placement of labour and its role in fostering a shortage of skil sets, there are human rights concerns which must be considered.¹⁴⁶ The absence of coverage under the umbrella of social protection including labour laws and social safety nets such as national insurance and other forms of social insurance, creates vulnerabilities for those engaged in the informal sector.

The existence of significant enterprise informality in the rural areas, particularly those regions which border Venezuela, creates the conditions for risk of exploitation. The issue is further underscored for those Venezuelans who are undocumented and living in Guyana. This is of significant concern since migrants are vulnerable to various forms of exploitation and abuse, including human trafficking.

Additionally, continued presence of informality would adversely impact the country in achieving Sustainable Development Goal 8 of Decent Work and Economic Growth, considering these jobs do not fall within the coverage of the national social protection framework inclusive of labour laws and other schemes identified above. Lack of coverage also often thwarts aspirations of engaging in more productive employment and decent work.¹⁴⁷ The ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) stresses the importance of extending coverage to workers in the informal economy through a combination of contributory and non-contributory mechanisms which can be explored in detail for adoption in Guyana.

9. Establishment of an Inter-Agency Committee on Labour and Migration

The development of an inter-ministerial/inter-sectoral committee on labour and migration is of importance as to provide guidance to the government on migration and labour related issues. This contributes to a whole of society approach endorsed by IOM. The committee should be diverse and representative of all sectors including:

- Government including the Ministry of Labour (including Central Recruitment & Manpower Agency), Ministry of Home Affairs, Ministry of Foreign Affairs, Ministry of Human Services and Social Security, Ministry of Natural Resources, Bureau of Statistics, Bureau of Standards, National Insurance Scheme, and the Immigration Department of the Guyana Police Force;
- 2. Private sector umbrella agencies like the chambers of commerce, the Private Sector Commission and employer organizations such as Consultative Association of Guyanese Industry (CAGI);
- 3. Recruitment firms;
- 4. Trade unions and other worker organisations; and
- 5. Post-Secondary, technical and vocational education and training and tertiary education institutions.

The committee would serve as a high-level board with a mandate of counsel for the migration process, assess empirical information and research findings on the skill set shortages within the country. The output of the committee will be to advise the Government on labour immigration policies and migrant labour legislation.

Sectoral representation is imperative when assessing research data findings and developing policy. This is since diverse perspectives, from varying vantage points, will aid in the robustness and applicability of policies to be implemented concerning migrant labour. The committee could also aid in the development

¹⁴⁶ Rashmi Venkatesan, "The UN Framework on Business and Human Rights: A Worlers' Rights Critique," *Journal of Business Ethics* Vol. 157, no. 3 (2019): 635-652, available from www.ideas.repec.org/a/kap/jbuset/v157y2019i3d10.1007_s10551-017-3664-6.html; OECD/ILO (2019).

¹⁴⁷ OECD/ILO (2019). Tackling Vulnerability in the Informal Economy. Available from www.ilo.org/global/topics/employment-promotion/informal-economy/publications/ WCMS_711804/lang--en/index.htm.

of skill and occupational shortage metrics and key indicators. The inclusionary approach and composition of the committee can help to address and redress the issues with skills mismatch in economic sectors.

10. Revision of Legislative and Policy Framework on and Promotion of Ethical Recruitment Procedures For Local and Migrant Labour

The recruitment process in Guyana for migrant workers bears many inconsistencies. Several KIIs expressed dissatisfaction with such inconsistencies, especially regarding the processing of work permits and visas. Revising and enacting policies related to recruitment can aid in streamlining procedures and identify gaps in existing legal frameworks that can be exploited. It also aids in identifying and removing institutional overlaps across multiple government agencies that ultimately delay the application process and increase transaction costs. Standardizing the recruitment process for migrant workers and accounting for further inclusivity for local workers are key components of a local content policy. Additionally, employers, recruitment agencies and government officers should be trained on ethical recruitment principles and practices to make the recruitment of international workers ethical, respecting internationally recognized standards fair for all stakeholders involved firms, recruiters, migrants and the society.

11. Codification of Labour Regulation and Legislation Under One Code for Reference

The findings of the study indicate labour policy and legislation is fragmented across various legislation, ministerial bodies, and emanates from different periods of Guyana's history with varying social relations and context. This fragmentation of related policy has caused multiple issues and confusion for employers, recruitment agencies and migrant workers. It is against this backdrop that all labour-related policy and legislation should be codified under one primary code which references labour. This codification process will aid in the improved efficiency of government agencies when handling matters related to labour legislation. Codification also provides a reference hub for employers, recruitment agencies, worker unions and both local and migrant labour pools on their rights and legal procedures.

