

Technical Cooperation Document

I. BASIC INFORMATION

▪ Country/Region:	Guyana/CCB
▪ TC Name:	Institutional Strengthening of the National Quality Infrastructure in Guyana
▪ TC Number:	GY-T1129
▪ Team Leader/Members:	Claudia Stevenson (IFD/CTI); Team Leader; Mario Umana (INT); Alternate Team Leader; Edwin Goni (IFD/CTI); Derise Williams (CCB/CGY); Monica Lugo (LEG/SGO) and Blanca Torrico (IFD/CTI)
▪ Taxonomy:	Operational Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	Enhancing the National Quality Infrastructure for Diversification and Trade Promotion (GY-L1059)
▪ Date of TC Abstract authorization:	September 15, 2016
▪ Beneficiary:	Cooperative Republic of Guyana
▪ Executing Agency and contact name:	Inter-American Development Bank (IDB), through Competitiveness and Innovation Division (IFD/CTI)
▪ Donors providing funding:	Institutional Capacity Strengthening Thematic Fund (ICS)
▪ IDB Funding Requested:	US\$250,000
▪ Local counterpart funding, if any:	US\$0.00
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	December, 2016
▪ Types of consultants (firm or individual consultants):	Individual
▪ Prepared by Unit:	IFD/CTI
▪ Unit of Disbursement Responsibility:	IFD/CTI
▪ TC Included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	N
▪ UIS Sector Priority:	Y
▪ Institutional Capacity Strengthening Thematic Fund (ICS)	Y

II. DESCRIPTION OF THE ASSOCIATED LOAN

- 2.1 The Ministry of Business (MoB) is working with the Bank in a program aimed at modernizing the Guyanese National Quality Infrastructure. A National Quality Infrastructure (NQI) is the ecosystem that supports the development, adoption and compliance of standards to promote product quality. It is comprised of the institutions, norms, and regulations, metrology and testing infrastructure and public

and private stakeholders that develop, supervise or adopt quality standards.¹ (see [Schematic representation of a NQI](#)).

- 2.2 The loan operation Enhancing the National Quality Infrastructure for Diversification and Trade Promotion ([GY-L1059](#)) is an investment loan, the total cost of the program is US\$9 million, to be disbursed over a period of 5 years. The Bank will finance US\$4.5 with resources from Fund Special Operations and US\$4.5 million from resources of the Ordinary Capital.
- 2.3 The objective of the program is to support economic diversification and exports through the enhancement of the NQI and through a National Export and Investment Promotion Strategy. Specific objectives are: (i) to enhance the capacity of the NQI; (ii) to improve facilities for the NQI; and (iii) to enhance the capability of export and investment promotion.
- 2.4 In this regard, GY-L1059 will concentrate on four fronts: (i) strengthening the Guyana National Bureau of Standards (GNBS) and its labs in its central role in legal and industrial metrology, standardization, accreditation and certification; (ii) establishing a Network among the existing export related labs in order to allow coordination and synergies and better use of resources available; (iii) capacity building and training activities to further enhance the utilization of the existing labs and its personnel; and (iv) promoting and investment and export strategy.

III. OBJECTIVES AND JUSTIFICATION OF THE TC

- 3.1 The production and trading of goods and services in the principal sectors face a number of non-compliance risks in both the local and export markets with significant impact on competitiveness such as: (i) rejection of products at border inspection point; (ii) increased costs due to delays while inspections/test are being done in overseas laboratories; (iii) disruptions in trade, loss or inability to expand into new market; (iv) loss of revenue where inaccurate measurements and test results are used; and (v) inability to command premium price where quality and safety products are not defined.² In this regard both traditional and non-traditional exports require compliance with technical requirements that are standards based³. In addition, local consumers and environmental protection conditions need to be enhanced.
- 3.2 There are 20 existing main national laboratories offering services in metrology, chemical and microbiological and physical testing of products and materials used.⁴ However, their current infrastructure and equipment is not adequate for supporting exports, protect consumers and the environment.
- 3.3 The GNBS reports to the MoB and holds primary responsibility for standardization, through a process of formulation and application of standards, technical regulations,

