

COMMUNITY DEVELOPMENT FUND

(SU-0020)

EXECUTIVE SUMMARY

Borrower and guarantor:	Government of Suriname (GOS)	
Executing agency:	Community Development Fund of Suriname (CDFS)	
Amount and source:	IDB: (OC)	US\$10.3 million
	Local:	<u>US\$2.5 million</u>
	Total:	US\$12.8 million
Financial terms and conditions:	Amortization Period:	25 years
	Disbursement Period:	4 years
	Interest Rate:	Variable (IFF)
	Supervision and Inspection:	1.00 % of loan
	Credit Fee:	0.75 %
	Currency:	US dollar from Single Currency's Facility
Objectives:	The primary objective of the program is to improve the living conditions, economic opportunities, and social well-being of the poorest communities of Suriname. The program will accomplish this goal through financing of small-scale, locally generated projects that meet the needs of these communities.	
Description:	The project has three components: (a) an investment component that will provide grant financing to support small-scale community-based projects designed to improve social capital, social infrastructure, and economic/productive infrastructure. It is estimated that under this component around 200 projects could be financed over the four years of program implementation. The maximum project cost allowed under the program is US\$75,000 including pre-investment infrastructure, eligible equipment and materials, related training, and supervision and pre-investment. Projects are defined as infrastructure plus local capacity-building training to support the goals of financial, technical, social, and	

environmental sustainability. At least 50% of these projects financing will benefit Interior communities. About 25% of all CDFS projects will be executed by NGOs and CBOs, with CDFS project management support; (b) **a promotion, technical assistance and training component** that will include the program's promotion campaign as well as three different types of technical assistance and training: (i) capacity building and education for CBOs and community members, (ii) technical assistance and support for select NGOs, consultants and contractors involved in the execution of CDFS-funded projects, and (iii) institutional capacity building for the CDFS; and (c) **an administration component** to finance personnel dedicated to the programs administration and project management; local consultants; vehicles and equipment; operations and maintenance of the CDFS facilities; and other recurrent office administration costs.

The CDFS will have a national scope, targeting the poorest communities in urban and rural areas and the Interior. The program will provide a demonstration effect for public agencies on procedures to improve efficiency and effectiveness in responding to local demand and implementing investment programs; and it will increase the capability of the communities to articulate their priority needs and participate in their own development. The proposed design of the CDFS will build on and strengthen the capacity of existing civil society networks but will also support improvements in the institutional capacity of community-based organizations (CBOs) and non-government organizations (NGOs).

**Relationship of
project in Bank's
country and
sector strategy:**

This operation is consistent with the Bank's strategy in Suriname (Country Paper CP-1292-2) which considers broad-based and sustainable development to be essential to improve the human resource base. Given the deterioration in the quality of social service provision and basic infrastructure, and the incidence of worsening social indicators associated with poverty, the Bank agreed with GOS in supporting the creation of a CDFS. The CDFS is viewed by the Bank and the GOS as one element of a more comprehensive and longer-term framework for social development. The basic policy framework of the strategy involves investments and institutional reforms aimed at improving the living conditions of the poorest population, by increasing their access to health, education, housing, employment and social infrastructure. The nature of these actions were discussed between the Government and civil society. The outcome of this dialogue is reflected in the GOS's official *Agenda for Social Development and Poverty*

Reduction Strategy. The Bank agreed to continue accompanying the GOS in the social development process by monitoring progress on this Plan during CDFS execution and to assist in its implementation where deemed necessary.

**Social benefits
and impact:**

The CDFS program will specifically target the poorest population groups in Suriname. The program's beneficiaries will be from those communities that have the lowest levels of access to basic social and economic infrastructure and that have been neglected or completely unattended by existing Governmental services. Through the small-scale community based investment projects, the program will increase access of these communities to health care, basic education, potable water and sanitation, electricity, training facilities, and other social facilities. Transportation and communications systems will also be improved, thus reducing the isolation of some of the communities in the Interior. Some communities in the Interior will also gain access to productive infrastructure that will relieve some of the work burdens of women and augment their productive capacity. While the program will be national in focus, special attention will be given to reaching the country's most marginalized groups, especially those in the remote rural areas and in the Maroon and Amerindian villages in the Interior. Priority will also be given to those projects that will contribute to improving the living conditions of women, especially single household heads, and that directly benefit children and youth. Community participation at all stages of the project cycle will be a fundamental feature of the CDFS program, including community contribution to project preparation, execution, operation and maintenance.

**Environmental
feasibility:**

As a result of the environmental appraisal of the demonstration projects and based on the final menu of eligible projects, it was concluded that CDFS projects will directly enhance the general living conditions of the poorest communities in the country. In most cases these projects will directly improve the environmental quality of the beneficiary communities, such as in the case of rehabilitation of water supply facilities, sanitation, and drainage systems. Any adverse environmental effect would be minor and controllable through the preventive and mitigating measures included in the Program's Operations Manual. During program preparation, including the demonstration stage, an environmental consultant carried out an environmental assessment and trained local staff who will be involved in program execution to ensure adequate capacity at the executing agency to apply and supervise the environmental criteria and measures to be considered at project

preparation, which are included in the Operations Manual. Additionally, the program's Technical Assistance and Training component will finance activities aimed at increasing the environmental analysis capacity of CDFS staff, NGOs and CBOs.

Risks:

Suriname is currently undergoing a politically volatile period consisting of political challenges to the current Government. Elections are planned for May 2000, raising the possibility of a change in policies and of exercising political influence in CDFS's investment decisions. The design of the program seeks to minimize these risks by: (a) setting up the CDFS as a semi-autonomous foundation; (b) using the financial mechanism of a trust fund to channel IDB and Government resources to the CDFS; (c) introducing a comprehensive list of project selection criteria which should mitigate political intervention in project selection; (d) including a majority of NGO participants on the CDFS Board of Directors to provide continuity through periods of political fluctuation; and (e) locking in an initial project pipeline prepared under close Bank monitoring to ensure transparency in the selection process.

The CDFS is a new concept among communities in Suriname. Potential beneficiaries may initially hesitate to trust the program and challenges securing local commitment to the project may occur. The CDFS needs to build up credibility rapidly by ensuring transparency in its decisions by strict application of its Operations Manual, and efficiency in implementation of the project cycle.

Sustainability of projects may be at risk if communities do not properly operate and maintain their projects. To improve the possibilities of communities to raise revenues for recurrent costs for project operation, training and active involvement of communities and NGOs during preparation will be emphasized by CDFS.

Other risks of the program stem from the newness of the institution and of the capacity and/or willingness of NGOs and private enterprises to participate as effective partners. The technical assistance and institutional component, designed to strengthen the technical capacity of NGOs, line ministries, CDFS professional staff and private sector participants should be stressed in order to mitigate this risk.

Government support during implementation is essential to ensure sustainability of the project and availability of counterpart financing. Inter-institutional agreements have been prepared with

Special contractual clauses:

key ministries to ensure cooperation, and the 11-member Board of the CDFS contains 5 GOS representatives, including one from the President's Office. Therefore, the CDFS should enjoy broad political support as well as active NGO involvement.

The borrower, must comply with the following conditions precedent to first disbursement of the loan:

1. A special foreign currency account held in the name of CDFS has been opened to deposit the Bank loan proceeds (see para. 3.36).
2. A special foreign currency account held in the name of the CDFS has been opened to deposit the Government's counterpart resources (see para. 3.36).
3. An agreed upon Operations Manual for the program is approved by the CDFS Board (see para.2.6).
4. Key CDFS staff satisfactory to the Bank are recruited (see para. 3.8).
5. Inter-institutional agreements are in place (see para. 3.9).
6. Presentation by CDFS of initial report including work plan, statement of sources and uses of funds, a code of accounts, and a revised procurement plan (see para. 3.41).

Other contractual conditions:

1. Up to US\$0.4 million may be recognized as a contribution to the program from beneficiaries (see para. 2.14).
2. Of the US\$2.1 million in GOS counterpart funding, up to US\$360,000 may be recognized retroactively (see para. 3.39).
3. Annual reviews and a midterm review of the program must be carried out (see para. 3.40 and para. 3.45).
4. At midterm review continued disbursements will be conditioned upon satisfactory implementation of the Agenda for Social Development and Poverty Reduction by the GOS (see para. 3.45).

Poverty-targeting and social sector classification:

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (Document AB-1704). Furthermore, this operation qualifies as a Poverty Targeted Investment (PTI). The Borrower has requested the 10 additional percentage points in Bank financing allowed for PTI qualified operations (see para. 4.1).

Exceptions to

None.

Bank policy:

Procurement: The procurement of goods and works and the contracting of consulting services will be carried out in accordance with the current Bank policy as set out in Annexes B and C to the Loan Contract. Given that the maximum project cost is US\$75,000 no procurement will be carried under International Competitive Bidding (ICB) procedures.

I. FRAME OF REFERENCE

A. The economy

- 1.1 Suriname's small, open economy is dominated by commodity production and a large non-tradable goods sector. Bauxite mining and processing activities account for roughly 70% of total exports and 50% of income tax revenues, but relatively little employment. Other major exports include shrimp, rice, bananas, lumber and crude oil. Some diversification has occurred in recent years, with gold mining, lumber activities and crude oil production growing in importance. The economy is heavily regulated and the state plays a preponderant role, accounting for 65% of total employment in the formal economy. Public development assistance, private remittances and informal economic activities provide important props to the economy.
- 1.2 A major factor contributing to increased levels of poverty in Suriname over the past two decades has been disappointing economic performance. Long-run economic growth was almost non-existent between 1975 and 1997 and real Gross Domestic Product (GDP) per capita was actually slightly lower in 1997 than in 1975. Since 1981, Suriname has experienced significant macroeconomic disequilibria and volatility. In large part the volatility has arisen from boom-bust cycles caused by variations in the international price of alumina, which is Suriname's principal export, but economic policies have often exacerbated the boom-bust cycles. The macroeconomic situation improved greatly in 1995 and 1996 because of rising international alumina prices and several important policy changes, including a devaluation and unification of various official exchange rates and significant improvements in tax administration. The economy stabilized rapidly, with inflation declining from 587% in 1994 to 1% in 1996 and GDP growth reaching 7% per annum in both 1995 and 1996.
- 1.3 However, macroeconomic conditions deteriorated significantly again in 1998 and early 1999 due to expansionary fiscal policies and a decline in international alumina prices. The Government's fiscal position deteriorated from a fiscal surplus equivalent to 0.5% of GDP in 1996 to a deficit of 12% in 1998. These factors produced a balance-of-payments and exchange rate crisis in May 1999, as a result of which inflation accelerated to over 100% on a 12-month basis. The acceleration of inflation is reducing real wages and exacerbating poverty, and may be widening inequality.
- 1.4 The economic outlook is mixed. On the positive side, international alumina prices have risen significantly from the nadir in the first half of 1999. This should have favorable effects on government revenues and export receipts. In addition, the completion of large government investment projects in the middle of 2000 should enable a reduction of government expenditures. However, current macroeconomic imbalances are so large that it is questionable whether the factors mentioned above will be sufficient on their own to reduce the fiscal and balance of payments deficits enough. Furthermore, the huge debt-servicing obligations

over the next two years plus the significant stock of external payments arrears suggest that significant fiscal and BOP adjustment will have to take place, if a sustainable macroeconomic framework is to be re-established.

