



Decentralization and Local  
Government Strengthening  
Program (DLGP)



**MINISTRY OF  
REGIONAL DEVELOPMENT**

**DECENTRALIZATION AND LOCAL GOVERNMENT  
STRENGTHENING PROGRAM-II  
(DLGP-II)**

**SECOND SEMESTER PROGRESS REPORT 2011**

***JULY – DECEMBER 2011***

Prepared by:  
**Program Implementation Unit (PIU)**

Project No. SU-L1011

**FEBRUARY 2012**

*Decentralization and Local Government Strengthening Program-II (DLGP-II), Van Sommelsdijkstraat 2 Paramaribo  
Phone: (597)424530, Fax: (597)424524, E-mail: [dlgp@decentralisatie.org](mailto:dlgp@decentralisatie.org) – Site : [www.decentralisatie.org](http://www.decentralisatie.org)*

## Table of Contents

### *Introduction*

- ✧ I. EXECUTIVE SUMMARY
- ✧ II. PROGRESSES OF PROJECT IMPLEMENTATION BY COMPONENT
- ✧ III. RECOMMENDATIONS
- ✧
- ✧ IV. FINANCIAL AND PROCUREMENT OVERVIEW
- ✧
- ✧ V. MONITORING OF CHANGES AND RISK CONTROL
- ✧ VI. LESSONS LEARNED

Annex: Overall table Project costs, Disbursement plan projections and results

## Introduction

It is stipulated in Article 7.03 of the Loan Document dated 2009-03-20 LEG/SGO/SU-1741609 that during the Program execution, the PIU will present semi-annual progress reports to the Bank.

Referring to 5.1 of ORG-II the PIU hereby presents the SECOND Semi-Annual Report of 2012 covering the period July-December 2012.

The previous semester reports a.o. signing of the Loan Contract on March 20, 2009 covered the periods:

1. March 20, 2009 – September 20, 2009
2. September 20, 2009 – December 31, 2009
3. January – July 2010
4. July – December 2010
5. January – June 2011.

In this semi-annual progress report as agreed with the Bank, we take into account:

- **The reviewed version of DLGP- II Annual Operating Plan and Disbursement Plan 2009-2014 table.**  
Special note: The total eligibility date is June 9, 2009. Year 1 of the project goes from June 2009 to June 2010. Year 2 goes from June 2010 to June 2011. As actual cost per year data have been used from the Bank's Executive Financial Summary (WLMS). Year 3 includes the information from June 2011 to December 2011.

The PIU has given a clear picture of the project from the beginning. The PIU is also aware of the importance of having a sound 5 years execution plan (baseline) allowing for accurate planning and projection of activities, procurement and disbursements, as it's worked out in the respective plan documents: (i) Annual Work Plan, (ii) Procurement Plan and (iii) disbursement Plan.

We are focusing on the planning for the remaining period 2012, 2013 and partially 2014 in a overall table of project costs and disbursement projection.

We have overviewed the use of the balance during the next 3 years per activity. The final tabs and the totals in the overall Table of costs and disbursement, is spreading the balance around \$ 12,524,971(IDB and GOS resources) throughout the columns for 2012, 13 and 14.

In a special column a Milestone Plan has been included expecting deliverables from reporting date to the end of the program, a.o. deliverables as reports, contracts, draft laws, laws, goods and services, outputs and outcomes.

It's noted that the baseline (AOP and Disbursement Plan 2009) has been used to assess project performance during the next supervision mission. In this report PIU refers to the updated AOP and DP, and it will be used to measure performance and results.

- **The indicators related to gender.**

The PIU has taken good notice of Bank's instructions to include indicators related to gender: as number of female beneficiaries (head of household); subsidies; grants; districts; indicating whether there were activities on projects that are linked to a contribution to gender equality, telling the Bank if these activities can be considered as good practice and if they deserve documented. This is a new element. The PIU will attempt starting to incorporate this –as far as possible –in this report. The PIU will adjust the strategy in gathering of data in those fields.

- **The input from the PMR in our project cycle**

We are using the PMR as a result based management tool to monitor the progress of the project implementation, including the relevant tabs as: basic data, impact, outcome, outputs, costs, issues, lessons learned. We use the PMR – after updating on regular base – as input for the progress/ semi-annual and annual reports.

During the second semester in 2011, 2 missions visited the PIU:



(i) Auditing Mission IDB accompanied by Carol Lieveld of IDB's Field Office on June 10, 2011 reviewing the administration, financial and procurement documents and PIU's monitoring tools, site visits were also on the agenda. During the meeting with the PIU an overview was given through the presentation of the Result based management tool showing the status of activities within the components.

See annex 4. The files with documents of the financial and procurement documents were examined, and site visits were performed to Commewijne attending meetings with citizens on selection of drainage/road program.

(ii) A Mission of World Bank visiting the GoS showed interest in DLGP and requested for a meeting with the PIU to learn more about the PIU. PIU's Managing Director presented the theme: The part of decentralization reforms and local democratic governance in DLGP. Decentralization, covering issues as: the impact of running programs, multifaceted process; criteria of World Bank: 3-level accountability mechanisms (a) administration reform, (b) political reform, and (c) fiscal reform. The delegates were impressed of the character and trend of The Program once having learned the balance of investments in capacity building and capital investment in DLGP-I (5 million US\$ in capacity building and 1 million US\$ in capital investment), DLGP-II (6 million US\$ in capacity building and 9 million US\$ in capital investment), and the perspective on a follow-up Decentralization Program (5 million US\$ in capacity building and 45 million US\$ in capital investment).



## **2<sup>nd</sup> Technical Group Meeting on Fiscal Decentralization at IDB Head Quarter in Washington DC/USA.**

DLGP-Managing Director of the DLGP Participated as member in the conference during 17-18<sup>th</sup> of November.



See full report in Dutch:

[http://www.facebook.com/note.php?saved&&note\\_id=305495369471332](http://www.facebook.com/note.php?saved&&note_id=305495369471332)

[http://www.decentralisatie.org/index.php?option=com\\_content&view=article&id=87:idb-meeting&catid=15:nieuws&Itemid=92](http://www.decentralisatie.org/index.php?option=com_content&view=article&id=87:idb-meeting&catid=15:nieuws&Itemid=92)



The first state budget of Bouterse's Administration came into The National Assembly and in the meantime it was also approved by a large majority. We tried to learn the vision, strategy, questions from the members of the Parliament and the Government on issues in the field of decentralization. These were found in the Political Agreement of the Coalition 2010-2015 and in the special paragraph of the Multi Annual Development Report 2012-2016. The PIU countered the issues in the media coming from members of the Parliament and others. Questions were discussed about: when the evaluation of DLGP by GoS will take place? Why the Ministry doesn't stipulate the role of Traditional Authority in the law? What effects the Ministry expect with the DLGP in the interior? What are the achievements of DLGP up till now?

See full page daily news paper DWT December 2011:

<http://www.decentralisatie.org/20dlgp/20111230-dwt.pdf>

Our thanks and appreciations go to the core team of laDB's Field Office and our sector specialist, Mr Gabriel Nagy, for all technical support to improve the DLGP operations as smooth as possible.

