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SURINAME

SUPPORT TO THE AIR TRANSPORT SECTOR IN SURINAME

(SU-L1071)

LOAN PROPOSAL

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ABBREVIATIONS	
AGA	Aerodromes & Ground Aids
ASBU	Aviation System Block Upgrades
AIA	Independent Air Accident Investigation Authority
AIG	Accident Investigation Section
AML	Airport Management Ltd.
ANS	Air Navigation Services
ATC	Air Traffic Control
ATM	Air Traffic Management
CADSUR	Civil Aviation Department of Suriname
CASAS	Civil Aviation Safety Authority of Suriname
CC	Climate Change
ESMR	Environmental and Social Management Report
ESS	Environmental and Social Strategy
GANP	Global Air Navigation Plan
GASP	Global Aviation Safety Plan
GOS	Government of Suriname
IATA	The International Air Transport Association
ICAO	International Civil Aviation Organization
IDB	Inter-American Development Bank
LAC	Latin America and the Caribbean
LVT	Aerodrome Department
MTCT	Ministry of Transport, Communication, and Tourism
OGL	Eugene F. Correia International Airport
PBN	Performance-Based Navigation
PBM	Johan Adolf Pengel International Airport
PEP	Pluriannual Execution Plan
PEU	Project Execution Unit
POD	Proposal for Operation Development
SGAL	The Aviation Decree
SMSM	Kwamalasamutu aerodrome
SMZO	Zorg En Hoop airfield in Paramaribo
SPF	Safeguard Policy Filter
SSF	Safeguard Screening Form
TAP	Technical Assistance Programme for the Strengthening of the Civil Aviation System of Suriname

PROJECT SUMMARY
SURINAME
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Special Contractual Clauses of execution. Prior to the initiation of the program activities of Component 2, the Borrower, directly or through the Executing Agency, must present evidence, to the satisfaction of the Bank, of the following: (i) the recruitment of a specialized firm in the air transport sector to provide support to the Executing Agency and PEU during program execution; (ii) the approval of the update to CARS 014 Regulations;[1] and (iii) the allocation of a budget by the Government of Suriname (GOS) to guarantee the sustainable financing and operation of the new Air Accident Investigation Authority. Prior to the initiation of the program activities of Component 3, the Borrower, directly or through the Executing Agency, must present evidence, to the satisfaction of the Bank, of the following: (i) the re-establishment of security access control to the Zorg En Hoop airfield in Paramaribo (SMZO) airport site; and (ii) the implementation of a Safety Management System for the SMZO (¶3.7). See Annex B of the Environmental and Social Review Summary (ESRS) for other special contractual conditions.</td></tr>
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[a] Under the Flexible Financing Facility (document FN-655-1), the borrower has the option to request modifications to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. In considering such requests, the Bank will take into account operational and risk management considerations.

[b] Under the flexible repayment options of the Flexible Financing Facility (FFF), changes in the grace period are possible as long the Original Weighted Average Life (WAL) and the last payment date, as documented in the loan agreement, are not exceeded.

[c] The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's lending charges, in accordance with the relevant policies.

[d] O1 (Reduce poverty and inequality); O2 (Address climate change); and O3 (Bolster sustainable regional growth).

[e] OF1 (Biodiversity, natural capital and climate action); OF2-G (Gender equality); OF2-D (Inclusion of diverse population groups); OF3 (Institutional capacity, rule of law, and citizen security); OF4 (Social protection and human capital development); OF5 (Productive development and innovation through the private sector); OF6 (Sustainable, resilient, and inclusive infrastructure); and OF7 (Regional integration).

[1] Civil Aviation Regulations for Aircraft Accident and Incident Investigation (ICAO).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and justification

1.1 **Air Transport in Suriname.** Air transport is the most important mode of transportation for remote communities in Suriname, serving as the primary link for connectivity and accessibility to these isolated rural regions. Suriname is a small, open, commodity-based economy in the Amazonia that is vulnerable to external shocks and natural disasters. With an area of 164,000 km^2 and a population of around 623,000, 93% of the country's population and infrastructure are concentrated in the greater Paramaribo area and along the Atlantic coast, leaving isolated rural communities[2] in the interior with little access to healthcare, food, and basic services (¶1.15). Much of the country areas located further from the coastline are only accessible by boat or aircraft, exacerbating the development gap between the country's interior regions and the capital. The interior region is home to remote communities where 99% identify as Maroon[3] (afro-descendent) or Amerindian (indigenous). By connecting communities and enabling the movement of people and resources, air transport plays a multifaceted role in facilitating access to basic services such as healthcare, education,[4] employment, and essential goods.[5]

1.2 **Air transport plays a crucial role in both regional and national integration, facilitating economic growth, private sector development, connectivity,[6] and social cohesion.[7]** The international air transport sector in Suriname is centered around Johan Adolf Pengel International (PBM) which receives flights from international destinations in the Caribbean, North, and South America and Europe, and is expected to grow driven by economic activity from recent oil discoveries.[8] According to industry estimations, air travel in Suriname is projected to increase from 307,000 in 2023 to 499,000 in 2033 with an annual traffic growth of 4.7% that is expected to outpace GDP and population growth; total international passengers will reach 702,000 by 2043.[9] Neighboring Guyana serves as a meaningful

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2 According to the latest Suriname Survey of Living Conditions (SSLV 2022), communities in the interior of the country enveloped by the Amazon Forest exhibit elevated levels of poverty, increased food insecurity, and diminished educational, labor, and health indicators compared to the Great Paramaribo and Coastal regions; moreover, multidimensional poverty in the interior regions affects 59% of the population while consumption poverty impacts 38% In Education, gaps in school attendance in the interior regions start at the secondary level where the net attendance rate is 46% in comparison to 72% in the rest of the country.

3 Although most of the population in the interior of the country identifies as Maroon, it will not be possible to propose direct actions to this population since the project's intervention area is not in Maroon zones.

4 A 2019 study Barriers to Learning in Communities in the Interior emphasizes the challenge of satisfying the demand for education in the interior region, where educators face difficult access to communities, low population density, and greater cultural barriers.

5 Air transport improves connectivity, especially in remote regions where other forms of transportation may be less viable. Air transport connectivity of remote regions: The impacts of public policies (University of Barcelona, IDB).

6 Global connectivity increased by 140% due to the expansion of airports. How air transport connects the world (World Economic Forum).

7 The International Civil Aviation Organization (ICAO) emphasizes that aviation provides a global transportation network essential for business and tourism, particularly in developing countries. The economic and social benefits of air transport (ICAO).

8 On October 1st, 2024, the Government of Suriname announced a Final Investment Decision for the "Gran Morgu" development including the Sapakara and Krabdagu oil discoveries with a total investment of US$10.5 billion with significant investments in local content and job creation as well as contributions to the development of the Surinamese economy.

9 Airbus and Boeing.

example, with 82% growth in passenger movements in 2022, bolstered by the expansion of airlift from existing carriers, the entry of new airlines, and government initiatives to enhance the air sector and infrastructure, with a focus on safety (¶1.33).

1.3 In terms of aircraft demand, the region's fleet will grow from 1,640 aircraft in 2023 to 3,025 in 2043, driven by an increase in long-haul travel. South America's traffic to Europe, its largest inter-regional flow, will almost triple by 2043 as partnerships and alliances will boost connectivity and service levels. The expected growth of low-cost carriers will push the region into the top quartile globally for digital investments that support operational efficiency goals. (¶1.33) Traffic between North and South America is forecast to grow up to three times as rising incomes in South America make international air travel more accessible. In terms of cargo demand, the evolution of commerce, driven by factors such as globalization, e-commerce growth, and increased trade agreements, will lead to a significant rise in imports for Caribbean countries. This expected growth will initially be accommodated in the belly of passenger jets; however, a 30% increase in the freighter fleet is expected in the next 20 years.

1.4 However, at present, the country exhibits one of the lowest connectivity indices on the International Air Transport Association (IATA) connectivity score[10] given the limited number of international direct flights to and from Suriname (¶1.2) as travelers often transit through other countries, increasing travel time and costs.[11] The importance of air transportation for economic and private sector development[12] and market integration, in particular, is widely recognized including a significant contribution to tourism, which is an integral part of the Caribbean economic landscape.[13] The rapid growth of the Latin American air transport sector could provide an opportunity for the Caribbean to develop stronger connectivity (¶1.27), especially in South America, to increase tourism from this region.[14]

1.5 The effect on the economic welfare of air transport depends on the industry's competitive structure, which is defined by the interaction of four factors: updated legislation, regulation, and institutional framework (¶1.6), the efficiency of Air Traffic Control (ATC) and airspace services (¶1.7-¶1.11), the competitiveness of the airline sector (¶1.11), and the structure of airport services including its infrastructure and fees (¶1.11-¶1.15).

1.6 **Suriname's civil aviation regulatory framework predates the country's independence and is based on a 1935 decree.** The Aviation Decree (SGAL) focuses on public safety and public order for flying operations. This legislation addresses the registration and nationality of aircraft, certificates of airworthiness and competency, requirements for aircraft operated internationally, airports,

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10 IATA has developed a connectivity indicator to measure the degree of integration of a country into the global air transport network. It is a composite measure reflecting the number and economic importance of the destinations served from a country's major airports and the number of onward connections available from each destination. The last available connectivity indicator ranking is based on the number of available annual seats to each destination between 2014 and 2019, and Suriname is placed 153/219.

11 More open skies lead to increased flight frequencies and lower fares, which boost passenger numbers and cargo traffic. The economic & social benefits of air transport (ICAO, 2011).

12 Air cargo transport in Latin America and the Caribbean (IDB, 2022).

13 Free and Nondiscriminatory Access to Airports (IDB, 2003).

14 Air Transport Sector in the Caribbean Region (IDB, 2015).

airlines, and offenses. However, the SGAL does not cover key international standard regulations (¶1.7) such as aviation security, operation of aircraft, search and rescue, accident investigation (¶1.10), airport zoning, and relevant ministerial authority (¶1.11). The Suriname Civil Aviation Safety and Security Act of 2002 was intended to modernize the legal provisions and institutional arrangements governing civil aviation; however, it did not replace the SGAL and has shortcomings concerning institutional and legal framework, ATC, environmental protection, and airport infrastructure management (¶1.29).

1.7 **Air traffic control and airspace services worldwide follow civil aviation international standards.** ICAO establishes the standards and procedures for international civil aviation. It now has 19 annexes with over 12,000 Standards and Recommended Practices covering every aspect of the industry such as safety, capacity and efficiency, security and facilitation, economic development, and environmental impact. International civil aviation standards are paramount for air connectivity, as they drive sustainable development both directly, through the encouragement of investment in the modernization of infrastructure and human resources, and indirectly, through the fostering of increased air traffic flows which consequently encourage local industries. Furthermore, these contributions to socioeconomic development are aligned with the United Nation's Sustainable Development Goals, supporting 13 of the 17 objectives, and thus demonstrating aviation's essential role in socioeconomic progress.[15] Additionally, the optimization of air traffic management and operational procedures is considered one of the main elements for emission avoidance in air transport.[16]

1.8 ICAO undertook in 2009[17] (results published in 2012) the last Universal Safety Oversight Audit Program[18] in Suriname, identifying weaknesses in the effective implementation of legislation (¶1.6), organization (¶1.6-¶1.11), Air Navigation Services - ANS (¶1.11), accident investigation (¶1.10), and aerodromes[19] (¶1.15). In terms of air transport infrastructure, the audit identified that the country lacks adequate expertise, financial and human resources to ensure efficient and sustainable operation and maintenance, as well as low levels of expenditure on operational safety (¶1.14).

