

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	PERU/CAN - Andean Group
▪ TC Name:	Strengthening Peru's National Quality System
▪ TC Number:	PE-T1417
▪ Team Leader/Members:	CRESPI, GUSTAVO ATILIO (IFD/CTI) Team Leader; SUASNABAR, CLAUDIA (IFD/CTI) Alternate Team Leader; OKUMA AGUENA, ALEXIS RICARDO (CAN/CPE); SALDANA GALVEZ, JORGE HERNAN (CAN/CPE); GONZALEZ ALZUALDE, YOHANA BEATRIZ (IFD/CTI); SUN, JUYOON (IFD/CTI); CASTILLO MANRIQUE, RAFAEL (IFD/CTI); GRECO, MARIA SOFIA (LEG/SGO); MIRANDA GUEVARA, LORENA VIOLETA (CAN/CPE); NAVARRO, JUAN CARLOS (IFD/CTI)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	02 Dec 2019
▪ Beneficiary:	National Quality Institute (INACAL)
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	30 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI - Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	CAN/CPE - Country Office Peru
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law

### II. Objective and Justification

- 2.1 The objective of this TC is to strengthen the National Quality System of Peru through providing support to its leading institution, the National Quality Institute (INACAL, Instituto Nacional de Calidad).
- 2.2 The National Plan for Productive Diversification has defined key actions under the pillar of promotion of productive development, to generate favorable conditions to increase productivity and competitiveness by developing technical standards, laboratory accreditations, and financing instruments for product certification under the leaderships of INACAL. However, the degree of adoption of modern quality practices is low in the private and the public sector. Enhancing the productivity of Peruvian MSMEs requires a strategy that coordinate various government bodies on issues such as normalization, accreditation, certification. In addition, a broader regional focus is needed to identify solutions that are suitable for Peru's geographical complexity with different value chains spread across the country. The National Quality System suffers from three critical barriers: (i) insufficient development of the national metrological infrastructure; (ii) low supply of accredited conformity assessment bodies and (iii) lack of development of a culture of quality among the vast majority of MSMEs. There is insufficient metrological infrastructure at INACAL, most of the available metrological

infrastructure is concentrated in Lima, also, there is limited support of measurement and calibration of equipment with high levels of accuracy and precision. In addition, Peru has low supply of accredited conformity assessment bodies with lack of information regarding the number of the non-accredited conformity assessment bodies, making it difficult to identify gaps in quality infrastructure. Lastly, Peruvian MSMEs have not yet internalized the benefits of using the quality infrastructure to enhance their competitiveness and access to international markets, thus, strengthening the national quality system requires resolving supply and demand constraints. On the supply side, INACAL's current capacity of metrology laboratories should be revamped to strengthen metrology laboratories and services as well as accreditation bodies. On the demand side, it is important to work with companies to build their capacity in quality management. INACAL needs to strengthen policy coordination capacities to accelerate the implementation of National Quality Policy. The Government of Korea, through the Korean Agency for Technology and Standards (KATS) under the Ministry of Trade, Industry and Energy (MOTIE) has been collaborating closely with INACAL through coordination of Korean Standard Associations (KSA). Korean experience in strengthening the National Quality System is an excellent benchmark for Peru to promote the productive sector. This technical cooperation is consistent the Institutional Strategy 2010-2020 (AB-3008) under the pillars of productivity and innovation and strengthening the institutional capacity of the State. It is in alignment with the objectives of the Country Strategy 2017-2021 (GN-2889) to promote productivity. Also it is consistent with the Innovation, Science and Technology Sector Framework Document (GN-2791-3), and it will contribute with the Sector Strategy Institutions for Growth and Social Welfare (GN-2587-2) and the Corporate Results Framework (CRF) 2026-2019 (GN-2727-6).

### **III. Description of Activities and Outputs**

- 3.1 **Component I: Support for strengthening accreditation in Peru.** will finance the following activities: (i) Systematization and analysis of the results of the census of conformity assessment bodies; (ii) Benchmarking at least two countries with advanced level of development in accreditation; (iv) Proposal of a system for data collection related to the activities conducted by the accredited conformity assessment bodies at the national level; (v) Proposal for a public investment project to strengthen the conformity assessment system.
- 3.2 **Component II: Support for strengthening the operational capacity of metrology laboratories.** will finance the following activities: (i) Diagnosis of the service capacity of INACAL's metrology laboratories; (ii) Benchmarking international best practices in aspects related to design, management, operability and provision of metrology services; (iii) Enhancing public awareness and confidence regarding the importance legal metrology and a regular inspection system and (iv) Proposal for public investment project to increase the operational capacity of INACAL's metrology services.
- 3.3 **Component III: Support for promoting the demand of quality infrastructure services by MSMEs.** for promoting the demand of quality infrastructure services by MSMEs. This component will finance the following activities: (i) Benchmarking international practices in terms of support programs that promote the use of quality infrastructure services by the MSMEs; (ii) Developing a proposal to promote the use of quality infrastructure services by MSMEs addressing the bottlenecks relevant for the Peruvian case; (iii) Carrying out a demand survey for the regulatory agencies and government entities
- 3.4 **Component IV: Institutional capacity building of INACAL for the implementation of the National Quality Policy.** The objective of this component is to enhance the institutional capacity of INACAL through the following activities: (i) design and

development of an information platform for INACAL regarding quality infrastructure at the national level for external users including MSMEs and for internal use of the INACAL for policy making; (ii) capacity building of the public officials of INACAL in metrology, accreditation, supporting MSMEs

#### **IV. Budget**

##### **Indicative Budget**

<b>Activity/Component</b>	<b>IDB/Fund Funding</b>	<b>Counterpart Funding</b>	<b>Total Funding</b>
Support for strengthening accreditation in Peru	US\$150,000.00	US\$0.00	US\$150,000.00
Support for strengthening the operational capacity of metrology laboratories	US\$100,000.00	US\$0.00	US\$100,000.00
Support for promoting the demand of quality infrastructure services by MSMEs	US\$100,000.00	US\$0.00	US\$100,000.00
Institutional capacity building of INACAL for the implementation of the National Quality Policy	US\$150,000.00	US\$0.00	US\$150,000.00
<b>Total</b>	<b>US\$500,000.00</b>	<b>US\$0.00</b>	<b>US\$500,000.00</b>

#### **V. Executing Agency and Execution Structure**

- 5.1 This project will be executed by the Competitiveness, Technology and Innovation (CTI) Division of the Institutions for Development (IFD) at the request of the Government of Peru due to limited institutional capacity to duly and timely execute the activities. The request is also based on the Bank's capacity to implement technical cooperation projects, its knowledge to identify highly qualified international consultants and its experience in different countries in the region. The Bank's execution is in compliance with the Bank's Technical Cooperation Policy (GN-2470-2). All activities to be executed under this TC will contract individual consultants and procure firms will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-20 for logistics and other related services
- 5.2 the CTI Division capacity to implement technical cooperation projects in this matter, its knowledge to identify highly qualified international consultants and its experience in different countries in the region.

#### **VI. Project Risks and Issues**

- 6.1 The execution of this TC depends on the engagement of various actors in the national quality system across all regions of Peru including the private sector, conformity assessment bodies both accredited and unaccredited, National Public Procurement Institution, Peru Compras, among others to effectively deliver the planned activities, both in the collection of information and proposal of policies to strengthen the National Quality System. To mitigate this risk, workshops will be conducted to maximize the participation of all entities related to the National Quality System.

#### **VII. Environmental and Social Classification**

- 7.1 The ESG classification for this operation is "undefined".