**Basharat Ahmadali**

(DLGP-II Managing Director)

## I. EXECUTIVE SUMMERY

<b>Executive Summary</b>	
<b>Basic Data</b>	
Country	SURINAME
Project name	DECENTRALIZATION AND LOCAL GOVERNMENT STRENGTHENING PROGRAM II (DLGP II)
Loan number	2087/OC-SU (SU-L1011)
Environmental and Social Classification	<b>Category C</b>
<b>Key Dates Post Board Approval</b>	
Date of Board approval (include project report PR number)	10-Dec-2008 PR-3357
Date of contract signature/effectiveness	20-Mar-2009
Eligibility date	09-Jun-2009
Date of first disbursement	17-Jun-2009
<b>Borrower/Key Terms and Conditions</b>	
Borrower	REPUBLIC OF SURINAME
Executing agency	MINISTRY OF REGIONAL DEVELOPMENT Minister Dr. Linus Diko Permanent Secretary: Mrs Drs Genia Corinde
Approved loan amount	\$13,500,000
Source (OC, FSO)	OC
Disbursement expiration date	20-Mar-2014
% of amount committed	00.00%
% of amount disbursed	26.54%

<b>IDB- Project Team</b>
Rafael de la Cruz (ICF/FMM), Project Team Leader; Gabriel Nagy (FMM/CSU), Alternate Team Leader; Carlos Pineda (ICF/FMM); Gilberto Chona (ICF/FMM); Karen Astudillo (ICF/FMM); Eduardo Rodal (FMM/CTT); and Diego Buchara (LEG/SGO).
Gabriel Nagy (FMM/CTT), Project Team, Leader; Rafael de la Cruz (ICF/FMM) Alternate Team Leader; Carlos Pineda (ICF/FMM); Gilberto Chona (ICF/FMM); Karen Astudillo (ICF/FMM); Diego Buchara (LEG/SGO); Rinia Terborg (CCB/CSU); Roy Parahoo (CCB/CSU); Carol Lieveld (CCB/CSU); Irene Cartin (ICF/FMM); and Cecilia Bernedo (ICF/FMM).

<b>DLGP- Project Team / Project Implementation Unit (PIU)</b>
<ol style="list-style-type: none"> <li>1. Basharat Ahmadali (DLGP-Managing Director)</li> <li>2. Mahender Pershad (Task Manager Administration, Finance and Planning)</li> <li>3. Martin Blenman (Task Manager civil Works &amp; Capital Investment)</li> <li>4. Iris Gilliad (Task manager Citizen Participation)</li> <li>5. Riaz Ahmadali (Task Manager ICT/WAN)</li> <li>6. Patricia Isselt (Financial &amp; Procurement Officer)</li> <li>7. Clarenca Sajat (Office Manager)</li> </ol>

## **The Objective of The Program**

The objective of the Decentralization and Local Government Strengthening Program II (DLGP-II) is to continue supporting the decentralization efforts that Suriname's local government started in 2001 with DLGP-I, and attain a core legal framework while assisting the new pilot districts of Paramaribo, Sipaliwini, Saramacca, Coronie and Brokopondo to obtain adequate institutional capacity for fiscal self-management and management of capital investment. The program will also assist the previously certified districts of Wanica, Nickerie, Para, Marowijne and Commewijne in the implementation of community-based basic infrastructure investment projects and local services.

## **Implementation progress**

### **Financial issues.**

The DLGP-PIU has good feelings of the experience, the capacity and internal control systems we built up till now to successfully conduct financial management in accordance with the Bank's financial management policies and procedures in a very close cooperation between PIU's Financial Administrator and the financial specialists within the Bank. The PIU is expressing its satisfaction with granting by the Bank of the ex-post status of disbursement and procurement.

### **Improvement of the management tools.**

The PIU built a good experience in working with the PMR, inclusive Result matrix and risk matrix, the AOP, the Disbursement Plan, the Procurement Plan. For the effectiveness of implementing DLGP in the Districts the PIU designed in Ms Project for each of the districts an Action Plan in Dutch. The District Management Teams are responsible for the execution of The Program with support of PIU and the counterpart teams of TFMRD. The MD designed in excels a "Score Board" following the results in the Action Plans. MD's Management Letter 2012 in Dutch prepared in 2011 was sent to TM's, GoS (MRD and MOF), TFMRD, TFMOF and the DMT's, making a.o. the policy/strategy, the approach per component in the process of implementing.

### **Challenges encountered**

The PIU encountered the challenge of the project's six month delay caused by mid 2010 general election.

The countering of the project's delay's caused by bureaucracy within GoS, for instance the time consuming processes in handling of proposals and or in decision making on strategic issues should be mentioned also.

The project team was on alert exercising control to prevent damage in the Program.

The joint evaluation in November 2010 of DLGP II by the Vice President and the new Minister of Regional Development came with changes to the implementation approach of DLGP II, and announced:

- To use more open sources software instead of acquiring licensed software;
- To include NGOs and CBO's in the Citizen Participation Commission; and
- To use a one-stop-shop window approach for the Citizen's Information Centers at the commissariats and at a later stage at the sub-districts offices.

By not continuing the announcements with instructions, directives and decisions of GoS within the time frame of 2 weeks as promised in September 2010, it was a big challenge for the PIU to handle all the activities related to those issues. The PIU proceed 'process wise' the planned activities to achieve the goals within the objective of The Program. By following this strategy the implementing of the financial systems of the districts in 'open source' software "OpenERP" was done successfully, the one-stop-shop service

window could be designed in a workable way, and the registering of the NGO's etc. in 5 districts could come in fully process.

The PIU succeeded to implement the road improvement program and the drainage program by "clustering" those projects within Component 4 in one round of procurement instead of two and more separate rounds.

**Overall project progress.**

At the end of December 2011 a total amount of USD USD 3,582,977(26.54% of the total financed by the Bank.

Activites were running behind schedule and had been rescheduled to execute in 2011/2012. The prioritizing of the activities of component 4, and procuring as much as US\$ 1.2 million for raod programs and US\$ 3.4 for sanitation. In total it is expected to commit close to US\$ 6 million, partially by the end of 2011, and partially within the 1<sup>st</sup> Quarter of 2012. It is expected that disbursements will run close to US\$ 2.4 million by the end of February 2012 with some delay caused by heavy rainy season.

**II. PROGRESSES OF PROJECT IMPLEMENTATIN BY COMPONENT**

<b>Component 1 – Legal framework</b> <b>Managing Director/Task Manager Basharat Ahmadali</b>	
Annex 2.02	<p><b>Original objective of this component:</b>                      The purpose of this component is to continue supporting changes in legislation that are necessary to improve fiscal relations between central and local governments, including:</p> <ul style="list-style-type: none"> <li>(i) Preparation of draft laws on Traditional Authority; and</li> <li>(ii) District Cadastre;</li> <li>(iii) Design District Ordinances regulating financial accounting standards and procedures;</li> <li>(iv) Update laws included in Article 4 of the FDIL, dealing with transfer of revenues to the districts.</li> <li>(v) The Program will provide consultancy services and training at the local level on decentralization-related laws.</li> </ul> <p>Actions undertaken by PIU' MD to speed up the process of approval: (i) asking Minister's attention on regular reporting base, (ii) through the media. See a.o. STAR NEWS 08 Jan, 05:00</p> <div style="display: flex; align-items: flex-start;">  <div> <p>DLGP MD, Bas Ahmadali sent on January 8, 2012 a Letter to Desi Bouterse, President of the Republic of Suriname and Jennifer Simons, Speaker of The National Asseblee requesting the approval of the draft laws on decentralization as soon as possible. A complete package of drafts was sent to the Government through the Ministry of Regional Decentralization in 2007 during DLGP-I.</p> <p><a href="http://www.starnews.com/index.php/welcome/index/newsitem/8783">http://www.starnews.com/index.php/welcome/index/newsitem/8783</a></p> </div> </div> <p><i>DLGP-director Bas Ahmadali</i></p>
<b>2.1.1</b>	<p><b>Draft Law - fiscal relations Central and Local Government</b>  <b>(i) Draft Law Traditional Authority</b></p>
Result Matrix Status 2011	<p><i>Baseline: 0; Planned in 2011: 1, expected result in 2011: 1, executed in 2011: 0</i>                      MRD Minister cancelled consultancy (Sep 2011). Total 0</p>

