

Technical Cooperation Profile
Water Supply Master Plan for Suriname (SU-T1045)

1. Basic project data

Country:	Suriname
Program Name/Number:	Water Supply Master Plan for Suriname (SU-T1045)
Team Members:	Javier Grau Benaiges (WSA/CGY) Team Leader, Yvon Mellinger (INE/WSA), Nancy Georgine del Prado (CSU) Diego Sebastian Buchara (LEG/SGO).
Date of Request:	June 9, 2008
Beneficiary:	Suriname
Executing Agency:	N.V. SURINAAMSCHE WATERLEIDING MAASTSCHAPJJ (SWM)
Financing plan:	IADB-Net Income of the Fund for Special Operations (FSO): US\$ 450,000 Local: US\$ 50,000 Total: US\$ 500,000
Technical Basic Responsibility:	Water and Sanitation Division (INE/WSA)
Included in Board approved Technical Cooperation Program:	No
Approval Tentative Date:	October 15, 2008

2. Background and problem statement

- 2.1 Eighty five percent of Suriname's population of almost half a million is concentrated along the coastal line, whilst the remaining fifteen percent is located in the country's interior. The drinking water sector is divided in these two geographical areas with different operators and dissimilar levels of service. The Ministry of Natural Resources (NH) oversees the potable water services, but the sector does not count yet with a regulatory structure.
- 2.2 Suriname's coastal zone has a well-developed water supply system mostly operated by N.V. Surinaamsche Waterleiding Maatschapjj (SWM); the Government-owned and independently operated water company. While SWM does not operate the whole coastal zone, it is the Government's intention that SWM operates it in the future. Currently, SWM operates the water supply systems in Greater Paramaribo, part of Wanica, part of Para, Nieuw Nickerie, Nickerie West, Moengo/Wonoredjo and Albina. With Dutch Treaty funds (€ 16 million), and on the basis of the 2002 Water Supply Master Plan for the Coastal

Zones (with a total investment need of approximately €65 million for an estimated period of 8 years), SWM has been implementing selected rehabilitation and expansion works to reduce water losses, guarantee access to water, and expand the distribution network capabilities to cope with an increasing demand for drinking water. However, as this program comes to an end, SWM wishes to update the Master Plan for the Coastal Zones to prepare the next phase of its investment program.

- 2.3 By contrast, the sparsely settled and widely separated hinterland or interior communities of the country have few developed water supply systems, and the existing systems do not have acceptable standards of quality and continuity. In the interior, a division of the Ministry of Natural Resources (NH/DW) oversees the systems. As part of the 1998 National Strategy towards 2015, a Strategic Plan for Village Water Supply was undertaken. However, to date, very little has been done and this document needs to be updated into a Water Supply Master Plan for Rural and Interior Areas.
- 2.4 The Government of Suriname has indicated to the Bank that while the water sector financial requirements for the period of 2009-2015 might be in the order of US\$60M, a detailed assessment and development of a master plan for the entire country is urgently needed. Additionally, the Government has indicated its willingness in seeking the assistance of the Bank in the implementation of the Master Plan.
- 2.5 This Technical Cooperation (TC) is consistent with the Bank's Country Strategy for Suriname in the area of Public Sector Modernization and Public Services Provision. Because of intensive Government involvement in the provision of public services, there is no separation between sector policy development, sector regulation, and the provision of services. To increase economic efficiency in capital investments and in the operation and maintenance of water supply systems, the Government seeks to reform the water sector and separate the aspects of policy, regulation, and provision of services. This TC is to advance in this reform through policy and legislation development. The TC will also support the sector in the development of water sector master plans that will address the technical issues facing the sector.

3 Program objective and description

- 3.1 The objective of this TC is to contribute to the improved and sustainable access of Suriname's population to drinking water. This TC will finance the following three components: i) Update of the Water Supply Master Plan for Greater Paramaribo and the Coastal Zones; ii) Development of a Water Supply Master Plan for the Interior; and iii) Development of a policy, legislative and regulatory framework for water services and assessment of current tariff structures and levels.
- 3.2 **Component 1: Water Supply Master Plan for Paramaribo and Coastal Zones.** This component will review and update the 2002 Water Supply Master Plan for the Coastal Zones, updating the scope of the plan and reviewing the rehabilitation needs in existing urban and rural areas and the financial requirements for new areas to be covered by the Master Plan. The Plan will

identify the rehabilitation and expansion investments required and will provide a timetable for these investments. As a result of the TC, a detailed fifteen-year investment plan will be produced.

