

PROJECT PROFILE

Suriname
(SU-L1013)

I. BASIC DATA

Project name: Social Protection Support Program
 Project number: SU-L1013
 Project team: Donna Harris (SPH/CJA); Luis Tejerina (SPH/CES); Christina Novinsky (SCL/SPH); Leslie Stone (SCL/SPH); Rosina de Souza (LEG/SGO); Ryan Burgess (EDU/CTT); Naomi Akoy-Bouguenon (CCB/CSU); Claudia Pévere (SCL/SPH); Lourdes Felicidad Sanchez Alvarez (PDP/CSU).
 Borrower: Republic of Suriname
 Executing agency: Ministry of Social Affairs and Public Housing (MOSAPH)
 Financing plan: IDB: US\$15,000,000
 Total: US\$15,000,000
 Safeguards: Classification: C

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 **Suriname enjoys a positive economic outlook and faces some fiscal challenges.** GDP growth is expected to be around 5 percent in 2011, up from 4.5 percent in 2010. Suriname enjoys the lowest debt profile in the Caribbean with total debt to GDP of just over 21 percent at the end of 2010. Yet, in its efforts to strengthen its fiscal position, the Authorities will have to take measures to reduce inflation, which is projected to be around 17.9 percent (y-o-y) by December 2011.¹
- 2.2 **At 49%, poverty remains high and human capital development among the poor and in the interior is a concern.**² School enrollment rates are generally high for 6 to 11 year olds (98%) and 12 to 15 year olds (96%); but drop for 16-18 year olds to 74% among poor and 89% among the non-poor, and to 50% for those in the Interior. In addition, high enrollment masks significant performance problems among poor students and students in the Interior. Nationally, 14.7% of 16 to 18 year olds from poor households had not completed primary school and 73% have not completed junior secondary school. In the Interior, 54.5% of 16 to 18 year olds did not complete primary school and 94% did not complete junior secondary school.³ This implies that the problem is not so much with school enrollment in primary as with school completion at primary level among the very poor and school progression at secondary level. In addition, school achievement problems are compounded by high out of pocket costs – particularly among students from poor households. While public and private schools do not charge tuition, registration and

¹ IMF Article IV Consultation with Suriname, Concluding Statement, Paramaribo, February 17, 2011

² This figure was conveyed to us by the MOSAPH and ABS in the Identification Mission February 2011..

³ Bitran and Associates (2009) Living Conditions and Social Assistance in Suriname, Ministry of Social Affairs and Public Housing/Inter-American Development Bank, Paramaribo.

supplies may run from 100 to 180 SRDs. Forty eight percent of primary level parents in East Suriname indicate that they have difficulty in covering school fees, and 15% report that the level of school fees could be a reason for not sending their kids to school.⁴

- 2.3 **Health risks also threaten human capital development.** Poor households are twice as less likely to use preventive health services than wealthier households – 7% of the poor compared to 13% of the non-poor reported seeking preventive health care in the previous month. Although, skilled personnel deliver over 90% of all births nationally, this figure is only 81% for the poorest quintile of the population and 71.4% for the Interior.⁵ Moreover, the first prenatal visit for pregnant women in the Interior typically occurs between weeks 17 to 21, although it should occur in week 13.⁶ Vaccination rates among 1 year olds are the second lowest in the Caribbean after Haiti, ranging from 84% for DTP3, HepB3, Hib3 and Pol3 to 96% for DPT1.⁷
- 2.4 **An inefficient social protection system. Suriname has an ambitious social protection system.** There are over twenty non-contributory social assistance programs mostly administered by different units within the MOSAPH. These include eight targeted and untargeted cash transfers programs, such as Old Age Assistance, Financial Assistance, Alevio, Child Allowance, and Disability Allowance. Old Age Assistance provides a universal pension to persons 60 years and older, with 45,000 beneficiaries and a per capita monthly transfer of US\$90. Financial Assistance/Alevio is a cash transfer, with 14,000 beneficiaries and an average per capita monthly transfer of about US\$25.⁸ Child Allowance provides cash transfers to about 21,000 children; originally intended as a universal benefit, however, with a benefit of about US\$1 per month, it has become self-targeted. The Health Card Program targets poor households and entitles them to free health services at public institutions. Currently, 169,000 households are beneficiaries. Although the nominal safety net comprises an inclusive set of services, in practice, Old Age Assistance and the Health Card typically absorb 70% of MOSAPH spending.
- 2.5 **Targeting of social programs.** Non-contributory social protection programs rely on inefficient targeting mechanisms that lack transparent criteria for the selection of beneficiaries, absorb considerable staff resources, and also lack accountability mechanisms. Targeting relies on self-reported and largely unverifiable income and social worker assessments.⁹ A proxy means test was developed under the IDB funded 1537/OC-SU Health

⁴ Situation Assessment and Analysis of Children's Rights in Suriname 2010. UNICEF, 2011.

