

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**GUYANA**

**ESTABLISHING AN ELECTRONIC SINGLE WINDOW FOR TRADE**

**(GY-L1064)**

**LOAN PROPOSAL**

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ELECTRONIC LINKS	
<b>REQUIRED</b>	
1.	<a href="#">Pluriannual Execution Plan (PEP)</a>
2.	<a href="#">Monitoring and Evaluation Arrangements</a>
3.	<a href="#">Procurement Plan</a>
<b>OPTIONAL</b>	
1.	<a href="#">Technical Options and Design</a>
2.	<a href="#">Analysis of Project Cost and Economic Viability</a>
3.	<a href="#">Stakeholders and Political Environment</a>
4.	<a href="#">Electronic Single Window Lessons Learned</a>
5.	<a href="#">List of Participating Government Agencies and Mandates</a>
6.	<a href="#">Draft Operations Manual</a>
7.	<a href="#">Safeguard Policy Filter (SPF) and Safeguard Screening Form (SSF).</a>

ABBREVIATIONS	
AOG	Audit Office of Guyana
AOP	Annual Operating Plan
ASYCUDA	Automated System for Customs Data
BPR	Business Process Reengineering
CRF	Corporate Results Framework
CRGY	The Co-operative Republic of Guyana
EA	Executing Agency
ESMR	Environmental and Social Management Report
ESS	Environmental and Social Strategy
ESW	Electronic Single Window
GDP	Gross Domestic Product
GoG	Government of Guyana
GRA	Guyana Revenue Authority
GUS	Guide for the Use of Country Systems
HR	Human Resources
IDB	Inter-American Development Bank
IFA	Integrated Fiduciary Assessment
IFMIS	Integrated Financial Management Information System
IRMS	Integrated Risk Management System
IT	Information Technology
LAC	Latin America and the Caribbean
LCP	Licenses, Certificates and Permits
LPI	Logistics Performance Index
MoB	Ministry of Business
MOU	Memorandum of Understanding
NDMA	National Data Management Authority
NPTAB	National Procurement and Tender Administration Board
OECD	Organization for Economic Co-operation and Development
OEL	Optional Electronic Link
PACI	Institutional Capacity Analysis Platform
PCR	Project Completion Report
PEP	Pluriannual Execution Plan
PEU	Project Executing Unit
PFM	Public Financial Management
PGA	Partner Government Agency
PP	Project Profile
PPC	Public Procurement Commission
PPPs	Public Private Partnerships
REL	Required Electronic Link
SEPA	Electronic Procurement Execution System
SPF	Safeguard Policy Filter
SSF	Safeguard Screening Form

TC	Technical Cooperation
TORs	Terms of Reference
UN/CEFACT	United Nations Center for Trade Facilitation and Electronic Business
WCO	World Customs Organization
WTO	World Trade Organization

**PROJECT SUMMARY**  
**GUYANA**  
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Financial Terms and Conditions			
Borrower:	Source	Amount (US\$)	%
Co-operative Republic of Guyana	IDB (Regular OC):	3,000,000	50
	IDB (Concessional OC):	3,000,000	50
Executing Agency:	Total:	6,000,000	100
Ministry of Business			
	Regular OC (FFF) <sup>(a)</sup>	Concessional OC	
Amortization Period:	24 Years	40 Years	
Disbursement Period:	5 Years		
Grace Period:	6.5 Years	40 Years	
Interest rate:	LIBOR Based	0.25%	
Credit Fee:	(b)	N/A	
Inspection and Supervision Fee:	(b)	N/A	
Weighted Average Life (WAL):	15,25 Years	N/A	
Currency of Approval:	Dollars of the United States of America		
Project at a Glance			
<b>Project Objective/Description:</b> The general objective of the programme is to improve the trade facilitation performance of Guyana. The specific objective is the development of the Electronic Single Window (ESW) thus reducing the time and costs of trade processes. The main outcome will be the simplification of trade procedures, and a reduction in time, costs while optimizing revenue collection, transparency and accountability for all participating agencies and the private sector. The proposed project will take advantage of the implementation of ASYCUDA (Customs' new IT system) currently being implemented by the Guyana Revenue Authority (GRA) and develop the ESW to streamline and simplify processes for 12 Partner Government Agency (PGAs).			
<b>Special Contractual Conditions prior to the first disbursement of the financing:</b> (i) Evidence that the Executing Agency (EA) has appointed, according to professional profiles satisfactory to the Bank, a Project Execution Unit (PEU) comprising of, at least, one ESW Coordinator, and one Procurement and Contract Management Specialist and one financial officer; (ii) evidence that the EA has approved an <a href="#">Operations Manual</a> for the project in the terms and conditions previously agreed upon with the Bank; (iii) the EA has presented an Initial Report including the updated Project Execution Plan (PEP), the first Annual Operation Plan (AOP), and Procurement and Financial Plans; and (iv) evidence that the GRA has been appointed co-Chair of the ESW Steering Committee. (¶3.9).			
<b>Exceptions to Bank Policies:</b> None.			
Strategic Alignment			
<b>Challenges<sup>(c)</sup>:</b>	SI <input type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input checked="" type="checkbox"/>
<b>Cross-Cutting Themes<sup>(d)</sup>:</b>	GD <input type="checkbox"/>	CC <input type="checkbox"/>	IC <input checked="" type="checkbox"/>

<sup>(a)</sup> Under the Flexible Financing Facility (FN-655-1), the borrower has the option to request modifications to the amortization schedule as well as currency and interest rate conversions. In considering such requests, the Bank will take into account operational, risk management considerations and market conditions, as well as the concessionality level of the Loan in accordance with Bank's applicable policies.

<sup>(b)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's lending charges, in accordance with the relevant policies.

<sup>(c)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(d)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, Problem Addressed, and Justification

- 1.1 The Co-operative Republic of Guyana (CRGY) is poised to emerge as a significant oil producer, putting pressure on its trade processes, systems and institutions. By 2020, it is estimated that Guyana will produce up to 100,000 barrels of oil per day,<sup>1</sup> rising to 300,000 per day by 2025<sup>2</sup> and earning Guyana US\$15 billion annual revenue from oil and gas.<sup>3</sup> This will significantly impact growth, which has remained a steady 3.0% since 2014, with the exception of 2017 where Gross Domestic Product (GDP) dropped to 2.1% due to weaker mining output and performance in the sugar sector.<sup>4</sup> In this context, exports as a percentage of GDP have remained roughly 50% since 2006.<sup>5</sup> Guyana's economy has been concentrated both in terms of products - bauxite, gold, rice, shrimp, sugar, and timber which represent 90% of total exports<sup>6</sup> - and destinations (Canada, United States, Trinidad and Tobago, the United Kingdom and Panama).<sup>7</sup> Imports, on the contrary, have fallen as a percentage of GDP: in 2006 imports were 78%, spiking to 87% in 2012 before falling off significantly to 59% of GDP in 2016.<sup>8</sup> Imports are concentrated in construction vehicles and refined petroleum.<sup>9</sup> The growth of the oil and gas sector is going to increase demand for imports and exports: in 2020, exports are projected to grow by 73% annually, and imports, 23%.<sup>10</sup> In 2016, Guyana's volume of exports (excluding fuel) totaled US\$1,451 million and imports totaled US\$1,292 million.<sup>11</sup> Total throughput is expected to grow from 3.9 million tons per annum (2016) to over 10 million in 2027<sup>12</sup> which will put significant pressure on the country's trade processes, systems, and institutions.<sup>13</sup>
- 1.2 The Government of Guyana (GoG) has identified trade and investment as priority areas. The Guyana Green State Development Strategy prioritizes regional and international trade, stressing diversification from Guyana's main trading partners to mitigate risks from market fluctuations.<sup>14</sup> The Guyana Revenue Authority (GRA),<sup>15</sup> has also initiated the deployment of the Automated System for Customs Data (ASYCUDA), which is expected to be fully operational in early 2019 and will simplify the customs clearance process for imports and exports. In preparation for an Electronic Single Window (ESW) investment, the Government

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<sup>1</sup> IMF Country Report No. 18/220. IMF, 2018.

<sup>2</sup> IMF Article IV, 2018.

<sup>3</sup> [Rystad Energy. Reported in Stabroeknews](#), June 1, 2018.

<sup>4</sup> International Monetary Fund, 2018. Guyana: Staff Concluding Statement of the 2018 Article IV Mission, May 9, 2018.

<sup>5</sup> [World Bank](#).

<sup>6</sup> International Monetary Fund, 2017. Article IV.

<sup>7</sup> <https://wits.worldbank.org/CountrySnapshot/en/GUY/textview>.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> IMF (2018).

<sup>11</sup> <https://wits.worldbank.org/CountrySnapshot/en/GUY/textview>.

<sup>12</sup> Maritime and Transport Business Solutions (2018 mimeo).

<sup>13</sup> This is being examined in the context of GY-T1098 (ATN/OC-14135-GY) and its recommendations will not be financed within this operation.

<sup>14</sup> [Framework of the Guyana Green State Development Strategy and Financing Mechanisms](#). GoG, 2017.

<sup>15</sup> The GRA was a result of a merger between the Inland Revenue and Customs and Excise Departments. The agency manages tax collection and imports and exports.

has established an ESW Steering Committee comprised of the GRA and the 12 Partner Government Agencies (PGAs).<sup>16</sup> Despite these initiatives, Guyana's trade performance is sub-optimal: the time and cost of clearing goods is high, reducing the country's competitiveness and creating economic losses. Guyana currently ranks 142 out of 190 economies in the Trading Across Borders Index: it currently takes 200 hours to export (versus 53 hours for Latin America and the Caribbean (LAC); 2.4 for the Organization for Economic Co-operation and Development (OECD) countries) and 156 hours to import (versus 80 hours from LAC; 3.5 hours from OECD) goods.<sup>17</sup> The economic loss from export delays is approximately 1% of trade for each extra day of trade processing, and up to nearly 3% for perishable agricultural products.<sup>18</sup> Each extra signature an exporter is required to collect reduces trade by 4.2%.<sup>19</sup> The actual cost of documentary compliance for imports is high, at US\$63 (versus US\$25 for OECD countries) and US\$78 for exports (versus US\$35 for OECD countries).<sup>20</sup> The cost for border compliance for exports totaled US\$378 (versus US\$164 in OECD countries) and imports US\$265 (versus US\$111 in OECD countries). In the World Bank's Logistics Performance Index (LPI)<sup>21</sup> in 2018, Guyana ranked number 132 out of 160 countries, whereas regional competitors Trinidad and Tobago and Jamaica ranked 124 and 113 respectively. Guyana's overall LPI score was 2.36,<sup>22</sup> with the lowest scores in Infrastructure<sup>23</sup> with a score of 2.09 and International Shipments<sup>24</sup> with a score of 2.17. Jamaica scored 2.32 and 2.53 in the same indicators.

