

Water and Sanitation Division (INE/WSA)

SURINAME

**Water Supply Modernization Program
SU-L1058**

Identification Mission

**AIDE MEMOIRE
December 11 – 14, 2018**

1.0 Background

- 1.1 An Identification Mission for the operation Water Supply Modernization Program (SU-L1058) took place from December 11 to 14, 2018. Participating in the mission on behalf of the IDB were Evan Cayetano (INE/WSA) Team Leader; Marie Reyes (INE/WSA) Consultant; and Rajant Gangadin (CCB/CSU) Operation Analyst. Also participating in the Mission were Ms. Mariko Russell (CCB/CSU) Chief of Operations, and Mr. Cesar Falcon (CCB/CSU) Country Representative.
- 1.2 The overall objective of the mission was to initiate the preparation of a potential investment loan to improve the efficiency and quality of potable water services in Suriname (Greater Paramaribo and Coastal areas). Specifically, the mission aimed to review and discuss documentation on the SWM's operations with the officials of Surinaamse Waterleiding Maatschappij (SWM) and the Ministry of Natural Resources and engage in field visits to sites where the project is intended to have activities. In anticipation of the mission, the IDB shared a Concept Note on a proposed new operation which outlined tentative components advancing on items covered by the completed LO 2451/OC-SU (SU-L1018). As the new loan operation is expected to be a sovereign guarantee operation, the Mission was also to formalize the loan preparation process with the Ministry of Finance.
- 1.3 To achieve the objectives, the mission team met with representatives from the SWM; Ministry of Natural Resources; Ministry of Public Works, Transport and Communication (MPWT&C); and the Ministry of Finance. The mission also met with a representative of the Agence Française de Développement (AFD); and received information from the SWM and the MPWT&C on other development partners involved in the water and sanitation sector in Suriname. A full list of government representatives is included in Annex I.
- 1.4 The mission team gratefully acknowledges national authorities for their contribution and support during the visit.

2.0 Activities and Results

A. Technical discussions

- 2.1 As a result of the discussions with the SWM and the MPW as well as drawing on the IDB's institutional memory, the mission re-confirmed that the main problem affecting water supply service in Suriname are inefficiencies indicated by high levels of non-revenue water (NRW around

46%), and energy consumption particularly in the Central Region. This is largely due to aged transmission and distribution network. There is also the institutional challenge of the SWM to not only improve its capacity to address the current operational challenges of the coastal area, but also to increase its capacity to cover the additional responsibility of water supply to the population of the interior.

- 2.2 On its financials, most of SWM's revenue originates from Central Region (Paramaribo, Wanica and Para) where 85% of its customers reside. Collection efficiency has averaged at about 90%. The tariff is structured based on customer segments and level of consumption. The customer segments include commercial, institutional and domestic. The last tariff adjustment was approved in June 2017. Despite this, SWM still depends on Government subsidies to cover its operational and maintenance costs.
- 2.3 With respect to wastewater collection and treatment, in Suriname this function rests with the MPWT&C, and the Ministry of Public Health covers the health responsibilities. Within its mandate the MPWT&C is responsible for maintaining all primary channels in rural areas as well as the combined water and wastewater system in Paramaribo. This Ministry is also responsible for the operation and maintenance of drainage infrastructure, including sluices and pumping stations. In this regard the MPWT&C is finalizing a loan operation of US\$30M for a Saramacca Canal System Rehabilitation Project with the World Bank. Regarding the impact of current method of wastewater disposal, the Environment Coordination Unit recognizes need for attention to the absence of wastewater treatment facilities in Suriname and in particular Greater Paramaribo. In the meeting with MPWT&C, the mission mentioned that pollution of some waterways due to inadequate septage disposal occurs. The ADF's operation Water Supply Facilities Improvement Project has a subcomponent to evaluate the current impact of wastewater on health, environment and the quality of surface water. The MPWT&C informed that they closely collaborated with SWM during the execution of SU-L1018 and was advised that this collaboration will continue.
- 2.4 The MPWT&C also has responsibility for solid waste management. The MPWT&C informed the mission that this sector is in dire need of attention as it has been shown that waste-to-energy is not feasible.
- 2.5 Given the IDB's past involvement in SU-L1018 *Water Supply Infrastructure Rehabilitation Program* between 2011 and 2017 and the results documented in the PCR completed in 2018, the mission's dialogue with SWM and other officials of the Government of Suriname (COS) confirmed that the IDB should continue its support in the water sector of Suriname particularly in the area of NRW reduction and improving operational efficiencies of the SWM. This support would therefore continue along the lines of the activities started in SU-L1018. The mission's dialogue also confirmed limited role of other development partners in this area. ADF and CDB funding are in areas of expansion and upgrade of water supply and centralized SCADA.
- 2.6 On the wider water sector of Suriname, having the reengaged with the authorities, the mission would recommend some attention also be given to investment planning for improvement in wastewater collection and treatment, and solid waste management.

