

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**SURINAME**

**BUSINESS CLIMATE AND INNOVATION**

**(SU-L1043)**

**PROJECT PROFILE**

This document was prepared by the project team consisting of : Claudia Stevenson (IFD/CTI), Team Leader; Musheer Kamau (CCB/CSU), Alternate Team Leader; Carlo Pietrobelli (IFD/CTI); Ignacio De León (IFD/CTI); Navita Anganu (CMF/CJA); Lesley Cassar (CCB/CCB); Sasha Baxter (CCB/CSU); Nicola Karcher (CCB/CSU); Bernardita Saez (LEG/SGO); Patricia Reyna and Blanca Torrico (IFD/CTI)

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## PROJECT PPROJECT PROFILE

### I. BASIC DATA

<b>Project Name:</b>	Business Climate and Innovation		
<b>Project Number:</b>	SU-L1043		
<b>Borrower:</b>	Republic of Suriname		
<b>Executing Agency:</b>	Office of the Vice President		
<b>Financial Plan:</b>	IDB (OC) Policy-based component:	US\$	10,000,000
	IDB (OC) Reimbursable Technical assistance component	US\$	5,000,000
	Total:	US\$	15,000,000
<b>Safeguards:</b>	Policies triggered:	N/A	
	Classification:	“C”	

### II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 **Background:** Although Suriname has experienced recent sustained economic growth over the last 10 years, its economy depends mainly upon gold, oil and bauxite, showing vulnerability to unpredictable swings in international prices of these main exports.<sup>1</sup> Revenues from commodity prices and bilateral grant flows did not promote a legal and institutional framework that favors private sector investment. Thus, the authorities seek to engage in structural reforms to transition to a new economic model—one with a diversified production basket, and a less vulnerable economic base that fosters greater participation of the private sector in economic activity. The Government of Suriname's (GoS) Development Plan (2012–2016) gives special consideration to good governance, social development, economic diversification, education for competitive skills and building a knowledge society, protection of natural resources, and management of the impact of climate change. Concerning the business climate, the Development Plan concentrates on enhancing governance, innovation and competitiveness. A clear and concise strategy to achieve these specific goals, in the context of a modern industrial policy making structure, is needed to guide public and private actors.
- 2.2 **Rationale for intervention and main challenges to be addressed:** Political stability, sound economic management, and favorable prices of commodities have contributed to stability and growth. Between 2008 and 2013, the country grew by an average rate of 4% per annum,<sup>2</sup> mainly due to the high international prices and investment in the mining sector. Oil, alumina, and gold exports represent 55% of GDP and account for approximately 95% of total exports.<sup>3</sup> The services sector, which accounts for 65% of GDP, is dominated by trade and transport activities,

<sup>1</sup> Fritz Krokow, et al. Suriname toward Stability and Growth. International Monetary Fund. 2009.

<sup>2</sup> EIU. Suriname Report 2014.

<sup>3</sup> Elias Carlos. 2012. Private Sector Assessment Report.

and is closely related to the mining industry.<sup>4</sup> Labor productivity growth has been negative at the macroeconomic level (-0.9%) and negative at firm-level (-10.8%).<sup>5</sup>

