

TECHNICAL COOPERATION PROFILE

JUNE 21, 2010

I. BASIC PROJECT DATA

▪ Country:	The Republic of Suriname		
▪ Program			
Name/Number:	Strengthening of Management for Results in Suriname (SU-T1046)		
▪ Team	Stefano Tinari (ICF/ICS), Team Leader; Marco Varea (ICF/ICF); Lucas Hoepel (COF/CSU); Rosina De Souza (LEG/SGO); and Nathalie Hoffman (ICF/ICS), Project Assistant.		
Leader/Members:			
▪ Date of request:	December 16, 2009		
▪ Beneficiary:	Government of Suriname (GOS)		
▪ Executing Agency:	Ministry of Finance		
▪ Financing Plan:	IDB: Non-Reimbursable resources from		
	PRODEV-Sub-account B	US\$	1,500,000
	Counterpart:	US\$	150,000
	Total:	US\$	1,650,000
▪ Technical and Basic	Preparation: ICF/ICS		
Responsibility:	Execution: CCB/CSU		
▪ Tentative Dates:	Expected approval		
			March 2010

II. BACKGROUND AND PROBLEM STATEMENT

A. Background

- 2.1 In December 2009, the Inter-American Development Bank (IDB) received a communication from the Ministry of Finance of Suriname, asking the Bank to provide assistance in the form of a Technical Cooperation (TC) Program in support of the development effectiveness of the public investment portfolio in the Country. The Program would consist in the design and implementation of a system to enhance the capacity of the Country to program, budget, execute and evaluate public sector programs, by strengthening the capacity to manage for results. This Program would be funded by PRODEV, the Bank's arm to promote Management for Results in the Region.
- 2.2 In November 2009, the Bank sent a mission to Suriname to present to the financial authorities of the Country the results of the application of the PRODEV diagnostic tool, to collect information identifying the current situation with respect to the implementation of management for results principles in the Country, and to prepare an action plan. The action plan is based on the findings and recommendations of joint International Monetary Fund (IMF) - IDB teams that visited Suriname in 2008, and the priorities expressed by the authorities during a series of interviews.

- 2.3 The plan, and the actions proposed in this profile, analyze the current situation in Suriname with respect to the implementation of results-based principles in the areas of planning, budgeting for results, financial management, sector development and public investment, and proposes a series of actions to strengthen the capacity to manage for results in the public financial sector of the Country with the goal to improve the development effectiveness of public investment initiatives.

B. Problem Statement

- 2.4 The application of the diagnostic tool has shown that the public investment program in Suriname, in the current form, is prepared with base on the aggregation of the investment programs and projects that are presented by every line ministry within their budget. Currently there is no systematic analysis of its appropriate size, balance among sectors, impact on the economy, and timelines or sequence of the investments.
- 2.5 The public investment process for selecting and assessing proposals is not regulated by any specific law or regulation. The participants in the process use their best judgment when dealing with public resources for investment purposes. The Ministry of Planning (PLOS) has presented a general proposal to the Council of Ministers in looking for political support to improve the regulation for the public investment process and the management of the relations with donors.
- 2.6 Regarding the Evaluation System, Suriname does not have a legal framework to evaluate governmental programs. There is no official methodology that establishes the evaluation criteria and technical aspects, and program evaluation responsibilities are spread with the result that every sector strategy has its own methodology to be assessed.
- 2.7 The budget preparation process, roles, and specific responsibilities are not regulated or described in depth in law. The process of budget preparation has been gradually improved since 2004 with important changes in the budget structure and introduction of medium-term budget projections, and the Ministry of Finance is currently taking steps toward the implementation of multi-year forward estimates. By preparing the Multi-Year Plan and by collecting of budget estimates for five years, the government has already decided to move to a more medium term orientation of budget preparation.
- 2.8 The Integrated Financial System (IFS) model is based on a centralized information database, and was developed in 2001. The automation of the Public Financial management System (PFMS) started with the Ministry of Finance's (MOF) need to generate budget information understandable to international organizations, and needs to be stabilized, upgraded, and expanded to cover the entire public and semi public sector.
- 2.9 Internal and external control and oversight in the Country is weak. The Supreme Audit Institution (SAI) has a limited capacity to fulfill its mandate and to provide independent advice to Parliament on government accounts and operations. The SAI has few auditors, and cooperation and coordination with ministry internal audit units is poor.
- 2.10 In summary, Suriname has a lot of potential to introduce management for development results in different sectors and at all levels of public policies. Given the current situation,

a restructuring of the Public Financial Management System, and the introduction of mechanisms for planning, executing and evaluating public investment project according to the principles of management for results has the potential to generate important improvements in the management of the public financial sector of the Country.

III. PROGRAM OBJECTIVE AND DESCRIPTION

- 3.1 The general objective of this TC is to promote the introduction of management by results and development efficiency concepts through an integrated and coordinated public sector management approach in Suriname.