Scope of activities	Draft technical Paper on Traditional authority - done in 2010 Change of Govt Policy - sep 2011 Draft Technical Paper Land rights –Sep 2011 Contract terminated – 2011 without final deliverables Invoice and deliverable – Mar 2012
Notes	The contract was signed and in execution to provide the government with a draft law regulating the role of the Traditional Authorities. The PIU mentioned in all documents in all stages the risky and the political sensitivity of this issue. By political decision of MRD Minister the PIU had to stop this consultancy. This consultancy had no result. The prepared legal and technical background papers will benefit the GoS partially on long term once the GoS will decide to continue with this issue. For 2012 no activities planned. The remaining budget will be used for the hiring of a legal consultant to assist the PIU, MRD and the districts in legal matters.
<b>2.1.2 Cadastre</b>	<b>(ii) Draft Law District Cadastre</b>
<b>Objective</b>	To prepare technical and legal background papers and to draft legislation in the field of <b>cadastre</b> at district level; basically for the registration of all type of used and unused land/properties in the districts, and the several category of buildings and objects in the context of the Law on Rental Value Tax, the draft Law on District Tax and the draft district ordinance on taxation of houses to fix the tax as income for the District Fund in close cooperation with GLIS-project team.
<i>Result Matrix</i>	<i>Baseline 0; Planned in 2010 1 (draft District ordinance, was changed in 10 Agreements between District Commissioner-GLIS director): done in 2010: 0, Planned, in 2011 10 Agreements, done in 2011 10 Agreements. Total 10</i>
Scope of activities	Technical background paper, legal background paper and draft of 10 Agreements, for each district an agreement (done in September 2011).
Delivered	10 Draft Agreements between GLIS Authority and the District Commissioners guaranteeing the cadastre and related facilities from the GLIS Law to the Districts with the aim to deliver additional sources of income from taxable and non-taxable resources.
Notes	Through a justification memo with Bank's no-objection was clarified that ongoing this consultancy the National Law on Cadastre was approved by The national Assemblée. Without affecting the outcome of the consultancy the PIU agrees with the consultant, after having received the technical and legal background papers, to deliver 10 draft Agreements between the MD of GLIS and the District Commissioner of each District for free use of all facilities applying on the National Cadastre Law.
<b>2.1.3 Bundle</b>	<b>(iii) Draft District Ordinance financial accounting standards and procedures</b>
<i>Result Matrix</i>	<i>Baseline 0; Planned in 2010 1 (draft district ordinance, was changed in 1 Bundle of laws and regulations on accounting and procurement), done in 2010 0, Planned in 2011 1 Bundle, and done in 2011 1. Total 1 (done)</i>
<i>Objective</i>	Draft laws/bylaws/district ordinance regulating the Financial and Accounting Standards and Procedures at district level.
Scope of activities	Technical background paper, legal background paper and the production of the Bundle (done in September 2011).
Delivered	One final Draft BUNDEL including the legal explanatory and complete package of existing/ current laws/bylaws/district ordinance, ministerial decrees, financial guidelines regulating the <b>Financial and Accounting Standards and Procedures at district level</b> , in hard copy and on CD all deliverables included

Notes	Through a justification memo with Bank's no-objection was clarified, that after having read the technical and legal background papers, there was no need to gather all the rules and regulations in this area in a district ordinance. It's enough to gather these documents in a BUNDLE systematically with explanation notes, without affecting the outcome of the consultancy. It was agreed with the consultant to deliver 1 draft BUNDLE.
<b>2.1.4</b>	<b>(iv) Update Article 4 of FDIL</b>
<b>Objective</b>	To review the outdated laws with very low tariffs for tax and non taxes mentioned in Art. 4 of FDI as well as incorporating these sources of tax and non-tax income for the districts in the draft bills regulating district taxes and non taxes to increase revenues for the districts, taking into account the purpose to strengthen the financial position of the districts;
<i>Result Matrix</i>	<i>Baseline 0; Planned in 2010 10 (draft 10 laws; changed in two laws, covering the tariff changes by mentioning all of the relevant laws): done in 2010: 0, Planned in 2011 2 draft laws, Done in 2011 2 draft laws. Total 2 (done)</i>
Scope of activities	Technical background paper, legal background paper and draft of 2 laws, (done in September 2011)
Delivered	Draft amended laws/bylaws reviewing tariffs in <b>Laws of Art. 4 FDIL Laws</b> , and additional proposals to increase revenues for the District Funds
Notes	<div data-bbox="295 831 732 1368" data-label="Text"> <p>Through a justification memo with Bank's no-objection was clarified, that after having read the technical and legal background papers, there was no need to produce 10 draft laws. One draft law and one state decree, including the revision of the tariffs of each art. 4 FDIL law will be effective, without affecting the outcome of the consultancy. It was agreed with the consultant to deliver one draft law and one draft state decree.</p> </div> <div data-bbox="786 835 1430 1294" data-label="Image"> </div> <div data-bbox="783 1294 1422 1357" data-label="Caption"> <p>Participation of MRD's Minister dr Linus Diko</p> </div>

## Component 2 – Financial, Planning and Administrative capacity

Task Manager Mahender Pershad

Overall objective 2.2 - 2.2.2.1	The objective of this component is to develop a core capacity in the new pilot districts to manage their own budget and financial systems. Specifically, the Program will assist these districts in: (i) creating a District Administrator position; (ii) installing core financial and tax systems; (iii) providing human resources training; (iv) providing appropriate software and hardware; and (v) providing equipment and rehabilitating district offices, which are necessary to install new financial systems.
<b>2.2.1</b>	<b>Creation of District Administrator Position</b>
Objective	To build institutional capacity in the new pilot districts to manage their own budget and financial systems.
Result Matrix	<i>Baseline DLGP-II: 4, Planned in 2010: 4, Done in 2010: 4, total 4 (done)</i>
Scope of activities	Recruitment, selection, hiring and training of the DA for Coronie, Saramacca and Brokopondo. Recruitment, selection, hiring, selection and training of the DA for Paramaribo South West
Notes	Paramaribo has two District Commissioners Offices. Initial, during DLGP-I only one DA position was created. In DLGP-II was planned to split The District Administrator's Unit (DFP) in two units, reason to create one more position, in total 4 positions.  Due to the May 2010 elections, this component suffered minor delays that were addressed with minimal damage control. This included the rescheduling and fast tracking of training activities. Training activities had to wait on the appointment of new District Commissioners and staff.
<b>2.2.2/2.2.6</b>	<b>Implementation core Financial and Tax Systems (new pilots)</b>
Objective	This component will assist in the implementation of a <b>simplified tax administration system</b> in certified districts to manage the registration and collection process for all local taxes and fees. Activities supported by the Program will include: (i) training of tax administration personnel at the local and central level; (ii) revising and developing procedures for identifying and alerting reluctant tax payers; (iii) improving methods to ensure compliance of non-tax payers, including administration of fines for reducing evasion; and Converting manual taxpayer's registry into an electronic form that will feed into the Financial Administration System.
Result Matrix	<i>Baseline 0, expected result in 2011: 7, Done in 2011; 0, Status in 2012 (see note)</i>
Notes	This consultancy was before, during and after the election in execution. The Vice President of Suriname evaluated together with Minister MRD The Program. He stopped, on 17 September 2010 the installation of Account View. He was of the opinion for uniform non-licensed open source software for the government. A very risky decision of the government. PIU had to wait for further instruction within two weeks. The PIU didn't received any instruction until now. The consultant and the Task manager reported that the software PIU is using don't match with the software of OTA, so we had to stop the consultancy (OTA has not a solide system). .In June 2011 the PIU decided to restart the consultancy with a new assessment, based on a Justification Memo. At that moment of stopping the assessment was done. After a new assessment and meetings of the consultants with OTA officials we considered proceeding, and