- 1.3 In order for the GoG to improve its trade performance, it must address three main obstacles: (i) cumbersome processes derived from outdated regulatory and institutional frameworks; (ii) limited use or absence of Information Technology (IT) systems; and (iii) insufficient digital and technical skills in government agencies to operate modern trade systems.
- 1.4 Importing and exporting in Guyana currently requires multiple face to face interactions between various agencies' officials and traders, with a strong reliance on paper documents, stamps, signatures and manual checks that are prone to mistakes.<sup>25</sup>

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<sup>16</sup> Department of Commerce (Ministry of Business); National Bureau of Standards Ministry of Business); Pesticides and Toxic Chemicals Control Board (Ministry of Agriculture); National Agricultural Research and Extension Institute (Ministry of Agriculture); Fisheries Department (Ministry of Agriculture); Livestock Development Authority (Ministry of Agriculture); Guyana Rice Development Board (Ministry of Agriculture); Food and Drug Department (Ministry of Health); Guyana Geology and Mines Commission (Ministry of Natural Resources); Guyana Gold Board (Ministry of Natural Resources); Guyana Forestry Commission (Ministry of Natural Resources); and Guyana Energy Agency (Ministry of Public Infrastructure). See description of 12 PGAs in [OEL#5](#).

<sup>17</sup> [Doing Business Report 2018](#). Trading Across Borders Indicator.

<sup>18</sup> Hoekman, Bernard & Shepherd, Ben. (2013). Who Profits from Trade Facilitation Initiatives?

<sup>19</sup> <https://publications.iadb.org/bitstream/handle/11319/5223/Interoperability%20at%20the%20Border%20-%20Coordinated%20Border%20Management%20Best%20Practices%20-%26%20Case%20Studies%20-%200%20-%20.pdf?sequence=1&isAllowed=y>.

<sup>20</sup> Doing Business Report. World Bank, 2018.

<sup>21</sup> <https://lpi.worldbank.org/report>.

<sup>22</sup> <https://lpi.worldbank.org/international/scorecard/radar/254/C/GUY/2018/C/CHL/2018#chartarea>.

<sup>23</sup> Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology).

<sup>24</sup> Ease of arranging competitively priced shipments.

<sup>25</sup> These problems at the same time also affect the availability and quality of specific trade information to inform the diagnosis. [REL#2](#).



- 1.5 Multiple agencies are involved in international trade. Apart from customs, there are 12 other PGAs responsible for issuing licenses, certificates or permits (LCPs) related to imports and exports and 11 government agencies that conduct inspections at the border.<sup>26</sup> Each government agency operates independently from one another using different, paper documents capturing similar information. A typical export license issued by the Ministry of Business (MoB) requires 13 stamps and two signatures in triplicate. In a survey conducted by the Inter-American Development Bank (IDB), the GRA cites duplication in licensing process in most agencies as a main hindrance to business since legislation has not been updated in decades. The Guyana Rice Development Board also listed outdated procedures as a main challenge to modernize operations.<sup>27</sup>
- 1.6 PGAs play a key role in trade. Approximately 75% of all imports and exports fall under the purview of at least one PGA which must approve the operation before Customs can issue the final clearance for the goods. In 2017, the Customs and Trade Administration processed a total of 10,270 manifests (sea and air) and 60,080 customs declarations (78% imports and 22% exports). In 2017 the PGAs produced more than 19,000 LCPs which represents a 10.1% increase over 2016 and a 20.3% increase over 2015.<sup>28</sup> Although the volume of customs declarations has remained stable, the number of containers arriving to Guyana has increased more than 20% in the last 3 years from a total of 37,112 in 2015 to 44,947 and 46,170 in 2017 and 2016 respectively.
- 1.7 Limited IT systems to facilitate trade document compliance and predictive analytics increases time spent by all actors to clear goods. Guyana's internet penetration stands at about 39%,<sup>29</sup> well below the South American average<sup>30</sup> of 70%. In a survey of 13 PGAs conducted by the IDB; 70% of PGAs listed lack of IT equipment as a key challenge for modernizing operations. In the Department of Commerce, 100% of staff did not have official government email addresses and 30% did not have access to computers with the internet. Another IT challenge faced by several PGAs was the lack of internet access in field stations.<sup>31</sup> The lack of quality and reliable electronic data makes it difficult to streamline processes, and use sophisticated risk management techniques, which would reduce the number of physical inspections. Customs and the GRA (through different units and divisions) currently undertake approximately 40% physical inspections of imports, while the PGAs rely on 100% physical inspections, which is higher than international best practices which averages about 3%- 5% for Customs and 25%- 30% for PGAs. Trade is currently fragmented over 12 agencies with the average time per LCP standing around three working days per agency. This time is further compounded by the need for multiple agencies approvals per trade transaction. See Table 1.1 for a more detailed overview of current transaction times.

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<sup>26</sup> For a comprehensive list and description of the government agencies and their roles in trade. See [OEL#5](#).

<sup>27</sup> Based on data collected by the IDB team in 2018 through interviews and emails with stakeholders.

<sup>28</sup> See [OEL#1](#) for more detailed information about volume of LCPs per agency and processes.

<sup>29</sup> <http://www.internetlivestats.com/internet-users/guyana/>.

<sup>30</sup> <https://www.internetworldstats.com/south.htm>.

<sup>31</sup> Based on data collected by the IDB team in 2018 through interviews and emails with stakeholders.

**Table 1.1 - Current processing times for LCPs and estimated savings after ESW**

Government Agencies that issue Licenses, Certificates or Permits for imports/exports	Average Length of an Application			Average No. of Steps for an Application		
	By Agency (Days)			By Agency (Steps)		
	AS-IS	TO-BE	% Estimated Reduction	AS-IS	TO-BE	% Estimated Reduction
Guyana Geology and Mines Commission (Ministry of Natural Resources)	3	1	67	16	5	69
Guyana Revenue Authority (GRA)	2	1	50	5	3	40
Department of Commerce (Ministry of Business)	3	2	33	8	4	50
Guyana Food and Drug Department (Ministry of Health)	4	1	75	12	5	58
Guyana Forestry Commission (Ministry of Natural Resources)	3	2	33	10	5	50
Guyana Energy Agency (Ministry of Public Infrastructure)	1	1	0	12	4	67
Guyana Rice Development Board (Ministry of Agriculture)	1	1	0	7	3	57
Guyana Sugar Corporation (Ministry of Agriculture)	2	1	50	5	2	60
Guyana Gold Board (Ministry of Natural Resources)	3	2	33	6	2	67
Pesticides and Toxic Chemicals Control Board (Ministry of Agriculture)	1	1	0	11	4	64
National Agriculture Research Extension and Institute (Ministry of Agriculture)	4	2	75	7	3	57
Guyana Fisheries Department (Ministry of Agriculture)	2	1	50	12	4	67
Guyana Livestock Development Authority (Ministry of Agriculture)	4	1	75	8	4	50
<b>Estimated Average Overall Reduction</b>	<b>41.6</b>			<b>58.5</b>		

- 1.8 Guyana's institutions and Human Resources (HR) lack the necessary digital and technical skills to operate the ESW. In a survey of 13 PGAs conducted by the IDB; 70% of respondents listed HR technical capabilities as one of the main challenges they face.<sup>32</sup> Institutions' effectiveness are limited since most services are provided manually while utilizing outdated procedures, insufficient IT infrastructure is a demonstrated challenge, and therefore the digital skills of PGAs would be lacking to operate a modern trade system. The limited HR is further demonstrated by PGA's productivity, Guyana's customs productivity is one of the lowest in the region with an average of 247 declarations processed per employee.<sup>33</sup>

<sup>32</sup> Based on data collected by the IDB team in 2018 through interviews and emails with stakeholders.

<sup>33</sup> Based on data collected by the IDB team for 2016 through interviews and emails with stakeholders. In 2016, Costa Rica processed 1,609 declarations per customs officer; Trinidad and Tobago 724; Honduras 1,145; and El Salvador 1,573. Global leader Singapore processed over 8,500 declarations per officer.

- 1.9 Studies show that improving trade facilitation<sup>34</sup> can significantly increase trade flows and diversification, while realizing cost and time savings. Recent evidence demonstrates that every dollar spent on reforming trade policy and regulation (e.g. customs clearance, technical barriers) increases the country's trade by US\$697 annually.<sup>35</sup> Further, in a study of 118 countries, reducing costs associated with poor trade facilitation by 10% yielded a 3% increase in the number of products exported.<sup>36</sup> Export growth under a single window is also estimated at about 70% higher than without system.<sup>37</sup> Finally, the lack of appropriate inter-agency coordination and efficient processing increases the costs of complying with trade-related regulatory requirements, to an estimated 3.5% to 7% of the value of goods and this amount can go up to 10%-15% taking typing errors into account.<sup>38</sup> ESWs<sup>39</sup> in particular have demonstrated significant reduction in time spent on preparing and submitting trade documents: evidence indicates 40% reduction in countries with ESWs.<sup>40</sup> ESWs can positively impact shipment frequency, allowing firms to trade more and grow faster.<sup>41</sup> In Costa Rica the single window benefit cost ratio yielded US\$16 in benefits for every dollar spent on their single window.<sup>42</sup>
- 1.10 All countries that have developed a single window environment have had to substantially update business processes and standard operating procedures. The proposed programme will review current processes and recommend new business procedures to align them with international best practices.
- 1.11 The GoG has already taken important steps towards the modernization of its regulatory framework and allow for the full equivalence and legal validity of digital documents and signatures. Specifically, the Evidence Act Chapter 5:03 and the

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<sup>34</sup> The term "trade facilitation" according to the World Trade Organization (WTO) refers primarily to the reform of border management processes designed to make import and export transactions easier, thus reducing the cost of trade. Hoekman, Bernard & Shepherd, Ben. (2013). Who Profits from Trade Facilitation Initiatives?