- 2.3 While the Development Plan is based on an open economy model, laws and regulations were enacted under the paradigm of a closed economy, where state intervention and protection played a central role.<sup>6</sup> Economic activity has been dominated by a few mining firms and around 100 state owned enterprises operating mainly in mining, public utilities and transport sectors.<sup>7</sup> Also, 48% of the workforce is employed by Government and government expenditures amount to 40% of GDP.<sup>8</sup> As Suriname transitions from a public driven economy to a more diversified economy driven by private sector, it faces the following challenges: (i) lack of a long term strategy to guide diversification and growth; (ii) insufficiently modernized legal and institutional framework to promote private sector growth, diversification and innovation; (iii) limited institutional capacity to coordinate and implement private sector development policies; and (iv) lack of effective programs to foster innovation and productivity in SMEs.
- 2.4 **Suriname lacks a long term strategy to guide diversification and growth.** The new economic model stated in the 2012-2016 Development Plan calls for interventions to promote productive investment from private sector. However, there is no comprehensive modern industrial policy to lead the process in an orderly manner with a long term vision. There is also the problem of dynamic inconsistency, where the long term objectives of growth and innovation are hampered by competing short term gains, and the difficulty of aligning diverse interests of multiple stakeholders.<sup>9</sup> Although the GoS has started to implement measures to improve the business climate, it needs a strategic plan for facilitating investment, innovation, and entrepreneurship.
- 2.5 **Suriname has an insufficiently modernized legal and institutional framework to promote private sector led growth, diversification and innovation.** The current legal framework needs to be updated to support private sector activity. Suriname ranks 106 out of 148 countries in the Global Competitiveness Report 2013-2014, with institutions ranking 82 out of 148, technological readiness 105, and innovation 124. Furthermore, it ranks 161 out of 189 countries in the World Bank's "Ease of Doing Business" indicator, and 189 in the indicator of protecting investors. The lack of an adequate business climate and strong institutions hinder investor confidence, private sector activity and growth.<sup>10</sup>

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<sup>4</sup> Ministry of Finance. 2013.

<sup>5</sup> CCB Economics.2013. Wanted: Innovative and Productive Entrepreneurs for a Sustainable Suriname.

<sup>6</sup> Anzola, Marcela. 2013. Framework for Private Sector Development in Suriname. Action Plan for Reforms

<sup>7</sup> Drum, Bernard. 2012. Suriname: Improving Access to Finance for SMEs: A Roadmap for Action.

<sup>8</sup> IMF Article IV.2013

<sup>9</sup> Lessons learned from other countries have shown the need to address these institutional issues. Consejo Nacional de Innovación y Competitividad de Chile. Hacia una Estrategia Nacional para la Competitividad.

<sup>10</sup> NORTH, D. Institutions, Institutional Change and Economic Performance, Cambridge University Press.

- 2.6 **Limited institutional capacity to coordinate, promote and implement private sector development policies.** The Competitiveness Unit of Suriname (CUS) was recently established, in the Cabinet of the Vice President, and aims to foster improvements in the business climate by working with key stakeholders from the public and private sectors. However, this commitment to public private dialogue needs to be sustained over time with a structured mechanism to bring stakeholders for consultation and implementation as well as mechanisms for accountability and participation.<sup>11</sup>
- 2.7 **SMEs have not been able to develop linkages with the more dynamic sectors of the economy and their productivity and innovation is low.** Recent micro data<sup>12</sup> show that firm level Total Factor Productivity (TFP) growth is the lowest (and negative) for Suriname than the rest of the Caribbean, and that firms in Suriname have lower levels of labor productivity than the rest of countries surveyed in 2010 in the Western Hemisphere. In addition, there is an absence of programs to create the economic incentives for economic diversification, promoting linkages and value chains and supporting SME growth.
- 2.8 **Objectives.** The objective of the program is increase the value added of the private sector in the economy by: (i) promoting an industrial policy for sustainable growth and diversification; (ii) improving the business climate, legal, and institutional framework; (iii) maintaining and strengthening public private dialogue; and (iv) improving SME productivity and innovation.
- 2.9 **Program structure.** The program will be structured as a policy-based loan under the programmatic modality (PBP), consisting of two individual loan operations, the first of which will consist of two interrelated components: (i) a policy-based (PB) component for US\$10 million; and (ii) a US\$5 million reimbursable technical assistance component. The PBP is considered the most appropriate, as it is an effective mechanism to support complex reforms that require sequenced actions for implementation. The amount for the first operation is US\$15 million, consistent with the government's financial needs, of which US\$10 million correspond to compliance of policy conditions and US\$5 million to institutional strengthening and modernization technical assistance. The second operation under the PBP is estimated to be US\$10 Million. A preliminary policy matrix has been discussed with the Office of the Vice-president.
- 2.10 **Macroeconomic framework.** Suriname remains one of the fastest growing economies in the region. However, the economy is vulnerable to commodity price shocks. Real GDP expanded about 4% in 2013, and is projected to grow around 4.5% per year over the medium term in the context of price stability and low public sector debt. Government is rolling out a series of ambitious reforms that aim at strengthening governance, mainly related to public revenue and

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<sup>11</sup> Elias, Carlos. PASR. 2012..

