

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	GUYANA
▪ TC Name:	Strengthening Food Security in Guyana through Trade and Integration
▪ TC Number:	GY-T1198
▪ Team Leader/Members:	Lucenti, Krista (INT/TIN) Team Leader; Umana, Mario Alberto (INT/TIN) Alternate Team Leader; Chaitram Samantha Selina Sobrina (INT/TIN); Vasco Henao Oscar Dario (INT/TIN); Persaud, Christopher (INE/TSP); Guerrero, Pablo (INE/TSP); Bonilla Merino Arturo Francisco (LEG/SGO); Esteves, Yasmin (INT/INT)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	17 Apr 2024.
▪ Beneficiary:	Ministry of Tourism, Industry and Commerce (MINTIC)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Integration(W2D)
▪ IDB Funding Requested:	US\$400,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	June 20, 2024
▪ Types of consultants:	Consulting Firms and Individual Consultants
▪ Prepared by Unit:	INT/TIN-Trade & Investment
▪ Unit of Disbursement Responsibility:	CCB/CGY-Country Office Guyana
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2030.:	Economic integration

II. Objectives and Justification of the TC

- 2.1 **Objective:** To improve the facilitation of trade and logistics at the Guyana-Brazil border and the Guyana-Suriname border through the development of conceptual border crossing designs and support for bilateral trade negotiations (Brazil).
- 2.2 The Government of Guyana (GOG) has expressed interest in upgrading the Linden – Lethem transport corridor, a key artery for the socioeconomic development of communities in Guyana’s hinterland and for the regional integration with the Roraima and Amazonas states of Brazil. The road is paved on the Brazilian side but stops at the border in Bomfim. While a largely unpaved road connection currently exists between Georgetown and the border, it is often hazardous due to dust during the dry season and frequently impassable in some sections during the rainy season where passage relies on low embankments, timber bridges, and ferry crossings. The unpaved road length from Lethem to Linden is approximately 454 Km.

- 2.3 While the current emphasis of the GOG so far has been on road construction, motivated by a desire to create a reliable and safe land link with its neighbor, to increase cross-border trade and to strengthen food security, it is evident that the land connection must be considered within a wider framework to have a positive impact. While the current emphasis of the GOG so far has been on road construction, motivated by a desire to create a reliable and safe land link with its neighbor, to increase cross-border trade and to strengthen food security, it is evident that the land connection must be considered within a wider framework to have a positive developmental impact. This project has implications for rural development, indigenous communities, local economic opportunities, protected areas management, climate resilience, trade and integration, border security and management, sanitary and phytosanitary measures, etc., that go well beyond the development of a road construction project.
- 2.4 While there are other TCs in preparation to address the wider range of issues, this TC is concerned with all trade and integration related aspects of the Corridor related to food security, international logistics, and the broader economic and social development objectives.
- 2.5 During a mission in April 2024, it was decided that the border with Suriname would also be explored and analyses undertaken for inclusion under this TC. The Guyana-Suriname border crossing is currently facilitated by the Canawaima Ferry Services which sails from Molson Creek across the Corentyne River to Suriname transporting 88,000 persons and 14,000 vehicles annually. The region presents significant environmental and social challenges due to its dense rainforest, marshy terrain, flood risks, and storm surges. The ferry stelling is connected to the main road network via a 6km section of road that has the characteristic of a tertiary road at just over 5m wide. Guyana and Suriname are set to benefit from major integration and economic developments with the construction of a bridge across the Corentyne River, which will connect the two countries in the vicinity of the Molson Creek ferry stelling.
- 2.6 **Justification:** Caribbean countries experience food insecurity heterogeneously - some island states are net food importers, while others feature a more balanced food net trade position.¹ With the exception of Guyana, the agriculture, fisheries, and forestry sectors contribute less than 10% of the value added to the countries' GDP.² At the same time, food insecurity has risen in the Caribbean since 2015.³ Higher frequency of external shocks, food and energy inflation, and the pandemic – in a context of structural trade slowdown and growing fragmentation⁴ - have increased hunger in the Caribbean with over 16% of the population affected.⁵ Field studies reveal that 64% of the surveyed population experienced moderate or severe food insecurity in 2021, before food prices skyrocketed.⁶ As a response, the Heads of Government

¹ BA/BH: net food importers (NFIs); JA/TT: some agricultural base and food production but are NFIs; GY/SU: balanced food net trade position, with ample land and an opportunity to boost agricultural production and export capacity.