⁵ General Bureau of Statistics, Ministry of Planning and Development Cooperation and Ministry of Social Affairs and Housing, 2009. Suriname Multiple Indicator Cluster Survey 2006, Final Report: Paramaribo, Suriname. And Terborg, J. Final Report on Health and Education Indicators for SSN, August 2007 (Percentage of women, aged 15-49 with a birth in two years preceding the survey by type of personnel assisting at delivery, Suriname 2006).

⁶ Karine Buijtenhuijs and Mirjam Wiegman. De sociaal-culturele achtergronden van late prenatale controle in het binnenland van Suriname: Een studie in Goejaba en Pokigron. Coschap Sociale Geneeskunde, Begeleiding Medische Zending, Rijksuniversiteit Groningen, Februari 2010.

⁷ UNICEF, www.childinfo.org; data is not representative of the Interior.

⁸ Benefits from Financial Assistance vary by household size. Alevio provides a flat grant irrespective of household size to all Financial Assistance households.

⁹ Type of social assistance unspecified. Bitran and Associates (2009) Living Conditions and Social Assistance in Suriname, Ministry of Social Affairs and Public Housing/Inter-American Development Bank, Paramaribo.

Sector Reform Project and could represent the base for an improved targeting system for the conditional cash transfer (CCT) program and other programs, such as the Health Card.

- 2.6 **Challenges to Strengthening Social Protection.** The GOS is faced with several challenges in order to provide effective protection to the poor and vulnerable. The MOSAPH has limited institutional capacity, with outdated systems and procedures, poorly trained personnel, and inadequate information, monitoring and evaluation systems. Limited access to services in remote areas present special challenges for implementing social protection programs in Suriname as the poorest often live in small remote villages. The GoS has acknowledged that strengthening planning and operational capacity, internal and external controls, and M&E systems are urgently needed to improve program implementation, impact and accountability.
- 2.7 **IDB Assistance.** The Bank has been supporting a number of related actions to the proposed program; most importantly, the development of a Social Safety Net Reform Strategy and analytic work, (including a Poverty and Social Safety Net Assessment, Living Conditions Survey, and design proposal for a CCT Program). The IDB also provided support for development of the Social Information System (SIS) and Proxy Means Test (PMT) mentioned in paragraph 2.5.¹⁰
- 2.8 **Link to Country Strategy.** The GOS is cognizant of the challenges in the sector and committed to protecting vulnerable persons, particularly children, by strengthening social protection programs. Two priorities identified in the GOS Multi-Annual Development Plan for 2006-2010 are: (i) ensuring adequate social protection through the creation of efficient social protection programs; and (ii) strengthening the capacity of MOSAPH to deliver social assistance services. Though this Plan was developed under the previous administration, the present government (since May 2010) is continuing the social protection strategy. A key focus of the Bank's current Country Strategy (CS) with Suriname is support for improvements in the efficiency and effectiveness of social expenditure. Moreover, the project is tightly aligned with the priority area of "Protection and Promotion of Human Capital" of the Bank's new CS for 2011-15 (in preparation). Following an IDB programming mission to Suriname in January 2011, the GOS requested assistance to strengthen and improve its social protection portfolio, including the development of a CCT program. The program is also aligned with the Bank's strategy on Social Policy for Equity and Productivity, and will contribute to IDB-9 Indicators, in particular individuals receiving targeted anti poverty programs.

III. PROJECT DESIGN AND SECTOR KNOWLEDGE

- 3.1 **Project objectives and description.** The general objective of the program is to support GOS's efforts to enhance the effectiveness of investments in poverty reduction and human capital development through implementation of a CCT Program. The specific objectives of the program are to: (i) support the consolidation of existing cash transfer programs and

¹⁰ This support was provided under ATN/SF-9087-SU and 1537/OC-SU. The SIS and the PMT were never implemented but they both provide solid a platform to build on.

their reconfiguration into a CCT program; (ii) strengthen the institutional capacity of MOSAPH to plan, implement, monitor, and evaluate targeted non-contributory social protection programs; and (iii) strengthen locally the supply of social services (health and education) in order to meet additional demand generated through the CCT. The sequencing of the implementation of the CCT is crucial; first the CCT will need to be introduced, then – to ensure political and social viability of the program – existing programs can be phased out and eventually eliminated.

