

TC ABSTRACT

I. Basic Project Data

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| ▪ Country/Region: | Regional/CCB - Caribbean Group |
| ▪ TC Name: | Support to Trade and Investment Promotion |
| ▪ TC Number: | RG-T2964 |
| ▪ Team Leader/Members: | Arias Urones, Ana (INT/TIN) Team Leader; Umana, Mario Alberto (INT/TIN) Alternate Team Leader; Imana, Zaida Victoria (INT/TIN); Hennig, Betina Tirelli (LEG/LEG); Lutz, Liza M. (LEG/SGO); Esteves, Yasmin (INT/TIN); Perez Menendez, Angel Ramon (EXR/EXR); Rospide, Maria De La Paz (INT/INT); Gomez Gonzalez, Maria Margarita (INT/INT); Etchegaray De La Cerda, Juan Pablo (INT/TIN); Hoepel, Lucas A (CCB/CSU); De Four, Takiyah (INE/TSP); Semmoh, Nadischia Deborah (CCB/CSU); Gangadin, Rajant Amarnath (CCB/CSU) |
| ▪ Taxonomy: | Client Support |
| ▪ Number and name of operation supported by the TC: | N/A |
| ▪ Date of TC Abstract: | 18 May 2017 |
| ▪ Beneficiary: | Suriname and Guyana |
| ▪ Executing Agency: | Inter-American Development Bank |
| ▪ IDB funding requested: | \$ 450,000.00 |
| ▪ Local counterpart funding: | \$ 0.00 |
| ▪ Disbursement period: | 24 months |
| ▪ Types of consultants: | Individuals |
| ▪ Prepared by Unit: | Integration & Trade |
| ▪ Unit of Disbursement Responsibility: | CCB - Caribbean Group |
| ▪ TC included in Country Strategy (y/n): | No |
| ▪ TC included in CPD (y/n): | No |
| ▪ Alignment to the Update to the Institutional Strategy 2010-2020: | Economic integration |

II. Objective and Justification

- 2.1 The objective of the present TC is to support Suriname and Guyana in Trade and Investment Promotion. To achieve this purpose, the TC will finance (i) Building framework to promote Exports through FDI in Suriname, (ii) Supporting the implementation of Electronic Single Window for Trade and Investment for Surinam and Guyana and (iii) Project Preparation.
- 2.2 The Government of Guyana is, pursuing economic diversification, focusing on boosting the more dynamic sectors of Guyana's economy, in particular: agriculture/agro processing, forestry, mining, and manufacturing. In addition, the government is implementing specific policies to accelerate the development of non-traditional agriculture and exports. There is a need to develop further strategic planning in the area of export promotion and investment attraction, including a revision of the institutional framework, with the goal of connecting regional and global value chains.
- 2.3 Diversification of exports by transitioning into non-traditional, high productivity, and more knowledge-intensive areas may assist Guyana in competing in more value-added products and services. Economic diversification, including export diversification, requires a supportive and complementary NQI system. Access to existing and new markets require compliance, in most cases mandatory, with technical requirements that are standards-based and include: food safety, good agricultural practices, good manufacturing practices, quality standards, animal health, plant health, environmental, social, safety, information and trade logistics security, efficiency and certification standards. This requires adequate regulatory and policy frameworks, as well as quality infrastructure with laboratories that are able to generate precise and accurate metrology, testing and guarantee standards of new products.

- 2.4 Currently, the IDB approved the project GY-L1059, “Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion” which has a component fully dedicated to implement the National Export and Investment Strategy. Furthermore, to complement this effort and as part of the regulatory framework to boost exports and investments, the Government of Guyana is considering initiating the process of designing an Electronic Single Window for Trade and Investment.
- 2.5 The Government of Suriname is looking to diversify its economy towards among other agriculture and agro-processing sectors, as well as eco-tourism and Business Process Outsourcing (BPO). Ecotourism in Suriname could present a key opportunity to diversify away from revenues derived from finite resources. Other potential sources of income could be from hydroelectric power production and fisheries.
- 2.6 The growth of Suriname must be based on external markets, as the domestic market is limited. To increase a country’s wealth, countries want to use their resources in the most effective and efficient manner. Even though it makes economic sense to allocate resources to the most productive industries, however to rely on only one or a few products, makes the country vulnerable to changes in the market forces in the world economy. Economic diversification should also encourage new development in other sectors of the economy. Indeed, diversification is a strategy that reduces investment risk and increases the odds that the country will earn a decent return over time.
- 2.7 Ministries of Trade and Industry of Suriname and Guyana are requesting the IDB for technical assistance: Suriname, is mostly interested to support exports, attract investment and in opening the discussions and setting the preliminary formalities and tasks needed to establish an Electronic Single Window for Trade and Investment; Guyana is also requesting support to initiate the process to design an Electronic Single Window for Trade and Investment.

