

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

GUYANA

**ENHANCING THE NATIONAL QUALITY INFRASTRUCTURE FOR ECONOMIC
DIVERSIFICATION AND TRADE PROMOTION**

(GY-L1059)

PROJECT PROFILE

The project team consisting of prepared this document: Claudia Stevenson (IFD/CTI); Team Leader; Mario Umaña (INT/TIU), Alternate Team Leader; Galileo Solis (IFD/CTI); Ana Arias (INT/TIU); Navita Anganu (IFD/CMF); Derise Williams (CCB/CGY); Monica Lugo (LEG/SGO); Emilie Chapuis and Paula Louis-Grant (FMP/CGY); and Blanca Torrico (IFD/CTI)

Under the Access to Information Policy, this document is subject to Public Disclosure.

PROJECT PROFILE

GUYANA

I. BASIC DATA

Project Name:	Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion	
Project Number:	GY-L1059	
Project Team:	Claudia Stevenson (IFD/CTI); Team Leader; Mario Umaña (INT/TIU), Alternate Team Leader; Galileo Solis (IFD/CTI); Ana Arias (INT/TIU); Navita Anganu (IFD/CMF); Derise Williams (CCB/CGY); Monica Lugo (LEG/SGO); Emilie Chapuis and Paula Louis-Grant (FMP/CGY); and Blanca Torrico (IFD/CTI)	
Borrower:	Cooperative Republic of Guyana	
Executing Agency:	Ministry of Business	
Financial Plan:	IDB (Ordinary Capital):	US\$4,500,000
	IDB (FSO)	US\$4,500,000
	Total:	US\$9,000,000
Safeguards:	Policies triggered:	B.1, B.10, B.11, B.17, B.2, B.3, B.4, B.5, B.6, B.7
	Classification:	B

II. GENERAL JUSTIFICATION AND OBJECTIVES

2.1 **Background.** Guyana experienced a 4.5% average economic growth during 2009-2014 primarily due to the expansion of mining and agricultural exports and to the high prices of commodities such as gold.¹ However, in 2015, as the price of international commodities declined, economic growth slowed to 1.6% highlighting the vulnerability of the economy to its high concentration of exports mainly within the mineral and agricultural sectors where 45% of exports were attributed to gold, 18% to rice, 6.6% to raw sugar and 3.5% to crustaceans.^{2, 3} In this regard, there is consensus among public and private stakeholders on the need to diversify the economy and the export base, as well as to improve efficiencies and remove bottlenecks in the sectors that are currently the engine for growth, i.e. mining and agriculture. Considering the modernization of traditional sectors such as sugar, rice, forestry, and mining, the Ministry of Business has been carrying out actions to support economic diversification and productivity, value added and export readiness, and supporting new growth and diversification in new sectors (specifically in non-traditional agriculture, aquaculture, business process outsourcing/ information technology, and tourism) all encapsulated under a socially and environmentally sustainable framework.

¹ Guyana Private Sector Assessment Report (PSAR). 2014. Bureau of Statistics Data.

² Observatory of Economic Complexity 2016.

³ The economy is highly dependent on raw materials and unprocessed foods, as the main contributors to the economy are agriculture, forestry and fishing (19% of Gross Domestic Product), mining and quarrying (10%), agroindustry (7%) and services (66%). Source: Bureau of Statistics.

Due to the size of the economy, economic diversification actions entail accessing new markets for non-traditional products. In this regard, the compliance with [legal and voluntary quality standards](#) is a necessary condition to access new markets.

- 2.2 Guyana's private sector is small and fragmented consisting of mainly micro, small, and medium-sized enterprises with a few large enterprises operating in the extractive industries⁴. As of October 2013 the Small Business Bureau's database included 6,756 businesses⁵. Most firms sell their goods and services only in the domestic market, with only 15% reporting that they sell to the Caribbean region and a mere 3.8% selling beyond the Caribbean".⁶ Access to international markets, product development and industrial upgrading of Small and Medium Sized Enterprises (SMEs) depend on the adoption of quality standards. In particular, to enable SMEs to access global value chains and new markets, secure access to their products and compliance with environmental and social requirements of their export markets.
- 2.3 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.⁷ (see [Schematic representation of a NQI](#)) In order to facilitate economic diversification in the local and external markets and provide recognition for the Guyanese brand in the international markets,⁸ there is a need to modernize the NQI in Guyana. The main institutions involved in the NQI, related to export promotion in Guyana are the Ministry of Business, who has responsibility over the NGBS and GoInvest. In addition, the Ministries of Agriculture and Health have a relevant role related to Sanitary and Phytosanitary measures (SPS) and Health (Food and Drug). The *Guyana National Bureau of Standards (GNBS)* is the agency responsible for developing national standards and is governed by a National Standards Council, whose members are appointed by the Minister of Business. (Chambers of Commerce, the University of Guyana, the Guyana Manufacturers' Association, Regulatory bodies etc.). The *National Agricultural Research and Extension Institute (NAREI)* under the Ministry of Agriculture is Guyana's SPS enquiry point and national notification authorities to the WTO. The *Food and Drug Department* under the Ministry of Health has the overall responsibility for issues relating to human health, including food for human consumption and cosmetics (See [GNQI – Ministries and Agencies](#)).

