

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

SURINAME

SUPPORT TO SAFETY NETS FOR VULNERABLE POPULATIONS IN SURINAME

(SU-L1063)

LOAN PROPOSAL

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REQUIRED ELECTRONIC LINKS (REL)	
REL#1	Pluriannual Execution Plan (PEP)
REL#2	Monitoring and Evaluation Plan
REL#3	Procurement Plan

OPTIONAL ELECTRONIC LINKS (OEL)	
OEL#1	Analysis of Project Cost and Economic Viability
OEL#2	Operations Manual
OEL#3	Safeguard Policy Filter (SPF) and Safeguard Screening Form (SSF)

ABBREVIATIONS	
AKB	Child Allowance
AMZ	General Social Care Department
AOV	Elderly Allowance
BCR	Benefit Cost Ratio
BIS	Beneficiary Information System
CBVS	Central Bank of Suriname
CLAD	Central Government Auditing Bureau
CTP	Cash Transfer Programs
EFF	Extended Fund Facility
FBMMEB	Support for Disadvantaged Persons with Disabilities
FBZWHH	Support for Poor Households
GDP	Gross Domestic Product
GOS	Government of Suriname
IAMC	Independent Assessment of Macroeconomic Conditions
ICAP	Institutional Capacity Analysis
IDB	Inter-American Development Bank
IDR	Issuer Default Rating
ILO	International Labor Organization
IMF	International Monetary Fund
IRR	Internal Rate of Return
IT	Information Technology
LAC	Latin America and the Caribbean
MIS	Management Information System
MOSAPH	Ministry of Social Affairs and Public Housing
NPV	Net Present Value
PIU	Program Implementation Unit
RD	Restricted Default
SPSB	<i>Surinaamse Postspaarbank</i>
SRD	Surinamese Dollar
SSLC	Suriname Survey of Living Conditions
WHO	World Health Organization

PROJECT SUMMARY
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Financial Terms and Conditions				
Borrower			Flexible Financing Facility ^(a)	
Republic of Suriname			Amortization Period:	25 years
Executing Agency			Disbursement Period:	4 years
Ministry of Social Affairs and Public Housing (MOSAPH)			Grace Period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR based ^(c)
IDB Ordinary Capital (OC) ^(g) :	30,000,000	100	Credit Fee:	(d)
			Inspection and supervision fee:	(d)
Total:	30,000,000	100	Weighted Average Life (WAL):	15.1 years
			Currency of Approval:	Dollars of the United States of America
Project at a Glance				
Project Objective/Description: The general development objective of this project is to contribute to ensuring minimum consumption levels for vulnerable groups amid Suriname's socio-economic crisis and strengthen the efficiency and transparency of the country's social safety net. The specific objectives are to: (i) support minimum consumption levels for vulnerable population groups affected by the crisis; and (ii) strengthen MOSAPH's capacity to manage social protection programs with efficiency and transparency.				
Special Contractual Clauses prior to the first disbursement: The Executing Agency must present to the Bank evidence showing: (i) the approval and entry into effect of the Operations Manual (OEL#2) in the terms and conditions previously agreed upon with the Bank; and (ii) the establishment of a Program Implementation Unit (PIU) within the MOSAPH and the appointment of the following technical personnel as part of the PIU: (a) a program manager, (b) a procurement specialist, (c) a financial specialist, and (d) a monitoring and evaluation specialist, in accordance with the terms of reference previously agreed upon with the Bank (¶3.6).				
Special Contractual Clauses for execution: The Executing Agency must present to the Bank evidence showing that the MOSAPH, the <i>Surinaamse Postspaarbank</i> (SPSB), and the other banks participating in the cash transfer payment transactions funded by the project, have entered into an agreement establishing the terms for the presentation to MOSAPH and the Ministry of Finance and Planning of the financial statements of cash transfer payments financed by the project. This condition shall be fulfilled to the satisfaction of the Bank within six months following the beginning of the execution of Component 1. (¶3.6).				
Exceptions to Bank Policies: None.				
Strategic Alignment				
Challenges ^(e) :	SI <input checked="" type="checkbox"/>		PI <input type="checkbox"/>	
Cross-Cutting Issues ^(f) :	GE <input type="checkbox"/>	and DI <input checked="" type="checkbox"/>	CC <input type="checkbox"/>	and ES <input type="checkbox"/>
			IC <input checked="" type="checkbox"/>	

^(a) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option to request modifications to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. In considering such requests, the Bank will take into account operational and risk management considerations.

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

^(c) Consistent with document FN-729 "Strategy and operational Readiness for the Execution of the Libor Transition for the IDB Balance Sheet" and document CF-257-1 "Base Rate Replacement for Sovereign Guaranteed Libor Based Loans," this Loan will be subject to the SOFR based interest rate either based upon notice to the Borrower by the Bank, or upon the request by the Borrower, in accordance with the provisions of the Loan Contract.

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

^(e) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(f) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

^(g) Pursuant to Document AB-2990, the disbursement of Loan resources will be subject to the following maximum limits: (i) up to 15% during the first 12 months; (ii) up to 30% during the first 24 months; and (iii) up to 50% during the first 36 months. All these periods will be counted from the time the Loan operation is approved by the Board of Executive Directors (§2.2).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and justification

- 1.1 **Macroeconomic and social context.** Suriname is an upper-middle income country with a per-capita Gross Domestic Product (GDP) of US\$15,310 as of 2019 and a population of 539,054.¹ The 2017 Suriname Survey of Living Conditions (SSLC) found an overall poverty rate of 26.2% and an extreme poverty rate of 1.7%. An additional 25.7% of the population is classified as vulnerable to poverty.² The incidence of poverty and extreme poverty in the interior region – comprising the districts of Brokopondo, Marowijne and Sipaliwini inhabited mostly by six Maroon tribes and four indigenous groups³ - is much higher, at 47% and 7.6%, respectively. Inequality in the distribution of per capita income is high, with a Gini coefficient of 0.48.⁴
- 1.2 The country has been experiencing a period of economic decline and macroeconomic imbalances stemming from an overhang of the 2015 commodity shock. In 2020, real GDP was estimated to have contracted by 13.5%.⁵ The fiscal deficit reached 13.9% of the GDP and the central government debt increased to 165.7% of the GDP.⁶ In response to a high parallel exchange rate market premium, the Central Bank of Suriname (CBvS) officially devalued the country's exchange rate by 90% on September 22, 2020, which contributed to inflation reaching 50.4% at the end of March 2021.⁷ A floating exchange rate system was adopted on June 7, 2021. Fitch Ratings downgraded Suriname's Long-Term Foreign-Currency Issuer Default Rating (IDR) from Near Default (C) to Restricted Default (RD) in April 2021, after the non-payment of US\$49.8 million of rescheduled external debt service that was due on March 31, 2021.⁸ Suriname is currently pursuing a funded program by the International Monetary Fund (IMF) under the Extended Fund Facility (EFF)⁹ and is negotiating with creditors on debt restructuring.
- 1.3 **COVID-19 pandemic.** The country declared a state of emergency due to the COVID-19 pandemic¹⁰ on April 8, 2020. The first confirmed case in the country

¹ World Bank, World Development Indicators, 2021.

² Poverty and extreme poverty estimates are based on per-capita consumption data from the 2017 SSLC. The consumption-based poverty and extreme poverty lines for Greater Paramaribo are SRD733.10 (US\$34.18) and SRD265.29 (US\$12.36), respectively; for the rest of the coastal region are SRD590.23 (US\$27.62) and SRD250.48 (US\$11.67), respectively; and for the interior are SRD533.27 (US\$24.86) and SRD206.69 (US\$9.63), respectively. Vulnerability is defined as consumption per capita greater or equal to the poverty line but less than 1.5 times its value (see [Beuermann and Flores Cruz, 2018](#)).

³ Kambel, Ellen (2006). [Indigenous Peoples and Maroons in Suriname](#). IDB.

⁴ Khadan, Jeetendra (2020). [COVID-19: Socioeconomic implications on Suriname](#)". IDB.

⁵ IMF. World Economic Outlook Database, April 2021.

⁶ <https://www.imf.org/external/datamapper/datasets/WEQ>.

⁷ <https://statistics-suriname.org/wp-content/uploads/2021/04/CPI-0321.pdf>.

⁸ <https://www.fitchratings.com/research/sovereigns/fitch-downgrades-suriname-long-term-foreign-currency-idr-to-rd-01-04-2021>.

⁹ Suriname reached a staff level agreement with the IMF on 29 April 2021 for a 36-month EFF with access to SRD472.8 million (about US\$690 million). The [Staff-Level Agreement](#) is subject to review by the Executive Board of the IMF, which is currently pending the completion of the full set of prior actions.