<sup>12</sup> World Bank Enterprise Survey 2010.

expenditure management, energy, agriculture, and public accountability.<sup>13</sup> Strengthening economic policies, especially as they impact inflation has been critical for curbing the growth of the informal sector.<sup>14</sup> This project will complement government efforts and play a critical role in implementing Suriname's structural reform agenda. Based on GoS estimates in its Financial Note 2014, the PBP component of this operation represents approximately 6% of GoS gross financing requirement for the current fiscal year. The current IMA is still being drafted. No fiscal issues are foreseen.

### III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 Support of the reform program, through this operation will be structured with two components: (i) a policy-based component under a programmatic approach, and (ii) a technical assistance (TA) component.
- 3.2 **Component 1: (Policy Based) Improving Legal and Regulatory Framework for Business Climate.** This component aims to provide a comprehensive policy framework for guiding activities to achieve economic diversification, and increase private participation in the economic output. The component will facilitate improvements to the current legal, regulatory and institutional framework related to the businesses climate in Suriname. This includes reforms in investment protection, good governance (legal certainty, transparency and alternative dispute resolution), and business facilitation (industrial property rights, electronic transactions, licenses and simplified stock corporations. It will also support actions to reduce the cost of doing business by implementing technological innovations for online business registration, and licensing.
- 3.3 **Component 2 (Reimbursable Technical Assistance) Modernization of Institutions in charge of business climate and Public Private Dialogue.** This component will support the strengthening of the institutions in charge of implementation of the legal reforms (Ministry of Trade and Commerce, Justice and Finance), and support for the institutional strengthening of the CUS in the consultation and implementation processes, public-private dialogue, consensus reaching activities, and monitoring and evaluation mechanisms. It will also address the capacity of firms to participate in value chains with the more dynamic sectors and the mapping of two potential value chains and its implementation.
- 3.4 **Country context.** The agenda for modernizing legal and institutional framework to enable private sector-led activities is a government priority, since most of the laws do not correspond to the economic model sought. The areas addressed by the program have been identified in numerous studies and validated by the authorities as major impediments for the private sector.<sup>15</sup>

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<sup>13</sup> Most of these interventions are supported by IDB and constitute the backbone of the Country Strategy.

<sup>14</sup> See Kamau and Lin (2013).

<sup>15</sup> Compete Caribbean TC, SU-CC2020 Framework for Private Sector Development: supported access to finance for SMEs, the National Competitiveness Strategy, and a legal review of legislative requirements.

- 3.5 **Bank's interventions.** The activities and dialogue that led to this operation were supported with a Compete Caribbean TC (SU-CC2020), Framework for Private Sector Development that financed the establishment of the CUS, the National Competitiveness Forum, and inputs to National Competitiveness Strategy. The priority reforms were identified as part of the Caribbean Growth Forum held in Suriname in 2013 and is aligned with the Southern Caribbean initiative.
- 3.6 **Bank strategy with Suriname and the GCI-9.** This program is aligned with the 2011–2015 Country Strategy for Suriname (GN-2459), as private sector development is an area of dialogue, and includes actions to streamline regulations, reduce red tape, and the cost of doing business. The program is consistent with the “lending to small and vulnerable countries” target of the GCI-9.
- 3.7 **Lessons learned from related operations and other PBPs.** Complex reforms that straddle electoral cycles require strong government ownership and broad consensus among stakeholders. Lessons learned from similar policy-based programs in the region show the importance of providing technical support in a consistent manner to facilitate informed decision making and consensus.
- 3.8 **Issues and Risks.** The set of reforms is being led by the CUS, which has been in charge of coordinating with the Ministries of Commerce and Trade, Justice and Finance, which are in charge of the legal reforms in the implementation of the industrial policy. The project team has identified the following risks: (i) no consistency in political will to move forward with reforms and difficulty in coordinating different Ministries; (ii) limited experience of the executing agency, (iii) institutional coordination requirements may delay execution; and (iv) lower than expected demand for upgrading value chains. These risks will be analyzed with stakeholders.