B. Socioeconomic conditions in Suriname

- 1.5 **Population: Geographic distribution and ethnicity.** The current population of Suriname is estimated to be about 416,000. Approximately 70% reside within a 30-km radius of the capital, Paramaribo, 18% in coastal rural areas, and about 12% in the Interior. The country's population is characterized by great ethnic diversity: Hindustani 37%; Creole 31%; Javanese 14%; Maroons (tribal groups of African origin) 10%; Amerindians 3%; Chinese 3%; and European 1%. Ethnic identity is strong and relations between ethnic groups are complex. There are nearly as many languages as there are ethnic and tribal groups in Suriname. Over the centuries, several creole languages have developed combining tribal languages with European influences. Sranantongo has developed into the most important of the Creole languages, functioning as a national lingua franca that is spoken by almost everyone in the country.
- 1.6 The country's unique ethnic and linguistic diversity as well as the geographic distribution of the population are considerations that must be taken into account when designing social policy and programs. The role of women and economic status are two of the variables influenced by ethnic identity. In general, however, the most vulnerable population groups in Suriname are female-headed households, children, the aged, the uneducated and the geographically isolated.
- 1.7 **Poverty.** Official estimates of the poverty line using household surveys and the Ministry of Social Affairs and Housing (MSAH) poverty line, find that 49% of the population of Suriname is poor. Other poverty studies from the early 1990s report even higher levels of poverty than the official estimates, with estimates ranging from 55%-80%. Nearly all the people in the Interior are believed to belong to this category.
- 1.8 While the accuracy of poverty measures in Suriname is uncertain, there is evidence that socioeconomic conditions have deteriorated significantly since the 1980s. The interruption of the Dutch aid between 1982 and 1986, and a six-year civil war in the 1980s and early 1990s, and poor economic policies inhibited economic and social development. Per capita income in 1996 was estimated at US\$835 (in 1990 dollars), the fourth lowest of Inter-American Development Bank (IDB) member countries. Household surveys also revealed that the share of household heads with no labor income rose from 21 to 33% between 1990 and 1993.
- 1.9 Deteriorating health conditions also provide strong evidence that the level of poverty has increased in recent years. For instance, malnutrition has been on the rise since the early 1990s. Incidence of malaria and dengue are also increasing – in fact, Suriname has the third highest rate of malaria in the Western Hemisphere,

with only Belize and Guyana reporting more cases annually. Since the war in the Interior, there has been a decline in vaccination coverage and a decrease in the number of functioning health care facilities. In addition, the number of reported cases of HIV/AIDS more than doubled between 1992 and 1996. While the country's per capita HIV/AIDS rate (15/100,000) is still lower than that of most countries in the English-speaking Caribbean, it is higher than those reported throughout Latin America. The incidence of HIV/AIDS and other sexually transmitted diseases (STD) is a growing concern, especially for local women living near the expanding mining and logging areas in the Interior.

- 1.10 While overall access to basic education is extensive in Suriname, the country is confronted with a myriad of problems affecting the quality of education, including deficiencies in the institutional and incentive structure of the education system, deteriorating condition of facilities, lack of equipment and materials, inadequate maintenance and/or theft, poor quality instruction, and lack of transportation for students and teachers. Many of the schools in the Interior were destroyed during the civil war and have not yet been reconstructed or rehabilitated.
- 1.11 The country's urban areas contain many poverty stricken communities. The Government of Suriname (GOS) fiscal difficulties during the last few years have prevented the expansion and maintenance of urban basic infrastructure and services. Although no reliable figures are available, urban settlements have evidently expanded and the number of poor in the two most populated districts, Paramaribo and Wanica, has increased. Significant numbers of refugee Maroons have arrived in Paramaribo, and now reside in squatter communities, principally Sophia's Lust, Pontbuiten and Ramgoelamweg. These refugees are among the most indigent segments of the city's population. A lack of adequate sanitation facilities within households in these communities increases the risk of an outbreak of water-borne diseases. Their lack of skills, the shortage of employment opportunities for low-skilled workers, and limited access to social services inhibits the improvement of their living standards.
- 1.12 **The Interior.** The three districts of Brokopondo, Marowijne and Sipaliwini, and part of the District of Para, together constitute what is called the Interior or Hinterland. It represents 87% of the land area of Suriname. The population of the Interior is small, widely dispersed and almost entirely composed of Maroons and Amerindians. There are five Amerindian tribes and six Maroon tribes in Suriname, and their total populations are estimated at approximately 15,000 and 50,000-60,000 respectively. The population of the Interior is distributed between 250 villages, ranging from 50 to 7,000 inhabitants. The Maroons are concentrated along the upper Suriname, Saramacca and Marowijne rivers, while most of Amerindians are found near the savanna belt or in the Deep South near the Brazilian border. This settlement pattern has a history of over 400 years.

- 1.13 There is limited data of the living conditions of the Maroons and Amerindians but they are, certainly, the poorest of the ethnic groups.¹ Their livelihood is derived primarily from subsistence agriculture and fishing, and on consumer and capital goods sent by family members working in urban areas or outside of the country (in French Guyana or the Netherlands). Although gold mining/prospecting and logging are becoming increasingly important in some areas, this has not translated into significant benefits for the local communities at large. In addition, the gold and other extractive industries have generated increased health risks associated with the contamination of the potable water and fish supply.
- 1.14 Thousands of people from the Interior were displaced by the civil war. About 7,000 refugees who fled to French Guiana began to return in 1992 and they still have inadequate housing and public services in their tribal lands. The rebuilding of destroyed water supply systems, roads, schools, health care centers, police stations, and other facilities has been severely constrained by logistical and financial problems. Malaria and sexually transmitted diseases have also threatened refugee health.
- 1.15 There has been practically no presence of Government agencies in the area, except for the Ministry of Regional Development (MRD), which until recently only assisted in emergency situations. Several international organizations, national NGOs and church organizations are involved as basic service providers in the Interior and as promoters of small-scale training and productive projects, but their relatively low budgets limit their impact to a small fraction of the population.
- 1.16 **Gender considerations.** The status and participation of women varies significantly across socio-cultural groups in Suriname. In urban areas, women participate actively in all aspects of society, with an ever-growing presence in the political sphere and as leaders in the NGO community. Women in the rural districts and the Interior, however, are among the most vulnerable and under-represented social groups in Suriname. Rural Hindustani women, for example, confront more rigid cultural restrictions limiting their participation in activities outside of the home than any other group of women. They have almost no presence in community organizations or local decision-making structures. Many development projects in the country have not taken gender considerations into account during project design and execution, and have, as a result, had difficulty promoting the active and sustained involvement of both women and men.

¹ In 1998-99, the IDB financed two studies, through the Swedish Consulting Fund, to assess the current living conditions, socioeconomic well being and priority needs of the communities in the Interior. The studies confirmed the very low level of access to social and economic infrastructure, limited economic opportunities, significant needs for local capacity building and training, the heavy work burdens of local women, and vulnerabilities of the children and aged. The studies helped to identify priority needs in several Maroon and Amerindian communities, appropriate technologies, and potential community development projects.

- 1.17 Today, women, children, and the elderly are the majority of the population in the Interior due, in large part, to male out-migration in search of wage labor. The exact number of female-headed households in the country is not yet available, but most estimates exceed 50%, with the highest rates of 70%-80% in many Maroon villages. Women in the Interior face serious hardships as they struggle to balance their time between their multiple roles as food producers, household managers, child and elderly care givers, and providers of water and other resources required for household survival. At the same time, they have very little access to income generating opportunities as well as limited participation in local leadership and decision-making structures. Several studies conducted in different regions of the Interior during the 1990's illustrate that women and men have different needs and different levels of control over resources, and, therefore, tend to express distinct development priorities. Over the past 4-5 years, in collaboration with several of the NGOs and international agencies working in the Interior, women have begun to organize themselves, and, in a few cases, have even gained access to a small number of leadership positions within local Government and tribal councils. While most of the women's organizations in the Interior are quite new and have limited capacity, they are increasingly gaining legitimacy at the local level and are well positioned as potential participants in the proposed Community Development Fund of Suriname (CDFS) program.

C. Institutional structure of the social sectors

- 1.18 The GOS plays an important role in the financing and provision of education, health, housing and social welfare. Presently, the quality and coverage of the Government's provision of social services is inadequate as a result of insufficient budget, inefficiencies in the delivery systems, institutional weaknesses, and poor targeting. Under current legislation the public sector in Suriname is highly centralized. National ministries have primary responsibility for the delivery of most basic local services. Key among these is the (MRD) who, as the national entity in charge of local administration and development, is also responsible for the delivery of most basic local services in the rural areas and the Interior.
- 1.19 The **education** system is highly centralized and is coordinated, managed and regulated by the Ministry of Education and Human Development (MOEHD). The MOEHD, the dominant financier of education services, is also responsible for culture, sports and youth. The ministry has established positions for district inspectors to provide teacher supervision and to manage all administrative issues that involve the ministry in each of the 10 districts. Where these positions are filled, the inspectors have few if any staff and inadequate funding for school visits to schools in the Interior. Community participation in maintaining schools and other social infrastructure is not widespread, but there have been some successful experiences in the case of school facilities run by religious organizations.
- 1.20 **Health** services are provided under a mixed private-public system under which the public sector contracts with private providers. Services are financed through various categories of payers, covering practically the whole population. However,

the State plays a dominant role in the sector as a financier. The Ministry of Social Affairs and Housing (MSAH) covers about 35% of the total population registered as poor. The Interior, comprising about 14% of the population, is also covered by MSAH or by services provided by the Medical Mission, an umbrella organization of Christian NGOs, with financing from the Ministry of Health (MOH). Civil servants, their families and voluntary enrollees are affiliated to the State Health Insurance Fund (SZF) which is financed through payroll taxes and Government contributions. The majority of the remainder of the population obtains health coverage through their employers.