¹⁰ On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. COVID-19 is a respiratory disease caused by the 2019 novel coronavirus or nCoV-2019.

was recorded on March 13, 2020, and the first death from COVID-19 occurred on April 1, 2020. Suriname registered a total of 33,988 confirmed COVID-19 cases and 766 deaths as of September 14, 2021.¹¹ The Government of Suriname (GoS) implemented restrictive measures to curb the spread of the virus, including border closures, halt of public transportation, restriction on government activities and social gatherings, and closure of businesses and non-essential services.¹² These measures exacerbated the country's challenging economic conditions. In 2021, the unemployment rate increased to 11.1% from 8.9% in 2019¹³ and GDP exhibited negative growth rates.¹⁴

- 1.4 **Government response.** The GoS implemented an immediate social safety net response to ensure minimum levels of quality of life for vulnerable persons. The Ministry of Social Affairs and Public Housing (MOSAPH) increased the monthly value of existing Cash Transfer Programs (CTP) for a period of six months beginning in May 2020: (i) Support for Poor Households (FBZwHH) which benefits 5,362 households To qualify for the program, beneficiaries must be heads of household over 21 years of age or underage women with children with a monthly households income below SRD2,000 (US\$93.39);¹⁵ (ii) Child Allowance (AKB), a nearly universal benefit aimed at households with children under 18 years old (excluding only those that receive a AKB from their employer) which benefits 45,507 households;¹⁶ (iii) Support for Disadvantaged Persons with Disabilities (FBMMEB), a means-tested transfer that benefits 11,871 individuals with a monthly household income below SRD4,500 (US\$212.25) and who are certified as unable to work by a physician, either permanently or temporarily;¹⁷ and (iv) Elderly Allowance (AOV) a universal transfer benefiting 67,808 individuals of Surinamese nationality who are aged 60 or older.¹⁸ An Unemployment Allowance of SRD1,500 per month (US\$71.08) was introduced by the Ministry of Labor, Employment and Youth Affairs to provide income support for 8,000 households who lost earnings. Verification of the enrollment criteria for each program is conducted by case workers from MOSAPH's Field Offices who visit the household, conduct interviews to household members, and verify specific eligibility requirements such as age, or income through pay slips or utility bills.
- 1.5 The Inter-American Development Bank (IDB) supported the GoS in financing the temporary increase in the value of the cash transfers for all the beneficiaries of the AKB, the FBMMEB, and the AOV, through the reformulation of the Fiscal Strengthening to Support Economic Growth Program (4112/OC-SU) to support

¹¹ See: [COVID-19 Situation Update, September 14, 2021, IDB.](#)

¹² On April 8, 2020, the National Assembly approved the State of Emergency Law in force until August 9, 2021. The most recent restrictive measures were adopted on May 31, 2021 by [Presidential Decree.](#)

¹³ IMF. World Economic Outlook Database, April 2021.

¹⁴ Expected GDP growth in 2021 is -0.1% according to the [Economic Commission for Latin America and the Caribbean.](#)

¹⁵ 94% of FBZwHH beneficiaries are female. The monthly transfer was increased temporarily from an amount ranging between SRD33 (US\$1.55) to SRD40.5 (US\$1.91) to SRD250 (US\$11.84).

¹⁶ The amount of the AKB is determined annually based on the number of children in the household but is capped to four children per household. 91% of AKB beneficiaries are women. The monthly value of the transfer was increased temporarily from SRD50 (US\$2.35) per child to SRD1,000 (US\$47.38) per household irrespective of the number of children.

¹⁷ 49.8% of FBMMEB beneficiaries are women. The monthly value of the transfer was increased temporarily from SRD325 (US\$16.58) to SRD1,000 (US\$47.38).

¹⁸ 54% of AOV beneficiaries are women. The monthly value of the transfer was increased temporarily from SRD525 (US\$24.86) to SRD1,050 (US\$49.74).

safety nets for vulnerable populations affected by the coronavirus in Suriname.¹⁹ The US\$20 million loan reformulation was approved in 2020. As of July 2021, the program has disbursed US\$5 million of the reformulated amount to finance a part of the increased amount for all beneficiaries of the AKB, the FBMMEB, and the AOV.²⁰

- 1.6 **Problems addressed.** Suriname's challenging macroeconomic conditions, along with the continuation of the pandemic, have given way to a socioeconomic crisis that is severely impacting the livelihoods of the Surinamese population, especially the most vulnerable. Furthermore, fiscal constraints threaten the sustainability of the social safety net. The crisis has also highlighted the need to strengthen MOSAPH's capacity to manage social protection programs with efficiency and transparency.
- 1.7 **Fiscal challenges.** In response to the country's macroeconomic imbalances, the GoS is currently implementing a Recovery Plan 2020-2022.²¹ The Plan's fiscal consolidation program includes measures to reduce the annual budget of all ministries by 10% between 2020 and 2022, reduce the budget balance by 15% of the GDP between 2021 and 2024, strengthen the institutional fiscal framework and improve the efficiency of government spending. The country is also pursuing an IMF funded program that aims to strengthen the social safety net by maintaining annual social spending at 5.3% of GDP. This includes an annual investment of SRD1,053,139,500 (US\$49,383,815.70) sustain the existing the CTP.²² Amid fiscal constraints, external financing will contribute to sustain expenditure in the country's social safety net, in line with the Recovery Plan and EFF targets under negotiation.
- 1.8 **Populations at risk.** The socio-economic crisis has had a negative effect on the livelihood of the Surinamese population, especially the most vulnerable. An online [socioeconomic survey](#) of 1,866 households conducted by the IDB in April 2020, showed that 47.6% of Surinamese households experienced loss of income due to business closures and loss of employment, rental income or remittances.²³ The percentage of households with income below the minimum wage increased from

¹⁹ On August 26, 2020, the Program disbursed US\$12.9 million corresponding to the payment of the increased amounts of one month of the FBMMEB and AKB, and two months of the AOV. A digital payment pilot financed by the program is scheduled for implementation in 2022.

²⁰ Of the reformulated amount, US\$5,067,408.06 has been disbursed for the payment of CTP and an additional US\$12,040,939.59 has been disbursed and is pending justification of expenses.

²¹ Suriname's Recovery Plan 2020-2022 is a package of policy objectives aimed at fostering sustainable economic growth and development. It has six main components supported by 85 measures to be implemented in three years: (i) monetary policy, (ii) fiscal policy, (iii) productivity, (iv) social investment, (v) governance, and (vi) COVID-19 recovery. <https://finance.gov.sr/documenten/documenten/herstelplan-2020-2022/>.

²² The amount corresponds to the annual investment required for financing MOSAPH's four unconditional cash transfers. In June 2021 the GoS announced a permanent increase in the base amount of the CTP to compensate for the spike in inflation: (i) SRD1,000 (US\$47.38) per household per month for beneficiaries of the FBZWHH; (ii) SRD125 (US\$5.92) per child per month for beneficiaries of the AKB; (iii) SRD750 (US\$35.54) per person per month for beneficiaries of the FBMMEB; and (iv) SRD1,000 (US\$47.38) per month per person for beneficiaries of the AOV.

²³ Arteaga, Maricruz et al (2021). ["The-Consequences-of-COVID-19-on-Livelihoods-in-Suriname-Evidence-from-a-Telephone-Survey"](#). IDB.

23.2% in January 2020 to 31.7% in April 2020.²⁴ Low-income households²⁵ have been more severely impacted - a higher share (35.9%) has lost employment in comparison to middle-income and high-income households (27% and 14.9%, respectively). Finding employment has also proven more difficult for members of low-income households. A nationally representative telephone survey conducted by the IDB in August 2020, showed that 39% of poor households having a member looking for employment, reported not being able to find a job compared to 21% of non-vulnerable households.²⁶

- 1.9 Population groups that were already more likely to be poor or vulnerable prior to the current socioeconomic crisis, including households with children, people with disabilities, elderly persons, women, and indigenous groups, are at further risk of deteriorating living conditions. The latest data, from the SSLC 2017, show that the poverty rate among the population living in households with children under 18 years of age was higher (at 33.6%) than that among the population in households without children (14.4%).²⁷ The population living in a household with a member with one or more disabilities (speech, partial or total blindness, hearing, physical) faced higher poverty rates (30.5%) than other households (24.9%).²⁸ Poverty and vulnerability also show an important gender dimension. In 2017, the poverty rate among the population that lived in female-headed households was higher (30.6%) than that among the population that lived in male-headed households (24%).²⁹ Furthermore, the crisis has had a particularly negative impact on women's income and employment. According to the IDB Telephone Survey, 24.6% of women between the ages of 25 and 60 indicated having lost their job compared to 16.9% of men in the same age range. This is even more worrisome as women started from lower pre-crisis employment rates. Poverty was also more prevalent among Suriname's Maroon tribes and indigenous groups. According to the 2017 SSLC, 45% of the Maroon population and 35.3% of the indigenous population lived in poverty, in comparison to 22% of population that belong to neither Maroon tribe or indigenous groups.³⁰
- 1.10 **Challenges of the social protection system.** Suriname's social safety net consists of targeted and untargeted cash or in-kind transfers administered by the MOSAPH,³¹ as well as Uniform Grants and School Supply Grants and a Health Card.³² Three departments within the MOSAPH are responsible for managing the CTP, namely: (i) General Social Care Department (AMZ); (ii) Administration of Social Benefits Payment Office (AUSV); and (iii) Office of the Old Age Pension.

²⁴ Khadan, Jeetendra (2020). "[Suriname in Times of COVID-19: Navigating the Labyrinth](#)". IDB.

²⁵ Low-income households in the online socioeconomic survey are defined as those reporting incomes below the minimum wage.

²⁶ Arteaga, Maricruz et al (2021). "[The-Consequences-of-COVID-19-on-Livelihoods-in-Suriname-Evidence-from-a-Telephone-Survey](#)". IDB.

²⁷ Estimates based on the 2017 SSLC.

²⁸ idem.

²⁹ idem.

³⁰ Disaggregation for the Maroon and indigenous population, and people with disabilities is based on self-reported information and was not accounted for in the stratified sampling strategy. Poverty measures for these populations might not be an accurate representation of the country.

³¹ MOSAPH was established by State Decree on 10-October-1991 (S.B. No.58) and is tasked with supporting the general welfare of the population, in particular the social care for vulnerable populations.

³² The Uniform Grants and School Supply Grants are cash grants for uniforms and school supplies. The Health Card is a targeted in-kind transfer to the poor in the form of health care services.