#### IV. SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 Given the nature of the program, there are no associated environmental or social risks. Based on the “Safeguards Policy Filter Report and the Screening Form” the operation is classified as “C.” The environmental issues will be considered in the drafting and will take into account the social and environmental sensitivities of Suriname. The team will conduct an assessment of the financial management and procurement capabilities of the PEU during project preparation.

#### V. RESOURCES AND TIMETABLE

- 5.1 It is expected that POD distribution will take place on July 18, 2014 Draft Loan Proposal approved by OPC on September 9<sup>th</sup>, 2014, and Loan Proposal consideration by the Board of Executive Directors on October 15<sup>th</sup>, 2014. Resources for project preparation are estimated at US\$99,000 (from administrative funds). Activities to support the institutional strengthening of the OVP are expected to be financed through an OS (SU-T1076), for US\$500,000). The staff time needed for project preparation will be 0.88 FTEs (see Annex V).

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<sup>1</sup> 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

PROJECT DETAILS	
IDB Sector	PRIVATE FIRMS AND SME DEVELOPMENT-BUSINESS CLIMATE AND COMPETITIVENESS
Type of Operation	Policy Based Loan (PBL)
Additional Operation Details	
Investment Checklist	Generic Checklist
Team Leader	Stevenson, Claudia (CLAUDIAST@iadb.org)
Project Title	Business Climate and Innovation
Project Number	SU-L1043
Safeguard Screening Assessor(s)	Stevenson, Claudia (CLAUDIAST@iadb.org)
Assessment Date	2014-02-05

SAFEGUARD POLICY FILTER RESULTS		
Type of Operation	Loan Operation	
Safeguard Policy Items Identified (Yes)	Does this project offer opportunities for indigenous peoples through its project components?	(B.01) Indigenous People Policy– OP-765
	Operation for which (Type 1 ) disaster risk is most likely to be low .	(B.01) Disaster Risk Management Policy– OP-704
	Does this project offer opportunities to promote gender equality or women's empowerment through its project components?	(B.01) Gender Equality Policy– OP-761
	The operation is in compliance with environmental, specific women's rights, gender, and indigenous laws and regulations of the country where the operation is being implemented (including national obligations established under ratified Multilateral Environmental Agreements).	(B.02)
	The operation (including associated facilities) is screened and classified according to their potential environmental impacts.	(B.03)
	The Bank will monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the	(B.07)



	loan agreement and project operating or credit regulations.	
	Operation for which ex-ante impact classification may not be feasible. These loans are: Policy-based loans, Financial Intermediaries (FIs) or loans that are based on performance criteria, sector-based approaches, or conditional credit lines for investment projects.	(B.13)
	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)
<b>Potential Safeguard Policy Items(?)</b>	No potential issues identified	
<b>Recommended Action:</b>	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s), including B13, for guidance. No project classification required. Submit Report and PP (or equivalent) to ESR.	
<b>Additional Comments:</b>		

### ASSESSOR DETAILS

<b>Name of person who completed screening:</b>	Stevenson, Claudia (CLAUDIAST@iadb.org)
<b>Title:</b>	
<b>Date:</b>	2014-02-05

### Environmental and Social Strategy

- 1.1 The objective of the program is to increase the value added of the private sector in the economy by: (i) promoting an industrial policy for sustainable growth and diversification; (ii) improving the business climate, legal, and institutional framework; (iii) maintaining and strengthening public private dialogue; and (iv) improving SME productivity and innovation.
- 1.2 As the activities to be supported by the program consist mainly of policy reforms and on the institutional strengthening of the institutions in charge of business climate, no negative environmental impacts are foreseen with this operation. On the other hand, the project is expected to have positive social and environmental impacts as is supporting the GoS in the provision of a more modern framework to support private sector activity, in particular for small firms.
- 1.3 The activities of the program that are related to improving SME productivity and innovation and fostering the creation of linkages between small firms and more dynamic sectors of the economy (value chains), will are not foreseen to have negative environmental impacts. Nonetheless, the environmental strategy fort this operation is based on the following principles:
  - a) Compliance to environmental norms: the beneficiaries of the program will only have access to the program only if they are under compliance of the national environmental laws. The Operation Regulations to be developed will define in detail the environmental norms to be complied.
  - b) Promotion of clean production and sustainable Development: Firms that present proposal that favor clean production and sustainable Development will have a priority treatment in the selection process, as will be reflected in the operation regulations.
  - c) Promotion of gender participation. Firms that present proposals that favor gender equality will have a priority treatment in the selection process, as will be reflected in the operation regulations. A targeted awareness strategy will be developed to assure that the less favored group have access to information and training.
    - a. Elegibility of Investment: The operation regulations will establish the eligible investment and the exclusion list according to Bank's policies.
- 1.4 According to the results of the “*Safeguards Policy Filter Report*”, this operation has been classified as category “C”.