	<p>once OTA will be so far the local tax systems will be connected with MOF/OTA. And that's valid. The activities of this consultancy were re-scheduled.</p> <p>As re-planned all technical provisions are in place in December 2011 for the connection of 7 Districts. The operations in 7 districts are focusing on 2012 once the OTA will be so far with the implementation of their own system</p>
Activities	<p>Connecting to OTA System – postponed</p> <p>Install processing center in OTA –postponed</p> <p>Install VPN interface OTA/WAN – postponed</p> <p>Agreement joint operation MOF/Distr. Re: "Joint Cashier" –postponed</p> <p>Other technical provisions in place: done</p> <p>Operation in 7 districts: postponed</p> <p>Director of Tax Office of MOF was requested to install a Commission with representatives of MOF and PIU for a joint operation to speed up the progress.</p>
<b>2.2.2.1</b>	<b>Administration and planning system implemented in 5 new pilot districts (Paramaribo, Sipaliwini, Coronie, Saramacca and Brokopondo)</b>
<b>Result matrix</b>	<i>Baseline 3 (during DLGP-II), planned in 2010: 3, Done in 2010: 0, Planned in 2011: 3, Done in 2011: 3 (technical level 1 certification Coronie, Saramacca and Brokopondo), total 3 (done)</i>
<b>Objective</b>	<p>Implement Level-1 package provisions. The package:</p> <ul style="list-style-type: none"> <li>• District Administration (DA) position created (done)</li> <li>• The FAM-personnel is in place (done)</li> <li>• Human resource / professional training in self financial and budget management (done)</li> <li>• Providing appropriate software, hardware, ICT facilities (done)</li> <li>• Providing equipment and rehabilitating district offices, which are necessary to install new financial systems for full operation of the new agency within the District Commissariats (DFP), headed by the DA (done),</li> <li>• Local revenue generation. All of the new Districts have been created legally their District Fund (done).</li> <li>•</li> </ul>
Notes	<p><b>Coronie, Saramacca and Brokopondo:</b> Legal certification started in September 2012. GoS is responsible for. The legal level 1 certification keeps remain a prior condition for the level 2 certification as scheduled at the end of 2012. <b>Paramaribo NE and Paramaribo SW</b> were certified for level 1 in 2007 as one district, based on the principle of one district one DA/DFP with the intension to split the DFP-unit in two units during DLP-II.</p> <p><b>Sipaliwini</b> achieved the level 1 certification in July 2010.</p> <p>All 5 Districts are in the process of level 2. These districts will execute their trial projects in 2013 to complete the DLGP project cycle.</p>
<b>2.2.4</b>	<b>Providing Appropriate Software and Hardware BFM (DFP's new pilots)</b>
Objective 2.2.2.2	To build institutional capacity in the new pilot districts to manage their own budget and financial systems
<b>Result Matrix</b>	<i>Baseline 4, Planned in 2010: 4, Done in 2010: 4. Total 4 (done)</i>



	developed an integrated rehab plan covering all needs as described. For the finance of this plan per district the PIU clustered –with no-objection of the Bank and MRD) the budget on the budget lines of BIC/One Stop Service Unit, CTA-unit, ICT/Server rooms, more or less US\$ 50.000. Total estimated cost per district is US\$ 150.000,- The deficit of US\$ 100.000 is proposed to finance by re-allocating of the budget for the trial projects for which each of the new pilot Districts US\$ 200.000 is available. That means that Coronie, Saramacca and Brokopondo will execute two trial projects of each US\$ 100,000,-: (1) construction works and (ii) paving roads or an other type of work within the field of CIP.
<b>2.2.2.1</b>	<b>District Strategic and Development Plan (DSDP)</b>
<i>Result Matrix</i>	<i>Baseline 5. Planned for 2013: 5. Total 5</i>
ORG 3.42-3.46 Overall objective	Develop for each of the 5 new pilot Districts a multi annual District Strategic Development Plan (DSDP), describing the district’s short-term, medium-term and long-term development objectives, including financial projections with estimated costs and income District under coordination of the District Administrator and under the authority of the District Council and with involvement of the citizen participation structures and wit assistance from the PIU and DLGP consultants
Scope of activities 2011-2012	<ul style="list-style-type: none"> <li>(i) Hiring of Planning expert tot assist the District in the preparation of the DSDP</li> <li>(ii) Preparation of a Discussion Paper (PPF) by the DA with assistance of PIU Task Manager</li> <li>(iii) Appointment of the Advisory Council for Citizen Participation based on the Ressort Boards for input in the DSDP</li> <li>(iv) Approval of the DSDP by District Councils decree.</li> </ul>
Notes	<p>By taking into account the Multi Annual Development Plan 2012-2016, which is a guideline, PIU has to adjust the approach which was followed regarding the District strategic and Development Plan, being a comprehensive macro-economic plan as done during DLGP-I for the certified districts. The intention is to build management capacity in the 5 new pilot Districts so that the District Management Teams will be able to select the poor communities for upgrading their level of living standards, followed by selecting of projects from a List of prioritization with involvement of citizens participation structures. All selected areas with financial plan will put together in a multi annual District Strategic and Development Plan in conformity with the guidelines in ORG 3.42-3.46, which is matching the Multi Annual Development Plan 2012-2016 of the central government. This Plan will be submitted to the Government for approval and financing from the national budget or from loans of International financial institutes as part of a follow up decentralization program, including a comprehensive capital investment program (2015-2020) for all the 10 districts.</p> <p>Each District, coached by the PIU, will select one living area to execute as a trail project after the level 2 certification as to complete de DLGP project cycle in each district at the end of 2013.</p>
<b>2.2.3</b>	<b>Providing Human Resource Training for Performance Tasks Based on Law on Regional Bodies(art. 47) (10 districts) – HR Training</b>
<i>Result Matrix</i>	<i>Planned in 2011: 11 districts; done in 2011: 0, expected result in 2012: 6 management units, and 2013: 5management units. Total 11.</i>
Objective 2.2.3.1- 2.2.3.6	To build institutional capacity
Scope of activities	<ul style="list-style-type: none"> <li>(i) recruitment, hiring and selection of external experts</li> <li>(ii) design the training frame work including, the trainers, the trainees, the subjects, the time schedule</li> <li>(iii) Execution</li> </ul>
Notes	The Budgetline is partial used for the payment of fee for 3 staff persons of MRD for the institutional capacity of MRD’s Unit Internal Control. The study has a duration of 3 years.