<sup>35</sup> Gary Hufbauer, Martin Vieiro, John Wilson. (2012) [Trade Facilitation Matters](#).

<sup>36</sup> Hoekman, Bernard & Shepherd, Ben. (2013). Who Profits from Trade Facilitation Initiatives?

<sup>37</sup> <https://publications.iadb.org/bitstream/handle/11319/7691/The-Border-Labyrinth-Information-Technologies-and-Trade-in-the-Presence-of-Multiple-Agencies.pdf?sequence=1&isAllowed=y>.

<sup>38</sup> <https://publications.iadb.org/bitstream/handle/11319/7691/The-Border-Labyrinth-Information-Technologies-and-Trade-in-the-Presence-of-Multiple-Agencies.pdf?sequence=1&isAllowed=y>.

<sup>39</sup> The United Nations defines an ESW as a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single-entry point to fulfill all import, export, and transit-related regulatory requirements. [See here](#). More than 70 countries around the world have already implemented single window schemes and this figure is expected to increase significantly in the next few years. See Volpe, Christian. Out of the Border Labyrinth. IDB, 2016.

<sup>40</sup> World Bank, (2014). Implementing Trade Single Windows in Singapore, Colombia and Azerbaijan. Other examples of the impact of ESWs on time and cost include: (i) Mexico has reported annual savings of US\$14 million per year, while Uruguay has reported time reductions of up to 80% in the processing of import licenses (Volpe, Christian. Out of the Border Labyrinth. IDB, 2016); (ii) Trinidad and Tobago drastically reduced the time it takes to issue an import license from four weeks to one day (Five Years of Online Trade and Business Connection. Ministry of Trade and Industry, 2018.); (iii) Rwanda estimates that cargo clearance time was reduced by over 85% to just over one day while the cost fell by the same percentage ([Trademark East Africa](#). Press Release. March 30, 2016); and (iv) Finally, in Singapore, the pioneer in single window development, the implementation of the system made it possible to approve almost 100% of LCPs in 10 minutes or less. ([Doing Business Report](#). World Bank, 2017).

<sup>41</sup> Volpe, (2016). In the case of Costa Rica, in the absence of an ESW, aggregate exports would have been 2% smaller than they were between 2008 and 2013, or, roughly 0.5% of the country's GDP. In Colombia, the growth rate of firms' imports processed through the ESW was 40% higher than that of imports, which were subjected to a manual process. For Colombia, this equated to additional growth of 3.9%.

<sup>42</sup> <https://publications.iadb.org/bitstream/handle/11319/7691/The-Border-Labyrinth-Information-Technologies-and-Trade-in-the-Presence-of-Multiple-Agencies.pdf?sequence=1&isAllowed=y>.

Interception of Communications Act of 2008 already recognize the validity of digital documents and signatures providing a robust foundation for the deployment of the ESW.

- 1.12 **Coordination with other Bank projects.** This programme will take advantage of any potential synergies arising out of the different Technical Cooperations (TC's) and loans currently being implemented in Guyana. Specifically, technical cooperation (ATN/KR-16369-RG) "Support to Trade and Investment Promotion" which provide financing for the some of the TC work of this operation; (ATN/OC-15939-GY) "Fiscal Management Modernization in Guyana" may provide useful inputs for activities under Component 1, while (3824/BL-GY) "Enhancing the Quality Infrastructure for Economic Diversification and Trade Promotion" will provide two members for the Project Execution Unit (PEU), namely the Monitoring and Evaluation Specialist and the Financial Specialist. Finally, the Bank is also conducting a diagnostic to identify the best location for a new deep-water port and an adequate land link to Brazil via the border crossing of Lethem (ATN/OC-14135-GY).
- 1.13 **Justification.** Guyana has an opportunity to prepare itself for the increase in trade caused by its status as an emerging oil and gas producer. Guyana needs to invest in developing modern processes and regulatory frameworks to underpin new systems and technologies to facilitate trade. Simultaneously, Guyana needs to strengthen its institutions and human capital to operate and maximize these new systems. The GoG has listed the creation of an information and communication technology-enhanced framework as a priority (Framework for Guyana Green State Development Strategy).
- 1.14 **Bank experience and lessons learned.** The programme considers lessons learned from the design and execution of similar programmes, such as Argentina (3869/OC-AR), Bahamas (2756/OC-BH), Barbados (2278/OC-BA), Chile (2539/OC-CH), Jamaica (2658/OC-JA), Peru (3546/OC-PE) and Trinidad and Tobago (3575/OC-TT) in the strengthening or development of their single window platforms. Furthermore, the Bank coordinates the [Red Vuce](#) initiative which serves as a regional forum and platform to disseminate best practices in the region. Lessons learned include: strong and sustained political support, inter-institutional leadership and coordination, alignment of incentives among stakeholders, incremental step by step development, modernization of procedures and regulatory framework, and strong emphasis on training. For more information please see [OEL#4](#).
- 1.15 **Government Strategy.** This programme will support the GoG's medium-term strategic vision to improve institutional capacity and create a prosperous climate for private sector development.<sup>43</sup> The GoG has listed the creation of an information and communication technology-enhanced framework as a priority.
- 1.16 **Strategic alignment.** The programme aligns with the IDB Update to the Institutional Strategy 2010-2020 (AB-3008) and with the development challenges

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<sup>43</sup> Priority areas until 2020 according to the past three Budget Speeches: (i) infrastructure (ii) renewable energy and energy conservation; (iii) public sector management and governance; (iv) information and communication technology – enhanced framework; and (v) climate change adaptation/resilience.

of: (i) productivity and innovation by increasing the ability of firms to compete better in regional and global markets and public sector use of new technologies; and (ii) economic integration by improving trade facilitation performance allowing better connectivity with international markets. It is aligned to the cross-cutting theme of Institutional Capacity and Rule of Law by improving the quality and timeliness of services provided to the population related in trade; and by contributing to business growth and productivity while providing certainty regarding transactions. It also contributes to the Corporate Results Framework 2016-2019 (GN-2727-6) through the following indicators: (i) the number of public agencies' processing times of international trade of goods and services; (ii) the number of government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery; and (iii) the amount of international trade promoted (US\$). This programme is also consistent with the IDB Group Country Strategy in Guyana 2017-2021 (GN-2905) which aims to "support the business climate by fostering access to finance and the institutional framework for Public Private Partnerships (PPPs)".<sup>44</sup> The programme is included in the Update to Annex III of the 2018 Operational Program Report (GN-2915-2); and contributes to the Integration and Trade Sector Framework Document (GN-2715-6) through the objective of reducing high costs of trade as listed in section 2.21.

## **B. Objective, Components and Cost**

- 1.17 The general objective of the programme is to improve the trade facilitation performance of Guyana. The specific objective is the development of the ESW<sup>45</sup> thus reducing the time and costs of trade processes. The main outcome will be the simplification of trade procedures, and a reduction in time, costs while optimizing revenue collection, transparency and accountability for all participating agencies and the private sector. The proposed project will take advantage of the implementation of ASYCUDA (Customs' new IT system) currently being implemented by the GRA and develop the ESW to streamline and simplify processes for 12 PGAs.<sup>46</sup>
- 1.18 The implementation of the ESW will simplify import and export regulations by enhancing inter-agency collaboration, streamlining procedures and harmonizing data requirements and documents. The ESW would align Guyana with international best practices and commitments including the WTO Trade Facilitation Agreement,<sup>47</sup> United Nations Center for trade Facilitation and Electronic Business (UN/CEFACT) and World Customs Organization (WCO) recommendations and facilitate the participation of Small and Medium Enterprises in international trade. Increase trade flows will likely improve revenue collection.

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<sup>44</sup> Objective 3.1. of the Results Matrix of the Country Strategy. The successful implementation of a single window improves the business climate for international trade operations and can also lead to successful PPPs for the sustainability of the system.

<sup>45</sup> This programme finances the version 1.0 of the ESW focused on the current main priorities, however this initiative requires a permanent technical and financial effort to keep up with new technology developments. Once the GoG decides to expand the ESW functionality in the future with additional features (i.e. a version 2.0 of the ESW), funding and the specific technical solution would need to be identified at that moment.

<sup>46</sup> [OEL#5](#).

<sup>47</sup> The WTO contains binding provisions to standardize and modernize trade rules for faster and more efficient movement of cross-border cargo, including ESWs.

- 1.19 The main beneficiaries of the programme will be the private sector of Guyana including importers, exporters,<sup>48</sup> customs brokers, logistics operators, as well as the participating government agencies involved in international trade that will also benefit from streamlined processes and enhanced transparency.
- 1.20 **Component 1. Recommendations for the modernization of the regulatory environment (US\$160,000).** The objective of this component is to set the foundation for the development of a single window environment in Guyana by streamlining processes, harmonizing documents and data requirements. The main activity to be financed under this component is the following:
- a. **Regulatory review.** This activity will take inputs from the Business Process Reengineering (BPR) activity in Component 2 and will provide a thorough analysis of the trade-related regulatory framework of Guyana<sup>49</sup> to identify inconsistencies, outdated regulations, and propose recommendations for improvement in line with international best practices. It is expected that this activity will produce: (i) a detailed diagnostic of regulatory gaps in the PGAs; and (ii) briefs with new regulations or amendments to existing regulations. These activities will be implemented during the life of the programme.
- 1.21 **Component 2. Design and deployment of Guyana's ESW (US\$3,934,000).** The objective of this component is to design and deploy Guyana's ESW infrastructure.<sup>50</sup> The implementation of the system will follow the modality of "Design-Build-Operate-Transfer". The specific activities to be financed under this component are the following:
- a. **BPR.** This activity includes: (i) mapping all processes<sup>51</sup> related to imports and exports of all participating agencies to identify bottlenecks and opportunities for improvement; (ii) reengineering of processes based on international best practices, development of new recommended Standard Operating Procedures and an associated migration strategy; and (iii) harmonization of data elements and simplification of documents in line with UN/CEFACT recommendations 34, 35 and 36. The BPR will provide key inputs to design the new workflows and processes. It will also provide recommendations for the new organizational structures and HR policies of the various PGAs as further described below in Component 3.