- 1.21 **Social welfare.** Traditionally, the protection of the socially vulnerable has had high priority in the policy of successive Governments in Suriname. The MSAH is responsible for addressing the needs for social services of the most vulnerable groups in the country: the disabled, children, the elderly, and those in extreme poverty. The benefits include old-age pensions, a financial support program, general child allowance, and free medical care for the poor and other disadvantaged groups. Apart from these programs, in 1994 a Social Safety Net (SSN) program was introduced, financed with Dutch aid. The main activity of the program is the provision of a package of basic goods to be distributed to the poorest countrywide. Only US\$5 million of a total of US\$26 million originally allocated was actually disbursed in four years. The financial support program mentioned above, also financed with Dutch aid, was only 25% disbursed during 1994-98. Both programs suffered from serious budget shortage due to suspension of the Dutch aid, very ineffective targeting, and logistic difficulties in reaching the beneficiaries.
- 1.22 **NGOs and CBOs** in Suriname have always played an important role in the delivery of social services, especially health and education in the Interior and rural areas in Suriname. As the economic and social situation has deteriorated, their role in promoting economic development and social cohesion has increased. Over the past decade, the NGO sector in Suriname has grown substantially. This growth can be attributed both to the limited capacity of the Government to address the needs of many different population groups, and to a growing interest of civil society to play a more active role in the country's economic development and in promoting democratic processes. There are currently thousands of legally recognized NGOs and CBOs, most of which are small foundations and associations. A preliminary review of the mandates and activities of these organizations indicates that close to 400, including approximately 60 women's organization have goals similar to those of the CDFS, but that relatively few have demonstrated capacity in the design and implementation of training and community-based projects. Many of the groups, however, have significant community mobilization, networking and advocacy capabilities. Most of them have very limited access to financial resources or are largely dependent on outside donors. A general issue facing most NGOs is inadequate inter-institutional coordination among them and limited access to or dialogue with Government.

D. Social Development and Poverty Reduction Strategy

- 1.23 Given the critical socioeconomic situation in Suriname, the GOS recognizes the urgent need to develop a social policy that would prevent further deterioration of living conditions through the reduction of poverty and by increasing access of the population to health, education, housing, employment, social infrastructure and economic opportunities. The GOS requested assistance from the Bank to prepare a strategy for coherent, integrated and sustainable social development and poverty reduction. In response, the Bank put together a team of high level international and national consultants to undertake this task. This team helped the GOS in the analysis of the current state of social services and policies and in proposing an initial plan of action for the short and medium term. In a effort to start up a social dialogue and to increase the political feasibility of the action plan, the GOS held a consultative Workshop with stakeholders (private sector, CBOs, workers, NGOs) before arriving at their final and official action plan. The findings of the Workshop were incorporated into the position paper *A New Agenda for Social Development and Poverty Reduction: Towards Greater Participation, Effectiveness and Efficiency*.
- 1.24 The plan aims at achieving an acceptable level of livelihood for the most vulnerable groups, and proposes structural social reform and policy measures to guarantee sustainable and equitable social development in the medium term. The thrust of the plan is: the recognition of the need for a more stable macroeconomic environment, and recommendations on how to improve effectiveness of the social welfare programs; enhanced participation and cooperation between public and private sector partners involved in social development; improved identification of the poorest and the most vulnerable groups in the country; removal of legal obstacles to social development; expanded and diversified sources of external financing.
- 1.25 The Plan proposes for the short-term, specific macroeconomic measures; actions to support microenterprise development; increased opportunities for reducing poverty among women and youth and promotion of gender equity. The first short-term measure taken by the GOS is the creation of the CDFS. For the medium-term the action plan proposes improvements in the effectiveness, equity and efficiency in the health and education delivery systems; improvements in access to affordable housing; reforms aiming at more flexibility in the labor market and improved vocational training; transparency and accountability of the public sector; greater control and decision making at the local level; increased efficiency of public enterprises; and poverty reduction policies through improvements in social welfare programs. The Bank reviewed the Plan of Action and agreed to continue accompanying the GOS in the social development process by monitoring progress on the Plan during CDFS execution and to assist in its implementation where deemed necessary.

E. Rationale for Bank's involvement

- 1.26 This operation is consistent with the Bank's strategy in Suriname (Country Paper CP-1292-2) which considers broad-based and sustainable development to be essential to improve the human resource base. Given the deterioration in the quality of social service provision and basic infrastructure, and the incidence of worsening social indicators associated with poverty, the Bank agreed with the GOS in supporting the creation of a CDFS. The CDFS is viewed by the Bank and the GOS as one element of the more comprehensive and longer-term framework for social development, based on policy reforms that improve institutional and incentive frameworks to enable resources to be used efficiently and effectively in the social sectors. This reforms will be implemented through the Social Development and Poverty Reduction Strategy.
- 1.27 The Bank's involvement in a Community Development Fund in Suriname is justified by a number of factors. Poverty is believed to be widespread. Suriname's social indicators indicate a serious deterioration in the quality of infrastructure and equipment in existing facilities in the social sectors. Underpinning the Government's poverty reduction strategy is the vision of an inclusive, participatory society where a decentralized state collaborates with poor communities to solve their problems. Given the country's varying needs, the Bank is focusing this project on providing support for community-based responses to the critical needs facing these communities.
- 1.28 With an efficient and transparent delivery mechanism, a targeted promotion strategy, and strict appraisal criteria to ensure viable, sustainable subprojects, the CDFS can effectively reach its target group with priority investments. The CDFS's emphasis on targeting marginalized indigenous and ethnic minority groups in the Interior is also consistent with the Bank's strategy to develop specific initiatives that address their concerns. The priority given to promoting the active participation of women in all aspects of the program advances the mandates of the Bank's WID policy and the 8th Replenishment. At the same time, the CDFS will complement the decentralization process in the country, supported by the Bank (SU-0019) aimed at building the capacity, at the local level, for assuming greater responsibility for the delivery of services.
- 1.29 The CDFS project integrates several of the strategic priorities outlined in the IDB's strategy paper "The Use of Social Investment Funds as an Instrument for Combating Poverty" (1998). Specifically, the project design places special emphasis on (a) fostering active participation of beneficiary communities at all stages of the project cycle, (b) providing training aimed at building local capacity and project sustainability, and (c) ensuring active participation of women and indigenous populations in all aspects of the program.

F. Project Preparation Funding

- 1.30 A US\$708,000 grant from the Japanese Special Fund (JSF) was approved for continuation of project preparation activities. These include preparation and execution of 12 demonstration investment projects; development of the MIS software; support in development of the Social Development and Poverty Reduction Strategy; and logistical and administrative support for project preparation. Under this grant, a team of experts, the Project Preparation Team, had overall responsibility for management of the CDFS preparatory activities, including assessment of social and gender issues and environmental impact as well as a technical analysis. A US\$52,600 grant from the Canadian Technical Assistance Program was approved for financing development of the Operations Manual and for supporting and following-up development of the MIS.

II. THE PROGRAM

A. Objectives

- 2.1 The primary objective of the program is to improve the living conditions, economic opportunities, and social well-being of the poorest communities of Suriname. The program will accomplish this goal through financing of small-scale, locally-generated projects that meet the needs of these communities.
- 2.2 The CDFS will have a national scope, targeting poor communities in urban and rural areas and the Interior. The program will provide a demonstration effect for public agencies on procedures to improve efficiency and effectiveness in responding to local demand and implementing investment programs; and it will increase the capability of the communities to articulate their priority needs and participate in their own development. The proposed design of the CDFS will build on and strengthen the capacity of existing civil society networks but will also support improvements in the institutional capacity of non-Government organizations (NGOs) and community-based organizations (CBOs).

B. Project description

- 2.3 The project has three components: (a) an investment component; (b) a promotion, technical assistance and training component; and (c) an administration component.

1. Investment component (US\$8.7 million)

- 2.4 The CDFS will provide grant financing to support small-scale community-based projects designed to improve social capital, social infrastructure, and economic/productive infrastructure. Projects are defined as infrastructure plus community training to support the goals of financial, technical, social and environmental sustainability. The maximum project cost is limited to US\$75,000. This limit was established in order to ensure that the program maintains its objective of financing small-scale, locally generated projects and that it benefits a larger number of communities. The average project implementation cost is estimated at US\$42,000, including infrastructure, related training and pre-investment. This estimate is based both on the priority needs assessment exercise carried out in representative communities throughout the country as well as on the experience of demonstration projects currently being implemented. It is estimated that under this component around 200 projects could be financed over the four years of program implementation. At least 30% of these projects will benefit Interior communities. Approximately 25% of all CDFS projects will be executed by NGOs and CBOs, with CDFS project management support. The type of projects eligible for financing on a national level will include:

- a. **Education:** rehabilitation and construction of educational facilities, support for basic equipment and basic teaching materials for schools.

