Loan Agreement

(Saramacca Canal System Rehabilitation Project)

between

REPUBLIC OF SURINAME

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN NUMBER 8924-SR

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF SURINAME ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of thirty-five million Dollars, ($35,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are May 1 and November 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the MoPWTC in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Borrower, shall have adopted the Operations Manual in a form and manner acceptable to the Bank.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.03. For purposes of Section 9.05 (b) of the General Conditions, the date on which the obligations of the Borrower under this Agreement (other than those providing for payment obligations) shall terminate is fifteen (15) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister of Finance.

5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower’s address is:

Ministry of Finance
Tamarindelaan No. 3
P.O. Box 1348
Paramaribo
Republic of Suriname; and

(b) the Borrower’s Electronic Address is:

Telex: Facsimile: E-mail:
597472610 597 476134 secmin@finance.gov.sr

5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank’s Electronic Address is:

Telex: Facsimile:
248423(MCI) or 1-202-477-6391
64145(MCI)
AGREED as of the Signature Date.

REPUBLIC OF SURINAME

By ____________________________
Authorized Representative
Name: JAMES A. HOFDRAAD
Title: MINISTER OF FINANCE
Date: APRIL 11, 2019

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By ____________________________
Authorized Representative
Name: TAHSEEN SAYED KHAN
Title: COUNTRY DIRECTOR
Date: APRIL 11, 2019
SCHEDULE 1

Project Description

The objective of the Project is to reduce flood risk for the people and assets in the Greater Paramaribo Area and improve the operation of the Saramacca Canal System.

The Project consists of the following parts:

Part 1: Improving the Drainage Infrastructure

1.1. (a) Rehabilitation of: (i) two ship locks at the SCS outlets of the Saramacca river and the Suriname river; and (ii) the sluice gates at the SCS outlet to the Suriname river and the Saramacca river; (b) re-profiling and clearing of the SCS to remove sediment; and (c) preparation of the relevant designs.

1.2. Carrying out of pilots of selected local or green flood management solutions in selected priority flood-prone sections of the urban secondary or tertiary canals feeding the primary canal of the SCS.

Part 2: Strengthening the Saramacca Canal System

2.1. Updating of selected sections of the Drainage Master Plan and development and updating of guidelines and recommendations for efficient planning and managing the Saramacca Canal System drainage area, including drainage design standards, norms and regulations.

2.2. Establishment of an asset management platform for the operational management of the SCS to ensure optimization of the canal water levels for flood control, navigation, and irrigation purposes during the day-to-day operation of the system.

2.3. Preparation of a feasibility study for a water management platform, to be composed of various stakeholders, for the operation and sustainability of the SCS.

Part 3: Providing a Contingent Emergency Response

Provision of immediate response to an Eligible Emergency, as needed.

Part 4: Supporting Project Management and Implementation support

Provision of support for overall Project management and implementation, including administration, logistics, office space, monitoring and evaluation, technical and financial management activities, Project audits, acquisition of equipment, provision of training on procurement, financial management, technical, environmental and social safeguards, and carrying out of communications planning and citizen engagement events.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through the MoPWTC, shall establish, not later than two (2) months after the Effective Date, and thereafter operate and maintain at all times during Project implementation, a Project implementation unit (the “Saramacca Canal Unit”) with a structure, functions, responsibilities, staff and adequate resources, all satisfactory to the Bank.

2. Not later than one year after the Effective Date, the Borrower, through the MoPWTC, shall: (a) establish, and thereafter operate and maintain throughout the implementation of the Project, a Project Committee to be in charge of coordinating Project activities among the Borrower’s agencies and administrative authorities, and to inform stakeholders on Project activities and overall progress, with terms of reference satisfactory to the Bank; and (b) organize the first meeting of the Project Committee.

B. Operations Manual

1. The Borrower shall prepare, adopt, and thereafter carry out the Project in accordance with a manual (“Operations Manual”) satisfactory to the Bank, which shall set forth rules, methods, guidelines, standard documents and procedures for carrying out the Project, including, inter alia, the following provisions:

   (a) the detailed description of the Project, their sequencing and prospective timetable;

   (b) the detailed institutional arrangements for the implementation of the Project;

   (c) the Project procurement, contract management and accounting procedures, and financial management, environmental and social safeguards requirements and procedures;

   (d) the Project monitoring and evaluation and reporting;

   (e) the ESIA, the ESMP, the RPF and any RAPs required to be prepared in accordance with the RPF;

   (f) the arrangements and procedures for grievance redress mechanisms;

   (g) the structure, functions and responsibilities of the Saramacca Canal Unit;

   (h) the objectives, structure and functions of the Project Committee;

   (i) the CER Annex; and
(j) a code of conduct, satisfactory to the Bank, for any contractors, sub-contractors or consultants hired by the Borrower to carry out activities under the Project, which shall be included in any agreement with any such contractors, sub-contractors or consultants, all in a manner satisfactory to the Bank.