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<sup>48</sup> See specific benefits in Annex II and in the programme Economic Analysis.

<sup>49</sup> Guyana's regulatory environment already meets the basic requirements to develop a Single Window. The Evidence Act Chapter 5:03, the access to information Act 2011, and the Interception of Communications Act 2008 already recognize the validity of electronic documents and electronic signatures. The updates to internal regulations in each participating ministry and government agency are expected to be implemented during the life of the programme.

<sup>50</sup> The programme will fund two years of maintenance services for the single window which will be included in the contract with the ESW provider, the cost of which will be determined by the contract negotiated between the GoG and the vendor. In line with international best practices and lessons learned, some financing alternatives will be evaluated, including potential user fees. The ESW would be fully interoperable with ASYCUDA which will remain as the main entry point for import and export declarations.

<sup>51</sup> This activity will focus mostly on the PGAs and will take advantage of the BPR and gap analysis conducted by Customs as part of the ASYCUDA programme.



- b. **Development of a license, certificate and permits (LCPs) module.**<sup>52</sup> This module will serve as the single-entry point and management system for all LCPs issued by the participating agencies for imports and exports in a manner that is interoperable with the Automated System for Customs Data (ASYCUDA). Traders will be able to obtain online all licenses, certificates, and permits issued by the participating agencies on the LCP module. This module will also serve as document management system<sup>53</sup> for all agencies involved in trade and a platform for sharing LCPs with relevant government agencies.
- c. **Development of an inter-agency goods declaration module.** This module will interoperate with ASYCUDA and the LCP module in real time to provide selected customs declaration data to the relevant government agencies for processing imports and exports. Government officers from the participating agencies will be able to release, query, hold or reject import and export operations in an online environment providing full transparency to all parties involved in the process.
- d. **Development of an Integrated Risk Management System (IRMS).** This activity will develop an IRMS<sup>54</sup> for the participating agencies. The system will provide seamless interoperability and compatibility with the LCP and goods declaration modules as well as ASYCUDA. It is expected that this system will enhance border security and facilitate trade by identifying high risk cargo while expediting the release of low risk and legitimate trade. The IRMS will include, as a minimum: (i) a sophisticated risk rule engine for all participating agencies with deductive and inductive risk criteria to differentiate between low risk and high risk cargo; (ii) a post clearance audit<sup>55</sup> tool with a data analytics and visualization engine that will aggregate, search and analyze data from disparate databases to optimize revenue collection and identify malpractices; and (iii) a GPS tracking system for cargo released to the importer premises for physical inspection.
- e. **Enhancement of IT infrastructure and internet access.** The activity will finance the acquisition of: (i) basic IT supporting infrastructure to facilitate the migration to a paperless environment and the use of the single window system; and (ii) enhanced internet connectivity for those government agencies with a deficient IT infrastructure to facilitate and promote the adoption of the ESW.

1.22 **Component 3. Institutional strengthening for ESW stakeholders (US\$868,000).** This component will: (i) modernize the institutional capacity of the participating agencies; and (ii) provide a robust capacity building program for the future users of the ESW in the private and public participating agencies. This component will be divided in four main activities:

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<sup>52</sup> Cloud based computing allows users to access software applications through the internet, rather than through downloads to physical computers or servers. See IBM <https://www.ibm.com/cloud/learn/benefits-of-cloud-computing>.

<sup>53</sup> The LCP module will use natural language processing technology to serve as a Trade Information Portal.

<sup>54</sup> The IRMS will be in conformance with the WCO Risk Management Compendium as well as the Kyoto Convention guidelines.

<sup>55</sup> An effective post clearance audit system is essential to smooth border operations.

- a. **Institutional strengthening.** The implementation of an ESW requires enhanced and modern institutions. This activity will analyze the current organizational structures and propose reforms in line with international best practices. It is anticipated that this activity will produce: (i) recommendations for updated organizational structures; and (ii) new human resource strategy with detailed recruitment mechanisms, job descriptions, roles and responsibilities.
- b. **Strengthening the IT department of customs of GRA.** This activity will hire IT specialists if necessary to help build strong in-house capacity to effectively manage the ESW. The objective is to progressively shift responsibility for the support and maintenance of the single window from the contractors to GRA's own personnel.
- c. Development of a comprehensive training program for government officers in operating an ESW including but not limited to: (i) border operations, risk management, post audits and rules of origin; and (ii) computer skills and literacy. It is anticipated that three study tours to relevant jurisdictions will take place to show the benefits and challenges of similar single window environments to key government officials. To implement this capacity building activity, the Bank will partner with the WCO to design and implement a comprehensive training program related to topics that are essential for the adequate implementation of the single window.<sup>56</sup> All service providers will be required to provide a comprehensive capacity building program using the train-the-trainer methodology coupled with a robust knowledge transfer strategy.
- d. Development of a comprehensive training program for private sector companies and customs brokers to use the ESW. This programme will consist of multiple workshops and sessions throughout the implementation of the project to ensure and facilitate the acceptance and use of the ESW. All single window related workshops could be provided by the WCO.

### C. Key Results Indicators

- 1.23 The expected result of the programme is: (i) optimization and simplification of processes and documents required to import and export; and (ii) reduction of time and cost of trade processes. The main results, extracted from the complete Results Matrix (Annex II), are presented in Table 1.2 below.

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<sup>56</sup> The IDB and the WCO signed a Memorandum of Understanding (MOU) in 2001 to jointly conduct capacity building activities and facilitate trade. The MOU is available [here](#).



**Table 1.2 - Results Indicators.**

<b>Results Indicators</b>	<b>Baseline (BL*)</b>	<b>Target (2023)</b>
Time for exports border compliance	72 hours	BL-(0.58*BL)
Cost for exports border compliance	US\$378	BL-(0.66*BL)
Time for exports documentary compliance	200 hours	BL-(0.7*BL)
Cost for exports documentary compliance	US\$78	BL-(0.36*BL)
Time for imports border compliance	84 hours	BL-(0.57*BL)
Cost for imports border compliance	US\$265	BL-(0.52*BL)
Time for imports documentary compliance	156 hours	BL-(0.44*BL)
Cost for imports documentary compliance	US\$63	BL-(0.05*BL)

\*Temporary baselines have been set up using the indicators from the Doing Business Report Trade Across Borders (2018). These values will be updated at the beginning of the programme by collecting more accurate information from the participating agencies.

- 1.24 An ex ante economic analysis was undertaken to assess if the expected benefits of the programme exceed its cost. The analysis focuses on the opportunity cost of capital to quantify the transaction cost savings to importers and exporters from the reduction in the number of days for document preparation, customs clearance and inspections. The model projects the growth of imports and exports based on historical data, estimates the percentage of foreign trade utilizing the ESW using a baseline statistic and growth assumption, and utilizes Professor Damodaran's methodology for calculating country-specific [cost of capital](#). Each of these assumptions, along with the programme's estimates of time and costs reductions, was tested by sensitivity analysis, and the economic returns were found to be positive (NPV= US\$1.04 million; ERR= 23%) at a discount rate of 12% in a five-year horizon. A sensitivity analysis was performed that shows the robustness of the results obtained. The Cost-benefit Analysis demonstrates that if the target reductions to import and export adjusted processing time are achieved, the economic returns to the stakeholders justify the investment in improving the ESW. View full economic analysis on [OEL#2](#).

## **II. FINANCING STRUCTURE AND MAIN RISKS**

### **A. Financing Instruments**

- 2.1 This programme will be financed through an investment loan. The total cost of the programme is US\$6,000,000, 50% regular OC and 50% Concessional OC. The disbursement period is five years. Table 2.1 presents the programme costs broken down by component and product. A preliminary disbursement forecast is also summarized on Table 2.1 below.

**Table 2.1 – Summarized Budget (in US\$)**

<b>COMPONENTS AND ACTIVITIES</b>	<b>COST (US\$)</b>
<b>Component 1. Recommendations for the modernization of the regulatory environment</b>	<b>160,000</b>
Activity 1: Regulatory Review	160,000
<b>Component 2. Design and deployment of Guyana's ESW</b>	<b>3,934,000</b>
Subcomponent 1: ESW Implementation	3,625,000
Activity 1: Business Process Reengineering	210,000
Activity 2: LCP Module	750,000
Activity 3: Goods Declaration Module	750,000
Activity 4: Integrated Risk Management System (IRMS)	1,715,000
Activity 5: Maintenance (Two years)	200,000
Subcomponent 2: Enhancement of IT Infrastructure and Internet Access	309,000
Activity 1: Hardware	190,000
Activity 2: Internet connectivity	119,000
<b>Component 3. Institutional Strengthening for ESW Stakeholders</b>	<b>868,000</b>
Activity 1: Institutional Strengthening	200,000
Activity 2: Strengthening the IT Department	168,000
Activity 3: Capacity Building Program for Public Sector	325,000
Activity 4: Capacity Building Program for Private Sector	175,000
<b>Project Administration</b>	<b>652,286</b>
Project Executing Unit	597,286
Project Evaluation and audit	55,000
<b>SUBTOTAL</b>	<b>5,614,286</b>
<b>Contingencies</b>	<b>385,714</b>
<b>TOTAL</b>	<b>6,000,000</b>

- 2.2 **Disbursement Period.** Based on the programme's stipulated activities and considering the previous experience with the execution of similar programmes in Guyana, a Pluriannual Execution Plan (PEP) [REL#1](#) will be carried out that will have a disbursement period of five years as follows:

**Table 2.2 - Project Disbursement Projections (in US\$)**

<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
904,986	3,687,800	719,800	241,800	445,614	<b>6,000,000</b>
15.1%	61.5%	12%	4%	7.4%	<b>100%</b>

**B. Environmental and Social Safeguard Risks**

- 2.3 In accordance to the results of the IDB Safeguards Policy Filter Report, and the safeguard and Environmental Policies (OP-703), this operation is classified as Category “C”, given the low impact on environmental and social issues.

