

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

SURINAME

MEERZORG – ALBINA CORRIDOR REHABILITATION PROJECT

(SU-L1006)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Alejandro Taddia (INE/TSP), Project Team Leader; Miroslava E. de Nevo, Vera Lucía Vicentini (INE/TSP); Christopher Persaud (TSP/CGY); Chantal Elmont (CCB/CSU); Kevin McTigue (LEG/SGO) and Caterina Vecco (INE/TSP).

CONTENT

I.	DESCRIPTION AND RESULTS MONITORING.....	2
A.	Introduction	2
B.	Background, Problem Addressed, Justification.....	2
C.	Objective, Components and Cost	6
D.	Key Results Indicators.....	8
II.	FINANCING STRUCTURE AND MAIN RISKS.....	9
A.	Financial facility and contractual conditions.....	9
B.	Enviromental and Social Safeguard Risks	9
C.	Fiduciary Risk	11
D.	Other Key Issues and Risks.....	12
III.	IMPLEMENTATION AND MANAGEMENT PLAN	14
A.	Borrower and Executing Agency	14
B.	Execution Structure	14
C.	Procurement.....	15
D.	Evaluation and Monitoring.....	15
E.	Future Activities to Complete Final Designs	15

ANNEXES	
PRINTED ANNEXES	
ANNEX I:	Results Framework
ANNEX II:	Summary Table of Procurement Plan

ELECTRONIC LINKS	
REQUIRED	
1.	POA http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1487753
2.	Monitoring & Evaluation Arrangements http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1487664
3.	ESMR http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1487738
4.	Project Procurement Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1487733
OPTIONAL	
1.	Feasibility study http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1487673 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1487676
2.	Project Road http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485936
3.	Project Map http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485954
4.	Traffic Analyses http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485939
5.	Design Standards http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485946
6.	Pavement Design http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485740
7.	Highway Design and Standards http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485751
8.	Hydraulic Structure Design http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485758
9.	Bill of Quantities http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485874
10.	Economic Evaluation http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485879
11.	Institutional Capacity Assessment http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1485970

ABBREVIATIONS

CLAD	Centrale Landsaccountantsdienst
EA	Executing Agency
EC	European Commission
EIRR	Economic Internal Rate of Return
ESA	Environmental and Social Assessment
ESMR	Environmental and Social Management Report
FDA	French Development Agency
FSO	Funds for Special Operations
GDP	Gross Domestic Product
GOS	Government of Suriname
IDB	Inter-American Development Bank
IIRSA	Initiative for the Regional Integration in South America
MADP	Multi Annual Development Plan
MOF	Ministry of Finance
MPW	Ministry of Public Works
MTCT	Ministry of Transport, Communication and Tourism
NIMOS	National Institute for Environment and Development in Suriname
NPV	Net Present Value
OC	Ordinary Capital
PLOS	Ministry of Planning and Development Cooperation
RA	Road Authority
RAC	Road Agency Costs
ROW	Right-of-Way
TOR	Terms of Reference

PROJECT SUMMARY
SURINAME
MEERZORG – ALBINA CORRIDOR REHABILITATION PROJECT
(SU- L1006)

Financial Terms and Conditions					
Borrower: Republic of Suriname			Blend		OC
Executing Agency: Ministry of Planning and Development Cooperation			FSO	OC	
		Amortization Period:	40 years	30 years	25 years
Source	Amount	Grace Period:	40 years	6 years	5 years
IDB (FSO – Blend)	4.34	Disbursement Period:	5 years	5 years	5 years
IDB (OC – Blend)	17.36	Supervision and Inspection Fee:	N/A	*	*
IDB (OC)	40.80	Interest Rate:	0.25%	Adjustable	LIBOR based
Local	64.40	Credit Fee:	N/A	*	*
Total	126.90	Currency:	USD	USD, single currency facility	
Project at a Glance					
Project Objective/Description:					
<p>The main objective of the project is to improve access to important economic zones and facilitate tourism and regional integration of the country, as well as to lower transport costs and improve road safety, through the rehabilitation and improvement of the Meerzorg – Albina corridor. Specific objectives of the Program will be the improvement of corridor reliability and driving conditions by rehabilitating the corridor.</p> <p>Expected results include: i) reduction of generalized transport and logistical costs, contributing to economic growth and social development, ii) reduction of future periodic road maintenance costs, iii) improved accessibility of surrounding communities to markets and services; iv) improvement of road safety, v) institutional strengthening in the areas of planning, programming and implementation of projects.</p> <p>The technical studies have been financed by the Bank, the French Development Agency and the European Commission. The Bank approved a technical cooperation (ATN/OC-10411/SU) funded by the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration to finance feasibility studies, final technical designs and preparation of tender documents.</p>					
Special contractual conditions:					
<p>a) Conditions prior to first disbursement: i) constitution of the Project Executing Unit (PEU), ii) appointment of the key personnel of the PEU based on Terms of Reference agreed between the Borrower and the Bank, and iii) entry into effect of the Memorandum of Understanding between the Ministry of Finance (MOF), the Ministry of Planning and Development cooperation (PLOS) and the Ministry of Public works (MPW) clearly defining roles and functions and assigning responsibilities. (¶3.1);</p> <p>b) Prior to tendering the civil works, the Executing Agency will submit to the Bank, for its non-objection, the engineering studies and final technical designs, and, if deemed necessary by the Bank in accordance with relevant Bank policies, any relocation plan. (¶3.8)</p> <p>c) The tender documents for civil works shall incorporate the following requirements: (i) the Environmental and social Management Plan, as well as the General and Particular Environmental Specifications (¶2.4); and (ii) the requirement that Contractors hire an Environmental Engineer as part of their field personnel. (¶2.7)</p> <p>d) The tender documents for supervision shall incorporate the requirement that Supervisory Firm hire an Environmental Inspector as part of its personnel. (¶2.7)</p>					
Exceptions to Bank policies: None					
Program consistent with Country Strategy: Yes [X] No []					
Project qualifies for: SEQ[No] PTI [No] Sector [] Geographic[] Headcount []					
Procurement: See Paragraphs 3.5					
Verified by ESR on: June 20, 2008					

(*) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provision of the Bank's policy on lending rate methodology for ordinary capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Introduction

- 1.1 Suriname belongs to the three poorest countries in the Caribbean and is at the lower bottom of the middle group in Latin America. On the Human Development Index of 2007, Suriname stands at the 85th place out of a total of 177 countries. Suriname comes out positively in the areas of literacy, level of schooling and life expectancy when compared to countries with similar GDP. The Government of Suriname (GOS) has stressed the need to improve the efficiency and the physical infrastructure of the country's transport sector as a key component of a strategy aimed at supporting private sector development in a context of growing regional and global integration. The goal of developing and maintaining an efficient, modern, reliable, secure, competitive and high quality transport system is formulated for the national transport system and also for international transport. In this regard, the process of integration of transport in the Caribbean and on the South-American continent is fully supported, as part of the Initiative for the Regional Infrastructure Integration in South America (IIRSA).