2. In case of any conflict between the terms of the Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Safeguards

1. The Borrower shall ensure that the Project is carried out with due regard to appropriate health, safety, social, and environmental standards and practices, and in accordance with the Safeguards Instruments.

2. The Borrower shall take all measures to implement all RAPs in a manner and timeframe satisfactory to the Bank. To this end, the Borrower shall ensure that:

(a) funds are made available to cover all the costs of implementing all RAPs;

(b) prior to carrying out any Project activity which involves displacement, Affected Persons shall be compensated at full replacement cost, resettled and rehabilitated in accordance with the RAPs, as applicable; and

(c) the implementation, monitoring and evaluation of such RAPs is carried out and reported in a manner satisfactory to the Bank.

3. The Borrower shall ensure that the obligation to comply with the relevant Safeguards Instruments is incorporated: (a) in the contracts between the Borrower and the relevant contractors and any entity (including any engineer) supervising the Project’s civil works; and (b) in the contracts between the relevant contractors and the contractors’ subcontractors.

4. The Borrower shall ensure that all the bidding documents and contracts include the obligation of the relevant contractors and subcontractors to: (i) adopt and implement measures to assess and manage the risks and impacts of labor influx and workers’ camps; and (ii) adopt and enforce codes of conduct, acceptable to the Bank, that should be provided to and signed by all workers; as applicable to such civil works commissioned or carried out pursuant to said contracts.

5. Except as the Bank shall otherwise agree, the Borrower shall ensure, and cause to ensure, that none of the provisions of the Safeguards Instruments are abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

6. The Borrower shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Bank; and (b) such terms of
reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Safeguards Policies and EHS Guidelines.

7. Without limitation to its other reporting obligations under this Agreement, the Borrower shall:

(a) take all measures necessary to regularly collect, compile, and submit to the Bank, as part of the Project Reports, and promptly in a separate report whenever the Bank may require, information on the status of compliance with the Safeguards Instruments. Such information shall include: (i) measures taken in furtherance of the Safeguards Instruments; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and (iii) remedial measures taken or required to be taken to address such conditions;

(b) promptly furnish to the Bank a copy of each progress report prepared and submitted by any entity (including any engineer) supervising the Project’s civil works, the Project’s contractors and/or subcontractors; and

(c) promptly upon receipt, the Borrower shall furnish to the Bank any notification received from any entity (including any engineer) supervising the Project’s civil works, the Project’s contractors and/or subcontractors regarding any incident that might have occurred during Project implementation.

8. The Borrower shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

D. Contingent Emergency Response

1. In order to ensure the proper implementation of Part 3 of the Project (“CER Part”), the Borrower shall:

(a) prepare and furnish to the Bank for its review and approval an annex to the Operations Manual (“CER Annex”) which shall set forth detailed implementation arrangements for the CER Part, including: (i) the resources to be allocated to the MoPWTC; (ii) specific activities which may be included in the CER Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the CER Part; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CER Part, consistent with the Bank’s policies on the matter; and (vi) any other arrangements necessary to ensure proper coordination and implementation of the CER Part;

(b) afford the Bank a reasonable opportunity to review said proposed CER Annex;
(c) promptly adopt the CER Annex for the CER Part as shall have been approved by the Bank;

(d) ensure that the CER Part is carried out in accordance with the CER Annex; provided, however, that in the event of any inconsistency between the provisions of the CER Annex and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CER Annex without prior approval by the Bank.

2. The Borrower shall undertake no activities under the CER Part (and no activities shall be included in the CER Part) unless and until the following conditions ("CER Conditions") have been met in respect of said activities:

(a) the Borrower has determined that an Eligible Emergency has occurred, has furnished to the Bank a request to include said activities in the CER Part in order to respond to said Eligible Emergency, and the Bank has agreed with such determination, accepted said request and notified the Borrower thereof;

(b) the Borrower has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CER Annex, the Bank has approved all such instruments, and the Borrower has implemented any actions which are required to be taken under said instruments;

(c) the MoPWTC has adequate staff and resources for the purposes of implementing said activities; and

(d) the MoPWTC has adopted the CER Annex in form, substance and manner acceptable to the Association and the provisions of the CER Annex remain, or have been updated in accordance with the provisions of Section I.D.1(a) of this Schedule so as to be appropriate for the inclusion and implementation of said activities under the CER Part, including in relation to the Negative List.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the
amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consulting services under Part 1 and 2 of the Project</td>
<td>32,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures under Part 3 of the Project</td>
<td>412,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consulting services, Operating Costs and Training, Workshops and Consultations under Part 4 of the Project</td>
<td>2,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>87,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(5) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>35,000,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed $200,000 may be made for payments made prior to this date but on or after January 1, 2019, for Eligible Expenditures under Category (3); or

   (b) under Category (2), unless and until the Bank is satisfied, and notified the Borrower of its satisfaction, that all of the CER Conditions, as described under Section 1.D.2 of Schedule 2 to this Agreement, have been met in respect of said activities.