1.9 **Suriname has a limited capacity to coordinate effectively with stakeholders and other CARICOM Member States on matters relating to air navigation and safety.** Within the ICAO organizational structure, Suriname is not classified as a Caribbean country, but rather as a member of the South American region. This, together with the country's low effective implementation of international civil aviation standards (¶1.7, ¶1.8) and deficiencies in its airport infrastructure (¶1.15), has limited its integration into the regional air transport system. To overcome these obstacles, it is necessary to strengthen cooperation between Suriname and the

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15 39th ISO General Assembly. Former ICAO Secretary General's contribution.

16 ICAO Environmental Protection Measures / IATA. Operations. Net Zero Roadmap (2023).

17 The scheduling of Audits to review the effective implementation of applicable ICAO standards are done between the country and ICAO, most Caribbean countries have recent audits such as Bahamas – 2021, Belize – 2023 and Guyana – 2020.

18 The three most critical are Organization (57.14% effective implementation score for Suriname vs. a global average of 71.26%), Accident Investigation (12.5% for Suriname vs. 54.23% globally), and Air Navigation Services (36.19% for Suriname vs. 65.09% globally).

19 According to ICAO (Annex 14), an "aerodrome" is a defined area on land or water intended to be used either wholly or in part for the arrival, departure, and surface movement of aircraft.

Caribbean countries through regulatory harmonization, the negotiation of more flexible air services agreements and investment in coordination mechanisms. The improvement of air connectivity between Suriname and the Caribbean can potentially generate multiple benefits, including increased tourism, stronger commercial ties, and regional integration.

1.10 **Suriname does not have an independent Air Accident Investigation Authority (AIA), which is crucial for the safety of air transport.** These deficiencies impair the efficacy and independence of the accident investigation structure and stem from outdated regulations, inadequate training, financial constraints, and the absence of well-defined procedures.[20] A technical assistance mission held by ICAO in April 2022 highlighted deficiencies within Suriname's Accident Investigation (AIG) framework.[21] According to ICAO, states shall "investigate or delegate to other organizations, such as dedicated accident/incident investigation bodies or aviation service provider organizations, the investigation of accidents which have occurred in their territory". The purposes of accident investigation include:[22] (i) preventing future accidents and incidents; (ii) providing fair and impartial inquiry; and (iii) granting inquiries with immediate and unfettered access to all evidence.

1.11 **Suriname's civil aviation institutional structure comprises several governmental agencies but remains outdated and inefficient.** The Ministry of Transport, Communication, and Tourism (MTCT) is responsible for governing, policy development, and economic regulation of the aviation sector in the country. Within its Directorate of Transport, there are three departments related to aviation: (i) the Civil Aviation Department of Suriname (CADSUR), responsible for providing ANS and statistics and developing aviation policies but is also responsible for the operation of the busiest airport in the country; (ii) the Civil Aviation Safety Authority of Suriname (CASAS) is responsible for drafting and enforcing technical regulations and oversight; and (iii) the Aerodrome Department (LVT), responsible for the operation and maintenance of public aerodromes (¶1.13). The 2012 Audit results and recent review in 2023 by ICAO (¶1.8) also pointed out that CASAS does not have adequate staff and budgetary resources to adequately execute the oversight activities of an aviation regulator.

1.12 **Budget appropriation**. Additionally, CASAS's existing institutional governance inhibits the collection of updated fees from domestic airlines, licensing, and permitting, or the implementation of electronic passenger and cargo manifests to monitor activities. Furthermore, the ANS provided by CADSUR generates approximately US$12 million a year in revenue but, given the current legislation, the entity cannot appropriate these revenues, to re-invest in equipment or provide better services since revenues have been generally assigned to other government priorities. Additionally, Suriname does not have an updated digital system that is adequate for the efficient invoicing and collection of aviation fees/charges, nor adequate reinvestment of aviation earnings into much-needed sector investment.

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20 Thorough and transparent investigations help maintain public confidence in the aviation industry by demonstrating a commitment to safety and accountability. Air accident and incident investigations (ECAC).

21 The Accident Investigation Section (AIG) of ICAO is responsible for developing and updating Standards and Recommended Practices (SARPs) for inclusion in Annex 13 — Aircraft Accident and Incident Investigation.

22 ICAO's Annex 13.

1.13 **Suriname's air transport infrastructure is predominantly state-owned and state-operated.** The country's international airport, the Johan Adolf Pengel International Airport (PBM), is operated by Airport Management Ltd. (AML), a fully state-owned company[23] with a Board of Directors appointed by the MTCT. The Zorg En Hoop Airport (SMZO) in Paramaribo, from which all flights to the interior take off (¶1.14), is managed by CADSUR (¶1.11). The country's interior air infrastructure system comprises 52 registered airfields distributed across the country. The LVT holds responsibility for the management of this system. Nevertheless, at present, LVT is only in charge of 33, while the remaining 19 airfields are managed and maintained by private interests through informal agreements with the concessionaires involved in logging and mining.

1.14 **The hub of the domestic air transport services is SMZO airport in Paramaribo.** The aerodrome is the busiest in the country with around 12,700 flights offered annually by carriers that operate mostly domestic routes with small-sized aircraft (less than 19 seats each), offering both scheduled and charter services (¶1.8). SMZO was constructed during the 1950s to provide a basis for commercial air-cargo aviation services and to connect Paramaribo with the interior of the country. The runway is 550 meters long[24] and paved with asphalt with limited visual navigation aids available. Regular domestic commercial flights to the interior of the country are offered by three local airline companies[25] with fares ranging between US$75 to US$165 one way per person.[26] On average, 55,000 passengers and over 3,500 tons of cargo are transported every year from the aerodrome.[27] In addition to providing domestic connections, there are daily international flights from SMZO to the Eugene F. Correia International Airport (OGL) in Georgetown, Guyana. These international flights are complementary to the traffic at PBM, especially for business passengers[28] traveling from Georgetown to Paramaribo and connecting to Europe.

1.15 **Airfields across the country are key to achieving domestic integration, but the infrastructure needs to be improved.** Remote airfields serve as lifelines for isolated regions, providing essential connectivity for passengers, cargo, and emergency services. Poor airstrip conditions can lead to periods of air transport inactivity in these regions, causing delays in delivering essential supplies, such as

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23 Suriname has an Infrascope rating of 14 which indicates low readiness and limited capacity to provide an enabling PPP environment.

24 The length of the runway does not allow larger aircraft (more than 19 seats) to land and cannot be extended due to space constraints caused by its location in a highly urbanized area.

25 The main airline operators for scheduled and charter flights are the privately owned "Gum Air", with a fleet of 11 airplanes of three different types (capacity of 5 to 18 passengers, with 46 weekly flights to 9 localities), and "Blue Wing Airlines", with a fleet of 8 airplanes of four different types (capacity of 5 to 20 passengers, with 54 weekly flights to 14 localities), as well as a non-profit airline operating mostly to provide medical and community assistance, "MAF (Mission Aviation Fellowship) Suriname", with a fleet of 3 airplanes of the same type (capacity of 8 passengers, in the vast majority deserving indigenous communities in the south of the country). In addition, many other smaller privately-owned charter companies fly into the interior for tourism or business requests (e.g., Aero Club Suriname, Eagle Air Services, Meindertsma Suriname, Pegasus Air Services, Vortex Air Services, etc.).

26 With Surinam Airways discontinuing its interior flights, no publicly owned company provides domestic flights in the country.

27 Feasibility Study for Upgrading of Interior Airports, Suriname Air Transport Support Project (IOS Partners, 2012).

28 Exploration of Options for Private Sector Participation in the Modernization of Johan Adolf Pengel International Airport (Individual Consulting Services, IDB, 2017).

books or school maintenance kits. For example, in 2023, Kwamalasamutu airstrip (IATA code: SMSM) remained inactive for 21 days due to unsuitable conditions caused by climate-related events (¶1.20, ¶1.30). Unlike urban airports, these airfields face unique challenges due to their geographical isolation, harsh weather conditions, and limited resources. Runway lengths vary from 400 m to 1,000 m and their surfaces are made up of laterite, sand, clay, or just a grass field. Deep ruts, potholes, and rough surfaces make it impossible for some types of airplanes to land, and safety conditions are exacerbated by the lack of minimal navigation equipment such as communication equipment, windsocks, airstrip landing zones, edge and end markers. Most aerodromes are equipped with station buildings, but the conditions of these facilities tend to be poor. Suriname has not seen significant capital investments in air transport infrastructure in recent years, primarily due to budget constraints and lack of strategic planning including pre-investment studies to determine effective allocation of investment funds. As these airstrips are unpaved, maintenance especially during the rainy season is key to ensure operability.[29]

1.16 **Airfields lack communication equipment and navigation aids.** To guarantee the safety and security of flight operations at public airfields basic communication equipment and navigation aids are necessary. These systems work together to ensure that aircraft can navigate safely and communicate effectively with air traffic control and other aircraft, thereby safeguarding passengers, crew, and ground personnel. Additionally, for aerodromes with higher activity levels, surveillance equipment can enhance enforcement and operation efficiency. Periodical inspections from CADSUR and other relevant authorities to aerodromes will help ensure the maintenance of equipment and guarantee compliance and monitoring of airstrip conditions.

1.17 **To prevent deterioration caused by extreme weather conditions, regular maintenance and inspections of runways and aprons are essential.** Most aerodromes in Suriname are of significant importance to remote communities, providing essential connectivity for residents who might otherwise be isolated. Government funds and subsidies play a crucial role in maintaining and operating remote airfields, ensuring connectivity and accessibility for isolated communities.[30] This ensures the airfields remain operational and safe for aircraft, especially after adverse weather conditions. Given their significance, these aerodromes are publicly managed to guarantee the provision of consistent services. Furthermore, there is minimal private sector interest in the management of these aerodromes, given that they accommodate a single flight per day and therefore lack the potential to generate sufficient revenue to justify private investment. The high costs of maintenance and operation, coupled with low returns on investment, render them commercially unviable.

1.18 **Although operational costs are modest, they could easily be covered by the revenues generated by the aviation sector.** However, the existing legislative framework (¶1.6) lacks the provision for the updating of the fees charged to airlines for the use of the airfields. The 20 busiest interior airfields have an annual shortfall

[29] Identification of required maintenance and repair actions on grasshopper airstrips (OEL#4).
[30] Suriname Air Transport Support Project (IOS Partners, 2012).

in operating cost (expenses minus revenue) of US$500,000[31] while SMZO's shortfall is US$170,000.[32] Before September 2023, only a fixed landing charge of US$0.16 was charged to the domestic airlines landing at SMZO. Since September 2023, new en-route, approach, and aerodrome control/landing charges are applied for all aircraft flying into, out, or across the territory of Suriname and airlines should now pay between US$20 and US$40 per flight departing to the interior from SMZO, depending on their maximum take-off weight. Nevertheless, the absence of a modern cargo and passenger manifest system in the country precludes CASAS from collecting passenger and cargo fees from airlines.

1.19 **Planning for Climate Change (CC) and resilience is a key issue for the country's aviation infrastructure.** CC impacts would affect 40% of Suriname's GDP due to increases in temperature, precipitation, and sea level rise. It is estimated that the country will need to invest a total of US$247 million annually in capital maintenance under an optimistic CC scenario, about US$600 million under a moderate scenario, and more than US$1 billion under the most critical scenario. Without proactive climate adaptation strategies embedded in legislation and planning, Suriname's infrastructure located in both coastal and interior areas will rapidly deteriorate under uncertain future climate conditions, leading to further inefficiencies.

1.20 The Third National Communication highlights that Suriname's infrastructure in coastal and urban areas is expected to become more exposed to flooding and high temperatures. For instance, SMZO's temperatures at noon average 31°C and 34°C which may result in heat damage and increased cooling and energy consumption (ICAO, 2011). Similarly, severe flooding affecting the most isolated communities of the interior of the country will restrict access leaving remote areas only accessible by air. The Kwamalasamutu aerodrome, located in the flood-prone district of Sipaliwini (¶1.15, ¶1.30), faces heightened vulnerability due to its exposure to extreme rainfall events. As a critical transportation hub in this remote Amerindian region (¶1.22), this aerodrome is at risk of operational disruptions from runway degradation and poor drainage, emphasizing the need for climate-resilient infrastructure measures to ensure safety and operation continuity.

1.21 **Gender, diversity, and inclusion.** Fourteen percent of Surinamese women attend higher education compared to 8% of men.[33] However, their participation in the labor force is 45%, while men participate at 65% and earn 28% more.[34] At PBM, however, the proportion of women in the workforce is significantly higher: 34% of staff and 52% of non-staff, 68% of part-time workers and 62% of trainees are women.

1.22 Amerindian communities, which make up 3% of Suriname's total population, face significant socio-economic disparities due to limited access to education, employment, and health and social services,[35] with 43% living in the interior. In

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31 Feasibility Study for Upgrading of Interior Airports, Suriname Air Transport Support Project (IOS Partners, 2012).
32 Support for the Implementation of a Modernized Legal and Institutional Framework for Civil Aviation in Suriname (CAA, 2017).
33 Suriname Multiple Indicator Cluster Survey, 2018.
34 World Bank Data, 2022.
35 Country Reports on Human Rights Practices: Suriname, 2023.

addition, Amerindians have one of the lowest employment rates at 51% and the lowest income levels among the various ethnic groups.

1.23 A 2024 survey[36] found that, excluding mining workers, 40.7% of all passengers traveling to remote areas of the country are female while 66.4% of passengers traveling for work-related activities are male and 37.5% are female. The survey also found that 21.1% of women traveled with children aged 0-16, compared to only 1.4% of men. In addition, 50% of women traveled with children aged 0-10 for medical reasons, while no men traveled with children for the same reason. Both male and female passengers indicated the need for toilets in the departure and arrival halls. Finally, about 18% of passengers traveling to the interior of the country are Amerindians.[37]

1.24 People with Disabilities (PwD) represent about 12% of the population and around 10% of the population in the interior.[38] There is no binding regulation for the labor inclusion of PwD in the country, however, there are private good practices of PwD labor inclusion.

1.25 **The GOS's vision for improving civil aviation looks forward to addressing both institutional and financial challenges.** The GOS established a Presidential Working Committee on January 2024, that aims to improve the country's compliance with the ICAO standards.[39] Its primary focus is on raising Suriname's Effective Implementation (EI) score, which measures adherence to these standards, by addressing institutional strengthening and improving the governance and oversight of the sector. In June 2024, the Committee provided a report to the President of Suriname that outlined the improvements to be done by CASAS and the GOS before the next ICAO Audit. As part of the Committee's mandate, the GOS signed with ICAO a Technical Assistance Program (TAP) for the Strengthening of the Civil Aviation System of Suriname, which underscored the urgent necessity for a robust legal framework that not only ensured compliance with international standards but also promoted sustainability and fosters the substantial growth of civil aviation. It also stated that such a framework should empower well-financed and accountable civil aviation government institutions, including Civil Aviation Authority, Air Navigation Service Provider (ANSP), and Accident Investigation entities.[40]

1.26 Additionally, the 2022-2026 Multi-Annual Development Plan of Suriname (MDP) highlights concrete measures to invest in transportation and infrastructure, including improving safety, combating cross-border crime, increasing accessibility to communities in the interior, improving and rehabilitating airstrips, and improving air traffic control facilities to enhance security and resilience. The MDP

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36 OEL#5.
37 OEL#6.
38 ILO, 2020.
39 The members of this Committee included the Chair of CASAS, the Policy Advisor and Deputy Permanent Secretary of the MTCT, representatives from the Ministry of Justice and Police, Ministry of Foreign Affairs, Ministry of Internal Affairs, the Attorney General, the Airforce, Airport Management Ltd. and representatives of Fly Always and SLM.
40 The report of Stage II (ICAO) highlighted the major challenges that hinder effective and safe oversight capabilities: (i) unclear legislative framework and weak regulatory framework; (ii) inadequate staffing and insufficient training; (iii) financial constraints; (iv) outdated infrastructure in aerodromes; and (v) outdated technology and procedures.

acknowledges that current civil aviation legislation is outdated, resulting in "stakeholders within the aviation industry being unable to act quickly, efficiently, and purposefully" and does not respond to climate scenarios threatening long-term infrastructure resilience. Furthermore, the MDP identifies two strategic interventions for civil aviation improvement: (i) implementing all-weather runways for strategic aerodromes; and (ii) improving safety. As for the remote aerodromes, the MDP states that infrastructure should be maintained allowing for an "integrated, efficient, cost-effective, and sustainable air transport system, responsive to the needs of society, and supportive of economic growth and poverty reduction while respecting safety standards and the environment".

1.27 The GOS is also looking at updating ANS and overflight fees primarily focusing on increasing revenue and enhancing security services. Modernizing fee structures can significantly boost revenue for aviation authorities (¶1.29). This additional income can be reinvested into infrastructure improvements and maintenance (¶1.17-¶1.15), technological advancements for passenger and cargo manifest, and overall service enhancements.[41] Updated fees ensure that the costs of providing care are adequately covered. Additionally, the GOS has actively sought to expand air agreements with countries in the region and beyond, including the Dominican Republic in October 2023 and Qatar in June 2023 seeking to strengthen integration (¶1.2) and to facilitate the trade of goods and services.

1.28 The proposed adjustments in institutional governance of the aviation fees and charges will allow the sector the appropriate use of revenues collected. These fees are currently estimated at US$12 million a year, which is equivalent to 1% of total central government revenues (estimated for the end of year 2024 in WEO, Oct. 2024). Given the limited fiscal space (the expected fiscal deficit for end-year 2024 is 0.6% of GDP), the navigation services fees can provide much-needed additional financial resources for improving and sustaining air navigation services and support the overall development of the air transport sector.

1.29 **Other ongoing activities to support the country's aviation sector.** An assessment of overflight fees to determine whether the ANS offered to airlines is collected equitably by CADSUR (¶1.27). Once this initial assessment has been completed, collaboration with IATA is envisioned to update fees and improve the collection process. It is worth mentioning that stage III of ICAO's TAP (¶1.25) will commence after the implementation of critical activities proposed by the Program such as the update of the civil aviation legal framework (¶1.6, ¶1.48a) and the human resources strengthening in both CASAS and CADSUR (¶1.48b). Finally, a consultancy to support the air cargo market and to prepare a strategy to foster and capitalize on its potential growth is also under preparation.[42]

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41 ICAO's Policies on Charges for Airports and Air Navigation Services.

42 The specific objectives of this consultancy are to (i) understand the main market dynamics and trends that may drive the development of the air cargo transport in Suriname, and estimate different scenarios of potential market size; (ii) identify and analyze alternatives, and recommend the most effective and efficient business model to operate air cargo at PBM, capitalizing opportunities for digitalization and environmental sustainability; (iii) identify the gaps in infrastructure, equipment, systems, and people's qualifications, analyzing the main financial indicators of the business, and design an investment plan to implement the air cargo business in PBM; and (iv) define business cases and levels of participation.

1.30 A recent study prioritized aerodromes and defined the interventions required for their maintenance or rehabilitation (¶1.15) based on criteria[43] such as communities currently served by air, the presence of essential healthcare or education services, and the presence of local traditional authorities.[44] As a result of this exercise, the airstrips that have been prioritized are scattered across the isolated southern regions. Preliminary costs of intervention were also determined for each airstrip, according to the airfield's strategic importance: (i) Type "A": strategic all-weather, allowing for resilient air infrastructure with an all-weather surface that would facilitate access to these remote communities all year-round; (ii) Type "B": other strategic airstrips with lower investments required; and (iii) Type "C": airstrips that only require basic interventions such as mowing the runway, clearing vegetation within the obstacle-restricted zone, and providing basic facilities and tools. As a first pilot intervention for these interior airstrips, the program will finance interventions in the Kwamalasamutu aerodrome (¶1.15, ¶1.20, ¶1.22). The intervention entails upgrading its runway for all-weather access and improving its facilities and equipment to guarantee safer and more secure operations and surveillance (¶1.50c).

1.31 **Evidence of the effectiveness of the intervention.** The effectiveness of improvements in ANS and internationally recognized civil aviation standards is evident in several key areas.[45] Enhanced information sharing and optimized air routes have significantly reduced aviation CO_2 emissions, contributing to environmental sustainability. ICAO has played a pivotal role in this progress through initiatives like the Global Air Navigation Plan (GANP) and the Global Aviation Safety Plan (GASP). These plans promote the implementation of Performance-Based Navigation (PBN), which optimizes flight paths for more efficient take-offs and landings, reducing fuel consumption and emissions.[46] Additionally, the adoption of new Standards and Recommended Practices (SARPs) has facilitated the integration of the global air navigation system, further enhancing operational safety and efficiency.

1.32 The Bank has also proven the effectiveness of such improvements in Caribbean countries. The project BH-L1027- Air Transport Reform Program promoted the development of safe, secure, and efficient air transport in The Bahamas in adherence with international standards. The project included (i) the modernization of institutions; (ii) the enhancement of airport authorities to operate and develop the airports and to manage Air Traffic Control operations; (iii) the approval of air safety and security regulations following ICAO standards; and (iv) the creation of an Air Accident Investigation Unit. After the completion of the project, a new Universal Safety Oversight Audit was conducted in 2021 revealing improvements in the four audited categories in which the loan had invested: legislation, organization, airworthiness, and accident investigation.

1.33 **Air navigation services as private sector growth enabler.** Air navigation services (ANS) serve as indispensable catalysts for the growth of the private sector, ensuring the secure, efficient, and dependable movement of aircraft. These

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43 OEL#4.

44 The criteria used included: flight movements, population, health/education/commercial facilities, tourism potential, presence of a local authority (Granman), and travel time on alternative modes (road and boat).

45 Why Standardization is Good for your Air Cargo and Ground Operations Business?.

46 Global Air Navigation Plan (icao.int).

services, which include air traffic control, navigation aids, and communication systems, facilitate seamless operations for small airlines, cargo carriers, and private aviation. By reducing delays, optimizing flight paths, and enhancing safety, ANS contributes to lower operational costs and increased profitability for airlines. Furthermore, the reliability and efficiency provided by ANS attract more business and tourism, thereby fostering economic growth in regions served by well-managed airspace. The landmark investment agreement reached (¶1.2) has the potential to transform Suriname's economy, similar to what Guyana experienced reaching a remarkable 62.2% GDP growth in 2022 and projecting to be the world's fastest-growing economy in 2024.

1.34 **Main problem.** The main problem that the program will address is the lack of a safe, connected, and resilient aviation sector. The main factors contributing to the basic determinants of the problem are as follows: (i) an outdated aviation regulatory framework (¶1.6) that is not aligned with international civil aviation standards in terms of institutional governance (¶1.8), the country's current development objectives, safety and security (¶1.10), and the system for collecting and reinvesting fees (¶1.15, ¶1.27); and (ii) the lack of investment and maintenance in resilient, high-quality aviation infrastructure (¶1.15).

1.35 **Program activities and proposed strategy.** Given the institutional challenges facing the aviation sector (¶1.6-¶1.15), the current GOS' efforts to improve compliance with international civil aviation standards (¶1.25-¶1.27) and the Bank's previous experience supporting the sector both at regional and national levels (¶1.32, ¶1.36), the program will finance efforts and investments seeking to improve: (i) the institutional and legal framework (¶1.48); (ii) the civil aviation control and operation (¶1.49); (iii) the financial sustainability by identifying and implementing new revenue streams (¶1.29, ¶1.49c); and (iv) establish an AIA (¶1.49b).[47] Additionally, given the extreme isolation faced by communities in the south of the country (¶1.1-¶1.2) that is exacerbated by poor infrastructure conditions (¶1.15) and the impacts of CC (¶1.19), the program will also finance energy-efficient and resilient interventions: (a) rehabilitate telecommunications antenna at PBM [48] (¶1.50a); (b) improve the safety and operating conditions at SMZO the busiest airport in the country (¶1.50b); and (c) guarantee the year-round accessibility to ecotourism and Amerindian villages (¶1.50c).

