

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

SURINAME

SUPPORT TO THE LOW INCOME SHELTER PROGRAM, PHASE II

(SU-T1049)

PLAN OF OPERATIONS

This document was prepared by the project team consisting of: Carolina Piedrafita, (ICF/FMM) Team Leader; Rosina de Souza (LEG/SGO); Ophelie Chevalier; Eduardo Rojas; and Rosemary Torres (ICF/FMM).

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BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

ABBREVIATIONS

CBO	Community Based Organization
ESR	Environmental and Social Review
FSO	Fund for Special Operations
IADB	Inter-American Development Bank
LAC	Latin America and Caribbean
LISP	Low Income Shelter Program
LISP II	Second Phase of LISP
MHP	Multipurpose Housing Program
MIS	Management Information System
NGO's	Non-governmental Organizations
PCR	Project Completion Report
PIU	Program Implementation Unit
TC	Technical Cooperation
TOR	Terms of Reference

SURINAME
SUPPORT FOR A LOW INCOME SHELTER PROGRAM
(SU-T1049)

EXECUTIVE SUMMARY

Beneficiary Country:	Suriname
Team Leader/Members:	Carolina Piedrafita, (ICF/FMM) Team Leader; Rosina de Souza (LEG/SGO); Ophelie Chevalier; Eduardo Rojas; and Rosemary Torres (ICF/FMM).
Executing Agency:	Low Income Shelter Program (LISP) Foundation and Inter-American Development Bank (IADB)
Target Beneficiaries:	The operation will benefit low income Surinamese, by supporting preparation activities for a second phase of a Low Income Shelter Program
Financing plan:	IADB Net Income of the Fund for Special Operations (FSO): US\$ 200,000 Local: US\$ 0 Total: US\$ <u>200,000</u>
Objectives:	The objective of this Technical Cooperation (TC) is to support preparation activities of the Second Low Income Shelter Program (SU-L1015)
Execution Timetable:	Execution period: 12 months Disbursement period: 14 months
Special Contractual Conditions:	None
Exceptions to Bank Policies and Conditions	None
Contractual conditions	Two of the four proposed consultancies will be hired by SSS in accordance with Bank Procurement rules. See paragraphs 4.3 and 4.4 for reference.
Environmental and Social Review:	There are no negative environmental or social issues associated with the activities of this TC, so it was classified as "C" according to the Safeguard Classification Tool. Environmental and Social Review (ESR) confirmed this classification in a memo from August 19, 2008.
Coordination with other donors:	LISP and the project team have maintained close coordination with the Dutch Embassy, one of Suriname's principal donors and with relevant Non-governmental Organizations (NGO's) working in housing. The different stages of project design will be shared and managed so that donors promote one sole housing policy.

I. BACKGROUND AND JUSTIFICATION

A. Background

- 1.1 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.
- 1.2 **Accomplishments.** The First LISP 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 low income beneficiaries. As a result, both private developers and commercial banks expanded 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, and it considerably lowered public costs of direct housing provision. Over its 5 years of execution the program has benefited around 3,725 households, 1,208 for new housing and 2,517 for housing improvement. Furthermore, the program supported the professionalization of the LISP Foundation¹, the Program Implementation Unit.
- 1.3 Since 2003, LISP represents a pillar of the Country's housing policy and has gained wide recognition among policy makers and beneficiaries. As it gained trust, applications grew exponentially. Thus the request of extending the program into a second phase.
- 1.4 **Housing Policy.** A Multipurpose Housing Program (MHP) was launched in 2006, within the Multipurpose Development Plan 2006-2011 of President Venetiaan. The MHP states for the years 2005 to 2010 that "special attention will be devoted to solving the four most important bottlenecks in the sector, namely: the availability of financial resources and the access to financing, the availability of urbanized land, the organization of the sector and the increase of the efficiency and effectiveness within the sector". The Program includes the following four subprograms: (i) transitional arrangements, (ii) institutionalization and education, (iii) land development company, and (iv) housing. LISP will be operational in the implementation of the last subprogram.

B. Suriname's Housing Needs

- 1.5 **Quantitative Deficit.** The population of Suriname grew from 355,240 in 1980 to 492,829 in 2004 according to Census figures. Intercensal annual growth was 1.37%. The number of dwellings grew from 86,943 to 120,157 in the same period (annual growth of 1.38%). Based on this information Suriname has constructed an average of 1403 dwellings per year during the past 24 years, and the quantitative

¹ 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.

housing deficit can be estimated to have increased by about 25 houses per year in the past 24 years². It can be concluded that the housing situation in Suriname (in terms of *quantitative* deficits) has not deteriorated between 1980 and 2004.

- 1.6 **Qualitative Deficit.** There is no official information on the quality of the housing stock in Suriname. Reportedly, a large proportion of dwellings, particularly outside Paramaribo, do not have adequate building standards, lack basic urban services and a large proportion of them do not have adequate titling on their property. Even if there is little evidence of large low income shelter or squatters, as seen in other countries in the Latin America and Caribbean (LAC) region, the housing problems are exacerbated in the two largest cities (Paramaribo and Wanica) due to Suriname's poverty and the steady stream of people moving to cities and towns from rural areas. Furthermore, much of Suriname's housing stock is overcrowded and is constructed from wood, which needs costly maintenance due to climate and termite infestations. The qualitative deficit can also be explained by the low access to mortgage credit for low income groups, making them dependant on savings and other resources to buy or improve their dwellings. Only the upper 20% of the population can access finance for a formal housing solution. Additionally, since incremental self construction is the predominant method to access a housing solution, housing quality is expected to be at least variable.

C. Sector Challenges

- 1.7 The bottlenecks and factors constraining the development of housing in Suriname are similar to those affecting other countries in the region and include: (i) serviced land availability problems at affordable prices for the low income groups, (ii) affordability issues for a large percentage of potential clients which reduce their access to credit, (iii) inadequate credit information, (iv) lack of long-term sources of finance available to financial institutions, (v) inadequate Government sponsored housing subsidy programs³, and (vi) lack of government commitment to implement low-cost housing development schemes that facilitate the supply of low-cost housing solutions, among others.

D. SU-L1015 Challenges and Description

- 1.8 Given the stated circumstances, it is proposed to center the Second Phase of LISP (LISP II) on fully targeting low income households. This means reducing the maximum gross income of LISP beneficiaries from SRD1070 to SRD1000 (equivalent to SRD800 net income) and adjusting current program parameters to address the needs of the target group.
- 1.9 Project components will be arranged as follows:

² Assuming the count of 4 people per household

³ After the creation of LISP the Central Bank sponsors a 7% interest rate subsidy that targets the middle class and the upper income levels of LISP beneficiaries.

1. ***Component I. Consolidate Subsidy Model.*** The component will have the following subcomponents: (a) Facilitate access to Low income population to an adequate housing solution by means of an upfront subsidy. The proposed single subsidy per household is of US\$3,000 and could be used as part of the down payment to access a mortgage loan, or it can be used for improving or expanding an existing house without a loan; (b) Extend the geographic coverage of the Program to the interior or hinterland of the country; and (c) Institutional Strengthening: to support the operation, training and equipment needs of the Program Implementation Unit (PIU), and other program partners such as NGOs and Financial Institutions.
2. ***Component II. Pilot Projects for Low Income Housing.*** Acknowledging the Program limitation to attend to the lowest income sectors due to the requirement of land ownership to be eligible for the subsidy, LISP II will develop pilots to further explore options to focus on this income segment.