⁴ Guyana Private Sector Assessment Report.

⁵ About 73% of registered businesses in Guyana employ fewer than five people, while 22.3% employ 5-15 people and 4.7% employ more than 15.

⁶ Ibid.

⁷ 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.

⁸ Needs Assessment for the State of the Art Testing and Metrology Facilities. 2014. Between 2006 and 2010, there were a total of 59 rejections of foods exported to the United States of America (US) from Guyana at an annual average of 12 rejections. The Unit Rate of Rejection for the US market from 2002 to 2010 ranged from 0.9 in 2003 to just about 0.2 in 2010, higher than the average of countries such as Trinidad and Tobago and Jamaica.

- 2.4 Modernization efforts would include streamlining and implementing procedures for certification, accreditation and conformity, improve the laboratory facilities of the GNBS for metrology, calibration and testing⁹ as well as the main laboratories related to the export/import processes under the Ministries of Agriculture and Health. These efforts should include investments in equipment and capacity building in both the public and private sector. The modernization of the NQI should also be accompanied by actions to promote export and investment, to boost the participation of domestic firms in international markets, and to encourage actions that promote the adoption of a culture of quality in producers and exporters.
- 2.5 **Rationale for intervention and main challenges to be addressed.** In an increased global economy, with integrated production and consumer networks, countries need to offer high quality products and to deliver them in a timely manner. The prior requires quality, standards and modern accredited testing facilities¹⁰. Recent studies¹¹ show that services provided by a NQI are necessary for economic growth, diversification and targeting new markets. In the case of Guyana, the production and trading of goods and services 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. On the other hand, SMEs in developing countries often lack the knowledge, expertise, and resources to adopt and implement high quality and standards.¹²
- 2.6 **Guyana does not have a full-fledged National Quality Infrastructure (NQI).** The Guyana National Bureau of Standards (GNBS) has the responsibility for standardization which entails a process of formulation and application of standards, technical regulations, conformity assessment procedures and metrology.¹³ However, the laboratory facilities of the GNBS are not adequate for performing their role as the central body for developing, promoting and verifying conformity on the adoption of standards as the appropriate metrology, calibration and testing require controlled environments in terms of temperature, humidity,

⁹ The Government of Guyana is initially contemplating a State of the Art Laboratory as a facility to integrate the metrology services as well as testing required for exporters. The current Guyana National Bureau of Standards (GNBS) provides the services of metrology, calibration and testing in a facility that is insufficient in terms of space and environmental requirements. Some tests that are required to be carried out under controlled conditions are being currently carried out in the same room as others.

¹⁰ Guasch, Racine, Sanchez and Diop. 2007. Quality Systems and Standards for a Competitive Edge. Directions in Development. World Bank Publication.

¹¹ Gonzales, Gothner and Rovira. 2014. *Midiendo el impacto de la infraestructura de la calidad en América Latina: experiencias, alcances y limitaciones. Documento CEPAL. PTB.*

¹² Guash 2007.

¹³ GNBS Strategy. 2011.

and vibration among others.¹⁴ The GNBS needs to boost its capacity to support the ecosystem of the NQI by providing the platform for producing competitive goods and services, including the provision of testing needs of the exporters (particularly non-traditional exporters and SMEs) to comply with the required standards for internal and external markets. Depending on the product and the market, exporters must comply with standards often established by a large company, or by an organization representing a particular interest (i.e. Fair Trade) or by the Organization for Standardization. In addition, there are mandatory technical regulations such as the ones established by the World Trade Organization. Exporters, in particular SMEs, must use testing services from accredited laboratories in order to acquire the required certifications.^{15,16}