B. Background, Problem Addressed, and Justification

- 1.2 The transport sector. The road network in Suriname is composed of 4,500 km where 1,200 km are mainly interregional, primary paved roads. The main roads are the east-west corridor between Albina and Nieuw Nickerie and the north-south corridor between Paramaribo and Brokopondo. Approximately 40% of all paved roads are in the urban areas of Paramaribo, Albina and New Nickerie, which have had major rehabilitation in recent years. Suriname's road network connects with Guyana and French Guyana by ferries across the Corantijne River in the west and the Marowijne River in the east. The Canawaima Ferry service was established in 1998 to serve the route between Suriname and Guyana. This service is maintained through a joint venture between the two countries.
- 1.3 Between 2004 and 2007 several studies of the transport sector were undertaken with funding from the European Commission (EC), the French Development Agency (FDA) and the Bank. During 2006, the GOS prepared the Multi Annual Development Program (MADP) 2006-2011.
 - a. The EC funded a Transport Sector Policy Study in 2004 to prepare a diagnostic of the sector, develop a policy proposal and an implementation program. The implementation program consists of 14 technical assistances directed at legislation and institutional strengthening that will benefit mainly the Ministry of Transport, Communication and Tourism (MTCT) and the Ministry of Public Works (MPW).
 - b. The Bank funded a Transport Sector Study in 2005 to prepare a diagnostic of the sector, identify areas of possible improvement of efficiency and effectiveness, and develop a sector strategy. The study recommended to: i) develop balanced transport systems; ii) develop criteria to prioritize projects rationally within a general strategy; iii) provide for the improvement and regulation of public transport and iv) improve the performance of the logistic chains that sustain the economic growth of the country.

- c. During 2006, the GOS prepared the Multi Annual Development Program (MADP) 2006-2011, which develops a strategic approach for sustainable development of the country based on the Millennium Development Goals. Within the infrastructure sector, the MADP recognizes the importance of physical infrastructure as a means to provide development and facilitate production in the long term, unlock remote areas, and facilitate transport and logistics. As part of the activities within the sector, the MADP includes, as a first priority, the rehabilitation of the east-west corridor. Moreover, the MPW has prioritized this project within its road improvement program.
 - d. The EC funded, in 2006, a Feasibility Study for Institutional Strengthening of Suriname Transport, which included a Master Plan, a Policy Implementation Program, and the Support to the Road Authority-Phase 2 (RA). This study provides the data, information, analyses and justifications to finance the technical assistance program that will benefit MTCT, MPW and RA.
 - e. In 2006, the EC funded the prefability study for the Rehabilitation of the Meerzorg – Albina road; in 2007 the Bank and FDA cofinanced the feasibility studies and preparation of preliminary designs. These studies analyzed the proposed rehabilitation project, and identified options for prioritization, reduction or phasing in time the scope of the project. In addition, based on preliminary designs, identified the expected benefits and impacts, and assessed the potential sustainability of the project results.
- 1.4 Institutional framework. MTCT is responsible for formulating and implementing road transport policy, while MPW is responsible for construction and maintenance of roads and bridges. The condition of the road network is poor due to the lack of maintenance and poor road construction and design. According to a World Bank Report published in 1998, 80% of roads in Suriname were in need of repair or rehabilitation, and road maintenance expenditures were only one tenth of the amount estimated to be necessary for the proper maintenance. The RA was established as a means to improve road maintenance, nevertheless it was underfunded until June 2006, when new legislation to secure proper funding was passed. The available funds are sufficient to adequately cover the routine maintenance needs without imposing additional burden on GSU's future budget allocations.
- 1.5 Between 2000 and 2007, MPW has been implementing an investment program that totals approximately US\$ 225 million, including the rehabilitation and periodic maintenance needs along 1,200 km. additionally, a program to reconstruct and replace 30 concrete bridges, with a budget of US\$ 18 million, is currently being finalized. MPW is finalizing the agreements to commence a repaving program (2008-2012) on 500 km of the main national network, with an estimated budget of US\$ 275 million.
- 1.6 In an attempt to break out off the road failure cycle, GOS, supported by technical assistances from the EC, decided to set up an autonomous RA, funded by a fuel levy. The RA was given responsibility for periodic and routine maintenance of the main road system, while the MPW remains responsible for construction of new roads and rehabilitation of the existing network. The RA is run by a Board, appointed by, and responsible to, the MPW, and consists of representatives of both government and

transport sector stakeholders. Its annual work program is agreed between the Board and the Minister, and the Board reports annually to MPW on its activities. The RA currently maintains approximately 500 km that have been previously rehabilitated by the MPW, contracting out the maintenance works and supervision.