² IDB Integration and Trade Sector, with data from WITS (2021).

³ FAO (2022a). The State of Food Security and Nutrition in the World.

⁴ Giordano et al., (2022). Shockwaves: Latin America and the Caribbean facing global trade turmoil.

⁵ UN (2022). The State of Food Security and Nutrition in the World 2022 (SOFI). The data includes Haiti, where nearly 50% of the population is undernourished. CCB countries range from 3-7.5% undernourished.

⁶ FAO et al., (2023). Panorama regional de la seguridad alimentaria y nutricional - América Latina y el Caribe 2022: Hacia una mejor asequibilidad de las dietas saludables. Santiago de Chile. Data from the latest available year.

of CARICOM committed to a reduction of the regional food import bill by 25% in 2025.⁷ For many countries in the region, whose food import bills account for over 50% of the total goods exports' receipts, this will be a challenging structural economic change.

- 2.7 Part of the solution is to increase intra-regional food trade where possible. CARICOM intraregional goods trade has grown from about 2% of GDP in the mid-1980s to about 4% in recent years but is well below better integrated blocs such as EU where intraregional trade is 13-20% of GDP.
- 2.8 **Bilateral Trade:** Food corridors designed to increase resilience and predictability of regional supply chains and a reenergized dialogue with Brazil can create opportunities for increased cross-border trade and integration. In 2021, Brazil exported \$116M to Guyana, an annualized rate of increase of 9.1% since 1995 (\$12M). Agricultural exports account for a small percentage of bilateral trade (11%) and are comprised of primarily meat products (sausages), coffee and tea, and poultry. Brazil's imports from Guyana amount to no more than \$6M per year, dominated by rice (79% of total) and aluminum ore (19%). Guyana's exports have also increased at an annualized rate of 14% since 1995.⁸
- 2.9 In 2022, Guyana exported US\$36.5M to Suriname, increasing at an annualized rate of almost 9% per year. The main products exported are nitrogenous fertilizers (US\$6.23M), raw sugar (US\$3.23M), and flavored water (US\$3.2M). During the same year, Suriname exported US\$159M to Guyana, increasing at an annualized rate of over 20%. The primary products are Refined Petroleum (US\$133M), Gravel and Crushed Stone (US\$3.31M), and Prefabricated Buildings (US\$1.67M).
- 2.10 For the northern Brazilian states of Roraima and Amazonas, current access for cargo is via the Amazon River or Venezuela which increases trade costs and times and decreases the security of the goods. An alternative transport link via Guyana, assuming improvements to the road and port infrastructure and more favorable trade and transit agreements, would constitute a major competitive alternative for the routing of cargo for northern Brazil.
- 2.11 The bridge between Guyana and Suriname will provide easy access to deep-water facilities for both countries, enabling easy movement of goods and services to support offshore activities. With the new bridge and the cultivation of fertile agricultural lands, the countries sought to position themselves as major food suppliers to the Caribbean Community.
- 2.12 For the Government's objectives on food security to be met, **a focus on trade and investment policies, secure borders and sustainable economic development in border communities** is consistent with the Bank's priorities to create sustainable development in the Amazon region and promote integration.
- 2.13 First, to increase cross-border trade with Brazil and/or Suriname and to facilitate food corridors from Guyana to other CARICOM countries, tariff and non-tariff barriers need to be negotiated downward. While preferential trade terms among neighboring states⁹

⁷ CARICOM (2022). Regional Food Production and Productivity. Towards a Sustainable Import Replacement Programme, unpublished. The implementation of the CARICOM Agri-Food Systems Strategy prioritizes crops such as poultry, corn, soya, meat (goat, sheep, beef), rice and niche vegetables which are imported extra-regionally.

⁸ Data sourced from OEC for the last available year.