E. Rationale for the Proposed Operation

- 1.10 The government of Suriname has requested assistance from the Bank to support a Second Low Income Shelter Program. For this purpose, a program is presently being designed (SU-L1015). This technical cooperation is conceived to support the preparation and launching of SU-L1015. However, this technical cooperation does commit neither the Bank nor the Government of Suriname to approve the terms of the future loan. Activities related to the preparation of the loan and their implementation is therefore contingent to the agreement between the parties of the corresponding loan contract.
- 1.11 The program will contribute to the objectives of MHP, within the Multipurpose Development Plan 2006-2011 of President Venetiaan.
- 1.12 LISP and the project team base the program on the following: (i) there is a considerably high qualitative housing deficit, (ii) 80% of the population doesn't have access to housing finance so they depend on own resources and saving capacity that will never afford them a house, and (iii) LISP is the only government agency that supports low income groups in their access to housing.
- 1.13 The strategy for the technical cooperation builds upon the results of the First Low Income Shelter Program (SU-0017) 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. It also includes lessons learned from the draft Project Completion Report (PCR) for SU0017 and the Housing Market Assessment that was commissioned to prepare SU-L1015.
- 1.14 The afore mentioned reports and studies have shown that for LISP II design, it is relevant to review and improve the programs' targeting strategy and system and to update program parameters, such as maximum household income, maximum subsidy amount, maximum cost of housing solution, maximum possible loan, loan

to value ratio and level of requested beneficiary savings, among others. Also, the application process could be managed more efficiently, and availability of information needs to be improved. For this to happen it is essential to develop a Managing Information System (MIS) to manage applications, approvals, and disbursements. 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. Thus, the current TC concentrates in two areas: (i) strengthening operational design so that LISP II can deliver housing subsidies in an efficient and well targeted manner and (ii) designing support systems and software to support LISP foundation's work.

II. PROGRAM OBJECTIVE AND DESCRIPTION

A. Objective

- 2.1 The objective of this TC is to support preparation activities of the Second Low Income Shelter Program (SU-L1015), by developing crucial studies and tools for its effective implementation.

B. Components

1. Component I. Operational Design of the Second Low Income Shelter Program.

- 2.2 The different products that comprise this component will be the base of the Operational Manual of SU-L1015. Consulting services include:

a) Consultancy I. Institutional Assessment of LISP's PIU and Partners in Execution and Design LISP II Operational Manual.

- 2.3 This consultancy should:
 - a. Assess LISP I's processes and bottlenecks identified and in light of LISP II objectives and expected results, propose solutions to LISP I bottlenecks, along with improvements on existing processes that shall remain, and suggestions on new processes that should be added to LISP II.
 - b. Identify and analyze institutional strengthening needs for LISP Foundation and its partners (NGOs, CBOs, Banks), focusing on their responsibilities for LISP II 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 sustainability⁴, and an assessment of the PIU's outsourcing arrangements. It will also assess LISP's capacity to

⁴ 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.

undertake pilot projects, such as neighborhood upgrading, rental units, Incremental Construction, etc.

- c. After a validation workshop with the Bank and relevant stakeholders, the consultant should *develop an Operational Manual* to describe the main roles and processes for LISP II. This Operational Manual will serve as a base to design MIS modules (consultancy 4) and it is expected that the consultant hired for consultancy 1 will accompany MIS design. Some changes to the Operational Manual could be expected during MIS design and validation process.

b) Consultancy II. Environmental and Social Assessment.

- 2.4 This consultancy should 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.

2. Component II. Software and Information System support.

- 2.5 Needed for project implementation. Consulting services required include:

a) Consultancy I. Develop and Install of a Targeting Mechanism for the Subsidy.

- 2.6 For LISP II a targeting system will be in place to be able to give priority to the poorest among low income groups, and/or to provide different solutions to different income groups.

b) Consultancy II. Design and Install a MIS.

- 2.7 The current system is just an access data base, with no connectivity among variables or services outside LISP. This consultancy will design and install an MIS by: (i) establishing a web based system; (ii) linking technical and Financial 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.

III. COST AND FINANCING

- 3.1 The total cost of this operation has been estimated at US\$200,000, and will be financed by the Bank on a non-reimbursable basis with the resources of FSO's Net Income, according to the information in the following table:⁵

⁵ The amount has been confirmed by the Ministry of Finance—See Letter of Request from June 20, 2008.

Table 3.1: Summary Cost (Thousands US\$)

Category	FSO	Total
Component I – Operational Design of the Second Low Income Shelter Program	69,900	69,900
Consultancy I. Identification and analysis of institutional strengthening needs for LISP foundation and Design LISP II Operational Manual, including solutions for main bottlenecks identified during LISP I	50,000	50,000
Consultancy II. Environmental and social assessment	19,900	19,900
Component II – Software and Information System Support	130,100	130,100
Consultancy I. Development and installation of a targeting mechanism for the subsidy.	30,000	30,000
Consultancy II. Design and Install a MIS	100,100	100,100
TOTAL	200,000	200,000

IV. EXECUTING AGENCY AND DURATION

- 4.1 The CT will be jointly executed by the IADB and the Ministry of Social Affairs and Housing through Low Income Shelter Program's Foundation (LISP Foundation) as the Project Implementation Unit⁶. The LISP foundation has a successful record of implementation of Phase I of the Low Income Shelter Program, and has a team of 16 qualified professionals that have been trained to deliver and are accountable for annual performance goals.
- 4.2 Even if all four consultancies will be selected and executed in close coordination between the Bank and the PIU, the two consultancies in Component I will be hired by the Bank, while the two consultancies in Component II will be hired by the PIU. The rationale for this choice is that consultancies in Component I are required by Bank procedures as inputs to the Project Operational Document of SU-L1015 while consultancies in Component II are inherently linked to execution and should transfer the capacity to the PIU for execution of project SU-L1015. For all consultancies, the PIU 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.
- 4.3 For Component II, consultancy I, "Development and Installation of a targeting mechanism for the subsidy", the Project Team has determined a Sole Source Selection should be approved to contract the firm Bitran y Asociados in the adaptation of the PMT formula that they have designed for Suriname in the context of SU0028 (Health Sector Facility). The justification for this SSS lies in the fact that this is a small contract of US\$30,000 and this is in agreement with

⁶ This arrangement was requested by the Government of Suriname and LISP

and as cited in the procurement laws (GN-2350/7, 3.10, footnote 32) it is within the limits for direct contracting.

- 4.4 For Component II, consultancy II, “Design and Install a Management Information System” the Project Team has determined to contract an Ecuadorian consulting firm, Ayala Consulting, through Single Source Selection. The firm has proved relevant and successful experience designing and installing MIS for similar programs in Guyana and Barbados. Furthermore, the firm has been involved in the drafting of the Project Completion Report for SU-0007 (LISP Phase I) and is well aware of program processes, lessons learned and bottlenecks, and has a good working relationship with the PIU and partners. Thus, the project team believes that the firm is in a unique position to develop LISP II MIS. Two justifications for SSS apply: (i) there are few qualified firms that are willing to work in the region and (ii) the consultancy is for US\$100,000 and as cited in the procurement laws (GN-2350/7, 3.10, footnote 32) it is within the limits for direct contracting. The cost of contract estimated of US\$100,000 is within that of the local market for this kind of services
- 4.5 The execution period of the operation will be 14 months. This period should allow the consultants to provide technical assistance to the local team until the completion of activities.

V. MAJOR ISSUES

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

VI. ACTION PLAN

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

Event	Date
TC Profile (SFO)	05/09/2008
PP SU-L1015 (approved)	09/05/2008
TC Proposal approved (SFO)	09/05/2008
POD (draft)	11/15/2008
Analysis Mission	01/15/2009
Approval	02/15/2009

VII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 7.1 There are no negative environmental or social issues associated with the activities of this TC, so it was classified as “C” according to the Safeguard Classification

Tool. This classification is based on the fact that the TC is financing preparation of SU-L1015 by financing assessments (institutional and environmental) on the one hand, and the design and implementation of software to support the project implementation unit management capacity, on the other. However, consultants' Terms of Reference – especially the environmental and social assessment – will include specific technical requirements for environmental appraisal.

VIII. CERTIFICATION

- 8.1 The Grants and Cofinancing Management Unit (VPC/GCM) certifies that US\$200,000 from the net income of the Fund for Special Operations (FSO) is available for the financing of the project activities proposed in this Plan of Operations.

Vo.Bo

SSY



Marguerite S. Berger, Chief
VPC/GCM

09/16/08
Date

IX. APPROVAL

Vo.Bo



Vicente Fretes Cibils, Chief
ICF/FMM

09/17/08
Date

PLAN OF OPERATIONS
SURINAME
SUPPORT FOR A LOW INCOME SHELTER PROGRAM, PHASE II
(SU-T1049)
LOGICAL FRAMEWORK

Objective	Indicators	Means of verification	Assumptions
Goal			
Contribute to the consolidation of the housing policy of Suriname.	Low-income households have better access to a housing solution.	<ul style="list-style-type: none"> Implementation of SU-L1015. 	Political commitment of the Government is maintained.
Purpose			
Support the Second Low Income Shelter Program (GY-L1015).	Design of SU-L1015 completed.	Loan proposal ready to be negotiated.	The goal of SU-L1015 is maintained.