- 3.2 The Program would provide a conditional cash transfer oriented to improving human capital accumulation in health and education. The size of the transfer and co-responsibilities will be defined during project preparation. The final design will reflect the epidemiological and education profiles of the poor,¹¹ constraints in access to health and education services and the capacity of the agencies involved in its execution. Studies that will be carried out during project preparation will determine which actions are required, if any, to strengthen the supply of health and education either through this loan or future/existing operations. The potential beneficiaries of the program are the poor, especially those living in the Interior of the country – including indigenous and Maroon populations. The program would potentially consist of four components:
- 3.3 **Component I: Strengthening Non-Contributory Social Protection Programs:** To improve effectiveness of spending on non-contributory social protection programs, this component would finance institutional strengthening of MOSAPH to enable it to efficiently administer targeted non contributory social protection programs, including the CCT. The focus will be on consolidating targeted cash transfers (Financial Assistance, Alevio, Child Allowance, and possibly the Disability Allowance and other small cash programs) and building core resources and capacities including: (a) planning, financial management and internal and external auditing processes; (b) targeting; (c) monitoring and evaluation functions and information systems; (d) case management (including inter alia procedures for applications, recertification, and appeals); (e) inter-sector coordination, and; (f) human resource management and training. This component will not only assist in the building of the CCT and the reorganization of the social protection sector but it will also help lead to the eventual sustainability of the program within the capacity and budget of the MOSAPH.
- 3.4 **Component II: Conditional Cash Grants:** This component would finance the grants to be provided to beneficiaries as part of the new CCT Program.
- 3.5 **Component III: Strengthening Health and Education Services:** This component would strengthen health and education services (if required) in order to guarantee that beneficiaries do not encounter supply-side problems in fulfilling conditions. Supply side studies to be implemented under a parallel TC/KCP will determine the nature of these interventions.
- 3.6 **Component IV: Monitoring and Evaluation:** This component will finance development of M&E systems consistent with best practices, including: (i) monitoring systems for key

¹¹ For example it will focus on higher secondary and will address the higher dropout rates for teenage boys in the country.

performance indicators; (ii) process evaluations of the conditional cash transfer; (iii) an evaluation of the new targeting instrument; and (iv) an impact evaluation of the consolidated CCT.

IV. EXECUTION AND COMPLEMENTARY ACTIVITIES

- 4.1 **Execution:** Preliminary discussions identified the MOSAPH as executing agency for the program while the Ministry of Finance (MOF) will provide oversight. A permanent division within the MOSAPH would be responsible for ensuring that the activities of the CCT program are fully integrated into the permanent operation of the MOSAPH. This approach was chosen to ensure institutional sustainability of the CCT program. Technical, administrative and management functions will be kept within the division to facilitate program implementation and timely decision making.
- 4.2 **Complementary Activities.** In parallel to project preparation, the team is preparing a TC/KCP to implement a series of studies, pilots, and institutional strengthening activities to improve social protection policy. They will complement project components during the execution phase.

V. SAFEGUARDS AND FIDUCIARY SCREENING

- 5.1 The operation does not require a social and environmental safeguard classification, or an environmental strategy. The safeguard policy filter report concludes that no issues or potential issues were identified. The proposed Program has no environmental impact.

VI. OTHER ISSUES AND RISKS

- 6.1 The Bank has identified the following main risks to program design and implementation: (i) the limited capacity of MOSAPH to implement the new and existing programs; (ii) the fact that more than one agency will be involved; and (iii) geographic dispersion in the country. In order to mitigate these risks, the Bank will provide technical and advisory support to GoS during the design, piloting and implementation of the conditional cash transfer program. This assistance will be provided through a TC/KCP program that will be approved during project preparation. Also a CCT Technical Working Group will be formed during project preparation and will serve as an inter agency coordination committee to provide technical guidance and oversight to mitigate these risks. Many health and education services in Suriname, particularly but not limited to the Interior, are provided by NGOs, which may be reluctant to comply with requirements for submitting health and education compliance data. This risk will be addressed by ensuring that NGO representatives participate in the CCT Technical Working Group.