### Index for completed and proposed sector work

Issues	Description	Expected Dates	References & hyper links to Technical files
Technical options and design	Private Sector Assessment Report.	Completed	<a href="#">Private Sector Assessment Report</a>
	Access to Finance Report	Completed	<a href="#">Access to Finance Report</a>
	Enterprise Survey Bulletin 2012	Completed	<a href="#">Enterprise Survey Bulletin 2012</a>
	SME 2008 Report	Completed	<a href="#">SME 2008 Report</a>
	A National Competitiveness' Strategy	Draft	<a href="#">A National Competitiveness' Strategy</a>
	Development of an Action Plan for Business Climate Reform Priorities	Completed	<a href="#">Development of an Action Plan for Business Climate Reform Priorities</a>
	WANTED: Innovative and Productive Entrepreneurs for a Sustainable Suriname	Completed	<a href="#">WANTED: Innovative and Productive Entrepreneurs for a Sustainable Suriname</a>
Identification of Main Policy Reforms	Draft Policy Matrix	Completed	<a href="#">Identification of Main Policy Reforms</a>
Analysis of project cost and economic viability	Document estimating the economic viability of the proposed reform program.	May 2014	

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## TC Annex

### I. BASIC PROJECT DATA

▪ Country/Region:	Suriname
▪ TC Name:	Implementation of Business Climate Reforms and Institutional Strengthening
▪ TC Number:	SU-T1076
▪ Associated Loan/Guarantee Name:	Business Climate and Innovation
▪ Associated Loan/Guarantee Number:	SU-L1043
▪ Team Leader/Members:	Claudia Stevenson (IFD/CTI); Team Leader; Musheer Kamau (CCB/CSU); Alternate Team Leader; Carlo Pietrobelli (IFD/CTI); Navita Anganu (IFD/CTI); Lesley Cassar (CCB/CSU); Sasha Baxter (CCB/CSU); Nicola Karcher (consultant); Bernardita Saez (LEG); Blanca Torrico and Patricia Reyna (IFD/CTI).
▪ Date of TC Abstract authorization:	May 15th, 2014
▪ Beneficiary	Republic of Suriname
▪ Executing Agency	Office of the Vice-President
▪ Donors providing funding:	TBD
▪ IDB Funding Requested:	US\$500,000
▪ Local counterpart funding, if any:	
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	July 2014
▪ Types of consultants:	Individual consultants
▪ Prepared by Unit:	CTI
▪ Unit of Disbursement Responsibility:	CSU
▪ TC Included in Country Strategy (y/n):	No <sup>1</sup>
▪ TC included in CPD (y/n):	No
▪ GCI-9 Sector Priority:	Yes

### II. OBJECTIVE AND JUSTIFICATION

2.1 Although Suriname has experienced recent sustained economic growth over the last 10 years, its economy depends mainly upon gold, oil and bauxite, showing vulnerability to unpredictable swings in international prices of these main exports.<sup>2</sup> Generally high revenues from commodity prices and large historical bilateral grant flows did not incentivize the development of a legal and institutional framework that favors private sector investment. Thus, the authorities seek to engage in structural reforms to transition to a new economic model—one with the private sector playing a leading role in a more diversified economy, and a less vulnerable economic base that fosters greater participation of the private

<sup>1</sup> The topic is aligned with a dialogue area of the Country Strategy

<sup>2</sup> Fritz Krokow, et al. Suriname toward Stability and Growth. International Monetary Fund. 2009.

