

SURINAME
SUPPLEMENTARY FINANCING FOR MEERZORG-ALBINA CORRIDOR REHABILITATION
PROJECT PROFILE (PP)

I. BASIC DATA

Project name:	Supplementary Financing for Meerzorg-Albina Corridor Rehabilitation Project (SFMACRP)		
Project number:	SU-L1021		
Project team:	Colin Forsythe (TSP/CSU), Team leader; Pablo Guerrero, Alejandro Taddia, Isabel Granada and Sandra Iriarte (INE/TSP); Chris Persaud (TSP/CGY); Eloise Canfield (VPS/ESG); Roy Parahoo and Rinia Terborg (PDP/CSU); Carol Lieveld, (CCB/CSU) and Kevin McTigue (LEG/SGO).		
Borrower:	The Republic of Suriname		
Executing agency:	The Ministry of Public Works (MPW)		
Financing plan:	IDB (OC):	US\$30,000,000	
	GoS	US\$18,000,000	
	Total:	US\$48,000,000	
Safeguards:	Policies triggered:	OP-102, OP-710 and OP-703 (B.2, B.3, B.4, B.5, B.6, B.7, B.9, B.11, B.12, B.14 and, B.17)	
	Classification:	B	

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 **Background.** Suriname, a Dutch speaking nation, which occupies an area of 163,820 square kilometres on the northeastern coast of South America, is heavily dependent upon road transport for internal and intra-regional transportation, with river and air travel playing a supporting role. The country is sparsely populated, with more than 80% of its territory covered with tropical rain forest and most of the 531,306 population residing within a 30km wide coastal region. The capital city of Paramaribo and its suburbs are home to almost 70% of the population.
- 2.2 **Country Context.** Suriname has grown at an average of 4.4% per cent throughout the global economic downturn. This was due mainly to the contribution of its oil, bauxite and gold industries, which account directly or indirectly for more than 50% of economic activity in Suriname. The combination of adequate fiscal performance, robust economic growth and clearance of arrears with bilateral creditors has assisted in reducing the public debt-to-GDP ratio from 37 % to 21% (2005-2010) - the lowest in the Caribbean. Despite these successes, Suriname faces development challenges, which affect the overall efficiency and productivity of the economy. These include Suriname's relatively poor inter-connection with geographically proximate markets. The predominant mineral industries are dependent upon the road network for transport of raw materials and products.

- 2.3 **Conditions in the Road Sector.** The road network in Suriname is comprised of 4,500 km of roads, of which 1,300 km are primary paved roads. The urban areas of Paramaribo, Albina and New Nickerie, contain 40% of all paved roads. The vehicle fleet has grown steadily from 148,000 to over 190,000 registered vehicles from 2005 to 2010 contributing to congestion in urban areas and along with deficiencies in roadway design and maintenance, to a high level of traffic fatalities, (85 in 2011). The main inter-regional roads are the east-west corridor which links Paramaribo with Nieuw Nickerie, at the border with Guyana, and Albina, at the border with French Guiana, and the north-south corridor between Paramaribo and Brokopondo, the major hydro-electric power station.
- 2.4 **Road Sector Organization.** The Ministry of Transport, Communication and Tourism (MTCT) is responsible for road transport policy. The Ministry of Public Works (MPW) is responsible for the rehabilitation, construction and maintenance of roads and bridges. A semi-autonomous Road Authority (RA) has been established to carry out maintenance of rehabilitated roads. Legislation was passed in 2006 to secure funding for the RA through a fuel levy, which generates about US\$5 million per annum. This translates into US\$10,000 per km and is considered adequate by the Bank for routine maintenance. Whether it is sufficient to cover both routine and periodic maintenance, a view which the RA does not share, would depend on the condition of the roads already under the RA's control. This would be further analyzed during POD preparation. From 2006 to 2009 there has been a significant increase in investments in road infrastructure, from US\$25 million to US\$116 million. Notwithstanding this, the condition of the country's road network is uneven, due to the lack of systematic maintenance.¹
- 2.5 **The Problem.** The two-lane Meerzorg – Albina road (137 km) links Paramaribo to French Guyana, represents almost 10% of the national primary network and conveys approximately 23% of the country's traffic flow. Built in the 1960's and 1970's, the road has 14 bridges, is 6.0 to 6.3m wide (below international standards), deteriorated over more than 100 km, with limited traffic signs. The semi-urban and rural communities along the road corridor are engaged in agriculture, limited commerce, informal trade, tourism, logging, wildlife, handicraft and services. The Bank provided loan financing in 2009 for the Meerzorg-Albina Corridor Rehabilitation Program (MACRP) to support the GOS in improving the corridor's reliability and driving conditions.
- 2.6 **Execution status.** The original cost of the MACRP is US\$126.9 million. The Bank is providing finance up to US\$62.5 million and the Government is financing US\$64.4 million (51%) as counterpart, through contributions (in Euros) from the French Development Agency (AFD) and the European Union (EU). The civil works for the 137 km Meerzorg-Albina road is being executed via 4 contracts viz. Lot 1 (EU), Lot 2A (IDB), Lot 2B (IDB) and Lot 3 (AFD and IDB). Execution is currently proceeding satisfactorily despite delays due to the revision of the original designs and relocation of utilities, which caused contracts for all lots to be extended. Lots 1, 2a and 2B are on target for completion within the revised schedule. Only Lot 3 is behind schedule; nevertheless it is expected to be completed during the current loan disbursement period. Lot 2C, Stolkerssijver bridge is being re-tendered to commence rehabilitation/replacement by March 2014 i.e. immediately after completion of Lots 2A

