

## TECHNICAL COOPERATION PROFILE

### I. BASIC PROJECT DATA

**Country:** Suriname

**Program name:** Support to Low Income Shelter Program, Phase II

**Program number:** (SU-T1049)

**Team members:** Carolina Piedrafita (ICF/FMM), Team Leader; Ophélie Chevalier (ICF/FMM), Eduardo Rojas (ICF/FMM) y Damaris León (ICF/FMM).

**Date of request:** May 1, 2008

**Beneficiary:** Republic of Suriname

**Executing agency:** Inter American Development Bank (IADB)

**Financing plan:**

IADB-Net Income of the	
Fund for Special Operations (FSO):	US\$200,000
Local:	US\$0
Total:	US\$200,000

**Technical basic responsibility:** Fiscal And Municipal Management Division (ICF/FMM)

**Included in Board approved Technical Cooperation Program:** No

**Approval tentative date:** June 30, 2008

### II. BACKGROUND AND PROBLEM STATEMENT

#### A. Background

- 2.1 The Government of Suriname has requested the Bank assistance to support a second phase of the Low-Income Shelter Program (SU-L1015), currently in preparation. This technical cooperation (TC) request is based on the results of the First Low Income Shelter Program (SU0017) as detailed in the exit workshop of December 2007, its mid term evaluation, and the identification mission carried out for the second phase, in April 2008. The Project Completion Report (PCR) for SU0017 is currently being prepared and will be ready in July 2008. Its results will serve to prepare the detailed terms of reference of this TC.
- 2.2 **Accomplishments:** The First Low Income Settlement Program has been successful in accompanying the shift in approach from direct public provision of housing that Suriname initiated in 2001. The program was based on the allocation

of a direct up front subsidy to beneficiaries. As a result, both private developers and commercial banks improved their participation in the low income housing market, along with civil society groups and NGOs which raised program awareness and aggregated demand. The shift proved to be a big one, adding transparency to public housing policies, and considerably lowering public costs of direct housing provision. Over its 5 years of execution the program has benefited around 3725 households, 1208 for new housing and 2517 for housing improvement. Deepening access to credit was also a relevant result from the current program. Furthermore, Suriname initiated the strengthening of its institutional framework, developing standards and manuals for housing development. The program supported the professionalization of the LISP Foundation<sup>1</sup>, the Program Implementation Unit.

- 2.3 **Challenges:** Design for a second phase needs to adapt to changes in context. Since 2001 the Central Bank of Suriname has issued an incentive for middle income earners that allows them to access a subsidized mortgage at a 7% rate<sup>2</sup>. The subsidy allocated in the second phase should complement this incentive instead of just doubling the subsidy for the same income segment. A new program should take into account different income groups and plan solutions for each. Moreover, as LISP I gained the people's trust, the number of applications grew exponentially, overdrawing program capacity to respond adequately to it.
- 2.4 It is relevant to review and improve the programs' targeting strategy and system and to update program parameters<sup>3</sup>. The application process should be more efficient and transparent. For this to happen it is essential to improve the existing Managing Information System (MIS) to manage applications, produce reports, and keep track of all stakeholders. To match these improvements, some operational processes and criteria will be reviewed, such as the intermediaries' selection process and responsibilities based on their capacity to deliver (specially the NGOs). Finally, it is also important to expand awareness and communication campaigns to increase participation levels and inform new potential beneficiaries.

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<sup>1</sup> The LISP Foundation was created to be the Program Implementation Unit (PIU). LISP has had responsibility for all aspects of project execution, including the interface with the Bank and disbursement of program resources. It is governed by a board of Directors. The Board is headed by the Chairman, who is accountable to the Minister of Social Affairs and Housing. It is comprised of representatives of the main stakeholders of the program: 3 members from the GOS, one from a participating lender, other from a participating contractor, one from a partner NGO, and one that is acceptable to all of the above. The Board is headed by the Chairman, who is accountable to the Minister of Social Affairs and Housing.

<sup>2</sup> Current market rates range between 15% and 20%.

<sup>3</sup> Such as: maximum household income, maximum subsidy amount, maximum cost of housing solution, maximum possible loan, level of beneficiary savings, among others.

### III. PROGRAM OBJECTIVE AND DESCRIPTION

#### A. Objective

- 3.1 The purpose of this operation is to support the preparation of the Second Low Income Shelter Program.

