

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	PARAGUAY/CSC - Southern Cone
▪ TC Name:	Enhancing the Quality of Metrology Services to Strengthen Competitiveness and Productivity of the SMEs
▪ TC Number:	PR-T1302
▪ Team Leader/Members:	VENTURA, JUAN PABLO (IFD/CTI) Team Leader; KELLY CASTILLO, EMILY LETICIA (IFD/CTI); GONZALEZ ALZUALDE, YOHANA BEATRIZ (IFD/CTI); SUN, JUYOON (IFD/CTI); ARCE PEREIRA, CHRISTIAN MANUEL (CSC/CPR)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	10 Jul 2020
▪ Beneficiary:	Ministerio de Industria y Comercio, República del Paraguay
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$198,718.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI - Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	CSC/CPR - Country Office Paraguay
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The objective of the technical cooperation is to support the development of a Metrology Strategy for INTN and improve its capacity to deliver scientific and industrial metrology services. INTN has a key role to play in order to enhance productivity and competitiveness of firms by delivering services focused on achieving greater levels of quality in production processes, efficient use of resources and a reduction in costs.
- 2.2 The Paraguayan economy is affected by a significant level of structural heterogeneity among the firms in the market, reflected by the high dispersion of productivity among companies of different sizes. The SMEs represent 97% of the economic units and employ 61% of total workers. Nevertheless, the income generated by these units reaches only 10% of total sales revenue. Furthermore, the difference in productivity between micro and large companies in Paraguay is 8.41 vs. 1.21 in the United Kingdom; 1.78 in Chile; and 4.05 in Mexico. Among the factors that explain low productivity of firms is the Quality Infrastructure of the country. To improve the Quality Infrastructure, it is key to develop public institutional capabilities and frameworks. The general objective of the project is to strengthen the competitiveness of Small and Medium Enterprises (SMEs) through the improvement of public metrology services. The Quality Infrastructure of a country comprises three pillars: Metrology, Standardization and Accreditation. In Paraguay, the National Quality Policy is adopted by Decree No. 8419 (2018). The expected benefits of the National Quality Policy are

improving the country's economic competitiveness and the optimization of State resources to improve the well-being of the population. The National Institute for Standardization and Metrology Technology (INTN) is a public, autonomous and decentralized entity with its legal status and jurisdiction, responsible for the implementation and operation of the National Metrology System. Key functions of INTN include technical assistance, preparation of technical standards and certification, and research. Its attributions cover scientific, industrial and legal metrology. Nevertheless, INTN currently lacks a clear strategy to implement the national quality policy to support the Paraguayan productive sector. Furthermore, it needs to improve its governance structure and institutional capabilities in order to articulate national policies and improve its services and outcomes.

III. Description of Activities and Outputs

- 3.1 **Component I: Developing the National Metrology Plan.** The component includes the development of a National Metrology Plan in the field of National Standards Metrology and Industrial Metrology
- 3.2 **Component II: Pilot project for implementing metrology services.** The objective of this component is to enhance the quality of metrology services provided at the INTN through the implementation of two pilot projects
- 3.3 **Component III: Enhancing metrological capacity at National Metrology System and INTN.** The objective of this component is enhancing the metrological skills of and capacities of the National Metrology System and INTN's staff to provide better metrology services and to enhance the institutional capacity

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Developing the National Metrology Plan	US\$45,000.00	US\$0.00	US\$45,000.00
Pilot project for implementing metrology services	US\$105,000.00	US\$0.00	US\$105,000.00
Enhancing metrological capacity at National Metrology System and INTN	US\$48,718.00	US\$0.00	US\$48,718.00
Total	US\$198,718.00	US\$0.00	US\$198,718.00

V. Executing Agency and Execution Structure

- 5.1 This TC will be executed by the Bank as requested by the Ministry of Industry and Commerce, as well as expressly stating compliance with section 4.5 of the Bank's TC Policy (GN-2470-2) which requires, in case of Bank-executed TCs in areas of Bank's expertise, that (a) the beneficiary country concurs; and (b) the proposed activities are consistent with the Bank's country strategy and program. Compliance to the requirement mentioned in (a) is evidenced by the non-objection letter attached. The Competitiveness, Technology and Innovation (CTI) Division of the Institutions for Development Department (IFD) will be responsible for the technical supervision and administration of TC. The Bank, through CTI specialists, will supervise the technical and operational activities related to the project. Although the Bank will be the executing unit for this project, the beneficiary must submit technical reports every six months with information on activities, products and results achieved during the last period. Reports should include a timeline for using the resources for the next six

months along with information on the lessons learned. Mid-year reports will be discussed in monitoring meetings with the beneficiary.

- 5.2 This TC will be executed by the Bank as requested by the INTN due to Division expertise in the area.

VI. Project Risks and Issues

- 6.1 One risk with the implementation of this TC is that the Paraguayan government does not agree with the recommendations that emerge from some of the studies and, therefore, does not advance with the implementation of policies by some of them. To mitigate this risk, the project team will be deeply involved in dialogue with the beneficiary to accompany the process of discussion and assimilation of the different policy recommendations.

VII. Environmental and Social Classification

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