

TC Document

I. Basic Information for TC

▪ Country/Region:	SURINAM
▪ TC Name:	Support to the Suriname Water Company (SWM) Modernization Program and Sanitation Improvement in Suriname
▪ TC Number:	SU-T1127
▪ Team Leader/Members:	Cayetano, Evan Stephen (INE/WSA) Team Leader; Wilk, David (INE/WSA) Alternate Team Leader; Cartin, Irene (INE/WSA); Cathala, Corinne (INE/WSA); Fishpaw, Heidi Zoe (VPS/ESG); Gangadin, Rajjant Amarnath (CCB/CSU); Guerrero Rivera, Marilyn Ivette (INE/WSA); Mangones, Sarah Ocwieja (VPS/ESG); Negret Garrido, Cesar Andres (LEG/SGO); Reyes Pantoja, Marle Dolores (INE/WSA); Velasquez Rodriguez, Manuela (INE/WSA)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	SU-L1058 Water Supply Modernization Program
▪ Date of TC Abstract authorization:	11 Jun 2019.
▪ Beneficiary:	Surinaamsche Waterleiding Maatschapij (SWM)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Infrastructure(INF)
▪ IDB Funding Requested:	US\$200,000.00
▪ Local counterpart funding, if any:	
▪ Disbursement period (which includes Execution period):	July 2019 to June 2021
▪ Required start date:	July 2019
▪ Types of consultants:	Individual consultants, and non-consultancy services
▪ Prepared by Unit:	INE/WSA-Water & Sanitation
▪ Unit of Disbursement Responsibility:	INE-Infrastructure and Energy Sector
▪ TC included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	N
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Environmental sustainability; Gender equality; Diversity

II. Description of the Associated Loan/Guarantee

2.1 The associated Loan to this Technical Cooperation is the Water Supply Modernization Program (SU-L1058), which is currently in preparation. The loan has the objective to improve efficiency, quality, and sustainability of the potable water services provided by the Surinaamsche Waterleiding Maatschapij (SWM). The specific objectives are: (i) reduction of NRW levels in the Central and Western Regions through the implementation of critical aspects of the 2015 NRW reduction strategy; (ii) increase availability of water supply services in critical areas of Suriname through upgrading water production infrastructure; and (iii) modernize the operations and management of SWM through the implementation of key recommendations of the Institutional Strengthening Plan (ISP), financed under SU-T1102, and the development of a water supply strategy for the hinterland.

2.2 **Component I: Non-Revenue Water (NRW) reduction (US\$15 M):** This component will be based on the 2015 NRW reduction Strategy developed under SU-L1018 with specific focus in the Central (Paramaribo, Wanica, and Para) and Western (Nickerie) Regions of Suriname. Specific activities will include: (i) Strengthening of the NRW unit;

(ii) installation of meters and service connections; (iii) pressure management; and (iv) energy efficiency. This component will also benefit from the recommendations of the Institutional Strengthening Plan (ISP) to be developed under SU-T1102 and will take into consideration any relevant input from other studies financed by other donors.

- 2.3 **Component 2: Upgrading water production infrastructure (US\$5.8 M).** As highlighted in the Suriname Water Supply Master Plan (SWSMP), SWM will need to increase its production capacity to meet the projected 2024 demands. This component will finance infrastructure works required to rehabilitate pump stations in poor conditions and for SWM to increase the treatment capacity and be able to meet projected demands. SWM has identified three possible locations: (1) Helena Christina, Wanica where an additional production capacity of 240 m³/h is required; (2) Uitkijk, where additional 800 m³/h are required; and (3) Kampong Baroe, Groningen, Peperhol, Boskamp, Saramacca where an additional 300 m³/h are required in total. The definition of the intervention location(s) will be guided by a technical analysis to confirm its feasibility and estimated costs. Consideration will also be given to other critical aspects such as environmental, social, and disaster risk criteria to factor the selection of one of the three options.
- 2.4 **Component 3: Institutional Strengthening (US\$2.5 M):** This component will finance the modernization of SWM operations and management, improving its planning, management and operations capacity, as well as prepare the SWM for taking over responsibility for water supply in the interior. Specific activities will be guided by the ISP to be developed under SU-T1102. The following activities will be considered under this component: (i) Study for water supply solutions for the hinterland; (ii) Financial and human resources strengthening; (iii) Improved capacity of the Laboratory towards accreditation; (iv) implementation of selected recommendations of the ISP; and (v) capacity building at the operational level. The definition and confirmation of the activities to be financed in this component will be based on the Operations and Management Audit and ISP recommendations which were submitted by the consultant (in draft) in July 2019 and will be discussed with SWM during August 2019 to agree in the activities for the ISP. The ISP is expected to be finalized by September, 2019.
- 2.5 This Loan is currently under preparation. The Identification Mission was conducted in December 2018. The Project Profile (PP) has been drafted and submitted to the Government of Suriname (GOS) through the Country Office for its review. The Eligibility Review Meeting (ERM) for this Loan concluded on July 24, 2019. The Orientation Mission is scheduled for July 29 to August 2, 2019. The preparation of loan operation is expected to be completed by end of 2019 for approval in early 2020.