#### B. Components

- 3.2 **Component 1: Operational Design of the Second Low Income Shelter Program.** The different products that comprise this component will be included in the Operational Manual of SU-L1015. Consulting services include:

- a. *Design solutions for main bottlenecks identified during LISP I.* These should be incorporated in an operational manual and the Management Information System.
- b. *Identification and analysis of institutional strengthening needs for LISP foundation,* focusing on its current responsibilities and available resources to carry them out. This implies a cost-effectiveness analysis of the current institutional arrangement taking into account criteria of efficiency and sustainability<sup>4</sup>, and an assessment of its outsourcing arrangements. It will also assess LISP's capacity to undertake pilot projects, such as neighborhood upgrading, Housing Corporation, Incremental Construction, etc.
- c. *Validation Workshop* to assess the viability of new program design, with relevant stakeholders.
- d. *Environmental and social assessment* to identify the social and environmental impact and the necessary management and mitigation measures needed by construction projects that will be partially financed by the subsidy.

- 3.3 **Component 2: Software and Information System support, needed for project implementation.** Consulting services required include:

- a. *Develop and install of a targeting mechanism for the subsidy.* For Phase II a targeting system will be in place to be able to give priority to low income groups, and/or to provide different solutions to different income groups.
- b. *Design and install an upgraded management information system (MIS).* The current system is just a compendium of data bases, with no connectivity with each other, or services outside LISP. This consultancy will update the MIS by: (i) establishing a web based system; (ii) linking technical and Financial

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<sup>4</sup>LISP is currently a foundation, and it has outsourced to NGO communication and awareness campaigns along with beneficiary selection, and relies on commercial banks and developers to complete the cycle of access to housing that it fosters.

information of beneficiaries; (iii) producing reports drawing information from different data bases, (iv) allowing tracking of applications, (v) storing paper documents, (vi) sharing standard bidding documents and (vii) tracking payment of fees, among others. It will also include staff training sessions.

#### IV. COST AND FINANCING

- 4.1 The total cost of this operation has been estimated at US\$200,000, according to the information in the following table

Summary Cost Table (Thousand US\$)		
Category	FSO Fund	Total
<b>Component 1: Operational Design of the Second Low Income Shelter Program</b>	<b>70</b>	<b>70</b>
Design solutions for main bottlenecks identified during LISP I	30	30
Identification and analysis of institutional strengthening needs for LISP foundation,	20	20
Validation Workshop	10	10
Environmental and social assessment	10	10
<b>Component 2: Software and Information System Support</b>	<b>130</b>	<b>130</b>
Development and installation of a targeting mechanism for the subsidy.	30	30
Design and install un upgraded management information system (MIS)	100	100
<b>TOTAL</b>	<b>200</b>	<b>200</b>

#### V. EXECUTING AGENCY AND DURATION

- 5.1 The executing agency will be the Bank.<sup>5</sup> The Bank will work in close coordination with the Ministry of Social Affairs and Housing and LISP in order to ensure ownership and continuity. LISP will designate a coordinator who will be responsible for: (i) acting as counterpart of TC activities; (ii) supporting the activities of the consultants; (iii) ensuring the coordination between the consultants involved in the operation; and (iv) assessing the implementation of the activities together with the Fiscal and Municipal Management Division and the Bank's Country Office in Suriname.
- 5.2 The execution period of the operation will be 18 months. This period should allow the consultants to provide technical assistance to the local team until the completion of activities.

#### VI. MAJOR ISSUES

- 6.1 This operation is a first step in the preparation of the Second Low Income Shelter Program (SU-L1015) that has not yet been approved. Therefore, the particular

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<sup>5</sup> Has to be requested by the Government of Suriname and LISP.

challenge of this operation is to update existing processes to improve program targeting and efficiency, and enhance coordination with private sector actors.

## VII. ACTION PLAN

7.1 The tentative principal milestone dates for SU-L1015 are:

Event	Date
TC Profile (SFO)	05/15/2008
Validation workshop	06/30/08
PP SU-L1015 (approved)	07/18/2008
TC Proposal approved (SFO)	06/30/2008
POD (draft)	09/6/2008
Analysis Mission	09/15/2008
Approval	12/17/2008

## VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

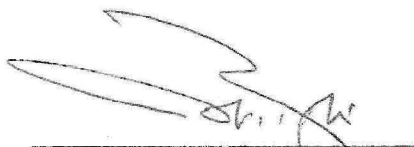
8.1 The environmental and social safeguard classification is "C". There are no environmental issues associated with the activities of this TC. However, consultants' TORs – especially the environmental and social assessment – will include specific technical requirements for environmental appraisal.

Approval:

  
Vicente Fretes  
Chief/ICF/FMM

22/5/08  
Date

Concurrence:

  
Ancile E. Brewster  
Country Representative  
CCB/CSU

16 May 2008  
Date