¹ The Transport Master Plan (2011) estimates that expenditure on road maintenance as a percentage of the total expenditures on roads decreased from 23% in 2006 to 8% in 2009.

and 2B construction. Currently 76% of the IDB funds have been disbursed, with 53% of the IDB loan period elapsed and an estimated 40% of the road has been completed. Approximately 20% of the Counterpart contribution (AFD/EU) has been disbursed to date. The cost of construction of the Meerzorg-Albina road as budgeted in the loan contract is being exceeded (ref. 2.9 below) and there is a need for supplemental funding.

- 2.7 **Country's Sector Strategy.** The 2006-2011 Development Plan (DP) recognized the importance of physical infrastructure as a means to facilitate transport and logistics, stimulate development within the coastal areas in the N.E. of the country and facilitate cross-border links with French Guiana. The 2011-2015 DP continues to emphasize the east-west corridor and the Government Declaration on infrastructure for the period 2010 to 2015 given to Parliament on October 1, 2010 states that the connections between Paramaribo and Commewijne will be improved. Furthermore, the GOS had included the MACRP as one of the two anchor projects of Suriname in the Initiative for Regional Infrastructure Integration in South America (IIRSA), within which regional transportation linkages between the neighbouring countries of Venezuela, Guyana, French Guyana and Brazil are to be established.
- 2.8 **Link to Bank's Country Strategy and consistency with GCI-9.** The proposed Supplementary Financing for MACRP would support the Bank's contribution to the original program through loans 2062/BL and 2063/OC-SU, approved in 2009. The Supplementary Financing is consistent with the recently approved Bank's Country Strategy (CS) for the Suriname for the period 2011-2015, which identifies the Transport Sector as one of the seven priority areas targeted. The CS focuses on assisting Suriname with transitioning to a more structurally sustainable economic model. Specifically the CS includes in its indicative loan pipeline for the period 2011-2015 an operation to provide supplementary financing for the MACRP. The project is also in line with the Bank's institutional priorities as outlined in the Report on the Ninth General Increase in Resources for the IDB (GCI-9) (AB-2764) as the Meerzorg-Albina corridor is a strategic link in the route for economic exchanges between Georgetown, Paramaribo and Cayenne ports and has been identified as a critical segment in the IIRSA. The corridor is therefore a major regional asset for the development of trade and tourism opportunities in N.E. South America.
- 2.9 **The Proposed Supplementary Financing.** The additional project costs and financing requirements are due to the following technical and financial factors (see technical annex vi): i) higher than anticipated quantities and bid prices; ii) design revisions following post-contract design reviews; iii) relocation and renewal of utilities; iv) additional lengths of road, which have deteriorated further and need to be fully reconstructed as opposed to rehabilitated; v) the falling value of the Euro against the USD; vi) prolongation costs arising from the extension of the civil works and supervisory consultant contracts; and vii) price escalation costs. The current forecast of final costs, estimates that another US\$48 million will be required to complete the road works by March 2014. The Government of Suriname has requested a supplemental loan of US\$30 million from the Bank for 2012 to enable project completion. The EU and the AFD have confirmed in correspondence to GOS that due to funding limitations and allocations, they will be unable to contribute more resources towards the MACRP.
- 2.10 **Objective and Structure.** The objectives of the project would remain the same i.e. to improve access to important economic zones, facilitate tourism and promote regional

integration of the country, while lowering transport costs and improving road safety. Concomitantly the Results Framework is unchanged, while the risk management framework will reflect the current assessment of the project as indicated in the PMR. The proposed financing will support the completion of the following components of loans 2062/BL and 2063/OC-SU viz.:

Component 1: – Civil Works. This component will finance the completion of the ongoing contracts (Lots 2A, 2B and 3) for the rehabilitation of the Meerzorg-Albina Corridor as well as Lot 2C for the rehabilitation of Stolkersijver Bridge. **Component 2: Implementation Support.** This component will finance the continuation of studies and services for the supervision of civil works in all lots until the end of the defects liability period for all contracts. **Component 3: Institutional Strengthening.** This component will provide support to: i) the Road Authority to develop a structured road maintenance management system and ii) a national road safety strategy and action plan.