- b. **Health:** rehabilitation and construction of clinics, outpatient facilities, and basic equipment upgrades.
 - c. **Social welfare:** construction or upgrading of facilities, such as day care centers, old age homes, shelters (for women, drug rehabilitation, homeless children, and the disabled); sports, community and vocational training centers; and student hostels (for boarding students from the Interior).
 - d. **Water supply and sanitation:** small-scale potable water-supply systems, intakes and distribution lines and storage tanks as well as community latrines, where culturally accepted, or collective sanitation networks.
- 2.5 In addition, the following types of projects will be eligible for financing in the Interior and isolated rural communities with a poverty ranking similar to that of the Interior:
- a. **Communications:** infrastructure and equipment for telecommunications centers, and community broadcast radio facilities.
 - b. **Electricity:** Electrification of community buildings and areas; small-scale electrical systems and renewable energy systems.
 - c. **Transportation:** boat landings, and boat engines.
 - d. **Productive infrastructure:** Community based facilities such as markets, warehouses and other storage facilities; community based agro-processing and handicraft facilities; and ecotourism facilities. Initially no more than 5% of total program resources may be allocated to this category. Priority will be given to projects that contribute to alleviating heavy work burdens of women to increase their productive capacity.
- 2.6 The projects may involve the construction, rehabilitation, or expansion of community-owned facilities and some basic equipment. The beneficiary community in all such projects must make provisions for proper management, operation and maintenance of the facility in question. Some projects will require rehabilitation of publicly-owned facilities that will be operated by the communities, particularly community centers. To ensure continuity of services and community management of the facilities, the GOS will transfer ownership or usufruct and management control of the facility (in each case, conditioned upon the exclusive use of the facility for project-related purposes) to the CBO or NGO sponsor organization. The Operations Manual will provide detailed eligibility criteria for project type, size, and location, along with guidelines for modifying the criteria if required during program implementation. **Approval of the Operations Manual by the CDFS Board will be a condition precedent to first disbursement.**

**2. Promotion, technical assistance and training component
(US\$1.2 million)**

- 2.7 This component will include the program's promotion campaign as well as three different types of technical assistance and training. These include: (a) capacity building and education for community-based organizations and community members, (b) technical assistance and support for select NGOs, consultants and contractors involved in the execution of CDFS-funded projects, and (c) institutional capacity building for the CDFS.
- 2.8 **Promotion.** To ensure effective coverage and equitable access to information about the CDFS, the program will include a two-tiered promotion strategy: (a) a national information dissemination campaign designed to publicize the CDFS' goals, project menu, eligibility/selection criteria, and procedures to potential beneficiary communities, NGOs and other service providers, as well as to other stakeholders from the private and public sectors; and (b) targeted promotion in remote communities in rural districts and in the Interior, with special emphasis on Maroon and Amerindian communities (see para. 3.21 for more details).
- 2.9 **Local capacity building and community education.** In order to promote the active participation of community members in project preparation, execution, operation, and maintenance and to ensure overall project sustainability, community training and capacity building activities will be integrated into the design and execution of all CDFS-funded projects. The training activities will focus primarily on: (a) local organizational development, administration, project management, and conflict resolution; (b) operation, maintenance and proper usage of facilities; (c) broader community education/awareness raising on specific topics, such as hygiene, sanitation, and the environment; and (d) community participation in project preparation and execution. Special emphasis will be placed on promoting and supporting the active participation of women and youth in all relevant training activities, at all stages of the project cycle and in decision-making processes.
- 2.10 Basic capacity building and community education activities will also be carried out as part of the targeted promotion campaign in the more isolated communities in rural coastal districts and the Interior that may not otherwise be able to participate in or benefit from the CDFS program. Additional efforts will be made in these communities to provide assistance for identifying and articulating priority community needs, and initiating or strengthening processes of community participation.
- 2.11 **Technical assistance and training for NGOs and other service providers.** The CDFS program will finance technical support and training to participating NGOs and independent consultants to strengthen their capacity to assist local communities during project identification and preparation, to help facilitate the use of participatory planning methods and gender analysis, provide community training, and to execute select CDFS-funded projects. To ensure that NGOs

project executors have the necessary skill base, special attention will be given to the areas of project management, environmental aspects and financial administration. The CDFS will work with external consultants to develop specific guidelines for promoting participatory processes throughout the project cycle, and community training activities. In addition, special training workshops will be designed and conducted to sensitize and build the capacity of large and small local contractors to work collaboratively with beneficiary communities from different socio-cultural groups.

- 2.12 **Building CDFS institutional capacity.** Technical assistance and training resources will be used to strengthen CDFS's ability to manage the project cycle, institutionalize participatory methodologies and a focus on gender issues throughout the sub-project cycle, apply appropriate environmental criteria, monitor data and make any necessary mid-course corrections during execution. The CDFS Board of Directors will also receive technical support and training to further develop their capacity in the areas of strategic planning, foundation management and conflict resolution in order to ensure their efficient and effective functioning.

3. Administrative component (US\$1.9 million)

- 2.13 The administration component will finance the administrative costs of the CDFS, including: (a) an Administrative Unit; (b) CDFS personnel dedicated to project appraisal, execution, supervision and monitoring; (c) local consultants that will play a role in the administration of the CDFS, including an external auditor, a legal advisor, a management consulting firm that will be hired to undertake an executive search for the Director of the CDFS; (d) the rehabilitation of CDFS head office and three satellite offices; (e) vehicles and equipment; (f) operation and maintenance; (g) recurrent office administration costs.

C. Program cost and financing

- 2.14 Total program cost of US\$12.8 million will be financed with a Bank loan of US\$10.3 million, a counterpart contribution from GOS of US\$2.1 million and a contribution equivalent to US\$0.4 million from beneficiary communities. This community contribution equals 5% of project investment costs, which will be required in the form of cash, labour or materials.
- 2.15 The program includes US\$8.7 million for community-based investment projects, US\$1.2 million for technical assistance, training, and promotion; US\$1.9 million for project administration, and financial costs of US\$1 million. Administration costs represent 15% of total project costs. This relatively high percentage is attributable to the high logistical costs associated with reaching communities in the country's Interior and to the small size of the program. The size of the program is determined in large measure by the borrowing capacity of the GOS as well as the expected implementation capacity of the CDFS as a new organization.

- 2.16 The Groupe Agence Française de Développement (AFD) is considering a soft loan to the GOS for approximately Euro 2.5 million to cofinance the program. Resources will finance additional Community-based Investments and part of the GOS counterpart. Approval of this loan is expected by mid-2000.

Table II-1 Preliminary Total Program Cost Table (in US\$ millions)					
Investment Category	IDB	GOS	Community	Total	%
1. Component Costs					
1.1 Community-based investments	8.3	0.0	0.4	8.7	68
1.2 Promoting technical assistance and training	1.2	0.0	0.0	1.2	9
1.3 Program administration	0.7	1.2	0.0	1.9	15
Subtotal	10.2	1.2	0.4	11.8	92
2. Financial Costs					
2.1 Interest	0.0	0.8		0.8	6
2.2 Inspection and Supervision (1% of loan amount)	0.1	0.0		0.1	1
2.3 Credit Commission (0.75% p.a. on undisbursed balance)	0.0	0.1		0.1	1
Subtotal	0.1	0.9		1.0	8
Total	10.3	2.1	0.4	12.8	
%	80	17	3		100

D. Poverty map

- 2.17 In order to ensure that CDFS investments are targeted to the poorest communities, the CDFS will apply a transparent selection process based on various sources of information on the communities and the projects submitted to CDFS. Due to the lack of reliable data on the socio-economic conditions of the communities and given the need for an analysis of demand for community-identified projects from the most disadvantaged communities, a poverty map was developed by the Bank, with assistance from the *Centro Latinoamericano de Demografia (CELADE)*.
- 2.18 To gather information for the poverty map, focus group interviews were carried out in 253 communities, representing about 50% of the communities in the country. The exercise involved geographic identification of the communities, demographic information, assessment of their socio-economic status and needs, and ranking of communities by poverty level. The indicators selected for defining the community ranking relate to access to water and sanitation, education and health services and other services and community facilities.

- 2.19 Since the focus group interviews were not national in scope, limited data could be obtained from the Interior. Given the lack of alternative information sources, the CDFS will rely on this map, on the Bank's poverty line calculation for Suriname, and on verification visits to the communities for investment targeting until data from a new national census is available. Current plans are for a 2000 census.

E. Demonstration projects

- 2.20 To determine the program's feasibility, a sample of 12 demonstration community projects were selected for implementation during project preparation, 8 of which were executed from a total of 20 identified, similar to those that will be carried out under the program. The estimated cost of the projects identified at the demonstration stage ranged from US\$15,000 to US\$150,000. They are as follows: two water supply projects, three community centers, one sport facility, two upgrading of school facilities and electrification, one productive infrastructure, one child care center, one electrification, and one communications project. The selection was based on the following criteria: geographic distribution. Participation by the various ethnic groups; sector diversity; and participation of women and youth.
- 2.21 In order to determine the feasibility and inform the design of the program, the following factors were considered when analyzing the projects: (a) community priority; (b) community participation, gender issues and local capacity; (c) scale of the project; (d) adequacy of the design; (e) financial and environmental feasibility; (f) alternatives considered; (g) bidding and award of contracts; (h) supervision and quality control; (i) operation and maintenance. The demonstration projects benefited from the findings of the IDB Study of Infrastructure Needs in the Interior as regards the design of technical solutions for water, alternate energy, and sewage collection, treatment and disposal. Specifications for construction are also well defined in Suriname as regards to schools, wells, etc. The average cost of the projects at this stage was US\$42,000. In general, communities required several site visits in order to develop the project proposal, and the number of visits appeared to be a factor of community readiness.
- 2.22 In all cases, cost effective solutions were found to meet the identified needs of the community, as well as the community participation requirements. For the execution of the projects, a selected competitive bidding process was used. The response from private contractors was adequate but not overwhelming, since size of the project is not attractive to the larger contractors. Contracting also spanned a period of 8 weeks which is considered too long for jobs of this size. It is estimated that with a streamlined process in place this time can be reduced to three weeks on average. The contracting process led to the determination of the need for special consideration for the use of local contractors and sole source contracting to be considered for very small projects. Further it was determined that contractors should be awarded additional points for use of community provided material, and for hiring local labor. Execution of the demonstration

projects showed that: (a) projects in the Interior will prove prohibitively expensive to undertake with formally registered contractors; (b) small, local contractors of the Interior are generally unregistered; (c) all communities will require technical assistance in project preparation; (d) Government cooperation will be required for many types of projects, especially roads, water, electricity and schools; (e) the time between project application and project selection by the CDFS priority ranking system should be minimized; (f) time to approval should be no more than two months on average; (g) supervision of work will pose a challenge in Interior;

- 2.23 To address the above issues, the following actions and procedures will be undertaken: (a) in order to work with small, local, unregistered contractors in the Interior, CDFS will follow the same procedures of the Ministry of Regional Development acceptable to the Bank; (b) project officers will play a key role in providing technical assistance to communities during project preparation, especially in the Interior and rural communities. In addition, NGOs and eligible consultants will be trained by CDFS in project preparation. For Interior and rural projects, CDFS may approve payment for project preparation by NGOs and consultants. Such approval would be contingent upon prior verification of the project by CDFS staff. Reimbursement in such cases will be limited to a very small percentage of project costs; (c) inter-ministerial letters of intent will be sought at the verification stage (prior to project preparation) for all projects requiring institutional approval; (d) project selection will be conducted every two months, based on the CDFS priority ranking system; (e) the project cycle time table will be established and carefully monitored to identify and resolve bottlenecks in the project cycle; (f) efforts will be made to bundle projects in the Interior by geographic area and sector, in order to make the project package more attractive to bidders and to reduce costs.