	<p>PIU had to postpone the training activities for the reason that personnel countrywide was moved after the election and still the GoS is not so far to provide qualified staff persons on key positions created by The Program. PIU reviewed the policy and the schedule and will use the remaining budget for the training of 11 management units to create same quality of level in:</p> <p>(i) A core management team within MRD to manage the district governments,  (ii) the 5 Districts Management teams of the certified districts, and  (iii) the 5 District Management Teams of the new pilot districts.</p> <p>Training will be provided by PIU Task Managers based on management tools PIU is using, and external experts in the field of legal, project management, environment and financial/budget management.</p> <p>Training will be provided in:</p> <p>(i) overall project management, (ii) planning, (iii) financial and budgeting administration, (iv) methodology on hearings, and the functioning of citizen participation structures, selection criteria as instrument/tool for the local structures (v) all procurement aspects, (vi) environment, communication, (vii) ICT policy and aspects of e-governance, (viii) service deliveries, (ix) civil works. (x) drainage, (xi) markets. The PIU started transferring responsibilities, ownership, management tools, guidelines, handbooks, files, etc. to DMT's. The same package of tools and documents will be transferred to MRD's Management Team.</p>
<b>2.2.7</b>	<b>Approval new District Tax law</b>
<b>2.2.8</b>	<b>Approval new Financial Coordination Law</b>
<i>Result Matrix</i>	<i>Baseline 0, Planned draft law during DLGP-I: 1, Done during DLGP-I: 1, Planned implementation in DLGP-II (2009-2014): 1, after approval by Parliament. Total 1.</i>
Objective Annex 2.06	Upon approval of the new District Tax Law, the Program will support the creation of methodologies and correspondent training for the districts to: (i) audit taxpayers records; (ii) adopt warrant measures in order to ensure the collection of tax and non-tax revenues; (iii) keep updated records; (iv) identify and define taxpayer's violations (arrears, fraud, evasion); and (v) apply interests, fines and other penalties.
SECTION 3.03 <u>Special Conditions</u>	<b><u>Prior to the Disbursement of Resources for the Activities referred to in paragraphs 2.06 and 2.07 of the Annex.</u></b> In addition to the conditions precedent stipulated in Article 4.01 of the General Conditions and in Section 3.02 of these Special Conditions, the first disbursement of the Financing for the activities referred to in paragraphs 2.06 and 2.07 of the Annex, shall be subject to the fulfillment, to the satisfaction of the Bank, of the following requirements: the District Tax Law and the State-District Financial Coordination Law have been approved by Parliament, respectively.
Notes	Draft laws submitted in 2008 to MRD Minister during DLGP-I are still in process within GoS. Twice it was discussed in the Cabinet of the Ministers. The status is still in process of GoS. In the same package the PIU submitted the draft of laws on Decentralization as draft law to review Law on Regional Bodies and the Constitution to implement the proposed structural reforms within the district government and the new District Financial System.
<b>2.2.9</b>	<b>Implementation Internal Auditing Capacity</b>
<i>Result Matrix</i>	<i>Baseline 0. Planned: 10 units in each district one, reduced to 1 unit, done 2010: 0, Done in December 2011: 1 (technically). Total 1.</i>
Objective Annex 2.08	The Program will support the creation of an internal auditing capacity in the districts by:
Note Notes	A long delay in the implementation of this sub-component, due to several reasons: <ul style="list-style-type: none"> <li>➤ To expensive to create IC per district</li> </ul>

	<ul style="list-style-type: none"> <li>➤ No qualified personnel available in the districts</li> <li>➤ The option of one audit office with a team of qualified staff serving all or part of the districts had to wait for the completion of the WAN/LAN services, which are now in place.</li> </ul> <p>The PIU/TM started after having brainstormed intern with a new assessment in June 2011 and re-scheduled the activities and the milestones.</p> <p>The location within the District Commissariat of Paramaribo N.E. has been identified and approved. Its annex the WAN-building and already renovated; equipment and furniture are in place. All preparations have been made to connect the District Audit Office through WAN Central, which is already connected with the Local Servers in the districts, so with the local financial administration. PIU has been done technically all what was planned to do. MRD will continue providing and training personnel, and will take car for the operation. Budget is available to finance the trainer once the Ministry will have identified one, as the Minister said. PIU supported the Ministry in strengthening of MRD's Internal Control by: a) financing of the study of 3 staff persons and b) equipment.</p>
<p><b>2.2.10</b></p>	<p><b>WAN installed at districts, MOF and MRD Task Manager Riaz Ahmadali</b></p>
<p>Result Matrix</p>	<p><i>Districts: Baseline 0, Planned in 2010: 10; increased with 4 locations; Done in 2010: 8; Done in 2011: 3, Planned in 2012: 3. total 12</i></p>
	<p><i>Ministries: Baseline 0, Planned in 2010: 2, Done in 2010: 0, Planned in 2011: 2, Done in 2011: 1 (MRD), Planned for 2012: 1. Total 2</i></p>
<p>Objective Annex: 2.09</p>	<p>The Program will support the implementation of the WAN in all the districts and in the MOF and MRD by providing: (i) infrastructure; (ii) hardware and software; and (iii) training.</p>
<p>Notes</p>	<p>The Wide Area Network (WAN) system went live at the Control Building as well as within all of the 10 Districts and one extra connection was made with the server in the new commissariat of Apoera in Sipaliwini. This is an overwhelming milestone. Less people had believed in this Network, and it's now in operation. Initially, it was not even as task for the PIU, that's the reason why there is no ICT component in the previous Programs. PIU started in 2003 in the Districts implementing the Program with an ICT baseline of 0 (zero). No computers, printers, internet, LAN, WAN, etc.</p> <p>Districts are now able to log into financial and district data systems through the centralized Wide Area Network (WAN). The launch took already place and is accepted by GoS, after having given extra detailed information tot MRD's Minister.</p> <p>Task Mgr PIU Riaz Ahmadali (ICT) trains District Personnel In office Mgt System connected through local server to WAN- Central.</p> 

## Component 3 – Citizen Participation and Program Outreach

Task manager Iris Gilliad

This component also suffered some delays due to changes in policy, approach and strategy. The component was realigned with the new government's Political Agreement Document 2010-2015. The existing Citizen Participation Plan is in the process of reviewing and will be in place for all the 10 districts by May 2012. The Neighborhood Committees were linked with the works of Capital Investment Projects. The installation of the remaining committees is following the schedule of the Capital Investment Program.

The test of the WAN-based Citizen Information Database in March 2011 was a success, and now resulted in the link with the one-stop-window service. The databases has been worked out to implement at commissariat level 11 and at resort level 33 in 2012 and 2013..This database will allow citizens anywhere in Suriname to access information about the Districts and more services to the citizens.

The training provided to the elected Resort and District Councils in Citizen Participation harmonization mechanisms as well as in useful tools used to organize the hearings, and in community involvement aspects including district officials, Resort and district council members, citizen participation groups and neighborhood committee members resulted in the best performance of the hearings in January and February 2012. The Media paid much more attention to the hearings than ever before. This is a fruitful outcome of well done efforts within this component.

<b>2.3.1</b>	<b>CPC creation &amp; strengthening Existing CPC/Resort Boards</b>
<i>Result Matrix</i>	<p><u>New Pilot Districts</u>  <i>Baseline 0. Planned for new pilots 5 in 2010, Done in 2010: after having changed the policy, Planned for 2011: 5 (in 5 districts ressort boards), Done in 2011: 0, Planned for 2012: 10 (ressort boards at ressort level in all 10 districts), Total 10.</i></p> <p><u>Certified Districts</u>  <i>Baseline 5 (DLGP-I), Planned to strengthen in 2010: 5, Done 2010: 0, after having changed the policy, Planned in 2011: 5, Done in 2011: 0, Planned replacement of the CPC's in 2012: 5. Total 5</i></p>
Objective Annex: 2.11	The creation of a CPC committee in each of the new pilot districts and by strengthening the existing committees. The CPC is comprised of representatives of non-governmental organizations and community based organizations and operates on a voluntary basis.
Notes	<p>New policy to structure NGO's and CBO's at resort level developed and is in execution. All boards of the NGO's and CBO's are filed at ressort level. Through this structure, which replaces the Citizen Participation Commission, the so called 'mid field' will participate in the processing of resort plans by the Resort Councils, and also in the preparation of the multi Annual district Strategic and Development Plan (DSDP). In cooperation with the Ressort Government Officials the Resort Boards will prepare project proposals through a Project Profile Format to be incorporated in the Resort Plans. The Ministry needed too much time for the approval of the steps:</p> <p>The Ministry looked at the proposal and the steps:</p> <ul style="list-style-type: none"> <li>➤ Justification replacement of CPC's (done)</li> </ul>