**C. Fiduciary Risk**

- 2.4 The MoB has the lead responsibility for reporting on fiduciary matters and overall project progress to the Ministry of Finance and the IDB. From a procurement standpoint, it is found that the MoB will utilize the same PEU that is currently executing Bank loan 3824/BL-GY Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion. According to the PACI, the MoB demonstrated its capacity to execute the loan. The PEU will hire additional fiduciary staff familiar with the Bank’s procedures. Additionally, the PACI identifies the procurement planning and contract management functions as a potential weakness in the execution structure. Although the activities as included in the proposed procurement plan for this loan present a low degree of complexity, the aforementioned risks drive the classification of general risk as medium. Proposed mitigation measures include: (i) the design of an Operations Manual which seeks to provide adequate guidance and mitigation measures to discharge all fiduciary duties in accordance with the Banks’s rules and procedures; (ii) continuous support from the IDB team and country office to streamline the timely execution of all fiduciary activities (financial management and procurement); (iii) providing continuous technical supervision and training of financial management and procurement staff who will be responsible for fiduciary activities under the loan; and (iv) recruitment of a local procurement specialist and international procurement specialist who will be specifically dedicated to the execution of the operation’s procurement plan and all other procurement related activities under this Loan, under the supervision of the ESW Coordinator, the IDB Procurement Specialist in Guyana and the IDB Team Leader.
- 2.5 Financial management has been assessed as having low financial management risk largely due to the integrated financial accounting system of the Government being used in MoB – IFMIS. Notwithstanding, it has noted that in MoB there is no internal audit function. To ensure adequate segregation of duties and to strengthen the internal control environment, continued training on Bank policies and procedures coupled with fiduciary supervision visits should mitigate the existing risk and strengthen the control environment.
- 2.6 Other measures to respond to project risks are incorporated as institutional strengthening activities throughout the other components of the project and are outlined in the initial risk analysis conducted for the project. The Bank will provide fiduciary support and supervision on these institutional arrangements while providing continual training and advice on Bank’s policies, procedures and best practices as needed. The level of the fiduciary risk will be monitored during execution through a supervision plan designed for such purpose and through the annual financial audit exercise.

- 2.7 The Executing Agency (EA) will document and formalize all these arrangements, including key processes such as budget, payment/disbursement and procurement, in the Operations Manual, which will be a condition precedent to first disbursement.

**D. Other Key Issues and Risks**

- 2.8 The Ministry of Public Telecommunications through the National Data Management Authority (NDMA) manages a data center which provides data management, backup, cloud (virtual servers and storage), Internet access, network, email and web-host services to participating government agencies. The agency is also developing an Interoperability framework for Guyana's Government agencies and also is working to assist government agencies to provide forms online. Given the scope of the work of NDMA to establish an e-Gov platform, the EA will work closely with the NDMA to avoid duplication and take advantage of potential synergies. To reduce costs and expedite the deployment of the system, it is anticipated that the ESW will be hosted in the data center managed by the NDMA.
- 2.9 The EA through the PEU will be responsible for updating the baselines of the indicators included in the Results Matrix (Annex II) during the first 60 days of implementation. The Bank will provide technical assistance and guidance to ensure alignment with the formulas designed for each indicator.
- 2.10 Taking into consideration the Country Program Evaluation of Guyana 2012-2016 produced by the Office of Evaluation and Oversight and the lessons learned regarding project implementation, the project will also hire an international procurement specialist to support the PEU remotely and minimize the risk of delays due to lack of procurement capacity. Similarly, the project budget also offers competitive salaries for all PEU members to minimize the risk of staff turnover.
- 2.11 **Risks and mitigation measures.** A comprehensive risk assessment was carried out by the IDB Project Team, with the participation of the project stakeholders, through which the main risks were identified. Each identified risk was given a risk rating and the overall project risk was assessed as medium. Table 2.3 presents those risks and related mitigation measures not assessed in Section II-C.
- 2.12 **Financial sustainability.** Following previous experiences in the implementation of single window environments in LAC, financing from the national budget is always required after the completion of external financing. Options for alternatives ways of financing, including use of fees and PPPs. The Ministry of Finance has shown strong commitment to the implementation and sustainability of the system by agreeing in writing to have GRA as co-chair of ESW Steering Committee and continue the current investments in the deployment of ASYCUDA World.

**Table 2.3 – Summary of Risks and Mitigation Measures**

Type of Risk	Risks	Risk Category	Mitigation Measures
Development	Resistance by some stakeholders (public and civil society) to proposed changes to business processes, structures and regulatory framework.	Medium	Early and constant engagement of key stakeholders to identify concerns, request feedback and obtain buy-in. Clear directive from the ESW steering committee, and capacity building efforts should support this engagement goal.
Public Management and Governance	Delay in project implementation due to changes in the heads of stakeholder agencies and project leadership.	Medium	The ESW Committee will be responsible for overseeing the development of the single window and therefore will minimize the changes of any one individual or institution disrupting the implementation of the system.
Development	Insufficient technical cooperation and integration among service providers of the Single Window and ASYCUDA (Customs IT system).	High	Ensure that all contracts for selected vendors include strong provisions and clear language for cooperation and specific deliverables and activities for systems integration and interoperability.

### **III. IMPLEMENTATION AND MANAGEMENT PLAN**

#### **A. Summary of Implementation Arrangements**

- 3.1 The borrower is the CRGY. The EA of this project will be the MoB, which will be responsible for the administration of resources on behalf of all participating government agencies.
- 3.2 The day to day implementation of the programme will be the responsibility of the PEU. The programme will use the current PEU for GY-L1059 (3824/BL-GY) “Enhancing the Quality Infrastructure for Economic Diversification and Trade Promotion” also under the MoB to optimize human and financial resources, including the project manager, the financial specialist and monitoring and evaluation specialist. The PEU will be strengthened with the addition of one ESW Coordinator (new hire), one procurement and contract management specialist (new hire), one financial officer; and one project assistant (new hire). This will allow the PEU to take advantage of the execution expertise of the other IDB project under the MoB and to commence execution more rapidly.
- 3.3 PEU responsibilities include: (i) preparation and implementation of the Annual Operating Plan (AOP); (ii) financial administration, accounting, and preparation of budgets and disbursement requests; (iii) preparation of annual procurement plan and procurement of goods and services; (iv) preparation of technical reports and financial statements; (v) monitoring of programme activity progress, environmental and social safeguards compliance, and actual and planned results variance;

(vi) hiring of consultants to conduct external evaluations; (vii) serving as liaison for the programme with the Bank; and (viii) any other responsibilities as established in the Operations Manual. The specific tasks entrusted to each member of the PEU are spelled out in more detail in the Programme Operations Manual see [OEL#6](#).

- 3.4 The PEU will report directly and monthly to the ESW Committee, which is a private-public committee composed of government and private sector representatives. The ESW Steering Committee is tasked with the development of the ESW and is chaired by the Executing Agency and co-chaired by GRA. The ESW Steering will provide strategic direction, oversight, and supervision to ensure alignment with programme objectives and support the implementation of all changes derived from key activities under this programme such as the business process reengineering, the regulatory review, and the deployment of new IT systems.
- 3.5 The EA has agreed to proceed with the advanced contracting of the ESW coordinator.
- 3.6 In an effort to ensure the successful implementation of the ESW, the business process reengineering activity will be part of the overall single window procurement process. This strategic decision has been made based on previous and similar single window projects to ensure alignment between the development of the system and the updated processes.
- 3.7 **Procurement of goods and Services and Sole Sourcing.** The procurement of all goods and services will be conducted in accordance with the Policies for the Procurement of Works and Goods (GN-2349-9) and the Policies for the Selection and Contracting of Consultants financed by the IDB (GN-2350-9) It is anticipated that a sole source procurement process will be conducted to provide capacity building activities to government officials in Guyana related to ESW. The WCO would provide the capacity building activities since this body of knowledge is hard to obtain in the market and its sensitive nature requires strict confidentiality measures.<sup>57</sup> As specified in Annex III, procurement of goods and consulting services will be subject to ex ante review by the IDB, and disbursements will be reviewed on an ex post basis. IDB will periodically assess procurement and financial procedures through inspection visits. The general level of risk may evolve depending on the results of said visits.
- 3.8 The main disbursement methodology will be the advance of funds. As is customary, the Bank's operations team will closely monitor liquidity needs to promote efficiency in the use of the loan resources.
- 3.9 **Special contractual conditions prior to the first disbursement of the financing. (i) Evidence that the EA has appointed, according to professional profiles satisfactory to the Bank, a PEU comprising of, at least, one ESW Coordinator, and one Procurement and Contract Management Specialist and one financial officer; (ii) evidence that the EA has approved an Operations Manual for the project in the terms and conditions previously agreed upon**

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<sup>57</sup> Similar training with the WCO has been deployed in other ESW projects including BH-L1016 (2756/OC-BH) "Trade Sector Support Programme".

with the Bank; (iii) the EA has presented an Initial Report including the updated PEP, the first Annual Operation Plan (POA), and procurement and financial plans; and (iv) evidence that the GRA has been appointed co-chair of the ESW Steering Committee. This committee is already in place and operational. These conditions are considered fundamental to guarantee that the borrower will be prepared to begin the execution of the program, with a properly strengthened Executing Team within the EA (since the same Unit of 3824/BL-GY will be used) and to ensure that there is a manual that describes detailed guidelines on operational and coordination aspects, as well as a set of basic planning tools that guide programme activities. Finally, the participation of GRA ensures the technical and financial sustainability of the programme.