- 1.7 Institutional strengthening. Following the EC funded studies (§1.3a and §1.3e), an implementation program was developed, consisting of several technical assistances (€ 3.1 M) directed at strengthening policy, strategy, planning, organizational design and management of consultancies and works contracts in the transport sector.
 - a. At a strategic level, policy elaboration and strengthening in the following areas:
 - i) Transport for Development (link transport sector policy to national policy;
 - ii) Transport Policy & Strategy; and iii) Transport Master Plan.
 - b. MTCT improved policy implementation in the following areas: i) Regional & International Integration; ii) Air Sector Organisation & Human Resource Development; iii) River/Canal Sector Management; iv) Traffic Control & Regulation; v) Master Plan Implementation; and vi) Road Sector Legislation.
 - c. MPW improved policy implementation in the following areas: i) Road Sector Organisation & Human Resource Development; ii) Road Maintenance; iii) Quality Control; iv) Master Plan Implementation; v) Budgeting & Road Management Systems; vi) Road Safety; vii) Road Standards; and viii) Private Sector Participation.
- 1.8 Country's sector strategy. The Transport Sector Policy Study and Master Plan, issued in 2003 by PLOS, defines five sector goals: i) improved mobility and efficiency, including cross-border traffic; ii) better access to remote communities and productive zones; iii) efficient maintenance of the infrastructure; iv) multi-modal coordination at policy and strategic level; and v) institutional strengthening. In August 2006 the Council of Ministers approved the MADP, a five-year development plan for the period 2006 to 2011, that proposes four development pillars: a) good governance; b) economic development; c) social and human development; and d) equal opportunities for all.
- 1.9 The MADP estimates the cost of the required investments at US\$760 million, and assumes that the private sector will finance 34%, and the public sector will finance 66% via the annual budget. Within the infrastructure sector, the MADP recognizes the importance of physical infrastructure as a means to provide development and facilitate production in the long term, unlock remote areas, and facilitate transport and logistics. As part of the activities within the sector, the MADP includes, as a first priority, the rehabilitation of the east-west corridor.
- 1.10 Regional Infrastructure. The Initiative for Regional Infrastructure Integration in South America (IIRSA) includes a portfolio of projects categorized into 10 Integration and Development Hubs and for each, an Anchor Project, essential to catalyze the synergies of the projects in the hub. Suriname participates in the Guyanese Shield Hub together with Brazil, Guyana and Venezuela. The “Albina – Paramaribo – Nieuw Nickerie Road Improvement” was defined as one of the two anchor projects for Suriname. In

December 2004 the Presidents of the South American countries approved the “Agenda by Consensus 2005 – 2010” whose 29th project is the “Improvements in Nieuw Nickerie-Paramaribo-Albina Road and Construction of the International Bridge over the Marowjine River”.

- 1.11 Bank’s strategy. The Bank’s strategy in Suriname, seeks to support the country’s efforts to modernize and transform the economy. In accordance with the objective, the Bank will support the country’s efforts by means of three strategic complementary pillars designed to modernize the public and private sectors, and to promote the integration of the Interior. Bank’s programming prioritizes new operations by the extent to which they: i) expand competitive private sector activities, and promote diversification and creation of high value added activities; ii) promote the use of primary sector endowments for export oriented activities; or iii) support IIRSA initiatives and integration of the Interior.
- 1.12 Justification of Bank’s participation. The transport sector strategy is focused on four main areas: a) develop a balanced transport system, b) develop criteria to prioritize projects rationally within a general strategy; c) provide for the improvement and the regulation of the public transport system; and d) improve the performance of the main logistic chains which sustain the economic growth of the country. The principles of this strategy are: 1) prioritize the solution of the principal problems of the existing system with an efficient use of the economic resources; 2) relate the size of the projects with the size of the economy of the country and the capacity of the executing agencies; 3) consider accessibility and integration aspects; and 4) take advantage of integration possibilities with the rest of South America.
- 1.13 The proposed Project will finance rehabilitation works on the Meerzorg – Albina Corridor. This project has a strong commitment from the GOS as a priority item in the regional agenda. The improvement of this corridor will contribute to regional integration of the country, improve population’s access to social services such as medical and educational facilities, improve operational and safety standards, and a more attractive environment for private sector investments as a means to support economic and social development.
- 1.14 Coordination with other donors. The Bank has recently started working in the transport sector in Suriname; in the past, the sector was supported with grant funding from the EU. However, in August 2006, GOS informed the Bank that, due to the scope and size of the project to rehabilitate the Meerzorg – Albina corridor, a multidonor financing scheme might be developed, including the EC, FDA, and the Bank. As part of the coordination activities among donors, terms of reference (TORs) for the EC funded prefeasibility study were prepared and distributed for comments from FDA and the Bank. The prefeasibility study developed TORs for the technical studies, economic feasibility, environmental and socio-cultural studies and final designs, all of which have been reviewed and agreed by the three donors. The Bank has approved a technical cooperation (ATN/OC-10411/SU) funded by the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration to finance the feasibility studies and the preparation of final designs for the rehabilitation of the Meerzorg - Albina road. These studies are cofinanced by FDA.

C. Objective, Components and Cost

- 1.15 Objectives. The main objective of the project is to improve access to important economic zones and facilitate tourism and regional integration of the country, as well as to lower transport costs and improve road safety, through the rehabilitation and improvement of the Meerzorg – Albina corridor. Specific objectives of the Program will be the improvement of corridor reliability and driving conditions by rehabilitating the corridor.
- 1.16 Expected results include reductions in generalized transport and logistical costs, achieved by reductions in vehicle operating costs and reduced travel times, contributing to economic growth and social development. Road rehabilitation should also result in reduced future periodic road maintenance costs. Improved transport will increase accessibility of surrounding communities to markets and services. “Critical spot” interventions will improve road safety. Additionally the project will provide support for the institutional strengthening of PLOS especially in the areas of planning, and programming of projects, improving the project preparation cycle.
- 1.17 Components. The expected components of the Project are: i) Rehabilitation of the Meerzorg – Albina Corridor, including the civil works related to the reconstruction and rehabilitation of the road; ii) Implementation Support; and iii) Institutional Strengthening.
- 1.18 Component 1: Rehabilitation of the Meerzorg – Albina Corridor (US\$108.85 million). The Meerzorg – Albina road (140 km.) links Paramaribo, the capital of Suriname, to the eastern border with French Guyana, represents almost 10% of the national primary network, and conveys approximately 23% of the country’s traffic flow. The section between Meerzorg and Moengo (95 km) was built and asphalted during the early 1960s, mainly across flat landscapes and marshlands at altitudes below 10m; while the section between Moengo and Albina (45 km), was a dirt road reconstructed and paved in the early 1970s, across rolling terrain where elevation peaks at 46 meters. Currently, the road has two lanes, is paved and considered to be in regular to poor conditions, and has 14 bridges, spanning 531.7 meters of total length. The pavement, ranging in width from 6.0 to 6.3m, is deteriorated over more than 100 km. The road has no markings, and road furniture is limited to traffic signs of curves and speed bumps. As a result of the evaluations of the road conditions, it is estimated that the scope of works includes pavement and bridges rehabilitation. Average daily traffic varies between 1,300 vehicles along the eastern section of the road to 7,400 vehicles in the vicinity of Meerzorg.
- 1.19 No maintenance has been carried out since construction. Asphalt cracks, pavement deformations, subsidence at bridge approaches and other structural disorders affect more than two thirds of the alignment. As vegetation invades roadside shoulders, drivers are compelled to straddle the centreline, narrowing the actual width and compounding traffic hazards. In urban crossings, sewer networks overflow during rainstorms, jeopardising both local and long-haul traffic. The rehabilitation works include strengthening of sub-grades, resilient pavement layers and renovated hydraulic structures, resulting in a significant improvement of the loading capacity and traffic safety of the rehabilitated road.