- 2.11 **Rationale.** The proposed Supplementary Financing has been sized to an amount of US\$30M in order to cover, along with an anticipated \$18M from the GOS, the funding gap resulting from the additional costs of completion (per factors in 2.09). The request for the proposed Supplementary Financing for the MACRP is being presented in compliance with the conditions established in the Operational Policy OP-310, “Additional Financing for Cost overruns for Operations in Progress (GN-2329). Financing of the incremental costs will assure completion of the MACRP and achievement of the project’s planned objectives.
- 2.12 **Coordination with other MDB’s.** The Bank started working in the transport sector in Suriname in 2006 and collaborated with the EU and AFD since 2007 in the preparation of the pre-feasibility study, funded by the EC and the project feasibility studies, financed by the Bank. The 3 donors have jointly provided oversight of project implementation, with the Bank and AFD funding the supervisory consultant and the Bank taking the lead role in interactions with the Borrower. The supplementary financing would benefit the lots being financed by the EU and AFD and also support the continuation of supervision services. The coordination among donors and dialogue with GOS on the MARCP execution and accompanying measures for the transport sector needs to be continued.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **Institutional Capacity - Lessons Learned.** The Project Executing Agency (PEU) has staff appointed from within the Ministries of Finance and Public Works, who are tasked with other responsibilities. This has restricted the PEU’s focus on implementation. To mitigate this risk, key PEU staff will need to be full-time, dedicated towards the coordination of MACRP activities.
- 3.2 **Studies.** The transport sector policy framework for Suriname and the Transport Master Plan (2010) has been updated with the support of the EU. This Plan facilitates a comprehensive understanding of the sector issues and areas for strengthening proposed in Component 3. An update of the 2007 economic and feasibility assessment of the MACRP is being carried out in preparation of the supplementary financing. The update will take into consideration the additional costs for completion, as well as significant beneficial developments and planned investments within the catchment since the inception of the MACRP.

IV. SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 The MACRP is considered to have local and short term negative environmental and associated social and cultural impacts for which effective mitigation measures are readily available. The Environmental and Social Assessment (ESA) developed for the prior operation concluded that the project was not anticipated to generate permanent, widespread or irreversible significant negative impacts. The recommendations of the Environmental and Social Management Plan (ESMP) to mitigate and monitor the potential negative impacts during and after construction were incorporated in the specifications of the bid documents for the civil works contracts. Additionally the Bank implemented a TC (ATN/KP-10720/SU) – “Socio-economic Conditions in the Meerzorg Albina & Paramaribo – Afobaka Corridors”. The outputs of this TC supported the micro traders to strengthen their commercial capacity and community development activities in order to benefit from the expected increased traffic of tourists and potential buyers. Based on the Bank’s Environmental and Safeguard Compliance Policy (OP-703), and taking into account the anticipated impacts and risks and actual experiences of this operation the project is recommended to remain a Category “B”. The policies applicable to this project include OP-102, OP-710 and OP-703 directives B.02, B.03, B.04, B.05, B.06, B.07, B.09, B.11, B.12, B.14 and B.17. Additional information is included in the ESS (Annex III).
- 4.2 As part of the preparation of the supplementary financing operation, a review will be conducted to evaluate the implementation of the project’s ESMP. PDP will be conducting a procurement workshop and an institutional capacity assessment of the PEU. A monitoring and evaluation plan will be prepared.

V. OTHER ISSUES

- 5.1 **Retroactive financing.** In accordance with the Bank's operational policy on recognition of expenditures, retroactive financing, and advance contracting (OP-504) the Bank may recognize up to 20% of the loan amount (US\$6 million) as expenditures incurred by the Executing Agency during the 18 months prior to the date on which the loan is approved by the Bank’s Board of Executive Directors, but not prior to the date of approval of the Project Profile. These expenditures are related to the construction of civil works, which require disbursements at a rate of approximately US\$2M per month and loan resources are expected to be exhausted during the 3rd Quarter 2012. In order to mitigate this risk and the associated discontinuity or disruption in the implementation of the road rehabilitation contracts, retroactive financing up to US\$6 million will be needed.
- 5.2 The counterpart resources proposed for the supplementary financing would not maintain the ratios of the project financing matrix of the current operation as required by Bank Policy (OP-310). This issue will be addressed in the POD and a waiver sought for compliance with this condition.

VI. RESOURCES AND TIMETABLE

- 6.1 The due date for the Proposal for Operation Development is May 04, 2012 and the Board approval date is August 01, 2012. The cost of consulting studies for preparation will be approximately US\$30,000, and the administrative costs for missions and other required activities (Annex V) will be about US\$34,000.