## **B. Summary of Arrangements for Monitoring Results**

- 3.10 **Monitoring and reporting.** The Bank and the MoB have agreed to use the Results Matrix (Annex II) and the Monitoring and Evaluation Plan [REL#2](#) as the principal elements for monitoring the program. The programme supervision and monitoring system will include: (i) analysis of the technical and financial reports; (ii) quarterly monitoring meetings; and (iii) midterm and final evaluations. In addition, the system will include frequent inspection visits normally carried out by the IDB Guyana Country Office. The EA will present semiannual technical and financial progress reports. In addition, it will present annually: (i) an assessment of the implementation of the AOP for the previous year; (ii) the AOP for the upcoming year; and (iii) audited financial statements. The information from these documents will serve as input for the annual monitoring meetings and inspection visits.
- 3.11 Quarterly monitoring meetings will start during the first year of execution, with a focus on the timing of procurement and contracting; the AOP for the following year; and compliance with results framework indicators. Throughout project implementation and to support project monitoring, the PEU will collect, store, and retain information, reports, and documents produced under the programme. These will serve as inputs to the Bank's Project Completion Report (PCR).
- 3.12 **Evaluation.** The EA shall hire an independent external consultant to conduct a mid-term evaluation upon disbursement of 50% of loan resources and the final evaluation upon disbursement of 90% of loan resources. The Monitoring and Evaluation Plan [REL#2](#) for this programme provides further information on the methodology for the conduct of these evaluations. Results will be evaluated using a non-experimental design based on a before and after comparison. The Bank will commence preparation of a PCR when 95% of loan resources have been disbursed, to evaluate achievement of programme outputs and outcomes. This evaluation will focus on: (i) verifying the degree of compliance with the Results Matrix (Annex II) indicators for the program and its several components; (ii) taking stock of the success and shortcomings of programme's design and execution; and (iii) recommending corrective or monitoring measures for future programmes of a similar nature.

**C. Significant Design Activities Post Approval**

- 3.13 The EA will be responsible for conducting an IT audit in the participating agencies to determine the exact equipment that will be needed to adopt and maximize the ESW.



Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Productivity and Innovation -Economic Integration -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Public agencies' processing times of international trade of goods and services * -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* -Amount of international trade promoted (US\$)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2905	Objective 3.1 Support the business climate by fostering access to finance and the institutional framework for PPPs
Country Program Results Matrix	GN-2915-2	The intervention is included in the 2018 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		
3. Evidence-based Assessment & Solution		Evaluable
3.1 Program Diagnosis		8.7
3.2 Proposed Interventions or Solutions		3.0
3.3 Results Matrix Quality		3.6
4. Ex ante Economic Analysis		2.1
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		9.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		3.0
4.4 Sensitivity Analysis		0.0
4.5 Consistency with results matrix		2.0
5. Monitoring and Evaluation		1.0
5.1 Monitoring Mechanisms		7.0
5.2 Evaluation Plan		2.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		4.5
Identified risks have been rated for magnitude and likelihood		Low
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		Yes
IV. IDB's Role - Additionality		
The project relies on the use of country systems		C
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, External Control.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	GY-T1130 "Fiscal Management Modernization in Guyana" may provide useful inputs for activities under Component 1, while GY-L1059 "Enhancing the Quality Infrastructure for Economic Diversification and Trade Promotion" will provide two members for the Project Executing Unit, namely the Monitoring and Evaluation Specialist and the Financial Specialist. Finally, with GY-T1098 the Bank is also conducting a diagnostic to identify the best location for a new deep water port and an adequate land link to Brazil via the border crossing of Lethem.

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

Guyana is poised to emerge as a significant oil producer, which will put pressure on its trade processes. By 2020 it is estimated that Guyana will produce 100,000 barrels of oil per day - significantly impacting growth and overall trade. Total throughput is expected to grow from 3.9 million tons to over 10 million by 2027. Currently, in Guyana it takes 200 hours to export compared to a 53 hour average for the LAC region. In the World Bank's Logistics Performance Index Guyana ranked 132 out of 160 countries in 2018. In this context, the general objective of the program is to improve the trade facilitation performance of Guyana. The specific objective is the development of the Electronic Single Window (ESW) thus reducing the time and costs of trade processes. The Results Matrix adequately captures the project benefits such as reductions in costs and processing times for both exports and imports compliance. The economic analysis finds the project to be of net benefit to society. At closure, the project will be evaluated employing a reflexive before and after comparison of the main outcomes.

## RESULTS MATRIX

<b>Project Objective:</b>	The general objective of the program is to improve the trade facilitation performance of Guyana. The specific objective is the development of the Electronic Single Window (ESW) thus reducing the time and costs of trade processes.
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## EXPECTED IMPACT

Indicators	Unit	Baseline		Goals		Means of verification	Observations
		Value	Year	Value	Year		
EXPECTED IMPACT: Guyana's trade facilitation performance is improved							
1. Value of merchandise exports	MM US\$	1,490	2017	2,099	2024	World Trade Organisation	Goal: Quantification of the transaction cost savings by merchandise exports by 2024 according to the economic analysis. See <a href="#">OEL#2</a> .
2. Value of merchandise imports	MM US\$	1,630	2017	2,257	2024	World Trade Organisation	Goal: Quantification of the transaction cost savings by merchandise imports by 2024 according to the economic analysis. See <a href="#">OEL#2</a> .
3. Trading Across Borders Ranking (out of 190) <sup>1</sup>	Position	142	2018	140	2028	Doing Business Survey	The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import. The ranking compares 190 countries. Goal: It is expected that in the long-term Guyana's improvement in trade facilitation will be reflected in the country's ranking in the Trading Across Borders Indicator of the World Bank by improving at least two positions.

EXPECTED RESULTS<sup>2</sup>

Expected Results	Unit	Baseline (BL)		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
EXPECTED RESULT 1: Reduced time and reduced costs of trade processes									
1. Time for exports border compliance	Hours	72*	2018	BL-(0.14*BL)	2021	BL-(0.58*BL)	2023	ESW records	Formula: Average of the sum of hours since each of the following activities starts until it is completed, per export transaction conducted

<sup>1</sup> Available at: <http://www.doingbusiness.org/data/exploretopics/trading-across-borders>

<sup>2</sup> Given a lack of data baselines will be set and targets defined according to those baselines which will be collected within 60 days after implementation begins. The team and SPD agree this is the best approach given the updated baselines will be more reliable. Temporarily the Results Matrix showcases baselines according to the World Bank's latest estimates. Targets have been defined as a formula relative to the baseline to stress the targets will be set when the true and more accurate baselines are collected.

Expected Results	Unit	Baseline (BL)		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
								collected by the PEU	<p>in the ESW: (i) customs clearance and inspections; (ii) inspections by other agencies; and (iii) port or border handing.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary baseline based on the indicator Time to export: border compliance (WB, 2018).<sup>3</sup> This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 58% in this indicator at the end of the project.<sup>4</sup> See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>
2. Cost for exports border compliance	US\$	378*	2018	BL- (0.26*BL)	2021	BL- (0.66*BL)	2023	ESW records collected by the PEU	<p><b>Formula:</b> Average of the sum of the costs in USD of each of the following activities, per export transaction conducted in the ESW: (i) customs clearance and inspections; (ii) inspections by other agencies; and (iii) port or border handing.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary baseline based on the indicator Cost to export: border compliance (WB, 2018). This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 66% in this indicator at the end of the project. See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>
3. Time for exports documentary compliance	Hours	200*	2018	BL- (0.2*BL)	2021	BL- (0.7*BL)	2023	ESW records collected by the PEU	<p><b>Formula:</b> Average of the sum of hours since each of the following activities starts until it is completed in an export transaction: (i) obtaining, preparing and submitting documents during transport, clearance, inspections and port of border handing in origin economy; (ii) obtaining, preparing and submitting documents required by destination economy and any transit economies; and (iii) handling all documents required by law and in practice, including electronic submissions of information as well as non-shipment specific documents necessary to complete the trade.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary baseline based on the indicator Time to export: documentary</p>

<sup>3</sup> From the Doing Business Report: Trade Across Borders. For further details on the measurements of trade time and costs based on the Doing Business Methodology, please refer to: <http://www.doingbusiness.org/Methodology/Trading-Across-Borders>

<sup>4</sup> Expected performance was estimated based on other Caribbean countries and other smaller countries from the LAC region such as El Salvador. For example, El Salvador's time to export is 39 hours and respective cost is US\$178; while for import the time is 49 hours and cost is US\$195.

Expected Results	Unit	Baseline (BL)		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
									<p>compliance (WB, 2018). This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 70% in this indicator at the end of the project. See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>
4. Cost for exports documentary compliance	US\$	78*	2018	BL- (0.13*BL)	2021	BL- (0.36*BL)	2023	ESW records collected by the PEU	<p><b>Formula:</b> Average of the sum of costs in USD of each of the following activities in an export transaction: (i) obtaining, preparing and submitting documents during transport, clearance, inspections and port of border handling in origin economy; (ii) obtaining, preparing and submitting documents required by destination economy and any transit economies; and (iii) handling all documents required by law and in practice, including electronic submissions of information as well as non-shipment specific documents necessary to complete the trade.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary indicator based on Cost to export: documentary compliance (WB, 2018). This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 36% in this indicator at the end of the project. See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>
5. Time for imports border compliance	Hours	84*	2018	BL- (0.20*BL)	2021	BL- (0.57*BL)	2023	ESW records collected by the PEU	<p><b>Formula:</b> Average of the sum of hours since each of the following activities starts until it is completed in an import transaction: (i) customs clearance and inspections; (ii) inspections by other agencies; and (iii) port or border handling.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary indicator based on Time to import: border compliance (WB, 2018). This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 57% in this indicator at the end of the project. See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>

Expected Results	Unit	Baseline (BL)		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
6. Cost for imports border compliance	US\$	265*	2018	BL- (0.20*BL)	2021	BL- (0.52*BL)	2023	ESW records collected by the PEU	<p><b>Formula:</b> Average of the sum of the costs in USD of each of the following activities in an import transaction: (i) customs clearance and inspections; (ii) inspections by other agencies; and (iii) port or border handling.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary indicator based on Cost to import: border compliance (WB, 2018). This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 52% in this indicator at the end of the project. See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>
7. Time for imports documentary compliance	Hours	156*	2018	BL- (0.31*BL)	2021	BL- (0.44*BL)	2023	ESW records collected by the PEU	<p><b>Formula:</b> Average of the sum of hours since each of the following activities starts until it is completed in an import transaction: (i) obtaining, preparing and submitting documents during transport, clearance, inspections and port of border handling in origin economy; (ii) obtaining, preparing and submitting documents required by destination economy and any transit economies; and (iii) handling all documents required by law and in practice, including electronic submissions of information as well as non-shipment specific documents necessary to complete the trade.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary indicator based on Time to import: documentary compliance (WB, 2018). This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 44% in this indicator at the end of the project. See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>
8. Cost for imports documentary compliance	US\$	63*	2018	BL- (0.03*BL)	2021	BL- (0.05*BL)	2023	ESW records collected by the PEU	<p><b>Formula:</b> Average of the sum of costs in USD of each of the following activities in an import transaction: (i) obtaining, preparing and submitting documents during transport, clearance, inspections and port of border handling in origin economy; (ii) obtaining, preparing and submitting documents required by destination economy and any transit economies; and (iii) handling all documents required by law and in practice, including electronic submissions of information as well as non-shipment specific documents necessary to complete the trade.</p> <p><b>Baseline:</b> Due to unavailable specific information, this is a temporary indicator based on Cost to export: documentary compliance</p>