- 1.20 The scope of works to be carried out along this road include the following activities: i) widening of the road width from current 6.0-6.30 meters to 7.0 meters; ii) refurbishment of 7 bridges, restructuring of 5 bridges and construction of 2 new bridges; iii) upgrading the existing 60 culverts, replacing 30 of them and building 30 new additional culverts; iv) restoration of ebb-tide and floodwater interchanges in swamp areas; v) pavement reconstruction, recycling the existing pavement with new stabilization techniques; vi) any resettlement along the route of the corridor deemed necessary as a result of the study for the Resettlement Plan; and vii) improvements of urban crossings, and roadside amenities, including pedestrian sidewalks, bus stops and parking areas and terminal facilities at key locations to enhance safety and socioeconomic benefits. In addition, roadside public utilities infrastructure will be properly relocated. Sound interface between road drainage and urban sewage networks will be introduced in town crossings.
- 1.21 Component 2: Implementation Support (US\$6.25 million). This component will finance the consulting services for supervision of the civil works in Component 1 as well as for the conduct of required technical, environmental and safety supervision and audits, and the completion of final designs. Costs for the Project Executing Unit will also be financed under this component.
- 1.22 Component 3: Institutional Strengthening (US\$0.5 million). This component will provide support to: i) the Ministry of Finance (MOF) and PLOS, in the public investment planning and monitoring function through the establishment of a Public Investment System, ii) the MPW, through a legal and technical consultancy to define the needed road reserve areas, and develop a management plan inclusive of the rules and requirements for the use and occupancy of such areas along Meerzorg - Albina corridor, iii) the National Institute for Environment and development in Suriname (NIMOS), through a technical consultancy for the development of an Environmental and Social Management System for the Transport Sector, including a) specific and detailed guidelines and TORs for environmental assessment of road projects, and b) technical and socio-environmental specifications for roads construction, rehabilitation and maintenance works and operation, and iv) NIMOS and the Environmental Specialist from the Project Execution Unit, through a training program to be provided by the environmental expert of the supervision firm. This component will be implemented in tandem with the institutional strengthening of the MPW to be financed by the EC (¶1.7).
- 1.23 Cost. The total cost of this Project is US\$ 126.90 million. The Bank will finance US\$62.50 million and GSU will finance US\$ 64.40 million as counterpart. The resources from the Bank include : i) US\$ 21.7 million from the blend of Fund for Special Operations (FSO) and Ordinary Capital (OC), considered as one single loan with two sources to be disbursed pari-passu with a 20%-80% mix respectively; and ii) US\$ 40.80 million from OC. GSU is currently negotiating a loan from the FDA (€25M), a grant from the EC (€ 17.5M), and a grant from the Government of The Netherlands (€ 15M) that would finance the local counterpart of this Program.

CATEGORY	IDB	GSU	TOTAL
1. Meerzorg – Albina Corridor Rehabilitation	52.20	56.65	108.85
Civil Works and Resettlement	52.20	56.65	108.85
2. Implementation Support	6.0	0.25	6.25
Supervision, Studies and Design	5.25	0	5.25
PEU Costs	0.75	0.25	1.0
3. Institutional Strengthening	0.2	0.3	0.5
4. Financial audit	0.3	0	0.3
5. Contingencies	1.9	3.6	5.5
6. Price Escalation	1.9	3.6	5.5
TOTAL	62.5	64.4	126.90

D. Key Results Indicators

- 1.24 A comprehensive monitoring and evaluation system will continuously assess and refine the program's impact. The expected outcomes of the project would be: i) reduction in vehicle travel times on the road, ii) improvement of volume/capacity ratio on the road, iii) reduction in the number of accidents along the road corridor, and iv) more efficient and effective planning and programming of transport projects by PLOS. The key outputs of the project would include: a) kilometers of road rehabilitated, b) number of structures improved, and c) the conduct of specific capacity building activities in MOF, PLOS, MPW and NIMOS.
- 1.25 The proposed indicators and means of verification maximize the use of the information that PLOS and MPW will collect directly or indirectly during the execution of the project. Most of the proposed indicators already has baseline data for the years 2007 / 08. This baseline is the reference level for the evaluation of the program. All the output indicators will be measured directly by PLOS and / or MPW; the outcome indicators will be either measured directly by PLOS and / or MPW, or indirectly by the Police in the case of road accidents. These measures and estimates will be compared with the expected outputs and outcomes presented in the Results Matrix. The following table presents the selected indicators and their respective means of verifications:

INDICATOR	MEANS OF VERIFICATION	FREQUENCY
Outcomes		
Average journey / trip time	Semi annual progress report, submitted on 12/31 of each year	Annual
Volume / capacity ratio of road		
Annual number of road crashes/incidents		
Annual number of road fatalities		
Outputs		
Kilometers of improved roads	Semi annual progress report, submitted on 12/31 of each year	Annual
Number of structures replaced and / or rehabilitated		
Road safety improvements		
Capacity building activities in PLOS, NIMOS, MPW and PEU		

- 1.26 The rehabilitation of the Meerzorg - Albina corridor, will reduce travel time from 4 hours to 2.5 hours; will also curb vehicle operation costs by an estimated 22% and road accidents economic damage by 24%. Among road user categories, the benefit streams generated by travel time savings will average 41%.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financial instruments and contractual conditions

- 2.1 This rehabilitation of the Meerzorg – Albina corridor will be implemented as a specific investment project. The resources from the Bank (¶1.23) include: i) blend of FSO and OC with amortization periods of 40 years and 30 years, respectively, and grace periods of 40 years and 6 years, respectively, and ii) OC with amortization and grace periods of 25 years and 5 years respectively. The expected disbursement period of the Project is 60 months. The following table shows the tentative disbursement schedule, in millions of US\$.