¹ It is comprised of (i) National Standard Bodies, in charge of developing and adopting standards; (ii) certification bodies in charge of assurance that a product conforms to standards; (iii) testing laboratories (both public and private); (iv) inspection bodies; (v) calibration laboratories; and (vi) accreditation bodies in which an organization or a person is recognized as competent to carry out certain tasks. Guasch, Racine, Sanchez and Diop. 2007. Quality Systems and Standards for a Competitive Edge. World Bank Publication.

² Needs Assessment for State of the Art Testing and Metrology Facilities. Executive Summary. 2014.

³ Food Safety, Good Agricultural Practices, Quality Standards, Animal Health, Plant Health, Environmental, Social, Safety, Information Security, Efficiency and Certification, each with its own specific requirements.

⁴ Ibid.

conformity assessment procedures and metrology⁵. However, all standardizing bodies need to modernize the legal and implementation framework of the NQI,⁶ as Guyana still has to consolidate national quality infrastructure governance and implement best practices.

- 3.4 The governance structure of the NQI needs to be enhanced to better include the needs of private sector (with priority for non-traditional exporters) and to support the functioning of a network of laboratories, as the trend in many countries is to incorporate technical capabilities already existing and to establish a network of laboratories to promote collaboration.⁷ The national quality infrastructure, its institutional framework and its technical regulation is not yet be developed to their full potential, and is not fully harmonized with those of its major trading partners. The modernization need to be addressed in a holistic manner, as they cut across many ministries, agencies and private stakeholders. Hence, as Guyana re-engineers and upgrades the national quality infrastructure, enhances its technical regulation regime and organizes the relationship with the private sector, it must cater for technological and quality needs, minimize environmental, health and safety externalities, and at the same time avoid unnecessary and costly barriers to trade. The creation of a network of laboratories will allow the NQI in Guyana to have a more efficient use of the existing resources, as there are laboratories with excess capacity and not adequate personnel and some that do not have the necessary equipment.
- 3.5 In order to implement the network, there is the need for more detailed information about the nature of the services of each laboratory and the available equipment and to create mechanisms that allow for collaboration and information sharing. The information system of the network will allow the MoB (and the GNBS) to support with more reliable information the capacity building component of the NQI, and provide a more useful service to the laboratories under their domain. On the other hand, there is not enough information about the exporters, in particular the non-traditional ones, and their specific needs for testing and certification. Since the GY-L1059 aims at diversifying exports by promoting non-traditional exports, this information will allow for more targeted actions regarding this specific group of exporters and the implementation of a trade and investment promotion strategy with more reliable and specific information.
- 3.6 In addition, many stakeholders, in particular from the private sector, are not aware of the services that are already available within the existing labs as well as many Small and Medium-Sized Enterprises (SMEs) are not aware of the importance of having quality standards to access international markets. By starting the awareness campaign, the SMEs and exporters will benefit by increasing their knowledge of what the system currently offers and in particular, why standards are needed to access new markets.
- 3.7 In this regard, this Technical Cooperation (TC) will support the MoB and the GNBS with the design of a governance structure to support the NQI, in particular private sector trade and export activities and the network of laboratories, along with a website that will support the network with information regarding the needs of the

⁵ GNBS Strategy. 2011.

⁶ The GNBS Standards Catalogue 20212 lists twenty (20) standards as having mandatory status. The WTO Report by Measures 2009, states that Guyana makes minimal use of technical regulations”.

⁷ Sanetra C., Marban, R. 2007. The Answer to the Global Quality Challenge: A National Quality Infrastructure. Joint PTB, OAS SIM publication.

exporters to enable informed decision making⁸. The present TC will support the GY-L1059 as it will provide the information required to support the existing laboratories of the NQI, both public and private and will provide information about the specific needs of the program beneficiaries (SMEs and exporters) regarding quality and standards. It will also support capacity building in the private sector, in particular for SMEs prone to export in the area of standards and quality.