Annex I

Confidential information

SAFEGUARD SCREENING FORM REPORT

PROJECT DETAILS	IDB Sector	TRANSPORTATION-ROAD PROGRAMS
	Type of Operation	Investment Loan
	Additional Operation Details	
	Country	SURINAME
	Project Status	
	Investment Checklist	Infrastructure Road and Rail
	Team Leader	Forsythe, Vernon Colin (COLINF@iadb.org)
	Project Title	Meerzorg - Albina Corridor Rehabilitation Project - Supplementary Financing
	Project Number	SU-L1021
	Safeguard Screening Assessor(s)	Canfield, Mary Eloise (ELOISEC@iadb.org)
	Assessment Date	2012-02-17
	Additional Comments	

PROJECT CLASSIFICATION SUMMARY	Project Category: B	Override Rating:	Override Justification:
			Comments:
	Conditions/ Recommendations	<input type="checkbox"/> Category "B" operations require an environmental analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements). <input type="checkbox"/> 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. <input type="checkbox"/> 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	Identified Impacts/Risks	Potential Solutions
	The project will or may require involuntary resettlement and/or economic displacement of a minor to moderate nature (i.e. it	Develop Resettlement Plan (RP): The borrower should be required to develop a simple RP that could be part of the ESMP and demonstrates the following attributes: (a) successful engagement with affected parties via a process of Community

	<p>is a direct impact of the project) and does not affect indigenous peoples or other vulnerable land based groups.</p>	<p>Participation; (b) mechanisms for delivery of compensation in a timely and efficient fashion; (c) budgeting and internal capacity (within borrower's organization) to monitor and manage resettlement activities as necessary over the course of the project; and (d) if needed, a grievance mechanism for resettled people. Depending on the financial product, the RP should be referenced in legal documentation (covenants, conditions of disbursement, project completion tests etc.), require regular (bi-annual or annual) reporting and independent review of implementation.</p>
	<p>Minor or moderate conversion or degradation impacts to natural habitats (such as forests, wetlands or grasslands).</p>	<p>Ensure Proper Management and Monitoring of the Impacts of Natural Habitat Loss: A Biodiversity Management Plan (BMP) should be prepared that defines how impacts will be mitigated (roles and responsibilities, monitoring, budget, etc.) and could be incorporated in the ESMP. Depending on the financial product, the BMP should be referenced in appropriate legal documentation (covenants, conditions of disbursement, etc.). Confirmation should be obtained from competent experts that they are confident that the plan can mitigate impacts and also that the relevant authorities have approved the BMP.</p>
	<p>Generation of solid waste is moderate in volume, does not include hazardous materials and follows standards recognized by multilateral development banks.</p>	<p>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.</p>
	<p>Moderate Greenhouse Gas Emissions are predicted.</p>	<p>Greenhouse Gas (GHG) Assessment: The borrower should promote the reduction of project-related greenhouse gas emissions in a manner appropriate to the nature and scale of project operations and impacts. The borrower should quantify direct emissions from the facilities owned or controlled within the physical project boundary and indirect emissions associated with the off-site production of power used by the project. Quantification and monitoring of GHG emissions should be conducted annually in accordance with internationally recognized methodologies (i.e. IPCC - http://www.ipcc.ch/). In addition, the borrower should evaluate technically and financially feasible and cost-effective options for the reduction/offset of emissions that may be achieved during the design and operation of the project. The Sustainable Energy and Climate Change Initiative (SECCI) can help with this task (http://www.iadb.org/secci/).</p>
	<p>Safety issues associated with structural elements of the project (e.g. dams, public buildings etc), or road transport activities (e.g. increase in heavy</p>	<p>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</p>

	vehicle movements, transport of hazardous materials, etc.) exist which could result in moderate health and safety risks to local communities.	for independent audits should be considered if there are questions over borrower commitment or potential outstanding community concerns.
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ASSESSOR DETAILS	Name of person who completed screening:	Canfield, Mary Eloise (ELOISEC@iadb.org)
	Title:	
	Date:	2012-02-17

SAFEGUARD POLICY FILTER REPORT

PROJECT DETAILS	IDB Sector	TRANSPORTATION-MAJOR HIGHWAYS
	Type of Operation	Investment Loan
	Additional Operation Details	
	Investment Checklist	Infrastructure Road and Rail
	Team Leader	Forsythe, Vernon Colin (COLINF@iadb.org)
	Project Title	Meerzorg-Albina Corridor Rehabilitation Project - Supplementary Financing
	Project Number	SU-L1021
	Safeguard Screening Assessor(s)	Canfield, Mary Eloise (ELOISEC@iadb.org)
	Assessment Date	2012-02-17
	Additional Comments	

SAFEGUARD POLICY FILTER RESULTS	Type of Operation	Loan Operation	
	Safeguard Policy Items Identified (Yes)	Potential disruption to people's livelihoods living in the project's area of influence (not limited to involuntary displacement, also see Resettlement Policy.)	(B.01) Resettlement Policy– OP-710
		The Bank will make available to the public the relevant Project documents.	(B.01) Access to Information Policy– OP-102
	The operation is in compliance with environmental, specific women's rights, gender, and indigenous laws and	(B.02)	

	regulations of the country where the operation is being implemented (including national obligations established under ratified Multilateral Environmental Agreements).	
	The operation (including associated facilities) is screened and classified according to their potential environmental impacts.	(B.03)
	The Borrower/Executing Agency exhibits weak institutional capacity for managing environmental and social issues.	(B.04)
	The operation may be of higher risk due to controversial environmental and associated social issues or liabilities.	(B.04)
	An Environmental Assessment is required.	(B.05)
	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 of women and men, (b) socio-culturally appropriate participation of indigenous peoples and (c) mechanisms for equitable participation by vulnerable groups.	(B.06)
	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.	(B.07)
	Environmental or culturally sensitive areas, defined in the Policy as critical natural habitats or critical cultural sites in project area of influence (please refer to the Integrated Biodiversity Assessment Tool for more information).	(B.09)
	The operation has the potential to pollute the environment (e.g. air, soil, water, greenhouse gases...).	(B.11)

		The operation is already under construction by the Executing Agency or the Borrower.	(B.12)
		The operation is a repeat or second phase loan.	(B.14)
		Suitable safeguard provisions for procurement of goods and services in Bank financed projects may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.	(B.17)
	Potential Safeguard Policy Items(?)	No potential issues identified	
	Recommended Action:	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:			

ASSESSOR DETAILS	Name of person who completed screening:	Canfield, Mary Eloise (ELOISEC@iadb.org)
	Title:	
	Date:	2012-02-17

SURINAME
Meerzorg – Albina Corridor Rehabilitation Project – Supplementary Financing
(SU-L1021)

Environmental and Social Strategy

A. Project Description

1. The Dutch speaking country of Suriname has been undergoing a priority road improvement project, the Meerzorg-Albina Corridor Rehabilitation Program (MARCP). The purpose of the additional financing under consideration is to fund the gap that has resulted from the increased costs of completion associated with revised designs, higher than anticipated bid prices, and costs for relocation of utilities. This financing will ensure completion of the construction works on the Meerzorg-Albina road that are currently in progress.
2. The original project (SU-L1006) for \$62.5 million was approved in 2008 (loan 2062/BL-SU and loan 2063/OC-SU) with \$64.4 million as counterpart from the Government of Suriname. A supplementary loan of \$30 million from the Bank and \$18 million from the Government of Suriname is requested presently to meet the financial gap and to complete the road construction activities (the “Project”).
3. The Project will finance the completion of road rehabilitation on the eastern trunk Meerzorg-Albina of the East-West paved road connection from north-central Suriname to the eastern border with French Guiana. The works include rehabilitation of the pavement surface and widening of the road from 6 to 7 meters which will take place within the existing right-of-way (ROW) corridor (30 m width, including traveled ways, shoulders, side drains, sidewalks and space for the utilities). The total length of this road project is 137 km.
4. The Project does not vary in concept from the technical designs that were reviewed when the Environmental and Social Assessment (ESA) was prepared as well as the Environmental and Social Management Report (ESMR) that was approved for the prior project (SU-L1006). The Project will continue to be executed under the same parameters agreed under the prior loan.
5. The rehabilitation of the Meerzorg-Albina road is being carried out in the framework of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA). The Project will provide resources to effectively complete the remaining road construction in order to ensure that the Project achieves its developmental objective.

B. Project Status and Compliance

6. An Environmental and Social Assessment (ESA) was developed for the prior project which concluded that the project was not anticipated to generate permanent, widespread

or irreversible significant negative impacts. The recommendations of the Environmental and Social Management Plan (ESMP) to mitigate and monitor the potential negative impacts during and after construction were incorporated in the specifications of the bid documents for the civil works contracts.

7. An update of the Environmental and Social Analysis (ESA) will be required focusing on specific impacts of the prior operation and the Project as well as an assessment of the overall management of environmental and social aspects of the prior operation. The analysis will identify the best way to mitigate and manage impacts from prior operation and the Project either through preparing stand alone environmental and social management plans for the Project or by enhancing existing systems and procedures.

C. Potential Environmental, Social, Health and Safety Issues

8. The Project is expected to generate limited and localized environmental and social impacts. The environmental and social impacts will result from the civil works which are typical of road construction activities. The key potential environmental and social impacts from the civil works will be generation of air emissions and water pollution, solid waste generation, movement of soil, geotechnical stability, increased noise and vibrations, interruption of utility services, health and safety risks to workers, transit congestion due to construction activities, relocation of fences, impacts on natural habitats, and restricted access to commercial activities. The analysis will assess the environmental and social impacts from the civil works activities as well as the environmental, social, health and safety management systems, plans, programs or procedures.
9. There are three nature reserves situated outside the road influence area and a multiple use management area on the coast which is further from the road. There are also natural habitats along the road and management procedures included in the ESMP to mitigate impacts will be reviewed. This type of road may produce indirect and cumulative impacts on natural and critical natural habitats as a result of increased traffic, increased commercial activities and market value of lands, extractives industry, and timber products that may lead to encroachment and unsustainable natural resources exploitation in an area that is mostly covered by natural habitats and protected areas in pristine conditions. These issues as well as compensation and offset mechanisms will be evaluated during the environmental analysis in order to manage the direct, indirect and cumulative impacts of this project.
10. The prior operation involved some relocation of fences, compensation, impacts on informal commercial activity, and utility relocation. Similar impacts are anticipated for the current Project. The road crosses the two districts of Commewijne and Marowijne, between the Suriname River to the west side and Marowijne River to the east side. The latter marks the border with French Guiana. The main urban centers along the road are Meerzorg (km 0 to 16, Resort Meerzorg in Commewijne District), Tamanredjo (km 16 to 21, Resort Tamanredjo in Commewijne District) and Albina at the end of the road (km 137, in Marowijne District). At the distance of about 70 km, is a settlement of Perica which is inhabited by Maroon families. Their main economic activity is agriculture,

