

TECHNICAL COOPERATION DOCUMENT

I. BASIC PROJECT DATA

▪ Country/Region:	Republic of Suriname
▪ TC Name:	Air Transport Modernization Program
▪ TC Number:	SU-T1066
▪ Team Leader/Members:	Colin Forsythe, Team Leader (CSU/TSP); Pablo Guerrero, Giovanna Mahfouz (INE/TSP); Christopher Persaud (CGY/TSP); Carol Lieveld; Rinia Terborg (CCB/CSU); Diego Valenzuela and Lisa Lutz (LEG/SGO)
▪ Type	Client support
▪ Date of TC Abstract Authorization	November 2013
▪ Beneficiary:	Republic of Suriname
▪ Executing Agency and contact name:	Ministry of Transport, Communications and Tourism
▪ IDB Funding Requested:	US\$450,000 (non-reimbursable from InfraFund)
▪ Local counterpart funding, if any:	US\$112,500
▪ Disbursement period:	24 months
▪ Execution Period:	18 months
▪ Required start date:	December 16, 2013
▪ Types of consultants (firm or individual consultants):	Firms and Individual consultants
▪ Prepared by Unit:	Transport Division (INE/TSP)
▪ Unit of Disbursement Responsibility:	Country Office Suriname (CCB/CSU)
▪ TC Included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ GCI-9 Sector Priority:	Competitive Regional and Global Integration

II. OBJECTIVE AND JUSTIFICATION

2.1 Suriname is a Dutch-speaking South American nation located on the north eastern coast of the continent. The country has borders with Guyana, Brazil and French Guyana and a coastline along the Atlantic Ocean. Suriname occupies an area of 163,820 square kilometers, of which more than 80% is covered with tropical forests. In aggregate terms Suriname is one of the most sparsely populated countries in South America with a population density of 2.7 inhabitants per square kilometer. Approximately 85% of the 487,024¹ population resides within a 30 km wide coastal region. The capital city of Paramaribo and its suburbs (Wanica) are home to almost 70% of the population. Suriname's relatively poor connectivity with neighboring markets restricts its potential to reap the benefits of economic complementarities and to integrate value chains across borders.

¹ 2004 Census.

- 2.2 Air transport in Suriname has two dimensions; international travel and internal travel. There is one airport which accommodates international flights, two for regional and local flights and approximately forty-five for local flights. Most of the local airports are located in the interior of the country and serve the mining and tourism sectors. They also provide critical transport to indigenous and Maroon communities for the purpose of communication, education and health services, governance and supply of goods. These local airports are an important lifeline for isolated interior villages, since there are few roads leading to these areas and water transport is disrupted in the dry season.
- 2.3 Suriname's main international airport is the Johan Adolf Pengel Airport (JAP) is located at Zanderij, some 45 km south of Paramaribo. It has a runway length of 3.5 km and is capable of handling the largest jets. The JAP is managed by Airport Management Limited (N.V. Lutchavenbeheer) which is a public company. There are regular international passenger flights from JAP destined to the Netherland and Miami, while scheduled regional flights are destined to Guyana, Trinidad, Curacao, and Belem and Boa Vista (Brazil). On average the annual aircraft movements at JAP are just over 1000, transporting approximately 400,000 passengers and 8,000 tons of cargo.
- 2.4 The objectives of the operation are to support the Government of Suriname's (GoS) request Aide Memoire IDBDocs # [37937142](#)² to analyze options and recommend institutional solutions for the structuring of private participation in the management of infrastructure at the main J.A. Pengel international airport (JAP). This will be achieved by building on the updated master plan for JAP and recommendations³ of the Air Transport Support Program (ATN/SF-11963-SU).
- 2.5 Over the years, the GoS has been working towards the objective of supporting economic and physical regional integration, enhancing accessibility, safety and security and facilitating trade both externally and internally. The GoS, through the state-owned Airport Management Ltd (LHB) has embarked on several infrastructure projects in the master plan to provide extensive improvements to JAP. The proposed public private partnership options would facilitate opportunities for private sector involvement and the development and improved operational efficiency of air transport facilities and services at JAP, which is seen as critical in the fostering of integration with the N.E. Brazil and the Caribbean region. It also increases the possibilities of lowering transportation costs while at the same time, increasing competitiveness. Specific aviation sector expertise which is critical for the development of small and vulnerable countries like Suriname is not available locally.

² The Aide Memoire of the Programming and Portfolio Review mission of July 11-12, 2012 confirms that the "GoS requested Bank support in the form of technical grants, to analyze the structuring of possible private sector participation in the work to be undertaken on the main international airport".