- 3.8 This TC is aligned with the IDB Country Strategy with the Cooperative Republic of Guyana: 2012-2016 (GN-2690), which includes the pillar of private sector development and the increase in competitiveness and innovation in Guyana, which includes the pillar of private sector development and the increase in competitiveness and innovation in Guyana. This TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) and is strategically aligned with the development challenges of: (i) productivity and innovation; and (ii) economic integration by contributing to the enhancement of competitiveness through an improved NQI system (better metrology, in-land testing and certification for exports, standardization of production, improvement of non-traditional processing to meet export standards, reduced rejection of exports) and to economic growth by enhancing the export base of non-traditional products. The TC is also aligned with the cross-cutting theme of: institutional capacity and rule of law by: supporting the institutional strengthening of the NQI. The TC will contribute to the Corporate Results Framework (CRF) 2016-2019 (GN-2727-6) by: contributing to the growth rate of the value of total exports of goods and services as it aims to increase the value and volume on non-traditional exports. This TC is also aligned with the Institutional Capacity Strengthening Thematic Fund (GN-2524), as it contributes to the strengthening of the institutions involved in the NQI, mainly the GNBS and also promotes greater participation of the private sector in non-traditional export activities.

IV. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 4.1 **Component 1: Enhance Institutional Framework for the NQI (US\$115,000).** The streamlining of the governance structure will allow the GNBS to include the needs of the private sector under a modern framework, in which the institutional capacity of the NQI, in particular the GNBS, will be brought to a level commensurate to best international practices and will allow the country to be able to respond in a more cost effective manner to the requirements of the new international markets and allow for a more efficient the implementation of GY-L1159. This component will finance consultancy services to support (i) the streamlining of an organizational structure of the GNBS with best practices and international standards, along with the required processes; (ii) the development of road map for accreditation of laboratories, in order to support the GNBS with a strategic approach and priorities to address one of the main bottlenecks of the NQI system; and (iii) the creation of a website in which the gathered information can be used by the GNBS and shared with all other stakeholders; and (iv) support for data information and analysis.
- 4.2 The streamlining of the organizational structure with best practices and international standards will involve a benchmarking exercise with similar institutions in small economies, aiming at actions to ensure good governance avoiding any possible conflict of interest within the GNBS and in all other institutions in the NQI, improving the separation of activities and responsibilities and building coordination

⁸ With participation from the GNBS.

mechanisms. It will also provide recommendations on the structure of the GNBS and functions of responsibilities of the personnel. As the GNBS Act is in the process of being amended and a Metrology Bill is being drafted, the institutional recommendations should be incorporated in the new legislation.