12. Enacting Legislation, Policy and Mechanisms to Ensure the Human Rights of Migrant Workers

It is necessary to put mechanisms in place to ensure the protection of migrants' rights and to build effective mechanisms for reporting complaints. Vulnerable populations that migrate to countries are placed at higher risk of exploitation in the labour force.¹⁴⁸ In Guyana, Venezuelan migrants are considered a vulnerable population group. The economic crisis in the Bolivarian Republic of Venezuela has forced many Venezuelans to seek refuge and or employment opportunities in many countries in Latin America and the Caribbean, including Guyana with at least 22,000. As has been identified in this report, Venezuelan migrants seeking work but without the legal status to work regularly, are at risk of exploitation from unscrupulous employers; labour explotation (below market wage, withholding payment, over working staff) and in the worst case inflict physical and sexual abuse and human trafficking.¹⁴⁹ Many cases are known to have gone unreported due to issues such as language barriers, fear of deportation or prevailing status of being undocumented.¹⁵⁰

Therefore, pre-existing policy and legislation on the ill-treatment of migrant workers – in particular atrisk vulnerable populations, should be enacted by relevant authorities and support agencies. In order to further protect all workers, steps ought to be taken to curb informality and its prevalence in the economy. Further, there ought to be mechanisms to provide assistance and complaint mechanisms for migrant workers – this should have a sharp focus on those complaints which are violations of human rights but generally receive other complaints from migrant workers, and be available in multiple relevant languages.

150 Ibid

¹⁴⁸ International Organization for Migrants and their Vulnerability to Human Trafficking, Modern Slavery and Forced Labour (Geneva: IOM, 2019), available from www. publications.iom.int/system/files/pdf/migrants_and_their_vulnerability.pdf.

¹⁴⁹ UNHCR, Universal Periodic Review, 2019.



1. Migrant Workers' Skills Survey

There is an urgent need for a stock-taking of the local skillset of migrant workers. This survey ought to be integrated into the routine functions of the competent authorities of government and be periodically conducted. It is recommended that such functions be absorbed into the recommended LMIC. This will enable policymakers to be guided by empirical evidence and gain key insights into the dynamics of the local labour market as it relates to migrant workers. Additionally, consideration could be given to the addition of a migrant worker variable in the Guyana Labour Force Survey. The data collected can be disaggregated to reflect the situation migrant workers in Guyana, through which clear patterns and trends can be discerned.

2. Skill Gap Analysis

There is a need to understand both the demand and supply sides of the labour market in Guyana. Such an undertaking is necessary to understand the pool of labour which Guyana has and the skills which will be required. The opportunity can be used to understand the demand for skills in the medium-term from employers. This survey ought to be integrated into the routine functions of the competent authorities of government and be periodically conducted. It will act as a complement to the current work being undertaken by the Bureau of Statistics in the quarterly production of the Labour Force Survey Bulletin. It is recommended that such functions be absorbed into the LMIC suggested for enactment in these recommendations.

The next decade is one in which Guyana's population, its labour force, and the number of migrant workers will increase like no other period in the post-independence Guyana. This trend is already foreshadowed by a reversal of the net arrival rate in Guyana which has reversed since 2015. In 2016, Guyana, for the first time in recent history, had more persons arriving in the country than departing. This trend is expected to continue to rise throughout this decade.

Overall, the government has taken several steps in the right direction in the past. However, reforms, innovation and modernization will be needed to ensure that Guyana has the ability to handle an explosion of growth in migrant workers to the shores.

During this time, it is also important to transition workers from the informal economy into the formal economy to ensure that the country reaps the maximum benefits from its available workforce. This, along with prudent macroeconomic management and the recommended reforms, will ensure that a stable environment exists for sustainable growth. Overall, modernization, digitization, legislative and institutional reforms and other reforms highlighted in the recommendations of this report, will ensure that Guyana is able to realize its full growth potential and usher in a new era of continued prosperity.