- 3.3 **Component 2: Water Supply Master Plan for the Interior.** This component will fund the preparation of a Water Supply Master Plan for the Rural and Interior Areas; areas that fall outside the coastal zones. Building upon results from *SU-T1026: Support for Development of the Interior*, the Plan will identify the communities in need of potable water, potential sources of water, technical options for drinking water supply, and their capital and operational costs, as well as the ability of communities to pay for water services. The Plan will include an estimate of appropriate water supply technologies and the respective economic tariffs to be covered by the community.
- 3.4 **Component 3: Policy and Regulatory Framework for Water.** The third component of the TC will finance: i) the development of a government tariff policy for water; ii) the preparation of Business Plans for Suriname's water utilities; and iii) the development of draft legislation for the formation of a Regulator for the sector. This component will be undertaken taking into account the existing draft legislation for groundwater protection, supervision of water utilities and drilling of boreholes.
- 3.5 The tariff policy for water will be submitted as a draft law for consideration of the Board of Ministers, which is the first step for approval of an eventual tariff modification. This policy will be aimed at establishing a tariff system that ensures the financial sustainability of water services while protecting low-income customers and promoting metered consumption.
- 3.6 The Business Plans will contain coverage targets and water service standards on water quality, water pressure, continuity of service, and response time to repairing service breakdowns, consumer complaints, metering, and operating and maintenance expenditures. The Business Plans will also address staffing levels and remuneration in the two agencies in charge of water supply, investment design criteria, and schedule for updating Master Plans, tariff policies and cross-subsidies, financing policies, and reporting policies and auditing procedures. These Business Plans will update the concession already drafted for SWM.
- 3.7 The draft legislation that will create an independent water sector regulator will regulate the norms and standards of quality of service, assign licenses to qualified operators to provide the service, and specify the level and structure of the tariff that each licensed operator would be required to charge.
- 3.8 The outcome of this operation will be the development of a detailed investment plan for the water sector for Paramaribo, the coastal areas and the interior for the next fifteen years. This Investment Plan will be the guiding document for the Government of Suriname's efforts to achieve the Millennium Development Goals for access to water by 2015 and to ensure sustained access to water supply by all citizens in Suriname. Additionally, this operation will result in the creation of regulatory body for the water sector responsible for ensuring that the water utilities provide consumers with services of good quality. This operation

will also produce a new tariff policy for the water and sewerage services for consideration for approval by the Government of Suriname. This tariff policy will be aimed at improving the financial sustainability of the two water providers while protecting low income citizens. Finally, this operation will result in two business plans with clear operational and financial parameters and baseline figures for the water utilities to allow them to prioritize investment needs and to monitor their progress in ensuring safe access to water by all citizens.

4 Budget

Estimated Total Project Costs and Sources (US\$)				
	IDB	Local	Total	%
Component 1. Update Water Supply Master Plan Coastal Zone	210.000	25.000	235.000	47%
Component 2. Water Supply Master Plan Rural & Interior	200.000	20.000	220.000	44%
Component 3. Water Policy, Legislation, Regulatory Framework	40.000	5.000	45.000	9%
Total	450.000	50.000	500.000	100%
%	90%	10%	100%	

5 Executing agency and execution structure

- 5.1 The Executing Agency will be N.V. Surinaamsche Waterleiding Maatschappij (SWM); the Government-owned and independently operated water company. During the recent mission to discuss this operation, the GOSU and the Bank agreed to have SWM execute the TC. Based on its long term experience and expertise in the water supply sector, SWM was found the only suitable organization to execute the operation.
- 5.2 However, while the TC is to cover all the country, SWM is currently in charge of water supply in Paramaribo and some additional medium size towns in the coastal areas of Suriname. In order to ensure an adequate assessment and prioritization of capital and institutional investments in the interior of the country, a Steering Committee (SC) will provide guidance for the implementation of the TC and will ensure coordination between the different agencies involved in water supply in both the coastal areas and in the interior. The SC will include representatives from the Ministry of National Resources, SWM, the Ministry of Finance, the Ministry of Public Works, the Ministry of Health, and the Ministry of Local Government. The Project is expected to have a disbursement period of 12 months and an execution period of 9 months.