- sector in economic activity. The Government of Suriname's (GoS) Development Plan (2012–2016) gives special consideration to good governance, social development, economic diversification, competitiveness and innovation, education for competitive skills and building a knowledge society, protection of natural resources, and management of the impact of climate change. Concerning the business climate, the Development Plan concentrates on enhancing governance and competitiveness. However, a clear and concise strategy to achieve these specific goals, in the context of a modern industrial policy making structure, is needed to guide public and private actors
- 2.2 In this respect the GoS has requested the Bank the IDB to prepare a Program to foster business climate improvements, higher private sector productivity, and innovation under programmatic policy-based modality (PBP): consisting of two individual loan operations, the first of which will consist of two interrelated components: (i) a policy-based (PB) component for US\$10 million; and (ii) a US\$5 million reimbursable technical assistance component. .
- 2.3 In addition, the GoS requested grant resources for an operational input of approximately US\$500,000 devoted to the institutional strengthening of the Vice-Presidency and the Competitiveness Unit of Suriname (CUS) in their new role of leadership and coordination of structural reforms, requiring intense coordination of different actors involved (Ministry of Finance, Ministry of Trade and Industry, Ministry of Justice, etc.) that have no tradition or established practice of interaction and coordination. Moreover, this technical assistance will help to bridge the time lag between preparation of legal and structural reforms, their expected approval and early implementations of these reforms, that are expected to be supported through the investment component of the first loan. The communication and dissemination of the expected results will require special efforts to foster consensus reaching.
- 2.4 This program is aligned with the 2011-2015 Country Strategy for Suriname (GN-2459), as private sector development is an area of dialogue, and includes the objectives to streamline regulations, reduce red tape, and the cost of doing business. In addition, the program is consistent with the “lending to small and vulnerable countries” target of the GCI-9.

### III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

- 3.1 **Component 1: Institutional strengthening of the Vice-Presidency and CUS in their role of leadership and coordination of structural reforms. (US\$200,000).** This component will support the hiring of international experts and technical assistance in the different fields required in furthering the coordination role that the Vice-Presidency is playing in leading the proposed legislative reforms to be presented to the State Council and then approved by Parliament. The areas to be covered include investment promotion and competition, competition policy, intellectual property, administrative procedures, among others.

- 3.2 These experts will help review the legislation based on international best practices, will help evaluate the economic consequences of these reforms and will support the Vice-Presidency and the Competitiveness Unit of Suriname (CUS) in their role of leading legal and institutional reforms. In order to achieve this objective, these experts will need to consult and engage in discussions with stakeholders, Ministries and the private sector. This component will also support the hiring of local lawyers to ensure that the proposals are congruent with the Surinamese legal system. Expected results are a renewed role for the Vice-Presidency and the CUS to lead the process of reform and coordinate efforts of various actors and stakeholders, before, during and after the reforms' approval. This will also require extensive consultations with the stakeholders involved (Ministries, public agencies, private sector). It needs to be stressed that the Ministries involved do not have an established practice and track record of interaction and coordination.
- 3.3 **Component 2: Economic and technical support (US\$125,000).** This component will support the hiring of international experts that will support the CUS in setting up the methods and the procedures to monitor, follow up and promote the initial implementation of the reform currently under discussion. The component will bridge the time gap between preparation of the legal and structural reforms, supported by the first programmatic policy-based loan, and their implementation, that is expected to be supported in the future by the investment component of the same loan. This component will finance the hiring of technical experts to support the CUS in the drafting the required Terms of Reference to foster the implementation of the Action Plans included in the first loan to be approved. Expected results from this component are action plans and initial implementation and monitoring of the different pieces of legislation.
- 3.4 **Component 3: Dissemination, Awareness and Consensus reaching activities (US\$100,000).** This component will support the carrying out of workshops and seminars for dissemination, awareness and discussion of the legal reforms and their implications and repercussions for the Surinamese economy and society. It will also sustain the required educational and promotion material to prepare and then follow up the reforms and their implementation.