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB (FSO – Blend)	2.0	2.34	-	-	-	4.34
IDB (OC – Blend)	8.0	9.36	-	-	-	17.36
IDB (OC)	-	7.3	19.40	7.5	6.6	40.80
GSU	-	13.0	12.5	25	13.9	64.40
Total	10.0	32.0	31.9	32.5	20.5	126.90

B. Environmental and Social Safeguard Risks

- 2.2 The Meerzorg - Albina Corridor Rehabilitation Project is considered environmentally and socially viable. According to the Environmental and Social Assessment (ESA) developed during the Project evaluation process¹, by improving the physical, operational and safety conditions of the road, the Project can generate ecologic and social benefits, but not limited to, the following: (i) increased the water to flow each side of the road in swamp crossings thereby preventing the barrier effect that currently harms aquatic wildlife; (ii) improvement of the drainage facilities in urban crossings; (iii) increased safety for pedestrians, especially in built-up areas and in proximity to schools, hospitals and markets; (iv) increased safety for the traveling public in private and public vehicles and truck transport; (v) reduced travel time and economic costs arising from lost work hours due to delays; decrease the stress and noise level; (vi) more efficient movement of produce to markets, and improved access to shop and markets; (vii) improved transport services to hospitals and schools, and improved response time for fire and police services; (viii) reduction in the number and severity of vehicle-to-vehicle and vehicle-to-pedestrian accidents; (ix) reduction in the per-mile costs of vehicle operation; and (x) reductions in emissions and local air pollution.
- 2.3 Given the type, size and moderated technical simplicity of the proposed civil works, as well as the fact that they will take place mostly within the existing right-of-way of a corridor that traverses consolidated urban and rural areas, the Project is not anticipated to generate permanent, widespread or irreversible significant negative impacts. In general, the anticipated negative impacts of the Project can be

¹ The ESA involved meetings with District Commissioners in the two districts under study and public meetings were held in the three main urban settlements along the road. Field checks and public meetings with affected groups were also held in order to give the chance to the stakeholders to express suggestions, concerns and expectations. The use of questionnaires provided key information given by the interviewed sample, chosen on random basis, of the affected groups.

characterized as easily identifiable; minor to moderate in magnitude; temporary in duration; spatially restricted; easily preventable or controllable with widely available, technically simple and cost-effective mitigation techniques; and reversible in the sense that an affected area can return to a preexisting condition after an impact occurs. The potential negative impacts are: (i) enforcement of right of way and relocation of utilities and small business with land-taking and increment in land requirement for road alignment; (ii) generation of dust, noise and gases by the operation of construction equipment, asphalt plants and vehicles; (iii) traffic congestion, and temporary obstruction of access to community areas and increased risk of accidents during the execution of construction activities; (iv) soil erosion and landscape degradation with possible sedimentation of nearby water bodies, resulting from earth movement; (v) soil and water contamination and landscape degradation due to wastes and effluents coming from work areas, equipment yards and asphalt plants; (vi) accidental rupture of utilities pipes and lines and temporary interruption of services during the excavation and removal of pavement. In the Project area there is no evident risk of potential major accidents involving the transport of hazardous materials or dangerous goods, given both the apparent small quantities of these substances mobilized in the area by road.

- 2.4 The potential negative impacts will be largely mitigated through effective application of environmental management specifications included in tender documents and contracts for construction. In addition, a number of procedures, protocols and specifications have been developed and recommended for implementation during construction and post-construction phases. These have been included in the *Environmental and Social Management Plan* and the General and Particular Environmental Specifications, which will be part of the tender documents for civil works.
- 2.5 The ESA determined that, while no buildings or residences were observed in the ROW, some commercial establishments and petty ambulatory vendors have usurped parts of the ROW in order to gain more space for patrons. Such encroachments range from the placement of fruit/vegetable stands on shoulders of the roadway, erection of fences over shoulders and up to the roadway proper, filling of drainage canals and use of shoulders for driveways and patios, to construction of concrete floors and terraces for outside dining and sale of merchandise. The final engineering designs will include the reduction of the width of the ROW and the implementation of specific road safety measures in these urban areas to minimize the affectations of these permanent structures. If the resettlement of some of them is unavoidable, the Project will include resources to finance adequate compensation measures, according to Bank Policy OP-710, including the compensation for the loss of assets, the alternative of relocating the structures to the available yards at the back of the properties and the resettlement of these few business to a place close to the road and with appropriate space for car parking. In the case that a relocation plan is necessary, it will be submitted to VPS/ESG for verification, prior to the Bank's no objection of the tendering process. Furthermore, the Bank is implementing a technical cooperation (ATN/KP – 10720/SU with non-reimbursable resources from the Korean Poverty Reduction Fund) that will support the poor petty traders to