A. Components

- 3.2 The Program is structured in the following components: (i) Strategic Planning and Public Investment Evaluation; (ii) Budget by Results; (iii) Public Financial Management; and (iv) Audit.
- 3.3 **Component I. Strategic Planning and Public Investment Evaluation.** The PRODEV Program will provide technical and financial assistance and the tools to identify, prepare and evaluate public investment proposals. The Program will include assistance to regulate the process through the drafting of a legal framework, and will provide support in the definition of a proposal to ensure implementation and enforcement of the public investment selection and assessment process.
- 3.4 **Component II. Budget by Results.** The PRODEV Program will complement the introduction of initiatives to link the strategic planning to the budget execution with technical and financial assistance to improve the process of linking budget management with cash management, and improve the flow of information by improving the Ministry's Information Technology (IT) system, and speeding up processes and consolidate existing information. Specific initiatives to improve the quality of public expenditures will be incorporated into this component, as well as the Audit Component (IV) of this technical cooperation.
- 3.5 **Component III. Public Financial Management.** The objective of financial management is to ensure efficient allocation and management of human, financial, and physical resources in public agencies. To this end, PRODEV will provide resources to identify, purchase, and install a PFMS customizable system. A sustainable training Program will be established to provide the users with PFMS concepts and system operation training. New equipments and support software will be purchased and installed. The specification of the equipment and software will be defined by a Business Process Review, which will be performed by an external consulting firm. The proposal will incorporate training for the Information and Communication Technologies (ICT) personnel and the definition of retaining incentives for the staff.
- 3.6 **Component IV. Audit.** PRODEV will provide technical assistance to improve the quality and substance of recommendations included in the annual reports, complementing them with management comments and proposed specific actions. In addition, PRODEV

will provide assistance in developing appropriate audit standards and procedures for the internal and external audit activities, and training for public personnel and Supreme Audit Institution staff. This would include training in risk assessment techniques, and the drafting of a code of conduct for government employees. In internal audit, PRODEV will support the Central National Accountants Agency (CLAD), the Government of Suriname's (GOS) internal auditor, in assuming a coordinating role for ministry internal audit units. The objective would be to establish a risk-based, systematic, and disciplined approach to the assessment of ministry control processes, and to increase internal audit capacity at the ministry level. The Program will support ministry internal audit units by assisting them in implementing audit standards and procedures, and by providing on the job training activities.

IV. COST AND FINANCING

- 4.1 The cost of the Program has been estimated at US\$1,650,000, of which the Bank would finance up to US\$1,500,000 of the costs on a non-reimbursable basis from the funds allocated to PRODEV-Sub-account B. The Government of Suriname will contribute the amount of US\$150,000 as counterpart funds. The table below summarizes the estimated cost of the project by components.

Table IV - 1

Category	IDB	Local Counterpart	TOTAL
Component I. Strategic Planning and Public Investment Evaluation	\$450,000		\$450,000
Component II. Budget by Results	\$200,000		\$200,000
Component III. Public Financial Management	\$600,000		\$600,000
Component IV. Audit	\$200,000		\$200,000
Program Evaluation and Audit	\$50,000		\$50,000
Counterpart contribution		\$150,000	\$150,000
TOTAL	\$1,500,000	\$150,000	\$1,650,000

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 **Executing Agency.** The execution of this Program will be based in the Ministry of Finance. The Ministry of Finance is the central institution responsible for the Public Financial Management in Suriname. The components directed to the PLOS or the Internal and external audit will be executed by setting up peripheral executing agencies in these institutions.
- 5.2 **Procurement.** All procurement in the execution of the Program will be done in accordance with IDB procurement procedures, as stated in the Bank policies (GN-2350-7 and GN-2349-7) for the procurement of works and goods financed by the IDB. In the case of procurement of goods to be financed under this TC, the amount should not exceed 30% of the Bank's financing, in accordance with the TC Policy.

VI. MAJOR ISSUES

- 6.1 The timing of this Program will complement the political cycle of the Country, providing the incoming administration with technical tool and financial resources to support the economic and strategic planning. In addition, the current macroeconomic environment is conducive to the introduction of measures that promote strategic planning and accountability in public sector management, as a mean to improve the fiscal situation in the Country.

VII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 7.1 Given the nature of the Program involving institutional strengthening activities, no social or environmental issues are foreseen. Based on the afore-mentioned, and according to the Environment and Safeguards Compliance Policy GN-2208-20 and OP-703, the operation is expected to be classified as “C”.

VIII. ACTION PLAN

- 8.1 The Plan of Operations and its annexes are expected to be distributed to QRR by at the beginning of February and approval is expected by the end of March, 2010.

IX. APPROVAL

(Original Signed)
Mario Marcel, Manager
ICF/ICF

03/01/2010
Date

(Original Signed)
Dora Currea, Manager
CCB/CCB

03/01/2010
Date

Concur: (Original Signed)
Xavier Comas,
Division Chief ICF/ICS

02/24/2010
Date

(Original Signed)
Ancile E. Brewster,
Country Representative CCB/CSU

02/25/2010
Date