VII. RESOURCES AND TIMETABLE

- 7.1 Annex V provides details of project preparation steps, milestone dates and an estimate of required resources. Expected date for approval of the draft loan proposal is August 31, 2011 and expected Board approval is September 28, 2011. The Administrative Budget for preparation of the project provides for four missions and three consultancies totaling \$67,729.

SAFEGUARD POLICY FILTER REPORT

PROJECT DETAILS	IDB Sector		OTHER
	Type of Operation		Other Lending or Financing Instrument
	Additional Operation Details		
	Investment Checklist		Generic Checklist
	Team Leader		Harris, Donna Oretha (DONNAH@iadb.org)
	Project Title		Social Sector Program (CCT)
	Project Number		SU-L1013
	Safeguard Screening Assessor(s)		
	Assessment Date		2011-04-15
	Additional Comments		
SAFEGUARD POLICY FILTER RESULTS	Type of Operation	Loan Operation	
	Safeguard Policy Items Identified (Yes)	The operation is in compliance with environmental laws and regulations of the country where the operation is being implemented (including national obligations established under ratified Multilateral Environmental Agreements).	(B.02)
		The operation (including associated facilities) will be screened and classified according to their potential environmental impacts.	(B.03)
		The Bank will monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.	(B.07)
		Suitable safeguard provisions for procurement of goods and services in Bank financed projects may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.	(B.17)
	Potential Safeguard Policy Items(?)	No potential issues identified	
	Recommended	Operation has triggered 1 or more Policy Directives;	

	Action:	please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.
	Additional Comments:	
ASSESSOR DETAILS	Name of person who completed screening:	
	Title:	
	Date:	2011-04-15

SAFEGUARD SCREENING FORM

PROJECT DETAILS	IDB Sector		OTHER	
	Type of Operation		Other Lending or Financing Instrument	
	Additional Operation Details			
	Country		SURINAME	
	Project Status			
	Investment Checklist		Generic Checklist	
	Team Leader		Harris, Donna Oretha (DONNAH@iadb.org)	
	Project Title		Social Sector Program (CCT)	
	Project Number		SU-L1013	
	Safeguard Screening Assessor(s)			
	Assessment Date		2011-04-15	
	Additional Comments			
PROJECT CLASSIFICATION SUMMARY	Project Category: C	Override Rating:	Override Justification:	
	Conditions/ Recommendations	<ul style="list-style-type: none"> No environmental assessment studies or consultations are required for Category "C" operations. Some Category "C" operations may require specific safeguard or monitoring requirements (Policy Directive B.3).Where relevant, these operations will establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.). The Project Team must send the PP (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports. 		
SUMMARY OF IMPACTS/RISKS AND POTENTIAL SOLUTIONS	Identified Impacts/Risks		Potential Solutions	
ASSESSOR DETAILS	Name of person who completed screening:			
	Title:			
	Date:		2011-04-15	

Environmental and Social Strategy

A. Environment

- 1.1 Following the guidance provided by the Bank's Environment and Safeguards Compliance Policy (OP-703) and applying the Safeguard Policy Filter, this Operation is categorized as "C" based on a consistent application of OP-703. However, the program intends to strengthen education and health services and the nature of this intervention will be defined based on studies that are being financed under a parallel TC/KCP. The results of the supply studies would determine whether upgrading of school infrastructure would form part of the project design. In this case, the team would reassess the classification and assess the potential environmental impact of the proposed infrastructure works and, if necessary, revisit the ESR screening.

B Social Impact

- 1.2 This operation is the first program of this nature being financed by the Bank and is intended to support the GOS efforts to enhance the effectiveness of investments in poverty reduction and human capital development through the implementation of a conditional cash transfer program. The program will also build capacity within the Ministry of Social Affairs and Public Housing to efficiently manage all non-contributory social protections programs and improve targeting of the poor and vulnerable. In this regard, the program will not support any activities that would have direct or indirect negative impact on any population group. On the contrary, positive social impacts would be generated primarily in terms of; (i) improved education attainment of school age beneficiaries; (ii) protection to greater number of poor households through improved targeting; (iii) improvement in health outcomes of children 0-12 months and pregnant mothers; (iv) reduction in extreme poverty rate; and (v) increase in the supply of education and health services to the poor.