Expected Results	Unit	Baseline (BL)		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
									<p>(WB, 2018). This value will be updated at the beginning of the project by collecting more accurate information from the participating agencies. See <a href="#">REL#2</a>.</p> <p><b>Goal:</b> Based on best practice countries and their WB indicators, we expect a decrease of 5% in this indicator at the end of the project. See <a href="#">OEL#2</a>.</p> <p><b>Monitoring and evaluation:</b> This indicator will be monitored every two years and will be evaluated at the end of the project based on the ESW records. See <a href="#">REL#2</a>.</p>

### PRODUCTS

Products	Estimated Cost (US\$)	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Final Goal	Means of verification
<b>Component 1: Recommendations for the modernization of the regulatory environment</b>										
1. Regulatory review report completed including the following: (i) a diagnosis of regulations and gaps (ii) briefs with suggested new regulations or amendments to existing regulations	160,000	# reports	0	1	-	-	-	-	1	Report with the regulatory review including the diagnosis and the briefs accepted and signed by the Executing Agency, as reported by the PEU and reflected in the corresponding project semi-annual/final report
<b>Component 2: Design and deployment of Guyana's ESW</b>										
2. Business Processes Reengineering report completed	210,000	# reports	0	-	1	-	-	-	1	Report with the business processes reengineering accepted and signed by the Executing Agency, as reported by the PEU and reflected in the corresponding project semi-annual/final report
3. License, certificate and permits module developed and implemented	816,667	# modules	0	-	-	1	-	-	1	User acceptance test signed by the Executing Agency, as reported by the PEU and reflected in the corresponding project semi-annual/final report

Products	Estimated Cost (US\$)	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Final Goal	Means of verification
4. inter-agency goods declaration module for clearing imports and exports developed and implemented	816,667	# modules	0	-	-	1	-	-	1	User acceptance test signed by the Executing Agency, as reported by the PEU and reflected in the corresponding project semi-annual/final report
5. Risk management system developed and implemented	1,781,666	# modules	0	-	-	1	-	-	1	User acceptance test signed by the Executing Agency, as reported by the PEU and reflected in the corresponding project semi-annual/final report
6. Offices of participating agencies properly equipped to use the ESW	309,000	# offices	0	-	3	4	-	-	7	Equipment may include laptops, models, computers, routers, software licenses, maintenance services, internet connection, between others. Description of the offices equipped, as reported by the PEU and reflected in the corresponding project semi-annual/final report
<b>Component 3: Institutional Strengthening for ESW Stakeholders</b>										
7. Institutional strengthening proposal including the following: (i) recommendations of new organizational structures (ii) recommendations of a new HR strategy with detailed recruitment mechanisms, job descriptions, roles and responsibilities and revised compensation packages developed	200,000	# reports	0	-	1	-	-	-	1	Report with the recommendations for updated organizational structures and a new human resource strategy accepted and signed by Executing Agency, as reported by the PEU and reflected in the corresponding project semi-annual/final report
8. IT Customs department strengthened	168,000	# IT departments	0	-	-	-	1	-	1	Description of the IT Customs, as reported by the PEU and reflected in the corresponding project semi-annual/final report

Products	Estimated Cost (US\$)	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Final Goal	Means of verification
9. Training places for brokers and traders available	175,000	# training places	0	-	20	40	40	-	100	List of training participants, as reported by the PEU and reflected in the corresponding project semi-annual/final report
10. Training places for government officials available	325,000	# training places	0	-	20	40	40	-	100	List of training participants, as reported by the PEU and reflected in the corresponding project semi-annual/final report



## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**COUNTRY:** Guyana  
**PROJECT N°:** GY-L1064  
**NAME:** Establishing an Electronic Single Window for Trade  
**EXECUTING AGENCY:** Ministry of Business (MoB)

### I. EXECUTIVE SUMMARY

- 1.1 The objective of the programme is to improve the trade facilitation performance of Guyana. The total estimated budget is US\$6,000,000, all of which will be financed by the IDB from the OC/COC resources as detailed in the Loan Proposal for the present loan.
- 1.2 The MoB will be executing the operation GY-L1064. MoB has a dedicated PEU currently executing Bank Loan 3824/BL-GY Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion. The same PEU will be responsible for discharging all fiduciary duties, including procurement and financial management.
- 1.3 An institutional capacity assessment the MoB was conducted in July 2018 using the Institutional Capacity Analysis Platform (PACI) methodology. The findings of the assessment coupled with the previous experience of the Bank in working with conclude that the fiduciary risk is low to medium. A re-evaluation of the fiduciary risks will be conducted during execution as part of the regular fiduciary supervision.
- 1.4 **Fiduciary context of the country.** An Integrated Fiduciary Assessment (IFA) was conducted in 2012/2013. Conclusions indicate that Guyana's overall budget planning, accounting and reporting systems worked well; that the financial management accounting system used by the Government (IFMAS which has recently been upgraded to Integrated Financial Management Accounting System (IFMIS)) operated consistently and reliably. It provided updated information about all elements of budget execution and budget planning, and reporting was being done in accordance with the cash basis of accounting and its standards. The Public Financial Management (PFM) indicator scores from the 2012/2013, continued to show encouraging results with slight improvements in areas such as strengthened external audit function, budget preparation process, revenue administration etc. The IFA highlighted that attention needed to be paid to the internal control environment, internal audit, payroll control and procurement control among others. Confirmations from the Borrower on the results of the 2012/2013 IFA as well as 2007 Public Expenditure and Financial Accountability (PEFA) remain outstanding. The Bank's Guide for the Use of Country Systems (GUS) Assessment was conducted in 2013; this also has not been accepted by the Government. Audit Office of Guyana (AOG) is currently eligible to audit all Bank-financed Technical Cooperation (TC) and loan operations deemed to be of low or medium complexity and risk. An updated GUS on external control was undertaken in 2018 as well as an assessment of the AOG using the supreme audit institutions' performance measurement framework methodology. The assessment concluded a sound performance on the part of the AOG. For this operation, the bank is recommending: (i) the use of the national accounting system, and or any other system acceptable to the bank, for the financial administration of the project; and (ii) for

external control, a firm of independent public accountants acceptable to the Bank or the Auditor General of Guyana.

- 1.5 With regards to procurement, assessments of the national system (MAPS) have been performed in 2007 and 2013. The results are not yet endorsed by the GoG. has a dedicated legislation that governs public procurement, namely the *Procurement Act of 2003* and its associated regulations. The National Procurement and Tender Administration Board (NPTAB) was established in the same Procurement Act of 2003. It is responsible for exercising jurisdiction over the country's tender processes, reporting to the Ministry of Finance with policy making, advisory oversight, and monitoring and information functions. In accordance with the existing legal framework, the NPTAB is a temporary entity while awaiting the creation of the Public Procurement Commission (PPC). The country is in the process of strengthening its centralized website for publication of opportunities for requests for proposals, but to date, it is not regularly used across procurement entities or by the independent public corporations. Efforts are being deployed to strengthen overall fiduciary capacity including records retention of procurement processes and related information, as well as a registry for protests, suspension and debarment and contractors' historical performance. Statistics on public procurement awards is also an area of focus for GoG. The Country procurement system has not been approved and hence will not be used under the present loan. The Bank requires the use of its Procurement Policies GN-2349-9 and GN-2350-9 for all projects approved starting April 19, 2011. The Bank will bring adequate support to the procurement function to ensure that procurement activities are carried out in a way that support the prompt execution of the operation and in accordance with the Bank's rules and procedures.

## **II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY**

- 2.1 In accordance with the indications of the PACI, the PEU within the MoB will be responsible for the execution of the procurement activities and financial management activities scheduled under this Loan. According to the identified execution structure, the procurement officer will have two lines of reporting: (i) to the project manager; and (ii) to the MoB's procurement officer. The financial officer will report to the project coordinator and to MoB's principal assistant secretary –finance. The objective of the said structure is to ensure efficiency and sustainability of capacity and execution within the ministry itself. This seeks to contribute to an increased capacity to apply internal and external controls which is expected to contribute to the general quality of execution of this loan. This should contribute to the review of the general level of risk as identified for this operation.
- 2.2 MoB, as a budget agency, uses the IFMIS of the country. IFMIS was successfully piloted on previous IDB-financed loans. It is recommended that this program use IFMIS along with an off the shelf computerized accounting package for the financial management and reporting of the program.

### **A. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES**

- 2.3 The Bank and the MoB will undertake joint reviews of the Risk Matrix on a yearly basis and introduce necessary additional mitigating actions as a result of such reviews and as deemed necessary.

- 2.4 From a procurement standpoint, it is found that the MoB will utilize the same PEU that is currently executing Bank loan 3824/BL-GY Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion, and thus this same PEU will be responsible for the execution of the Loan and for carrying out all related fiduciary activities. According to the PACI, the MoB demonstrated its capacity to execute the loan. Notwithstanding, as indicated during project preparation, it will also include newly recruited or seconded fiduciary staff familiar with the Bank's procedures. The PACI identifies the procurement planning and contract management functions as a potential weakness in the execution structure. Although the activities as included in the proposed procurement plan for this loan present a low degree of complexity, the aforementioned risks drive the classification of general risk as medium. Proposed mitigation measures include: (i) re-evaluation of the level of fiduciary risk throughout project execution and strengthening of the execution capacity; (ii) discharge of the necessary training activities of PEU staff's or consultant's procurement duties to increase capacity to create efficient procurement planning and execution strategies; (iii) monitoring of the execution of the procurement related activities as listed and approved in the operation's procurement plan; and (iv) recruitment of a procurement support staff who will be specifically dedicated to the execution of the operation's procurement plan and all other procurement related activities under this Loan, under the supervision of the procurement officer and project coordinator.
- 2.5 Financial management has been assessed as having low financial management risk largely due to the integrated financial accounting system of the Government being used in MoB – IFMIS. Notwithstanding, it has noted that in MoB there is no internal audit function. To ensure adequate segregation of duties and to strengthen the internal control environment, continued training on Bank policies and procedures coupled with fiduciary supervision visits should mitigate the existing risk and strengthen the control environment.