⁹ The existing agreement covers few products and is primarily designed to give preferential treatment to Guyanese goods entering Brazil.

have been in place for some time, preferential tariffs at national level established by the existing Guyana-Brazil Partial Scope Agreement do not cover the desired agricultural goods, only meat and seafood. The tariffs that would apply range from 15-31% on goods from Brazil. Further, the Common External Tariff in CARICOM ranges from 30-40% on imports of meat/poultry and fruit and vegetables.

- 2.14 Second, to increase its existing and future export capacity for national, Surinamese or Brazilian-sourced goods, Guyana needs to improve the physical and digital infrastructure, as well as its clearance processes at the border crossings. For Guyana-Brazil, the existing border facilities comprise of two independent national control centers located along the road connecting Lethem and Bonfim. The extensive border line is porous, and particularly vulnerable along riverbanks in the dry season.¹⁰ The trade and border institutions are weak and almost inexistent. Irrespective of the potential identified by imports from Brazil, increased security and cooperation at the border is key to reducing transnational organized crime such as drug and human trafficking, corruption, and illegal mining, which is having a noticeable impact in the natural environment.¹¹ For Guyana-Suriname, both Customs and Immigration checks are done on both sides of the border. A constructive dialogue is in place to share data and to streamline processes similar to those between Canada and the United States.
- 2.15 Third, increased security at the borders provides opportunities for local firms and smaller producers to engage in cross-border trade. However, small producers and MSMEs often lack the information and the capacity to increase their participation in global and regional value chains. Evidence shows that SMEs that become providers of multinational enterprises or larger exporters (indirect exports) are more likely to export directly.¹² Moreover, it could also have positive spillover effects in the Amazon region by promoting sustainable practices on products that are grown under zero-deforestation agreements, incorporate traceability practices, and generate added value through on-site processing.
- 2.16 **Gender.** In Guyana, women labor participation was 46.43% in 2019, compared to 70.69% for men. Female unemployment reached 19.20% in 2020, higher than male unemployment, which stood at 14.70% in 2020. On average, women earn 30.69% less per hour than men¹³. Some of this can be attributed to women working in less lucrative careers. Nevertheless, when earnings in similar jobs are considered, there is a 37% gap between men and women¹⁴. If employment sectors are compared, over 80% of women's jobs work in the service activities, a trend that remains since 2000¹⁵. In technical education, 24% of enrolments belong to women¹⁶.
- 2.17 **Diversity.** According to the 2012 population census, the indigenous peoples in Guyana account for 10.51% of the total population. More than 80% of indigenous

¹⁰ EPYPSA (2018). Diagnostic for Border Crossing Lethem-Bomfim. Report prepared for the IDB. Mimeo.

¹¹ <https://guyanatimesgy.com/guyana-brazil-agree-to-allow-seizure-exchange-of-assets-in-crime-probes/>. In May 2022, the governments of Brazil and Guyana agreed to deepen collaboration at the border with the objective of reducing the risks of transnational crime and increasing the economic prosperity of the border communities.

¹² [Carballo, J.; Marra de Artiñano, I.; Ottaviano, G.; and Volpe Martincus, C., 2022.](#)

¹³ [UN Women, 2022.](#)

¹⁴ Idem.

¹⁵ [Gender and work in the Caribbean, Guyana report \(ILO, 2018\)](#)

¹⁶ This data excludes the students from the Carnegie School of Home Economics which offers courses related to care activities, handcrafts, beauty, food management, among others. Education Statistical Digest 2019-2020, ([Ministry of Education Sports and Culture, 2020](#)).

people live outside of Region 4, Guyana's most urbanized administrative district, which includes the capital city, Georgetown¹⁷. The two largest concentrations of native peoples are in the Rupununi savannahs, located in the surrounding from Lethem in Region 9. Indigenous peoples that live in the villages located across the rural regions of Guyana have access to deficient infrastructure services and rudimentary basic services in health and education and lack access to credit and capital.