³ "Suriname Air Transport Support Project (2012)" IOS Partners, Inc.: The recommendations includes a 10yr plan for airside infrastructure and facilities, improved passenger terminals with retail opportunities, development of real estate potential of airport property, revision of the Civil Aviation Act (2002) and re-structuring of the institutional framework in the aviation sector.

2.6 This Technical Cooperation (TC) is aligned with the Report (AB-2764) on the Ninth General Capital Increase of the IDB (GCI-9), which establishes competitive global and regional integration as one of the Bank's priorities, and (GN-2564-4) which provide the framework for the Bank to reach the 15 percent annual lending target for integration programs by the end of 2015. The TC is in keeping with the IDB's strategic objectives for the transport sector in Suriname, defined in the Country Strategy results matrix as support for internal and regional integration through the rehabilitation and enhancement of the sustainability of the transport infrastructure. The TC will directly contribute to the growth of the intra-regional travel and tourism sector, while physically integrating the country's sparsely populated interior with the coastland.

III. DESCRIPTION OF ACTIVITIES

- 3.1 The TC will support necessary studies for analyzing options and recommending institutional solutions for the structuring of private participation in the main JAP International and the technical work to assist GoS with the implementation of the recommended institutional, regulatory and legal reforms to create an enabling aviation and economic regulatory environment to facilitate the success of possible private sector participation.
- 3.2 The activities to be undertaken would include market, engineering and financial studies and are elaborated below.
- 3.3 **Component 1:** Exploration of public-private-partnership (PPP) options for the modernization and management of JAP: The studies under this component will:
 - i. Assess Government's role in the proposed project, whether that role corresponds with the GoS' current legal obligations.
 - ii. Determine solution options for a desired corporate structure after examination of various commonly used public-private-partnership methods for financing.
 - iii. Advise on the legal architecture and design of the proposed transaction options, identifying the: (a) type of PPP contract (e.g. brownfield or management); (b) investment plan and commitments to be required; (c) whether contracts could be accommodated within available or required country procurement, contracting and financing structures; and (d) corporate structure options for the investment and commercial management.
 - iv. Assess risk allocation approaches taking into consideration of private sector appetite and financing requirements.
 - v. Address what aspects of the recommended JAP Master Plan update, specifically the Airport Commercial Development Plan that can be incorporated in the project, including improving commercial retail opportunities in the arrivals and departures terminals and relocating the operations at Zorg-en-hoop to JAP.

- vi. Conduct PPP pre-feasibility study, including economic and socio-environmental studies, and prepare Action Plan on the preferred PPP approach.

3.4 Component 2: Support for implementation of a modernized Legal and Institutional framework. Building on the findings and recommendations of the Air transport support program assist the GoS in the following:

- i. Defining the roles of the different stakeholders in the recommended new institutional structure of the air transport sector, removing the institutional overlap among the various civil aviation administrative bodies to establish a clear technical and economic regulatory framework.
- ii. Revising the Suriname Civil Aviation Act of 2002 on safety and security of civil aviation, assessing the need for changes in additional legislation to implement the proposed structure and updating the provisions for private sector participation in the air transport sector, in line with best practices.
- iii. Developing an implementation plan and time table for the revised legislation and new institutional structure.
- iv. Leading and supporting the GoS in the execution of the implementation plan.

Table 1. Indicative Results Matrix

ACTIVITIES	EXPECTED OUTPUTS	EXPECTED OUTCOMES
COMPONENT 1: PPP OPTIONS		
PPP OPTIONS EXPLORATION	Recommended institutional solutions for the structuring of private participation in the modernization and expansion of the JAP international airport.	Preferred options for GoS to involve private sector participation in the modernization JAP international airport
COMPONENT 2: LEGAL/INSTITUTIONAL FRAMEWORK		
INSTITUTIONAL FRAMEWORK REFORMS	Modernized legal and institutional framework with revised, modernized civil aviation act implemented.	Economic and technical certainty provided in the operations and regulation of the air transport sector.

3.5 Budget: The total cost of the operation is estimated to be US\$562,500 of which up to US\$450,000 will be financed by the InfraFund (Institutional support for infrastructure development) on a non-reimbursable basis; and US\$112,500 that will be financed by the beneficiary by means of an in-kind contribution. The in-kind contribution will be reflective of the time provided over the execution of the TC by a dedicated Project Coordinator and administrative support for the consultants, as well as organization of meetings of the Project Steering Committee and stakeholder workshops. A breakdown of the indicative budget is shown below.

