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The Oil and Gas Sector in Guyana: A catalyst for Growth in its Agriculture and Food Sectors

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Guyana lifted its first commercial shipment of oil in December 2019. This is projected to be the start of a very dominant national oil and gas industry with the estimated reserves of ten billion barrels of oil equivalent (boe).

To extract this quantity of oil, the number of Floating Production Storage and Offloading vessels (FPSO) is estimated (<https://oilnow.gy/featured/twelve-fpsos-delivering-over-1-5-million-barrels-of-oil-per-day-could-be-on-the-horizon-says-govt-official/>) to increase from the current two to seven in 2027 and thereafter to 12. By 2027, the projected daily production is expected (<https://oilnow.gy/featured/breaking-guyana-scores-big-again-as-exxon-hits-two-more-discoveries/>) to increase from 340,000 barrels in the first quarter of 2022 with the coming on stream of the Liza Unity, the second FPSO, to one million barrels approximately. More recently, this has been increased to 1.5 million barrels.

This recent wealth has, as of end 2021, resulted in earnings to Guyana of US\$608 million as reported by the Governor of the Central Bank. Similarly, Gross Domestic Product has increased from an average of 4.2% over the last decade to 26.2% in 2020 and projected at 49.7% in 2022 by the World Bank.

“... the advent of the national oil and gas sector and the concomitant riches should not be associated with a decline in the country’s agriculture and food sectors.”

It is imperative that the advent of the national oil and gas sector (NOGS) and the concomitant riches should not, as could easily happen, be associated with a decline in the country’s agriculture and food sectors. Rather these assets must be used to modernise, restructure and reinvigorate the agriculture and food sectors: especially those components that could readily “piggyback” on the NOGS. Doing so can form an important and achievable element of Guyana’s efforts in local content. Unlike many highly sophisticated inputs demanded by the oil and gas industry, reliable and safe food service is something Guyanese can quickly enter and profit from.

This article introduces some ideas as to potential characteristics and processes to facilitate effective “piggybacking” whilst contributing to the sustainable growth of the relevant components of a restructured agriculture and food sector with definitive backward and forward linkages to the other major national economic sectors, and facilitation of a demonstrative and/or multiplier effect on the rest of the agriculture and food sectors. It is not intended to provide all the details for the implementation of the suggested Programme. It is intended to start the conversation that would lead to the initiation of implementation.

“The relationship between the agriculture sector and the offshore elements of the national oil and gas sector will have a teaching and multiplier element.”

As stated above, by the end of the decade there could be as many as 12 FPSOs accompanied by an estimated eight or nine drilling ships. The estimated personnel required per vessel ranges from 60-100. That is, food must be available for from a current minimum of 240-360 to a maximum of 2,000 able bodied adults.

To adequately provide for such a cadre of crew substantial quantities of food will be required. For example, 59, 49, 14 and 28 tonnes of chicken, beef, fish and tomatoes, respectively. These are commodities that can all be technically grown in Guyana. However, to engender end user and investor confidence, there must be reliability of supply and nutrition and food safety adequacy. A completely integrated approach involving key segments of the public and private sectors is needed.

Recently, there have been many media reports of four and five star franchise hotels to be commissioned. These are primarily to service the accelerated personnel inflows associated with the rapidly developing NOGS. These hotels will increase the demand for safe and nutritious foods.

The supply to these hotels will be subject to similar conditions required for the offshore vessels as described in the following sections. Consequently, the relationship between the agriculture sector and the offshore elements of the NOGS will have a teaching and multiplier element.

Shaping the agriculture and food sectors to meet requirements of the NOGS.



This opportunity to organise segments of Guyana's agriculture and food sectors must allow for the availability of safe foods whilst maintaining the critical national and sectoral objective of sustainable development.

Sustainable development has the following three basic Pillars: economic, environmental, and social. Pillars one and two are relatively self-explanatory and are not expanded on in this article. However, for the purposes of the proposed revitalisation and reorganisation of the agriculture and food sectors, pillar three is being specifically equated to "equity".

This emphasis is deliberate. The United Nations Development Programme placed Guyana in the medium rank (0.55-0.69) within the Human Development Index (HDI) with figures of 0.654 and 0.682 for 2017 and 2019, respectively. However, when the 2017 figure (latest data available to the author) is discounted for

Inequalities, this figure becomes 0.52, which is below the minimum of the medium rank. That is, a reduction of 18.6 percent and lower than the 1990 HDI of 0.59.



Consequently, all willing and suitably capacitated agripreneurs must be eligible for participation. This initiative must not be confined to the better (financially, intellectually and technologically) resourced groups.

Amongst the groups who must be given the opportunity to participate shall be youth, who are more amenable to technological innovations and represent the future, and the smaller farmers, including women, who traditionally have

borne the responsibility for keeping the nation food secure.

The Way Forward

This initiative will best be implemented by a Public/Private Partnership. The role of the Public Sector will be primarily to provide funding (possibly from the Natural Resource Fund) for the essential development/non-commercial activities, promote the commodities to be selected and conduct facilitatory functions.

These actions will include:

- Putting together the technical and human elements required to successfully operate and manage the chosen value chains; Subsequently, monitoring their individual and collective performance against previously agreed coefficients;
- Developing criteria for the selection of the major actors, particularly the agripreneurs, along the selected value chains and, subsequently, selecting individuals/entities in a prioritised/phased manner;
- Developing curricula and conducting training sessions primarily for producers to (i) ensure their adherence to the principles of the production of safe food, including traceability, and (ii) with time, take over the administrative and organisational responsibilities of the Government; and
- performing quality control measures following predetermined coefficients.

The role of the Private Sector will involve human and capital and recurrent investment in the implementation of all aspects of production, packaging, storage, transport and delivery following agreed upon guidelines.

At an early second stage, coinciding with the coming on stream of cheaper electricity from a gas-to-energy plant, it will be important to explore new opportunities across the industrial side of the value chain where lower prices for power could make Guyana competitive.

“With the coming on stream of cheaper electricity from a gas-to-energy plant ... new opportunities [will come] across the industrial side of the value chain where lower prices for power could make Guyana competitive..”

The successful implementation of this initiative will achieve the following objectives:

1. Implementing a sustainable Programme where food requirements of the NOGS are obtained primarily from local production,
2. Developing a cadre of producers, with ancillary support actors, who can supply highest quality products to local or foreign markets,
3. Contributing to the development of a template for the development of economically viable value chains, and
4. Providing examples of investment opportunities within restructured and reinvigorated non-traditional segments of the Guyana agricultural and food sectors.

Now is the time to grasp this waiting opportunity. The euphoria of the advent of oil and gas must be “milked” in a meaningful, tangible and sustained manner so as to reset, reinvent and reinnovate the agriculture and food sectors of Guyana.



Dr H. Arlington Chesney is a leading Caribbean Agricultural professional who has served his country, the Caribbean and the hemisphere. He is a Professional Emeritus of IICA and in 2011, was awarded Guyana’s Golden Arrow of Achievement for his contribution to agricultural development in Guyana and the Caribbean

Notes: This article first appeared in OILNOW (<https://oilnow.gy/featured/the-oil-and-gas-sector-in-guyana-a-catalyst-for-growth-in-its-agriculture-and-food-sectors/>)

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