- 4.3 The development of a road map for accreditation of laboratories will include an initial assessment of the status of each one of the 18 existing laboratories that are not currently accredited, and by developing a set of criteria, establish the priorities and the pending actions and timetable for each one.
- 4.4 To allow for the network implementation, a data gathering exercise in order to map the different type of services, test and available equipment, clients who use the services, and type of clients by sector etc., among others, in the ecosystem of public and private laboratories in Guyana (detailed questionnaire is included in Annex II, Terms of Reference, and includes information about type of services, type of industries services, number of type of services provided, services provided to third parties, organizational structure, equipment and needs assessment, among others⁹. This component will include as well the development of a website in which information can be shared among the participants of the network. The website will be operated by the GNBS. The participation in the network will be voluntary, and some laboratories have already expressed interest in participating and requested this mechanism. The MoB (through the GNBS) will use the information generated and the website to promote collaboration between laboratories, better use of existing resources and interventions that are better tailored to the needs of the existing labs. This information will support the implementation and operation of the network that will be carried out by GY-L1059 and will support the development of the medium to long term strategy for the GNBS with up to date information. GY-L1059 has resources for the operation of the network, thus providing continuity to the information gathered with this initiative.
- 4.5 **Component 2: Support informed decision making on exporters needs on quality and standards. (US\$70,000).** This component will finance consultancy services to support a data gathering exercise involving a survey among exporters in Guyana regarding their needs and use of testing and certification both in Guyana and in other countries. This information will enhance the capacity of the MoB (and its related institutions, GNBS, Guyana Office for Investment (Go-Invest) and the Small Business Bureau) with data that will allow informed decision making regarding the long term strategy for the GNBS and the export and investment strategy that Go-Invest will provide as part of the activities of GY-L1059.
- 4.6 **Component 3: Capacity building for stakeholders (US\$40,000).** This component will finance consultancy services to support the carrying out of workshops and seminars for diffusion, awareness and discussion for both the network of laboratories and SMEs that are currently exporting or looking toward expanding their activities in the external markets. This component aims at promoting a culture of quality and to enhance SME's capacity for utilizing standards in their production. As more SMEs are involved in the NQI, the sustainability of the ecosystems is strengthened as the number of services and testing provided will increase. With the information gathered from the data gathering exercise of Component 1, the needs for capacity building in

⁹ The data collection will be carried out by direct interview with the laboratories that are part of the NQI and will update the previous exercise carried out by the Gaps and Needs Assessment study financed by previous Bank operation GY-L1006, Competitiveness Enhancement Program .

common teams will be identified for the laboratories. The information gathered from exporters, mainly SMEs with capacity to export, the awareness and capacity building activities will be developed to match the real needs. As part of the preparatory activities of GY-L1059 the current exporters of non-traditional exports have been identified, and with the support of the Small Business Bureau, the potential SMEs and beneficiaries will be reached out.

- 4.7 The results framework for this operation complements the results framework from GY-L1059 as shown in Table 1.

Table 1. Indicative Results Matrix

Outcomes Section							
Outcome statement: The Institutional Capacity of the Guyanese National Quality Infrastructure is strengthened with the generation of information for informed decision making and improved governance. ¹⁰							
Outputs Section							
Outputs	Unit of measure	Baseline (2016)	2017	2018	End of Project Target	Means of Verification	Observations
Component 1: Enhance Institutional Framework for the NQI							
1.1 Report containing a proposal for the organization structure for Guyana National Bureau of Standards	Report	0	1	0	1	Consultant's report	The proposed structure will use best practices and international standards.
1.2 Road Map for accreditation of laboratories developed	Map	0	1	0	1	Consultant's report	
1.3 Network of laboratories created	Network	0	0	1	1	Consultant's report	The network will carry out the mapping of the different services provided.
1.4 Website finished	Website	0	0	1	1	Report from Guyana National Bureau of Standards	The website will contain all the gathered information.
Component 2: Support informed decision making on exporters needs on quality and standards							
2.1 Database survey finished	Database	0	1	0	1	Consultant's report	The database will contain the responses from Guyanese exporters.
Component 3: Capacity Building for Stakeholders							
3.1 Workshops carried out	Workshops	0	1	2	3	Report from Guyana National Bureau of Standards	To disseminate and discuss activities in the network of laboratories and small and medium enterprises.

¹⁰ The data generated, in addition to the proposals for improving governance and road map for accreditation of laboratories will provide input and facilitate the actions to be taken by the GNBS as part of GY-L1059.

- 4.8 The total amount of this project will be US\$250,000 fully funded by the Bank through the Institutional Capacity Strengthening Thematic Fund (ICS). Table 2. splits this budget among the different components, for more details see the Annex III.