PLAN OF OPERATIONS

SURINAME

SUPPORT FOR A LOW INCOME SHELTER PROGRAM, PHASE I

(SU-TI049)

DETAILED BUDGET

Components	Quantity/Unit	Cost (US\$)- Unitary	Cost (US\$)- Total	Total FSO Funds
Component 1. Operational Design if the Second Low Income Shelter Program				69,900
1. Institutional assessment of LISP's PIU and partners in execution, and design LISP II Operational Manual				50,000
Honorarium	50 days	750	37,500	
Trips	3 trip	2500	7,500	
Per Diem	25 days	200	5,000	
2. Environmental and Social Analysis				19,900
Honorarium	30 days	500	15,000	
Trips	1	2,500	2,500	
Per Diem	12	200	2,400	
Component 2. Software and Information System Support				130,100
3. Targeting mechanism for subsidy allocation				30,000
Honorarium	35 days	600	21,000	
Trips	2 trip	2500	5,000	
Per Diem	20 days	200	4,000	
4. Design and Install a Management Information System			39,200	100,100
Honorarium	LUMP SUM		100,100	

PLAN OF OPERATIONS

SURINAME

SUPPORT FOR A LOW INCOME SHELTER PROGRAM, PHASE II

(SU-T1049)

PROCUREMENT PLAN

General information

Country: Suriname

Beneficiary: Suriname

Executing agency: INTER-AMERICAN DEVELOPMENT BANK (IADB) THROUGH THE FISCAL AND MUNICIPAL MANAGEMENT DIVISION (ICF/FMM) AND THE MINISTRY OF SOCIAL AFFAIRS AND HOUSING OF SURINAME, THROUGH THE LISP PROJECT IMPLEMENTATION UNIT (PIU)

Project name: Support for Preparation of a Low-income shelter program, Phase II

Project number: SU-T1049

Brief description of the project's objectives and components: The objective of this Technical Cooperation (TC) is to support the Second Low-Income Shelter Program (SU-L1015), in preparation. The TC project will be executed in a total period of 12 months with a disbursement period of 14 months.

Estimated date of project approval: September, 2008

Estimated date of signature: October, 2008

Estimated date of the final disbursement: December, 2009

A. Introduction

Procurements for the proposed project 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), of July 2006; and the *Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank* (GN-2350-7), of July 2006, and with the provisions established in the loan contract and this procurement plan and attached in Annex III.

B. Procurement plan

The procurement plan for "Support for the preparation of a Second Low-Income Shelter Program" covering the 12 months of project execution has been agreed between the Bank and the Government of Suriname. The plan, which is summarized in Appendix 1, indicates the procedure to be used for the procurement of goods, the contracting of works or services, and the method of selecting consultants, for each contract or group of contracts. It also indicates the estimated cost of each contract or group of contracts. The procurement plan will be updated annually or whenever necessary or as required by the Bank.

The CT will be jointly executed by the Inter-American Development Bank and the Ministry of Social Affairs and Housing through Low Income Settlement Program's Foundation (LISP Foundation) as the Project Implementation Unit¹. Even if all four consultancies will be selected and executed in close coordination between the Bank and the PIU, the first two consultancies will be hired by the Bank, while consultancies 3 and 4 will be hired by the PIU. The rationale for this choice is that the first two consultancies are required by Bank procedures as inputs to the Project Operational Document of SU-L1015 while consultancies 3 and 4 are inherently linked to execution and should transfer the capacity to the PIU for execution of project SU-L1015. For all consultancies, the PIU 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.

The Team Leader of this operation is Carolina Piedrafita (ICF/FMM); Email: carolinapi@iadb.org

The procurement plan is available on the Bank's website: [Project Procurement Information](#)

C. Project procurement

The following is a general description of the procurement planned for the proposed project.

Procurement of non-consulting services: services and material for workshops, like assistance, audio and video services, photocopies, coffee breaks, and others.

There are no provisions for hiring non-consulting services in this TC.

Procurement of consulting services: Consulting services for the project include several contracts of individual consultants. Consultants will support the design of the program in the development of specific activities.

For consultancies 1 and 2, the Bank will follow Bank procedures for the selection of individuals.

For consultancy 3, "Development and Installation of a targeting mechanism for the subsidy", the Project Team has determined a Sole Source Selection should be approved to contract the firm Bitran y Asociados in the adaptation of the PMT formula that they have designed for Suriname in the context of SU0028 (Health Sector Facility). As part of their services, Bitran y Asociados would have to include support for the development of a targeting system. The justification for this SSS lies in that competition would not add any value to this hiring since the information and approach to results for project SU0028 would need to be discussed with Bitran y Asociados. Cost estimated for this contract in US\$30,000 is within the costs at the local market for this type of service.

¹ This arrangement was requested by the Government of Suriname and LISP

For consultancy 4, “Design and Install a Management Information System” the Project Team has determined to contract an Ecuadorian consulting firm, Ayala Consulting, through Single Source Selection. The firm has proved relevant and successful experience designing and installing MIS for similar programs in Guyana and Barbados. Furthermore, the firm has been involved in the drafting of the Project Completion Report for SU-0007 (LISP Phase I) and is well aware of program processes, lessons learned and bottlenecks, and has a good working relationship with the Program’ PIU and partners. Thus, the project team believes that the firm is in a unique position to develop LISP II MIS and the cost of contract estimated of US\$100,000 is within that of the local market for this kind of services.

APPENDIX 1

Country: Suriname

Beneficiary: Suriname

Executing agency: INTER-AMERICAN DEVELOPMENT BANK (IADB) THROUGH THE FISCAL AND MUNICIPAL MANAGEMENT DIVISION (ICF/FMM)

Project name: Support for Preparation of a Low-income shelter program, Phase II

Project number: SU-T1049

Brief description of the project's objectives and components: The objective of this Technical Cooperation (TC) is to support the Second Low Income Shelter Program (SU-L1015), in preparation. The TC will be executed in a total period of 12 months with a disbursement period of 14 months.

Estimated date of project approval: September, 2008

Estimated date of signature: October, 2008

Estimated date of the final disbursement: December, 2009

SUPPORT FOR A LOW INCOME SHELTER PROGRAM, PHASE II

(SU-T1049)

Period Included in this Procurement Plan: From: September 2008 until December 2009

Ref. No. ²	Description and type of the procurement contract	Estimated Contract Cost (US\$)	Procurement method ³	Review (ex-ante or ex-post)	Source of financing and percentage		Pre-qualification ⁴ (Yes/No)	Estimated dates		Status ⁵ (pending, in process, awarded, cancelled)	Comments
					IDB/FSO %	Local/Other %		Publication of specific procurement notice	Completion of contract		
1.	<u>Consulting services</u>										
o	Design preparation: (i) Institutional Assessment of LISP PIU and partners (ii) institutional assessment of public housing institutions, (iii) analysis of institutional strengthening and coordination needs and (ii) drafting of the operating regulations – One individual consultant.	US\$50,000	IICC	NA	100	Na	Na	September 08	March 09		
o	Environmental and Social assessment to identify social and environmental impact and design the mitigation measures – One individual consultant.	US\$20,000	IICC	Na	100	Na	Na	September 08	October 08		
o	Development and Installation of a targeting mechanism for the household subsidy– Consulting Firm Bitran y Asociados.	US\$30,000	SSS	Ex ante	100	Na	Na	September 08	December 08		
o	Design and Installation of a Management Information System (MIS) to support LISP II execution–Consulting Firm Ayala Consulting.	US\$100,000	SSS	Ex ante	100	Na	Na	September 08	July 09		

² If a number of similar individual contracts were to be executed in different places or at different times, these can be grouped together under a single heading, with an explanation in the comments column indicating the average individual contract amount and the period during which they would be executed. For example, an education project that includes school construction might include an item "school construction" for a total of US\$20 million, and an explanation in the comments column such as: "This encompasses some 200 contracts for school construction averaging US\$100,000 each, to be awarded individually by participating municipal governments over a three-year period between January 2006 and December 2008."