- 2.7 **The current laboratories infrastructure and equipment is not adequate for supporting exports, protect consumers and the environment.** The current laboratory facilities and equipment of the GNBS have severe limitations in terms of space and environmental conditions. Without the proper GNBS infrastructure, all the other laboratories in the system face challenges for accreditation and compliance with conformity.¹⁷ The main limitations and gaps of the GNBS laboratories and the laboratories related to the export/import processes under the Ministries of Agriculture and Healthcare: (i) unsuitable laboratory facilities, lacking the proper physical conditions to assure reliability; (ii) absence of a laboratory facility to perform tests for consumer protection and for dynamic sectors; (iii) limited calibration capacity in terms of capacity in temperature, moisture, pressure, force, volume and electricity;¹⁸ (iv) lack of adequate equipment and consumables; (v) outdated test methods that no longer meet the needs for the industry requirements; (vi) lack of accreditation and participation in proficiency testing programs; and (vii) insufficient trained staff for performing tests and calibrations and maintenance of the equipment.¹⁹
- 2.8 **Need to implement an export and investment strategy.** The Government of Guyana is pursuing economic diversification, focusing on boosting the more dynamic sectors of Guyana's economy: (i) agriculture/agro processing, (ii) forestry, (iii) mining, and (iv) manufacturing. In addition, the government is implementing specific policies to accelerate the development of non-traditional

¹⁴ There are various quality services for evaluating whether manufacturers produce and deliver their products in accordance with the corresponding specifications. These include testing laboratories, equipment calibration laboratories, and certification and inspection bodies. There are other specific standards to ensure the technical competence of these services and their correct implementation is confirmed by an accreditation. In Guyana, the GNBS is the only laboratory conducting calibration of measuring devices for mass, electrical measurements and temperature but does not have the physical conditions to control temperature and humidity among others.

¹⁵ The GNBS Standards Catalogue 2012 lists 20 standards as having mandatory status. The World Trade Organization Report by Measures 2009, states that Guyana makes minimal use of technical regulations.

¹⁶ in Guyana. Metrology support is required by at least 20 agencies, and testing in at least 39 instances to determine compliance with regulations. In the case of metrology, ministries/agencies use external service provided by the GNBS.

¹⁷ There are 20 existing main national laboratories (public and private) that provide different testing services. There are only two accredited labs in Guyana, the Guyana Rice Board Laboratory and the Eureka Medical Lab got accredited on May 2015 and March 2016 respectively. (ISO/IEC 17025).

¹⁸ Unsuitable type of construction materials to ensure a sterile environment, layouts that may conduce to cross contamination, locations subject to flooding, poor ventilation, humidity and direct sunlight. Needs Assessment Report, 2014.

¹⁹ Ibid.

agriculture and non-traditional exports. There is a need to develop further strategic planning in the area of export promotion and investment attraction.

- 2.9 **Complementarity with other operations.** The current operation, designed as an investment program for US\$9 million, will provide continuity to the activities of Support for Competitiveness Program (1750/SF-GY), whose objectives were to strengthen the institutions for public private dialogue on competitiveness and to improve the business environment for private investment and export development. as the main outcomes of the operations was to increase competitiveness and economic diversification. The main outputs from this operation were legal and regulatory reforms to improve the business climate, the implementation of electronic registries for Deeds and the preparatory analytical studies for further improvements of the business climate. The Gaps and Needs assessment is one of the key analytical results developed and its implementation is proposed to be carried out in the current operation, as no implementation activities were carried under 1750/SF-GY.²⁰ This operation also complements the Sustainable Agriculture and Rural Development Program (GY-L1060), project under preparation. In this regard, the activities related to promote diversification of exports and improving SPS requirements are complementary.
- 2.10 **Objective.** The objective of the program is to support economic diversification and exports through the enhancement of the NQI and other trade related testing facilities and through a National Export and Investment Promotion Strategy.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **Component I: Modernize the Institutional Framework for the NQI.** The component will support the capacity building of the stakeholders of the NQI, in particular the GNBS, in strengthening the areas of technical regulations, compliance, conformity, accreditation and training, and capacity building of public and private stakeholders. The governance structure of the NQI will be streamlined to include the needs of private sector with priority given to non-traditional exporters.
- 3.2 **Component II: Improving Laboratory Facilities and Equipment.** The component will finance the facilities to house metrology, testing, chemistry and microbiology, and legal metrology, the required equipment for the adequate functioning of the GNBS as well as the main laboratories related to the export/import processes under the Ministries of Agriculture and Health.²¹ To guarantee the sustainability of the investment, the development of the facilities will be carried out in phases, with the first phase concentrated in the core functions of the GNBS (metrology, calibration and testing) and the Food and

²⁰ The study recommended a SAL to fulfill all the testing needs in one testing Facility. However, a phased approach in which the laboratory can be expanded according to the needs of a selection of priority sectors is recommended.

