

Technical Cooperation Abstract

I. BASIC PROJECT DATA

Country/Region:	Guyana
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); 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)
Reference to Request:	IDBdocs# 40371172
Date of TC Abstract:	June 30, 2016
Beneficiary:	Cooperative Republic of Guyana
Executing Agency and contact name	Inter-American Development Bank (IDB), through Competitiveness and Innovation Division (IFD/CTI)
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:	November 1, 2016
Types of consultants:	Individual
Prepared by Unit:	IFD/CTI
Unit of Disbursement Responsibility:	IFD/CTI
Included in Country Strategy (y/n);	Y
TC included in CPD (y/n):	N
GCI-9 Sector Priority:	Y

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The Ministry of Business is working with the Inter-American Development Bank (IDB) 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](#))

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. 207. Quality Systems and Standards for a Competitive Edge. World Bank Publication.

- 2.2 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.
- 2.3 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.
- 2.4 The Guyana National Bureau of Standards (GNBS) reports to the Ministry of Business and holds primary responsibility for standardization, through a process of formulation and application of standards, technical regulations, conformity assessment procedures and metrology⁵. However, all standardizing bodies need to modernize the legal and implementation framework of the National Quality Infrastructure,⁶ as Guyana still has to consolidate national quality infrastructure governance and implement best practices.
- 2.5 The Bank is working with the Ministry of Business in a loan operation ([Enhancing the National Quality Infrastructure for Diversification and Trade Promotion \(GY-L1059\)](#)) that will concentrate on four fronts: (i) strengthening the 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.
- 2.6 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.

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.

⁵ GNBS Strategy. 2011.

⁶ The GNBS Standards Catalogue 2012 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.

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.

- 2.7 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 Ministry of Business (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.
- 2.8 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.
- 2.9 In this regard, this Technical Cooperation (TC) will support the Ministry of Business and the GNBS with the design of a governance structure to support 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 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.

III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

- 3.1 The objective of this TC will be to support the modernization of the National Quality Infrastructure by strengthening the institutions that are part of the NQI.

⁸ With participation from the GNBS.

The specific objectives will be streamline the governance of the GNBS, strengthen the informed decision making capacity of the GNBS and to build capacity of public and private stakeholders.

- 3.2 **Component 1: Enhance Institutional Framework for the NQI (US\$130,000).** 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 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 and operation of the network of laboratories. In which the mapping of the different types of services, tests and available equipment, client profiles is carried out and; (iv) the creation of a website in which the gathered information can be used by the GNBS and shared with all other stakeholders. 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. This component will include as well the development of a website in which information can be shared among the participants of the network. The Ministry of Business (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.
- 3.3 **Component 2: Support informed decision making on exporters needs on quality and standards. (US\$70,000).** This component will 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 Ministry of Business (and its related institutions, GNBS, GoInvest 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 GoInvest will provide as part of the activities of GY-L1059.
- 3.4 **Component 3: Capacity building for stakeholders (US\$50,000).** This component will 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.

Table 1: Indicative Results Matrix

Indicator	Unit of Measure	Baseline	Intermediate	Target	Source/means of Verification
Project Outcomes					
Institutional Framework for the NQI Enhanced					
Modernized Institutional Structure for NQI	Consultant report	0		1	Consultant report/Website
Market failure on coordination of existing labs addressed	Information system			1	Report from the GNBS
Improved Information for Informed Decision Making					
Ministry of Business (and the GNBS, GoInvest and SBB (strengthened in their capacity for informed decision making)	Survey				Consultants report
Capacity Building for Stakeholders Enhanced					
Capacity of SMEs regarding quality and standards strengthened	SMEs trained	0	25	50	Consultant report

Results/Outputs								
Component	Indicator	Unit of measure	Baseline September 2016	Year 2017		Year 2018		Means of verification
				Target	Date	Target	Date	
Component 1: Enhance Institutional Framework for the NQI	Organizational Structure for the GNBS	# of reports	0	1	Q1 2017	0		Consultant's report
	Road Map for Accreditation of Laboratories	# of reports	0	1	Q1 2017	0		Consultant's report
	Creation and Operation of network of laboratories	# of pipeline reports	0	0	Q1 2017	1	Q1 2018	Consultant's report
	Website for information	# of reports	0	0	Q1 2017	1	Q1 2018	Report from the GNBS
Component 2: Support Decision Making on exporter's needs on Quality and Standards	Survey on exporter's needs and use of standards finished	# of reports	0	1	Q2 2017			Consultant's report
Component 3: Capacity Building for Stakeholders	Training and awareness workshops with stakeholders	# of events	0	1	Q2 2017	2	Q3 2018	Reports from the GNBS

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

Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1:	Streamlining of the GNBS Institutional Framework	130,000	0	130,000
	Governance Structure for the GNBS	40,000	0	40,000
	Accreditation Mapping and Priorities	40,000	0	40,000
	Information System of Public and Private Laboratories	50,000	0	50,000
Component 2:	Data Gathering on Exporters	70,000	0	70,000
Component 3:	Diffusion and Awareness	50,000	0	50,000
TOTAL		250,000	0	250,000

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 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 GNBS will be in charge of all the coordination activities with all the relevant stakeholders.

V. PROJECT RISKS AND ISSUES

- 5.1 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

VI. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 6.1 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 "C." (See [Safeguards Policy Filter Report and the Screening Form](#)).