Table 1: Indicative Results Matrix

Indicator	Unit of Measure	Baseline	Target	Source/means of Verification
<b>Project Outcomes</b>				
<b>Renewed role for the Vice-Presidency and the CUS to lead the process of reform and coordinate actions of various actors and stakeholders</b>	Legislation involving different Ministries discussed, approved and implemented	0	1	Consultant report
<b>Project Outputs</b>				
<b>Meetings and a practice of consultations established and implemented:</b>	Document	0	1	Consultant report

Indicator	Unit of Measure	Baseline	Target	Source/means of Verification
<b>Best practices and technical analysis of Legislation and evaluation of economic impact</b>	Document	0	2	Consultant report
<b>Action Plan for early stages of implementation of reforms</b>	Document	0	1	Consultant report
<b>Dissemination workshop organized</b>	Workshop held	0	1	Consultant report

#### IV. BUDGET

4.1 Table 2 shows the indicative Budget, estimated in US\$500,000.

**Table 2: Indicative Budget**

Activity/Component	Description	IDB/Fund Funding US\$	Counterpart Funding	Total Funding US\$
<b>Component 1:</b>	Institutional strengthening of the Vice-Presidency and CUS in their leadership and coordination	200,000		200,000
<b>Component 2:</b>	Economic and Technical support	125,000		125,000
<b>Component 3:</b>	Dissemination and Awareness	100,000		100,000
<b>Monitoring, Evaluation and Coordination</b>		50,000		50,000
<b>Contingencies</b>		25,000		25,000
<b>TOTAL</b>		<b>500,000</b>		<b>500,000</b>

#### V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 The designated focal point for monitoring the execution in the Country Office in Suriname will be Musheer Kamau, Chief of Operations and the focal point for monitoring execution in CTI will be Claudia Stevenson, Team leader. The TC includes resources for evaluation and monitoring arrangements, which will mainly consist of coordination of the technical supervision of the outputs and the external audit.
- 5.2 The execution will be carried out by the Office of the Vice-presidency, through the Competitiveness Unit (CUS). The CUS will be the executing agency of SU-L1043 and they already have had experience with the Bank with the execution of a Compete Caribbean TC (SU-CC2020), Framework for Private Sector Development, although the Bank is the direct executor for Compete Caribbean TC. SU-CC2020 financed the establishment of the CUS, the National



- Competitiveness Forum, and inputs to National Competitiveness Strategy, which form the basis of the current operations.
- 5.3 The administration of the program will be carried out by CUS, and their role include the management and facilitation of the consultancies of the current TC and reporting outcomes from such tasks, including issues that arise from the analysis and consultation process of the legislation.
  - 5.4 The contracting of project consultants will be carried out by the Executing Agency in accordance with document GN-2350-9 (Policies for the Selection and Procurement of Consulting Services Financed by the IDB) of March 2011.
  - 5.5 The execution of the program will be delivered in 18 months, with a disbursement period of 36 months, from the date of approval of this TC. All procurement of consulting services will be included in the procurement plan approved by the executing agency, with the non-objection of the IDB.

## VI. PROJECT RISKS AND ISSUES

- 6.1 The main risk for this Technical Cooperation is that the proposed reforms may be delayed due to the lack of consistency in political will to carry them out and the difficulties that may arise in reaching consensus with multiple stakeholders and engaging into new modalities of collaboration. This risk will be mitigated by providing technical expertise to support the CUS in its new role of coordination and promotion of the necessary dialogue with stakeholders and the carrying out of dissemination and awareness activities. In addition, the technical support from best practices and economic impact will facilitate and strengthen this process of dialogue and coordination.

## VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 7.1 Given the nature of the program, there are no associated environmental or social risks. Based on “Safeguards Policy Filter Report and the Screening Form” the environmental and social safeguard classification system classified the operation as “C.” (see [Safeguard Policy Filter](#)).

## VIII. REQUIRED ELECTRONIC LINKS

- 8.1 Letter of Request ([Mission Aide Memoire](#))
- 8.2 [Terms of Reference](#)
- 8.3 [Procurement Plan](#)