Table 2. Indicative Budget

ACTIVITY/COMPONENT	DESCRIPTION	IDB/TRUST FUND FINANCING	COUNTERPART FINANCING	TOTAL FINANCING
Component I: Studies	Exploration and evaluation of the economic and financial feasibility of options for having a public private partnership for the JAP	270,000	62,500	332,500
Component II: Technical support	Implementation of recommended reforms of the institutional framework for the air transport sector institutional economic and financial feasibility, and financing options	150,000	50,000	200,000
Supervision and Coordination	Expert for technical supervision	30,000	0	30,000
TOTAL		450,000	112,500	562,500

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

4.1 The beneficiary will be the Republic of Suriname and the Executing Agency (EA) will be the Ministry of Transport, Communications and Tourism (MTCT), which will implement the program. The MTCT is currently responsible for the policy, planning and execution of all transport related studies on behalf of the Government. The MTCT served as the Executing Agency for the recently implemented non-reimbursable TC (ATN/SF-11963-SU) for the Air Transport Support Program. For this proposed program, the MTCT will similarly be responsible for the fulfillment of technical, administrative and financial management related to execution, as well as the monitoring functions. The Executing Agency is responsible for the consultants' contracts and will be actively involved in the review of the terms of reference and evaluation of the products of the consultancies and the performance of the consultants. The EA will prepare and submit to the Bank quarterly progress reports on the execution and financial status of the TC. In addition, the TC caters for the hiring of an individual consultant as Supervisor to provide technical advice and coordination during the implementation of the project. The contracting of project consultants will be carried out by MTCT in accordance with document GN-2350-9 (Policies

for the Selection and Procurement of Consulting Services Financed by the IDB) of March 2011.

- 4.2 INE/TSP, in collaboration with CCB/CSU will provide support on the technical aspects of the studies.

V. PROJECT RISKS AND ISSUES

- 5.1 The main risk to the success of the studies is related to the inter-agency collaboration between the various civil aviation administration bodies, which would be essential for the success of the operation. To mitigate this risk, a Project Steering Committee, comprising of representative of these bodies, should be established by the GoS under the MTCT to review and give direction to the outputs of the program.

VI. EXCEPTIONS TO BANK POLICY

- 6.1 No exceptions to Bank Policy were identified.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 7.1 The studies to be financed by the technical cooperation will produce a strategy and action plan for a preferred option for private participation in the JAP airport and support implementing an improved legal and institutional framework in the air transport sector. The Project will be limited to consultancy studies and will not create direct negative social and environmental impacts or risks. Accordingly, the project has been classified as Category "C". (Download [the Safeguard Policy Filter Report \(SPF\) and the Safeguard Screening Form Report \(SSF\)](#)).

VIII. ANNEXES

Annex I. Client Request (Aide Memoire)

Annex II: Terms of Reference

- Exploration of PPP options
- Implementation of Sector Institutional Reforms

Annex III: Procurement Plan

TERMS OF REFERENCE

IMPLEMENTATION OF INSTITUTIONAL/ORGANIZATIONAL REFORMS

1. BACKGROUND

- 1.1 Suriname is a Dutch-speaking South American nation located on the north eastern coast of the continent. The country has borders with Guyana, Brazil and French Guiana and a coastline along the Atlantic Ocean. Suriname occupies an area of 163,820 square kilometers, of which more than 80% is covered with tropical forests. In aggregate terms Suriname is one of the most sparsely populated countries in South America with a population density of 2.7 inhabitants per square kilometer. Approximately 85% of the 487,024 population resides within a 30km wide coastal region. The capital city of Paramaribo and its suburbs (Wanica) are home to almost 70% of the population.
- 1.2 The economy of Suriname has grown at an average of 4.4% annually over the past decade, due mainly to the contribution of its extractive industries - oil, bauxite and gold - that represent 85% of the country's exports and 50% of its economic activity. Air transport is critical to the health of the tourism and extractive industries, as well as its external integration with regional neighbours and internal integration. In many cases, air transport is the only option available to isolated, hinterland communities for the movement of people and goods across significant distances.
- 1.3 Air transport in Suriname has two dimensions; international travel and internal travel. There is one airport which accommodates international flights, two for regional and local flights and approximately forty-five for local flights. Most of the local airports are located in the interior of the country and serve the mining and tourism sectors. They also provide critical transport to Indigenous and Maroon communities for the purpose of communication, education and health services, governance and supply of goods. These local airports are an important lifeline for isolated interior villages, since there are few roads leading to these areas and water transport is limited in the dry season.
- 1.4 Despite the economic and social importance of air transport to Suriname, the sector needs improvement. Institutional arrangements should be modernized to reflect new operating structures, especially regarding the separation of regulatory and operating functions. The existing legal framework should be reviewed; both to ensure compliance with international treaties of which Suriname is a signatory country, and to facilitate more private sector participation. On the infrastructure side, investments in JAP Airport are critical to strengthen the competitiveness of the sector. For the dispersed hinterland communities, the challenges of high costs, sparse populations and limited budget allocations have resulted in inadequate passenger terminal facilities and maintenance and security measures in many interior airports. All of these issues make the implementation of sector reform a necessity and high priority for the Government.
- 1.5 In recent years the Government of Suriname (GoS) has been working towards the objective of supporting economic and physical regional integration, enhancing