²¹ Services include legal requirements, consumer health, safety and protection, facilitation of priority sectors to market, research, innovation and services to promote competitiveness, interoperability and cost savings.

Drug and Agriculture facilities related to export promotion²². Subsequent phases will be developed in sync with the needs of the main exporters and producers, as quality value chain analysis will be conducted on selected sectors and the quality bottlenecks will be addressed by the program.²³ In addition, actions for the development of a quality culture for the private sector, and in particular for SMEs, will be included. To ensure the sustainability of the facilities, a business plan for cost recovery through phases and a long term operation and maintenance plan will be developed.

- 3.3 **Component III: Implementing the National Export and Investment Strategy.** This component will support: (i) technical assistance to design and implement a trade and investment promotion strategy, including mapping major value chains; and (ii) technical assistance for the strengthening of GoInvest and its ability to promote exports and attract Foreign Direct Investment, especially in the sectors that will need the operation of modern certified lab facilities that are required for accessing international markets
- 3.4 **Expected results.** It is expected that the operation will contribute to improving economic diversification and trade by (i) modernizing the NQI; (ii) providing modern laboratories for metrology and testing and (iii) implementing a National Trade Strategy.
- 3.5 **Country Context.** The institutions and the different stakeholders involved in the NQI need to be strengthened and modernized in order to promote growth, diversification and trade. The proposed investment program will finance the design and implementation of the NQI and an export and investment promotion strategy that will be supported on this new infrastructure. The areas addressed by the program were studied and discussed in detail with stakeholders²⁴ as part of the execution of GY-L1006 which financed the “Needs and Gaps Assessment of the NQI”.²⁵
- 3.6 **Bank’s interventions.** The initial activities and dialogue that led to this operation were supported with by the Guyana Competitiveness Program (GY-L1006) in which the pre-feasibility studies and needs assessment for the NQI were carried out.
- 3.7 **Bank strategy with Guyana and the Institutional Strategy.** This program is aligned with the IDB Country Strategy with the Cooperative Republic of Guyana: 2012-2016 (GN-2690), in which the pillar of private sector development and the increase in competitiveness and innovation in Guyana. The program is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (GN-2788-5) and is aligned with the development challenges of (i) productivity and innovation; and

²² The preliminary analysis carried out by the Needs and Gaps Assessment identifies the need for a new 200 square meter building for the GNBS and an expansion/new building for the Health and Drug laboratory for another 200 square meters. The other needs relate mostly to equipment.

²³ The possibility to engage into public/private partnerships will be explored.

²⁴ Private stakeholders included main exporters in the priority and emerging sectors.

²⁵ The Needs and Gaps Assessment was carried in 2014. The study recommended number and types of laboratories, identified the specifications for building(s), equipment and technical capabilities of personnel required to comply with the requirements of ISO/IEC 17025: *General Requirements for the Competence of Testing and Calibration Laboratories*. The report included consultation with public and private stakeholders.

(ii) economic integration. The program is also aligned with the cross-cutting theme of institutional capacity and the rule of law and with the regional context topics of increase in trade and exports and foreign direct investment. The program is aligned with the objectives of the Trade Sector Framework Document (GN-2715-2); the Competitive Regional and Global Integration Sector Strategy (GN-2565-4); and the Innovation, Science and Technology Sector Framework Document (GN-2791-3).

- 3.8 **Lessons learned from related operations in Guyana.** Lessons from other operations in the region show the importance of strengthening the overall NQI network. Lessons learned from previous operations in Guyana in the area of private sector development (GY-L1006) show that improvements on the business climate and policy reforms aimed at improving competitiveness need to be coupled with institutional strengthening activities. In addition, that active participation of the private sector is important to achieve the objectives. Other initiatives regarding laboratory building in Guyana (1929/BL-GY) reveal the importance of having a thorough assessment of the existing laboratories and the design needs and should include measures to assure sustainability.
- 3.9 **Risks.** The project team has identified the possible risks: (i) difficulty in maintaining accreditation of the laboratory or network of laboratories; (ii) complexity in design and procurement may cause delays in construction and deployment of related equipment; (iii) institutional coordination among the actors of the NQI may affect the effectiveness of the program; (iv) lower than expected demand for testing from priority sectors; (v) low interest or capacity of the private sector to achieve quality standards; (vi) development a State of the Art Laboratory as the facility to agglomerate all required testing may require large coordination efforts, and legal and regulatory changes among other stakeholders in the NQI; and (vii) low sustainability of the new facilities and equipment. These risks will be analyzed with stakeholders.

IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 The Bank may finance retroactively under the loan, eligible expenses incurred by the Borrower prior to the date of loan approval to carry out the architectural and engineering designs for the GNBS laboratories, up to the amount US\$300,000 (3.33% of the proposed loan amount), provided that all the requirements substantially similar to those set out in the loan agreement requirements. These expenses must have been incurred or on after the approval date of the Project Profile, and under no circumstances shall expenditures incurred more than 18 months prior to the loan approval date be included.
- 4.2 According to the Bank's Environment and Safeguards Compliance Policy (OP-703), the environmental and social classification for this project is "B" (see Annexes II and III). Given this attribution, the environmental and social analysis will consist of a Strategic Environmental Assessment and the elaboration of an Environmental and Social Management Report (ESMR). The Environmental Assessment will be disclosed both in Guyana and within the Bank through the corresponding channels (especially the respective websites). The ESMR will include: the procedures for environmental and social and environmental impact evaluation and applicable mitigation measures; in particular to disposal of

chemicals, and a monitoring plan including environmental indicators. Priority measures in the ESMR will be incorporated in the Proposal for Operation Development with corresponding contractual conditions, where appropriate.

V. RESOURCES AND TIMETABLE

- 5.1 It is expected that the Quality and Risk Review distribution will take place on September 9, 2016, Draft Loan Proposal approval by the Operations Policy Committee on October 31, 2016 and Loan Proposal consideration by the Board of Executive Directors on December 7, 2016. The resources needed for project preparation are estimated at US\$84,200 (from administrative funds). Time needed for project preparation will be 0.95 FTEs (see Annex V).

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.



Safeguard Policy Filter Report

Operation Information

Operation		
GY-L1059 Enhancing the National Quality Infrastructure for Diversification and Trade Promotion		
Environmental and Social Impact Category	High Risk Rating	
B	{Not Set}	
Country	Executing Agency	
GUYANA	{Not Set}	
Organizational Unit	IDB Sector/Subsector	
Strategy Development	ENTERPRISE DEVELOPMENT, CLUSTERS AND INNOVATION	
Team Leader	ESG Lead Specialist	
CLAUDIA STEVENSON	{Not Set}	
Type of Operation	Original IDB Amount	% Disbursed
Loan Operation	\$0	0.000 %
Assessment Date	Author	
10 May 2016	blancat Project Assistant	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	9 May 2016	
QRR (Estimated)	9 Sep 2016	
Board Approval (Estimated)	{Not Set}	
Safeguard Performance Rating		
{Not Set}		
Rationale		
{Not Set}		

Safeguard Policy Items Identified

[B.1 Bank Policies \(Access to Information Policy– OP-102\)](#)

The Bank will make the relevant project documents available to the public.

[B.10. Hazardous Materials](#)



Safeguard Policy Filter Report

The operation has the potential to impact the environment and occupational health and safety due to the production, procurement, use, and/or disposal of hazardous material, including organic and inorganic toxic substances, pesticides and persistent organic pollutants (POPs).

B.11. Pollution Prevention and Abatement

The operation has the potential to pollute the environment (e.g. air, soil, water, greenhouse gases).

B.17. Procurement

Suitable safeguard provisions for the procurement of goods and services in Bank financed operation will be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.

B.2 Country Laws and Regulations

The operation is in compliance with laws and regulations of the country regarding specific women's rights, the environment, gender and indigenous peoples (including national obligations established under ratified multilateral environmental agreements).

B.3 Screening and Classification

The operation (including associated facilities) is screened and classified according to its potential environmental impacts.

B.4 Other Risk Factors

The borrower/executing agency exhibits weak institutional capacity for managing environmental and social issues.

B.5 Environmental Assessment Requirements

An environmental assessment is required.

B.6 Consultations

Consultations with affected parties will be performed equitably and inclusively with the views of all stakeholders taken into account, including in particular: (a) equal participation by women and men, (b) socio-culturally appropriate participation of indigenous peoples and (c) mechanisms for equitable participation by vulnerable groups.

B.7 Supervision and Compliance

The Bank will monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.

Potential Safeguard Policy Items

B.1 Bank Policies (Gender Equality Policy– OP-761)

The operation has the potential to affect negatively women or gender equality ([Negative gender impacts may include the following](#))

Recommended Actions



Safeguard Policy Filter Report

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.

Additional Comments

[No additional comments]



Safeguard Screening Form

Operation Information

Operation		
GY-L1059 Enhancing the National Quality Infrastructure for Diversification and Trade Promotion		
Environmental and Social Impact Category	High Risk Rating	
B	{Not Set}	
Country	Executing Agency	
GUYANA	{Not Set}	
Organizational Unit	IDB Sector/Subsector	
Strategy Development	ENTERPRISE DEVELOPMENT, CLUSTERS AND INNOVATION	
Team Leader	ESG Lead Specialist	
CLAUDIA STEVENSON	{Not Set}	
Type of Operation	Original IDB Amount	% Disbursed
Loan Operation	\$0	0.000 %
Assessment Date	Author	
10 May 2016	blancat Project Assistant	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	9 May 2016	
QRR (Estimated)	9 Sep 2016	
Board Approval (Estimated)	{Not Set}	
Safeguard Performance Rating		
{Not Set}		
Rationale		
{Not Set}		

Operation Classification Summary

Overriden Rating	Overriden Justification
Comments	



Safeguard Screening Form

Conditions / Recommendations

Category "B" operations require an environmental analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements)

The Project Team must send to ESR the PP (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports. These operations will normally require an environmental and/or social impact analysis, according to, and focusing on, the specific issues identified in the screening process, and an environmental and social management plan (ESMP). However, these operations should also establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.) where necessary.

Summary of Impacts / Risks and Potential Solutions

Generation of solid waste is [moderate](#) in volume, does not include [hazardous materials](#) and follows standards recognized by multilateral development banks.

Solid Waste Management: The borrower should monitor and report on waste reduction, management and disposal and may also need to develop a Waste Management Plan (which could be included in the ESMP). Effort should be placed on reducing and re-cycling solid wastes. Specifically (if applicable) in the case that national legislations have no provisions for the disposal and destruction of hazardous materials, the applicable procedures established within the Rotterdam Convention, the Stockholm Convention, the Basel Convention, the WHO List on Banned Pesticides, and the Pollution Prevention and Abatement Handbook (PPAH), should be taken into consideration.

Likely to have [minor](#) to [moderate](#) emission or discharges that would negatively affect [ambient environmental conditions](#).



Safeguard Screening Form

Management of Ambient Environmental Conditions: The borrower should be required to prepare an action plan (and include it in the ESMP) that indicates how risks and impacts to ambient environmental conditions can be managed and mitigated consistent with relevant national and/or international standards. The borrower should (a) consider a number of factors, including the finite assimilative capacity of the environment, existing and future land use, existing ambient conditions, the project's proximity to ecologically sensitive or protected areas, and the potential for cumulative impacts with uncertain and irreversible consequences; and (b) promote strategies that avoid or, where avoidance is not feasible, minimize or reduce the release of pollutants, including strategies that contribute to the improvement of ambient conditions when the project has the potential to constitute a significant source of emissions in an already degraded area. The plan should be subject to review by qualified independent experts. Depending on the financial product, this information should be referenced in appropriate legal documentation (covenants, conditions of disbursement, etc.).

Project construction activities are likely to lead to localized and temporary impacts (such as dust, noise, traffic etc) that will affect local communities and [workers](#) but these are [minor](#) to [moderate](#) in nature.

Construction: The borrower should demonstrate how the construction impacts will be mitigated. Appropriate management plans and procedures should be incorporated into the ESMP. Review of implementation as well as reporting on the plan should be part of the legal documentation (covenants, conditions of disbursement, etc).

Safety issues associated with structural elements of the project (e.g. dams, public buildings etc), or road transport activities (heavy vehicle movement, transport of [hazardous materials](#), etc.) exist which could result in [moderate](#) health and safety [risks](#) to local communities.

Address Community Health Risks: The borrower should be required to provide a plan for managing risks which could be part of the ESMP; (including details of grievances and any independent audits undertaken during the year). Compliance with the plan should be monitored and reported. Requirements for independent audits should be considered if there are questions over borrower commitment or potential outstanding community concerns.

The negative impacts from production, procurement and disposal of [hazardous materials](#) (excluding POPs unacceptable under the Stockholm Convention or toxic pesticides) are [minor](#) and will comply with relevant national legislation, [IDB requirements on hazardous material](#) and all applicable International Standards.

Monitor hazardous materials use: The borrower should document risks relating to use of hazardous materials and prepare a hazardous material management plan that indicates how hazardous materials will be managed (and community risks mitigated). This plan could be part of the ESMP.

Transport of [hazardous materials](#) (e.g. fuel) with [minor](#) to [moderate](#) potential to cause impacts on community health and safety.



