



## **PRESS RELEASE**

### **PARTY POLITICAL CONTROL OF LONG-TERM INVESTMENT PROCESSES: A RECIPE FOR DISASTER**

Something is fundamentally wrong with decision-making processes in Guyana. On one level the political narrative has Guyana catapulted into high-level finance and development, guaranteeing transformation of the society. On a day-to day level, however, half a day's rain still floods the city and its suburbs; black-outs are still not a thing of the past, maternal deaths remain scandalously high and mini-buses remain a source of stress for all who cannot afford other means of transport.

Those leading the wealth narrative appear to have no accountability to those suffering the poverty. Indeed, decision-makers in Guyanese society are far more attuned to overseas investors and their patrons in the international community based in Georgetown, than to the society to which they are accountable.

The much-trumpeted Local Content Policy is very thin on how to mobilize Guyanese investment. Why is the investment narrative focused on attracting investors from the Middle East, India and anywhere else, when the Guyanese extractive sector generates billions in hard currency more than capable of satisfying the needs of Guyanese society? World gold prices are soaring, but are not reflected either in large-scale Guyanese investments, nor in official earnings.

Criminalizing of the extractive sector in Latin America, particularly the links between gold and cocaine is attracting much international attention. Closer to home the recent assassination of a gold dealer with allegedly a foot in both camps prompts uneasy memories of a period Guyanese had hoped was behind them. That sector must be re-focused to serve Guyanese purposes.

The international short-term free-for-all on Guyanese assets contrasts sharply with what ought to be the over-arching long-term challenge facing Guyana, namely survival of the coastal society. This goal should provide the framework and context for decision-making on all other major challenges, namely, the climate crisis, rising sea-levels, gas versus non-fossil fuels and population movements. Together these issues present an inter-connected political and governance issue requiring unprecedented mobilization of civic, business as well as political energies. Policy Forum Guyana (PFG) is, therefore, urging a more integrated and inclusive approach to Guyanese involvement in decision-making on these issues.

In contrast to this need for a joined-up focus, the issues noted above are rarely even mentioned in the same sentence. Decision-making on each issue is isolated and trivialized (should oil come ashore at Clonbrook or Wales - despite both sites being bereft of persuasive technical foundation) or ignored by all concerned, for example, Guyana's climate commitments to COP21 and non-fossil alternatives.

The case for sober, impartial and most importantly, contextualized, decision-making on the proposed oil-to-gas project was persuasively set out by oil consultant, Jan Mangal, in the Sunday Stabroek (3/14/21). Mangal's observation that both sites for the gas-to-shore project may well be underwater in 20 to 30 years

injects a much-needed dose of realism into the fantasies currently driving the energy narrative as a whole. Chatham House experts made the same case in more diplomatic language a week later.

Guyana is not singular in making poor investment decisions with respect to infrastructure (Skeldon Sugar Factory, Amalia Falls, the CJIA) the world is littered with major infrastructural disasters. The Channel Tunnel linking the UK and France will never ever make a profit – its current rate of return on investment is 15%; the iconic Sydney Opera House bankrupted everyone associated with its construction – including the architects; the Denver international airport, LA subway, the new HS underground tube line in London, Brazil's trans-amazonica network of roads and the list goes on.

Most major infrastructure projects suffer from routine over-estimate of benefits, under-estimating costs and relying on hopelessly optimistic time-frames. Specialized private consultancy companies engaged to help develop project proposals are generally reported to show high professional standards, but they equally appear to focus on justifying projects due to political pressure rather than critically scrutinizing them.

The odds stacked against successfully meeting all of these inter-linked challenges are formidable. The only way this experience can end well for Guyana is through a collective effort based on a common vision shared across business, civic and political sectors, together with the best local and international expertise based on competence, and processes characterized by transparency, impartiality and inclusive governance.

A great deal of relevant scientific and technical information is already available. Studies – largely carried out in the 1990s – supported by the IDB, the UNDP and particularly the German Government along with much local expertise produced detailed Land Use Plans. Those plans went so far as identifying areas for human settlement with the requisite height above sea-level, and available sources of water, stone and sand to facilitate construction of new settlements in the Bartica-Linden-Parika triangle.

The then Minister of Public Works, Anthony Xavier, produced a very perceptive comment in the Foreword to one Compendium of such studies:

*“It is a distressing observation that too often valuable data with major investment and planning potentials are hidden in vaults, libraries and cabinets, or experts’ minds, away from persons and companies that may beneficially utilize them. Often new and perhaps unnecessary feasibility studies are commissioned without reference to those already known to exist, or cannot be accessed speedily in time of need. Valuable lead time-lapses and scarce resources become tied up in needless new investigations which merely result in duplication.”*

## **Policy Forum Guyana**

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