The MOSAPH administers the programs through a network of 12 district offices and 60 field offices. Data from the SSLC 2017 allows assessing the targeting of three of the existing CTP, namely the FBZwHH, AKB, and the FBMMEB (information is not available for the AOV). It shows that targeting was precise by international standards (despite the presence of the nearly universal AKB), with 73.6% of the beneficiaries living in poverty or vulnerability. The programs have extensive coverage among the most vulnerable population: 78% of the extreme poor, 53.8% of the moderately poor, and 39.5% of the vulnerable population received cash transfers.³³ The majority of beneficiaries are women (¶1.4). This broad coverage made the existing safety net a highly valuable tool for the Government's response to the COVID-19 crisis, as well to protect living standards during the adjustments of the IMF program. In fact, a nationally representative telephone survey conducted by the IDB in June 2020 reflects the extensive coverage of existing cash transfers; 65% of low-income households in 2020 were among the beneficiaries.³⁴

- 1.11 Although Suriname has made progress over the past decades in developing the policy and operational framework of its social safety net, the country must address challenges related to the institutional strengthening of MOSAPH to improve the efficient and transparent management of the social protection system.
- 1.12 **Operational procedures and information management systems.** MOSAPH requires strengthening operational procedures for administering, monitoring, and evaluating the CTP. Although each CTP has operational guidelines, MOSAPH lacks comprehensive operating manuals describing the procedures and protocols for their management as well as trained supervisory staff. An operating manual describes the operational and design components of the cash transfer program, including the organizational structure, the definition of the target population, beneficiary identification and enrollment mechanisms, and the payment process. MOSAPH can enhance its capacity to oversee the application of these operating manuals, and introduce continuous process improvements, by establishing a Monitoring and Evaluation Unit.
- 1.13 The MOSAPH lacks a Management Information System (MIS) to optimize the operational cycle of cash transfers and ensure traceability and transparency (from beneficiary registration to transfer payments). Currently, the beneficiary application and enrollment processes are for the most part conducted manually. For example, applicants to the FBMMEB and FBZwHH must either travel to one of MOSAPH's Field Offices or attend periodic payment events to complete a paper application form.³⁵ For enrollment, a Field Office case worker conducts a social evaluation that includes a house visit and interview, where documentation for proof of household income, such as employment contracts or payslips, is collected. The completed application is then reviewed by the head of the Field Office who recommends approval or rejection to the corresponding District Office which

³³ Calculations based on the 2017 SSLC. In terms of leakage, 19.0% of beneficiaries that received cash transfers were not classified as poor or vulnerable.

³⁴ Arteaga, Maricruz et al (2021). ["The-Consequences-of-COVID-19-on-Livelihoods-in-Suriname-Evidence-from-a-Telephone-Survey"](#). IDB.

³⁵ Payment events, during which beneficiaries of CTP receive their cash-in-hand payments, occur only once a year in the country's interior. Such a long interval for the identification of potential beneficiaries delays the provision of protection for vulnerable households and increases the risk of exclusion errors.

makes the final enrollment decision. The manual process can take up to three weeks to complete. Once enrolled in the programs, beneficiaries must recertify their eligibility annually,³⁶ meaning the manual process is repeated. MOSAPH would benefit from a MIS to manage the entire operational cycle of CTP, reducing the time and transaction costs for potential beneficiaries. MOSAPH central, district and field offices also lack the digital infrastructure necessary for the deployment of a MIS including internet connectivity for District and Field Offices³⁷ as well as computers, tablets, and peripheral hardware (printers, scanners). The central MOSAPH offices must also enhance data storage and cyber security capabilities.³⁸

- 1.14 **Targeting methods.** MOSAPH lacks a unified social registry which enables socioeconomic classifications of large parts of the population (identifying structural poverty or vulnerability to shocks) and the frequent updating of beneficiary information in accordance with changes in demographic or socioeconomic conditions. Over the past year, and with support from the Caribbean Development Bank, the MOSAPH has made some progress in building a social registry. The Beneficiary Information System (BIS) aims to unify the CTPs' beneficiary rosters and establish a MIS to automate and optimize the entire operational cycle of cash transfers, including beneficiary identification, management of the unified social registry, and payment. However, the BIS still has low coverage, as only 35% of beneficiaries, corresponding to the AKB, are currently registered.³⁹ The BIS is not yet interoperable within the social protection system and with other sources of administrative data, including the Civil Registry Bureau of the Ministry of Internal Affairs and the Tax Department of the Ministry of Finance and Planning. Interoperability within the social protection system would not only allow monitoring program overlap, but it would allow for the automatic verification of eligibility requirements. It can also facilitate a beneficiary's transition across programs. For example, beneficiaries of the FBMMEB must transition to the AOV when they turn 60 years of age, a process that currently requires beneficiaries to undertake a new application process. Finally, the BIS would benefit from the inclusion of artificial intelligence algorithms that exploit the information on beneficiaries' socioeconomic characteristics, combined with administrative data available through other institutions, to predict households' vulnerability status. This would have a double benefit. First, it would allow identifying potential inclusion errors, that could be further evaluated by social workers. Second, it would allow assessing households' vulnerability in the face of systemic shocks (for example, households most likely to experience a deterioration in living standards due to extreme weather events, or a pandemic).
- 1.15 **Digital payments.** MOSAPH has made some progress in the implementation of an electronic payment system. Through an alliance with the *Surinaamse Postspaarbank* (SPSB) and the Godo Bank, the payment of the FBMMEB and

³⁶ In the case of the FBMMEB, annual recertification of eligibility only requires the presentation in one of MOSAPH's District Offices of the proof of life.

³⁷ With support from the Caribbean Development Bank, 2 District Offices were equipped with internet connectivity and 12 District Offices with desktop computers in 2020. The remaining 10 District Offices and 60 Field Offices require internet connectivity.

³⁸ The Ministry currently has one server for data storage and does not have a functioning backup server, increasing its vulnerability to cyberattacks.

³⁹ Only the paper files of AKB beneficiary households have been digitalized and entered into the BIS.

AOV is made mostly through bank account or moneycard (or Moni Karta) for beneficiaries. In total, 89.1% of FBMMEB and 95.4% of AOV beneficiaries receive their payments through the electronic payment system.⁴⁰ The moneycard is a debit card from which beneficiaries can withdraw the monthly cash transfer payments through ATM machines. In the case of bank accounts, the cash transfer is deposited by the banks monthly after the official allocation has been approved by the MOSAPH. However, 42% of CTP beneficiaries are paid in cash. This includes all beneficiaries of the AKB and FBZwHH. Cash payments involve higher transaction costs for the Ministry and beneficiaries, and cause delays in payment. For example, the AKB and the FBZwHH are paid only once a year. Cash payments also require the implementation of mitigation measures to avoid the potential spread of COVID-19. Through 4112/OC-SU, the IDB is financing the analysis and implementation of a pilot program to extend digital payments for the AKB in the interior.

- 1.16 To increase the traceability and transparency of CTP payments, including cash payments, MOSAPH can also introduce mechanisms to enhance financial reporting. During payment events, all beneficiaries that are paid in cash must present a personal identification, a personalized beneficiary card provided by MOSAPH at the time of enrollment, and a check reflecting the amount of payment. Their identity is verified by a MOSAPH staff member and an institutional auditor who also signs the payment roster as a certification of payment. The payment rosters for each CTP identify beneficiaries by name and include their unique identification number, gender, and address. The roster also includes the corresponding check number and amount to be disbursed. Once the payment process concludes, MOSAPH District and Field Offices collect the payment rosters, and a consolidated financial report is prepared by MOSAPH's payment department for submission to the Ministry of Finance and Planning. This financial report details the number of beneficiaries paid and the amounts disbursed. However, the preparation of the consolidated financial report for each payment cycle is done manually and is therefore lengthy. In the case of digital payments, the SPSB directly disburses monthly payments to the beneficiaries included in the payment roster through the money card. The SPSB also manages payments to beneficiaries who are paid through their bank accounts by disbursing MOSAPH resources through a network of local banks.
- 1.17 **Rationale and strategy.** The proposed strategy for Component 1 of this operation seeks to continue and expand the support to safety nets in Suriname that began under operation 4112/OC-SU. More specifically, it supports minimum levels of consumption for vulnerable populations affected by the crisis. The strategy includes the payment of regular cash transfers to 130,548 beneficiaries of the FBZwHH, AKB, FBMMEB, and AOV. These CTP were selected because they have extensive coverage among the population in poverty (¶1.8), who are experiencing the most severe socioeconomic effects of the crisis. The programs also benefit population groups that are particularly vulnerable to the effects of the current crisis, including households with children, persons with disabilities, older adults, women and Maroon and indigenous groups (¶1.9). The operation bases its strategy to protect vulnerable populations on several evaluations that show cash transfers to be the most effective tool to redistribute income and support

⁴⁰ The 3,908 AOV and 1,327 FBMMEB beneficiaries who live interior are still paid in cash.

consumption in the region. A systemic review of 201 studies for 56 CTP, with over half the studies focused on Latin American and the Caribbean (LAC), showed CTP to reduce monetary poverty.⁴¹ CTP have also proven to be effective in addressing transitory shocks through temporary transfer supplements. In addition, there is evidence that receiving regular transfers increases resilience against widespread shocks. Examples from the use of existing and temporary CTP implemented in Colombia and Brazil as a response to the COVID-19 pandemic showed an increase in beneficiary expenditures on rent and education, as well as declines in poverty rates.⁴²

- 1.18 The proposed strategy for Component 2 of this program seeks to strengthen MOSAPH's institutional and operational framework for the efficient and transparent management of the social protection system. The program will support the optimization of operational processes for each program. It will also support the expansion of the BIS to include all functionalities related to the operational cycle of the CTP, namely enrollment, database management, payment, and monitoring functions. These interventions were selected based on evidence generated from the implementation of social protection programs in LAC showing that MIS identify potential beneficiaries, determine eligibility, register and update information on beneficiaries, deliver payments, and improve safety-net transparency, efficiency, and traceability.⁴³ Social registries have also enabled countries to respond more efficiently to the COVID-19 crisis, allowing identification of vulnerable households not previously receiving cash transfers. The program will also support the expansion of the money card or bank accounts to beneficiaries of the AKB and FBZwHH in coastal areas, as well as communication and awareness strategies to facilitate implementation, which would increase coverage of digital payments from 59% to 79% of beneficiaries. The evidence suggests that bank accounts and digital tools for payments of cash transfers are an effective way of increasing beneficiaries' financial literacy and use of financial services (Tejerina, et al., 2020).
- 1.19 The operation is aligned with the medium term goal of strengthening good governance and institutions established in the Bank's [Vision 2025](#) as it promotes the institutional strengthening of MOSAPH. It is also aligned with Vision 2025's focus on the digital economy as a priority area for lending and technical assistance as it supports the deployment of digital solutions for the efficient and transparent management of social sector programs. It is aligned with the sub-regional strategy of Vision 2025 for the Caribbean, Build Forward, as it contributes to country's post-COVID-19 recovery by investing in improving living conditions for the most vulnerable populations. The GoS is committed to sustaining financing for the country's safety net with its own resources and support from external financing to protect the most vulnerable population, in line with its Recovery Plan 2020-2022 and the terms of the Staff-Level agreement with the IMF.
- 1.20 **Bank experience and lessons learned.** The Bank has accumulated extensive experience in the design, implementation, and evaluation of CTP in 18 LAC countries.⁴⁴ The Bank's experience in response to the crisis caused by the pandemic has shown that it is strategic to build on existing social protection

⁴¹ Bastagli et al., 2016.