- 2.18 As a whole, the Corridor is a challenging and complex project, but one with a significant opportunity to demonstrate IDB's additionality across a wide number of sectors, including alignment with the Paris Agreement, progress towards the goals and targets of the Global Biodiversity Framework, and the promotion of sustainable regional integration.
- 2.19 This TC complements ATN/OC-20557-GY (Paris Agreement Alignment Studies for the Guyana-Brazil Integration Corridor for Sustainable Development), as well as ATN/OC-18176-RG (Support to the Implementation of Long-Term Strategies in Latin America and the Caribbean), which includes Guyana, as an effort to integrate climate and development objectives. By verifying the alignment of the corridor with the Paris Agreement, the operation will contribute to 3824/BL-GY - Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion, as the road is a critical infrastructure for trade and investment. In addition, this TC is providing inputs to GY-L1084 (PP approved) "Program to Support Climate Resilient Regional Road Infrastructure Development", as it will finance the improvement of the border crossing infrastructure and its related trade facilitation processes. Lastly, this TC is also aligned with 4659/BL-GY – Establishing an Electronic Single Window for Trade as it contributes to trade facilitation and promotion.
- 2.20 **Strategic alignment.** This TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631), aligned with the operational focus areas of: (i) Regional Integration, by enhancing existing trade agreements, particularly with Brazil, as well as by enhancing digital and physical trade infrastructure, increasing export markets for firms and lowering trade costs through trade facilitation; (ii) Social protection and human capital development, by improving the understanding of the social impacts and opportunities of the Lindem-Lethem corridor and the border with Suriname; (iii) Productive development and innovation through the private sector, by facilitating trade and investment through assistance to local firms for increasing their competitiveness and realizing their export potential. This TC also aligns with trade facilitation and export promotion priorities in the Integration and Trade Sector Framework Document (GN-2715-11), as well as the Sector Framework documents of: (a) Transportation (GN-2740-12), by contributing to the first line of action, focused on promoting efficient, inclusive, sustainable, and quality mobility for urban and interurban passengers; (b) Agriculture (GN-2709-10), by foster investments that assist in boosting the productivity of the Agriculture sector in line with a sustainable management of natural resources; and (c) Food Security (GN-2825-8), by encouraging intersectoral and interagency coordination, to ensure the complementarity of food security-related interventions and by ensuring food availability by boosting productivity without putting pressure on natural resources, facilitating trade, and improving rural infrastructure. There is further alignment with the IDB Group Country Strategy with Guyana 2023-2026 (GN-3187) as it is building resilient

¹⁷ <http://dx.doi.org/10.18235/0003954>

infrastructure and strengthening institutional capacity. Finally, this TC is aligned with priority area 4: Global and regional competitive integration of the Strategic Program for Development Financed with Ordinary Capital (GN-2819-14) in: (i) support LAC's participation in regional and global value chains, (ii) support the harmonization of policies and procedures for greater productive integration; (iii) strengthen the Bank's borrowing member countries' capacities to engage in regional initiatives; (iv) promote trade and investment facilitation and physical integration and connectivity in LAC; (v) promote collective action and cooperation in LAC to address shared development challenges and opportunities; and (v) deepen knowledge in global and regional integration. Additionally, the program is aligned with the ONE Caribbean Framework's fourth priority on food security, by lowering trade costs for food imports.

- 2.21 The activities of this technical cooperation are part of the larger initiative to design an Integration Corridor for Sustainable Development.