B. The Program

2.7 As a result of the mission, the Government of Suriname requested the Bank to start the preparation of an investment loan to address the problems identified. The Government recognizes that the country needs to address inefficiencies of the SWM operations and strengthen the company to provide for its increased capacity to take up its mandate for water supply even to the population of the interior.

2.8 **Cost.** According to the request of the GOS, the Bank will prepare a proposal for a loan operation considering an estimated budget of US\$25 million financed by IDB funds. This would cover the cost of the components plus administrative costs.

2.9 The intervention would potentially include the following components:

Component 1: Non-Revenue Water (NRW) reduction (60% -MUS\$15M):

2.10 This component would finance implementation of the NRW Strategy in the Central (Paramaribo, Wanica, Para) and Western Regions, including metering, pressure management, energy efficiency, and strengthening of the SWM NRW Unit. The modality of the contract with a specialized NRW reduction company would provide for training of SWM staff. In order to prepare for this activity, the Bank will provide a technical cooperation for an exchange between the SWM and the Jamaica National Water Commission to learn from the Jamaican NRW experience. This component will also benefit from the Operations and Management Audit being undertaken under SU-T1102. Critical on the part of the SWM is the need for identification of human resources for staffing of the NRW unit. There is also the need for SWM to confirm the specific location of interventions for this component.

Component 2: Upgrading water infrastructure (20% - USD 5M):

2.11 This component will assist SWM meet needs to increase its water treatment capacity in selected areas of the Country. The SWM will determine the areas that need infrastructure works to increase the treatment capacity and be able to meet projected demands. The definition of the intervention location(s) will be guided by information available on the 2011 Suriname Water Supply Master Plan and SWM priorities. Additional information required is the number of expected beneficiaries which will be in function to the location and the related designs for the interventions.

Component 3: Institutional Strengthening (10% - USD 2.5M).

2.12 This component will assist SWM in improving its, planning, management and operations capacity, as well as prepare the SWM for taking over responsibility for water supply in the interior. This component will benefit directly from the Operations and Management Audit under SU-T1102 and will have focus on HR efficiency, financial strengthening, and laboratory support. It is also proposed that this component finances the preparation of an investment plan for water supply

to the interior. The preparation of this loan operation will coincide with the execution of SU-T1102 and will therefore benefit from the inputs of both project teams with the SWM.

Technical Cooperation

- 2.13 In order to prepare the key technical analysis for the program design, and to help identify strategic interventions the GOS requested the Bank non-refundable resources of around USD \$200,000 through a technical cooperation. It was agreed that this technical cooperation will be executed by the Bank and that it will cover consultancies including technical analysis, operational and implementation issues and feasibility studies for SU-L1058. The TC would also assist with technical exchanges with Jamaica and definition of an action plan for wastewater treatment and solid waste management. The technical exchange with Jamaica would be to study the NRW program being implemented in Kingston and St. Andrew and plans for Rural Water Supply.

Local Focal Point

- 2.14 The GOS informed the Bank that its focal points for the program preparation will be Mr. Alwin Linger, (Manager Strategy and Policy) SWM

3.0 Program Preparation

- 3.1 The Bank expects to approve the Program in the first quarter of 2020. If fiscal space is available, and with the GOS consent, the project will be ready for IDB Board consideration by October 2019. For that goal to be achieved, the preparation plan includes the following milestones:

- 3.1.1 Agreement on this Aide Memoire by the GOS: January 18, 2019
- 3.1.2 IDB submits Draft Project Profile to SWM: February 15, 2019
- 3.1.3 GOS signs-off on Draft Project Profile: March 1, 2019
- 3.1.4 IDB Project Team submits Project Profile for ERM: March 15
- 3.1.5 Orientation Mission to Suriname: April 15

H.E. Minister Gilmore Hoefdraad

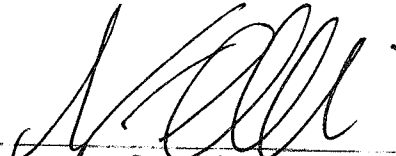
Ministry of Finance


Evan Cayetano

Team Leader, IDB

H.E. Minister Regilio Dodson

Ministry of Natural Resources


Cesar Falconi

Representative, IDB

Annex 1:

Surinaamsche Waterleiding Maatschappij NV (SWM)	
Alwin Linger	Manager Strategy and Policy
Rudi Schillevoort	Advisor to the Director
Jerrold Ferrier	Coordinator Region
Urmey Lynch	Sr. Staff Planning and Research
Ashwinie Hemai	Sr. Staff Planning and Research
Danitza Defares	Sr. Staff Planning and Research
Ministry of Public Works, Transport and Communications	
Santosh Soman	Permanent Secretary
Awinash Dewoe	Deputy Director Dry Civil Works
Ministry of Natural Resources	
Rosani Mohan-Mannoe	Policy Officer
Ramona Pawiroredjo	Policy Officer
Nancy Wijngaarde	Policy Officer
Ministry of Finance	
Sagita Jaggan	Senior Sector Coordinator
AFD	
Gaelle Narayanassamy	Project Manager