

TC Document

I. Basic Information for TC

▪ Country/Region:	Suriname and Guyana
▪ TC Name:	Support to Trade and Investment Promotion
▪ TC Number:	RG-T2964
▪ Team Leader/Members:	Ana Arias Urones (INT/TIN), Team Leader; Mario Umana (INT/TIN), Alternate Team Leader; Sunghee Ahn (INT/TIN); Sandra Corcuera (INT/TIN); Juan Pablo Etchegaray (INT/TIN), Krista Lucenti (INT/TIN); Betina Hennig (LEG/LEG); Liza Lutz (LEG/SGO) and Ana Lucia Paz Soldan (INT/TIN).
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination	Client Support
▪ Date of TC Abstract authorization:	December 1, 2016
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Suriname and Guyana
▪ Executing Agency and contact name:	Inter-American Development Bank (INT/TIN)
▪ Donors providing funding:	US\$450,000 from the Public Capacity Building Korea Fund for Economic Development (KPC)
▪ IDB Funding Requested:	US\$450,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period (which includes Execution period):	24 Months
▪ Required start date:	October 15 th , 2017
▪ Types of consultants (firm or individual consultants):	Individual and firm consultants
▪ Prepared by Unit:	Trade and investment Division (INT/TIN)
▪ Unit of Disbursement Responsibility:	Integration and Trade Sector (INT/INT)
▪ TC Included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	N
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Economic Integration

II. Objectives and Justification

- 2.1 The general objective of this Technical Cooperation (CT) is to strengthen investment promotion and trade facilitation in the Republic of Suriname (“Suriname”) and the Co-operative Republic of Guyana (“Guyana”) respectively through targeted interventions with selected government agencies. The specific objectives are: (1) Strengthen the Investment and Development Corporation of Suriname’s capacity to attract local and foreign investment; (2) Prepare Regulatory Agencies in Guyana for implementation of the Electronic Single Window for Trade; and (3) Transfer knowledge and good practices in trade facilitation and foreign investment from Latin America and Caribbean to strengthen local capacity and encourage South-South cooperation.
- 2.2 **Suriname:** Suriname’s economy is dominated by public sector activities, mining and services. Gold, aluminum and oil revenues account for roughly 30% of GDP and over 90% of total exports. Imports are concentrated in cars and heavy machinery for the

commodities sector.¹ In recent years, the Government has been seeking to diversify its economy and external trade towards agriculture and agro-processing sectors, as well as eco-tourism and Business Process Outsourcing (BPO). This will help Suriname mitigate volatility in commodities' markets and attract valuable foreign exchange in non-energy sectors.

To support the Government's diversification efforts and to complement its existing reforms, support for export promotion and investment attraction is critical. Strengthening the value proposition of Suriname as a destination for foreign direct investment (FDI) in non-energy sectors will support the Government's efforts to reorient their economy.

- 2.3 **Guyana:** Similarly, Guyana's external sector is concentrated in commodities, though more diversified than its neighbor. Gold (35% of exports), rice (15%) and aluminum ore (9%) make up more than 50% of total exports. Imports are concentrated in construction vehicles and refined petroleum, though the latter could change in the future with offshore deposits identified.²
- 2.4 Likewise, the Government of Guyana is also pursuing an economic diversification strategy focused on boosting the more dynamic sectors of Guyana's economy: agriculture/agro-processing, forestry, mining, and manufacturing. The Government is also committed to implementing specific policies to accelerate the development of non-traditional agriculture and exports.³ However, to improve its export performance⁴, the Government must invest in trade facilitation not only for Customs but also for the other regulatory agencies. While significant focus has been placed on strengthening both processes and systems in Customs, important regulatory agencies such as the Bureau of Standards, Health and Quarantine are largely ignored despite their necessary role in the clearance of goods.
- 2.5 This TC responds to a request from the Republic of Suriname and the Co-operative Republic of Guyana to support investment promotion and trade facilitation respectively. This TC is aligned with the goals to support competitive regional and global integration identified in the Ninth General Capital Increase and the Updated Institutional Strategy 2010-2020 AB-3008: improve the competitiveness of the region's trade and investment and therefore its imports and exports, while at the same time supporting diversification of its economy through the expansion into new growth sectors. In addition, under the Updated Institutional Strategy 2010-2020, increased productivity and sustainability are highlighted as key elements against inequality and poverty – this TC addresses two of three structural constraints laid out in the Update: productivity and innovation, and economic integration.