	<ul style="list-style-type: none"> <li>➤ New Manual for the Ressort Platform existing of boards of all organizations (done)</li> <li>➤ Format to register the organizations in the ressorts (done)</li> <li>➤ New Project Profile Format (PPF) designed (done)</li> <li>➤ New time table to register the organizations and to install the Ressort Platform, linked with the Ressort Office and the Ressort Councils in process.</li> </ul>
<b>2.3.2</b>	<b>Creation and Training of Neighborhood Committees at Community Level</b>
<i>Result Matrix:</i>	<i>Baseline: 0, Planned: 35; done in 2010: 10, Planned in 2011: 13, Done in 2011: 13 Planned in 2012: 22. Total 35</i>
<b>Objective</b>	The creation and training of neighborhood committees at the community level to monitor and report progress of capital investment projects;
<b>Notes</b>	Since all these projects are executed, or are in execution or are prepared to be executed, less left for installation. These actions had a big impact in creating of broad based acceptance of the approach and support during the execution of the projects road projects.
<b>2.3.3</b>	<b>Creation and operation CIC/ Service Desk Commissariat / Ressort Level</b>
<i>Result Matrix:</i>	<i>Baseline 0. Planned: 62; done in 2010: 0, expected result in 2011: 0, after having changed the policy, the planning was re-scheduled: Planned 44, Planned for 2012: 11 and for 2013: 33. Total 44. (in 2012 at Commissariat level 11 and in 2013 at resort level 33 (3 per district).</i>
<b>Objective</b>	Service delivery on a large scale to citizens in all the districts and most of the crowded ressorts based on specific software designed by PIU and by creating of front office and back office units.
<b>Notes</b>	<p>Policy has been adjusted. Action Plan designed on result basis. To have first and tested one as pilot in place within the commissariat of Paramaribo, Wanica or Para, and than the package will be implemented at other locations to get successively all the planned service desks in operation.</p>  <p>PIU Task Mgr Iris Gilliad, supported by ICT Task Mgr Riaz Ahmadali trains district personnel in use of software for service desk</p>
<b>2.3.4</b>	<b>Training of the District Trainers (new pilots)</b>
<i>Result Matrix</i>	<i>Planned: 0; done in 2010: 0, expected result in 2011: 0 and 2012 also 0</i>
<b>Notes</b>	Policy has been revised. There is no longer need for. The trainers in the districts will be trained by Task Force MRD, Task Force Ministry of Finance and the PIU Task Managers. The unused budget will be proposed to use for a the recruitment and hiring of a 'change manager' to get the Ministry in its new role of controlling and managing of 10 decentralized

	districts, to get the District Management Team in their new role to manage the District 'new' style'
<b>2.3.5</b>	<b>Promotion and Outreach action plans (POP)</b>
Result Matrix	Panned 10, executed 5 in 2010 and 2011, planned in 2012: 5. Total 5
Notes	<p>The existing contract with the consultant will be continued to design and execute special programs for the media. There is still hard need to promote the outcome of DLGP nation wide. Listening to the debates on the national budget in the National Assembly in December 2011 it's clear that the knowledge of DLGP, where to go with 'decentralization' is very poor. The PIU has to counter with the achievements by (i) showing on the actual road paving and drainage projects in the five Districts, (ii) interviews on invitation of local radio stations, articles in the local news papers and (iii) circulation of the brochure: <i>Decentralization: the benefits, the effectiveness and the perspectives</i> in hard copy and e-mails to the members of the Parliament, the Ministries, the State council, the District Officials, the District and the Resort councils, etc.</p> <p>The budget line will finance the review of previous editions of publications (booklets and brochures), and series of new publications on selected issues.</p>
<b>2.3.6</b>	<b>Strategy Development/Consensus Building</b>
Result Matrix:	<i>Planned: 17; done in 2010: 1 (before the election), expected result in 2011: 0 and 2012 also 0. Impact: 0.</i>
Notes	<p>Policy has been changed. Also the intention to use the budget line to connect the local government agencies in a LAN per district and to the Ministries through WAN to achieve an integrated cooperation between the central and local government was changed. The Minister is of the opinion that this is an out of the box activity of the PIU. In October 2010 the Minister of MRD gave an other approach and PIU had to stop promoting co-governance within the Ministries because it's the normal task of the Ministries to cooperate under all circumstances in inter-governmental reform issues. There is no need to finance consultants, and also there is not need to finance furniture, equipment and ICT facilities to integrate the Ministries in the net work of the Districts. Once the need is there MRD will take care that Ministries will do their own investments, because DLGP/MRD is going to benefit the Ministries with facilities offered by The Program. PIU expects stagnation once the Districts will be confronted with the management of preparing and execution of inter-governmental related development programs in the districts. PIU has to build this capacity as a require for the Level 2 certification of the 5 new pilot Districts. During DLGP-I the building of management capacity was focused on the preparing and execution of road paving. One can see how it works nowadays and is benefiting the community through the Capital Investment Program in the certified Districts. Seen the situation in Sipaliwini, Brokopondo and Paramaribo PIU has to build the capacity in the field of co-governance, which means that these Districts –after level 2 certification – has to prove their capacity by preparing and executing of integrated projects, in which the district government, the central government (several ministries) and the private sector will participate physically and financially. The budget line is unused, and the PIU will postpone the use till the minds will change. It's so very important to offer the Ministries the strength of the District Net Work, the strength of districts' citizen participation and other structure available to support the Ministries in executing of their own budget in a faster way and in a win-win situation. By not allowing the build this capacity, the weakness will remain still there, unless the Ministries will do the required investments. This component was meant to get the Ministries involved through a small amount of investment of an amount of US\$ 2000 per Ministry.</p>

## Component 4 – Capital Investment Program (CIP)

Task Manager Martin Blenman

Within this component progress is satisfactory. Suriname Environmental Agency (NIMOS) was fully engaged mid 2010 providing advice and supervision of construction work. In early 2010 there was a four month delay as technical staff needed to be trained on the IDB's procurement procedures.

<b>2.4.2.6</b>	<b>Trial/Training project new pilot districts</b>
Result Matrix	<i>Trial project 3: Baseline 0, Planned in 2011: 3, Done in 2011: 0, Planned in 2012: 3 (Coronie, Saramacca and Brokopondo Construction Work)</i> <i>Trial project 5: Baseline 0. Planned in 2013: 5, See Note. Total 8.</i>
Objective Annex: 2.16	Each new pilot district which achieves Level 1 and level 2 certification create institutional capacity for managing basic infrastructure projects trial project and services in the new pilot districts; and (iii) finance basic infrastructure projects and services in the certified districts.
Notes table: 2.4.2.6.1-2.4.2.6.10	For each new pilot district there is a budget line of US\$ 200.000,- available for the execution of one or two trial projects. It's considered to re-allocate US\$ 100.000,- for the integrated construction plan, covering all needs/requirements of the Program, plus the demands of the Commissioners/Councils. Number of projects per district: <u>2012: 3 projects in execution within component 2.</u> Coronie, Saramacca and Brokopondo: 3 construction work <u>2013: 5 projects in execution within component 4.</u> Coronie 1 project garbage collection Saramacca: 1 project road pavement Brokopondo: 1 project in the field of CIP-projects Sipaliwini: 1 project in the field of CIP-projects Paramaribo N.E and S.W.: 1 joint project in the field of CIP-projects
<b>2.4.3.1</b>	<b>Execution of Investment Projects Roads. Execution in the Certified Districts</b>
Result matrix	<i>Scheduled/planned for 2010: 11; done in 2010: 5, result expected in 2012: 6. Total 6</i>
Notes	<p>The first round of road projects was delivered around July 2010 and was executed successfully in five certified districts. The first round of road projects costs approximately US\$1.2 million.</p> <p>Preparation was time consuming. The PIU changed the strategy to prevent more delays taking into account the demand to execute 50% of the project budget at the midterm of the Program. The remaining 2nd and 3rd road projects were "fast tracked" into one round of procurement started in November 2011. the execution started in December 2011 with the delivery date of February 2012. Total costs US\$ 1,512,919.02. Exclusive Road round 2 &amp; 3 of Para. Looking at the budget, Wanica has one more round road project.</p> <p style="text-align: center;"><b>Zoelen in District Commewijne</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Before</p> </div> <div style="text-align: center;">  <p>In execution</p> </div> </div>