III. Description of Activities and Outputs

- 3.1 Component 1: Building framework to promote Exports through FDI in Suriname: (US \$181,000). This component will support Suriname Government to build inclusive plan for increasing exports through attraction of foreign direct investment.
- 3.2 This component will finance following activities:
 - 3.2.1 To carry out an economic analysis on the benefits of FDI in improving export performance, which could prove the importance of FDI in Suriname. This analysis will include the case study of linkage between FDI and trade in other countries such as Korea, Rwanda etc.
 - 3.2.2 To propose a strategy and action plan to develop an international investor network. This network will connect Private equity, Venture Capital, Business angels, Diaspora and Corporate finance firms from all over the world with selected projects in Surinam with high growth potential.
 - 3.2.3 Elaborate a pipeline of private & Public projects ready to connect to the private investors: Stage of the investment: set-up, growth and expansion; sectors of activity, the amount of investment minimum required and the geographical location: foreign and Surinamese companies either already present in the country or wishing to set up there.
 - 3.2.4 Elaborate Investor’s profile: List of venture capital, business angels and diaspora that could co-invest.
 - 3.2.5 Design the platform for Invest Network where the projects and investors can be interconnected and describe the procedures of this Invest Network.
 - 3.2.6 Select pilot team for Investor Network and train the team to execute the activity.
 - 3.2.7 Building relations with the professional advisors.

- 3.3 Component 2: Supporting the implementation of Electronic Single Window for Trade and Investment for Surinam and Guyana (US\$150,000). Through this component, readiness assessment for implementing Electronic Single Window will be conducted for Suriname and Guyana respectively.
- 3.4 This assessment will include (i) Mapping of the export, import and transit processes, (ii) Mapping customs and another government entities processes, (iii) Mapping the logistic processes (exporter, importers, carriers etc.) (iv) Identify the bottlenecks in export-import and invest, (v) Based on global best practices, propose a draft action plan (chronogram and budget) and analyze benefits for the recipient countries (individually and collectively when interoperable) once the Electronic Single Window for Trade and Investment is implemented (global best practices will cover the experiences of Korea, UAE, Singapore, among others, and the team will work closely with these countries)
- 3.5 The Assessment will provide better understanding of the obstacles that SMEs face during the export and import processes and help to identify the institutions that should be connected to Single Window to achieve maximum efficiency.
- 3.6 Component 3: Project preparation (US\$94,000) Both governments of Suriname and Guyana are highly interested in opening an investment loan to modernize the institutional and legal framework in trade, investment promotion and SMEs to improve the connectivity of the respective countries with global markets. This component will support to prepare the loan operations
- 3.7 **Component I: Exports and Investment.** Economic impact analysis on the benefits of FDI export oriented and developing an international Investor Network
- 3.8 **Component II: Electronic Single Window.** Readiness assessment for the design of an ESW: Assessment will be executed to define the necessity and demand of the entrepreneurs and to design Electronic Single Window.
- 3.9 **Component III: Project preparation.** Project loan preparation document: Integrated development strategy covering FDI, Exports and SMEs.
- 3.10 **Component IV: Contingencies.** Contingencies

IV. Budget

Indicative Budget

| Activity/Component | IDB/Fund Funding | Counterpart Funding | Total Funding |
|--------------------------|------------------|---------------------|---------------|
| Exports and Investment | \$ 181,000.00 | \$ 0.00 | \$ 181,000.00 |
| Electronic Single Window | \$ 150,000.00 | \$ 0.00 | \$ 150,000.00 |
| Project preparation | \$ 94,000.00 | \$ 0.00 | \$ 94,000.00 |
| Contingencies | \$ 25,000.00 | \$ 0.00 | \$ 25,000.00 |

V. Executing Agency and Execution Structure

- 5.1 The execution will be carried out by the Bank through the Sector of INT/TIN in coordination with the IDB Country Office in Suriname and Guyana.
- 5.2 This TC forms part of the Bank's initiative to expand regional integration.

VI. Project Risks and Issues

- 6.1 The main risk for this Technical Cooperation is that the officers from the MTI do not have the capacity to further develop the areas proposed. This risk will be mitigated by providing hands on training and capacity building activities.

VII. Environmental and Social Classification

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