¹ <http://atlas.media.mit.edu/en/profile/country/sur/>

² <http://atlas.media.mit.edu/en/profile/country/guy/>

³ The Government has a lending operation - GY-L1059, "Enhancing the National Quality Infrastructure for Economic Diversification and Trade Promotion" – which is supporting the development of a national Export and Investment Strategy.

⁴ Guyana is currently ranked 85th of 160 in the Logistics Performance Index. <https://lpi.worldbank.org/international/global?sort=asc&order=Customs#datatable>

- 2.6 All the activities included in this TC will be coordinated with donors and multilateral development agencies executing operations or future operations in both countries⁵⁶ to avoid overlaps and realize synergies.

III. Description of activities/components and budget

- 3.1 **Component 1: Strengthening of the trade and investment ecosystem in Suriname (US\$225,000).** This component will undertake the following activities: (1) Assess the current export, inward investment and aftercare ecosystems through an analysis of all stakeholders as well as current and potential investors; make recommendations for priority areas of focus and institutional organization; and propose corresponding action lines to implement the recommendations; (2) Undertake a SWOT (Strengths, Weaknesses, Opportunities and Threats) assessment for Suriname, benchmarking it against good practices in similar countries and identifying the strong benefits (jobs, investment and social impact) for modernizing the Investment and Development Corporation of Suriname (IDCS); (3) Prepare an Investor Recruitment Strategy and lead generation campaign; (4) Design and creation a new Investment Promotion Agency website.
- 3.2 **Component 2: Support for Regulatory Agencies in the implementation of Electronic Single Window for Trade and Investment for Guyana (US\$125,000).** Guyana has initiated implementation of an Electronic Single Window (ESW) for trade and has commissioned the design and implementation plan for the Guyana Revenue Authority (GRA).⁷ While not underestimating the resources needed for implementing its ESW, this component will focus on preparing other Regulatory Agencies charged with the clearance of goods (e.g. National Bureau of Standards and the Food and Drugs Department). In many countries, despite the role Regulatory Agencies play in trade facilitation, resources are often not allocated for the necessary adoption of technology or the reengineering and optimizing of processes. This component will finance a readiness assessment which includes: 1) A mapping of the export, import and transit processes which involve key Regulatory Agencies; 2) A gap assessment for Regulatory Agencies in the implementation of an Electronic Single Window for Trade in Guyana; 3) A proposal for a reengineering of processes within key Regulatory Agencies to implement the ESW; and 4) A proposal for the requisite interfaces needed to connect existing systems with the ESW.
- 3.3 **Component 3: Knowledge sharing and capacity building to support investment promotion and trade facilitation in Suriname and Guyana. (US\$75,000).** This component will support knowledge transfer and capacity building through the sharing of good practices, missions, training seminars and innovative tools between the countries and Latin America and the Caribbean.

⁵ The World Bank has a program to support trade and competitiveness in Suriname.

⁶ The Caribbean Development Bank has provided some technical assistance to Guyana under a consultancy to Support the Appraisal of a Loan to the Government of Guyana for the Implementation of the Single Window Automated Processing System (SWAPS), 07 October 2016, prepared by Ian Hogg.

⁷ The Bank has been informed that financing for the ESW is being provided by the Caribbean Development Bank.

Indicative Budget

Component	Activities	IDB Funding	Total Funding
Component 1	1.1. Trade and Investment ecosystem assessment, recommendations and action plan	70,000	70,000
	1.2. SWOT assessment	60,000	60,000
	1.3. Investor Recruitment Strategy and lead generation campaign	70,000	70,000
	1.4. Website design and creation	25,000	25,000
	Subtotal	225,000	225,000
Component 2	2.1. Readiness assessment for implementation of the ESW in regulatory agencies in Guyana	125,000	125,000
Component 3	3.1. Knowledge sharing and capacity building with LAC countries	75,000	75,000
Contingencies		25,000	25,000
TOTAL		450,000	450,000