Safeguard Screening Form

Hazardous Materials Management: The borrower should be required develop a hazardous materials management plan; details of grievances and any independent health and safety audits undertaken during the year should also be provided. Compliance with the plan should be monitored and reported. Depending on the financial product, this information should be referenced in appropriate legal documentation (covenants, conditions of disbursement etc). Consider requirements for independent audits if there are concerns about commitment of borrower or potential outstanding community concerns.

Disaster Risk Summary

Disaster Risk Level

Low

Disaster / Recommendations

No specific disaster risk management measures are required.

Disaster Summary

Details

The project is classified as low disaster risk because the occurrence of the hazard event does not impact in the achievement of project outcomes.

Actions

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.

ENVIRONMENTAL AND SOCIAL SAFEGUARD STRATEGY

I. PROJECT DESCRIPTION

- 1.1 The Ministry of Business is interested in upgrading the National Quality Infrastructure (NQI) in Guyana, along with the implementation of a trade strategy, with the objective of supporting economic diversification and exports. The project consists of three components:
- 1.2 **Component I: Modernize the Institutional Framework for the NQI.** The component will support the capacity building of the stakeholders of the NQI, in particular the Guyana National Bureau of Standards (GNBS), in strengthening the areas of Technical Regulations/Compliance/Conformity/Accreditation and training, and capacity building of public and private stakeholders. The governance structure of the NQI will be streamlined to include the needs of private sector with priority given to non-traditional exporters.
- 1.3 **Component II: Improving Laboratory Facilities and Equipment.** The component will finance the facilities to house metrology, testing, chemistry and microbiology, and legal metrology, as well as the required equipment for the adequate functioning of the GNBS.¹ To guarantee the sustainability of the investment, the development of the facilities will be carried out in phases, with the first phase concentrated in the core functions of the GNBS. Subsequent phases will be developed in sync with the needs of the main exporters and producers.² In addition, actions for the development of a quality culture for the private sector, and in particular for SMEs, will be included. To ensure the sustainability of the facilities, a business plan for cost recovery through phases and a long term operation and maintenance plan will be developed.
- 1.4 **Component III: Implementing the National Export and Investment Strategy.** This component will support: (i) technical assistance to design and implement a trade and investment promotion strategy, including mapping major value chains; and (ii) technical assistance for the strengthening of GoInvest and its ability to promote exports and attract Foreign Direct Investment, especially in the sectors that will need the operation of modern certified lab facilities that are required for accessing international markets
- 1.5 Beneficiaries will be producers and small exporters who will have the facilities and the technical support to carry out the required tests for accessing international markets, consumers who will benefit by the implementation and enforcement of quality standards for consumer protection and product developers and innovators.

A. Institutional and Regulatory Framework

- 1.6 The Guyana National Bureau of Standards holds primary responsibility for standardization, through a process of formulation and application of standards,

¹ Services include legal requirements, consumer health, safety and protection, facilitation of priority sectors to market, research, innovation and services to promote competitiveness, interoperability and cost savings.

² The possibility to engage into public/private partnerships will be explored.

technical regulations, conformity assessment procedures and metrology.³ The GNBS reports to the Ministry of Business. Guyana has still has to implement national quality infrastructure practices and needs to modernize the legal and implementation framework of the NQI, as well as the supporting infrastructure and equipment.⁴ In addition, a NQI policy that provides the platform for producing competitive goods and services, promotes innovation, supports the cooperative use of resources and the adoption of common technical support measures, along with a collective agreement and vision from stakeholders is required, along with a strategy that support the specific needs of the exporters (particularly non-traditional exporters) to comply with the required standards for particular markets.⁵

- 1.7 The GNBS is a major player in the regulatory infrastructure of Guyana, due to its role in the development of mandatory standards (*Guyana National Bureau of Standards Act*), which under WTO/TBT rules, are called technical regulations. The GNBS Standards Catalogue 20212 lists twenty (20) standards as having mandatory status, covering areas such labelling of: commodities, brewery products, garments, textiles, building materials, chemicals, consumer products, food, tires and liquefied petroleum gas. In addition, the Investment Act 2004 requires investors to comply with standards published by the GNBS.
- 1.8 There are at least four (4) new Bills being proposed which will significantly increase the demand for metrology and testing services: (i) The Metrology Bill, (ii) The Food Safety Bill, (iii) The Amendment to the Guyana National Bureau of Standards Act; and (iv) The Guyana Fisheries Product Bill. The Proposed Metrology Bill will widen the category and number of instruments to be verified and/or calibrated to include instruments used for measurements in health, safety and the environment. The proposed Food Bill and other Bills being proposed by the Ministry of Agriculture will require increased surveillance and testing of all foods products, which will in turn increase the demand for testing laboratories – particularly those that are accredited.
- 1.9 Larger manufacturers and service providers in Guyana, especially exporters are well aware of the need to meet quality, safety and environmental standards to access current and new markets. Of the thirteen (13) known companies that have been certified to international standards ten (10) are manufacturers. Those companies classified as medium and small have not received certification in any form.

