

TC ABSTRACT

I. BASIC PROJECT DATA

Country/Region:	Suriname
TC Name:	Modernization of Financial Markets & Institutional Strengthening of the Central Bank of Suriname
TC Number:	SU-T1071
Team Leader/Members:	Olver Bernal (IFD/CMF), Team Leader; Diego Herrera (IFD/CMF); Jaiwattie Anganu (COJ/CMF) Lucas Hoepel (CCB/CSU); Lourdes Sanchez-Alvarez (PDP/CSU); Gloria Lugo (IFD/CMF); María Elisa Arango (LEG/SGO); and Stephanie Suber (IFD/CMF).
Indicate if: Operational Support, Client Support, or Research & Dissemination.	Operational Support
If Operational Support TC, give number and name of Operation Supported by the TC:	SU-L1030 (Modernization of Institutional Strengthening of the Central Bank of Suriname & Financial Markets, Third Stage-First Stage: SU-L1021 (2011, Second Stage: SU-L1034 (2013))
Reference to Request: (IDB docs #)	http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=38640547
Date of TC Abstract:	March 31st , 2014
Beneficiary:	Central Bank of Suriname (CBvS)
Executing Agency and contact name	Central Bank of Suriname (CBvS), Governor Gillmore Hoefdraad.
IDB Funding Requested:	US\$485,000
Local counterpart funding, if any:	US\$120,000 - CBvS
Disbursement period (which includes execution period):	15 Months
Required start date:	September 1st, 2014
Types of consultants	Individual consultants
Prepared by Unit:	IFD/CMF
Unit of Disbursement Responsibility:	CCB/CSU
Included in Country Strategy (y/n); TC included in CPD (y/n):	Y ¹ ;Y
GCI-9 Sector Priority:	Small and vulnerable countries

II. OBJECTIVE AND JUSTIFICATION

- 2.1 Since 2010, Suriname's government initiated a comprehensive Financial Sector Reform Program that has been supported by the Bank through a programmatic program of three consecutive PBLs. Two of them have been already disbursed (SU-L1021 and SU-L1034) and the last one is in current preparation for disbursement on the first quarter of 2015 (SU-L1030). Simultaneously, the Bank has supported most of the activities related with the Reform program with the TC SU-T1058. In particular, the TC financed the preparation of the draft Laws of

¹ Document GN-2637-3

Banking Regulation and Supervision; Insurance Regulation and Supervision Act; legislation amending the Reporting of Suspicious Transactions Act and the Identification Requirement for Service Providers Act. The TC also financed the Legislation governing Foreign Exchange Market (Cambios); a New Capital Markets Law; a Draft legislation to set up a Credit Bureau to facilitate financial institutions access to customers' credit history; a study of the models of secure transactions, in particular the proposal of the OAS to develop and implement a mobile guarantee register procedure in Suriname. Another actions financed by the TC included initial studies to prepare a plan for the establishment of a Property Registry for non-real estate assets combined with legal procedures to allow for prompt and low cost execution of guarantees other than real estate and a Public Banks reform. Furthermore, the TC financed the efforts to strengthen the institutional capabilities of the CBvS with regard to human resources, business procedures, policies and systems, as well as data management and dissemination, in order to enhance its conduct of its core responsibilities. In these regards, training for the existing staff has been initiated covering different topics such as on-site supervision examinations, banking supervision, international best practice standards and approaches to risk-based supervision. Also, Supervision staff received additional training that covered consolidated supervision, liquidity risk and market risk management. Several financial sector-related training courses geared to enhance the stock of human capital in the Bank have been completed in topics such as: (i) macroeconomic statistics; (ii) financial programming and policy; (iii) econometrics as well as; (iv) government finance statistics. Other courses included; (v) talent management and; (vi) performance management; (vii) econometric workshop; (viii) foundation program in IT service management and project management; (ix) public sector management; (x) financial education and; (xi) principles for Internal Audit; (xii) approval and implementation of enhanced procurement, internal audit, and budgeting procedures; and (xiii) progress in the modernization of the payment system in Suriname, among others.