2. The Closing Date is December 31, 2024.
**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1 and November 1</td>
<td>2.08%</td>
</tr>
<tr>
<td>Beginning May 1, 2025 through May 1, 2048</td>
<td></td>
</tr>
<tr>
<td>On November 1, 2048</td>
<td>2.24%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. "Affected Person" means a person or entity who, on account of the execution of the Project has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and, "Affected Persons", means more than one such Affected Person.

2. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

3. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

4. "CER Conditions" means the conditions described under Section I.D.2 of Schedule 2 to this Agreement.

5. "CER Annex" means the operations manual referred to in Section I.D.1(a) of Schedule 2 to this Agreement, to be adopted by the Borrower for the CER Part in accordance with the provisions of said Section.

6. "CER Part" means Part 3 of the Project, as described under Schedule 1 to this Agreement.


9. "Eligible Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural crisis or disaster.

10. "Emergency Expenditure" means any of the eligible expenditures set forth in the CER Annex in accordance with the provisions of Section I.D.1(a)(ii) of Schedule 2 to this Agreement and required for the activities included in the CER Part.

11. "ESIA" or "Environmental and Social Impact Assessment" means the document prepared and adopted by the Borrower, dated November 2, 2018, acceptable to the Bank, disclosed in-country, and in the Bank’s website on November 5, 2018, setting out details of potential environmental and social risks and adverse impacts associated with any Project activity, together with an environmental and social management plan defining measures to manage such risks and impacts, and including any schedules to such assessment, and as such
assessment may be amended by the Borrower from time to time, with the prior written approval of the Bank.

12. "ESMP" or "Environmental and Social Management Plan" means the plan prepared and adopted by the Borrower, dated November 2, 2018, acceptable to the Bank, disclosed in-country, and in the Bank’s website on November 5, 2018 setting out: (a) details of the specific actions and measures to be taken during the implementation and operation of the Project to avoid, minimize, mitigate or offset adverse environmental and social impacts (including health and safety issues), or to reduce them to acceptable levels; and (b) policies designed to facilitate the achievement of the objectives of the ESIA under the Project, along with the procedural and institutional measures needed to implement such actions, measures and policies; including any schedules to such plan, and as such plan may be amended by the Borrower from time to time, with the prior written approval of the Bank.


14. "Greater Paramaribo Area" means the area of about 190 square kilometers in Paramaribo and located within the Saramacca Canal System catchment area.

15. "MOF" means the Borrower’s Ministry of Finance, or any successor thereto acceptable to the Bank.


17. "Operating Costs" means the reasonable costs, as shall have been approved by the Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Borrower’s civil service).

18. "Operations Manual" means the manual to be prepared by the Borrower in accordance with Section I.B of Schedule 2 to this Agreement.


20. “Project Committee” means the committee to be established by the Borrower in accordance to Section I.A.2(a) of Schedule 2 to this Agreement.

21. “RAP” or “Resettlement Action Plan” means any plan, satisfactory to the Bank, to be adopted by the Borrower, and disclosed on the Bank’s website, which includes the principles, procedures, organizational arrangements and budget to implement the
resettlement related activities under the Project, or under Parts of the Project; as said resettlement action plan may be revised from time to time with the prior written agreement of the Bank; and “RAPs” means, collectively, all such RAP.

22. “RPF” or “Resettlement Policy Framework” means the framework prepared and adopted by the Borrower, dated October 2, 2018, satisfactory to the Bank, and disclosed in country and on the Bank’s website on November 5, 2018, which sets out the resettlement principles, organizational arrangements (including consultation and budget), design criteria to be applied to resettlement related Project activities, and guidelines for the preparation and implementation of RAPs, as such framework may be amended from time to time with the prior written agreement of the Bank.

23. “Safeguards Instruments” means collectively, the ESMP, the ESIA, the RPF and the RAPs; and “Safeguard Instrument” means any of such Safeguards Instruments.


25. “Saramacca Canal System” or “SCS” means the structural and non-structural measures and elements of the canal that connects the Suriname river and the Saramacca river.

26. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

27. “SCU” means Saramacca Canal Unit, a unit to be established by the Borrower in accordance to Section I.A.1 of Schedule 2 to this Agreement.

28. “Training, Workshops and Consultations” means the reasonable costs, as shall have been approved by the Bank, for training, workshops and consultations conducted under the Project, including tuition, travel and subsistence costs for training, workshops and consultations participants, costs associated with securing the services of trainers, workshop speakers and facilitators, rental of training, workshops and consultations facilities, preparation and reproduction of training, workshops and consultations materials, and other costs directly related to training course, workshop and consultation preparation and implementation (but excluding goods and consultants’ services).