### **III. SPECIAL CONDITIONS OF CONTRACT TO BE ADHERED TO**

- 3.1 **Type of exchange rate to be used by EA.** The type of funds to be used are established in the following manner: (i) reimbursement of actual expenses: the effective rate of exchange on the date of payment of each expenditure, as published by the Central Bank of Guyana; and (ii) reporting on accounts (advance of funds): the effective rate of exchange used in the conversion of the currency of the operation to the local currency. In cases of reimbursement of a guarantee of letter of credit, the equivalent of the currency of the operation will be fixed in accordance with the amount effectively disbursed by the IDB.

### **IV. FINANCIAL MANAGEMENT**

- 4.1 **Financial statements and reports audited:** (i) annual financial statements of the project, audited by the Auditor General of Guyana are to be submitted to the Bank within 120 days at the end of each fiscal year, beginning with the fiscal year in which the first project expenditures are incurred; and (iii) a final financial audit report of the program is to be submitted by MoB within 120 days after the date of the last disbursement.
- 4.2 **Programming and budget.** The Borrower has committed to allocate, for each fiscal year of project execution, adequate fiscal space to guarantee the unfettered

execution of the project; as determined by normal operative instruments such as the AOP.

- 4.3 **Accounting and information systems.** It is expected that IFMIS accounting system will facilitate the recording and classification of all financial transactions, supported by an off-shelf accounting system.
- 4.4 **Disbursements and Cash Flow.** The Bank will supervise the creation of an advance of funds, using the advance of funds methodology. Whenever resources from the financing are requested through an advance of funds, it will be deposited into a special account, denominated in US\$, established exclusively for the project at the Central Bank of Guyana. Required resources from this special account will be transferred to another bank account, denominated in Guyana dollars to be utilized for payment of expenditures in local currency.
- 4.5 The project will provide adequate justification of the existing advance of funds balance, whenever 80% of said balance has been spent. advances will normally cover a period not exceeding 180 days and no less than 90 days. In order to request disbursements from the Bank, the EA will present the following forms and supporting documents:

**Table I. Forms**

Type of Disbursement	Mandatory Forms	Optional forms/ information that can be requested by the IDB
Advance	Disbursement Request/ Financial Plan	List of Commitments Physical/Financial Progress Reports
Reimbursements of Payments Made	Disbursement Request/ Project Execution Status/ Statement of Expenses	List of Commitments Physical/Financial Progress Reports
Direct Payment to Supplier	Disbursement Request/ Statement of Expenses/Acceptable Supporting Documentation	List of Commitments Physical/Financial Progress Reports

- 4.6 Supporting documentation for justification of advances and reimbursement of payments made will be kept at the office of the EA. Disbursements' supporting documents may be reviewed by the Bank on an ex-post basis.
- 4.7 **Internal control and internal audit.** The management of the programme will assume the responsibility for designing and implementing a sound system of internal controls for the project.
- 4.8 **External control and reports.** For each fiscal year during project execution, MoB will be responsible to produce semi-annual financial reports for the project, annual audited financial reports of the Program and one final audited financial report at the end of the program, audited by the Auditor General of Guyana.
- 4.9 **Financial supervision plan.** Financial supervision will be developed based on the initial and subsequent risk assessments carried out for the project. Inspection visits will be performed based on the risk assessed, covering the following: (i) review of the bank reconciliation and supporting documentation for advances and justifications; (ii) compliance with procedures; (iii) review of compliance with the lending criteria; and (iv) ex-post review of disbursements.
- 4.10 **Execution mechanism.** MoB will be the EA and will be responsible for the financial administration of the program. MoB's responsibilities will include: (i) preparation of required project reports; (ii) monitoring product, output and outcomes achievement

using established indicators; (iii) preparation and submission of disbursement requests to the Bank and justification of expenses; (iv) preparation of financial reports; (v) ensure compliance with all aspects of the operating manual; and (vi) maintain adequate documentation filing system.

## **V. REQUIREMENTS AND AGREEMENTS FOR EXECUTION OF PROCUREMENT**

- 5.1 **Procurement execution.** Procurement activities for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the IDB (GN-2349-9), of March 2011, and the policies for the selection and Contracting of Consultants Financed by the IDB (GN-2350-9), of March 2011. They will also be subject to the provisions established in the loan contract. In addition, for all projects, the borrower is required to prepare and submit to the Bank, a draft general procurement Notice as well as an initial procurement plan which will be updated in accordance with the applicable sections of the policies and the loan agreement. In accordance with the findings of the PACI for this Loan and given the level of risk as identified above, all procurement activities will be carried out under ex-ante supervision as described in the following section of the present Annex III.
- 5.2 **Exception to bank procurement policies.** The operation does not foresee any exception to the Bank's procurement policies.
- 5.3 **Procurement of goods, works, and non-consulting services.** In accordance with Section 1.2 of GN-2349-9, "the responsibility for the implementation of the project, and therefore for the award and administration of contracts under the project, rests with the borrower".
- 5.4 **Procurement of consulting services.** In accordance with Section 1.4 of GN-2350-9, "The borrower is responsible for preparing and implementing the project, and therefore for selecting the consultant, and awarding and subsequently administering the contract." As such, the borrower is responsible for preparing and implementing the scheduled activities, and therefore for preparing the Terms of References (TORs), short lists, selecting the consultants, awarding the contract and subsequently administering it.
- 5.5 **Sole source selection and/or direct contracting.** The programme foresees the direct contracting of the WCO for a comprehensive training program based of an MOU signed with the bank in 2001. See para 1.22 c and d of the Loan Proposal.
- 5.6 **Selection of individual consultants.** Individual consultants will be selected and recruited in accordance with section V (selection of individual consultants) of GN-2350-9.
- 5.7 **Recurring expenses.** Include payment of utilities and other office operating expenses of the executing unit, if any.
- 5.8 **Advance Contracting/Retroactive Financing.** The EA has agreed to proceed with the advanced contracting of the ESW coordinator and the procurement and contract management specialist. The Bank may finance retroactively under the loan, eligible expenses incurred by the Borrower prior to the date of loan approval related to administrative expenses of the PEU, activities 1 and 2 of Component 1, and activity 2 on Component 3 up to the amount US\$300,000 (5% of the proposed loan amount), if they satisfy requirements substantially like those set out in the loan agreement. These expenses must have been incurred or on after July 31, 2018 (Project Profile

approval) and under no circumstances shall expenditures incurred more than 18 months prior to the loan approval date be included.

**5.9 Domestic preference.** Domestic preference is not requested under this loan.

**Table II. Country Threshold. (in US\$)** [www.iadb.org/procurement](http://www.iadb.org/procurement).

International Competitive Bidding Threshold*		National Competitive Bidding Range ** (complex works and non-common goods)		Consulting Services
Works	Goods	Works	Goods	International Short List
\$1,000,000	>100,000	<1,000,000	<100,000	> 100,000

\* When procuring simple works and common goods and their amount is under the International Competitive Bidding thresholds, Shopping may be used.

\*\* When procuring non-complex works or common goods with amounts under the NCB range, Shopping shall be used.

- 5.10 Procurement Plan.** The Procurement Plan for the operation covering the first 18 months of project execution can be accessed through the following [REL#4](#). The on-line Electronic Procurement Execution System (SEPA) will be used for the publication and updates of the procurement plan during project execution. It is expected that the EA will use the SEPA program for management of its procurement activities. The Procurement Plan will be updated annually or whenever necessary, or as required by the Bank ([www.iadb.org/procurement](http://www.iadb.org/procurement); <http://www.iniciativasepa.org/bid/sitio/guyana/index-ing.htm>). The initial Procurement Plan for the operation lists all procurement activities foreseen under this operation.
- 5.11 Supervision.** The supervision modalities for this operation are tailored to keep with the most efficient execution mechanism while ensuring compliance with the applicable procurement rules and procedures. Under the present loan, procurement activities (i) are not expected to be complex in nature; (ii) will be subject to ex-ante review given the level of risk as identified in the previous sections of this Annex III; (iii) will be explicitly listed in the approved and updated procurement plan in SEPA; (iv) will be launched once all technical specifications and/or terms of reference are validated by the Bank's Sector Specialist; and (v) will be documented in accordance with the general filing guidelines that will be provided as part of the inception training of the fiduciary staff and in accordance with the applicable Bank policies.
- 5.12** All modifications to the present arrangement are subject to a prior written agreement between the EA and the Bank. The evaluation of PEU capacity and the level of risk may vary during the project's execution depending on the findings of the regular supervision activities that will be conducted during the project's lifespan. As such, supervision modalities may vary as capacity increases.
- 5.13 Records and files.** All records and files will be maintained by the PEU, according to accepted best practices and to the general guidelines that will be provided by the Bank at the initial training of the fiduciary staff. All records must be kept for seven years beyond the end of the operation's execution period. It is also recommended that the EAs developed electronic filing so as to avoid losing all paper files.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/18

Guyana. Loan \_\_\_\_/BL-GY to the Co-operative Republic of Guyana  
Establishing an Electronic Single Window for Trade

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Co-operative Republic of Guyana, as borrower, for the purpose of granting it a financing to cooperate in the execution of the program "Establishing an Electronic Single Window for Trade". Such financing will be chargeable to the Bank's Ordinary Capital (OC) resources in the following manner: (i) up to the amount of US\$3,000,000, subject to concessional financial terms and conditions ("Concessional OC"); and (ii) up to the amount of US\$3,000,000, subject to financial terms and conditions applicable to loan operations financed from the Bank's regular program of OC resources ("Regular OC"), as indicated in the Project Summary of the Loan Proposal, and subject to the Special Contractual Conditions of said Project Summary.

(Adopted on \_\_\_\_\_ 2018)