- strengthen their commercial and community development activities by enhancing their community organizations, management of public and private areas, micro entrepreneurship, identification of financing mechanisms, capacity building, and improvement of current development and operational conditions.
- 2.6 In terms of legislation, Suriname has no laws specific to environmental issues, but there are several regulations concerning different categories of the environment, namely soil, water, air, exploitation of natural resources, nature protection, psychical planning, working conditions, health, culture, sound and waste. The institutional framework for the management of Suriname's environment is based on: (a) The Nationale Milieuraad (National Council for the Environment) that is a policy and advisory body at the highest possible level, the Office of the President of Suriname. and (b) The Nationaal Instituut voor Milieu en Ontwikkeling in Suriname (NIMOS) which is the executive and research arm of the Council with legal personality as a foundation. NIMOS issued in March 2005 the "Environmental Assessment Guidelines; Volume I, Generic". After analysis of NIMOS guidelines and having ascertained their substantial equivalence with IADB Environmental Policy and Guidelines, a screening phase was carried out for the project and classified the project under category B. In May 2008, the Environmental and Social Assessment was presented to NIMOS to carry out the phases of Reviewing and Decision & Monitoring.
- 2.7 ***Supervision, Inspection and Monitoring.*** The Supervisory Engineering Firm to be hired will appoint an Environmental Inspector, who will be responsible for the supervision and evaluation of Construction Contractors' compliance with the *Environmental and Social Management Plan (ESMP)*, and provide training to PEU and Contractors' staffs. Construction Contractors will nominate a qualified Environmental Engineer who will assume responsibility for implementation of the ESMP during construction and post-construction and act as a liaison with the Supervisory Engineer's Environmental Inspector. Contractors will, at the outset of construction, prepare an Emergency Response Plan, which will include objectives, procedures for notification and reporting, and the establishment of an ad hoc Spills and Emergency Response. In order to monitor compliance with the provisions stipulated in the Environmental Permit, the NIMOS staff member assigned to monitor the PEU will liaise with the Supervisory Engineer's Environmental Inspector. The Bank will exercise an oversight role of the execution of the operation throughout all Project stages. The requirements to hire both the Environmental Inspector and Engineer will be part of the tender documents for supervision and civil works, respectively.
- C. Fiduciary Risk**
- 2.8 PLOS has experience in managing projects with international financing. The financial management procedures for budgetary local funds in each Ministry are based on the procedures and facilities implemented by the Ministry of Finance (MOF). MOF centralizes all funds and treasury procedures, and registers the final figures for budgetary funds. The institutional accounting and budgeting processes within each Ministry are mainly for institutional control and management. Projects

with foreign financing are part of the MOF budget and final approvals for expenditures are made by MOF. PLOS is implementing an integrated system for managing budgeting and accounting that is expected to be operational during 2008; the use of a redundant recording system, as used by PLOS for project transactions, is accepted as a good practice.

- 2.9 PLOS has satisfactory internal controls, on financial management aspects, especially when referred to the operational budget, including approvals, internal audit reviews, and budgetary and accounting reviews for all transactions. The governmental external audit function is executed by the *Centrale Landsaccountantsdienst* (CLAD) which is a Government Agency that reports to MOF. Although the Agency act as External Audit Office its links and dependence to the Government Executive Branch is clear. International Audit standards are not applied since local standards are in use.

D. Other Key Issues and Risks

- 2.10 Economic feasibility. The economic evaluation of this project considered, as part of the costs, the construction of civil works, the implementation of the socio-environmental measures, the removal of utility lines, and the maintenance during the expected life of the road. The potential economic benefits of road rehabilitation will stem from: i) savings in vehicle operating cost; ii) savings in road maintenance expenditures; iii) time savings to passengers and freight; iv) reduction of road accidents as a result of road, shoulders and sidewalks widening; and v) residual value of the road structure at the end of the evaluation period.
- 2.11 To assess the economic feasibility of this project, the Surplus Consumer Method was adopted and applied with the model HDM 4- v.2.04. The indicators utilized for the comparison with the alternative without project are: i) Net Present Value (NPV) of the benefits accruing to road users minus the increase of costs incurred by the road agency, discounted at a rate of 12% per year; ii) Economic Internal Rate of Return (EIRR); and iii) Ratio NPV/RAC, where RAC is the present value of the total road agency costs. The evaluation of this rehabilitation project resulted in a NPV of US\$ 142.8 million, an EIRR of 26.5%, and a NPV/RAC of 1.71.
- 2.12 This economic evaluation was complemented by sensitivity analyses, so as to evaluate the impact of the reduction of projected traffic and the increase of capital and recurrent costs; also the combined impact of traffic reduction and costs increase was tested. The sensitivity tests show that: i) a 15% reduction of the traffic volume results in an EIRR of 14.2%, ii) a 15% increase in capital and recurrent costs results in an EIRR of 24.2%, and iii) a 15% reduction of the traffic volume combined with a 15% increase in capital and recurrent costs result in an EIRR of 12.9%. These results indicate that the economic return of the project is sensitive to reductions of traffic volume, while, on the other hand, cost increases do not induce significant reductions of the economic return of the project.

- 2.13 Maintenance strategy. Adequate road maintenance activities impact positively on the sustainability of the investments, allowing the road to reach its complete design life. GOS established the RA as a means to improve routine and periodic maintenance, while MPW remains responsible for construction of new roads and rehabilitation of the existing network. After MPW completes the rehabilitation works, the roads are transferred to the RA, which assumes responsibility for its proper maintenance and includes the activities in its annual work program. MPW has transferred 500 km of main roads that are currently being maintained by the RA, contracting out the maintenance works and supervision. The act that established the RA includes the transfer of the Meerzorg – Albina Corridor upon completion of the rehabilitation works.
- 2.14 Financial analysis. GSU's financial strategy for managing its road infrastructure relies on two financial sources: i) External resources to finance capital investments, and ii) Internal resources to finance maintenance activities.
- 2.15 The Suriname Country Strategy (GN-2459), approved in 2007, established a base-case sovereign lending envelope of \$75 million for 2007-08, while also made provision for a higher lending scenario of up to \$115 million, contingent on debt sustainability considerations and the acceleration of reforms, specifically, the clearing of debt arrears and periodical assessment indicating improvement in macroeconomic and debt conditions. Based on the Bank's review, it was justified a shift to the upper lending scenario identified by the Country Strategy. The following paragraphs present a summary of the results of such evaluation:
- a. Macroeconomic development (Based on IMF Article 4 2006 report). The main macroeconomic indicators have shown steady improvement in recent years. Real GDP growth has averaged over 6% since 2003, and inflation came down from 28% in 2002 to 5% in 2006. The balance of payments current account evolved from a 6% deficit to a 5% surplus. Net international reserves increased from US\$102 million in 2002 to US\$263 million in 2006.
 - b. Fiscal management. Recent legislative changes strengthened the accountability framework for debt management, with sole authority for incurring public debt being vested in the MOF. In terms of fiscal performance, the fiscal deficit averaged 1.1% of GDP in the period 2003 to 2006, down from 5.8% in 2002.
 - c. Debt arrears. Most of the outstanding debt arrears with bilateral partners have been cleared. The only arrears that remain outstanding are with the US and Brazil; GoS is negotiating to agree on a program for clearing these arrears.
 - d. Debt management. The framework for debt management is partly defined by the establishment of statutory ceilings for domestic and external debt. Performance has been comfortably within these limits and improving in recent years. The rapid reduction in debt ratios is attributable to increased GDP growth and greater attention being paid to fiscal and debt management.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Borrower and Executing Agency