⁴² Banergee, et al., 2020.

⁴³ Ibarrarán et al. 2017. "[How Conditional Cash Transfers Work](#)". IDB.

⁴⁴ Ibid.

systems⁴⁵ to protect minimum income levels of vulnerable populations. These experiences have been incorporated in Component 1 through support to four existing cash transfers to reach the most vulnerable population groups. The Bank's experience in the development of social registries, through the Social and Development and Inclusion Program of Panama (3512/OC-PN), shows that consolidating beneficiary databases and enabling interoperability among different government institutions facilitates the exchange of data required for updating beneficiary information and verifying eligibility requirements. These experiences will inform the expansion of an interoperable BIS (Component 2). Lessons learned from 3512/OC-PN also indicate the need to accompany the development of social registries with investments in hardware, software, data storage capabilities, and security protocols for data protection. Their deployment also requires clear decision-making mechanisms, trained human resources, and buy-in from key stakeholders. Component 2 will incorporate these lessons through investments in computer hardware and the expansion of internet connectivity for the MOSAPH's central, district and field offices; enhanced data storage and cybersecurity capabilities for MOSAPH; the design and implementation of a change management process alongside the expansion of the BIS; and staff training. The Bank's experience during the COVID-19 crisis, has shown that digital payments ensure the safe and efficient delivery of cash transfers. Specifically, the Sanitation Program for the District of Arraijan and La Chorrera Districts - PSACH Stage I (3799/OC-PN) used beneficiaries' identification cards as a payment mechanism to purchase food and necessities in affiliated businesses for over 1 million beneficiaries. Through Support for Vulnerable Populations Affected by Coronavirus (5289/BL-HO) the Government of Honduras is expanding its G2P (Government-to-person) payment system to rural areas for the efficient delivery of its main social program, Bono Vida Mejor (Better Life Grant). These lessons have been incorporated in Component 2 through the expansion of the money card or bank accounts. The implementation of 4112/OC-SU has demonstrated MOSAPH's challenges in consolidating financial statements for each payment cycle of the CTP. These lessons will be incorporated through the implementation, in the short run, of an accounting system for payment tracking and reconciliation. In the medium term, the Program will support the development of payment and accounting module within the BIS. The cancellation of the Social Protection Support Program of Suriname (2650/OC-SU) provided lessons on ensuring project appropriation and strengthening the technical and operational capacity of government counterparts. These lessons informed the design of Component 2 which is aimed at improving MOSAPH's institutional capacity for managing CTP with efficiency and transparency.

- 1.21 **Coordination with other Bank projects.** As part of the Bank's response to the pandemic, an emergency disbursement of US\$1.3 million was made in 2020 from the Health Services Improvement Program (4593/OC-SU) to purchase medical supplies including Personal Protective Equipment. The Second Basic Education Improvement Program Phase II (3603/OC-SU) disbursed US\$900,000 to support the reopening of 100 schools by upgrading sanitary areas and providing supplies

⁴⁵ The Bank has approved 12 loans in support of vulnerable populations affected by COVID-19: 5056/OC-BL; 5039/OC-BO; 5092/OC-BR; 5031/OC-EC; 5107/OC-GU; 5180/BL-GY; 5068/GR-HA; 5105/OC-UR; 5295/OC-AR; 5312/OC-EC; 5288/GR-HA; 5289/BL-HO and the 3 reformulated loans are: 3799/OC-PN; 4112/OC-SU and 5218/OC-TT.

such as soap, masks, and hand sanitizer, as well as communications materials. To support the government's response to the socio-economic consequences of the COVID-19 pandemic, the Fiscal Strengthening to Support Economic Growth Program (4112/OC-SU) was reformulated in 2020 for US\$20 million to Support Safety Nets for Vulnerable Populations Affected by the Coronavirus in Suriname. The reformulation financed the temporary increased portion of the monthly amount of the FBMMEB, AKB and AOV implemented by the GoS between May and September 2020. The current operation complements the Bank's response to the pandemic by providing continued safety net support to vulnerable population groups and extending it to the beneficiary households of the FBZWHH.

- 1.22 **Coordination with other multilateral and/or donor agencies.** The Bank will collaborate with the Caribbean Development Bank in the design of the functionalities of the BIS to ensure adequate implementation of the system and build upon lessons learned.
- 1.23 **Strategic alignment.** The operation is consistent with the Second Update to the Institutional Strategy (AB-3190-2) and is strategically aligned with the challenge of Social Inclusion and Equality, through support for maintaining minimum levels of income for the populations most vulnerable to COVID-19. The operation is aligned with the cross-cutting theme of: (i) Diversity as it specifically targets persons with disabilities through the financing of the FBMMEB; and (ii) Institutional Capacity and the Rule of Law as it contributes to enhance the GoS's transparency and accountability practices and strengthen MOSAPH's managerial capacity and digital technology.⁴⁶ Additionally, the program is aligned with the Corporate Results Framework (CRF) 2020-2023 (GN-2727-12) through the indicator of beneficiaries of targeted anti-poverty programs and governmental agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery. It is also aligned with the Strategy on Social Policy for Equity and Productivity (GN-2588-4) as it enhances equity and supports vulnerable populations. It is consistent with the Social Protection and Poverty Sector Framework Document (GN-2784-9), which emphasizes the importance of supporting vulnerable populations, particularly from external shocks, through responsive social protection policies. The operation is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (GN-2996). The Program is included in the Update of the Annex III of the 2021 Operational Program Report (GN-3034-2). It is aligned with the IDB Group Country Strategy with the Republic of Suriname (GN-2873) through the strategic area of Modernization of the Public Sector.

B. Objective, components, and cost

- 1.24 **Objective.** The general development objective of this project is to contribute to ensuring minimum consumption levels for vulnerable groups amid Suriname's socio-economic crisis and strengthen the efficiency and transparency of the country's social safety net. The specific objectives are to: (i) support minimum consumption levels for vulnerable population groups affected by the crisis; and

⁴⁶ MOSAPH's institutional capacity is assessed in paragraphs 1.11-1.16. Paragraph 1.26 outlines the component related to institutional strengthening. Outcome indicators 2.1, 2.2 and 2.3 as well as output indicators 2.1 through 2.10 will be used to measure improvements in institutional capacity.

(ii) strengthen MOSAPH's capacity to manage social protection programs with efficiency and transparency.

- 1.25 **Component 1: Protection using existing cash transfer programs (US\$26,499,981.24).** This component will finance existing cash transfers, namely: (i) Support to Poor Households; (ii) Child Allowance; (iii) Support to Disadvantaged Persons with Disabilities; and (iv) Elderly Allowance. The existing cash transfers will benefit all enrolled beneficiaries as of 2021 and will be paid through the existing payment mechanisms. The selection criteria for each CTP are described in paragraph 1.4.
- 1.26 **Component 2: Institutional strengthening and transparency (US\$2,773,000.00).** This component will finance: (i) technical assistance for the design of optimized operational processes for the management of the CTP, and operating manuals; (ii) the establishment of a Monitoring and Evaluation Unit within MOSAPH to supervise operational processes; (iii) training of MOSAPH central, regional and field staff in operating procedures and protocols; (iv) computer hardware equipment, and internet services for District and Field Offices as well as cloud services for data storage and security within the MOSAPH; (v) expansion of the BIS including the development of all functions necessary to administer cash transfers (e.g. enrollment, recertification, unified social registry, payments) and the inclusion of artificial intelligence algorithms to monitor households poverty and vulnerability in the face of shocks; (vi) technical assistance for the development of interoperable platforms between the BIS and the Ministries of Internal Affairs and Finance and Planning for verifying beneficiary eligibility requirements; (vii) training of MOSAPH central, district and field staff engaged in the operation of the BIS; (viii) technical assistance for the design and implementation of an institutional change management process to accompany implementation of the BIS; (ix) technical assistance for the design and implementation of cybersecurity framework for MOSAPH; (x) support for the expansion of the money card or bank accounts to beneficiary households of the FBZW HH and the AKB who live in coastal areas; and (xi) support for the implementation of financial management mechanisms associated with cash and digital payment of cash transfers.
- 1.27 **Program administration and evaluation (US\$727,018.76).** These activities will finance the costs associated with planning, implementing, and supervising the Program, including: (i) human resources required to staff the Program Implementation Unit (PIU) and the MOSAPH's Information Technology (IT) Department; (ii) annual financial audits; and (iii) program evaluation.
- 1.28 **Beneficiaries.** The beneficiaries are all households and individuals enrolled as of 2021 in the following CTP: (i) 5,362 households enrolled in the FBZW HH; (ii) 45,507 households enrolled in the AKB; (iii) 11,781 individuals enrolled in the FBMMEB; and (iv) 67,808 individuals enrolled AOV. Women make up 68.2% of enrolled beneficiaries. The beneficiary households of the FBZW HH are selected based on a monthly income threshold below SRD2,000 (US\$93.39). The beneficiaries of the FBMMEB are selected based on a monthly income threshold below SRD4,500 (US\$212.25) and their certification as unable to work by a physician, either permanently or temporarily. The beneficiaries of the AKB are all households with children under 18 years old and the AOV beneficiaries are all individuals of Surinamese nationality who are aged 60 or older. The program will

also benefit 27,000 households of the FBZWHH and the AKB located in coastal areas through the expansion of the money card or bank accounts.