III. Objectives and Justification of the TC

- 3.1 The Surinaamsche Waterleiding Maatschappij (SWM) is a government-owned utility that provides water supply services to 122,000 households (approximately 488,000 people). Overall, production capacity is estimated at 160,000 m³ per day. SWM is facing many difficulties in providing an efficient supply of potable water including low levels of service, inadequate financial performance, high levels of non-revenue water (NRW), estimated at 46% for the Central Region and above 50% in the Easter and

Western Regions¹, and limited capacity in SWM to plan and manage water supply in the hinterland.

- 3.2 The Water Supply Modernization Program (SU-L1058) aims to improve efficiency, quality, and sustainability of the potable water services provided by SWM and will focus on decreasing the NRW levels, increase availability of water supply services in critical areas of Suriname, and modernize the operations and management of SWM. The objective of the TC is to support the preparation of the SU-L1058 by financing key analysis, including technical, environmental and social, and other studies necessary for the adequate design and preparation of the Loan.
- 3.3 The specific studies the TC will finance are the Environmental and Social Assessment (ESA), the Environmental and Social Management Plan (ESMP), possibly additional socio-environmental studies if indigenous communities are present in the area of the Operation or if the Operation caused any resettlement or economic displacement, a pre-feasibility study including definition of scope and a cost analysis of three proposed alternatives sites for the expansion of water treatment capacity, and any socio-economic studies needed. These reports are critical for project preparation and will need to be finalized prior to October 2019.
- 3.4 As part of the technical analysis to design the SU-L1058 operation, the TC will finance a technical exchange between the SWM and the National Water Commission (NWC) of Jamaica. The technical exchange will focus on NWC's experience and lessons learned from their execution of a Co-Management contract for the reduction of Non-revenue water (NRW) and NWC's plans for water supply in the non-utility service areas². An Action Plan for the creation and management of the NRW unit will be design.
- 3.5 The TC will also finance studies to define action plans for wastewater and solid waste management in Suriname, as per the GOS request. Currently, there is no treatment of wastewater before disposal into the environment. The combined untreated sewage is discharged into the Suriname River at a point upstream of Paramaribo. The same is true for septic tank effluent, where domestic effluent is removed using vacuum trucks and dumped directly into the Suriname River untreated. This also applies to domestic grey water which is either conveyed through the combined sewer system or through open trenches. There is the need to support GOS efforts to improve management of wastewater. This will be done in the form of an Action Plan identifying strategic interventions to improve the management of the sector.
- 3.6 Similarly, for solid waste, the TC is to finance an Action Plan to define strategic interventions to improve solid waste management. While collection of waste seems to have been improving, final disposal continues to be a challenge. All collected household waste from greater Paramaribo is transported to the Ornamibo dumpsite, owned by and operated under responsibility of the Waste Collection Department (VOV) of the Ministry of Public Works. The disposal site is situated in an area which is

¹ The Department of Water Supply (NH/DWV) shared responsibility with SWM for water supply in the coastal area. However, since April 2016 SWM has been taking over the areas operated by NH/DWV due to the poor level of service in those areas.

² For water supply, Jamaica is divided into utility serviced areas, supplied by the NWC, and non-utility serviced areas where it is deemed uneconomical for utility service and other means of water supply is provided.

not densely populated but quite a few households are in the direct vicinity. The Ornamibo disposal site was not constructed as a sanitary landfill and has no measures installed to prevent pollutants from entering the surrounding environment. There is no system for underground water and environmental protection in the form of a synthetic or mineral liner system. There is no collection and treatment system for the leachates and there are no measures in place to prevent rainwater entering the disposal site. There is the need to identify sustainable ways to improve the situation at the Ornamibo site and provide an adequate sanitary solution for solid waste disposal, providing for adequate management of hazardous and medical waste.