- 3.1 The borrower will be the Republic of Suriname, and the Executing Agency (EA) will be the Ministry of Planning and Development Cooperation (PLOS), through a separate Project Executing Unit (PEU). The PEU will be responsible for the fulfillment of technical, administrative and financial procedures related to the execution of the Project, as well as the planning, monitoring, supervision and evaluation of the Project. This PEU will be constituted, at least, by a General Coordinator, and should be staffed by, at least, the following senior officers: i) Highway engineer, ii) Environmental expert, and iii) Financial specialist. The following will be conditions prior to first disbursement: a) constitution of the PEU, b) appointment of the key personnel of the PEU based on Terms of Reference agreed between the Borrower and the Bank, and c) entry into effect of the Memorandum of Understanding between MOF, PLOS and MPW clearly defining roles and functions and assigning responsibilities.

B. Execution Structure

- 3.2 The parties involved in the execution of this project will have the following responsibilities: i) PLOS: will be the EA and shall be responsible for the implementation of the project. This Ministry will also be the key interlocutor with the Bank; ii) MPW: will be in charge of project monitoring, overseeing the contractors and supervisors, verifying all project activities before approval of payment certificates and works commissioning; iii) MOF: will be in charge of financial supervision of the program and the Loan resources destined for the program; and iv) NIMOS, will be involved in the monitoring and supervision of the environmental aspects of the implementation of the Environmental and Social Management Plan during road construction. Afterwards, during the operation and maintenance phase it will be involved as required.
- 3.3 The EA will have the following responsibilities during program implementation: a) prepare and obtain Bank approval for all bidding documents required to hire the civil work contractors and consulting firms; b) carry out, control and register all administrative and accounting procedures needed; c) coordinate the bidding processes according to the Bank and GSU rules; d) monitor the rehabilitation works and construction contracts through consulting firms specifically hired to that effect; e) maintain adequate accounting and financial controls as well as appropriate support documentation filing systems for verification by the Bank and the external auditing firm; f) prepare and submit to the Bank disbursement requests and corresponding justification of expenses; g) prepare and submit to the Bank semiannual reports on the revolving fund, program execution including annual updates of the Annual Plan of Operations, audited financial reports, and other financial reports as required by the Bank; h) record and control the results of the Program through the agreed indicators; and i) address and resolve contractor claims and address related contract adjustments. In addition, the EA will maintain separate files for the operations of the Program, and allow for financial and accounting

monitoring of the Bank resources, and the local counterpart, in accordance with Bank requirements.

- 3.4 The contractors who will carry out the civil works for the rehabilitation of the Meerzorg – Albina road will be supervised by an engineering firm hired by the EA, in accordance with terms of reference agreed with the Bank and using ICB procedures. This firm will also carry out the supervision of the environmental aspects of the civil work, and the on-the-job training of NIMOS and the PEU (§1.22). The supervision firm shall prepare a manual and procedures to be applied during the inspections to the structures (drainage, culverts, bridges) including the identification of areas to be inspected, methodologies to carry out the inspections, required routine and periodic maintenance activities, etc.

C. Procurement

- 3.5 Procurement of contracts to be financed with resources of the financing will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (GN-2349-7); and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-7) both of July 2006.

D. Evaluation and Monitoring

- 3.6 The monitoring and evaluation strategy will include the following: i) annual audited financial statements; ii) annual plan of operations; iii) semiannual progress reports; iv) mid-term review; and v) final review.

E. Future Activities to Complete Final Designs

- 3.7 The preparation of detailed technical designs needed for tendering the works are partially financed through the ATN/OC-10411/SU funded by the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration, currently being executed by PLOS. These designs will constitute the initial package of works to be tendered. The resources available in the technical cooperation will be complemented by the funding of this loan (§1.21).
- 3.8 Prior to tendering the civil works, the EA will submit to the Bank, for its no objection, the engineering studies and final technical designs, and, if necessary, the relocation plan. In the case that a relocation plan is necessary, it will be submitted to VPS/ESG for verification, prior to the no objection of the Bank.

SURINAME
MEERZORG – ALBINA CORRIDOR REHABILITATION PROJECT
SU-L 1006

Results Matrix

Project Objective	Contribute to the improvement of the access to important economic zones and facilitation of tourism and regional integration of the country, as well as to the reduction of transport costs and the improvement of road safety.
--------------------------	---

Outcome Indicators	Base Level 2008	Target Level 2013	Comments
Reduction in vehicle travel time.	4 hours	2.5 hours	Determined by PLOS, based on the semiannual progress report.
Reduction in vehicle operation cost	100 (Base)	78	Determined by PLOS based on the semiannual progress report
Reduction in the economic damage of road accidents along the corridor.	100 (Base)	76	Determined by PLOS based on the semiannual progress report and records of the Police.
Reduction in the number of road fatalities.	54	38	
More efficient and effective planning and programming of transport projects.	Public Investment System: Not available Environmental and Social Management System for the Transport Sector: Not available Definition of the needed road reserve areas, and development of a management plan inclusive of the rules and requirements for the use and occupancy of such areas: Not available	Improved planning, programming and monitoring of public investments in the transport sector. Systems implemented and in use.	Determined by MOF, PLOS, MPW and NIMOS based on the semiannual progress report.