1.36 **Bank's programmatic approach and lessons learned**. The Bank is the principal source of external financing and provider of technical knowledge for Suriname and has gained deep understanding of project execution and the aviation sector since 2008, with technical cooperations aiming at continuous improvements in the sector. Among the activities the Bank has spearhead include: (i) the enhancement of accessibility, operations and safety to facilitate external and internal trade (2009); (ii) the elaboration of a master plan for PBM airport, identifying private participation options for infrastructure and management and providing options for institutional governance and drafting of regulation and legislation (2017); and

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47 The reform of the air transport sector is critical for the country and is key to bring it close to other Caribbean countries. Given the priority given by the GOS to this reform, some activities have already been started with the support from the Bank, in close coordination with ICAO, like initial assessments for the establishment of the AIA (OEL#3).

48 Damaged by heavy rains and repair is critical to restore aeronautical telecommunications, safe aviation operations, and overflight revenue.

(iii) the identification and prioritization of remote airstrips requiring physical upgrades and the elaboration of domestic surveys on passengers and pilots (2023).[49] IDB is also a leader within the existing donor coordination committee, which meets regularly, and has a proven track record of supporting similar projects across LAC.[50] The Bank has supported five[51] air transport programs in the last decade and lessons learned were (i) combing policy and legislative changes with infrastructure and equipment investment is necessary for successful outcomes in the aviation sector; (ii) projections of air traffic growth should be based on reputable sources and be conservative taking into account externalities; (iii) certification of airports as an indicator is difficult to achieve in LAC countries and (iv) infrastructure should be simple where there is low technical and institutional capacity.

1.37 The lessons learned from IDB's financing and involvement in the Meerzorg-Albina Corridor Rehabilitation Project (2062/BL-SU,2063/OC-SU, and 2887/OC-SU), and Improving Transport Logistics and Competitiveness in Suriname (4828/OCSU), stresses: (i) the importance of good coordination between multiple institutional stakeholders to avoid any impacts on the timing and costs of the project; and (ii) the need for a dedicated Project Execution Unit (PEU) with dedicated and stable staff housed in a single location for the management and execution of civil works projects.

1.38 **Synergies with the IMF and other IDB Group lending activities.** The program is aligned with the three-year IMF Extended Fund Facility (EFF) as it supports reforms to promote macroeconomic stability and improve investor confidence while protecting the poor and strengthening institutional capacity. The program contributes to Suriname's broader economic reform agenda by improving the efficiency and sustainability of the aviation sector, which in turn supports the country's economic growth and stability. Noteworthy to highlight is the fact that, the IMF program ends in March 2025. Nevertheless, this investment project will sustain the continuation of the required institutional framework and reforms that will provide continuity to the ongoing policy reforms that foster fiscal discipline and macroeconomic stability, promoted under the program 5911/OC-SU: Fiscal Sustainability Program for Economic Development II.

1.39 This program builds synergies with the Bioeconomy empowerment in Suriname (SU-L1076) which seeks to support the socio-economic development of villages in the Amazon rural areas. In particular, the investments proposed in Component 3 for the Kwamalasamutu Aerodrome (¶1.22, ¶1.50c) will be complementary to other infrastructure investments financed by SU-L1076 to increase access to water and electricity and will enhance the quality of life of its residents and Indigenous Population.

1.40 The program has also created synergies with IDB Invest by supporting the development of a market analysis and structuring for air cargo expansion to accommodate increased demand and the various options for private sector participation (¶1.29, footnote#42).

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49 ATN/SF-11963-SU; ATN/OC-14221-SU; ATN/OC-19648-SU.

50 Support for the Implementation of Air Transport Reforms (ATN/MR-17541-RG, ATN/OC-17540-RG).

51 BH-L1027, BH-L1040, BH-L1041, BO-L1076, and BO-L1209.

1.41 **Donor coordination.** The IDB leads the Surinamese Donor Coordination Committee. It also interacts with partners like the ICAO to address urgent needs in the aviation sector and align with international standards. (¶1.6, ¶1.8, ¶1.25, ¶1.27)

1.42 **Strategic alignment.** The program is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with every objective: (i) reducing poverty and inequality by improving the accessibility of remote communities to essential social and economic services and opportunities, and by seeking to promote labor/internships inclusion in the sector; (ii) addressing CC by improving the current conditions, sustainability, and climate adaptation of infrastructure; and (iii) bolstering sustainable regional growth by assisting the GOS into updating the current General Aviation Legislation. Additionally, the program is aligned with the operational focus areas of: (i) gender equality and inclusion of diverse population groups (PwD and indigenous populations); (ii) institutional capacity, rule of law, and citizen security; (iii) sustainable, resilient, and inclusive infrastructure; and (iv) regional integration.

1.43 The program is also aligned with the key priorities of climate adaptation, disaster risk management, and resilience of One Caribbean (Partnering for Caribbean Development Framework) (GN-3201-5) by improving the current conditions, sustainability, and climate adaptation of air transport infrastructure. It is also aligned with the One Caribbean cross-cutting area of institutional strengthening by assisting the GOS in updating the current General Aviation Legislation. Further, the program is aligned with the IDB's Group Country Strategy with Suriname 2021-2025 (GN-3065) and its objective "Strengthening transportation connectivity and resilient infrastructure". Besides, the project will contribute with the following strategies: Gender and Diversity (GN-2800-13); and the Employment Action Framework with a Gender Perspective MAEG (GN-3057).

1.44 The program aligns with the pillars of "Sustainable Infrastructure, Cities and Connectivity" and "Local people" of the Amazonia Forever Initiative, as it aims to enhance the availability of social and essential economic services from regional markets to the residents living in remote areas of the Amazon in Suriname, thus improving quality of life of the local population and economic activity. Also, it relates to the Transversal Areas of the Program "Women, Indigenous Peoples, Afro-descendants & Local Communities" since it will benefit indigenous populations that live in isolated localities, and "Institutional Capacities & Rule of Law" through the component of institutional strengthening by training civil servants.

1.45 **Paris Agreement (PA).** This operation has been analyzed according to the Joint MDB Framework for PA and the IDB Group PA Implementation Approach (GN-3142-1) and is determined to be aligned to the adaptation and the mitigation goals. This assessment is based on the following elements: (i) main climate-related hazards such as heatwaves, riverine flooding, and strong winds will be considered in the design and selection of materials for civil works (¶1.50a - ¶1.50c); (ii) strategic planning and economic analysis for furthering the development of the aviation sector incorporating ICAO's commitments to stabilize aviation-related emissions and the transition risks from potential carbon prices in the aviation sector (¶1.48c); and (iii) support for SAF promoting sustainable biofuels sources and mitigating deforestation-related risks (¶1.48c).

1.46 **Climate Finance.** According to the Joint MDB Framework methodology to track climate finance, 1.48% of the total loan will finance CC adaptation and mitigation activities. This contributes to the IDBG's climate finance goal of 30% of combined IDB and IDB Invest operational approvals.

B. Objective, components, and cost

1.47 **Objective.** The program's general objective is to contribute to a safe and connected air transport sector in Suriname. The specific objectives are to: (i) improve compliance with international civil aviation safety and security standards; and (ii) improve quality and resilience of air transport sector infrastructure.

1.48 **Component 1: Improvements in the institutional and legal framework (US$5,185,000).** This Component will finance the following activities:

a. **Restructure Suriname's civil aviation system and strengthen institutional capacity**, through: (i) developing a new aviation legal framework under which the civil aviation administration will be structured, establishing clear roles and responsibilities for CASAS, CADSUR and the future accident investigation unit, including policies to improve the financial sustainability of the civil aviation system, while incorporating climate mitigation and resilience measures. Activities will include: (a) the development of the new legislative framework under which the civil aviation administration will be structured; (b) the development of the legal provisions for a new civil aviation structure; and (c) support to MTCT during the approval of the new legislation; [52] (ii) developing and supporting the new organizational structure, by implementing a human resource strategy to develop and restructure CASAS and CADSUR with recruitment, training, and retention policies for personnel in critical areas of activity[53]; (iii) developing an economic strategy to support CASAS and CADSUR, including a comprehensive economic study of the current air transport system, a study of the potential growth of aviation in Suriname[54] and a review of the financial statuses of CASAS and CADSUR; (iv) a comprehensive analysis of overflight fees and strategies to ensure appropriate reinvestment for a financially viable aviation system; (v) a digital readiness assessment outlining digital infrastructure needs and an implementation roadmap; and (vi) the hiring of a consultancy firm to assist the MTCT and pre-investment studies for rehabilitation of civil aviation infrastructure (¶2.9).

b. **Strengthening of CASAS' regulatory capacity**, by: (i) developing regulatory documentation and guidance material, conducting a gap analysis of existing regulations and procedures, and developing updated frameworks for safety

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52 The policy framework will be guided by ICAO's basket of measures for climate change mitigation including emissions decline to net zero after 2050. CO_2 emissions from operations can be reduced through the optimization of air traffic management and ICAO has developed the Global Air Navigation Plan (GANP) and the Aviation System Block Upgrades (ASBU) initiatives in this regard. ICAO Annex 16 - Environmental Protection and Greenhouse Gas Management and Mitigation at Airports, ICAO 2022.

53 In particular for inspectors, meteorological personnel, ATC specialists and auxiliary services.

54 Including an initial financial, operational and regulatory risk scenario analysis.

oversight [55] and safety management systems; and (ii) implementing comprehensive training programs.[56]

c. **Strengthening sustainability policies and decarbonization**, by developing a State Action Plan for Sustainable Aviation Fuel (SAF) that encourages sustainable production, distribution, and use in accordance with best international practices.

d. **Communication management and stakeholder outreach:** improving Suriname's aviation sector's regional integration by enhancing GOS's capacity to collaborate with stakeholders and other CARICOM member countries in matters pertaining to air navigation and aviation security.

e. **Gender and diversity actions:** (i) Elaboration of a diagnosis, policy, and gender action plan to reduce gender gaps and encourage women's labor participation in the air transport sector;[57] and (ii) job internships program for women and PwD in non-traditional jobs at the SMZO.

1.49 **Component 2**: **Improvements in the air transport control and operations (US$8,155,000).** This Component will finance the following activities:

a. **Enhancement of air navigation capacity and efficiency**, by assisting in preparing the national air navigation plan, with cost-benefit analysis and key performance indicators to address the implementation and maintenance of CNS infrastructure at optimal levels, prioritizing the national segment of the ATN (Aeronautical Telecommunication Network) and improving communication and surveillance coverage for air traffic control, as well as competency-based training methods for ATM and CNS.[58]

b. **Establishment of an independent air Accident Investigation Authority (AIA)**, operating autonomously and complying with international standards set by the International Civil Aviation Organization (ICAO). [59] This includes: (i) capacity building and procedure development, with definition of procedures and protocols as well as staff training; (ii) implementation of infrastructure and

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55 Accident Investigation, Airworthiness, Operations, Personnel Licensing, Aerodrome and Air Navigation.

56 One oriented for managers to equip them with skills to develop sustainable plans for Suriname's civil aviation industry and another for inspectors to equip them with the necessary skills to conduct regulatory and oversight tasks effectively.

57 Including recruitment policies, equal wage, life-work balance gender-based violence prevention.

58 Specialist assessments will be conducted to identify gaps in ATM and CNS staffing and training. Based on this assessment, a comprehensive plan will be created to address these gaps and develop a skilled workforce, thru policies on staff recruitment and retainment.