2.4.3.2	<p><b>CIP: Drainage</b>  <i>Investment Projects Drainage. Execution in the Certified Districts</i></p>
Result matrix	<p><i>Scheduled/planned voor 2011: 5; Done in 2011: 0, Planned in 2012: 5, result expected in 2012: 5. Total 5 (districts)</i></p>
Notes	<p>PIU succeeded in clustering of the draining projects from two-round track to one-track round. The procurement of these projects in 5 districts started in December 2012. The execution will start as soon as the no objection is given by the Bank.</p> <p>Key to the success of the CIP program is establishing and following a very high standard quality control system and planning system on the job. A long-term maintenance program is being prepared in maintenance of road and drainage and will be transferred to the proper authorities in order to take responsibility of ownership.</p> <p>The impact of PIU's approach and the transparency in the process during the preparing and execution is big on the community and the central government. The districts are paving the roads, which are more sustainable (construction life 40 years). The nationwide road asphalt program of the central government cannot match the sustainability of the roads paved by DLGP. What is showing now a days, that, seen the success and the impact of DLGP's Capital Investment Program, the central government Ministry of Public Works) is overruling the DLGP's road and drainage improving program. The Government and the IDB have to consider reviewing the strategy in the country in line with the countries in the region, and as discussed during IDB's Technical Dialogue Group Meeting in November 2011 to leave the investment in improving of the overall infrastructure for the central government. The Local Government needs to concentrate better on the social-economic development.</p> <p><b><i>PIU Task Mgr Martin Blenman explains Comprehensive Drainage Program in District Wanica</i></b></p> <div style="display: flex; justify-content: space-around;">   </div>
2.4.3.3	<p><b>CIP: Garbage Collection</b>  <i>Investment Projects Garbage Collection. Execution in the Certified Districts</i></p>
Result matrix	<p><i>Scheduled/planned voor 2013: 5; Total 5 (districts)</i></p>
Notes	<p><b>Marienburg in District Commewijne</b></p> <div style="display: flex;">  <div style="margin-left: 20px;"> <p><b>Garbage collection projects:</b>  Initiation 2013 according to plan. Due to urban and population growth dealing with this issue represents a large economic and time consuming effort. The project team, together with the DC of Para and Wanica, Suriname's Environmental Authority NIMOS, and the PIU members, assessed the complexity of the garbage collection issue and suggested simple practical projects to address the problem. The project team will continue his advice on this matter.</p> </div> </div>

<b>2.4.3.4</b>	<b>Investment Projects Market Place. Execution in the Certified Districts</b>
Result matrix	<i>Scheduled/planned voor 2013: 7; Total 5 (districts)</i>
Notes	<p><b>Public Market Lelydorp in District Wanica</b></p>  <p>Regards: public markets Lelydorp and Domburg in Wanica, public market in Nw Nickerie, public markets in Moengo and Albina in district Marowijne, public market Commewijne and public market Para. Total 7 markets. Markets projects: initiation 2013 according to plan. It was suggested that for the design of the interventions an approach including the community will make sense. An open competition and public display/voting of the proposals could have a positive effect because the community can buy into the project and feel they have a saying. This way the project will benefit from several proposals. The project team will continue their advice on this matter and recommends the activity should start as soon as possible ahead of plan.</p>

### III. RECOMMENDATIONS

1. The concern of the PIU staff is Minister's view that 2013 should be the last implementation year under the PIU. Staff contract have been extended just for only one more year (till end of 2012). After that the Task-Force group at MRD should be responsible of implementation. How this transition is going to work is not clear. This view represents a risk for DLGP. As part of the mitigation plan DLGP is expected to execute a US\$ 6 M budget in 2012. The project team will follow this risk closely and assess the institutional capacity of the Ministry to take over the project by the end of 2013, however the Minister is aware of the fact that only full effort of PIU and the Ministry will make sense to finalize DLGP at the end of 2013.
2. In the training of District Personnel, the PIU will include training also targeting MRD staff.
3. There are other positive signs of support and **sustainability**. The Multi Annual Plan 2012-2016 approved by The National Assemble stipulated a follow-up decentralization program. However the Minister is of the opinion that there is no need for a "Local Government Authority" (LGA). The team will continue to follow this risk during the planned missions for 2012.
4. Ministry of Regional Development has to pay more result based attention regarding some **deliverables pending GOS decision** to take them to Parliament.
5. The Ministry has to take into account the **disbursement conditions** under component 2. PIU submitted all law 'packages' to MRD complying with expected project results. The Loan Agreement requires Parliament Approval of two drafts: *District Tax Law* and *Financial Relations between State and Districts Law*. For the PIU, no approval by Parliament, does not impact negatively the results already achieved under components 1 and 2. For the PIU this is a bureaucratic issue. No one in Suriname is against the Law proposals. What we are missing, according to PIU is a more pro-active role of the Ministry in pressing Cabinet of Ministers to cooperate. The project team will follow this risk carefully.
6. PIU will conduct **Mid Term Review** according to loan agreement and due mid-2012.
7. **Drainage Projects:** performing according to plan. The District Commissioner of Wanica brought to the attention of the project team the need of doing additional drainage work in the district and how, purchasing equipment could be more cost effective. The project team is suggesting a cost

benefit analysis of both approaches: contracted or service provided directly by the DC. The PIU will include the cost benefit analysis for all the 5 certified district as part of the activities of the Mid-term evaluation.

8. **Garbage collection projects:** initiation 2013 according to plan. Due to urban and population growth dealing with this issue represents a large economic and time consuming effort. The project team, together with the DC of Para and Wanica, Surinam's Environmental Authority NIMOS, and the PIU members, assessed the complexity of the garbage collection issue and suggested simple practical projects to address the problem, looking at the available budget within CIP. The project team will continue his advice on this matter.
9. **Markets projects:** initiation 2013 according to plan. PIU suggested that for the design of the interventions an approach including the community will make sense in the case of Domburg and Lelydorp. An open competition and public display/voting of the proposals could have a positive effect because the community can buy into the project and feel they have a saying. This way the project will benefit from several proposals. The project team will continue his advice on this matter and recommends the activity should start as soon as possible ahead of plan.

#### IV. FINANCIAL AND PROCUREMENT OVERVIEW

##### 1V.1 Financial Information

Since the start of the Program a total of USD 3,582,977 has been disbursed (inclusive the Revolving Fund). (see table below).