III. Description of Components and Budget

- 3.1 **Component I: Technical note to support trade negotiations (US\$25.000).** The aim of this component is to provide technical inputs to the Government of Guyana for future trade negotiations, whether bilateral or regionally. The study will be determined in response to a gap identified by the Government of Guyana in the course of future negotiations; however, it would be related to trade policy (preferential tariffs, investment provisions, trade facilitation, etc).
- 3.2 **Component II: Policy dialogue, stakeholder engagement, and knowledge dissemination (US\$50.000).** This component will finance the activities related to the coordination, policy dialogue and knowledge dissemination in relation to bilateral or regional trade agreement negotiations, with particular emphasis on Brazil. These activities will consider the elaboration of communications materials and workshops which will support negotiations and consensus-building.
- 3.3 **Component III: Conceptual designs for improvement of the Lethem-Bonfim border crossing and the Guyana-Suriname border crossing (US\$275.000).** This includes a market analysis of trade flows; a diagnosis of existing physical infrastructure, logistics and goods clearance processes; status of trade policy (e.g. transit agreement), trade facilitation and regulatory measures; policy and investment recommendations; and conceptual designs for the improved logistics flow of goods across both borders. Proposals undertaken in 2019 for the border at Lethem-Bonfim will be taken into consideration.
- 3.4 **Component IV. Technical coordination (US\$50.000).** The main purpose of the technical coordination component is to provide resources for a consultancy to monitor activities in this TC. In this context, the technical coordinator will coordinate the production of status reports, communication with all relevant stakeholders, logistical and content-related organization for any necessary meetings and supporting research for Components I-III.
- 3.5 **Budget.** The total estimated cost of the technical cooperation is US\$400,000 financed by OC SDP, Window 2 – Integration (W2D). There is no counterpart financing for this technical cooperation.

Indicative Budget (US\$)

Activity/Component	Description	Financing (IDB/W2D)
Component I: Technical note to support trade negotiations	Technical studies	25,000
Component II: Policy Dialogue, stakeholder engagement and knowledge dissemination	Technical and consultative workshops to ensure ownership and buy-in from all stakeholders, and to facilitate negotiations. Dissemination of technical note.	50,000
Component III: Border Crossing Assessments	Diagnostic, recommendations and conceptual designs for improvements to Guyana-Brazil and Guyana-Suriname border crossings	275,000
Component IV: Technical Coordination	Management of activities and coordination with the various counterparts	50,000
Total		400,000

IV. Executing Agency and Execution Structure

- 4.1 At the request of the beneficiary country, and in accordance with Annex II of the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), the Bank shall be the Executing Agency (EA), through the Trade and Investment Division (INT/TIN) of the Integration and Trade Sector (INT/INT), in collaboration with the Transport Division (INE/TSP). The justification for this execution structure is: (i) the Bank has the technical specialized experience and technical, operational and institutional capacity to duly and timely design, coordinate and execute the activities included in the TC; (ii) the TC will need an extensive coordination with different ministries, institutions and organizations within Guyana, and between Guyana and agencies in Brazil; and (iii) the beneficiary requested the Bank to be the executor given the coordination required for the project. Furthermore, the Bank is experienced in working with international entities and networks to execute activities of this nature and can ensure the sustainability of the implementation of the project in line with the Operational Guidelines for Technical Cooperation Products (GN-2629-1) and Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4 Annex II, C 2.2). The counterpart for this TC is the Ministry of Tourism, Industry and Commerce (MINTIC).
- 4.2 The execution and disbursement period will be 36 months. All activities to be executed under this TC have been included in the Procurement Plan (Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature; and (c) GN-2303-28 for logistics and other related services as amended from time to time. Please note that Policy GN-2303-33, approved by the Board of Executive Directors on November 22, 2023, will become effective on July 1, 2024. It replaces the Corporate Procurement Policy (document GN-2303-28) and the Policy for the Selection and Contracting of Consulting Firms for Bank-executed

Operational Work (document GN-2765-4) by updating and consolidating them into a single policy. After July 1, 2024, all procurement for Services provided by firms shall be conducted under this new Policy GN-2303-33 and its associated Guidelines.

V. Major Issues

- 5.1 The risks to execution include the political will to engage in trade facilitation initiatives and trade negotiations that seek an ambitious schedule of tariff lines that cover products identified as critical to food security. An agreement on trade and transit facilitation may be the final outcome. These risks will be mitigated by close cooperation with specialists in Brazil and their engagement with the Government of Brazil.
- 5.2 The knowledge products generated from Bank-executed activities within this technical cooperation will be the property of the Bank and may be made available to the public under a creative commons license. However, at the request of the beneficiary, in accordance with the provisions of AM-331, the intellectual property of said products may also be licensed through specific contractual commitments that shall be prepared with the advice of the Legal Department.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to Bank policy in this TC.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_88203.pdf](#)

[Results Matrix_85733.pdf](#)

[Terms of Reference_41716.pdf](#)

[Procurement Plan_60512.pdf](#)