59 Preliminary activities that are required for the establishment of the AIA, defined as conditions prior to the disbursement of the loan resources for Component 2 (¶3.6), are already under process like the review and update of ICAO's CARS 014 regulations (Civil Aviation Regulations related to Aircraft Accident and Incident Investigation), the identification of sustainable financing and the legislative amendment required to establish this new authority. The development model for the AIA that has been recommended by a recent consultancy financed by the Bank (see OEL#3). With the support from ICAO and agreed by the MTCT is the "Integrated Model" which consists of establishing an independent investigative body that will remain at the beginning administratively attached to CASAS. This structure allows leveraging CASAS's existing infrastructure while maintaining operational independence, serving as an efficient provisional solution until the necessary legislative changes are made to establish a fully independent authority, separate from the Attorney General, with its own budget, dedicated staff, and facilities, ensuring full operational autonomy and the ability to conduct independent and thorough investigations.

resources; and (iii) acquisition of Search and Rescue (SAR) software and systems.

c. **Definition of a new international standard-based fee structure and collection mechanism** using new digital tools that will allow to better identify, quantify, and monitor the collection of the appropriate fees, resulting mainly from air navigation services provided to airlines, and that will be efficiently used to cover operations and maintenance of all airstrips nationwide.

d. **Improvements in air navigation surveillance,** such as: (i) the development of digital flight manifests for domestic passengers and cargo to promote security and fee collection; (ii) enhancements in basic air navigation equipment in aerodromes, (iii) financing technical visits for inspections and surveillance of aerodromes; and (iv) deployment of digital technologies and equipment on key aerodromes.

1.50 **Component 3: Enhancement and maintenance of Suriname's air transport infrastructure (US$ 10,000,000).** This component will finance these activities:

a. **PBM international airport interventions.** Activities will include: (i) acquisition and installation of a new energy-efficient communication antenna, to improve air transport operations and overflight revenues collection; (ii) a detailed digital assessment for the Airport Management Ltd.; and (iii) training and capacity building.

b. **SMZO domestic hub improvements.** Activities will include: (i) rehabilitation/upgrading of existing land-side facilities considering mitigation and adaptation measures[60] to ensure resilient, safe, and secure air transport operations; (ii) implementation of care facilities such as child-friendly bathrooms and lactation rooms; (iii) acquisition and installation of energy-efficient[61] aeronautical equipment to ensure secure operation of the airport; and (iv) inclusion of people with disabilities and women at SMZO aerodrome through labor and internships.

c. **Pilot for all-weather aerodrome modernization.** Activities will include: (i) works for the rehabilitation of Kwamalasamutu Aerodrome (SMSM) to optimize operations for safe and efficient transport services including school supplies and healthcare using climate-smart materials that are lightweight and that have proven their worth providing an all-weather surface for landing in similar contexts; [62] (ii) acquisition and installation of energy-efficient [63] aeronautical equipment to ensure secure operation of the aerodrome; and (iii) training and capacity building, including local communities (in particular

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60 In accordance with the Technical guidance to align IDB group operations with the PA.

61 The equipment will follow energy efficiency standards and labelling (EES&L).

62 Designs include lightweight and easy-to-transport geosynthetic material and a reinforced top layer with the following advantages: (i) maintenance: low risk of rutting, erosion, or deformation; (ii) cost-effectiveness: stabilizes local soil material instead of transport material from elsewhere; (iii) installation: less heavy equipment than conventional asphalt pavement; and (iv) versatility: to accommodate various soil conditions and site-specific requirements.

63 *Idem* 61.

Amerindians) for disaster and resilience planning, response, and maintenance of the airstrip.

1.51 **Administration and monitoring (US$1,085,000).** This component will finance management costs, including supervision and technical support for the Project Execution Unit (PEU), as well as audits and project evaluation.

1.52 **Contingencies (US$575,000).** In order to provide some flexibility in the event of unforeseen cost variations that may arise during project implementation, a budget line for contingencies has been set.

1.53 **Beneficiaries of the program.** Air transport passengers, estimated at 465,000 per year, including residents of Amerindian and Maroon communities, will benefit from accessibility to isolated regions, improved safety conditions for operations, reduced time and cost of transporting people and goods, and access to health services. Expected benefits include improved essential service delivery such as education and healthcare by facilitating the delivery of school, medical and food supplies, and the transportation of teachers, medical staff, and patients to hospitals. Additionally, employment opportunities may be increased for women, PwD, and Amerindian population through internships and capacity building. Given that Zorg en Hoop is both the destination and origin of all flights to the interior of the country, interventions and improvements at the landside will directly benefit Maroon and Amerindian passengers[64] traveling to the interior. The program will also benefit directly the entire population of the Amerindian Village of Kwamalasamutu which is composed of 1,308 inhabitants.

1.54 Given the program investments in basic air navigation and communication equipment and deployment of digital technologies through many aerodromes that are the responsibility of the MTCT, the program will enhance connectivity and safety, which will also benefit Maroon and Amerindian communities and propel private sector development across the interior of the country.

1.55 **Digital transformation.** The program will contribute to digital transformation and innovation through the following interventions: (i) digital readiness assessment of CASAS, CADSUR, and Airport Management Ltd. (¶1.48a, ¶1.50a) including digital infrastructure needs and roadmap; (ii) definition of a new international standard-based fee structure and collection mechanism that will support digital tools for invoicing and payment (¶1.49c); and (iii) the development of digital flight manifests for domestic passengers and cargo (¶1.49d).

C. Key results indicators

1.56 **Expected outcomes.** The impact indicators proposed are intended to measure how the program contributed to the Effective Implementation (EI) score for the Universal Safety Oversight Audit for Suriname, the IATA Connectivity Index, and the number of passengers transported.

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64 A survey conducted at Zorg en Hoop (OEL#5), 26.4% of all domestic travelers in Suriname are of Maroon ethnicity and 13.6% were Indigenous Amerindians while 25.9% considered themselves Mixed and 14.2% Creole.

1.57 The indicators related to the Specific Development Objectives will be measured: (i) institutional capacity with efficient organizational structures; (ii) institutional capacity with financial sustainability; (iii) reduction in passenger's check-in and check-out times at PBM and SMZO; (iv) establishment of an AIA; (v) reduction in airplanes take-off times at PBM and SMZO; (vi) reduction in airplanes "taxi-in" and "taxi-out" times at PBM and SMZO; (vii) increase in satisfaction of women traveling with children; (xiii) reduction in times for delivery of textbooks and school maintenance kits to SMSM; and (xiv) reduction in number of days of inactivity/year at SMSM.[65]

1.58 The proposed indicators and means of verification maximize the information that MTCT, CADSUR, and CASAS will collect during project execution. Most of the proposed indicators already have 2024 baseline data. This baseline is the reference for the program evaluation. These measures and estimates will be compared with the expected outputs and outcomes presented in Annex II.

1.59 **Cost-Benefit Analysis (CBA).** A cost-benefit analysis was performed considering the potential impacts of the project on travel time reductions and safety for international and domestic passengers. Travel time reductions included airport check-in and check-out times for passengers and take-off, taxi-in, and taxi-out times for airplanes. The size of these effects was based on the evidence available for other countries, using conservative estimates. It was assumed that both domestic and international air traffic would grow at a 5.4% annual rate, based on projections of the IMF on GDP growth and projections of the World Travel & Tourism Council. Based on the expected costs and benefits, the Internal Rate of Return of the project is 13.92%, achieving a Net Present Value of US$3.14M under a 12% discount rate. Although all components of the project achieve a positive economic return (Table 1), Component 3 is expected to generate the highest returns. Sensitivity analyses were performed to lower air traffic volumes and higher costs (Table 2). The project remains economically viable in all scenarios.

Table 1. Results of the CBA (in US$M)

	Component 1	Component 2	Component 3	Program
Internal Rate of Return	13,70%	8,53%	18,09%	13,92%
Benefit	6,27	6,70	14,99	27,95
Cost	5,55	8,74	10,14	24,43
Benefit-Cost Ratio	1,13	0,77	1,48	1,14
Net Present-Value	0,64	-1,83	4,34	3,14

Table 2. Sensitivity Analysis (in US$M)

	Basic Scenario	Air traffic		Costs	
		(-10%)	(-20%)	(+10%)	(+20%)
Internal Rate of Return	13,92%	12,45%	11,22%	12,55%	11,35%
Benefit	27,95	25,15	22,36	27,95	27,95
Cost	24,43	24,43	24,43	26,87	29,31

[65] For some Specific Development Objectives, the current baseline values will be collected before the starting of the Program with specific surveys at PBM and SMZO, to count on the most recent information available.

	Basic Scenario	Air traffic		Costs	
		(-10%)	(-20%)	(+10%)	(+20%)
Benefit-Cost Ratio	1,14	1,03	0,92	1,04	0,95
Net Present-Value	3,14	0,72	-1,26	0,96	-1,22

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

2.1 **Type of instrument.** This program will be implemented as a specific investment loan of US$25 million to be financed with resources from the Bank's Ordinary Capital (OC). The execution activities along with the timeline and costs are included in the Program Operations Manual (POM). The disbursement and execution of civil works, technology systems, and institutional strengthening activities will span over 72 months as shown in Table 3.

Table 3. Disbursement schedule (US$ million)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
IDB	0.478	3.823	11.167	4.030	3.465	2.037	25.00
%	1.91	15.29	44.67	16.12	13.86	8.15	100.00

Table 4. Program costs (US$)[66]

Budget Categories	IDB	%
Component 1: Improvements in the institutional and legal framework	**5,185,000**	**20.74**
Specialized firm to support the PEU and pre-investment studies	1,875,000	7.50
Restructuration of Suriname's Civil Aviation System and Institutional Capacity Strengthening	915,000	3.66
Strengthening of CASAS' Regulatory Capacity	1,900,000	7.60
Strengthening of Environmental Protection Policies	100,000	0.40
Communication Management and Stakeholder Outreach	295,000	1.18
Diagnosis, policy, and gender action plan	100,000	0.40
Component 2: Improvements in the air transport control and operations	**8,155,000**	**32.62**
Enhancement of Air Navigation Capacity and Efficiency	4,000,000	16.00
Establishment of an independent Air Accident Investigation Authority	650,000	2.60
Definition of a new fee structure and collection mechanism	350,000	1.40
Improvements in air navigation surveillance	3,155,000	12.62
Component 3: Enhancement and maintenance of Suriname's air transport infrastructure	**10,000,000**	**40.00**
PBM International Airport improvements	1,500,000	6.00
SMZO domestic hub improvements	3,930,000	15.72
Pilot aerodrome improvements (SMSM)	4,570,000	18.28

[66] The values presented within each budget category are indicative and may vary during execution.

Budget Categories	IDB	%
Administration and monitoring	**1,085,000**	**4.34**
Project Execution Unit	580,000	2.32
Administrative Budget	90,000	0.36
Program Monitoring & Evaluation	50,000	0.20
Financial Audits	120,000	0.48
Implementation of Environmental & Social Management Plan	245,000	0.98
Contingencies	**575,000**	**2.30**
TOTAL	**25,000,000**	**100.00**

B. Environmental and social safeguard risks

2.2 **Environmental and Social Safeguards.** In accordance with the IDB's Environmental and Social Policy Framework (ESPF), the operation is classified as Category "B" based on the environmental and social impacts that the rehabilitation works on the aerodromes may cause. These impacts will be localized, temporary, and of low magnitude. Among the impacts are gaseous emissions, particulate matter, noise and vibrations, waste generation, and disturbance to flora, fauna, and the surrounding population. None of the projects will take place within critical habitats. In Kwamalasamutu, the site is surrounded by a natural habitat, which will not be affected negatively because the intervention will be limited to the existing Right of Way (RoW) of the aerodrome and specific mitigation measures will be implemented for potential indirect impacts to flora and fauna. All the impacts will be addressed with appropriate mitigation measures and management plans. No physical or economic displacement has been identified for the projects, and no risk of involuntary resettlement has been found.