ANNEX: TABLE OF INTERNATIONAL CONVENTIONS IN FORCE FOR GUYANA

Convention	Number	Ratification Year - Status		
Forced Labour Convention	C029	1930 (No. 29) Ratified 08 Jun 1966 - In Force		
Freedom of Association and Protection of the Right to Organise Convention	C087	1948 (No. 87) Ratified 25 Sep 1967 - In Force		
Right to Organise and Collective Bargaining Convention	C098	1949 (No. 98) Ratified 08 Jun 1966 - In Force		
Equal Remuneration Convention	C100	1951 (No. 100) Ratified13 Jun 1975 - In Force		
Abolition of Forced Labour Convention	C105	1957 (No. 105) Ratified 08 Jun 1966 - In Force		
Discrimination (Employment and Occupation) Convention	C111	1958 (No. 111) Ratified 13 Jun 1975 - In Force		
Minimum Age Convention	C138	1973 (No. 138) Minimum age specified: 15 years Ratified15 Apr 1998 - In Force		
Worst Forms of Child Labour Convention	C182	1999 (No. 182) Ratified15 Jan 2001 - In Force		
Labour Inspection Convention Protocol of 1995 to the Labour Inspection Convention, 9(a) Excluding Part II.	C081 P081	1947 (No. 81) 1947 Ratified on 15 Apr 1998 - In Force. Has ratified the Protocol of 1995. 08 Jun 1966 In Force		
Labour Inspection (Agriculture) Convention	C129	1969 (No. 129) Ratified 19 Jan 1971 - In Force		
Tripartite Consultation (International Labour Standards) Convention	C144	1976 (No. 144) Ratified 10 Jan 1983 - In Force		
Unemployment Convention	C002	1919 (No. 2) Ratified 08 Jun 1966 - In Force		
Right of Association (Agriculture) Convention	C011	1921 (No. 11) Ratified Jun 1966 - In Force		
Workmen's Compensation (Agriculture) Convention	C012	1921 (No. 12) Ratified 08 Jun 1966 - In Force		
Equality of Treatment (Accident Compensation) Convention	C019	1925 (No. 19) Ratified 08 Jun 1966 - In Force		
Minimum Wage-Fixing Machinery Convention	C026	1928 (No. 26) Ratified 08 Jun 1966 - In Force		
Workmen's Compensation (Occupational Diseases) Convention (Revised)	C042	1934 (No. 42) Ratified 08 Jun 1966 - In Force		
Underground Work (Women) Convention	C045	1935 (No. 45) Ratified 08 Jun 1966 - In Force		
Labour Clauses (Public Contracts) Convention	C094	1949 (No. 94) Ratified 08 Jun 1966 - In Force		

Convention	A A A Number	Ratification Year - Status
Protection of Wages Convention	C095	1949 (No. 95) Ratified 08 Jun 1966 - In Force
Migration for Employment Convention (Revised), Has excluded the provisions of Annexes I to III	C097	1949 (No. 97) Ratified 08 Jun 1966 - In Force
Seafarers' Identity Documents Convention	C108	1958 (No. 108) Ratified Jun 1966 - In Force
Radiation Protection Convention	C115	1960 (No. 115) Ratified 08 Jun 1966 - In Force
Minimum Wage Fixing Convention	C131	
Workers' Representatives Convention	C135	- 1971 (No. 135) Ratified -10 Jan 1983 - In Force
Benzene Convention	C136	1971 (No. 136) Ratified -10 Jan 1983 - In Force
Dock Work Convention	C137	- 1973 (No. 137) Ratified -10 Jan 1983 - In Force
Occupational Cancer Convention	C139	1974 (No. 139) Ratified 10 Jan 1983 - In Force
Paid Educational Leave Convention	C140	1974 (No. 140) Ratified 10 Jan 1983 - In Force
Rural Workers' Organisations Convention	C141	1975 (No. 141) Ratified 10 Jan 1983 - In Force
Human Resources Development Convention	C142	1975 (No. 142) Ratified 10 Jan 1983 - In Force
Nursing Personnel Convention	C149	1977 (No. 149) Ratified 10 Jan 1983 - In Force
Labour Administration Convention	C150	1978 (No. 150) Ratified 10 Jan 1983 - In Force
Labour Relations (Public Service) Convention	C151	1978 (No. 151) Ratified 10 Jan 1983 - In Force
Occupational Safety and Health Convention	C155	1981 (No. 155) Ratified Sep 2012 - In Force
Repatriation of Seafarers Convention (Revised)	C166	1987 (No. 166) Ratified 10 Jun 1996 - In Force
Working Conditions (Hotels and Restaurants) Convention	C172	1991 (No. 172) Ratified 20 Aug 1996 - In Force
Part-Time Work Convention	C175	1994 (No. 175) Ratified 03 Sep 1997 - In Force
Domestic Workers Convention	C189	2011 (No. 189) Ratified 09 Aug 2013 - In Force
Protection of the Rights of All Migrant Workers and Members of their Families		1990 (A/RES/45/158) Ratified 07 Jul 2010 – In Force

Source: Author's Assessment¹⁵¹

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