C. Key results indicators

- 1.29 The project will contribute to maintain consumption for vulnerable households and individuals affected by the COVID-19 crisis. The expected outcome is the provision of income support of the country's vulnerable population. This will be achieved through the payment of cash transfers to 100% of the beneficiaries of the FBZWHH, AKB, FBMMEB, and AOV. All these households and individuals are vulnerable in the current context. The project will contribute to improve the efficiency of the social protection system. The expected outcomes are the increase in the proportion of beneficiaries from the different CTP registered in the BIS, the reduction in the time for beneficiaries to enroll in the CTP, and the reduction in the cost involved in payments. This will be achieved through the expansion of the BIS and the strengthening of the MOSAPH's digital infrastructure, as well as the expansion of the money card to AKB and FBZWHH beneficiaries in coastal areas.
- 1.30 **Economic viability.** The proposed actions' economic rationale is based on the multiplier effect of the transfers as well as savings generated by reforms on the cash transfer program's payment mechanisms. The increased level of public spending required to finance the cash transfers (Component 1) will have a multiplying effect on an economy with unemployed resources. The implementation of digital payment mechanisms will allow cash transfers' beneficiaries to save both in the time and transport invested to collect the benefits. Based on the preceding, cost-benefit analyses were carried out. For the first component, in the baseline scenario (5% discount rate), the Net Present Value (NPV) of all programs considered together amounts to US\$1.8 million, the Benefit Cost Ratio (BCR) equals 1.07, and it has an Internal Rate of Return (IRR) of 7%. For the second component, the NPV is US\$480,618, the BCR equals 1.17 and the IRR is 10%. Finally, we estimate the total effect with the following results: a NPV of US\$2.3 million, an IRR of 7.6% and a BCR of 1.08 in the base scenario, which considers a discount rate of 5%, suggesting that the proposed actions are economically beneficial. In addition, a sensitivity analysis was conducted by varying the discount rate and the effectiveness of the interventions ([OEL#1](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The Program is structured as a specific investment loan as its scope, costs and design are fully defined. The total of US\$30 million (Table 1) will be financed with the Bank's Ordinary Capital (OC) and disbursed in a 4-year period in accordance with the Pluriannual Execution Plan ([REL#1](#)).
- 2.2 Pursuant to the Operational Guidelines for the Implementation of the Macroeconomic Safeguards in the IDB (GN-2753-7), unless the IAMC is approved at the time the loan proposal is distributed to the IDB Board of Directors, the operation will include the following restrictions: (i) in the first 12 months, a maximum of 15% of the total amount of Bank financing approved may be

disbursed; (ii) in the first 24 months, a maximum of 30% of the total amount of Bank financing approved may be disbursed; and (iii) in the first 36 months, a maximum of 50% of the total of the Bank's approved amount may be disbursed. All these periods will be counted from the time the Loan operation is approved by the Board of Directors. The disbursement schedule (Table 2) is designed for the phased payment of the cash transfers, prioritizing those CTP in the first and second year that target households with children (AKB) and other highly vulnerable population groups like poor households and persons with disabilities (FBZWHH and FBMMEB) (¶1.9). Financing of the AOV, a universal program, is projected for disbursement in year 4. The largest share of the disbursement schedule is programmed for years 3 and 4 once the improvements in CTP operational procedures and information management systems, namely the BIS, are in place.

Table 1. Summary of Program Costs (in US\$)

Components	IDB	Total	%
Component 1. Protection using existing cash transfer programs	26,499,981.24	26,499,981.24	88.3
Support to Poor Households	5,549,386.65	5,549,386.65	
Child Allowance	6,401,742.51	6,401,742.51	
Support to Disadvantaged Persons with Disabilities	5,009,894.21	5,009,894.21	
Elderly Allowance	9,538,957.87	9,538,957.87	
Component 2. Institutional strengthening and transparency	2,773,000.00	2,773,000.00	9.3
Program administration and evaluation	727,018.76	727,018.76	2.4
Total	30,000,000.00	30,000,000.00	100

Table 2. Disbursement Schedule (US\$)

	Year 1	Year 2	Year 3	Year 4	Total
IDB	4,485,350.09	4,326,582.36	5,361,327.87	15,826,739.67	30,000,000.00
%	15	14	18	53	100%

B. Environmental and social safeguard risks

- 2.3 In compliance with Directive B.3 of the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703), the operation is classified as category "C" according to the IDB's Environmental Safeguards Policy as it will not finance any major physical infrastructure and is not expected to cause any significant or moderate negative environmental or social impacts.

C. Fiduciary risk

- 2.4 **Risk taxonomy – Human resources:** The fiduciary risk is high since there is limited human resource capacity in the MOSAPH to execute the project. The MOSAPH has no executing unit in operation and lacks personnel capable of filling four key positions. The lack of an experienced implementation unit will affect the timing and effectiveness of the project. As mitigation measures the project will finance the contracting of the PIU staff, including: a program coordinator, a procurement specialist, a financial specialist, and a monitoring and evaluation specialist. The IDB will provide annual training to the PIU staff on financial and procurement policies.

D. Other risks and key issues

- 2.5 **Risk taxonomy – Human resources:** The risk is medium-high since there are limited human resources in MOSAPH's IT department to implement the MIS. This limitation may generate delays in the procurement and implementation processes related to the development of the BIS, as well as the supply of connectivity and expansion of hardware to District and Field Offices. To mitigate this risk the project will support the strengthening of the IT department by financing remote assistance software, training, and the establishment of a help desk needed to assist in the expansion of the information systems coverage, hardware and software. Additionally, the project will hire a project manager and a change management specialist to oversee the design and implementation of the BIS and satisfy the new demand for services.
- 2.6 **Risk taxonomy - Economic and financial environment:** This risk is high since official growth projections indicate a possible continuation of the economic downturn, which has resulted in budget constraints on the part of the government and could delay disbursements of social programs. As a mitigation measure the program will support coordination between the MOSAPH and the Ministry of Finance and Planning to ensure an adequate allocation of funds every year.
- 2.7 **Risk taxonomy – Organizational structure:** The risk is medium-high since MOSAPH lacks an interagency mechanism to facilitate coordination among the different departments responsible for managing CTP. As a mitigation measure, a permanent coordination mechanism managed by the Office of the Permanent Secretary will be established to guarantee adequate execution of the loan.
- 2.8 **Sustainability.** This program partially supports the GoS' efforts to mitigate the socioeconomic crisis generated by the country's macroeconomic imbalances and continuation of the COVID-19 pandemic among the most vulnerable population. Per Suriname's Recovery Plan, the GoS is committed to sustaining a minimum annual investment in the social safety net. The improvements to the operational framework of the CTP, the introduction of the BIS, and expansion of digital payments will establish the foundations for the efficient and transparent management of the social safety net in the medium and long term.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and Executing agency.** The Borrower is the Republic of Suriname, and the Executing Agency (EA) is the MOSAPH. The results from the Institutional Capacity Analysis (ICAP) show that although MOSAPH displays technical knowledge and experience in the management of CTP financed through Component 1, the institution has limited experience in the management of IDB loans.⁴⁷ For this reason the loan operation will finance human, financial, and

⁴⁷ Together with the Ministry of Finance and Planning, MOSAPH participates in the execution of the reformulated loan Fiscal Strengthening to Support Economic Growth Program (4112/OC-SU) approved in 2020.

physical resources to ensure sufficient planning, management, and supervision capacity for the execution.

- 3.2 A PIU will be established within MOSAPH, that will be attached to the Department of Social Affairs (DSA). The PIU will be composed of a full-time: program coordinator who will manage and oversee the activities of the project, a procurement specialist who will oversee procurement activities under the loan, a financial specialist who will keep track of all financial transactions in accordance with the Operations Manual, and a monitoring and evaluation specialist. Personnel for the PIU will be hired through resources from the loan. To facilitate execution, the operation includes financing for the hiring of two staff members to support MOSAPH's IT department in the implementation of the BIS.
- 3.3 The PIU is responsible for: (i) preparation of the implementation plan; (ii) financial administration, accounting, and preparation of budgets and disbursement requests; (iii) preparation of procurement plan and procurement of consultancy services, including the selection and hiring of the external audit firm; (iv) preparation of biannual monitoring reports for which the structure will be agreed with the Bank and financial statements; and (v) monitoring of project activity progress. These responsibilities will be outlined in the Operations Manual ([OEL#2](#)). To support the PIU with technical assistance in the design and development of the BIS, the IDB will provide technical cooperation resources throughout project implementation.⁴⁸
- 3.4 **Operations Manual.** An Operations Manual ([OEL#2](#)) will establish the general and specific procedures to be followed in the execution of the project. Specifically, it will provide the operational guidelines, fiduciary arrangements, procurement procedures, auditing mechanisms, monitoring and evaluation arrangements, and the institutional and technical framework involved in its implementation.
- 3.5 **Interagency coordination.** The MOSAPH will establish a permanent coordination mechanism managed by the Permanent Secretary among the three departments in charge of the management of CTP to guarantee adequate execution of the loan. With regards to coordination with the Ministry of Finance and Planning for the disbursement of cash transfer payments, the following mechanism will be used by the Program. The MOSAPH prepares the files with the total number of beneficiaries of CTP and total amount to be paid under Component 1. These files are then sent to the Ministry of Finance and Planning for approval. After approval, the Ministry of Finance and Planning transfers the funds to the account of the MOSAPH at the CBvS. The MOSAPH releases the payment to beneficiaries, either through the Bank system or by cash. The MOSAPH has agreements in place with the SPSB and the Godo Bank that can be utilized to conduct this process. Other Banks can be involved where necessary. Since the transfers funded by this operation are directed to existing beneficiaries and programs, no additional coordination processes need to be implemented between the MOSAPH and the Ministry of Finance and Planning.
- 3.6 **The special contractual conditions required for the first disbursement of the loan are the submission by the Executing Agency must present to the Bank**