F. Terms and conditions

- 2.24 The Bank's financing of US\$10.3 million will be in US dollars from the Single Currency Facility (SCF) of the Ordinary Capital resources (OC). Up to US\$10.3 million will be eligible for interest rate support from the Intermediate Financing Facility (IFF) Account. The Bank's financing will provide 80% of the total cost of the program (Table II-2).

TABLE II-2	
Terms and conditions	
Source of Funds:	Ordinary Capital
Amount:	US\$10.3 million
Amortization Period:	25 years
Commitment of funds:	3.5 years
Disbursement Period:	4 years
Interest Rate	Variable (IFF)
Inspection and Supervision:	1% of loan
Credit Commission	0.75%
Currency	US dollars from Single Currency Facility

III. PROGRAM EXECUTION AND ORGANIZATION

G. The borrower and executing agency

- 3.1 The CDFS is a semi-autonomous foundation created by initiative of the MRD in 1999 for an initial period of four years. A key operation strategy is to limit the size of the CDFS staff to a minimum core group. External consultants will supplement the CDFS staff at various stages in the project cycle as required. A semi-decentralized organizational structure has been adopted, in which three satellite offices servicing the Interior and rural areas play a lead role in the initial stages of the project cycle, and a vital support role in later stages.
- 3.2 **Board of Directors.** The CDFS is governed by an eleven-member Board of Directors, including five Government and six NGO representatives. In addition, the IDB and the Ministry of Labor (MOL) both have observer status on the Board. Government representatives include: Ministry of Planning and Development Cooperation (MPDC), Ministry of Social Affairs and Housing (MSAH), Office of the President, and the Ministry of Health (MOH) alternating with the Ministry of Education (MOEHD) on an annual basis. The Board is chaired by a representative of the MRD. The representatives of line ministries and NGOs are appointed to the Board for a period of two years. NGOs representatives are appointed to represent the following groups: national women's organizations, national youth organizations, and four regions representing the Interior and rural districts. NGO representatives are elected by their peers via a national consultative process. For appointment of the first NGO Board members, the Project Preparation Team (PPT) organized public meetings of the various groupings to inform them of the role of the Board and of the CDFS. The respective NGO groups were asked to elect their representative from among their ranks. The PPT supervised the election process.
- 3.3 The Board is responsible for ensuring that the CDFS is administered in accordance with the procedures detailed in the Operations Manuals. In addition, the Board is responsible for the following: (a) approval of this manual; (b) appointment of the CDFS managing director; and (c) assigning weights to the priority indicators used in project selection; (d) and the approval of projects whose cost is greater than US\$50,000. The Board will delegate responsibility for the approval of projects below this amount to the CDFS managing director.
- 3.4 **Management.** The CDFS Director is appointed by and is responsible to the Board of Directors. The Director is responsible for supervising the daily activities of CDFS and will report to the Board of Directors on a quarterly basis. The Director has authority for approving all projects under US\$50,000, providing that they satisfy eligibility criteria and are prioritized based on the project priority ranking system of CDFS.

- 3.5 Organizationally, CDFS is divided into a Technical Unit, a Training and Promotion Unit, a Socio-Economic Unit and an Administrative Unit. Three satellite offices are strategically located to provide the CDFS with the logistical capacity to address the needs of the communities located in the rural areas and the Interior. The CDFS Administrative structure reflects the project cycle and the interdisciplinary coordination required to optimize the efficient administrative of the program. All the offices will be staffed with both a technical and a community development project officers who, working in tandem, will serve as a main point of contact with the target groups and the CDF. The task of these officers will be to serve as information and intake centers for the regions, especially with regard to project identification, verification, preparation and monitoring of execution.
- 3.6 Overall project management is the responsibility of the Project Manager, based in the main office. Each project will be assigned a project officer who will track the project through the entire project cycle. Promotion, identification and verification will be led by the Socio-Economic and Environmental Unit. Project preparation and appraisal is the responsibility of a multi-disciplinary team from both the Socio-Economic and Environmental Unit as well as the Technical Unit. A project approval committee consisting of the Director, Project Manager and Administrator will approve projects. The Administration Unit will prepare project contract with input from the Technical Unit. The Technical Unit will coordinate the technical aspects of project execution and supervision, while the Community Development/Gender specialist coordinates training – in collaboration with the Training Coordinator – and monitors community participation and contribution.
- 3.7 Given the wide range of projects expected and the geographic spread, the centralization of the appraisal, approval and execution segments is seen as the most cost-effective approach. A Field Coordinator will assist the Project Manager acting as liaison in the regions in which the satellite offices will be located. As telephone services are only intermittently or unavailable, communications between the offices will be facilitated through radio transmission.
- 3.8 **CDFS Staffing.** The CDFS will require approximately 30 staff members, including professional, technical and support staff. Key professional and technical positions in the CDFS structure may be filled by individuals who were involved in project preparation and took part in development of the demonstration projects. Key positions include the Director, selected following the procedure described in paragraph 2.13, project manager, economist, field coordinator, training coordinator, community development and gender specialist, civil engineer, administrator, and MIS specialist. **Recruitment of key CDFS staff will be a condition precedent to first disbursement.** An organizational chart of the CDFS is provided in Annex II.
- 3.9 **Interinstitutional coordination.** The CDFS project menu includes social and productive infrastructure in several social sectors that fall under the jurisdiction of

Government line ministries, or require coordination with public institutions. Prior to the preparation phase of the project cycle, the relevant inter-institutional endorsements will be obtained for all projects involving schools, electricity, water, and health. Furthermore, inter-institutional agreements for financial and material support will be sought between the agencies and CDFS, where relevant, to ensure the financial sustainability of the project. **These agreements should be signed as a condition precedent to first disbursement.** Table III-2 provides a matrix of the endorsements required by project type. District Commissioners will be consulted during project identification in order to avoid duplication and overlap in the provision of services. District Councils will be similarly consulted in order to verify that projects identified reflect the communities' preferences.

- 3.10 **Project Executive Committee.** A Project Executive Committee (PEC) comprising of community members must be formed in each community for each project prior to project approval. The role of the committee is to serve as a link between CDFS and the community at large. If a CBO exists in the community, the members of the PEC may be a subset of the CBO directorate. If a CBO does not exist, a community working group must be established, and the PEC will be formed from a subset of its members. In the case of infrastructure projects, the PEC will assume responsibility for organizing the collection of community financial, material, and labor contributions. Also, the PEC will report on the physical integrity of the infrastructure three months following project completion. The Committee will comprised at least three and not more than nine members, including a Chairperson, a treasurer and a secretary.
- 3.11 **Project Execution by NGOs.** In order to enable the CDFS to complete the project targets, in some cases, NGOs and CBOs will be assigned the task of project execution. Two alternate scenarios are envisaged. In the first instance, NGOs and CBOs which have been approved as CDFS project executors, may execute projects, for which they will receive an administration fee of 5% of total project cost. In the second instance, the CDFS may carry out selective bidding through prequalified NGOs and CBOs to execute a bundle of projects on behalf of the CDFS. In all cases CDFS will ensure appropriate training of the organizations involved. It is estimated that approximately 25% of the CDFS projects will be fully delegated to NGOs for execution. The Operations Manual establishes voting procedures which avoid possible conflict of interest in the approval of projects above US\$50,000 by the CDFS Board.

Table III-1 Required Inter-Institutional Endorsement by Project Type	
Project type	Institution
Schools	<ul style="list-style-type: none"> • Ministry of Education • Private (RKBO, EBGs)
Electricity	<ul style="list-style-type: none"> • Ministry of Natural Resources • Energy Company Suriname (EBS)
Water	<ul style="list-style-type: none"> • Ministry of Natural Resources • Surinam Water Company (SWM)
Health Centres	<ul style="list-style-type: none"> • Ministry of Health • Bureau of Health (BOG)
Communications	<ul style="list-style-type: none"> • Ministry of Telecommunications and Transport • TeleSur

H. Execution of the investment component. The Project Cycle

- 3.12 The CDFS project cycle involves eight stages: (a) promotion; (b) identification; (c) verification; (d) preparation; (e) appraisal; (f) contracting; (g) execution and supervision; and (h) completion.
- 3.13 **Promotion.** During the promotion stage, the goals and objectives of the CDFS are communicated to the beneficiary communities, service providers and other stake holders via a national promotion campaign and targeted promotion activities in rural districts and the Interior. The targeted promotion will, in many cases, be carried out in tandem with project identification.
- 3.14 **Project identification.** This stage consists of the identification of the priority needs of the community and the selection, by the community, of a priority project to be presented to CDFS as a project application. Project identification may be undertaken by the CDFS, NGOs and CBOs, and the community itself. Project identification will also be carried out in tandem with targeted promotion activities in rural districts and the Interior.
- 3.15 **Verification.** The verification stage involves the confirmation by the CDFS that a project application addresses the priority needs of a community and receives the support of a significant percentage of the community. Inter-institutional approval and commitments are sought at this stage.
- 3.16 **Project preparation.** At this stage, detailed project proposals are prepared, describing the social, technical, financial, economic, environmental and legal aspects of the projects. The project proposals will conform to the guidelines

established in the CDFS Operations Manual. Project preparation may be done by CDFS staff, NGOs or CBOs, or the community itself.

- 3.17 **Appraisal and approval.** Project appraisal involves the review of the project proposal by CDFS professionals in the Project Management Unit (PMU) to ensure that the project conforms to the social, technical, financial, economic, environmental and legal guidelines established in the CDFS Operations Manual.
- 3.18 **Contracting.** In the contracting stage, project-related service contracts are prepared according to the norms and procedures identified in the Operations Manual. Contracting will be undertaken by the project executor. It is estimated that 25% of projects will be executed by NGOs and CBOs, and the remainder by the CDFS.
- 3.19 **Execution and supervision.** During implementation, infrastructure projects are constructed, and the training related to the project is provided. During this phase, supervision is primarily the responsibility of the project executor, however even in the case of projects executed by NGOs and select CBOs, the CDFS will periodically supervise progress. NGOs will be required to demonstrate adequate management and financial administration capacity as a precondition to their undertaking execution.
- 3.20 **Completion.** Following project completion, a final report prepared by CDFS staff will compile basic information on the financial, technical, environmental and social aspects of the completed project. The report will follow the guidelines provided in the Operations Manual.