2.3 **The environmental and social risk rating is substantial due to the Executing Agency's reduced capacity for environmental and social management and lack of experience with the Bank's ESPF.** The weak legal and institutional framework, including, but not limited to, environmental and social aspects, and the remote location of one of the projects also contribute to the risks, in terms of accessibility of the area for works and supervision, causing certain delays in the execution of the planned activities. A close monitoring of the accessibility conditions will be performed from the early start of the Program execution. These risks will be mitigated with the contractual requirement of establishing a new dedicated Project Execution Unit (PEU) including one Environmental Manager and one Social Engagement Officer. (¶3.1, ¶3.2).

2.4 **An Environmental and Social Assessment (ESA) was carried out for the operation, which includes an Environmental and Social Management Plan (ESMP) and a Stakeholder Engagement Plan (SEP).** Two meaningful consultations were carried out. The first one was held on October 16th, 2024, at the Suriname Aviation Training Centre (Zorg En Hoop Airport) in Paramaribo. The second one took place on October 17th, 2024, in Kwamalasamutu, with the Trio Indigenous communities, with the participation and leadership of the Granman. An interpreter facilitated the session, translating from the native language Tareno to Dutch and vice versa. For both events, satisfactory engagement and dialogue were achieved by providing clarifications on the consultation process, the definition of

roles and responsibilities of project execution, and project-specific information. Both consultations received similar concerns as related with Grievances mechanisms. In addition, at the Paramaribo consultation there was concern about who will be in charge of the monitoring of the project, as past experiences where the government was the only institution in charge of the monitoring were negative. Kwamalasamutu feedback on the project was mostly centered around decreasing the cost of the flights that is significant, as well as if there would be more flights, provided the key role these have for the communities. Other government responsibilities, such as providing fuel were brought to the attention.

2.5 Free, Prior, and Informed Consent (FPIC), in accordance with the ESPS 7, was obtained as described in detail in the SEP and the Consultation Report. The Bank disclosed the preliminary ESA/ESMP and SEP on August 14th, 2024, before the analysis mission. The updated version of the ESA/ESMP, the Consultation Report, a Socio-Cultural analysis (SCA), and an Indigenous Peoples Plan (IPP) were disclosed before distribution to the Board. The Program includes the installation of a small solar system. Measures for the procurement of solar panels to manage the risk of forced labor are included in the ESMP.

2.6 **The intervention sites are exposed to the following natural hazards:** (i) hurricanes (partial affection by hurricane tales); (ii) storm surge; (iii) intense rainfall; (iv) drought; (v) sea level rise; (vi) fires; and (vii) strong winds, particularly in the case of Zorg En Hoop. The criticality and vulnerability of the infrastructure interventions are moderate for all the projects. Increments in the occurrence and magnitude of extreme events are expected due to climate change. Minimal risk exacerbation may occur locally. A Disaster Risk Assessment (DRA) and a Disaster Risk Management Plan (DRMP) have been prepared: both will be updated before the bidding process, to ensure that the plans are adequate and up to date with the final engineering design specifications. Considering the small-scale improvement and rehabilitation works, the hazard levels identified, the criticality and vulnerability estimated for the infrastructure's interventions, and the low risk of exacerbation, a Moderate DCCR classification is adequate.

C. Fiduciary risk

2.7 **Fiduciary Screening.** Procurement financed through the project will be carried out under the Procurement Policies GN-2349-15 and GN-2350-15. The financial management of the program will follow provisions of Guide OP-273-12.

2.8 The main fiduciary risks identified with the ICAP were related to the MTCT`s capacity to undertake the implementation of the proposed IDB-financed project. The main gaps existing in the institutional arrangements center around insufficient formalized documented project execution-related policies, deficient project governance and management arrangements, limited experience in the application of IDB policies in managing projects, financial management, procurement management, ESHS management, and the use of project management tools. In order to address these areas of weaknesses and increase the capacity of the MTCT to manage the execution of the program, the following recommendations are included: (i) establishment of a dedicated Project Execution Unit; (ii) training/orientation in Bank-related policies and procedures; (iii) establishment of a project governance arrangement; (iv) development of a

Project Operations Manual; (v) utilization of project management technology tools; (vi) strengthen the environmental, social and health and safety policy knowledge-base of key stakeholders; (vii) creation of a strategic communication management strategy; and (viii) hiring of a specialized firm with expertise in the civil aviation field to support the MTCT to ensure that equipment and deployed technologies and studies financed by the loan follow international standards and quality (¶1.48a).

D. Other risks and key issues

2.9 Other risks identified and the respective means of mitigations include: (i) *loss of institutional knowledge due to changes in the executive management staff of MTCT*: a knowledge management strategy and plan will be developed and implemented, including the documentation of all relevant procedures, processes, policies, lessons learned, and issues logs; (ii) *delays in the establishment of the new dedicated PEU within the MTCT*: the establishment of the PEU has been included as a condition prior to the first disbursement. In case there are challenges in recruiting PEU members, an interim structure to support the commencement of key activities will be considered; (iii) *delays in recruitment of a Specialized firm in the air transport sector*: this has been included as a special contractual clause of execution prior to the initiation of the program activities of Component 2 (¶3.7); (iv) *changes in the political administration/leadership of the country during the execution of the project*: informational sessions with the newly appointed government officials will be conducted; (v) *changes introduced into the aviation legislation during the approval process that is not aligned with the recommendations of ICAO:* the MTCT will leverage the Special Committee created to oversee the drafting of the legislative update to sensitize the legislature on the technical nature of the legislation and the international ramification of legislation not complying with ICAO recommendations; (vi) *delays in contracting/procurement activities for infrastructure, goods, and services*: specialized procured professional and sessions on procurement rules procedures will be conducted for the PEU; (vii) *legislative and regulatory reform for the aviation sector does not occur during project execution:* important stakeholder information sessions will be held periodically, including both executive and legislative branches to ensure there is support for the updated legislation; a budget line to support stakeholder engagement to support MTCT has also been included; (viii) *slow technical input from stakeholder and government*: a project Steering Committee will be set up (¶3.5); and (ix) *cost overruns and delays:* a contingency fund has been included in the program's budget and the contracts of the specialized firm as well as all supervision firms to be hired will be based on milestones and the level of progress of works.

2.10 **Sustainability of the investments.** The works financed by the program will be included in the MTCT's annual maintenance plan; the works contracts will include a three-year maintenance together with the defect's liability period after effective issuance of the completion of works. The Borrower, through the MTCT, will submit to the Bank, during the original disbursement period or any extension thereof, and within the first quarter of each calendar year, a report on the status of the works and equipment included in the program and the annual maintenance plan.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

3.1 **Borrower and Executing Agency.** The borrower will be the Republic of Suriname, and the Executing Agency will be the Ministry of Transport, Communication and Tourism. The program will be implemented through a new dedicated PEU who will be responsible for general and technical coordination; planning, monitoring, and evaluation; financial management; procurement administration; environmental, health, and safety management; and communication activities. This PEU will be financed by the loan and should be comprised of at least: a project manager, an air transport infrastructure specialist, an environmental and social specialist, a procurement specialist, and a financial specialist. The PEU staff will have exclusive dedication to the program, and any changes in its key personnel will require the Bank's written approval.

3.2 Given the weaknesses identified during the Institutional Capacity Assessment and the lack of the necessary resources or expertise, including inadequate staffing and skilled personnel in the aeronautical sector, the PEU and Executing agency will be assisted in the implementation of the Program by a specialized consulting firm. This firm will be responsible for supporting the implementation of identified institutional measures and regulatory aspects, providing technical specifications for the equipment and systems needed that will be financed by the Program, and providing project implementation and coordinating tasks among stakeholders. The firm will also ensure compliance with aviation regulations and safety standards.

3.3 **Monitoring and controlling.** Monitoring will be performed using semiannual progress reports, which will be submitted by the MTCT within 60 days following the end of each six-month period (REL#2). The reports will be based on the reporting commitments included in the results matrix for each intervention, as well as technical compliance and the social and environmental compliance report as set out in the loan contract.

3.4 **Program Operations Manual (POM).** Execution will rely on a POM that includes, among others, administrative, procurement, financial management policies, procedures, internal control requirements, and the ESMP.

3.5 **Project Steering Committee.** The Borrower, directly or through the Executing Agency will establish a Project Steering Committee (PSC), chaired by the MTCT, with the participation of key government agencies including CASAS, CADSUR, and the LVT. The PSC's main responsibilities will include: (i) guiding the work of the PEU; (ii) providing for the necessary inter-institutional coordination among the participating agencies; (iii) monitoring the overall performance of the program; and (iv) reviewing implementation issues and providing direction and/or approval. The PSC shall convene meetings when required and at least once every quarter. Regular meetings will also be held between the PSC, the PEU and the senior management of MTCT and other extraordinary meetings may be convened by the Chairperson. Other specific functions and responsibilities shall be included in the POM.

3.6 **Special Contractual Clauses prior to the first disbursement: (i) the establishment of a PEU within the Executing Agency, and the hiring of its key personnel, including one Project Manager, one Procurement Specialist, and one Financial Specialist, in accordance with the terms of reference agreed upon with the Bank; and (ii) the approval and entry into force of the POM, in accordance with the terms and conditions agreed upon with the Bank.** These conditions are essential to guarantee that an adequate team and proper rules of operation will be in place for program execution.

3.7 **Special contractual clauses of execution.** Prior to the initiation of the program activities of Component 2, the Borrower, directly or through the Executing Agency, must present evidence, to the satisfaction of the Bank, of the following: (i) the recruitment of a specialized firm in the air transport sector to provide support to the Executing Agency and PEU during Program execution; (ii) the approval of the update to CARS 014 Regulations; and (iii) the allocation of a budget by the Government to guarantee the sustainable financing and operation of the new Air Accident Investigation Authority. Prior to the initiation of the program activities of Component 3, the Borrower, directly or through the Executing Agency, must present evidence, to the satisfaction of the Bank, of the following: (i) the re-establishment of security access control for the Zorg En Hoop airfield in Paramaribo (SMZO) airport site; and (ii) the implementation of a Safety Management System for the SMZO. These conditions will ensure that the necessary operational safeguards have been adopted prior to the initiation of activities for each component, as well as guarantee that enough resources have been allocated by the Government to ensure the sustainability of the Bank's investment.

3.8 **Supervision.** The technical supervision of the civil works will be contracted with specialized firms to: (i) verify the quality of the civil works ensuring the achievement of technical specifications; (ii) measure the progress of the activities of the contractors, including measures for the mitigation of environmental and social impacts; (iii) support the PEU concerning general project management issues; (iv) advise on the need to improve levels of activities; and (v) elaborate monthly reports of project progress, including issues related to the implementation of environmental and social mitigation measures.

3.9 **Procurement.** The PP, covering 72 months of program execution starting on the date of eligibility of the program, will be agreed upon by the MTCT and the Bank. The PP will be updated annually, whenever necessary or as required by the Bank, procurement for the proposed project will be carried out under: (i) Policies for the Procurement of Works and Goods financed by the Bank (GN-2349-15); and (ii) Policies for the Selection and Contracting of Consultants financed by the IDB (GN-2350-15).

3.10 **Retroactive financing.** The Bank may finance retroactively under the loan-eligible expenses incurred by the borrower before the date of the loan approval, to finance activities foreseen in Component 3, related to the reconstruction of the telecommunication antenna at PBM airport, up to the amount of US$1 million (5% of the proposed loan amount), provided that procurement processes and other eligibility requirements are substantially similar to those established in the loan agreement. These expenses must have been incurred on or after May 8, 2024 (the

approval date of the project profile), and under no circumstances shall expenditures incurred more than 18 months before the loan approval date be included.