growing different crops like tomato, eggplants, cassava, pepper, pumpkins and fruit trees. The cropping land is sometimes extended up to few meters from the road edge. The resettlement plan that was prepared to address these social impacts will be reviewed. In addition, the revised designs will be reviewed to confirm that resettlement and displacement of economic activities has been avoided or minimized.

11. Given that this Project will cause local and short term environmental and social impacts for which effective mitigation measures are readily available, it is therefore classified as Category B. The policies identified for this project include Access to Information Policy (OP-102), the Resettlement Policy (OP-710) and Environment and Safeguards Compliance Policy (OP-703) directives B.02, B.03, B.04, B.05, B.06, B.07, B.9, B.11 B.12, B.14 and B.17.

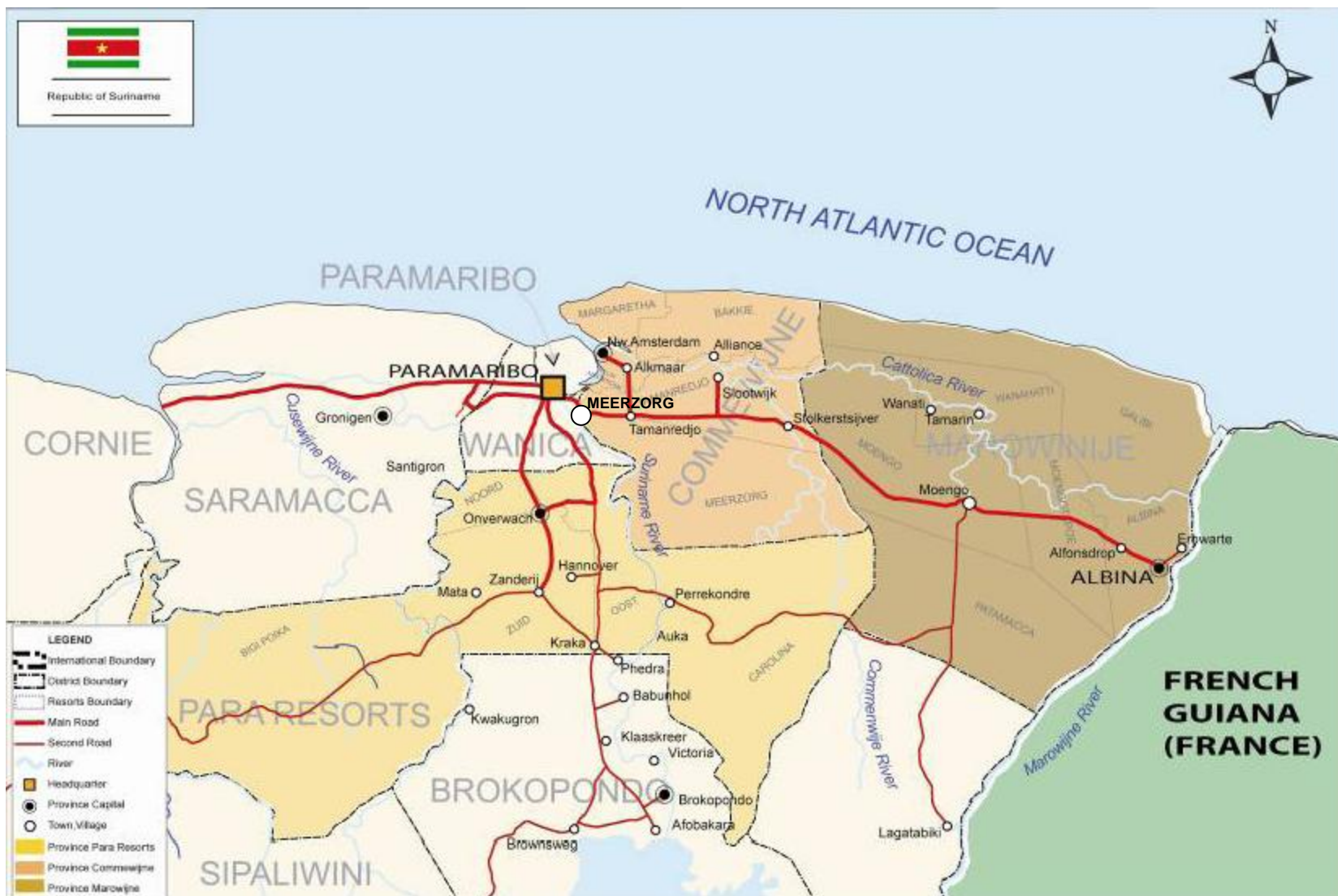
D. Environmental and Social Strategy for Due Diligence