³ **Goods and Works** ICB: International competitive bidding; **L1B**: limited international bidding; **NCF**: national competitive bidding; **PC**: price comparison; **DC**: direct contracting; **FA**: force account; **PSA**: Procurement through Specialized Agencies; **PA**: Procurement Agents; **IA**: Inspection Agents; **PLFI**: Procurement in Loans to Financial Intermediaries; **BOO/BOI/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. **Consulting Firms** **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. **Individual Consultants** **NICQ**: National Individual Consultant selection based on Qualifications; **IICC**: International Individual Consultant selection based on Qualifications

⁴ In the case of new Policies it applies only for Goods and Works. In the case Old Procurement Policies it applies for Goods, Works and Consulting Services.

⁵ This column "Status" should be used for retroactive procurement and for procurement plan updates.

TERMS OF REFERENCE

PLAN OF OPERATIONS

SURINAME

SUPPORT FOR A LOW INCOME SHELTER PROGRAM, PHASE II (SU-T1049)

Component I: Consultancy I: Institutional assessment of LISP I's PIU and partners, and design LISP II Operational Manual

I. BACKGROUND

- 1.1 The Government of Suriname has requested the Bank assistance to support a Second Low-Income Shelter Program. For that purpose a loan operation is presently being designed (SU-L1015)¹. In parallel, a technical cooperation has been approved to support the preparation and launching of the loan. These terms of reference are part of this technical cooperation.
- 1.2 The first Low Income Shelter Program (LISP I), was executed by the LISP foundation (PIU) (see Plan of Operations for description of the Foundation). In general, the PIU functioned under acceptable institutional and organizational conditions. Board meetings were held regularly, decision making was relatively timely and coordination with other stakeholders such as NGOs, CBOs or IFIs occurred. The PIU management has successfully improved administrative efficiency since both productivity per employee and overhead to total disbursements indicators have drastically improved through time. By January 2008 the PIU was staffed by 16 qualified and technical staff. Operating costs represent 11.55% of total costs, a good ratio compared to similar programs. Furthermore, public perception of the program is good both by actual and potential beneficiaries.
- 1.3 Even if a well functioning PIU was a key element in successfully allocating subsidies for low and middle income families, the mid term review and the PCR of SU0017 show that there are still areas for improvement. Due to an operation manual that was not fully implemented, there are some areas where there is no clear definition of processes and responsibilities of the various actors within the Program, resulting in the PIU taking over tasks that were originally designed to be carried out by NGOs and IFIs. Supervision and training of NGOs could be strengthened, the role of Banks could be improved, and there is also a need to introduce management contracts with partners and corrective measures for non compliance.

¹ As basic inputs for this consultancy, the consultant should review the mid term review and the Project Completion Report for SU0017.

- 1.4 Furthermore, some elements were missing from program design that need to be reassessed and improved (the consultant is expected to find more areas for improvement in his/her diagnostic, the following list is not taxative):
- a. Development objectives and related benchmarks regarding institutional strengthening of the NGO-CBO sector were not adequately assessed while important functions and responsibilities of the Program Project cycle phases were assigned to them. There is a need to do a comprehensive study of NGOs and CBOS installed capacities, location and coverage to identify the areas to be strengthened by the program
 - b. The quality and content of training should have been designed to strengthen NGO instructional and organizational capacities for better handling social development initiatives, business management tools and techniques.
 - c. LISP has not yet introduced training for household beneficiaries so that they could support the PIU in the supervision tasks of their own housing solutions, or in self construction processes.
 - d. Another relevant problem is that policy reform initiatives proposed by LISP I were not implemented. Some of the policy issues don't belong to the Ministry of Social Affairs and Housing, but even those that did were not successful either. Policy reforms are still key to improve public sector approach to housing in Suriname, and LISP II should propose policy changes that are highly likely to be implemented.
- 1.5 Based on the above mentioned areas for improvement, and on new specificities of LISP II project design, the review and analysis of institutional strengthening needs should focus on defining with precision the specific activities of institutional strengthening to be implemented for preparation and loan execution. These activities should be conceived so that they build on the accomplishments and challenges identified since 2001 when LISP I was approved.

II. OBJECTIVES

- 2.1 The objective of this consultancy is to review and analyze the institutional strengthening needs in the housing sector in general and the PIU in particular so that Suriname can count on an efficient and consolidated housing policy by the end of loan execution (SU-L1015).
- 2.2 Specifically, the consultancy will have two main purposes: (i) define the institutional strengthening activities to be financed by the loan and (ii) define the institutional risks for loan execution, together with mitigation measures to be implemented during its execution.

III. CHARACTERISTICS

- 3.1 **Type:** Individual. International.

- 3.2 **Starting date and duration:** September 2008-December 2008, for duration of 50 days (non continuous), including 25 days in Suriname.
- 3.3 **Place of work:** Suriname and home location.
- 3.4 **Qualifications:** Institutional specialist, with at least 10 years of experience in the housing sector in developing countries and/or the Caribbean. The specialist will have academic training in law, public administration, or related field.
- 3.5 **Payment:** The consultant will receive three lump sum payments, including the costs of one round trip ticket to Suriname and per diems. Payments will be made in US\$ in 3 installments upon submission to the IADB by the Consultant of: (i) the working plan; (ii) the draft report; and (iii) the final report (for both the assessment and the operational manual).

IV. ACTIVITIES

- 4.1 Task one. *Asses LISP I's processes and bottlenecks identified* and in light of LISP II objectives and expected results, propose solutions to LISP'I bottlenecks, along with improvements on existing processes that shall remain, and suggestions on new processes that should be added to LISP II and
- 4.2 Task two. *Identify and analyze institutional strengthening needs for LISP foundation and its partners (NGOs. CBOs. Banks),* focusing on their responsibilities for LISP II 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 sustainability², and an assessment of the PIU's outsourcing arrangements. It will also assess LISP's capacity to undertake pilot projects, such as neighborhood upgrading, Housing Corporation, Incremental Construction, etc
- 4.3 Task Three: *Identify and analyze institutional strengthening needs for the public institutions involved in housing in any way, so to support the adequate functioning of LISP foundation and its partners (NGOs. CBOs. Banks).*
- 4.4 Task Four: Conduct a validation workshop with the Bank and relevant stakeholders, so discuss institutional strengthening proposals.
- 4.5 Task four: *Develop an Operational Manual* to describe the main roles and processes for LISP II. This Operational Manual will serve as a base to design MIS modules (consultancy 4) and it is expected that the consultant hired for consultancy 1 will accompany MIS design. Some changes to the Operational Manual could be expected during MIS design and validation process.

V. DELIVERABLES

²LISP 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.

- 5.1 The consultant will present the following: (i) A working plan to be submitted no later than 15 days after the signing of the contract. (ii) A draft report to be submitted no later than 30 days after the signing to the contract. It will be discussed with the IADB. (ii) The final report to be submitted 20 days after the presentation of the comments by IADB and GOSU. All documents should be submitted electronically, in English.

Component I: Consultancy II: Environmental and Social Analysis

I. BACKGROUND

- 1.1 The Government of Suriname has requested the Bank assistance to support a Second Low-Income Settlement Program. For that purpose a loan operation is presently being designed (SU-L1015)³. In parallel, a technical cooperation has been approved to support the preparation and launching of the loan. These terms of reference are part of this technical cooperation.

II. OBJECTIVES

- 2.1 The objective of this consultancy is to prepare the environmental and social analysis of the Program, identifying: (i) the key environmental and social issues related to the proposed activities under the program; (ii) opportunities to enhance environmental and social benefits; and (iii) mitigation measures to address potential concerns.
- 2.2 Specifically, the consultancy will have two main purposes: (i) to review environmental and social issues and lessons learned from SU0017, and (ii) to do an environmental and social analysis, based on SU-L1015 project strategy⁴.
- 2.3 Products for the first objective are: lessons learned from SU0017 to include in the design of SU-L1015. Products for the second objective are: an environmental and social management plan (ESMP) and related environmental and social management report (ESMR).

III. CHARACTERISTICS

- 3.1 **Type:** Individual. Local or International.
- 3.2 **Starting date and duration:** September 2008- October 2008, for duration of 30 days. 12 of them in Suriname.
- 3.3 **Place of work:** Suriname and consultants home town
- 3.4 **Qualifications:** Environmental engineer, economist, or an ecologist with more than 10 years in socio-environmental analysis, applied to development programs. Experience in developing countries and/or the Caribbean preferred.