6 Major issues

- 6.1 No major issues have been identified in terms of environmental and social impacts. Since this operation will not require capital investments, it will not have direct or indirect environmental or social impacts. This Technical Cooperation will not encompass a full master plan for wastewater treatment and discharge as the Ministry of Public Works, which has responsibilities for

wastewater, drainage and solid waste, is currently assessing the needs for studies in these. However, it has been agreed with the Ministry of Public Works that this Technical Cooperation will review the wastewater needs in new residential areas and in the interior and that it will look into the development of proposals for appropriate management of septic tanks.

- 6.2 Another minor issue is related to the need to ensure appropriate coordination between the different agencies within the Government of Suriname involved in the execution of the TC. However, as stated in the previous paragraph, a Steering Committee will be created to ensure the involvement and participation of all key stakeholders.

7 Action Plan

- 7.1 Timetable: (i) Plan of Operations completed and submitted to QRR by September 15, 2008; (ii) Plan of Operations approved by October 15, 2008, and (iii) TC signed by mid December 2008. The TC would start disbursements in January 2009 and would be completed by January 2010.

8 Environmental and Social Strategy

- 8.1 The Program is not anticipated to have negative direct environmental or social impacts and has been classified as a “C” according to the Safeguard Classification Tool. This operation is expected to have positive social and environmental impacts on Suriname’s population. Increasing the quantity and quality of drinking water will contribute to the health and well being of Suriname’s population. Additionally, the intended reform of the water sector through more appropriate policy framework and legislation will help achieve the goal of social equity in the supply of drinking water.

MINUTE OF THE ENVIRONMENT AND SOCIAL IMPACT REVIEW (ESR)

ESR 31-08, August 15, 2008

SU-T1045-WATER SUPPLY MASTER PLAN FOR SURINAME

Review of the TC Profile

1. **Project Classification:** C
2. **Type of assessment required:** none
3. **Next action:** Send to ESR for information, a copy of the TORs for the completion of the TC, indicating how and where the recommendations below have been addressed.
4. **Agreements reached:**

TC Objective: This Technical Cooperation will finance studies to: (i) update the Water Supply Master Plan for Greater Paramaribo and the Coastal Zones; (ii) develop Water Supply Master Plan for the Interior of the country; and (iii) develop policy, legislative and regulatory frameworks for water services and assessment of current tariff structures and levels.

Water Production and Conservation:

The project team agreed to include in the Terms of Reference for the Water Supply Master Plan an initial assessment of water availability and quality for both surface and groundwater sources of water. The Terms of Reference will also make specific reference to:

- i) the need to map the watersheds used for water supply for components 1 and 2 with information on water availability and quality; and,
- ii) the inclusion of a GIS specialist as part of the team for the consultancy.

The mapping and assessment of water availability and quality will allow to assess the level of stress in those watersheds used for water supply and therefore to recommend conservation sites and measures to ensure that water supply can be ensured in the future in a situation of changing rainfall patterns. Additionally, based on the initial assessment, there will be recommendations for improvements in the policy and regulatory framework related to water resources management, which will include issues of water conservation and environmental protection. It is also important to note that the Bank has recently started the design of another TC to assist water utilities in the Caribbean, including Suriname, in improving their energy efficiency. This other TC should allow water utilities to reduce emissions and thus their contribution to climate change, but more importantly, it would allow utilities to reduce their O&M costs, and thus be able to focus more on reducing levels of Non Revenue Water, which translates into less pressure on existing and future water supply sources.

Stakeholder Participation

The project team agreed to include one activity for the preparation and implementation of a Stakeholder Participation Plan in the TOR . All shortlisted firms to be invited to submit Technical and Financial Proposals for the development of the Suriname Water Supply Master Plan will need to include in their methodology a section on how they would implement the Stakeholder Participation Plan with information on specific stakeholders from government, civil society, and NGOs and academia as well as with information on the number of public meetings, location and dates throughout the implementation of the key activities of the consultancy. This Stakeholder Participation Plan would cover the three components of the TC.

Approved_____ Janine Ferretti, Chief, VPS/ESG