3.11 **Auditing.** The external audit of the project will be performed by an independent audit firm acceptable to the Bank, following IDB's Guidelines for Financial Reports and External Audit. The PEU will be responsible for contracting an external auditor eligible to the IDB as follows: (i) an annual financial audit to be submitted within 120 days of the end of each fiscal year; and (ii) one final financial audit of the program to be submitted within 120 days after the last disbursement.

3.12 **Financial Management.** Financial management of the project will be carried out following the Bank's Management Guidelines (OP-273-12). Financial programming will be carried out based on standard models included in the Bank's project disbursement guide. The Bank will determine the supervision procedures necessary to verify the success of the operation, including independent financial auditing performed under the guidelines for financial reporting and external auditing of projects financed by the Bank.

B. Summary of arrangements for monitoring results

3.13 **Planning and monitoring.** The monitoring and evaluation plan will be carried out during program execution in agreement with the goals and performance indicators identified in the results matrix. The MTCT will prepare a detailed Annual Operations Plan (AOP) 30 days before the conclusion of each calendar year. The AOP for the following calendar year shall include: (i) projected disbursement schedule for the year; (ii) updated project plan; (iii) detailed accomplishments related to planned activities, outputs, and outcomes, etc.; (iv) environmental and social compliance report; (v) budget analysis, disbursement, and financial plan; and (vi) output indicators and costs. The semiannual progress reports including the PEP will be presented within 60 days after each semester of the year during the disbursement period and focusing on fulfillment of output indicators and progress achieving outcomes in the Results Framework, an analysis of problems encountered, and proposed corrective measures.

3.14 **Evaluation.** MTCT will submit to the Bank a midterm evaluation in Project Completion Report (PCR) format, 90 days following the date on which 50% of the loan proceeds have been disbursed.

3.15 The final evaluation is to be conducted by an independent evaluator and will be submitted to the Bank within 90 days following the date of the last disbursement of project resources. The information in the final report will be an input to elaborate the PCR. The evaluation report will assess the extent to which the outcomes were attained and gauge its development impact. The results will be evaluated in a single analysis using ex-post and ex-ante methodologies such as an ex-post CBA. The ex-post CBA will replicate the model used for the ex-ante analysis, done as part of the feasibility studies.

3.16 Given that the main results of Specific Development Objective 1 will take some time to materialize after the completion of the program and that the evaluation

process will also be relatively extensive, the PCR[67] preparation will begin 24 months after the operational closure of the program.[68]

[67] PCR guidelines (OP-1696-6).
[68] This is the case of Specific Development Objective's indicators 1.1, 1.2, and 1.4 (REL#2).

Development Effectiveness Matrix		
Summary	SU-L1071	
I. Corporate and Country Priorities		
Section 1. IDB Group Institutional Strategy Alignment		
Operational Focus Areas	-Gender equality and inclusion of diverse population groups -Institutional capacity, rule of law, citizen security -Sustainable, resilient, and inclusive infrastructure -Regional integration	
[Space-Holder: Impact framework indicators]		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3065	Strengthening transportation connectivity and resilient infrastructure.
Country Program Results Matrix	GN-3207-3	The intervention is included in the 2024 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution	8.5	
3.1 Program Diagnosis	2.5	
3.2 Proposed Interventions or Solutions	3.2	
3.3 Results Matrix Quality	2.9	
4. Ex ante Economic Analysis	10.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	1.5	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	2.5	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	1.0	
5. Monitoring and Evaluation	8.8	
5.1 Monitoring Mechanisms	4.0	
5.2 Evaluation Plan	4.8	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium High	
Environmental & social risk classification	B	
IV. IDB´s Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	SU-T1066; SU-T1152 and SU-T1171

The general objective of this specific investment project, of US$25 million, is to contribute to a safe and connected air transport sector in Suriname. The specific objectives are: (i) to improve compliance with international civil aviation standards, and (ii) to improve quality and resilience of air transport infrastructure. To achieve these objectives, the project proposes activities to strengthen the institutional and legal frameworks for civil aviation, to improve air transport control and operations through technological equipment, and to enhance air transport infrastructure in the main international and local airports in Paramaribo (PBM and SMZO), and in the Kwamalasamutu aerodrome (as a pilot for all-weather aerodrome modernization in the most isolated communities of the interior).

The diagnosis shows that Suriname scores relatively poorly in safety, connectivity and governance scores produced by international air transport organizations (e.g. position 153 of 219 countries for IATA's connectivity score), and highlights the potential for air transport improvements to fuel economic and private sector development. It also describes the inadequate conditions of infrastructure in the aerodromes of communities in the interior (e.g. the Kwamalasamutu aerodrome was inactive for 21 days in 2023 due to climate related events).

The main indicators included in the results matrix measure scores produced by international air transport organizations, travel time reductions for passengers and days of inactivity of the Kwamalasamutu aerodrome. Although the indicators are relevant, cover all dimensions of the objectives, and are consistent with the assumptions of the economic evaluation, the data collection processes required to establish baseline values for several of them is still pending. Given that institutional and governance changes will take months to settle down and that the evaluation process by international organizations may be lengthy, the team requests a 24-month extension period to begin PCR preparation after project closure.

The economic evaluation of the project uses conservative assumptions based on international evidence and obtains a social internal rate of return of 13.9% (net present value of US$3.1M using a 12% discount rate). The main benefits quantified are related to travel time reductions and safety improvements for international and domestic passengers.

The evaluation plan proposes to carry out a before and after analysis to evaluate the effectiveness of the general and specific objective indicators, and an ex-post cost-benefit analysis to evaluate the social return of the project at closure.

Results Matrix

Program Objective	The program's general objective is to contribute to a safe and connected air transport sector for Suriname. The specific objectives are to: (i) improve compliance with international civil aviation safety and security standards; and (ii) improve quality and resilience of air transport infrastructure.

General Development Objective

Indicators	Unit of measurement	Baseline value	Baseline year	Expected year for achievement	Target	Means of verification	Comments
General development objective: Contribute to a safe and connected air transport sector for Suriname.							
1.1. Effective Implementation (EI) score for the Universal Safety Oversight Audit for Suriname	%	46.91	2012	2031	67.16	Next Universal Safety Oversight Audit Program report (ICAO)	REL#2: Table4
1.2. IATA Connectivity Index	Score	2,844	2019	2032	TBD	Next IATA Connectivity Score report after completion of project	REL#2: Table4
1.3. Number of international passengers in Suriname	#	259,087	2019	2031	337,014	Johan Adolf Pengel International Airport Statistics.[1]	REL#2: Table4

[1] JAPI Airport Statistics.

Specific Development Objectives

Indicators	Unit of measurement	Baseline value	Baseline year	Y 1	Y 2	Y 3	Y 4	Y 5	Y6	End of project	Means of verification	Comments
Specific development objective 1: Improve compliance with international civil aviation safety and security standards.												
1.1. Independence score from OECD's Governance of Sector Regulators for Civil Aviation.	Index (0 to 6)	3.00	2019	-	-	-	-	-	2.24	<2.24	"OECD Indicators on the Governance of Sector Regulators" methodology.	REL#2: Table4
1.2. Accountability score from OECD's Governance of Sector Regulators for Civil Aviation.	Index (0 to 6)	5.45	2019	-	-	-	-	-	2.95	<2.95	"OECD Indicators on the Governance of Sector Regulators" methodology.	
1.3. Passenger's check-in and check-out times at PBM and SMZO	Minutes	TBD[2]	2024	-	-	-	-	-	TBD (-12 min)	TBD (-12 min)	Ex-ante and Ex-post survey (AML and CADSUR)	REL#2: Table4
1.4. Accident Investigation Score	%	12.5%	2012	-	-	-	-	-	-	54.06%	USOAP score for effective implementation in the AIG protocol, from the next Universal Safety Oversight Audit Program report for Suriname (ICAO)	REL#2: Table4
Specific development objective 2: Improve quality and resilience of air transport infrastructure.												
2.1. Airplanes take-off times at PBM and SMZO	Minutes	TBD[3]	2024	-	-	-	-	-	TBD (-25 min)	TBD (-25 min)	Ex-ante and Ex-post survey (AML and CADSUR)	REL#2: Table4
2.2. Airplanes "taxi-in" and "taxi-out" times at PBM and SMZO	Minutes	TBD[4]	2024	-	-	-	-	-	TBD (-30 min)	TBD (-30 min)	Ex-ante and Ex-post survey (AML and CADSUR)	REL#2: Table4
2.3. Level of satisfaction of women traveling with children	%	TBD[5]	2024	-	-	-	-	-	-	TBD	Ex-ante and ex-post survey	REL#2: Table4
2.4. Times for delivery of textbooks and school maintenance kits to the Trio Amerindian village Kwamalasamutu.	Days	TBD[6]	2024	-	-	-	-	-	-	TBD	Ex-ante and ex-post study	REL#2: Table4
2.5. Number of days of inactivity/year for SMSM serving the Trio Amerindian Village Kwamalasamutu caused by airstrip unsuitable condition caused by climate-related events	Days	21	2023	-	-	-	-	-	0	0	Daily runway reports from the radio room at SMZO airport (covering all the country)	

[2] All baseline values will be available before the kick-off workshop for the operation, measured through specific surveys and data collection with funding from the Technical Cooperation (SU-T1171) which is already in execution.
[3] Ibid.
[4] Ibid.
[5] Ibid.
[6] Ibid.

Outputs

Indicators	Unit of measurement	Baseline value	Baseline year	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	End of Project	Means of verification	Comments
Component 1: Improvements in the institutional and legal framework												
1.1. Specialized firm to support the PEU and pre-investment studies	#	0	2024	-	1	-	-	-	-	1	PEU final report	
1.2. New aviation legal framework drafted and submitted to the GOS	#	0	2024	-	1	-	-	-	-	1	Semi-annual report	
1.3. New regulatory documentation and guidance material for CASAS proposed	#	0	2024	-	-	1	-	-	-	1	Semi-annual report	
1.4. State Action Plan for Sustainable Aviation Fuel (SAF) proposed	#	0	2024	-	-	-	-	1	-	1	Semi-annual report	REL#2: Table3
1.5. Meetings for Communication Management and Stakeholder Outreach	#	0	2024	1	1	1	1	1	1	6	Semi-annual reports	
1.6. Diagnosis, policy and gender action plan elaborated	#	0	2024	-	1	-	-	-	-	1	Semi-annual report	
Component 2: Improvements in the air transport control and operations												
2.1. Acquisition of Aerodrome and Ground Aids (AGA) equipment	# of equipment	0	2024	-	-	3	-	-	-	3	Semi-annual report	REL#2: Table3
2.2. Acquisition of Communication, Navigation and	# of equipment	0	2024	-	-	5	5	7	-	17	Semi-annual report	

Indicators	Unit of measurement	Baseline value	Baseline year	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	End of Project	Means of verification	Comments
Surveillance (CNS) equipment												
2.3. New Air Accident Investigation Authority established (AIA).	#	0	2024	-	-	1	-	-	-	1	Semi-annual report	
2.4. Acquisition of SAR software and systems	# of software and systems	0	2024	-	-	2	-	-	-	2	Semi-annual report	
2.5. New international standard-based fee structure and collection mechanism defined	#	0	2024	-	-	-	1	-	-	1	Semi-annual report	
2.6. New updated flight manifests for domestic passengers and cargo	#	0	2024	-	-	-	1	-	-	1	Semi-annual report	
2.7. Installation of basic air navigation equipment and digital technologies in key aerodromes	# aerodromes	0	2024	0	6	6	7	7	7	33	Semi-annual report	
2.8. Inspections and surveillance	# inspections	0	2024	1	1	1	1	1	1	6	Semi-annual report	REL#2: Table3
Component 3: Enhancement and maintenance of Suriname's air transport infrastructure												
3.1 Acquisition and installation of communication equipment for PBM.	# of equipment	0	2024	-	1	-	-	-	-	1	Semi-annual report	REL#2: Table3
3.2. Training and capacity building at PBM	# of trainees	0	2024	-	-	20	-	-	-	20	Semi-annual report	
3.3. Rehabilitation or upgrade of existing land-side facilities considering energy	# of facilities	0	2024	-	-	-	1	-	1	2	Semi-annual report	REL#2: Table3