Table 2: Indicative Budget (in US\$ dollars)

Component	Description	IDB	Local	Total
Component 1:	Streamlining of the GNBS Institutional Framework	130,000	0	130,000
	Organizational Structure for the GNBS	35,000	0	35,000
	Road Map for Accreditation of Laboratories	30,000	0	30,000
	Information System of Public and Private Laboratories	40,000	0	40,000
	Information Support and Analysis	25,000	0	25,000
Component 2:	Data Gathering on Exporters	65,000	0	65,000
Component 3:	Diffusion and Awareness	30,000	0	30,000
Evaluation		10,000		10,000
Contingencies and Coordination		15,000	0	25,000
TOTAL		250,000	0	250,000

- 4.9 **Evaluation.** The monitoring of this TC will be conducted through the following mechanisms: (i) technical meetings between GNBS, Go-Invest and the IDB; (ii) the technical review of all documents produced by this TC (CTI will be in charge of these reviews); and (iii) technical workshops to collect feedback and disseminate results. Products and services delivered by the TC are reported in the TC Results Matrix (Table 1) and are essentially consultancy reports. As part of the consultancies, internal workshops convening to GNBS, Go-Invest, the Bank and the consultants will be held in order to transfer the knowledge and technologies generated by the consultancies. Progress reports will be submitted according to the Terms of References and contracts agreed in each consultancy. Every consultancy will have at least one progress report, one draft of final report and one final report after including comments provided by the GNBS, Go-Invest and the IDB. To comply with the annual monitoring of progress of the TC, the IDB with the support of GNBS and Go-Invest, will prepare an annual report that will contain: (i) financial progress of the TC; (ii) progress on delivery of outputs; (iii) report of activities conducted throughout the year; (iv) identification of challenges faced throughout execution and measures taken to solve unexpected issues; (v) lessons learned and good practices identified during execution; and (vi) work program for the next year.

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 The execution will be carried out by the Bank, through Competitiveness and Innovation Division (IFD/CTI) in coordination with the IDB Country Office in Guyana. The MoB will be in charge of all the coordination activities with all the relevant stakeholders. For Component 1, the GNBS will be actively involved as they will take on the leadership of the network of laboratories and the data collection exercise. For Component 2, Go-Invest will be actively involved as they activities regarding the strategy for export and investment promotion will benefit from the results of the data gathering exercise. The Government of Guyana requested for this TC to be executed directly by the Bank, as it consists of preparatory activities that will support the capacity building of the institutions involved in the related loan operation to be approved in a way that they will be better prepared for its execution.

- 5.2 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank's current procurement policies and procedures.
- 5.3 **Sustainability.** The operation of the network of laboratories will be carried out by GY-L1059, through which the updating of the information of the laboratories will be kept up to date.

VI. MAJOR ISSUES

- 6.1 The main risk for this TC is that the streamlined institutional framework for the NQI is not implemented. This risk is mitigated as this institutional framework will facilitate the execution of GY-L1059. Another risk is that the laboratories and the exporters do not participate in the surveys. This risk will be mitigated by awareness campaigns to familiarize the stakeholders in the benefits of participating in the network. Another risk is that the information gathered will not be actualized. This risk is mitigated as the activities in GY-L1059 include maintenance and operation of the network of laboratories

VII. EXCEPTIONS TO BANK POLICY

- 7.1 There are no exceptions to Bank policy.

VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 8.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "B." (See [Safeguards Policy Filter Report and the Screening Form](#)).

Required Annexes:

- Annex I - [Request from the client](#).
- Annex II - [Terms of Reference](#).
- Annex III - [Procurement Plan](#).

INSTITUTIONAL STRENGTHENING OF THE NATIONAL QUALITY INFRASTRUCTURE IN GUYANA

GY-T1129

CERTIFICATION

I hereby certify that this operation was approved for financing under The **Institutional Capacity Strengthening Thematic Fund (ICS)** through a communication dated September 15, 2016 and signed by Kai Hertz (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$250,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of six (6) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

Original Signed

Sonia M. Rivera

Chief

Grants and Co-Financing Management Unit

ORP/GCM

11/10/2016

Date

Approved:

Original Signed

Jose Miguel Benavente

Division Chief

Competitiveness and Innovation Division

IFD/CTI

11/10/2016

Date