⁴⁸ The technical cooperation is in preparation phase.

of evidence showing: (i) the approval and entry into effect of the Operations Manual [\(OEL#2\)](#) in the terms and conditions previously agreed upon with the Bank; and (ii) the establishment of a PIU within the MOSAPH and the appointment of the following technical personnel as part of the PIU: (a) a program manager, (b) a procurement specialist, (c) a financial specialist; and (d) a monitoring and evaluation specialist, in accordance with the terms of reference previously agreed upon with the Bank. A special contractual condition for execution is that the Executing Agency must present to the Bank evidence showing that the MOSAPH, the SPSB, and the other banks participating in the cash transfer payment transactions funded by the project, have entered into an agreement establishing the terms for the presentation to MOSAPH and the Ministry of Finance and Planning of the financial statements of cash transfer payments financed by the project. This condition shall be fulfilled to the satisfaction of the Bank within six months following the beginning of the execution of Component 1. These conditions will ensure that the Executing Agency has the capabilities to guarantee adequate implementation.

- 3.7 **Procurement.** The procurement processes will follow the Policies for the Acquisition of Goods and Works Financed by the IDB (GN-2349-15), and the Policies for the Selection and Contracting of Consultants financed by the IDB (GN-2350-15), as well as the Financial Management Guidelines for projects financed by the IDB (OP-273-12). The procurement plan includes details of the planned procurement processes. The plan may be updated during the execution period as required.
- 3.8 **Direct contracting.** The Single Source Selection (SSS) of the firm LYBRA to develop the BIS is foreseen. This process is in accordance with Policy GN-2350-15, article 3.11 (d) "when only one firm is qualified or has experience of exceptional worth for the assignment". LYBRA has the experience of exceptional worth for this assignment as it is already supporting the MOSAPH in the development of the BIS and it is considered that no other local firm could complete the system in a timely manner.
- 3.9 **Disbursements.** The modality will be Reimbursement of Payment to the Borrower to address retroactive payments. Other modalities may be considered, as appropriate, in keeping with the provisions of the Financial Management Guidelines for IDB financed Projects (OP-273-12) or the guidelines in effect at the time of program execution, and the Fiduciary Agreements and Requirements (Annex III).
- 3.10 **Retroactive financing.** The Bank may finance retroactively under the loan, eligible expenses incurred by the Borrower prior to the date of loan approval to finance Component 1: Protection using existing and temporary CTP and staffing of the PIU, up to the amount of US\$4,485,350.09 (15% of the proposed loan amount), provided that all the requirements are substantially similar to those set out in the loan agreement requirements. These expenses must have been incurred on or after July 23rd, 2021 (approval date of the Project Profile), and under no circumstances shall expenditures incurred more than 18 months prior to the loan approval date be included.
- 3.11 **Audit.** Several auditing mechanisms have been established to ensure transparency in the management of loan resources during execution. The executing agency will submit to the Bank the project's annual audited reasonable

assurance report within 120 days after the close of the fiscal year. The audit will be conducted by a Bank-eligible independent audit firm. The scope and related considerations will be governed by the Financial Management Guidelines (OP-273-12) and the Guide for Financial Reports and Management of External Audits. Annual financial audit costs will be financed with project resources. In addition, the following auditing arrangements have been agreed with the GoS to oversee the implementation of Component 1: (i) annual audit of cash transfer payments by the Central Government Auditing Bureau (CLAD)⁴⁹; and (ii) a financial audit will be presented with each justification of expenses by a Bank-eligible independent audit firm. This audit will include a sample verification that enrolled beneficiaries are the ones who received the transfer; and (iii) a concurring operational audit will be conducted throughout the execution of Component 1 to examine compliance with the program's Operational Manual.

B. Summary of arrangements for monitoring results

- 3.12 **Monitoring.** The MOSAPH, as the executing agency, will be responsible for implementing the Monitoring and Evaluation Plan ([REL#2](#)). The mechanism to report progress of project implementation and execution for this operation will be the Progress Monitoring Report (PMR). In addition to the Project Execution Plan (PEP), Annual Operating Plan (AOP), and Procurement Plan, the executing agency must present semi-annual progress reports, within 60 days after the end of each semester.
- 3.13 **Evaluation.** To assess the program's contribution to the specific objective to support minimum consumption levels for those affected by COVID-19, a "before and after" analysis will be conducted. To establish the attribution of the observed results to the interventions in Component 1, the quantitative analysis will be complemented with a review of the theory of change supported by relevant evidence of the effectiveness of similar interventions in comparable contexts. For assessing the contribution to the specific objective of improving the efficiency of social safety programs, a base line study will be conducted to establish how long it takes for the Executing Agency to deliver cash payments to the beneficiaries of the AKB and FBZWHH programs and compare it to the time it takes to do an electronic payment once the digital payment system has been expanded. Furthermore, a before and after qualitative study will be conducted to explore beneficiaries' preferences - electronic vs cash payment; and changes in their consumption patterns given the payment modality. Two consultancies have been budgeted as part of the Administration component of this operation to carry out these analyses at the end of the Program ([REL#2](#)).

⁴⁹ Established in 1992, the CLAD is an agency of the GoS tasked with the responsibility of providing audit services to the institutions of the central government and state-owned companies. CLAD is part of the structure of the Ministry of Finance and Planning.

Development Effectiveness Matrix		
Summary		SU-L1063
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Gender Equality and Diversity -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries of targeted anti-poverty programs (#) -Agencies with strengthened digital technology and managerial capacity (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2873	Modernization of the Public Sector
Country Program Results Matrix	GN-3034-2	The intervention is included in the 2021 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		7.2
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		1.2
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium High
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Evaluability Assessment Note: Suriname faces challenging economic conditions, along with the continuation of the COVID-19 pandemic, which are severely impacting the livelihoods of the population, especially the most vulnerable. Furthermore, fiscal constraints threaten the sustainability of the social safety net.

As a general objective, this project aims to decrease the effects associated to the pandemic and economic crises on disadvantaged populations. Consistently, its specific objectives are to provide additional income to the vulnerable populations and also, improve the efficiency of the social protection system.

The first specific objective is tied to the main component of the program (US\$ 26.5 million), which provides cash transfers to beneficiaries of social programs with extensive coverage of the vulnerable populations. This is a proven way to supporting disadvantaged households, with supporting evidence on many countries in the region and the developing world in general.

The second specific objective is related to a second component which is much smaller in terms of funding (US\$ 2.8 million), aiming to invest in state capacity by improving institutional strengthening and transparency.

The program is designed to benefit all households and individuals enrolled as of 2021 in the conditional transfer programs. Women make up 68.2% of enrolled beneficiaries. The vertical logic of the program is consistent with the general and specific objectives, and development matrix includes indicators for products, outcomes, and impacts, that satisfy the SMART criteria.

To establish attribution of the results to the program intervention, the proposed evaluation plan proposes a before-and-after analysis to assess the effect of cash transfers, complemented by a review of the theory of change supported with relevant evidence of the effectiveness of similar interventions in comparable contexts. The institutional strengthening will also be evaluated using a pre/post analysis, comparing the time beneficiaries wait before receiving the cash transfers before and after the investment in state capacity. The Project also implemented a cost-benefit analysis that delivered an internal rate of return of 7.6%, suggesting that the Project is economically viable.

RESULTS MATRIX

Project Objective	The specific objectives for this operation will be: (i) support minimum consumption levels for those affected by the crisis; and (ii) strengthen the Ministry of Social Affairs and Public Housing (MOSAPH)'s capacity to manage social protection programs with efficiency and transparency. The achievement of these objectives will contribute to the general objective to contribute to ensuring minimum consumption levels for vulnerable groups amid Suriname's socio-economic crisis and strengthen the efficiency and transparency of the country's social safety net.
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General Development Objective

Indicators	Unit of measurement	Baseline value	Baseline year	Target	Means of verification	Comments
General development objective: Contribute to ensuring minimum consumption levels for vulnerable groups amid Suriname's socio-economic crisis and strengthen the country's social safety net.						
Per-capita consumption in vulnerable and poor households vs per-capita consumption in non-vulnerable households	SRD (Monthly per capita consumption)	Poor or vulnerable: SRD 691.31 Non-vulnerable: SRD 864.13	2017	N/A	Suriname Survey of Living Conditions (SSLC) ¹ . Final target to be measured using data from 2022.	<u>Poor Households</u> : households with monthly per capita consumption below SRD733.10 (US\$34.18) in Great Paramaribo, SRD590.23 (US\$27.62) in Rest of Coastal Regions, SRD533.2 (US\$24.86) for Interior, and SRD691.31 on average. <u>Vulnerable households</u> : Households with monthly per capita consumption above the non-extreme poverty line but below 1.25 times such line. <u>Non-vulnerable households</u> : households with monthly per capita consumption above 1.25 times the non-extreme poverty line.