Indicators	Unit of measurement	Baseline value	Baseline year	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	End of Project	Means of verification	Comments
efficiency measures for SMZO.												
3.4. Implementation of care facilities such as child-friendly bathrooms and lactation rooms	# of facilities	0	2024	1	-	-	-	-	-	1	Semi-annual report	
3.5. Acquisition and installation of aeronautical equipment for SMZO with energy-efficiency standards and labelling (EES&L) in accordance with IEA[7].	# of equipment	0	2024	-	4	-	-	-	-	4	Semi-annual report	REL#2: Table3
3.6. Jobs and internships created for women and PwD at SMZO and PBM	# of interns and jobs	0	2024	-	-	-	4	4	4	12	Semi-annual report	REL#2: Table**3**
3.7. SMSM airstrip's runway upgraded serving the Trio Amerindian Village of Kwamalasamutu (all-weather).	# of runways upgraded	0	2024	-	-	1	-	-	-	1	Works supervision report	REL#2: Table3
3.8. Acquisition of aeronautical equipment for SMSM, with energy-efficiency standards and labelling (EES&L) in accordance with IEA.	# of equipment	0	2024	-	4	-	-	-	-	4	Semi-annual report	REL#2: Table3
3.9. Training and capacity building of	# of trainees	0	2024	-	-	2	2	3	3	10	Semi-annual report	

[7] IEA: International Energy Association.

Indicators	Unit of measurement	Baseline value	Baseline year	Y 1	Y 2	Y 3	Y 4	Y 5	Y 6	End of Project	Means of verification	Comments
local communities (Amerindian people) for disaster and resilience planning, response and maintenance.												

Country: Suriname **Division**: TSP **Operation No.:** SU-L1071 **Year**: 2024

Fiduciary Agreements and Requirements

Executing Agency (EA): Ministry of Transport, Communication and Tourism (MTCT)

Operation Name: Support to the Air Transport Sector in Suriname

I. Fiduciary Context of Executing Agency

1. Use of country system in the operation[1]

☐ Budget	☐ Reports	☐ Information System	☐ National Competitive Bidding (NCB)
☐ Treasury	☐ Internal audit	☐ Shopping	☐ Others
☐ Accounting	☐ External Control	☐ Individual Consultants	☐ Others

2. Fiduciary execution mechanism

☒	Particularities of the fiduciary execution	This loan will be executed by the Ministry of Transport, Communication and Tourism

3. Fiduciary Capacity

Fiduciary Capacity of the EA	The result of the PACI assessment, with personnel from the MTCT, in addition to the review and analysis of documentation provided by its staff, indicate that the MTCT has a relatively weak capacity to undertake the implementation of the proposed IDB financed project. From an overall perspective, the main gaps existing in the institutional arrangements centre around insufficient formalised documented project execution-related policies, deficient project governance and management arrangements, limited experience in the application of IDB policies in managing projects, financial management, procurement management, ESHS management and the use of project management tools.

4. Fiduciary risks and risk response

Risk Taxonomy	Risk	Risk level	Risk response
Human Resources	If there is a loss of institutional knowledge due to changes in the executive management staff of	Medium-High	Develop and utilize a knowledge management strategy and plan that includes

[1] (Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of the Bank's validation).

	MTCT, then the rate of project execution can be slowed down.		the documentation of all relevant procedures/standard operating procedures, processes, policies, lessons learned and issues logs.
Internal processes	If the Project Management Unit within MTCT is not established on a timely manner to execute the project work, then delays in overall project implementation may occur.	Medium-High	Ensure that the establishment of the PEU is a condition precedence to first disbursement.
Internal processes	If the external Project Management Office/Firm is not procured and institutionalized within MTCT in a timely manner, the project management institutional strengthening of MTCT's PEU can be negatively affected, thus restricting project execution.	Medium-High	Ensure that the recruitment of an external PMO/Firm is a condition precedence to first disbursement.
Human Resources	If there is slow technical input from internal and external stakeholder/departments/ministries/regulatory bodies in giving technical support to the project and related activities, then this may lead to delays in the delivery of key project results.	Medium-High	Develop and utilize a Project Steering Committee.

5. Policies and Guides applicable to operation: Procurement and contracting will follow the policies for the procurement of goods and works financed by the Bank (GN-2349-15), and the policies for the selection and contracting of consultants financed by the Bank (GN-2350-15), as well as the fiduciary arrangements included in this document, effective January 2020.

6. Exceptions to Policies and Rules: Not applicable.

II. Aspects to be considered in the Special Conditions of the Loan Agreement

Pre-first disbursement conditions: N/A
Exchange Rate: For purposes of Article 4.10 of the General Conditions, the Parties agree that the applicable exchange rate shall be That indicated in paragraph (b)(i) of said Article. For purposes of determining the equivalency of expenditures incurred in Local Currency chargeable to the Additional Resources or of the reimbursement of expenditures chargeable to the Loan, the agreed exchange rate shall be the exchange rate on the effective date on/in which the Borrower, the Executing Agency, or any other person or legal entity in whom the power to incur expenditures has been vested makes the related payments to the contractor, supplier, or beneficiary.
Type of Audit: Throughout the loan disbursement period, the EA will submit to the Bank annual audited financial statements within 120 days after the close of the fiscal year. The audit will be conducted by a Bank-eligible independent audit firm. The audit's scope and related considerations

will be governed by the Financial Management Guidelines (document OP-273-12) and the Guide for Financial Reports and Management of External Audit. The final Audited Financial Report will be submitted within 120 days after the last disbursement of the loan. Audit costs will be financed with project resources.

III. Agreements and Requirements for Procurement Execution

☒	Bidding Documents	For procurement of Works, Goods and Services Different of Consulting executed in accordance with the Procurement Policies (document GN-2349-15), subject to ICB, the Bank's Standard Bidding Documents (SBDs) or those agreed between EA and the Bank will be used for the particular procurement. Likewise, the selection and contracting of Consulting Services will be carried out in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15) and the Standard Request for Proposals (SRP) issued by the Bank or agreed between the EA and the Bank will be used for the particular selection. The revision of the technical specifications, as well as the terms of reference of the procurements during the preparation of selection processes, is the responsibility of the sectorial specialist of the project. This technical review can be ex-ante and is independent of the procurement review method. The procurement of solar panels will incorporate all measures to address risks of forced labor in the primary supply chain of solar panel suppliers aligned with the IDB Group Measures to Address Risk of Forced Labor in the Supply Chain of Silicon-based Solar Modules (GN-3062). In addition, bidding documents will incorporate provisions to mitigate E&S risks, including forced labor and impacts. Bidding Documents could include environmental and social evaluation criteria. Procurements processes that include Silicon-based Solar Modules will be subject to ex-ante review and centralized monitoring.
☒	Advanced Contracting Retroactive financing	The Bank may retroactively finance from the resources of the loan, up to the sum of US$1,000,000.00 (5% of the proposed loan amount) for the acquisition and installation of the new communication tower at Johan Adolf Pengel international airport, under eligible component 3 "Improvements in the air transport control and operations", provided that requirements shall be in accordance with those set out in the loan contract. These expenses must have been incurred from the Project Profile Approval Date on May 8, 2024, but under no circumstances will expenses incurred more than 18 months before the loan approval date be included. (See GN-2349-15, GN-2350-15 y l(a) Policy on Cost Recognition, Retroactive Financing and Early Acquisition (GN-2259-1).)
☒	Procurement supervision	Given the low capacity of the Executing Agency and the new PEU, the method of supervision shall be Ex-Ante. The possibility for Ex-Post will be reviewed during supervision visits.
☒	Records and Archives	The PIU will have the responsibility for maintaining the files and records of the project. All records and files will be maintained according to standards acceptable to the Bank (best practices) and kept for a minimum of seven (7) years after the end of the project's execution period.

Main Acquisitions

Description of the procurement	Selection Method	New Procedures/Tools	Estimated Date	Estimated Amount 000'US$
Goods				
Aircraft Rescue and Fire Fighting Services (ARFFS) equipment	International Competitive Bidding (ICB)		10/1/2029	900
Communication, Navigation & Surveillance (CNS) equipment for Zorg & Hoop	International Competitive Bidding (ICB)		8/1/2027	3,500
Works				
ICT infrastructure upgrade at Zorg en Hoop	International Competitive Bidding (ICB)		8/1/2026	900
Acquisition and Installation of communication equipment for the Communication Antenna (PBM JAPI)	International Competitive Bidding (ICB)		9/1/2025	500
Construction of Communication Antenna and Installation of Equipment (PBM JAPI)	International Competitive Bidding (ICB)		9/1/2025	500
All-weather airstrip design and construction, including maintenance	International Competitive Bidding (ICB)		1/1/2027	3,000
Consulting Firms				
Improvements in air navigation surveillance and the development of updated flight manifests for domestic passengers and cargo	Selection based on Consultants'Qualification (CQS)		11/1/2027	75

Apecialized Firm to support PEU	Quality- and Cost-Based Selection (QCBS)		10/1/2025	1,875
Individuals				
Improvement Suriname's aviation sector's regional integration	Selection of individual consultant (by open invitation)		3/1/2025	295

To access, Procurement Plan - 18 months.xlsx

IV. Agreements and Requirements for Financial Management

☒	Programming and Budget	The EA will prepare and implement an operational plan, which will include the budget plan, procurement plan and financial plan, consistent with a 12month financial plan that will be required. The Borrower has committed to allocate, for each fiscal year of program execution, adequate fiscal space to guarantee the unrestricted execution of the program.
☒	Treasury and Disbursement Management	The disbursement mechanism shall be Manual and will follow the methods stated in the OP-273-12 and the Disbursement Handbook. The currency to manage the operation is the USD. The operation will generally work with a financial period of 6 months due to the planning cycle for the project. The Preferential Disbursement Method will be advance of funds, but other types of disbursements will be available. The operation is expected to justify 80% of accumulated balances pending of justification before requesting another advance of funds.
☒	Accounting, information systems and reporting	Specific accounting norms: IFRS (International Financing Reporting Standards). Accounting reports: The Executing Agency will utilize the off the shelf accounting and financial management software QuickBooks currently used for the accounting and financial reporting of many programs in the country. Financial Statements of the program will be prepared based on IDB rules given that the PFM reform is still in process. The financial specialist should maintain under his/her responsibility auxiliary records and systems (e.g. QuickBooks or similar).
☒	External control: external financial audit and project reports	The Borrower and the Executing Agency, as agreed with the Bank, will hire the services of an audit firm through a bidding process. The audit's scope and related considerations will be governed by the Financial Management Guidelines (document OP273-12) and the Guide for Financial Reports and Management of External Audit. The annual financial audits/ assurance reports should be submitted within 120 days of the end of a fiscal year and within 120 days after the date of last disbursement.

☒	Project Financial Supervision	Financial, Accounting and Institutional Inspection visits or meetings will be performed to: (i) Review of the Reconciliation and supporting documentation for disbursements; (ii) Compliance with financial and procurement procedures; (iii) Review of compliance with the lending criteria; and (iv) Follow up on audit findings and recommendations. The Review of Disbursements will be ex post.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-__/24

Suriname. Loan ____/OC-SU to the Republic of Suriname
Support to the Air Transport Sector in Suriname

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Suriname, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the program “Support to the Air Transport Sector in Suriname”. Such financing will be for the amount of up to US$25,000,000, from the resources of the Bank’s Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ___ _____ 2024)

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