- 2.2 **Objectives of the TC:** (i) Support the effective full implementation of the Financial Sector Strengthening Program (FSSP) (SU-L1030); (ii) Strengthen Central Bank institutional capabilities to effectively and efficiently assume its core responsibilities such as designing policies and execute supervision; (iii) Development of Financial markets in Suriname (Interbank, Money and Capital Markets, Payments System).The TC will provide technical assistance and training to Central Bank personnel to support the implementation of Central Bank's comprehensive FSSP, in particular, activities required for the modernization of the payment system. The full implementation of the Financial Sector Reform Program benefits country's population and in particular low income community as it encourages a wider access to financial services, reduces the cost of transactions and improves capabilities for the monetary authorities to achieve the goals of monetary policy and support a more sustainable economic development. The TC is aligned with GCI-9 priority of lending to small and vulnerable countries and with Suriname's country strategy (GN-2637-2) in the priority area of Financial Sector Development.

III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

A. Activities:

- i. **Strengthening of the Legal and Regulatory Framework for Financial Markets and Institutions.** Consultancies to assist the Central Bank in the preparation of the regulations required to implement the new Laws already enacted for financial markets and institutions in the context of the FSSP (SU-L1030) to, among others, increase participation of stakeholders and advance in reforms.
- ii. **Implementation of a CBvS human capital strengthening system.** This activity would include consultancies and training, both local and international, to improve technical staff and management human capital.
- iii. **Development and implementation of a program to enhance the efficiency and effectiveness of the Suriname's Payment System.** This component would include both consultancies and, potentially, the purchase of an information management system (software and hardware).
- iv. **Development and implementation of a program to enhance the efficiency, effectiveness and transparency of CBvS business and administrative procedures and systems.** This component would include both consultancies and, potentially, the purchase of an information management system (software and hardware) to increase efficiency, transparency and accountability.

B. Expected Outputs:

- i. Improve Suriname Payments System.
- ii. Designs and implementation of new Central Bank business and administrative procedures.
- iii. CBvS Human Capital Strengthening Plan and reports implementation.
- iv. Issuance of updated regulations to implement banking, insurance, foreign exchange, money transfer, and capital market Laws.
- v. Update Insurance Supervisory Manuals.
- vi. Public Bank Reform Program and Implementation Reports.

IV. BUDGET

- 4.1 Total Amount of funding needed.

Indicative Budget (US Dollars)

Activity /Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Activity 1	Legal/Regulatory strengthening	80.000	20.000	100.000
Activity 2	Central Bank supervisory and enforcement enhancement	80.000	20.000	100.000
Activity 3	Implementation of a CBvS human capital strengthening system	120.000	30.000	150.000
Activity 4	Development and implementation of payment system	80.000	20.000	100.000
Activity 5	Enhancement of the efficiency, effectiveness and transparency of CBvS business and administrative procedures and systems	120.000	30.000	150.000
Audit	Audit of TC	5.000		5.000
TOTAL	TOTAL	485.000	120.000	605.000

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 The Central Bank of Suriname (CBvS) is the monetary authority of the country and acts as guardian of the financial sector; banker to the commercial banks; and cashier, banker, and financial advisor to the government. As the monetary authority, its core objective is to preserve the purchasing power of the Surinamese Dollar through conduct of monetary policy and reserve accumulation. The CBvS is also charged with the supervision of the banking, credit union, insurance, and pension systems.

VI. PROJECT RISKS AND ISSUES

- 6.1 Development Risk: Bank might not be able to get consultants willing to work for the country or they might not be satisfying to CBvS. Mitigating measure is to close project's previous phases with the existing consultants, trying to keep them for the ulterior stages.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

- 7.1 Based on the Environmental and Social Safeguard Filter, the proposed TC has been classified as category C. No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact. See [Safeguard Policy Filter Report \(SPF\)](#) and [Safeguard Screening Form \(SSF\)](#).