- 3.7 The proposed TC is aligned with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) particularly with the development challenges of social inclusion and equality, and productivity and innovation since it will support the strengthening of SWM and the improvement of water supply service quality. It is also aligned with the cross-cutting issues of gender equality and diversity since the financed studies will include developing a strategy that ensures women are part of decision-making related to water and use of water resources, will explore avenues to ensure persons with disabilities have access to relevant client information, and will assess potential economic activities to benefit from improved water supply services. This TC is aligned with IDB Group Country Strategy with The Republic of Suriname (2016-2020) (GN-2873) under the objective of Modernization of the Public Sector since the outputs of the TC will contribute to address structural and institutional weakness of the SWM, a state-owned water utility, and improving revenues. The proposed TC is aligned with the Water and Sanitation Sector Framework Document (GN-2781-8) as it will support the design of an operation which aims to improve access to quality water supply services provided by SWM's; improve the efficiency of SWM operations by addressing NRW issues with Smart Water Infrastructure Technologies (SWIT); provide actions for Institutional Strengthening of the operator; and to promote the adequate use of water resources. The TC is also aligned with the Ordinary Capital strategic Development Program for Infrastructure (OC-SDP for Infrastructure) (GN-2819-1), and its objectives to (i) improve the quality of infrastructure projects in LAC; (ii) enhance the performance, quality, and sustainability of infrastructure services; and (iii) enhance the quality of design and efficiency in the execution of infrastructure projects since the TC will focus on financing high-quality inputs to enhance the quality of design of the proposed Loan SU-L1050 to be financed by the Bank. Inputs to be financed contributing to the OC-SPD for Infrastructure Results Framework include; pre-feasibility studies, and environmental and social safeguards assessments for project preparation, and the action plans for water and sanitation sector that will contribute to country dialogue for origination. The proposed TC is aligned to the Corporate Results Framework 2016-2109 (GN-2727-6) since it supports the preparation of the Loan SU-L1058 which is expected to contribute to CRF under indicator No. 5 "Households with new or upgraded access to drinking water (#)"

IV. Description of activities/components and budget

- 4.1 The TC will comprise the following components:

- 4.2 **Component 1. Support for preparation of SU-L1018.** This component will finance the following activities: (i) technical analysis for the NRW interventions and water supply expansion; (ii) a technical exchange with the Jamaica water operator to study the NRW program being implemented in Kingston and St. Andrew, and plans for Rural Water Supply (i.e. water supply in non-utility areas) which will inform technical aspects

for the definition of activities under the proposed Loan; (iii) Environmental and Social Analysis for the proposed activities under SU-L1058; and (iv) socio-economic surveys to inform project preparation, if needed.

- 4.3 **Component 2. Wastewater and solid waste management support.** This component will finance the definition of an action plan for wastewater treatment and solid waste management for future interventions in the sector. This activity will complement Component 2 of the SU-L1058 Loan where production capacity is expected to increase, having a direct impact in the volume of wastewater generated.
- 4.4 The total amount of funding needed is US\$200,000 as shown in the following table. There is no local counterpart funding expected.

Indicative Budget (US\$)

Activity/ Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1	Studies and analysis to support Program preparation	100,000	-	100,000
	Suriname-Jamaica technical exchange	20,000	-	20,000
Component 2	Action Plan for Wastewater or Solid Waste Management	80,000	-	80,000

V. Executing agency and execution structure

- 5.1 At the request of the Government of Suriname³, this TC will be executed by the IDB. The IDB's Water and Sanitation Division (INE/WSA) will be responsible for the execution of this TC. Supervision of this TC will be the responsibility of the Project Team Leader assigned by INE/WSA, with the support of the Chief of Operations in the IDB's country office of Suriname and the assigned Operations Analyst. INE/WSA will be responsible for procurement of the required services. In accordance with Annex 10 of GN-2629 the justification for IDB execution is that the Beneficiary and the IDB agree that contracting by the IDB would enhance independence of the studies.
- 5.2 The GOS requested the Bank's assistance in the form of this Technical Cooperation during the Identification Mission of SU-L1058. The request is part of the Aide Memoire for such Mission.
- 5.3 The execution and disbursement period are 24 months. The activities to be conducted under this TC have been included in the Procurement Plan. The procurement processes will follow the Bank procurement policies. The Bank will hire individual consultants in accordance with the guidelines set out in the AM-650. Hiring of consultancy firms will follow the Policy GN-2765-1 and its operative guidelines (OP-1155-4). For logistics or other services different to consultancies, the process will follow Policy GN-2303-20.
- 5.4 There are no major risks identified that could affect the execution of the TC. The major challenge will be the timely availability of resources to execute the consultancies for the design of SU-L1058.

VI. Environmental and Social Strategy

³ Please see aide-memoire from SU-L1058 Identification Mission attached.

- 6.1 This Technical Cooperation has been classified as Category “B”, because it supports a loan that is Category B, per the safeguards policies. Nevertheless, since it only will finance studies, there is no requirement for the TC itself to carry out socio-environmental studies or consultations.

[Request from the Client_97367.pdf](#)

[Results Matrix_38553.pdf](#)

[Terms of Reference_14405.pdf](#)

[Procurement Plan_57210.pdf](#)

Required Annexes: