

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	SURINAME/CCB - Caribbean Group
▪ TC Name:	Fiscal Support Programme to Regain Sustainable Growth in Suriname
▪ TC Number:	SU-T1136
▪ Team Leader/Members:	REYES-TAGLE, GERARDO (IFD/FMM) Team Leader; HOEPEL, LUCAS A (CCB/CSU); PARK KWON, YERY (IFD/FMM); ASTUDILLO, KAREN (IFD/FMM); KHADAN, JEETENDRA (CCB/CSU); ROMAN SANCHEZ, SUSANA (IFD/FMM); TJON A LOI, MARISKA CHUQUITA (VPC/FMP); CENTENO LAPPAS, MONICA CLARA ANGELICA (LEG/SGO); ALEJOS MARROQUIN, LUIS ALEJANDRO (IFD/FMM); PARK, YAERIN (IFD/FMM); OSPINA GARNICA, LAURA ALEJANDRA (IFD/FMM); LUIS RECALDE RAMIREZ (IFD/FMM)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Fiscal Support Programme to Regain Sustainable Growth - SU-L1060
▪ Date of TC Abstract:	13 May 2021
▪ Beneficiary:	Suriname
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$150,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	IFD/FMM - Fiscal Management Division
▪ Unit of Disbursement Responsibility:	IFD/FMM - Fiscal Management Division
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The general objective of this Technical Cooperation (TC) is to strengthen the internal revenue and customs administration business processes through increasing capacities in the data analytics and modernization of the organizational structure of the SORA. This TC will complement and support critical activities for the efficient implementation of the activities contemplated in the SU-L1060 program, specifically in relation to the expansion of the institutional capacity of the DoTC and the implementation of the policies reform to ensure fiscal sustainability in the country.
- 2.2 This TC is associated to the “Fiscal Support to Regain Sustainable Growth” (SU-L1060) loan program, which is currently in the approval process and is expected to be signed during the second half of 2021. The components of the new loan program inherit main activities that were designed as part of the strengthening the revenue administration component of the “Fiscal Strengthening to Support Economic Growth” (SU-L1050) operation, which was reformulated on August 9, 2020 by redirecting 50 percent of the total loan amount to protect the economic impact of the COVID-19 crisis

using existing cash transfer programs. Due to the substantial reduction of the SU-L1050 operational balance, several outputs that were agreed to strengthen the capacities of the Directorate of Taxes and Customs (DoTC) and to introduce tax policy reform were eliminated, and the remaining outputs suffered significant reduction in budget partially modifying the targets to be achieved and the overall objectives of the program.

- 2.3 The GoS is facing unprecedented policy challenges due to the current COVID-19 pandemic and needs to secure resources to adopt and implement policy measures to tackle economic and social challenges that have resulted from the current pandemic and aid the vulnerable population. To achieve this goal, sustainable domestic revenue mobilization through strengthened management and governance structure of the tax administration system is critical. In this regard, the Bank will continue supporting the GoS efforts to achieve a fiscally sustainable path by providing resources under the “Fiscal Support Programme to Regain Sustainable Growth” (SU-L1060). This loan project will be particularly critical in supporting the GoS to achieve fiscal sustainability in the recovery of the post-pandemic period.
- 2.4 Efforts in the implementation regarding the institutional, technical and personnel training of the DoTC and the introduction of the value-added tax (VAT) remain as core goals to be achieved under the new loan program SU-L1060. The objective of this TC is to support the DoTC to overcome its limited capacity and provide advisory services on the technical aspects of the fiscal policy reform planning during the preparation and execution of the activities of SU-L1060. Also, it will complement and reinforce the objectives of SU-T1125 and SU-T1089, which was approved to facilitate the smooth transition in leadership and change management strategies within the DoTC and to support Suriname’s effort to achieve a comprehensive program for expanding institutional capacity and implementing policy reform to ensure fiscal sustainability in the country as they advance towards the structuring of the semi-autonomous revenue agency named the Suriname Office of Revenue Administration (SORA).

III. Description of Activities and Outputs

- 3.1 **Component I: Strengthen the internal revenue administration.** This component will complement the efforts under SU-L1060 to support the revamping of the DoTC’s institutional organization to achieve a more efficient internal procedures. This component will finance: (i) support the construction of an internal database at DoTC to breakdown data silos and delivery of training programs to strengthen the capacities in data analytics, and (ii) support the design of the taxpayer services function and the modernization of the organizational structure of SORA.
- 3.2 **Component II: Strengthening of customs administration.** This component will complement the efforts under SU-L1060 to support the optimization of customs management processes to increase their efficiency in terms of revenue collection and enhanced risk management capabilities. It will finance: (i) support to enhance the audit and post clearance capacities and risk management planning and (ii) support for an efficient implementation of the customs IT capabilities and the modernization of the technological infrastructure.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Strengthen the internal revenue administration	US\$75,000.00	US\$0.00	US\$75,000.00
Strengthening of customs administration	US\$75,000.00	US\$0.00	US\$75,000.00

Total	US\$150,000.00	US\$0.00	US\$150,000.00
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V. Executing Agency and Execution Structure

- 5.1 At the request of the Government of Suriname, this TC will be executed by the IDB. The IDB's Country Office in Suriname (CCB/CSU) in close collaboration with the Fiscal Management Division (IFD/FMM) will have technical responsibility for the execution of the TC. The designated focal point with responsibility for executing this TC will be the Lead Sector Specialist in IFD/FMM. The IDB team will lead implementation, oversight of TC activities and coordination of results with authorities in Suriname. IFD/FMM will be responsible for procurement of required services.
- 5.2 The IDB is best-placed to coordinate information and activities with relevant public and private sector stakeholders during the COVID-19 pandemic, which is drawing heavily on public sector personnel and financial resources. Furthermore, the IDB will be able to leverage its extensive network of internal and external subject-matter experts and well-established relationships with stakeholders in order to facilitate timely execution. Furthermore, in accordance with Annex II of OP-619-4, the Government of Suriname and the IDB agree that contracting by the IDB would guarantee that the products meet the appropriate quality standards and enhance the independence of the studies.
- 5.3 All activities will be executed in accordance with the Bank's established procurement policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and (c) GN-2303-28 for logistics and other related services.

VI. Project Risks and Issues

- 6.1 Risks for this project are low due to the direct request by the GoS for this operation support TC. Nonetheless major risks to project execution include (i) identification and selection of adequate human resources within the various beneficiary institutions assigned with sufficient time to strengthening capacity; (ii) limited capacity for data collection and communication risks due to the continuous travel restrictions and social distancing measures due to the pandemic. Some mitigation efforts could include (a) recruit new local human talent and retain within the beneficiary institutions by providing adequate incentives and capacity building to fill gaps within the executing agency over the life of the project, mitigating the current unavailability of human resources; (b) actively utilize virtual meeting platforms and communication channels until travel restrictions are lifted to conduct field visits and in-person dialogue with the MoF, DoTC and local stakeholders.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".