IV. Executing agency and execution structure

- 4.1 This operation will be executed by the Bank, through its Trade and Investment Unit, in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2) and Operational Guidelines for Technical Cooperation (Document GN-2629-1); The Bank will be the project's executing agency, through the Trade and Investment Division of the Integration and Trade Sector (INT/TIN), given that the TC has two beneficiaries and multiple public and private sector actors. This requires significant coordination and interdependence. Likewise, the Bank has the technical experience and capacity to ensure a high quality of products and activities to be carried out for this project. To assure that all the actors and stakeholders are aligned and agree with the activities, the team of this TC, based in previous execution successful experiences plan to organize a videoconference with Surinam and another one with Guyana with the key actors, so all can agree the way the activities will be executed and align expectations. The Team leader plans to maintain frequent communication with the stakeholders during the whole execution.⁸
- 4.2 To meet the objective of increasing capacity and knowledge in Guyana and Suriname for facilitating trade and promoting investment, technical advice and consensus-building from the Bank to government authorities and the private sector are essential. Accordingly, this TC will finance eligible costs incurred during implementation of the TC to that end. More specifically, the Bank's participation is essential and necessary, as Executor of the TC, to organize, present at, or moderate a dissemination event (Component 3) to showcase the knowledge gained by the studies and build the capacity of government officials to promote and implement the

⁸ A non-objection letter from the liaison entity in the corresponding countries shall be sent to the Bank before the beginning of the Program activities in such country.

results of Components 1 and 2 of this TC.⁹ In addition, staff missions will be required to harness support and cooperation from Government and the private sector to provide data and information related to the TC. In some cases, technical assistance will be required on the part of Bank staff to collect this information.

- 4.3 **Procurement.** The Bank will contract consulting firm and individuals in accordance with current Bank procurement policies and procedures. The procurement of individual consulting services will be carried out by the IDB in accordance with Human Resources (HRD) policies (AM-650). The procurement of firm consulting services will be carried out by the IDB in accordance with the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9). The procurement of consulting services different from consultants will be carried out by IDB in accordance with Corporate Procurement Policies (GN-2303-20), as amended; A procurement plan is included in Annex.

V. Major issues

- 5.1 The main risk for this TC is that government officials have insufficient capacity to support the Bank in execution. This risk will be mitigated by providing continuous training and capacity building activities.
- 5.2 Implementation of a multi-country project implies a higher level of complexity, as well as risks related mainly to inter-institutional coordination and asymmetries in information. It is expected that these risks will be mitigated by having the IDB as the executing agency, especially considering that the Bank has and will continue coordinating relevant and related activities with the different public institutions responsible for trade and investment. Another risk to this project is lack of data to create the baseline necessary for Suriname to benchmark its performance. If data is not available, the Bank will propose a more qualitative exercise.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy.

VII. Environmental and Social Strategy

- 7.1 This operation's primary outputs relate to technical assistance and strategic interventions and do not present environmental and social risks. This project has been classified under the category "C" according to the Policy Environment and Safeguards Compliance Policy (OP-703). See [Safeguard Policy Filter](#) and [Safeguard Screening Form](#).

Annexes:

- [Letters of Request](#)
- [Results Matrix](#)
- [Terms of Reference](#)
- [Procurement Plan](#)

⁹ TC policy GN-2470-2 does allow for the financing of staff travel with resources from technical co-operations (within certain parameters) when the funding source does not entail any special financing restrictions. This TC will not support or complement the Bank's administrative budget and will be used for the indicated purposes only when no other ways to finance staff participation in the dissemination events will be available, hence not constituting Bank's ordinary or routine activities, as stated in the document.

SUPPORT TO TRADE AND INVESTMENT PROMOTION

RG-T2964

CERTIFICATION

I hereby certify that this operation was approved for financing under the **Public Capacity Building Korea Fund for Economic Development (KPC)** through a communication dated May 30, 2017 and signed by Chang You (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$450,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) 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 Firmado

Sonia M. Rivera

Chief

Grants and Co-Financing Management Unit

ORP/GCM

09/28/2017

Date

Approved:

Original Firmado

Antoni Estevadeordal

Manager

INT/INT

09/29/2017

Date