I. Execution of the promotion, technical assistance and training component

- 3.21 The CDFS staff will include a full-time training coordinator, for at least the first two years of the program, who will have primary responsibility for the execution and supervision of the training aspects of this component. The training coordinator, in close collaboration with the community development specialist, will (a) prepare annual training plans; (b) contribute to the preparation and appraisal of the training components of CDFS investment projects; and (c) contract and monitor NGOs and consultants to carry out materials development, CDFS capacity building workshops, NGO and contractor capacity building, and community training. The community development specialist and the field coordinator will share responsibility for the coordination and supervision of the CDFS promotion activities.
- 3.22 **Promotion.** The CDFS program will consist of a yearly promotional plan approved by the CDFS Board of Directors. The design of the promotion strategy and the production of necessary materials will be out-sourced to a promotion/communications specialist during the start up of the program. The specialist's services will be contracted thereafter on an as needed basis.

- 3.23 Promotion will be carried out through mass media (e.g radio, and newspaper), regional workshops, community or resort level meetings, and the broad distribution of brochures and posters. In urban areas and coastal rural districts, Dutch and Sranantongo will be the primary languages used, although radio announcements will also be broadcast in Javanese and Hindi, as appropriate. In rural districts, communities have very limited access to written media, so greater attention will be given to radio, community meetings and distribution of brochures. Finally, promotion in the Interior will use, to the greatest extent possible, tribal languages.
- 3.24 The targeted promotion will include a combination of: (a) meetings with tribal chiefs, community leaders, women's groups and youth groups; (b) radio programs; (c) community meetings or workshops; and (d) people to people "popular theater," where culturally appropriate. In selected communities, local promoters will help facilitate community dialogue and priority needs assessments, and provide basic capacity building related to project preparation, group formation and community participation. Targeted communities will be selected on the basis of poverty indicators and geographic isolation. It will be ensured that a sample of communities from each of the 11 Maroon and Amerindian tribes are included in the yearly promotion plans.
- 3.25 The CDFS community development specialist, field coordinator, and project officers in the satellite offices will carry out promotion activities, with the assistance of a small cadre of local promoters from select NGOs, CBOs and communities from the region. It is anticipated that many other NGOs, CBOs, resort council members will play an active role in overall information dissemination efforts, utilizing their broad communications and local community networks. The MRD's Radio Boskopu as well as local radio stations and NGOs active in communications will benefit from training in mass communication techniques and production of materials in local languages. The CDFS will also invest in community radio projects as a means of alleviating some of the problems caused by isolation and lack of information.
- 3.26 **Local capacity building and community education.** Project related training for beneficiary communities will be financed as a part of the investment project (under the investment component). CDFS project preparation will include an assessment of training needs and the inclusion of training activities in the project budget. In most cases, training activities will be out-sourced to local NGOs that have a demonstrated capacity and experience implementing training at the community level. The CDFS MIS system will include an inventory of NGOs and independent consultants certified for this purpose. Efforts will be made to draw on NGOs or CBOs already working within the areas where the community is located. Preference will be given to organizations that have: (a) capacity to carry out training activities using culturally appropriate methods suited for the level of literacy and the language spoken, (b) experience working with men, women and youth groups, (c) experience with non-didactic and participatory methods, and (d) participated in CDFS funded training programs.

- 3.27 To ensure sustainability, it will be essential to ensure that women, men and youth have access to training opportunities so as to promote a sense of shared responsibility within the communities in the management of the projects.
- 3.28 **Technical assistance and training for NGOs, and other service providers.** Training workshops will be conducted for NGOs, consultants and contractors who will be involved at different stages of the project cycle. Basic informational and sensitization workshops will be conducted to ensure clear understanding of the program goals, guidelines and procedures. Consultant services will also be contracted to prepare training program and conduct training of trainers for NGOs and others interested in providing support to CBOs. This training will result in certification required for participation in the program. Training and technical support will be provided to the contractors on how to prepare bids, how to work in a participatory manner with communities, and how to optimize community participation.
- 3.29 **CDFS institutional capacity building.** Training of the CDFS staff will be conducted by external consultants with experience working with social investment funds or similar community development programs. These consultants will conduct an assessment of CDFS staff training needs, prepare training materials, and execute training workshops in areas of priority areas (see para 2.12). In the first year, priority will be given to strengthening capacity in project preparation and management, the use of participatory methods and culturally appropriate methods for working with poor communities. The Board of Directors of the CDFS will also receive training in strategic planning, foundation management and conflict resolution in order to ensure their efficient and effective functioning.

J. Eligibility and selection criteria

1. Eligibility

- 3.30 All requests for project funding will be evaluated to ensure that projects are consistent with CDFS's objectives and that projects incorporate least-cost designs and reflect a cost effective use of resources. In order to be considered for CDFS funding, project applications must:
- a. Address the priority needs of poor communities;
 - b. Be consistent with CDFS project menus;
 - c. Satisfy the minimum cost sharing criterion for beneficiary communities (5%);
 - d. Provide evidence that projects are technically, socially, financially and environmentally feasible and sustainable, and fulfil CDFS legal criteria;

- e. Conform to project funding ceilings (i) per community; (ii) per beneficiary; (c) per region.

3.31 In addition, project applications must be presented by eligible applicants. Eligible applicants include NGO sponsors² as well as beneficiaries such as CBOs and informal community groups. Projects may not be presented by Government ministries, authorities, political parties or representatives, nor by individuals.

2. Selection criteria

3.32 Prior to project preparation, applications will be ranked in terms of priority, as determined by the CDFS Priority Ranking System (PRS). In order to ensure that the project selection process is as transparent as possible, the PRS will be integrated within the customised software of the CDFS Management Information System, and will assign the project ranking based on a number of pre-defined criteria chosen to reflect the Government's Poverty Reduction Strategy. The following criteria will be used to prioritize projects: (a) community poverty index, based on the poverty map; (b) sector priority ranking; (c) beneficiary priority ranking; (d) regional disbursement index based on geographic location of the project (Interior, rural, urban); (e) the community's cumulative disbursement; (f) the date of reception of the project application.

3.33 Project ranking will be performed following the verification stage of the project cycle. The community priority index component of the PRS will be given by the poverty map. In the cases where the poverty map does not have complete information on a particular community, certain information required to compile the community poverty index may need to be obtained during verification.

3.34 The periodicity or frequency of project ranking will depend upon the volume of project demand and the capacity of CDFS to process project applications and execute projects. The timing of project rankings as well as the methodology and criteria used to rank projects are fully described in the Operations Manual. Project ranking will be subject to periodic external monitoring/audit to ensure that the prioritization procedures have been correctly followed. A consulting firm will be hired for this task. The results of each project ranking will be made available to the general public.

K. Procurement

3.35 The procurement of goods and works and the contracting of consulting services will be carried out in accordance with the current Bank policy as set out in Annexes B and C to the Loan Contract. Given that the maximum project cost is US\$75,000 no procurement will be carried under International Competitive Bidding (ICB) procedure. Therefore the procedures to be adopted will be those

² The term *sponsor* refers to a legally constituted that has been selected by the community to coordinate project preparation and execution on the community's behalf.

agreed with the GOS, which essentially require at least three suppliers to be invited to submit bids. Given the experience of the demonstration phase, it is expected that the contractor skilled base is more than satisfactory for the number and type of projects to be carried out. In the case of the most rural areas and the Interior, the MRD will provide the CDFS with a list of sub-contractors in the Interior to facilitate a partnering process between nationally registered contractors and the skill sets that may be needed at the local level. All contractors will be invited to register with the CDFS at the start of the program. With regard to the procurement of equipment, local shopping will be employed as the individual value of these items are not expected to exceed US\$30,000. Procurement of works will follow the national procurement procedures. In this regard the CDFS is preparing a database of contractors, consultants, and NGOs from which qualified service providers will be selected. The detailed procurement guidelines are included in the Operations Manual.

L. Execution and disbursement schedule

- 3.36 The Bank loan proceeds will be deposited in a special foreign currency trust fund held in the name of the CDFS. Government counterpart resources will be deposited in a local currency trust fund held in the name of the CDFS. Transfers from both trust funds will be made to the CDFS projects account and the administrative account on the basis of requests by the CDFS Administrator. Requests for transfers to the both accounts will be substantiated by statements of expenses documenting the financial advance of project execution. **Establishment of both bank accounts will be a condition precedent to first disbursement.**
- 3.37 The period for commitment of the resources of the Bank's financing will be 3 1/2 years from the date of signature of the Loan Contract. The resources are deemed to have been committed when the contract between the CDFS and the contractor has been signed. Although the period for disbursement of the resources is four years, the request for the final disbursement must be presented to the Bank no later than 30 days before the end of the period. The six-month difference between commitment and disbursement termination dates should provide sufficient time for the completion of all projects contracted. The following table contains a projection of the annual disbursement by financier during the program.

Table III-2 Annual Disbursement Schedule by Financier (in US\$ million)						
Source	Year 1	Year 2	Year 3	Year 4	Total	%
IDB	1.9	2.7	3.3	2.4	10.3	80
GOS	0.5	0.5	0.5	0.6	2.1	17
Community	0.1	0.1	0.1	0.1	0.4	3
Total	2.5	3.3	3.9	3.1	12.8	100
% year	19	25	31	25	100	

- 3.38 **Advance of funds.** It is recommended that a revolving fund equivalent to 5% of the loan be established.
- 3.39 **Retroactive recognition of expenditures.** It is recommended that expenditure of up to US\$360,000 incurred within the six-month period prior to loan approval and before the first Bank disbursement be recognized as part of the GOS contribution to the program. This expenditure would include, the costs associated with the execution of the final stages of the implementation of the demonstration projects, the preparation of the pipeline of projects for the start up of the loan activities, design of the promotion campaign, promotion and training activities, setting up the satellite offices, follow-up of MIS development, and completion of the poverty map.

M. Program monitoring

1. Annual review

- 3.40 The Bank and the CDFS will carry out annual reviews of program execution. As a minimum, the review will include: (a) an assessment of the overall program execution during the previous year; (b) comparison of specific program achievements with the indicators in the logical framework (see Annex I); (c) an evaluation of the effectiveness of project cycle management, including environmental appraisal, as well as the application of the MIS; (d) the process and results of community organization and participation at all stages of the project cycle; and e) monitoring progress in implementation of the *Agenda for Social Development and Poverty Reduction*. To facilitate this review, the CDFS will provide information from the evaluation of a broad selection of completed projects which are representative of the various project categories. The program will be evaluated using the evaluation methodology previously agreed with the Bank.