12. The Bank, as part of the due diligence process, will analyze the following environmental and social aspects of the Project which will be summarized in an Environmental and Social Management Report (ESMR):
 - a. An assessment of Project compliance status with the applicable country (national, provincial, municipal, local) environmental, social, and health and safety regulatory requirements (e.g. laws, regulations, standards, permits, authorizations, applicable international treaties/conventions, etc.), project-specific legal requirements (e.g. concession contract, etc.), and any applicable Bank environmental and social policy or guideline.
 - b. An evaluation of the proposed Project to confirm that the Project's direct and indirect environmental and social impacts have been properly identified and evaluated. The key potential environmental and social impacts of the Project include generation of air emissions and water pollution, solid waste generation, movement of soil, increased noise and vibrations, interruption of utility services, health and safety risks to workers, transit congestion due to construction activities, relocation of fences, impacts on natural habitats, and restricted access to commercial activities. In addition, the potential trans-boundary impacts of this project and its linkages to other projects in bordering Guyana, under the IIRSA context will be evaluated.
 - c. An assessment of the institutional capacity to manage environmental, social, health, and safety aspects and evaluation of mitigation measures and monitoring associated with the operation of the road corridors, including plans and procedures for their adequacy in terms of completeness, sufficiency of detail, feasibility, cost, definition of responsibility, training, auditing, reporting, schedule, quality control, and resources to be made available to ensure adequate implementation, specifically if enhancements, modifications and/or new procedures and plans are required to manage the environmental and social impacts from the Project.

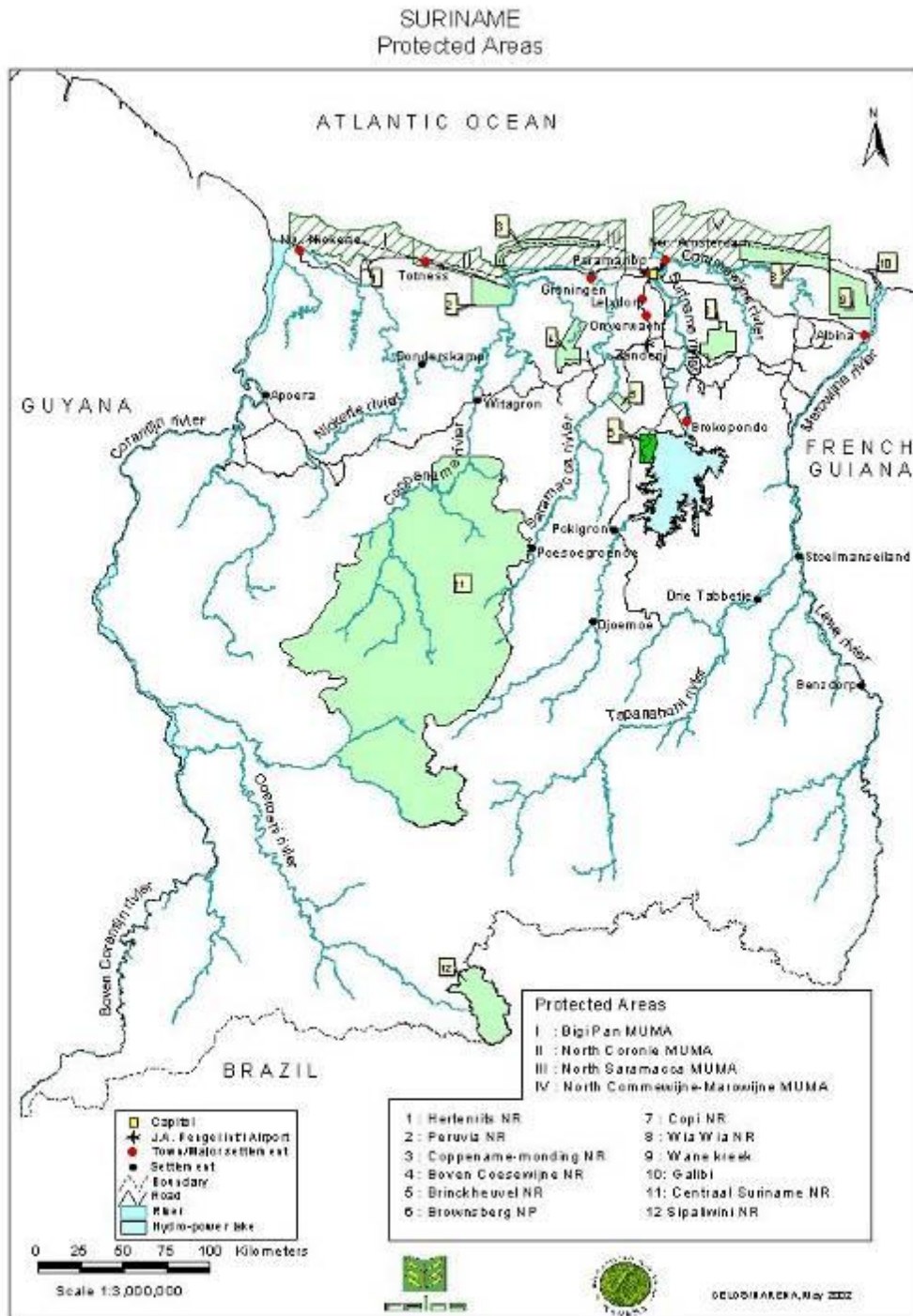
- d. A determination of key indicators and requirements for the project execution, complete with timelines and milestones, especially with respect to implementation of the Environmental and Social Management Plan and in relation to the Integration of Regional Infrastructure in South America (IIRSA).
- e. An evaluation to ensure adequate health and safety plans and procedures from the contractors and subcontractors, including their technical adequacy given the potential Project specific health and safety risks, adequate level of training to be performed, and sufficient resources to be made available to ensure adequate implementation.
- f. An evaluation to confirm adequate contingency plans (i.e. emergency and spill plans), including confirmation that all relevant Project specific environmental risks have been identified, proper procedures have been developed, and sufficient resources will be made available to ensure adequate implementation.
- g. An evaluation of Project related information disclosure and public consultation activities that have been performed and the proposed future actions to provide adequate ongoing information disclosure and public consultation with the local population.
- h. An evaluation, and further development as necessary, of Project monitoring/supervision procedures to ensure proper implementation of environmental, social, and health and safety actions and requirements.
- i. An evaluation of environmental, social and health and safety terms and conditions in relevant Project legal documents (e.g. concession contract, construction contract, operations and maintenance contract, etc.), in terms of sufficiency, potential risks or liabilities, or issues.
- j. An evaluation of potential existing and future environmental, social, or health and safety risks and liabilities associated with the Project.
- k. An evaluation of the performance of the project currently in execution and compliance with the environmental and social policies of the Bank as well as the environmental and social special conditions in the loan agreement.
- l. An evaluation of the implementation of impact mitigation measures from the Environmental and Social Management Plan (ESMP) and the Resettlement Plan of the project currently in execution and identification of additional measures for adequate management of environmental and social impacts including the development of an action plan for significant impacts.