³ As basic inputs for this consultancy, the consultant should review proposed program components (program description), the mid term review for SU0017 and the Project Completion Report for SU0017.

⁴ The Project Profile or a note on Project Strategy will be given to the consultant.

- 3.5 **Payment:** The consultant will receive four lump sum payments. Payments will be made in US\$ in four installments upon submission to the IADB by the Consultant of: (i) the working plan; (ii) the ex-post environmental and social evaluation; (iii) the environmental and social management strategy, and (iv) the final report.

IV. ACTIVITIES

- 4.1 Task one. Review the background information based on the documents produced for the preparation and implementation of SU0017. Special attention should be given to the mitigation measures.
- 4.2 Task two. Based on the previous, review the implementation of the planned measures. This task will take into account stakeholder assessments (including LISP PIU staff, the project beneficiaries and the institutions that could have or have influenced the project outcome like NGOs, developers, contractors, affected persons, etc.).
- 4.3 Task three. Review the legal and institutional framework applied to SU0017 including the executing agency capacity to implement and manage environmental and social issues. Analyze the challenges and accomplishments for program implementation.
- 4.4 Task four. Identify and analyze the lessons learned from SU0017. Provide detailed recommendations for the new program (SU-L1015).
- 4.5 Task five. Establish baselines for key environmental and social parameters, including socioeconomic conditions. These will be used for monitoring and evaluation of program implementation.
- 4.6 Task six. Identify the detailed positive and potential negative social and environmental impacts (direct and indirect) of the proposed activities. Provide measures to enhance the positive environmental impacts and to establish a framework for identification of mitigation response to and monitoring of the adverse impacts as part of the program. Special attention should be given arrangements for drainage, hygiene, and disposal of wastes would also need to be studied, so that authorized construction sites comply with minimum standards.
- 4.7 Task seven. Development of environmental, socio-economic, and natural resources management criteria for approval by LISP of sites for own construction.
- 4.8 Task eight. Prepare and provide inputs for the operating regulations.
- 4.9 Task nine. Identify actions and timeline and indicators for environmental and social management plan implementation and monitoring.

V. METHODOLOGY

- 5.1** Data collection should include participatory techniques. This will essentially include formal/informal discussions with officials, beneficiaries, NGOs, developers, and contractors. The consultant will work in close coordination with the other consultancies to guarantee retrofitting between the various inputs to program design.

VI. DELIVERABLES

- 6.1** The consultant will present the following: (i) the issues and lessons learned from SU0017 to be submitted 15 days after the signing of the contract. (ii) the environmental and social strategy to be submitted 25 days after the signing to the contract. (ii) The environmental and social management report to be submitted 35 days after the signing to the contract. All documents should be submitted in English. All documents will be subject to comments by IADB.

VII. COORDINATION

- 7.1** The consultant will report to Carolina Piedrafita, Urban Specialist at the Fiscal and Municipal Management Division, E-mail: carolinapi@iadb.org.

Component II: Consultancy I: Targeting mechanism for the subsidy

I. BACKGROUND

- 1.1 The Government of Suriname has requested the Bank assistance to support a Second Low-Income Settlement Program. For that purpose a loan operation is presently being designed (SU-L1015)⁵. In parallel, a technical cooperation has been approved to support the preparation and launching of the loan. These terms of reference are part of this technical cooperation.
- 1.2 The Low Income Shelter Program (LISP I): The Low Income Shelter Program (LISP) is a financing mechanism for building new houses or expanding/rehabilitation existing ones, intended to benefit low income households. It was a US\$12.3 million government program funded largely by a US\$ 9.8 million loan from the Inter-American Development Bank (IDB), approved on November 2001.
- 1.3 The main objectives of the program were: (a) to improve the housing conditions for low-and moderate-income households, (b) harness Suriname's most capable private housing finance institutions, NGOs and community based organizations (CBOs) to invest in housing for underserved households in lower and middle-income neighborhoods and, (c) make shelter policies and subsidies more efficient, equitable and transparent.
- 1.4 The program included the following three components: a) A program of up-front subsidies to stimulate investments by low and moderate-income households to rehabilitate their houses (US\$1500) and construct new ones (US\$3,600); b) Technical assistance to private IFIs, NGOs and CBOs to strengthen their capacity to invest in neighborhood-based housing programs, and pay performance-based fees to these institutions to provide underwriting and disbursement support to participating households, and; c) Support to strengthen the public sector's capacity to enable the development of low and moderate income housing and foster change in the policy and regulatory framework that guides residential land and housing supply.
- 1.5 The direct subsidy component was designed to benefit households with a net family income of SRD 175-1070 a month (US\$64-396). To be eligible, subsidy beneficiaries had to demonstrate their low-income levels and the legal possession of a plot of land. A loan and/or savings could complement the subsidy, but these were not a requisite for participation.

⁵ As basic inputs for this consultancy, the consultant should review the mid term review and the Project Completion Report for SU0017, and the Housing Market Assessment done by Felipe Morris for IADB.

- 1.6 LISP provided 3667 subsidies to beneficiaries in the seven years under operation. According to LISP 97% of all beneficiaries met the income criteria of the program (they had incomes below SRD 1,070) which would indicate a good targeting of the program.⁶ The data is shown in Table 1.1.

Table 1.1: Number of Subsidies and Ranges of Net HH Income of LISP Beneficiaries

Income Range (SRDs)	N° of beneficiaries (in units)	% of Total
0 - 515	902	24.6
516 – 1,070	2,663	72.6
Over 1,070	102	2.8
Total	3,667	100.0

Source: Project Implementation Unit of LISP

- 1.7 However there are some problems with this conclusion: (i) there was not a strict income validation process to ensure that applicants were indeed telling the truth about their income, so eligibility was made on the base of self-reported figures and an informal evaluation from a social worker⁷; (ii) the program in the beginning only took into consideration the income of the head of the HH, thus there may be a gross underestimation of the real income of beneficiary families; and (iii) the fact that net and not gross income was used led to significant leakages because of the various items that were allowed to be deducted from gross income. Some households with gross incomes over SRD 2,000 (a couple over SRD 3,000) were eligible to the subsidy since they were able to show net incomes below SRD 1,070 as a result of these deductions (Table 1.2).

Table 1.2: Number of Subsidies and Gross Income of LISP Beneficiaries

Income Range (SRDs)	N° of beneficiaries (in units)	% of Total
0 - 500	684	18.6
501 – 1,000	1,750	47.7
1,001 – 1,500	1,040	28.4
1,501 – 2,000	148	4.0
2,001 – 2,500	35	1.0
2,501 – 3,000	8	0.2
3,001 – 3,500	2	0.1
Total	3,667	100

Source: Project Implementation Unit of LISP

⁶ In terms of the mean income of beneficiaries by type of housing solutions/subsidies: the mean income of the Beneficiaries of the "New Core Unit" was just under SRD 1,070 (1,069.72); whereas the Beneficiaries of the "Renovation/Extension" had a mean income of SRD 825.

⁷ SoZaVo has identified several problems with this method, such as the difficulty of verifying self-reported income in a context where many poor individuals have informal jobs, and the subjectivity underlying informal social worker assessments. A PMT could be an attractive alternative for SoZaVo, because it would not rely on self reported income and would formalize the already large social worker assessment capacity present at SoZaVo.

- 1.8 Furthermore, resources were allocated on a first come first serve basis for all eligible applicants, so there was not a targeting process in place to prioritize among beneficiaries with the same income level. There were not additional “points” given for overcrowding, or number of children, etc. Thus, as stated in the mid term review “the 30% of LISP I beneficiaries that had no dependent children or adults (usually the most educated ones), received a much larger net subsidy than the other 70%”.
- 1.9 LISP data also indicate that most of LISP beneficiaries have net incomes below SRD1070 which would place them in the 1st to 5th deciles in the income distribution of the country according to Bitran & Associates (2008). In terms of gross income, the bulk of LISP beneficiaries have gross household incomes ranging between SRD501 and SRD1500 (76.1%) which places them in the 5th through 8th deciles in the income distribution of the country. Most of these beneficiaries participated in the home rehabilitation program and not in the new home program. A relative small percentage of beneficiaries, 2.6% of the total, have gross household incomes ranging between SRD 2501 and SRD 3500. They belong to the 9th and 10th deciles of the income distribution of the country. These results would indicate that there is a need to review the income parameters of the beneficiaries to try to focus the program more directly in lower income beneficiaries.
- 1.10 Even if LISP I was successful in allocating subsidies for low and middle income families most program evaluations⁸ mention the fact that targeting could be improved to better reach low income beneficiaries. PIU personnel also agree with this fact, as is stated in the aide memoire of December 2008. This is of essence for a second phase, since LISP II will be even more oriented towards lower income beneficiaries than was Phase I.

II. OBJECTIVES

- 2.1 In order to improve LISP II's capacity to target low income beneficiaries (defined as those earning less than gross SRD1000 a month) the objective of this consultancy is to design, develop and install a targeting system to be used for transparent and equitable ranking/ selection of beneficiaries that qualify for subsidy allocation. The new methodology should include: (a) an income verification and expenditure/consumption test and verification model and methodology; and, (b) an improved ranking instrument favoring low-income families and special needs groups/ individuals.

⁸ See Mid term evaluation and SU0017 PCR.

- 2.2 A Proxy Means Test has been developed for Suriname by consultants Bitram y Asociados in 2008 at IADB's request⁹, initially to target a health project. Consultants carried out a household survey to adequately design the PMT formula, which was finalized in August 2007. It is recommended that the existing formula or an adapted version of it, if necessary, be used as an income verification model to fit LISP II's parameters.

III. CHARACTERISTICS

- 3.1 **Type:** Firm or individual consultant. Local or International.
- 3.2 **Starting date and duration:** The design and testing of the system will have to last a period of approximately 2 months, starting the 15th of September 2008- to the end of November, 2008. This will imply approximately 35 working days.
- 3.3 **Place of work:** Suriname and consultants home town.
- 3.4 **Qualifications:** the firm/consultant should have a post-graduate degree in economics, sociology, public administration, engineering, or related subjects and at least 10 years of international experience in Development Economics or related fields. It is also recommended to have wide experience in the design and development of economic and social programs.
- 3.5 **Payment:** The firm/consultant will receive four lump sum payments. Payments will be made in US\$ in installments upon submission to the IADB of: (i) 20% at submission of a proposal working plan; (ii) 30% when presenting a draft version with the econometric model explaining the development of the formula as well as its use and theoretical accuracy, (iii) 30% when presenting a draft report of the beneficiary selection model and methodology in the form of an operational manual (iv) and 20% when presenting the final version of both ii and iii.

IV. ACTIVITIES

- 4.1 The firm/consultant should carry out the following activities:
- a. First mission to Suriname (2 weeks)
 - i. The consultant will need to become familiar with the LISP II parameters, and in that light assess LISP I beneficiary selection methodology.

⁹ Results from Suriname's household survey of 2007 will be made available to the public by the end of 2008. So the IADB hired a consulting firm to develop a Proxy Means Test to target the poor in Suriname based on a household survey aimed at providing income and consumption information on households (Bitran & Associates 2008). The authors consider that consumption data is more reliable than income data and recommend its use for any analysis of affordability or subsidy allocation. Program parameters (amount of subsidy, income levels to be targeted) were designed on consumption information from the above mentioned study.

- ii. The consultant will need to become familiar with Suriname's system of population census and census data and will review relevant reports, studies and consumption surveys from which the expenditure/consumption model can be developed. In addition, the consultant will discuss with the local counterpart the possible model to be utilized to improve the selection system. (NOTE: Bitram y Asociados Household survey, 2007, should be considered).
 - iii. The consultant will take back home the relevant household survey to be used in the modeling exercise that represent appropriate socio-economic, demographic, house, and household factors.
- b. Work in the home country (3 weeks)
- i. The consultant will carry out econometric analysis and perform simulations using various models to arrive at the best-fit, most applicable model to Suriname. The model, and any derived indexes should accurately estimate the household expenditure/ consumption and income of applicants for subsidized household lots. They should define an applicant's welfare, their ability to provide for their families, to pay for the housing solution.
 - ii. Then the consultant will prepare a proposal to be used to select beneficiaries out of all applicants for the housing solutions. These rules should be developed according to the needs of the Country and the Program with the aim of creating an equitable balanced selection system;
 - iii. The consultant will produce a draft application and beneficiary selection system that describes the application and beneficiary selection model, its policies, its processes, rules, etc. It will contain any forms needed for the process (e.g. applicant interview /data capture and beneficiary verification processes forms etc).
- c. Second mission to Suriname (1 week)
- i. The consultant will submit the local counterpart a draft of the proposed selection system to obtain the required feedback.
 - ii. The consultant will have to explain the local counterpart the next steps to be followed to validate the system and put fully in place. The validation process should be done by the consultant or by the PIU with the consultant's support.
- d. Work in the home country (2 weeks)
- i. With the feedback by the local counterpart and the Bank, the consultant will submit the final report to the Bank.

V. METHODOLOGY

- 5.1 The targeting system will be later implemented through LISP II's MIS (consultancy 4). It is expected that the consultants devote some work days to explain their design to MIS designers, and collaborate with them during the MIS design and implementation process.
- 5.2 It is of essence to achieve total ownership of the targeting system, so the consultant should work in close collaboration with the PIU team who should understand the rationale for both the PMT formula and the targeting system.

VI. DELIVERABLES

- 6.1 The consultant will present: (i) a proposal working plan 10 days after the signing of the contract; (ii) a draft report with the econometric model explaining the development of the formula as well as its use and theoretical accuracy, (iii) a draft report of the beneficiary selection model and methodology in the form of an operational manual and (iv) a final report for both ii and iii.

VII. COORDINATION

- 7.1 The consultant will report to Carolina Piedrafita, Urban Specialist at the Fiscal and Municipal Management Division, E-mail: carolinapi@iadb.org. Mr. Ike Muler, Director of the Project Implementation Unit, along with his team will be the counterpart for consultants in Suriname and will assist in all pertinent matters.

Component II: Consultancy II: Design and Installation of a Management Information System (MIS) for LISII

I. BACKGROUND

- 1.1 The Government of Suriname has requested the Bank assistance to support a Second Low-Income Settlement Program. For that purpose a loan operation is presently being designed (SU-L1015)¹⁰. In parallel, a technical cooperation has been approved to support the preparation and launching of the loan. These terms of reference are part of this technical cooperation.
- 1.2 Even if LISP I was successful in allocating subsidies for low and middle income families, the mid term review and the PCR of SU0017 show that the lack of an appropriate Management Information System (MIS) has hampered management and program capacity. Since LISP I did not have an MIS in place, program information (regarding partners' roles, beneficiary applications, approvals, disbursements, site visits, etc) is not readily available in an electronic format. There are specific files per beneficiary, mostly in paper form, but the information can not be automatically crossed or summarized in a single report. This has caused process delays and made it difficult to retrieve activity reports that are both useful for implementation and monitoring.
- 1.3 With an MIS in place, the application, approval and disbursement processes could be managed more efficiently and transparently. Activity reports or information on beneficiaries could be easily available to support management decisions, or just monitor program progress. Its inception will allow for the preparation of managerial reports, and keep track of all stakeholders' activities in real time.
- 1.4 During program preparation there are distinct features that the MIS should have:
 - a. Internet or .net application, so that it can be accessed from any place, allowing for Project partners (NGOs, IFIs, to input and view information on the system.
 - b. Application should include a link between technical and financial information of beneficiaries.
 - c. Various reporting tools should be designed to simplify extraction or query of information.
 - d. The application should incorporate the targeting system of choice, potentially the Proxy Means Test. This means that it should be easily connected to the information produced by the test.

¹⁰ As basic inputs for this consultancy, the consultant should review the mid term review and the Project Completion Report for SU0017.

- e. It should include the feature to include scanned storage/photo storage, in order to keep proof documentation at hand (i.e.: land title, payment receipts, house plans, etc).
- f. It should have built in standard documents (contractor's agreement, Payment of final term, Construction finalization, etc.).
- g. Should be able to track payments: to NGOs/IFIS, and link everything with the corresponding application/s.