Component	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Comments
Component: Road Rehabilitation								
Outputs								
Rehabilitation of existing roads, including hydraulic structures (bridges, culverts, drainage, etc.) and road safety works.	0 km	9 km	36 km	36 km	36 km	23 km	140 km	PEU semester progress reports.
Outcomes								
Reduction in vehicle travel time.	4 hrs.			1 hour		2.5 hrs	2.5 hrs	PEU semester progress reports.
Reduction in vehicle operation cost	100	99	93	87	82	78	78	
Reduction in the economic damage of rod accidents.	100	99	92	86	80	76	76	
Reduction in the number of road fatalities.	54	53	49	45	41	38	38	
Component: Institutional Strengthening								
Outputs								
Capacity building activities in MOF and PLOS: • Establishment of a Public Investment System. • Design an operational model for planning, programming and monitoring public investments. • Provision of technological resources and commercial database software.	System not available.	System developed. Database populated					System implemented and in use.	PEU semester progress reports.
Capacity building activities in NIMOS: • Development of an Environmental and Social Management System for the Transport Sector, including: a) specific and detailed guidelines and TORs for environmental assessment of road projects, and b) technical and socio-environmental specifications for roads construction, rehabilitation and maintenance works and operation.	System not available.	Develop guidelines and TORs	Develop specs.				System implemented and in use	
Capacity building activities in MPW: • Definition of the needed road reserve areas, and development of a management plan inclusive of the rules and requirements for the use and occupancy of such areas.	System not available.	Develop rules.					System implemented and in use	
Outcomes								
More efficient and effective planning and programming of transport projects.	Systems not available	MOF and PLOS improve Investment System. MPW applies ROW rules	NIMOS applies Env. and Social Mgmt. Systems.				Systems implemented and in use	Determined by MOF, PLOS, MPW and NIMOS based on the semiannual progress report.

SURINAME
MEERZORG – ALBINA CORRIDOR REHABILITATION PROJECT
(SU- L1006)

Table of Project Procurement Plan

No.	Description of the contract and estimated cost of procurement	Procurement method ¹	Review (prior or post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)
				IDB %	Local/other %		Publication of specific procurement notice	Completion of contract	
Consulting Services									
	Engineering Consultancy Services for Supervision of Road Corridor improvements. US\$4.5 M.	QCBS	Prior	100	0	Shortlist	Sept./08	Sept./13	Pending
	4 individual consultants for the key positions of the PEU: General coordinator, Highway Engineer, Environmental expert and Financial Specialist. US\$ 400.000	3 C.V. ‘s	Prior	75	25	Shortlist	Nov./08	Jan./11	Pending
	1 international consultant (PLOS/MOF) to design an operational model for recording, monitoring and reporting the public investments. US\$ 55.000.	3 C.V. ‘s	Prior	0	100	Shortlist	Oct./08	Dec./09	Pending
	2 local consultants (PLOS/MOF) to develop a database and implement the public investment planning and monitoring system. US\$50,000.	3 C.V. ‘s	Prior	0	100	Shortlist	Oct./08	Dec./09	Pending
	Legal and technical consultancy (MPW) for the definition of the needed road reserve areas, and development of a management plan inclusive of the rules and requirements for the use and occupancy of such areas. US\$ 60.000	3 C.V. ‘s	Prior	50	50	Shortlist	Sept./08	Mar./09	Pending

¹ **ICB:** International competitive bidding; **LIB:** limited international bidding; **NCB:** national competitive bidding; **PC:** price comparison; **DC:** direct contracting; **FA:** force account; **PSA:** Procurement through specialized agencies; **PAs:** Procurement agents; **IA:** Inspection agents; **PLFI:** Procurement in loans to financial intermediaries; **BOO/BOT/BOOT:** Build, own, operate/build, operate, transfer/build, own, operate, transfer; **PBP:** Performance-based procurement; **PLGB:** Procurement under loans guaranteed by the Bank; **PCP:** Community participation procurement; **QCBS:** Quality- and cost-based selection **QBS:** Quality-based selection **FBS:** Selection under a fixed budget; **LCS:** Least-cost selection; **CQS:** Selection based on the consultants' qualifications; **SSS:** Single-source selection; **3CV's:** Selection of Individual Consultant based on 3CV's

SURINAME
MEERZORG – ALBINA CORRIDOR REHABILITATION PROJECT
(SU- L1006)

Table of Project Procurement Plan

No.	Description of the contract and estimated cost of procurement	Procurement method ¹	Review (prior or post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)
				IDB %	Local/other %		Publication of specific procurement notice	Completion of contract	
	Technical expert consultancy (NIMOS) for the development of an Environmental and Social Management System for the Transport Sector. US\$ 260.000	3 C.V. 's	Prior	65	35	Shortlist	Oct./08	Dec./10	Pending
Civil Works									
	Rehabilitation of Meerzorg – Albina Road. US\$ 108.85 M.	ICB	Prior	48%	52%	Yes	Sept./08	Sept./13	Pending
Goods and Services									
	Procure commercial database software and equipment to implement the Public Investment System. US\$75,000.	NCB	Prior	0	100	No	Jun./09	Dec./09	Pending

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/08

Suriname. Loan ____/BL-SU to the Republic of Suriname
Meerzorg – Albina Corridor Rehabilitation Project

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts, as may be necessary, with the Republic of Suriname, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Meerzorg – Albina Corridor Rehabilitation Project. Such financing will be for the amount of up to US\$4,340,000, from the resources of the Bank's Fund for Special Operations, corresponding to a parallel loan within the framework of the multilateral debt relief and concessional finance reform at the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2008)

LEG/SGO/IBDOCS#1498677-08
Pipeline No. SU-L1006

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/08

Suriname. Loan ____/OC-SU and ____/BL-SU to the Republic of Suriname
Meerzorg-Albina Corridor Rehabilitation Project

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Suriname, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Meerzorg-Albina Corridor Rehabilitation Project.

2. The financing mentioned in paragraph 1 above will be for an amount of up to US\$58,160,000, and will be composed of:

(a) A loan for the amount of up to US\$40,800,000 from the resources of the Single Currency Facility of the Bank's Ordinary Capital; and

(b) A parallel loan within the framework of the multilateral debt relief and concessional finance reform at the Bank of up to the amount of US\$17,360,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital.

3. Such financing will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ ____)