ANNEX 1

Suriname: Meerzorg – Albina Corridor Rehabilitation Project



ANNEX 2 Map of Protected Areas in Suriname



INDEX FOR COMPLETED AND PROPOSED SECTOR WORK

Issues	Funding	Completed/Expected Dates	References & hyper links to Technical files
Transport Sector Study	Funded by IDB	Completed in 2006	
Prefeasibility Study for the Rehabilitation of the Meerzorg-Albina Corridor	Funded by the European Commission	Completed in 2007	
Institutional Capacity Assessment	Funded by the Bank	Completed in 2008	
Feasibility Study for the Rehabilitation of the Meerzorg-Albina Corridor	Funded by the Bank and the French Development Agency. (SU-T 1030) Includes traffic surveys, definition of design parameters, pavement and highway design, structures (bridges and culverts) design, environmental analyses, cost estimates, economic evaluation, and preliminary designs.	Completed in 2008	
Technical designs and Bidding documents	Funded by the Bank (SU-T 1030) Includes the development of final technical designs, verification of economic feasibility, and preparation of bidding documents.	Completed April, 2009	
Improvement of Socio Economic conditions in the Meerzorg – Albina and Paramaribo – Afobaka Corridors	Funded by the Bank (SU-T 1034) Includes the strengthening of commercial and community development activities of poor petty traders by enhancing their community organizations, management of public and private areas, micro entrepreneurship, identification of financing mechanisms, capacity building, and improvement of current development and operational conditions.	Completed in October 2011	
Review of the designs for MACRP prepared by Roughton	Funded by the Bank Design Review – EGIS BCEOM	Completed in 2009	

Issues	Funding	Completed/Expected Dates	References & hyper links to Technical files
Review of the designs for MACRP prepared by Roughton	Funded by the Bank AP & G Design Review Lots 1, 2A, 2B and 3	Completed July, 2010	
Institutional Strengthening of the Transport Sector – Transport Master Plan	Funded by the European Delegation	Completed December 2011	
Economic Feasibility Update of MACRP	To be funded by the Bank	Quarter 1, 2012	
Review of Implementation of MACRP Environmental and Social Management Plan	To be funded by the Bank	Quarter 1, 2012	
Institutional Capacity Assessment of the PEU	To be funded by the Bank	Quarter 1, 2012	
Development of an Environmental and Social Management System for the Transport Sector		Quarter 1, 2013	
Definition of management framework for needed major road reserves		Quarter 2, 2013	
Development of a routine Maintenance Management System for Suriname's major roads		Quarter 1, 2014	

Annex V

Confidential information