II. OBJECTIVES

- 2.1 The objective of this consultancy is to design, develop and install a Management Information System (MIS) to manage Phase II of the Low Income Shelter Program (Housing Subsidies) with the use of cutting edge application and according to the operational agreements with the Inter-American Development Bank. The software should allow greater sustainability, reliability and verification capacity for subsidy allocation under LISP II.
- 2.2 Specific objectives:
 - a. Design and development of the software application in total coordination with the operational Manual for SU-L1015.
 - b. Training all relevant personnel from both the Program Implementation Unit and other program partners that need to input or obtain information from it, such as NGOs, IFIs or contractors.

III. CHARACTERISTICS

- 3.1 **Type:** Firm. Local or International.
- 3.2 **Starting date and duration:** The analysis, design, programming, implementation, training, and testing of the system will have to last a period of approximately (6) months, starting the 15th of September 2008- to the end of February, 2009.
- 3.3 **Place of work:** Suriname and consultants home town
- 3.4 **Qualifications:** The consulting firm should have proved experience in the development of information systems, with operational MIS development experience, preferably for housing programs. If needed two firms can partner to provide services.

- 3.5 **The team of experts assigned to the project should include, at a minimum, a *Project Manager* with at least 10 years professional experience working with Management Information Systems and relevant experience in housing and other related programs (at least 3 programs); an *IT Director*, with at least 5 years executing IT Systems, excellent knowledge in database driven applications. Experience in housing programs is desirable; a *Database Administrator*; a *QA expert* with at least 3 years of experience in software testing, debugging, preparing test cases and reports and database verification. Must have solid knowledge of software development; a *Software Developer* with at least 5 years of experience in the area, and project experience working in database driven applications; and a *Documentation Specialist* with experience preparing technical and functional documents such as system requirement, user manuals, and administrative guide, experience working with web based technology and software life cycle is preferred.**
- 3.6 **Payment:** The firm will receive four lump sum payments. Payments will be made in US\$ in four installments upon submission to the IADB by the Consultant of: (i) 20% at submission of a proposal working plan; (ii) 30% when half of the MIS application is completed and submitted, (iii) 30% when the second half of the MIS application is completed and submitted; (iv) 20% when the final version of the MIS has been approved.

IV. ACTIVITIES

- 4.1 **Task one. Analysis stage and design of the Information System.** It is fundamental to completely define the information system requirements as a basis for this stage taking into consideration users' specifications. The contractor will receive documents on LISP II project design, and conduct extensive interviews with all users such as PIU staff, IFIs and NGOs'.
- 4.2 This activity implies:
- a. Analyze project design and information requirements of the Low Income Shelter Program, Phase II.
 - b. Conduct the reading, diagramming, and documentation related to the operational and management process. All relevant project processes should be adapted to MIS modules.
 - c. Outline and define functions to be carried out by the system (software). The following modules are suggested, at a minimum:
 - i. *Application module*, which gathers applications from the system, consolidates and ranks them. The Proxy Means Test will be used as a determinant of income. Other variables besides income could be included to rank beneficiaries.
 - ii. *Beneficiary selection module*,

- iii. *Construction module*, which gathers all relevant information on the housing solution that will be financed with the subsidy's support. This will include basic information such as the type of solution --home improvement or new house--, total construction value, location, timeline, and name of contractor
- iv. *Validation module*, which will verify the information against the data bases of register offices, public entities and other relevant institutions such as IFIs and NGOs. Applicants IDs, addresses, titles over land or proof of ownership of another housing solution can be verified.
- v. *Assignment module*. The ranking from the beneficiary selection module will be ordered from the highest to the lowest, and subsidies will be assigned to the best score as resources last. The list of beneficiaries should have the capacity to be published.
- vi. *Managerial module* for tracking/monitoring all steps of the project cycle, from application approval to construction progress and relevant payments to contractors, NGOs and IFIs. This module will include quality indicators, efficiency indicators, percentage of executed resources, type of applicant population and other instruments that will provide relevant information for targeting resources.
- vii. *Administration module*, which will deal with: (a) resignations and reassignments of subsidies, (b) information updates, (c) managing repeals in case of detecting fraud, (d) registering documents corresponding to the applicant's family, (e) track financial and physical advances made during construction, registering payments and construction advances, using as a base both IFIs and developer's reports (scanned), (f) registering NGOs and their activities, to also determine their productivity and efficiency and (g) other administrative and monitoring tasks deemed relevant.
- viii. Software links with banks and financial entities (IFIs),
- ix. Software links with NGO's and contractors,
- x. Software links with the financial software that is already functioning in LISP I to produce appropriate reports for IABD and LISP Board, and
- xi. Basic website presenting program results.
- xii. The System could also include a single registry of contractors, with their qualifications pre and post to their participation.

(NOTE: the firm will have the freedom to propose an adequate structure with additional or differently laid out modules, as long as they respond to institutional needs).

- d. Provide a detailed technical definition of the system and determine its capacity to exchange and cross information with information systems from relevant entities of the sector. Include specific variables, its conversion or structuring in the required formats, transmission and entering of data bases as well as its frequency.
- e. Design the data, architecture, interphase, and proceedings of the system according to quality standards.
- f. Along with the PIU and the Bank project team define software tools and hardware needed for the implementation of the Management Information System.
- g. Propose the strategy of training to be used, taking into account the number and different capacities of users that will operate or input information in the system (tentatively the PIU, IFIs and NGOs).
- h. Deliver user and technical manuals to operate the MIS together with help online. This information will be delivered during the training stage.

4.3 Task two. System Building and installation

- a. Implement, build, and decode the information system based on the previously agreed design software.
- b. Provide a source code.
- c. Carry out tests and install the System (this implies a central system and the web applications).

4.4 Task Three. Depuration and tuning stage of the system.

- a. Training and provision of the information system to relevant users (PIU staff, IFIs, NGOs, others)
- b. Register suggestions and directions that users present during the training period. Needs for changes, adjustments, and errors in the information system will be taken into account during the depuration and tuning stage of the system.

V. METHODOLOGY

- 5.1 The MIS will have to be designed through a progressive submission of each module of the system and it will complete each one of the stages previously described.
- 5.2 The design of each module should complete its own surveys and reports, which will be outlined in the review, follow up and control modules.

- 5.3 It is of essence to achieve total ownership of both the MIS and the Operational Manual, so this consultancy and consultancy 1 should be developed in parallel, by either the same firm or by two different parties but in close coordination. Operational Manual processes should fit exactly into MIS. All processes should be developed with the permanent collaboration and agreement of the PIU team, and the PIU will be in charge of verifying the progress and fulfillment of the objectives and schedules planned for each stage.
- 5.4 Particular attention should be provided to ensuring system security and transparency of its processes and information. System design should keep into consideration that the system should be as inviolable as possible.
- 5.5 The contractor will research data bases of other relevant entities with which the program has agreements, in order to facilitate the exchange of information provided by applicants, contractors, IFIs and others.
- 5.6 The contractor will establish a plan to protect the information against technical problems. Backup policies should be created and implemented.

VI. DELIVERABLES

- 6.1 The consultant will present: (i) a proposal working plan 10 days after the signing of the contract; (ii) half of the MIS application is completed and submitted, (iii) the second half of the MIS application is completed and submitted; (iv) final version of the MIS to be approved.
- 6.2 All documents should be submitted in English. All documents will be subject to comments by IADB.

VII. COORDINATION

- 7.1 The consultant will report to Carolina Piedrafita, Urban Specialist at the Fiscal and Municipal Management Division, E-mail: carolinapi@iadb.org. Mr. Ike Muler, Director of the Project Implementation Unit, along with his team will be the counterpart for consultants in Suriname and will assist in all pertinent matters.

PLAN OF OPERATIONS
SURINAME
SUPPORT FOR A LOW INCOME SHELTER PROGRAM, PHASE II
(SU-T1049)

QUALITY AND RISK REVIEW (QRR) – RESULT AND PROCEDURE REPORT

A. Process QRR

The Plan of Operations was distributed for QRR requesting comments for September 09, 2008. Comments received and later actions have been included in this result and procedures' report. No meeting was held for the QRR and email comments were received from: Laura Profeta (LEG/SGO) and Desmond Thomas (CCB/CBB). Carlos Herrera (FIN/FSV) did not have comments to the Plan of Operations.