Specific Development Objectives

Indicators	Unit of measurement	Baseline value	Baseline year	End of Project	Means of verification	Comments
Specific development objective 1: Support minimum consumption levels for those affected by the crisis.						
Indicator 1.1 Vulnerable population receiving cash transfers funded by the project	Percentage	47.57	2017	47.57	Suriname Survey of Living Conditions (SSLC) ² . Final target to be measured using data from 2022.	Numerator: Number of individuals receiving cash transfers (FBMMEB ³ , AKB ⁴ , AOV ⁵ , FBZwHH ⁶) living in extreme or moderate poverty and in vulnerability. Estimated: 119,980. Denominator: Number of extreme poor, moderate poor and vulnerable individuals in the country based on

¹ Diether Beuermann. Suriname Survey of Living Conditions. IDB, June 2018. <https://publications.iadb.org/en/suriname-survey-living-conditions-2016-2017>.

² Diether Beuermann. Suriname Survey of Living Conditions. IDB, June 2018. <https://publications.iadb.org/en/suriname-survey-living-conditions-2016-2017>.

³ Disadvantaged Persons with Disabilities (FBMMEB)

⁴ Child allowance (AKB)

⁵ Elderly allowance (AOV)

⁶ Support for Poor Households (FBZwHH)

Indicators	Unit of measurement	Baseline value	Baseline year	End of Project	Means of verification	Comments
						national poverty lines. Estimated = 252,235 Extreme poverty lines are: 265.29 (Great Paramaribo), 250.48 (Rest of Coastal Regions) and 206.69 for Interior. Moderate poverty lines are 733.10 (Great Paramaribo), 590.23 (Rest of Coastal Regions) and 533.2 for Interior. Vulnerability is defined as per-capita consumption equal or higher to the moderate poverty line, but lower to 1.5 times its value. "Gender tracking" (reported by male/female gender of the beneficiaries).
Specific development objective 2: Strengthen MOSAPH's capacity to manage social protection programs with efficiency and transparency.						
Indicator 2.1 Beneficiaries (individuals or households) from existing cash transfer programs registered in the BIS ⁷	Percentage	16.4	2021	75	Administrative records of the BIS.	Numerator: Number of individuals receiving existing transfers (FBMMEB ⁸ , AKB ⁹ , AOV ¹⁰ , FBZWHH ¹¹) registered in the BIS (considering 3.9 members per households for all household members beneficiaries of AKB and FBZWHH, as reported on the SSLC of 2017). ¹² Denominator: Number of individuals receiving existing transfers (FBMMEB ¹³ , AKB ¹⁴ , AOV ¹⁵ , FBZWHH ¹⁶). Estimated = 278,068 (considering 3.9 members per households for all household members beneficiaries of AKB and FBZWHH, as reported on the SSLC of 2017). "Gender tracking" (reported by male/female gender of the beneficiaries).
Indicator 2.2 Eligibility time for potential beneficiaries in existing transfer programs	Days	30 ¹⁷	2021		Project Evaluation Report (baseline and final data obtained from administrative records of the programs).	Eligibility time = time from application submission of beneficiaries until eligibility is declared. The end of project target is missing because it will be determined based on the results of the adjusted base line value obtained from an evaluation.

⁷ Beneficiary Information System (BIS).

⁸ Disadvantaged Persons with Disabilities (FBMMEB).

⁹ Child allowance (AKB).

¹⁰ Elderly allowance (AOV)

¹¹ Support for Poor Households (FBZWHH).

¹² Diether Beuermann. Suriname Survey of Living Conditions. IDB, June 2018. <https://publications.iadb.org/en/suriname-survey-living-conditions-2016-2017>.

¹³ Disadvantaged Persons with Disabilities (FBMMEB).

¹⁴ Child allowance (AKB).

¹⁵ Elderly allowance (AOV).

¹⁶ Support for Poor Households (FBZWHH).

¹⁷ To be adjusted by evaluation baseline data obtained from administrative data.

Indicators	Unit of measurement	Baseline value	Baseline year	End of Project	Means of verification	Comments
Indicator 2.3 Total Cost of payment process for AKB program	US\$	NA ¹⁸	2021		Project Evaluation Report (baseline and final data obtained from administrative records of the programs).	The end of project target is missing because it will be determined based on the results of the adjusted base line value obtained from an evaluation.

Outputs

Indicators	Unit of measurement	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of Project	Means of verification	Comments
Component 1: Protection using existing cash transfer programs.										
Indicator 1.1 Transfers paid to beneficiaries of the Support for Disadvantaged Personas with Disabilities (FBMMEB)	Number of transfers to households	0	2021	23,742	0	118,710	0	142,452	Bi-annual program report to the Bank, based on administrative system to track beneficiaries and payments	Number of transfers paid monthly to beneficiaries of the FBMMEB. Transfers are usually monthly, but sometimes more monthly transfers are combined in a single payment. "Gender tracking" (reported by male/female gender of the beneficiaries).
Indicator 1.2 Transfers paid to beneficiaries of the AKB	Number of transfers to households	0	2021	546,084	546,084	0	0	1,092,168	Bi-annual program report to the Bank, based on administrative system to track beneficiaries and payments	Number of transfers paid monthly to beneficiaries of the AKB. Transfers are usually monthly, but sometimes more monthly transfers are combined in a single payment "Gender tracking" (reported by male/female gender of the beneficiaries).
Indicator 1.3 Transfers paid to beneficiaries of the AOV	Number of transfers to individuals	0	2021	0	0	0	203,424	203,424	Bi-annual program report to the Bank, based on administrative	Number of transfers (paid monthly to beneficiaries of the AOV. Transfers are usually monthly, but

¹⁸ To be obtained by evaluation baseline data obtained from administrative data.

Indicators	Unit of measurement	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of Project	Means of verification	Comments
									system to track beneficiaries and payments	sometimes more monthly transfers are combined in a single payment. "Gender tracking" (reported by male/female gender of the beneficiaries).
Indicator 1.4 Transfers paid to beneficiaries of the FBZwHH	Number of transfers to households	0	2021	0	16,086	21,448	80,430	107,964	Bi-annual program report to the Bank, based on administrative system to track beneficiaries and payments	Number of transfers paid monthly to beneficiaries of the FBZwHH. Transfers are usually monthly, but sometimes more monthly transfers are combined in a single payment. "Gender tracking" (reported by male/female gender of the beneficiaries).
Component 2: Institutional strengthening and transparency.										
Indicator 2.1 Operations Manuals for cash transfer programs developed	Number of Operations Manuals	0	2021	4	0	0	0	4	Ministerial Resolution adopting the Operations Manuals	
Indicator 2.2 Monitoring and Evaluation Unit established	Unit	0	2021	1	0	0	0	1	Ministerial Resolution creating the Monitoring and Evaluation Unit	The Unit is established when at least 2 monitoring and evaluation specialists have been hired as full-time staff and have been trained in the new operations manuals.
Indicator 2.3 Number of MOSAPH regional and local staff trained in cash transfer	Number of staff	0	2021	0	0	144	0	144	Bi-annual program report to the Bank	

Indicators	Unit of measurement	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of Project	Means of verification	Comments
program procedures and protocols										
Indicator 2.4 BIS expanded and functioning	System	1	2021	0	0	0	1	1	Bi-annual program report to the Bank	Expanded includes the design and implementation of the application and enrollment modules, the social registry, and the payment tracking system, as well as the system's storage in cloud servers.
Indicator 2.5 Agreements with Ministries of the Internal Affairs and Finance and Planning subscribed	Number of agreements	0	2021	0	0	2	0	2	Agreements signed	Subscribed means the signature of a Memorandum of Understanding between authorities from MOSAH and the Ministries of Internal Affairs and Finance and Planning.
Indicator 2.6 MOSAPH national, regional and local staff trained in the use of the BIS	Number of staff	0	2021	0	0	0	150	150	Bi-annual program report to the Bank	
Indicator 2.7 District and Field Offices equipped with computer hardware and internet connectivity	Number	2	2021	0	10	0	62	72	Bi-annual program report to the Bank	Equipped means each District Office and Field Office has computers, printers, scanners, and tablets for the management of cash transfer programs, as well as internet connectivity.
Indicator 2.8 Cybersecurity framework	Manual	0	2021	0	0	0	1	1	Bi-annual program report to the Bank	Established means that a cyber security protocol has been designed and

Indicators	Unit of measurement	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of Project	Means of verification	Comments
established within BIS										approved by MOSAPH.
Indicator 2.9 Number of beneficiary households of the AKB and FBZwHH enrolled in moneykarta or bank accounts	Number of beneficiary households	0	2021	0	0	0	27,000	27,000	Bi-annual program report to the Bank	
Indicator 2.10 Communications campaign for use of the moneykarta or bank accounts designed	Campaign	0	2021	0	0	0	1	1	Bi-annual program report to the Bank	

Fiduciary Agreements and Requirements

Country: Suriname

Division: SPH

Operation No.: SU-L1063

Year: 2021

Executing Agency (EA): Ministry of Social Affairs and Public Housing (MOSAPH)

Operation Name: Support to Safety Nets for Vulnerable Populations in Suriname

I. Fiduciary Context of Executing Agency

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

<input checked="" type="checkbox"/> Budget	<input type="checkbox"/> Reports	<input type="checkbox"/> Information System	<input type="checkbox"/> National Competitive Bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping	<input type="checkbox"/> Others
<input checked="" type="checkbox"/> Accounting	<input type="checkbox"/> External Control	<input type="checkbox"/> Individual Consultants	<input type="checkbox"/> Others

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Particularities of the fiduciary execution	The loan will be executed by the Ministry of Social Affairs and Public Housing (MOSAPH).
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3. Fiduciary capacity