accessibility, safety and security and facilitating connectivity both externally and internally. Under Technical Cooperation (TC) ATN/SF-11963-SU executed by the Ministry of Transport, Communications and Tourism a series of institutional, legal and policy initiatives were recommended that reflect an overhaul of existing air sector policy and the supporting institutional structure. The recommendations reflect the need to modernize sector policies and institutional arrangements to accommodate private sector participation in airport infrastructure financing and management and to meet its obligations as a member state of the International Civil Aviation Organization. The proposed sector reform would facilitate opportunities for private sector involvement and improved operational efficiency within the sector, which is seen as critical in the fostering of integration with the N.E. Brazil and the Caribbean region.

2. OBJECTIVES

- 2.1 Building on the findings and recommendations of the Air Transport Support program, the objective of the assignment is to advise and support the GoS with the implementation of the recommended institutional, regulatory and legal reforms to create an enabling aviation and economic regulatory environment.
- 2.2 The results should deliver the most appropriate future configuration of organizational responsibilities of the air transport sector, providing robust governance and the most effective, efficient and affordable institutional arrangements, avoiding duplication of functions and conflicts of interest, in order to formulate and implement Government policy.

3. SCOPE OF WORK

- 3.1 The Scope of Work for this assignment should include working closely with representatives of the Ministry of Transport, Communication and Tourism, the Civil Aviation Authority of Suriname (CASAS), the airport management ltd (LHB) and other stakeholders in the air transport sector to confirm the recommendations of the Air Transport Support program and assist the GOS in the implementation of the recommended reforms for the modernization of the institutional framework of the air transport sector in Suriname.
- 3.2 Specifically the tasks of this assignment should include but not be limited to:

A. Confirm reforms to the current institutional framework

- Confirm/define the roles of the different stakeholders in the recommended new institutional structure of the air transport sector, removing the institutional overlap among the various civil aviation administrative bodies and provide a framework for improved functioning of the sector and sub-sectors. This task should furnish an overview of the air transport sector institutions, including their roles, functions, responsibilities, and institutional weaknesses and strengths. The recommended option is to merge the technical regulatory activities of the two principal entities – the Civil Aviation Department (LVD) the Civil Aviation Safety Authority of Suriname (CASAS) – and to establish a single Civil Aviation Authority of Suriname (CAA Suriname) with responsibility for all civil aviation regulatory matters. The Authority should be semi-autonomous with respect to individual

subject matter and decision making; however the Government would have authority to give general policy guidance, appoint the members of the Board and recall them for cause and retain overall responsibility for the proper functioning of the Authority. The economic regulation and commercial policy-making functions with regards to the air transport sector should be retained within the Ministry responsible for civil aviation, since these relate essentially to political mandates.

- Consideration should be given to the establishment of an independent body for accident investigation, while taking into account the limited human and finance resources available to the Government.
- Address the issues of Sector financing and cost recovery. This sub-task should identify the current commitments and availability of resources (by source) for implementation of on-going and proposed activities of the air transport sector institutions, including performance efficiency of the institutions, provision for operations and maintenance, etc.

B. Revising the Suriname Civil Aviation Act of 2002

- This task should include an identification of the laws and regulations governing the regulation and operation of civil aviation in Suriname. It should contain an analysis of the current legislation, from the point of view of the legal implications of the proposed institutional setting, considering incompatible laws and regulations, and potential conflicts with international treaties or agreements to which Suriname is a signatory country or may wish to become in the future.
- Specifically, the Act of 2002 on Safety and Security of Civil Aviation in Suriname should be reviewed in order to establish the new Civil Aviation Authority as a semi-autonomous corporate entity, self-financed from fees, charges and similar revenues. The Air Transport Support study recommends that 2002 Act be amended by abrogating the provisions regarding CASAS, replacing them by provisions setting up the CAA Suriname and modernizing the other related provisions of the Act. The new CAA Act should reflect explicitly that the CAA provides oversight in safety and security matters over the airport operator, Airport management Ltd (LHB).
- Discuss with MTCT and CASAS, as well as with the legal advisors to both parties, the legal implications and requirements for restructuring in the manner proposed, and the legal instruments to be developed.
- Identify all the legal steps needed to implement the reform, including the instruments (e.g., amendments, decrees, resolutions, etc.), timing and sequencing, registration procedures, filing documents etc.

C. Preparing an implementation plan and timetable

- Prepare a plan and timetable to implement the proposed institutional framework. The plan will consider, among others aspects, the creation and transfer of assets, responsibilities, and staff to new bodies, and legal and contractual reforms required to modify the current setting.

The plan should include, but not be limited to, the following:

- The necessary institutional steps and arrangements for implementation.
- The operational transition from the current to the new setting with bodies operating as separate legal and operational entities.
- Workshop with all stakeholders to inform the reforms that will be implemented and discuss and agree the implementation plan.

D. Implementation

- In collaboration with legal advisors to MTCT, specify the necessary legislation to establish the new bodies of the institutional framework as well as the changes necessary to reflect the proposed changed role of existing bodies such as the DCA.
- Prepare the above legal instruments to the draft stage for review by MTCT.
- Advise on legal instruments and regulations that are no longer relevant or required and put forward any such suggestions to MTCT so that the process of repeal can be initiated as necessary.
- Plan the operational transition from the current to the new setting with bodies operating as separate legal and operational entities.

4. REPORTS AND DELIVERABLES

- Inception report, within eight weeks of start of the assignment, including an analysis of the current institutional framework, an outline program and milestones, approach, methodology, and work plan; any cost implications for consulting service, and recommendations for changes in the implementation arrangements.
- Draft final report, within four months of inception.
- Final report one month after receiving the comments on the draft final report from the government and IDB.

TERMS OF REFERENCE

EXPLORATION OF OPTIONS FOR PRIVATE SECTOR PARTICIPATION IN THE MODERNIZATION OF JOHAN ADOLF PENGEL (JAP) INTERNATIONAL AIRPORT

1. BACKGROUND

- 1.1 The Government of Suriname (GOS) has identified the improvement of economic infrastructure and logistics as one of the main actions to increase competitiveness. In order to improve the quantity and quality of the provision of infrastructure and logistics services, and at the same time to promote a more efficient use of public resources, innovations in project design and management are a must, bringing in both resources and expertise from the private sector. This challenge calls for innovative uses of Public Private Partnerships (PPPs) and private sector participation as an efficient way to provide access to finance for the development of infrastructure and related services.
- 1.2 Suriname's main international airport is the Johan Adolf Pengel Airport (JAP) located at Zanderij, some 45 km south of Paramaribo. It has a runway length of 3.5 km and is capable of handling the largest jets. The JAP is managed by Airport Management Limited (N.V. Lutchavenbeheer) which is a public company. There are regular international passenger flights from JAP destined to the Netherland and Miami, while scheduled regional flights are destined to Guyana, Trinidad, Curacao, and Belem and Boa Vista (Brazil). On average the annual aircraft movements at JAP are just over 1000, transporting approximately 280,000 passengers and 6,000 tons of carfo.
- 1.3 An updated Master Plan dor the sort, medium and long term development of the J.A. Pengel International Airport was prepared in 2011 under the Suriname Airport transport Support Program Technical Cooperation (ATN/SF-11963-SU). The main findings and recommendations of the master plan included:
 - A comparison of the financial charges of airports in the region with characteristics similar to JA Pengel found that JAP's charges for a typical aircraft turnaround was at the higher end of the scale, exceeded only by Cayenne.
 - An Airport Commercial Development Plan, which contains recommendations for: (i) improving Commercial Retail Opportunities in the Passenger Terminal. Specifically, the management of the arrivals and departures terminals, which are presently divided between Airport Management Ltd (LHB) and Suriname Airways (SLM), needs to be combined under a single operator; (ii) A Promotion and Marketing campaign (supported by updated benchmarking statistics on charges and costs) aimed at attracting new air services; (iii) Increasing Air cargo Traffic through supply chain collaboration with the Surinamese export industry; (iv) Development of the real estate potential of the airport property; and (v) a 10 year investment plan encompassing airfield upgrades, passenger terminal expansions, airport safety facilities and environmental monitoring and upgrades.

- 1.4 The GOS, through the state-owned LHB has since embarked on several infrastructure projects in the master plan to provide improvements to JAP. The proposed public private partnership options would facilitate opportunities for private sector involvement and the development and improved operational efficiency of air transport facilities and services at JAP, which is seen as critical in the fostering of integration with the N.E. Brazil and the Caribbean region. It also increases the possibilities of lowering transportation costs while at the same time, increasing competitiveness.
- 1.5 The GOS also intends in the very near future to upgrade and expand the existing four lane highway from Paramaribo to Paranam (24 km) and construct a 16 km long greenfied highway from Paranam to JAP at Zanderji. The resulting continuous four lane highway so formed will provide a logistics corridor, connecting the Capital and the two main ports of Suriname directly with its JAP. Paranam is also the site of the proposed Paranam Industrial Park.
- 1.6 The Government of Suriname wishes to explore possible options for having private participation in the JAP, as well the recommended steps and activities that should take place to ensure that such a project has a high probability of success.
- 1.7 Many countries in the Latin America and the Caribbean region e.g. Mexico, Chile, Jamaica, Brazil and outside the region e.g. UK and South Africa, have had important experiences using PPP mechanisms for airport, roads, and port infrastructure with different levels of success. However there are still many policies, regulations, and procedures that could be reformed and implemented in order to increase the performance of future projects.
- 1.8 The Bank has been promoting and supporting innovation in the structuring, development and implementation of PPP projects through technical and financial assistance in many countries in Latin America and the Caribbean.

2. OBJECTIVES

- 2.1 The objective of the consultancy is to support the Government of Suriname to analyze options and recommend institutional solutions for the structuring of private participation in the modernization and expansion of the main JAP, including the recommended steps and activities that should take place to ensure that such a project has a high probability of success.

3. CHARACTERISTICS OF THE CONSULTANCY

- 3.1 **Type of consultancy:** Consulting firm.
- 3.2 **Duration:** The consultancy will start in the first semester of 2014 and will take nine months including visits to Surinam, and time for report preparation. The consultancy is expected to finish by the first semester of 2015.
- 3.3 **Working place:** Visits to Suriname and the rest of the consultancy period at the consultant's working place. The consultant's visits will be used to collect data and information through site visits, reports and interviews with the Ministry of Transport, Communications and Tourism (MTCT), the Airport management ltd (LHB), public officials, air transport service providers, users and related

businesses, which would be affected by the development plans for the modernization and expansion of JAP International Airport and the presentation of the results of the study.

- 3.4 **Consultant Qualifications:** Consultant with practical experience in PPPs projects in air transport infrastructure in different countries in the region. Proficiency of consultant key personnel in communicating in oral and written form in English and/or Dutch is essential.

4. ACTIVITIES

The Consultant shall carry out the following activities:

- 4.1. Prepare a study for the Project which must enable the GOS to understand:
 - The full range of options for private sector participation in JAP. Concessions (Leases/BOT/BOOT/BOT), Management Contracts (Terminals/Full Airports), Privatization etc.
 - The risks and success factors, including the need to achieve a balanced approach towards risk transfer
 - Estimate of full project cycle costs
 - What's in it for the Government? What's in it for the investor? Affordability limits
 - Optimal value-for-money methods of delivery.
- 4.2. Assess Government's role in the proposed project, whether that role corresponds with the GOS' current legal obligations
- 4.3. Determine solution options for a desired corporate structure after examination of various commonly used public-private-partnership methods
- 4.4. Advise on the legal architecture and design of the proposed transaction options, identifying the: (a) type of PPP contract (e.g. brownfield or management); (b) investment plan and commitments to be required; (c) whether contract could be accommodated within available or required procurement, contracting and financing structures; (d) clarity and adequacy of economic regulatory framework; and (e) corporate structure options for the investment and commercial management
- 4.5. Assess risk allocation approaches taking into consideration of private sector appetite and financing requirements
- 4.6. Address what aspects of the recommended JAP Master Plan update, specifically the Airport Commercial Development Plan that can be incorporated in the project, including improving commercial retail opportunities in the arrivals and departures terminals and relocating the operations at Zorg-en-hoop to JAP.
- 4.7. Conduct PPP pre-feasibility study, including economic and socio-environmental studies, and prepare Action Plan on the preferred PPP approach.
- 4.8. Deliver a one day workshop with the Government stakeholders outlining the structure of PPP options for airport projects.

4.9. **Background documentation and preparatory work.** The Consultant will become familiar with all background documentation and shall be responsible for carrying out initial financial and legal framework scoping reviews that are deemed necessary for a successful definition of next steps for completion of the project, including:

- Relevant existing reports, studies, audits, etc. necessary to become familiar with the project.
- All relevant information pertaining to air transport sector institutional structure.
- All information pertaining to existing air transport legal and regulatory framework of the country and any aspects under development or modernization.
- Existing Private Investment Laws and regulatory functions.
- Roles, responsibilities and relationships of Ministry of Finance, MTCT and other agencies involved in the institutional structure of the air transport sector.

4.10. **Report on solution options analysis for the project, including**

- Definition of Government's role in the proposed PPP project, ensuring that this role corresponds with the Government's current legal obligations
- Solution options for a desired corporate structure of the project vehicle and how in practice the Government's role will be established.
- Provide advice of the legal architecture and design of the ideal transaction, identifying e.g. the (i) type of PPP contract to be used (e.g. concession, BOT or management contract); (ii) investment commitments to be required, their nature and management; (iii) investment plan, how, where and when investments will be made; (iv) type of public sector support required, including terms and conditions; and (v) examples of corporate structure options for the investment and commercial management including nature of the SPV holding the concession, etc.
- Preliminary review of risk allocation to assess whether those risks can be allocated (e.g. legally) to the private sector (e.g. maintenance, safety monitoring).
- Assessing risk allocation approaches to ensure that they correspond with private sector appetite and lender requirements.
- Advice if other developments external or contiguous to the project, e.g. the proposed Paranam Industrial park, can be included in the project to make it more attractive to investors and how they can be incorporated in the project.
- Advising on best PPP approach and whether it will conflict with available or required procurement, contracting and financing structures.

- 4.11. **Carry out a preliminary macro-economic analysis including:** Outline Project whole life Costs, Potential Revenue streams; third party, Bankability, Affordability to GOS. Details of other Macroeconomic issues to be discussed and agreed between the consultant and the Bank.
- 4.12. Prepare a one day workshop with the Government to present the results of the study.
- 4.13. **PPP feasibility study terms of reference and Action Plan.** The consultant will prepare TOR for a feasibility study for the recommended project option including the ideal team composition and allocation of time. Appendix 1 includes detail of the scope of the study.

5. DELIVERABLES AND PAYMENTS

The execution should not exceed nine months from the initiation of work until the submission of the draft final report. The consultant shall have a month after receipt of comments on the draft final report to submit the final reports

- 5.1 The consultant will provide the Bank with a Work Plan and Time Table one month after the signing of the contract.
- 5.2 The consultant will submit a first draft report that will include the activities specified in 4.3 and 4.4 within three months of signing.
- 5.3 The consultant will present the draft final report to the MTCT and the Bank and respond therein to the comments provided by the afore-mentioned parties.
- 5.4 The contract will be carried under the lump sum modality and will include all travel related costs. Payments will be made as follows:
 - (i) 30% at contract signing;
 - (ii) 40% upon the submission of the draft final report
 - (iii) 30% upon the presentation and acceptance of the final report by the MTCT and the Bank.

6. COORDINATION

- 6.1 The coordination will be carried out by the MTCT and an independent Supervisor hired by the MTCT under the Technical Cooperation

Appendix 1

- Project due diligence, including:
 - Legal aspects, including:
 - Property/land rights
 - Use rights
 - Regulatory matters
 - Approvals required
 - Vires of grantor
 - Key challenges to risk allocation as law
 - Identify licensing, permitting and other legal risks that need to be addressed and allocated under the chosen approach.
 - Ensuring all necessary approvals and permissions are obtained for PPP processes before commencement of tender process, in particular to allow the relevant Government entity to sign the tender documents and the PPP contract.
 - Site enablement
 - Socio-economic and environmental
 - Initial market testing
- Value assessment, including:
 - PSC model
 - Technical definition of project
 - Discussion on costs (direct and indirect) and assumptions made on cost estimates
 - Discussion on revenue (if relevant) and assumptions made on revenue estimates
 - Discussion on all model assumptions made in the construction of the model, including inflation rate, discount rate, depreciation, and budgets
 - PPP reference
 - Technical definition of project
 - Discussion on costs (direct and indirect) and assumptions made on cost estimates
 - Discussion on revenue (if relevant) and assumptions made on revenue estimates
 - Discussion on proposed PPP type
 - Proposed PPP project structure and sources of funding
 - Payment mechanism
 - Discussion on all model assumptions including inflation rate, discount rate, depreciation, tax and VAT