Project costs by output	EOP planned total cost (US\$)	Actual total cost (to date) (US\$)	2011	
			Planned (US\$)	Actual (US\$)
Program Administration Cost	\$1,985,752	\$1,168,675	\$400,000	\$392,161
Regulatory Framework changed and updated through project's activities	\$85,000	\$53,125	\$22,500	\$21,040
Administration and planning system implemented through project's activities	\$1,658,248	\$824,514	\$350,786	\$315,855
Citizens Participation in place through project's activities	\$840,000	\$243,991	\$68,195	\$61,490
Capital investment capacity building and investment program through project's activities	\$9,850,000	\$1,320,855	\$267,130	\$215,192
Audit	\$75,000	\$18,785	\$9,000	\$8,541
Contingencies	\$506,000			
<b>TOTAL</b>	<b>\$15,000,000</b>	<b>\$3,629,945</b>	<b>\$1,117,611</b>	<b>\$1,014,280</b>

Disbursement	EOP planned total cost (US\$)	Actual total cost (to date) (US\$)	2011	
			Planned (US\$)	Actual (US\$)
Total IDB	\$13,500,000	\$3,582,977	\$433,745	\$821,219

#### Notes:

1. **Planned Costs are taken from cost table, Planned disbursements are from the disbursement plan.**
2. **The figures of Actual cost are from Quickbook.**
3. **Disbursement amount is inclusive revolving fund.**
4. **Actual disbursements are taken from LMS and are cumulative amounts.(disbursement # 34)**
5. **Till the end of December 2011 thirty four disbursement request send to the IDB.**

#### Financial Administration and the status of budget execution

The PIU didn't achieve the projection of the disbursement plan 2011, because of the delays and disordering on the work field. Although the second and third round of the road projects are combined in 2011 with as goal to (i) strive to shorten the long processes of preparations of the projects, (ii) to disburse a bigger amount of budget, (iii) to spend more or less 50% of the total project costs at the midterm of The Program, this strategy didn't result in the achievement of these goals in 2011. But the good news is that in 2012 a bigger amount will be disbursed, since the preparation phase is already done.

#### Signed contracts

From 2009 till December 2011 DLGP signed 169 contracts with suppliers, consultancy Services and contractors. 41 of these contracts signed in 2009, 52 in 2010 en 76 in 2011. Twenty five contracts are current contracts and will be realized in 2012(see table below).

	USD	Number of Contracts	Percentages
<b>Signed Contracts</b>	4,219,708.89	169	100.00
<b>Paid for Contracts</b>	2,226,496.53		52.76
<b>Contracts Paid in Full</b>		144	
<b>Current Contracts</b>	1,993,212.36	25	47.24

The largest part of these contracts is goods (60.95%), 20.12% are consulting Services and 18.93 % are works.

#### Local Counterparts Funds

The availability of **local counterpart funds** is according planning The authorization request are done semi annually. Up till now the Government of Suriname deposited in the GOS SRD bank account a total amount of USD 1,248,594.72 as counterpart contribution. That is 83 % of the amount that the Government had to contribute for this project. The balance of the counterpart funds is now USD 251,405.28.

#### 1V.2 Procurement Information.

Since July 2011 the Financial Administrator is also in charge of the procurement activities of DLGP after the resignation of Zamani Accord, the procurement specialist.

**Procurement Plan**The Procurement Plan has been revised several times during the last semester of the year, so almost every purchases were then reviewed ex-ante. A final version of the PP was send in February 2012, comprises the period January 1<sup>st</sup>, 2012 till March 31<sup>st</sup>, 2013.

According to the Procurement Plan the realization of planned activities was as follow: **(For detail procurement information see separate PP-file, already submitted).**

<b>PROCUREMENT PROGRESS &amp; PLANNING</b>		
<b>Progress Period July –December 2011</b>		
<b>Category of Procurement</b>	<b>Estimated Cost in US\$</b>	<b>Actual Contracted In US\$</b>
Goods (Furniture, equipment, building materials, ICT facilities)	144,449.00	96,193.51
Works (Roads, drainage, trial projects)	4,935,085.18	1,555,992.67
Non consulting Services		
Consulting Services	254,975.00	
<b>Total</b>	<b>5,334,509.18</b>	<b>1,652.186.18</b>
<b>Planning Period Jan – June 2012</b>		
Goods (Furniture, equipment, building materials, ICT facilities)	72,449.00	
Works (Roads, drainage, trial projects)	2,058,097.64	
Non consulting Services	12,000,00	
Consulting Services	207,600.00	
<b>Total</b>	<b>2,338,146.64</b>	

## **V. MONITORING OF CHANGES AND RISK CONTROL**

**Risk Control.** The risks that have been identified during the Inspection Mission in August 2011 for this project and the updated responses are described below:

**Risk 1.** The risk is still valid, because the in 2010 elected government was announcing in the political documents to review the current decentralization program’s objective, components and outputs and making revisions so it aligns with their political priorities and agenda. The intention to evaluate DLGP first was not achieved in 2010 and also not in 2011. Probably, it will happen in 2012, because this intention is now stipulated in the Multi Annual Development Plan 2012-2016 (MADP), approve in the Parliament in December 2011. The MRD Minister announced also an evaluation of DLGP through a local consultant, while the Vice-President and the Minister evaluated DLGP already in 2010. It’s not clear how many evaluations the PIU is expecting and on what level.

As far as it regards the implementation of the capacity building activities (the Level requirements), except the ones mentioned before, and the implementing of the capital investment projects as agreed in the Loan Agreement 2009-2014 with the IDB there are no misunderstandings to report. For 2012 the PIU expects full support from all actors.

**Risk 2.** The level of commitment from the borrower and/or executing agency. This risk was reduced to a minimum. The Government is expected to maintain its support. Financial support was included in the

2009, 2010, 2011 and 2012 National Budget. The Government of Suriname made the necessary deposit of counterpart funds on regular base, accidentally with delays, without affecting the program.

**Risk 3.** Legislative approval of two drafts: draft law Financial Relations between state and Districts, and draft District Tax law is delayed. The PIU put this once more under the attention of the Ministry to pay attention to, because of the status of 'prior condition'.

**Risk 4.** (i) The weak in financial, procurement and management capacity among districts and (ii) the weak of core capacity to manage budget and financial systems have been improved by successful implementing and operation of the new financial system in the new open source software (OpenERP), the risk has been reduced furthermore by a coaching contract of the consultant including also a certain type of 'circuit rider' (iii) PIU is aware of the lack of project management experience. The PIU Task Manager started in November 2011 with the transfer of ownership of the implementing of The Program under the leading role of the district management Teams. Each Task Manager will perform training for the DMT's and will provide the DMTS' with all management tools from the PIU file. A change manager is in the planning of 2012 to bring on board to get the DMT's in their specific roles.

**Risk 5.** As far as the environmental and social management capacity or willingness at district level was identified as a limit, change will come in relation with the activities planned in 2012. See risk 4.

## **VI. LESSONS LEARNED**

While the Program is strengthening the Local Administration and the Administration within the Ministry, the weaknesses are increasing and overruling the strengths, caused by change of regimes and political decisions. Add the overall bureaucracy to understand how difficult it is for a project team to keep the planning of implementing on track, and The Program free of damage. Take into account a Program as DLGP depending of MRD's and MOF pro-active role, result based one way looking vision, lack of ownership at central and local level, lack of qualified staff personnel, etc. We are missing in this Program -from the beginning the component- consensus building, a Task manager or consultancy in the field of change management, and a human resource manager to take care of the multi new positions created by DLGP. On going awareness activities are needed. It doesn't make sense to learn people just through training. First of all you have to get them so far that they are willing to learn. In a Program as DLGP one cannot foresee the gaps. Today the most important lesson learned is that every day and each activity is a new challenge, and look of your own environment/net work is strong enough to tackle the hinder away, to keep the Program on track and to protect the Program. For a successful management support, ownership, acceptance, adaptation is needed on several levels as your own team, the Ministry, the Bank, the Cabinet of the President, the friends of Decentralization within the coalition and opposition, broad based acceptance of the district and Resort Councils, the public opinion. From the Lessons learned the PIU has to adjust the strategy: (i) Let the districts give their opinions on Decentralization, the benefits, the effectiveness and perspectives of their districts by making use of the tools from the Program (see media in November and December 2011), (ii) to produce MD's Management letter in Dutch for all Actors with information per component from the baseline up till the current status to see each component and activity in the context of the total concept of The Program, (iii) to design for each District in Dutch their own District Implementation Plan, (iv) to implement each component's activity through a tight Action Plan with a start date and the date of delivery, (vi) to design in excel a score board to monitor the results/milestones as a score. The PIU will promote The Program around the publicity of the scores. The PIU will propose to bring a change manager on board.