B. Unresolved issues
None

C. Comments

Name/Dept.	Issue	Comments	Answers
Laura Profeta (LEG/SGO) and Desmond Thomas (CBB/CBB)	Single source selection modality for contracting services (paragraph 4.2)	For the first contract for the Firm Bitran y Asociados, it is mentioned that they have been previously involved in developing target mechanisms for subsidies in Suriname for a previous Health Sector operation financed by the Bank (SU0028). In our view, this is not exactly a continuation of services that follows the requirements indicated in paragraph 3.11 of the Policies.	The firm has been involved in income measurements to be used in targeting systems and they have the data and know how to adapt their PMT formula to a housing program very efficiently. But, we discussed this with Rosina de Souza (project lawyer) and James Campbell (procurement specialist), and we have agreed to change the justification of this SSS through the small contract criteria. The consultancy is for US\$30,000 and as cited in the procurement laws (GN-2350/7, 3.10, footnote 32) it is within the limits for direct contracting. <i>See paragraph 4.3 of Plan of Operations</i>
Laura Profeta (LEG/SGO)	Single source selection modality for contracting services (paragraph 4.3)	For the second contract, it is not clear that the firm has "experience of exceptional worth for the assignment" if the proposal for sole sourcing is to be maintained, we recommend making a stronger case "in accordance with the criteria stated in 3.10".	Regarding the second contract, I agree that the ability to design an MIS is not unique, but what is unique is Ayala Consultancy's capacity to deploy a team in the country, and the know how of working in Suriname and of doing the same kind of projects in the Caribbean. In conversations with the project lawyer we agreed that there are two main justifications for SSS: one is the fact that there are few qualified firms that are willing to work in the region. The other one is the fact that the consultancy is for US\$100,000 and as cited in the procurement laws (GN-2350/7, 3.10, footnote 32) it is within the limits for direct contracting. <i>See paragraph 4.4 of Plan of Operations</i>

Name/Dept.	Issue	Comments	Answers
Laura Profeta (LEG/SGO)	Executing Agency	<p>The entity that would co-execute this technical assistance, the Low-Income Shelter Program (LISP) Foundation, is a foundation subordinated to the Ministry of Social Affairs and Housing. We understand that the LISP Foundation has executed phase 1 of the Program and have confirmed that its charter and by-laws establish its legal capacity to execute Bank resources. Nevertheless, it is unusual to encounter execution schemes involving a public entity executing a Bank-financed operation through a foundation; therefore, we recommend providing further explanation of this modality and the reasons for it. In addition, we suggest providing further information about the LISP Foundation's performance record in the previous operation, particularly in regard to overall project execution capacity, coordination with the Ministry, and fiduciary management and transparency.</p>	<p>The Ministry of Social Development and Housing has minimal staff, with equally minimal capacity and productivity. LISP foundation, on the contrary, has a team of 16 professionals that have been the main reason why Phase 1 was successfully executed. These people work full time, have been trained to deliver and are accountable for annual performance goals.</p> <p>The main reason for this arrangement is to guarantee transparency. Since the program gives away money in upfront subsidies, the LISP Foundation was created to involve different actors in the decision making and accountably process. Even if its Chairman responds to the Minister of Social Development and Housing, the Board of Directors is comprised of all program stakeholders; from members from the GOS, to a representative from a NGOs (beneficiaries), including financial institutions and developers.</p> <p>It will be a huge mistake to try to challenge this institutional arrangement, since there is no one in the Ministry that is capable of functioning so efficiently. I would like to add too that there have been no accusations of corruption whatsoever in all the years that LISP has administered the program.</p> <p>A paragraph enlarging on LISP Foundation capacity to execute has been included in the Plan of Operations (<i>see paragraph 4.1</i>)</p>

Name/Dept.	Issue	Comments	Answers
Desmond Thomas CCB/CCB)		<p>As I understand it, the central objective of the LISP is to facilitate access to housing for the poorest sections of the population, and hence, the efficiency of the targeting mechanism is critical. In that regard, I would suggest that the issues related to targeting could be given more attention in the operation. There seems to be a focus on the institutional strengthening of the PIU and the MIS requirements. For example, since only the upper 20% of the population can access formal finance for housing, is it possible that more than 1 targeting mechanism is needed for different segments of the other 80%? In this regard, the proposal to explore options for meeting the needs of people without land ownership (paragraph 1.9, #2) is also important.</p>	<p>Targeting is crucial, and we have done a careful affordability analysis to assess what product should be offered for each income group. All three TC activities: redesigning operational processes, and improving the PIUs capacity through an improved MIS and targeting system are key to focus on the poor.</p> <p>This is out of the scope of this Plan of Operations, but SU-L1015 will have two products: a subsidy for a new house that should be matched by a loan, and a subsidy for home improvement, for those people who are poorer. But please be reminded that for people without land ownership this program can not do much, or any bank program for that matter, because we are not allowed to support investments in land that have not a clear owner (state or private). As I will mark in the PP and POD for SU-L1015, this is the biggest bottleneck of all to access the really poor. For this reason the operation will have a component 2, Pilot projects, that are supposed to develop alternatives for lower income groups, by means of working on public land (macro lot development, neighborhood upgrading)</p>
Desmond Thomas (CCB/CCB)	Accuracy of Information	<p>The last sentence of paragraph 1.5 concludes that the housing situation in Suriname has not deteriorated since 1980 but this seems at odds with the rest of the paragraph. It appears that the housing deficit went up by 600 houses during the period, not an insignificant number in such a small country.</p>	<p>The 600 houses a year are within the margin of error of the calculations, so the change is not statistically significant. However, this is not so surprising, talking into account large migration levels.</p>

Attachments: ESR Minutes

Torres Dresda, Rosemary

From: ESRNet
Sent: Monday, August 25, 2008 5:50 PM
To: Tamayo, Carlos; Delgado, Adriana; Cortellese, Claudio; Corral, Leonardo R.; Posadas, Arnaldo Enrique; Escobar A., S. Alejandro; Piedrafita, Carolina Marcela
Cc: Office of the Vice President, Sectors & Knowledge; Ferretti, Janine; Hoagland-Grey, Hilary; Franz Thorud, Cristian; Troch, Serge Henri; Ferrer, Laura; Montoro, Delia; Corrales, Denis; Guity Guevara, Julio Cesar; Levy, Denise Urias; Paez, Juan Carlos; Chavez, Martha; Sarmiento, Luz Helena; Torres Dresda, Rosemary; Laguyas, Natalia; Farfan, Oscar H.; Vera, Maria Silvia; Massini, Marina; ESRNet; Montoro, Delia
Subject: Minutes and STARS for ESR 33-08
Attachments: RG-T1602mb@.pdf; BO-L1037mb@.pdf; BO-L1037STAR@.DOC; BR-M1057mb1@.pdf; HO-L1031mb@.pdf; HO-L1031STAR@.DOC

Dear Team Leaders and ESR reviewers,

Please find attached the final minutes and Safeguard Tracking Record (STAR)* for ESR 33-08 for the operations reviewed under Standard Procedure (RG-T1602, BO-L1037, BR-M1057, HO-L1031). Those items in the agenda this week that were reviewed by Simplified Procedure (RG-T1517) and verification (SU-T1049) have been cleared and no minutes are necessary. Note that PR-S1010 is still pending.

Regards,

ESR Team



RG-T1602mb@.pdf BO-L1037mb@.pdf BO-L1037STAR@.DOC BR-M1057mb1@.pdf HO-L1031mb@.pdf HO-L1031STAR@.DOC



Paramaribo.

20 juni

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Wordt verzocht bij aankomst dezer desbetreffende
letter en nummer nauwkeurig te vermelden.

MINISTERIE
VAN
FINANCIEN

La. *FEA* No. 2441

Bijlagen:

Mr. Ancile Brewster
Representative of the
Inter-American Development Bank (IDB)
Peter van Bruneslaan 2-4
Paramaribo

Subject: Preparation Studies for LISP II Project

Dear Mr. Brewster:

Further to our discussions regarding the subject project we offer our no-objection to the use of the funding from the Bank's Fund for Special Operations (FSO) up to the amount of US\$200,000 for the preparation of the Low Income Shelter Program, Phase II (SU-L1015).

Yours sincerely,

Mr. Humphrey Hildenberg
Minister of Finance

Cc: Mr. H.S. Setrowidjojo
Minister of Social Affairs and Housing