2. Reports

- 3.41 **As condition prior to the first disbursement, the CDFS will present to the Bank, an initial report** including (a) a detail of activities undertaken subsequent to the approval of the loan by the Bank; (b) a work plan for the first year of operations; (c) a statement of sources and uses of funds; (d) a code of accounts; and (e) a revised procurement plan of the entire program.
- 3.42 During project execution, the CDFS will present semi-annual progress reports to the Bank. These reports, as a minimum, will contain information on: (a) the number of projects processed during the reporting period, as well as the cumulative figure; (b) the number and type of beneficiary reached; and (c) the investments made. The report will also indicate the targets or outputs and the status of achievement of the objectives in terms of the indicators in the MIS.

3. External audits

- 3.43 The CDFS will establish and maintain adequate accounts and records in accordance with generally accepted international accounting practice. Within 120 days of the close of the fiscal year, commencing with the year in which the first disbursement is made, the CDFS will present to the Bank financial statements for the program and for the CDFS. A firm of independent auditors acceptable to the Bank should audit these statements.

4. Internal controls

- 3.44 Two internal control mechanisms will be available to the CDFS. Firstly, an internal audit unit will provide basic accounting and procedural follow-up as well as monitoring of the performance of contractors executing projects with CDFS funds. Secondly, the MIS will provide 'on-line' support for the operational management of projects. Management's capability to monitor and enforce responsibility for all aspects of project development and execution will be facilitated.

5. Midterm review

- 3.45 It is recommended that the Bank and the CDFS conduct a midterm review of the program when approximately 50% of the loan resources have been committed, but no later than 30 months after the first disbursement. The major objective of this review will be to evaluate the CDFS's operational and institutional experience including all social, technical environmental, and financial procedures. A representative sample of completed projects will be selected for this evaluation. Continuation of disbursements after midterm review will be subject to progress in implementation of the *Agenda for Social Development and Poverty Reduction*, satisfactory to the Bank. A midterm review report will be presented to the Bank. This report will review project performance, highlighting any major problems and issues and proposing adjustments for the remainder of project execution.

IV. PROGRAM FEASIBILITY, VIABILITY AND RISKS

A. Socioeconomic benefits/impact

- 4.1 This operation qualifies as a social equity enhancing project and poverty targeted investment (PTI). The CDFS program will specifically target the poorest population groups in Suriname. The program's beneficiaries will be from those communities that have the lowest levels of access to basic social and economic infrastructure and that have been neglected or completely unattended by existing Governmental services. Through the small-scale community based investment projects, the program will increase access of these communities to health care, basic education, potable water and sanitation, electricity, training facilities, and other social facilities. Transportation and communications systems will also be improved, thus reducing the isolation of some of the communities in the Interior. Some communities in the Interior will also gain access to productive infrastructure that will relieve some of the work burdens of women and augment the amount of produce and other products that can be processed, stored and/or transported. While the program will be national in focus, special attention will be given to reaching the country's most marginalized groups, especially those in the remote rural areas and in the Maroon and Amerindian villages in the Interior. Priority will also be given to those projects that will contribute to improving the living conditions of women, especially single household heads, and that directly benefit children and youth.
- 4.2 Community participation at all stages of the project cycle will be a fundamental feature of the CDFS program, including community contribution to project preparation, execution, operation and maintenance. Because this type of program and level of community involvement is a relatively new concept for many population groups in Suriname, the program will prioritize local capacity building and training. To ensure active involvement of the community, a project executive committee will be formed in each beneficiary community to act as the local focal point throughout the project cycle. The program will also provide support for NGOs, CBOs and other community groups to gradually increase knowledge of and capacity to use participatory planning methods and focus on gender issues.
- 4.3 It is anticipated that the benefits of such local capacity building will go far beyond the execution of individual CDFS-funded projects, strengthening the overall organizational, management and leadership capability of poor communities, as well as the processes of decentralization which very recently has been initiated in the country. The active participation of all members of the community will contribute to the economic, social and environmental sustainability of the CDFS projects, and will create more favorable conditions for strengthening community organizations and maintaining community commitment to the project. In addition to involving local NGOs and CBOs in the promotion activities, project preparation and execution of selected projects and training activities, the NGO sector will have 6 seats on the 11 member CDFS Board of Directors.

- 4.4 To ensure that the focus on community participation, gender and ethnicity is maintained through project execution, the CDFS will include a full-time community development gender specialists at headquarters and project officers with background in these areas in each satellite office.

B. Technical feasibility

- 4.5 The technical feasibility of the program will be assured through applying the lessons learned in conducting demonstration projects; and by establishing feedback mechanisms in the program. The CDFS management team, may continue to update the Operations Manuals, which provide guidelines for preparation and sets out very clear project eligibility requirements including technical, social, economic, and environmental criteria that must be met for project approval.
- 4.6 To ensure that minimum cost solutions are possible, the CDFS' MIS incorporates a Modular Cost Database that includes unit cost information to be applied to new construction, which is based on prototypes solutions for different sectors and geographical areas. In the case of rehabilitation projects, since solutions are unique to each project, a minimum of three estimates will be requested from potential contractors.
- 4.7 In order to mitigate the challenges of doing work in the Interior, the CDFS will program execution of projects in the Interior in clusters to increase economies of scale with respect to construction costs. It will also include bonus points to contractors for the inclusion of local workers in their team. The CDFS project officers will include at least one technically trained officer in the regional office. The CDFS will also offer training in project supervision to select NGOs who may then be contracted to perform these services.

C. Environmental feasibility

- 4.8 As a result of the environmental appraisal of the demonstration projects (par. 2.18) and based on the final menu of eligible projects it was concluded that the CDFS projects will directly enhance the general living conditions of the poorest communities in the country. In most cases these projects will directly improve the environmental quality of the beneficiary communities, such as in the case of rehabilitation of water supply facilities, sanitation, and drainage systems. Any adverse environmental effect would be minor and controllable through the preventive and mitigating measures included in the Program's Operations Manual.
- 4.9 During program preparation, using the demonstration projects, an environmental consultant trained local staff expected to be involved in program execution to ensure adequate capacity at the executing agency to apply and supervise the environmental criteria and measures to be considered at project preparation, which are included in the Operations Manual. Additionally, the Technical

assistance and training component will finance activities aimed at increasing the capacity of CDFS staff, NGOs and CBOs for analysis of environmental aspects of projects.

D. Program's risks

- 4.10 Suriname is currently undergoing a politically volatile period consisting of political challenges to the current ruling party. Elections are planned for May 2000, raising the possibility of change in policies and of exercising political influence in CDFS's investment decisions. The design of the program seeks to minimize these risks by: (a) setting up the CDFS as a semi-autonomous foundation; (b) using the financial mechanism of a trust fund to channel IDB and Government resources to the CDFS; (c) limiting eligible project applicants to community and civil society's organizations; (d) introducing a comprehensive list of project selection criteria which should mitigate political intervention in project selection; (e) including a majority of NGO members on the CDFS Board of Directors to ensure that the interests of civil society are given priority and to provide continuity through periods of political fluctuation; and (f) locking in an initial project pipeline prepared under close Bank monitoring to ensure transparency in the selection process.
- 4.11 The CDFS is a new concept among communities in Suriname. Potential beneficiaries may initially distrust the program and a low response to promotion efforts and local commitment to the project may occur. The CDFS will be able to build up credibility rapidly by ensuring transparency in its decisions by strict application of its Operations Manual, and efficiency in implementation of the project cycle.
- 4.12 Sustainability of projects may be at risk if communities do not properly operate and maintain their projects. To improve the possibilities of communities to raise revenues for recurrent costs for project operation, training and active involvement of communities and NGOs during preparation will be emphasized by CDFS.
- 4.13 Other risk of the program stem from the newness of the institution and of the capacity and/or willingness of NGOs and private enterprises to participate as effective partners. The technical assistance and institutional component, designed to strengthen the technical capacity of NGOS, line ministries, CDFS professional staff and private sector participants should be stressed in order to mitigate this risk.
- 4.14 Government support during implementation is essential to ensure sustainability of the project and availability of counterpart financing. Inter-institutional agreements have been prepared with key ministries to ensure cooperation, and the 11-member Board of the CDFS contains 5 GOS representatives, including one from the President's Office. Therefore, the CDFS should enjoy broad political support as well as active NGO involvement.

LOGICAL FRAMEWORK

Summary	Indicators	Means of Verification	Assumptions
Improving the living conditions and social participation of civil society in the poorest communities in Suriname.	<ol style="list-style-type: none"> At least 10% of communities in lowest poverty rank improved their access to social services (elevated to higher poverty rank). At least 80% of beneficiary communities find that their living conditions have improved. 	<ol style="list-style-type: none"> Updated Poverty Map (survey) Records of GoS social expenditures Beneficiary Assessment NGOs Survey 	
Providing the poorest communities with social and economic structure and services that reflect the needs of the community.	<ol style="list-style-type: none"> At least 90% of project identified through community-based priority needs assessment. At least 80% of projects benefit communities in the lowest 50% of poverty map ranking. At least 80% of resource invested in communities in the lowest 50% of poverty map ranking. 	<ol style="list-style-type: none"> CDFS Project files General Bureau of Statistics (ABS) Updated poverty map Mid-term and Ex-post evaluation reports 	<ol style="list-style-type: none"> Beneficiaries access and use services and give proper maintenance to facilities and equipment. The GoS adopts and implements Social Development and Poverty Reduction Strategy

LOGICAL FRAMEWORK

Summary	Indicators	Means of Verification	Assumptions
small scale, locally generated projects the needs of the poorest communities and operating.	<p>1.1 By 2003, at least 200 projects with a maximum individual cost of \$75,000 successfully executed, in accordance with the Operations Manuals, as follows:</p> <p>Year 1: at least 30 projects Year 2: at least 50 projects Year 3: at least 70 projects Year 4: at least 50 projects</p> <p>Year 1: at least US\$1.3 million Year 2: at least US\$2.2 million Year 3: at least US\$3.0 million Year 4: at least US\$2.2 million</p> <p>1.2 At least 90% of projects are properly operating and maintained following program completion.</p> <p>1.3 At least 30% of projects and resources benefit communities in the Interior.</p>	<p>1.1 CDFS's MIS and project files</p> <p>1.2 CDFS Annual Reports</p> <p>1.3 Certificate of completion of Projects.</p> <p>1.4 Annual Reports from NGOs, CBOs and other project sponsors.</p>	
established and efficiently maintained.	<p>2.1 At least 90% of prepared projects are approved.</p> <p>2.2 Average duration of project cycle not to exceed 5 months by mid-term; and 4 months in year 4.</p> <p>2.3 At least 90% of projects implemented have a cost variance relative to CDFS modular cost database of less than 20%.</p>	<p>2.1 CDFS records in MIS</p> <p>2.2 CDFS records in MIS</p> <p>2.3 Project files</p>	<p>2.1 CDFS is properly staffed with high quality professionals and support staff</p> <p>2.2 CDFS staff and Board receptive to training and implement knowledge gained carrying out their functions</p>