³ Guyana National Bureau of Standards (GNBS) Strategy. 2011

⁴ The GNBS Standards Catalogue 2012 lists twenty (20) standards as having mandatory status. The World Trade Organization Report by Measures 2009, states that Guyana makes minimal use of technical regulations.

⁵ There are over 75 Acts and supporting regulations in Guyana¹³ in areas relating to commerce, labour, mining, communication, transportation and marine, environment, intellectual property and energy, and there are at least 7 ministries and 25 departments/agencies that play a role in the regulation of products and services in Guyana. Metrology support is required by at least 20 agencies, and testing in at least 39 instances to determine compliance with regulations. In the area of testing. In the case of metrology, ministries/agencies use external service provided by the GNBS.

B. Environmental and Social Context

- 1.10 The Environmental Protection Authority (EPA), established under the Environmental Protection Act, promulgated in 1996, is the institution with the mandate for coordinating environmental management. The purpose of the Act is to provide for the management, conservation, protection and improvement of the environment, the prevention and control of pollution, the assessment of the impact of economic development on the environment and the sustainable use of natural resources.
- 1.11 Because of the potential impacts which are considered minor to moderate, readily manageable through the implementation of mitigation measures, the project team proposed a Category “B” classification under IDB’s Environmental Policy (OP-703). IDB Policies and Directives applicable to the program include OP-703, esp. B.6 “Consultation”, B.11 “Pollution Prevention and Abatement” and OP-102 “Disclosure Policy”.
- 1.12 It is not anticipated that resettlement will take place and that OP-710 on Involuntary Resettlement or OP-703, B.9 “Natural Habitat and Cultural Sites” will apply.

II. ENVIRONMENTAL AND SOCIAL IMPACTS

- 2.1 The operation is expected to have positive environmental and social impacts since it will improve the country’s capacity to develop and enforce a National Quality Infrastructure that will support economic diversification, exports, consumer and environmental protection.
- 2.2 The following table resumes the potential negative environmental impacts and their mitigation measures:

Potential impacts	Probability	Impact	Classification	Mitigation measures
Mismanagement of chemical and materials for the laboratories	2	2	4	Procedures for management materials in place.
Production of waste and extraction of raw materials linked to civil works (building of a laboratory)	2	1	2	Preparation of an ESMP for construction will be prepared prior to first disbursement and annexed to project Operation Manuals
Construction works. Expected negative impacts also include noise, dust, waste generation, traffic inferences and occupational health and safety risks	2	1	2	ESMP will include mitigation measures

III. ENVIRONMENTAL STRATEGY FOR ANALYSIS

- 3.1 The program has been attributed a “B” classification in accordance with the Environmental and Social Safeguards Policy (OP-703). Given this attribution, the environmental and social analysis will consist of a Strategic Environmental Assessment and the elaboration of an Environmental and Social Management Report (ESMR). The Environmental Assessment will be disclosed both in Guyana and within the Bank through the corresponding channels (especially the respective websites). The ESMR will include: the procedures for environmental and social and environmental impact evaluation and applicable mitigation measures; in particular for management of chemicals, and a monitoring plan including environmental indicators. Priority measures in the ESMR will be incorporated in the Proposal for Operation Development (POD) with corresponding contractual conditions, where appropriate.

INDEX FOR COMPLETED AND PROPOSED SECTOR WORK

Issues	Description	Expected Dates	References and hyperlinks to technical files
Technical options and design	Guyana Private Sector Assessment Report 2014.	Completed	Private Sector Assessment Report
	Guyana National Bureau of Standards Final Report Executive Summary.	Completed	Executive Summary
	Guyana National Bureau of Standards Strategy.	Completed	Standards Strategy
	Guyana National Bureau of Standards Final Report Parts I, II and III.	Completed	Report Part I Report Part II Report Part III
Analysis of the Institutional, Legal and Regulatory Framework	Document assessing the current framework and proposing short and long term changes.	June 2016	
Analysis of project cost and economic viability	Document estimating the economic viability of the proposed reform program.	June 2016	

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¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.