- Risk assessment
 - Comprehensive risk matrix for all project risks: Technical risk; Market Risk (i.e., demand); Counterparty risk (especially payment risks); Completion risk; Operation Risk; Price and tariff risk; Political risk; Legal risks; Fiscal/macro-economic risks; Regulatory risk; Environmental risks; Force Majeure risks.
 - identify the risks that the Project would face;
 - who among the stakeholders (governments, investors, IFIs and other financiers) would be negatively affected in the event of the risk materializing;
 - summary of the institution's retained and transferable risks;
 - The review should contain recommendations on the mitigation mechanisms for each of the identified risks to be implemented by the party identified to bear that risk. In doing so, assessment and applicability and economy of various risk mitigation mechanisms should be carried out, including but not limited to: (a) private mechanisms such as commercial insurance; (b) specific developed country mechanisms such as export credit insurance and investment insurance available from national agencies; (c) risk mitigation and insurance mechanisms from IFIs, including partial risk and partial credit guarantee mechanisms; and (d) any special mechanisms that have been developed/deployed around the world in a high risk contexts and their applicability and adaptation for the current context.
- Economic valuation, including:
 - Introduction and evaluation approach
 - Assumptions
 - Valuation results
 - Macroeconomic Impact. This should analyze the: (a) gross estimates from revenues that would accrue to the Government through: (i) value added taxes; (ii) other taxes and levies; (iii) corporate taxes; (iv) municipal taxes; (v) land development along the project; (v) customs duties and excise levies on equipment and services imported/ purchased; (b) impact on Governments overall debt and debt service position; and (c) employment generation, regional development, betterment of people directly affected etc.
 - Market Analysis. Economic aspects of the target markets: demand projections for the length of the project period (minimum 20 years); alternative options to meet the projected demand; and
 - Project Level Analysis. Project cost-benefit analysis, including net present value (NPV), financial internal rate of return (FIRR) and economic internal rate of return (EIRR).

Project: Suriname – Air Transport Support Modernization (SU-T1066)

Period comprised in this Procurement Plan: From January, 2014 to October, 2015

Ref. No. ¹	Description of and category of procurement contract	Estimated cost in (US\$ thousand)	Procurement method ²	Review (ex ante or ex post)	Source of financing and percentage		Prequalification ³ (Yes/No)	Estimated Dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
	GOODS										
	WORKS										
	NON-CONSULTING SERVICES										
	CONSULTING SERVICES										
	<u>Component 1</u>										
CS1	PPP Options Studies	270	QCBS	ex ante	100%		No	March, 2014	March, 2015	Pending	
	<u>Component 2</u>										
CS2	Institutional Reforms Support	150	QCBS	ex ante	100%		No	February, 2014	June, 2015	Pending	
	<u>Component 3</u>										
CS3	Supervision and Coordination	30	QCII	ex ante	100%		No	June, 2014	June, 2015	Pending	

¹ If there are a number of similar individual contracts to be executed in different places or at different times, these can be grouped together under a single heading, with an explanation in the comments column, indicating the average individual amount and the period during which the contracts would be executed. For example: an education project that includes school construction might include an item labeled "School Construction" for an estimated cost of US\$20 million and an explanation under the Comments column such as this: "This item encompasses some 200 contracts for school construction averaging US\$100,000 each, to be awarded individually by the participating municipal governments over a three-year period between January 2006 and December 2008."

² **Goods and Works:** **ICB:** International competitive bidding; **LIB:** limited international bidding; **NCB:** national competitive bidding; **PC:** price comparison; **DC:** direct contracting; **FA:** force account; **PSA:** Procurement through specialized agencies; **PAs:** Procurement agents; **IA:** Inspection agents; **PLFI:** Procurement in loans to financial intermediaries; **BOO/BOT/BOOT:** Build, own, operate/build, operate, transfer/build, own, operate, transfer; **PBP:** Performance-based procurement; **PLGB:** Procurement under loans guaranteed by the Bank; **PCP:** Community participation procurement; **Consulting Firms:** **QCBS:** Quality- and cost-based selection; **QBS:** Quality-based selection; **FBS:** Selection under a fixed budget; **LCS:** Least-cost selection; **CQS:** Selection based on the consultants' qualifications; **SSS:** Single-source selection; **Individual Consultants:** **QCNI:** Selection based on comparison of qualifications of national individual consultants; **QCII:** Selection based on comparison of qualifications of international individual consultants.

³ Applicable only to Goods and Works in case the new Policies apply. In the case of previous Policies, it is applicable to Goods, Works and Consulting Services.

⁴ Column "Status" will be used for retroactive procurement and when updating the procurement plan.