Fiduciary Capacity of the EA	The assessment of the EA's fiduciary capacity is deemed Medium-High as the MOSAPH has limited technical, administrative, and fiduciary capacities to execute the SU-L1063 program. The MOSAPH does not have the adequate personnel and procedures in place to handle procurements financed from IDB loan funds. Moreover, although the MOSAPH has some experience executing multilateral financing sources, it does not have significant experience working with IDB policies or applying these.
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4. Fiduciary risks and risk response

Risk Taxonomy	Risk	Risk level	Risk response
Human Resources	<p>There is limited human resource capacity in the MOSAPH to execute the project. The MOSAPH has no executing unit in operation and lacks personnel capable of filling 4 key positions. Finding capable personnel to fill these positions could prove challenging due to limits in salaries set forth by the government. The lack of an experienced implementation unit and the difficulty in finding the necessary personnel, will affect the timing, efficiency and effectiveness of the project.</p> <p>Furthermore, there is a need to support the MOSAPH to strengthen its ability to execute the project efficiently and effectively. Additional hiring and technical assistance to support the execution of the loan may be needed, more specifically to undertake the tasks related to program planning, procurement, and financial management, monitoring and evaluation, and support to the MOSAPH's technical units in charge of execution, where needed. Periodical training in these areas will be required to increase their capabilities to administer the execution of the project.</p>	High	<p>The project will finance the contracting of PIU personnel, including: Project Coordinator, Fiduciary Specialist, Procurement Specialist and Monitoring Specialist.</p> <p>In addition, the Country Office of the IDB will train, at least once a year, the PIU members and other MOSAH personnel in IDB financial and procurement policies and procedures.</p>

Internal Processes	Delays in payments to contractors and consultants. Based on past experiences the delays in payments are a setback during project implementation. This bottleneck is expected to cause potential delays in the execution of the operation.	Medium-Low	The project will implement IDB policies and procedures to ensure the integrity and transparency of the operation.
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5. Policies and guides applicable to the operation: Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank, document GN-2349-15 and Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank, document GN-2350-15.

6. Exceptions to policies and rules: No exceptions

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

Special contractual conditions precedent to the first disbursement: The Executing Agency must present to the Bank evidence showing: (i) the approval and entry into effect of the Operations Manual (OEL#2) in the terms and conditions previously agreed upon with the Bank; and (ii) the establishment of a Program Implementation Unit (PIU) within the MOSAPH and the appointment of the following technical personnel as part of the PIU: (a) a program manager, (b) a procurement specialist, (c) a financial specialist, and (d) a monitoring and evaluation specialist, in accordance with the terms of reference previously agreed upon with the Bank (¶3.6).

Other Requirements for Utilizing Resources of the Loan: The Executing Agency must present to the Bank evidence showing that the MOSAPH, the *Surinaamse Postspaarbanc* (SPSB), and the other banks participating in the cash transfer payment transactions funded by the project, will enter into an agreement establishing the terms for the presentation to MOSAPH and the Ministry of Finance and Planning of the financial statements of cash transfer payments financed by the project. This condition shall be fulfilled to the satisfaction of the Bank within six months following the beginning of the execution of Component 1. (¶3.6).

Exchange Rate: The exchange rate applicable to justify expenses is the exchange rate in force on the date of payment of the expenditure in local currency of the Borrower as indicated in (b)(ii) of Article 4.10 of the General Conditions. Also, this agreed exchange rate will be the exchange rate as published in the Central Bank of Suriname on the effective date on which the Borrower, the EA, or any other person or legal entity in whom the power to incur expenditures has been vested makes the related payments to the beneficiary.

Type of Audit: Throughout the loan disbursement period, the EA will submit to the Bank annual audited financial statements within 120 days after the close of the fiscal year, March 31st. The audit will be conducted by a Bank-eligible independent audit firm. The audit's scope and related considerations will be governed by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12) and the Guide for Financial Reports and Management of External Audit. Audit costs will be financed with project resources

III. Agreements and Requirements for Procurement Execution

<input checked="" type="checkbox"/>	Bidding Documents	For procurement of Works, Goods and Services Different of Consulting executed in accordance with the Procurement Policies (document GN-2349-15), subject to ICB, the Bank's Standard Bidding Documents (SBDs) or those agreed between EA and the Bank will be used for the particular procurement. Likewise, the selection and contracting of Consulting Services will be carried out in accordance with the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15) and the Standard Request for Proposals (SRP) issued by the Bank or agreed between the EA and the Bank will be used for the particular selection. The revision of the technical specifications, as well as the terms of reference of the procurements during the preparation of selection processes, is the responsibility of the sectorial specialist of the project. This technical review can be ex-ante and is independent of the procurement review method.
<input checked="" type="checkbox"/>	Direct Contracting and Single Source Selection	The following single source selection has been identified: SSS of the consulting firm LYBRA for an estimated value of US\$1,000,000 to develop the BIS is foreseen. This process is in accordance with document GN-2350-15, paragraph 3.11 (d) "when only one firm is qualified or has experience of exceptional worth for the assignment". LYBRA has the experience of exceptional worth for this assignment as it is already

		supporting the MOSAPH in the development of the BIS and it is considered that no other local firm could complete the system in a timely manner.
<input checked="" type="checkbox"/>	Advanced Contracting Retroactive financing	The Bank may finance retroactively under the loan, eligible expenses incurred by the Borrower prior to the date of loan approval to finance Component 1: Protection using existing and temporary CTP and staffing of the PIU, up to the amount of US\$4,485,350.09 (15% of the proposed loan amount), provided that all the requirements are substantially similar to those set out in the loan agreement requirements. These expenses must have been incurred on or after July 23rd, 2021 (approval date of the Project Profile), and under no circumstances shall expenditures incurred more than 18 months prior to the loan approval date be included.
<input checked="" type="checkbox"/>	Procurement supervision	The method of supervision shall be ex- ante.
<input checked="" type="checkbox"/>	Records and Archives	All records and files will be maintained by the PEU, in accordance with accepted best practices, and be kept for up to three years beyond the end of the operation's execution period.

Main Acquisitions

Description of the procurement	Selection Method	Estimated Date	Estimated Amount 000'US\$
Goods			
Equipment for District and Field Offices (Computer hardware and internet connectivity)	PC and NCB	2024	190,000
Printing of communications material	NCB	2024	50,000
Purchase of debit cards	NCB	2024	60,000
Consulting Firms			
Services for design and implementation of change management process	CQS	2024	50,000
Firm for digitalizing documents	CQS	2022	72,000
Firm to provide training to a number of MOSAPH regional and local staff in cash transfer program procedures and protocols (including logistics)	CQS	2023	75,000
Firm for development of 2 API and web service	CQS	2024	50,000
Communications and advertising firm for the design and implementation of communications campaign	QCBS	2024	300,000
LYBRA software firm for development, implementation, guarantee, help desk and training for BIS	SSS	2024	1,000,000
Individuals			
Consultant for preparation of 4 Operations Manuals and training to staff	3CV	2022	50,000
Hiring of 4 individuals for Monitoring (2) and Evaluation (2)	3CV	2022-2025	288,000
Two (2) Information Technology Specialist	3CV	2025	192,000
Project Management consultant	3CV	2024	165,000

To access the 18-month procurement plan (REL#3).

IV. Agreements and Requirements for Financial Management

<input checked="" type="checkbox"/>	Programming and Budget	The EA will prepare and implement an operational plan, which will include the budget plan, procurement plan and financial plan, consistent with a 12 –month financial plan that will be required. The Borrower has committed to allocate, for each fiscal year of program execution, adequate fiscal space to guarantee the unrestricted execution of the program.
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☒	Treasury and Disbursement Management	The Ministry of Finance and Planning agrees to establish 2 (two) Special Accounts at the Central Bank of Suriname, denominated in US Dollars and Surinamese Dollars. These accounts will have exclusive use to cover for program expenditures. The Ministry of Finance and Planning will be using Reimbursement and Advance of Funds as their preferred method to receive loan resources. However, other types of disbursement will be available as stated in the document OP-273-12. Percentage for the justification of expenditure: 80%. Flow of Project resources: The resources will be disbursed mostly by transfers to the Ministry of Finance and Planning for extraordinary cash transfers of the Support for Disadvantaged Persons with Disabilities (FBMMEB), Child Allowance (AKB) and Elderly Allowance (AOV) made in response to the COVID-19 crisis. Documentation required to be submitted: list of names recipients with ID number, date, program, amount, and signature.
☒	Accounting, information systems and reporting	Specific accounting norms: (International Financing Reporting Standards). Accounting reports: The EA will utilize the off the shelf accounting and financial management software QuickBooks currently used for the accounting and financial reporting of many programs in the country. Financial Statements of the program will be prepared based on IDB rules given that the PFM reform is still in process. The financial specialist should maintain under his/her responsibility auxiliary records and systems (e.g., QuickBooks or similar). Accounting Method and Currency: Cash basis and US\$.
☒	External control: external financial audit and project reports	The borrower and the EA, as agreed with the Bank, will hire the services of an audit firm through a bidding process. The audit's scope and related considerations will be governed by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12) and the Guide for Financial Reports and Management of External Audit. The annual financial audits/assurance reports should be submitted within 120 days of the end of a fiscal year and within 120 days after the date of the last disbursement.
☒	Project Financial Supervision	Financial, accounting and institutional inspection visits or meetings will be performed for the following: (i) to review the reconciliation and supporting documentation for disbursements; (ii) for compliance with financial and procurement procedures; (iii) for review of compliance with the lending criteria; and (iv) to follow up on audit findings and recommendations. The review of disbursements will be ex post.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

Suriname. Loan ____/OC-SU to the Republic of Suriname
Support to Safety Nets for Vulnerable
Populations in Suriname

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Suriname, as borrower, for the purpose of granting it a financing to cooperate in the execution of the project "Support to Safety Nets for Vulnerable Populations in Suriname". Such financing will be for the amount of up to US\$30,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2021)