LOGICAL FRAMEWORK

Summary	Indicators	Means of Verification	Assumptions
NGOs, CBOs and local consultants in project identification, preparation, and execution strengthened	<p>3.1 NGO/CBO facilitation of participatory priority needs assessments and project preparation increases over the life of the program (targets to be established)</p> <p>3.2 NGOs and other local service providers effectively execute the community training components of CDFS projects.</p> <p>3.3 At least 25% of the projects executed jointly with NGOs and CBOs over the life of the program.</p>	<p>3.1 CDFS training files</p> <p>3.2 CDFS Annual reports</p>	
Local communities to actively participate in community-based projects	<p>4.1 At least 75% of the beneficiary communities receive training to build local capacity.</p> <p>4.2 At least 40% of participants in community needs assessments and project identification are women.</p> <p>4.3 Project execution committees established and functioning in each beneficiary community with at least 30% participation of women in year 1 of the program, 35% by mid-term, and at least 40% by the final year of the program.</p> <p>4.4 At least 25% of communities that benefit from CDFS carry out other community-based projects within 2 years of their participating in the CDFS.</p>	<p>4.1 Project profiles/field reports.</p> <p>4.2 Monitoring.</p>	
CDFS Board established and operational.	<p>1.1 Notice in official gazette of GoS.</p> <p>1.2 Notice of appointment of Board members.</p> <p>1.3 Approved Operations Manual</p>	<p>1.1 Government letter to IDB</p> <p>1.2 Government letter to IDB</p> <p>1.3 Minutes of CDFS Board</p>	<p>1.1 CDFS Board meets and operates efficiently</p> <p>1.2 Government gives program high priority</p>

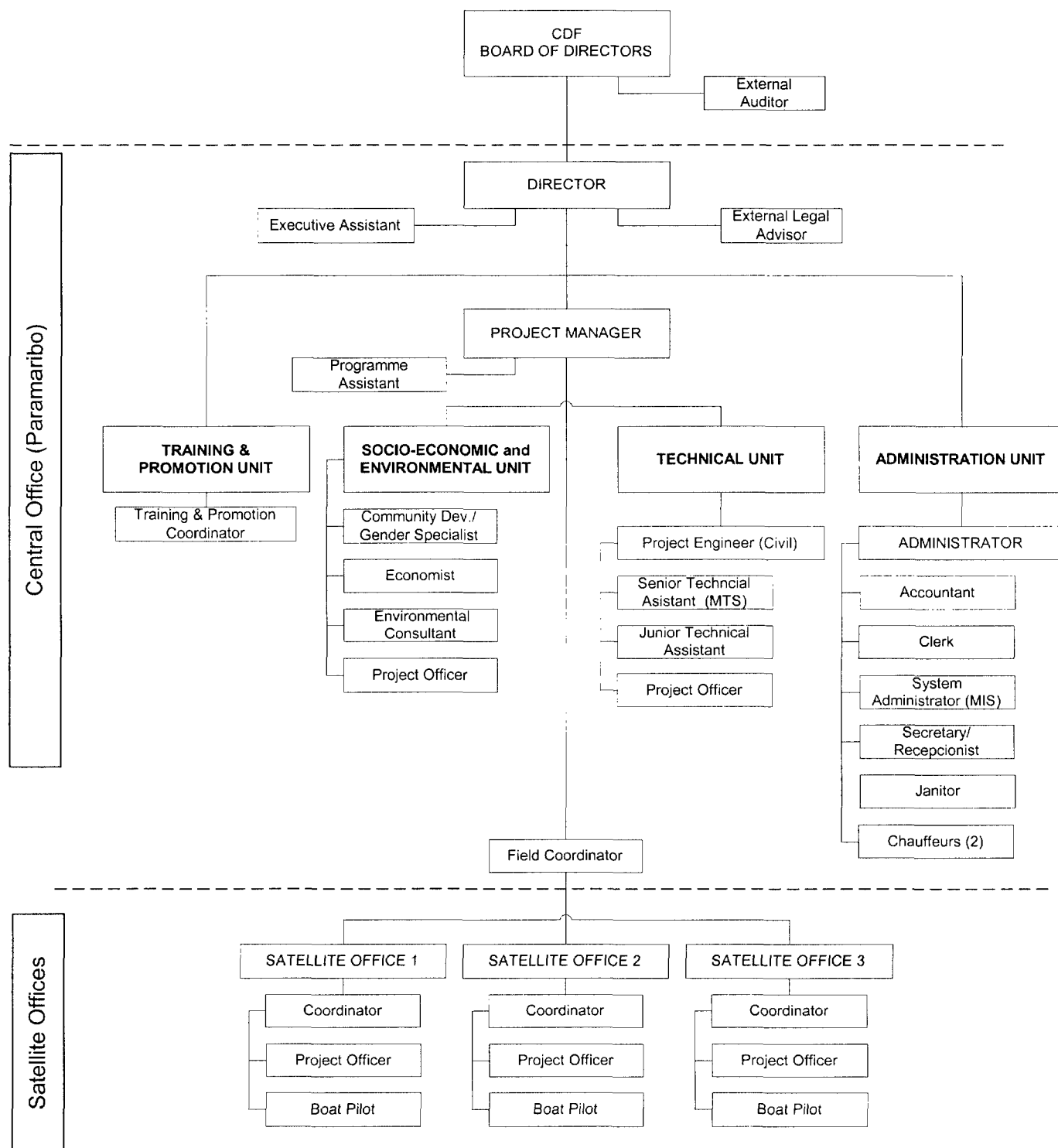
LOGICAL FRAMEWORK

Summary	Indicators	Means of Verification	Assumptions
	1.4 Contracted CDFS staff 1.5 Satellite offices established and functioning.		and timely allocates budget for counterpart funds.
criteria for subprojects developed.	2.1 Operations Manual approved by IDB before first disbursement.	2.2 Approved Operations Manual in use.	2. Manual is used and strictly followed.
and implement national and targeted campaign	2.4 5 promotion activities conducted before first disbursement. 2.5 24 activities to promote equitable access to information for all socio-cultural and linguistic groups carried out annually. 2.6 Targeted promotion activities including communities from each of the 11 Amerindian and Maroon tribes annually.	3.1 Executed contract, Board minutes, CDFS files. 3.2 Records of promotion events	3.3 Campaign effective in generating demand for CDFS resources from target population.
and hold training programs in the target areas for CDFS staff and Board (see	2.7 All staff and members of the Board of the CDFS trained in appropriate areas by December 2000	4.1 CDFS training files.	4. Communities receptive to formal training and CDFS projects produce a demonstrable effect on them.
and execute workshops for local	5.1 At least 3 workshops in project preparation and management and participatory methods conducted in the first two years.	5.1 CDFS training files	
and hold training programs in the target areas for NGOs and CBOs.	6. At least 10 NGOs/CBOs trained in participatory project identification, project preparation and management.	6 CDFS training files	6.1 NGOs/CBOs receptive to training 6.2 Communities are willing to organize themselves and to contribute to the execution of their own projects.

LOGICAL FRAMEWORK

Summary	Indicators	Means of Verification	Assumptions
Special account for IDB loan proceeds	7 Account open before first disbursement	7.Evidence of bank account presented to IDB before first disbursement.	
Bank account for local counterpart funds	8.Account open before first disbursement	8. Evidence of Bank account presented to IDB before first disbursement.	
Map completed, updated and community targeting criterion.	9.1 Workshop in CELADE (Santiago, Chile) and poverty map completed before first disbursement.	9.2 CELADE workshop report. 9.3 Poverty map database.	
Agreements on coordination of project in place.	10.1 Signed agreements between CDFS and relevant agency signed before signature of contract for sub-project execution	10.1 Evidence of agreements presented to IDB. 10.2 CDFS project files	10.1 Cabinet of Ministers support CDFS program 10.2 There is effective coordination between communities, sponsors and relevant government agencies for project execution and maintenance.
Project appraised and approved		11. CDFS project files	11.1 NGOs/CBOs assist in project preparation and execution 11.2 CDFS satellite offices function as target communities. 11.3 Qualified contractors available to the Interior.

ORGANIZATIONAL STRUCTURE OF THE CDFS



COMMUNITY DEVELOPMENT FUND OF SURINAME

OPERATIONS MANUAL

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PROCUREMENT PLAN

Main Procurement of the Project	Financing		Method ICB or other	Pre-qualification Yes/No	Publication			
					GPN	SPN		
					Prior Yes/no	Date	Press	
Civil Works	IDB	LOCAL					Int	Na
contracts of average value \$42-45K with the maximum of US\$75K total amount US\$8.7 million	95%	5%	Limited Bidding	Yes Registry	Yes (Local)	Annual	No	Y
Consultants FS Promotion campaign total amount \$ 75K	100%		NCB	Yes (Pre-selection)	No	1 st qtr 2000	No	Ye
Goods 4 Vehicle motorcycles boats \$69K	100%		Local Shopping	No	No	1 st qtr 2000	No	No

PROPOSED RESOLUTION

SURINAME. LOAN ____/OC-SU TO THE REPUBLIC OF SURINAME

(Community Development Fund)

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 to cooperate in the execution of the Community Development Fund. Such financing will be for the amount of up to ten million three hundred thousand dollars of the United States of America (US\$10,300,000), from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the "Financial Terms and Conditions" and the "Special Contractual Clauses" indicated in the Executive Summary of the Loan Proposal contained in Document PR- ____.

PROPOSED RESOLUTION

SURINAME. PARTIAL PAYMENT OF INTEREST ON LOAN ____/OC-SU
TO THE REPUBLIC OF SURINAME

(Community Development Fund)

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 as administrator of the Intermediate Financing Facility Account (the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Suriname, as Borrower, and to adopt other pertinent measures to use the resources of the Account to pay a portion of the interest due by the Borrower on outstanding balances of the loan authorized by Resolution DE-[]/00, in accordance with the provisions set forth in Document FN-263-2, as amended, approved by the Board of Executive Directors on December 21, 1983.