
**Pilot Program: Innovation for Firms
in Suriname – IFS**

Competitiveness Unit Suriname

Fact Sheet

Acronyms and Abbreviations

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| IFS-AC | IFS Advisory Committee |
| CUS | Competitiveness Unit of Suriname |
| IADB | Inter-American Development Bank, also referred as the Bank |
| ICT | Information and Communication Technologies |
| IFS | Pilot program: Innovation for firms in Suriname |
| IFS-DP | IFS Development Plan (action plan to increase sales, jobs, innovations) |
| MOU | Memorandum of Understanding |
| SUBCIP | Suriname Business Climate and Innovation Program |

Definitions

Definitions. The IFS will use the following definitions:

Applicant Company: formally registered firms or clusters (groups of firms) that may apply to the Program.

IFS-Advisory Committee (IFS-AC): the body responsible for supervising and monitoring the IFS and guiding its strategic implementation and coherence with the overall industrial development strategy. The IFS-AC is also responsible for the approval of projects and comprises one representative of the Government of Suriname and four representatives of the private sector. The IFS-AC will meet regularly and at least quarterly.

Clusters: Industry clusters are groups of similar and related firms in a defined geographic area that share common markets, technologies, worker skill needs, and which are often linked by buyer-seller relationships.

Competitiveness Unit of Suriname (CUS): The Competitiveness Unit Suriname (CUS), Ministry of Industry and Trade, is the government of Suriname designated responsible entity for driving issues related to competitiveness in Suriname. The unit manages the internal coordination among the government agencies and departments and other stakeholders to drive the country's competitiveness agenda.

IFS-Development Plans (IFS-DPs): Concrete and actionable plans, prepared by prospective IFS clients with guidance and assistance from the IFS team, to solve the binding constraints of firms/value chains to increasing sales to specific buyers, and generating job growth and innovation in the firms and value chains. IFS-DPs are prepared as applications to receive co-investment support from the IFS program and selected based on sales-program investment ratios and the ability to foster innovation in the firms and value chains.

IFS Task Manager: professional in charge of coordinating IFS program deployment, including identifying IFS clients, supporting preparation of IFS-DPs, coordinating IFS-DP approval process, and monitoring IFS/DP implementation. IFS Task Manager reviews possible IFS-DPs in terms of their overall validity. In addition, the Task Manager recommends IFS-DPs for processing depending on their quality and consistency of information provided. Once an IFS-DP firm/value chain is declared eligible, then the Task Manager oversees all IFS-DP documentation and makes it available to the corresponding actors. The IFS Task Manager considers technical and financial issues and ensures consistency between approved innovation projects and IFS program guidelines. The Task Manager reports to Executive Director of CUS and Program Manager of the PEU.

Suppliers: any firm that takes part in the business of providing particular services or goods (commodities) to other firms, in accordance to specific parameters or requirements defined by the customer or by the market requirements.

Value Chain: the earlier notion of value chain as a tool to explain the customer accumulation of value of an end product or service provision has been developed over the last three decades by several authors (e.g. Porter, 1985, Gereffi, 1999, and others) to reflect the changing form of industrial organization that is prevailing worldwide. Current explanations recognize the role of firms within the overall chain, its value-creating processes and activities from the raw material to their transformation into end-products or services, and the opportunities offered for firms' learning and upgrading.

Requirements for participation

As requirements to participate in the program, the firms need to:

- to be legally registered,
- tax compliant,
- Cannot be default with financial institutions.

The projects promoted by the Innovation Pilot will fully abide by IDB environmental and social safeguard requirements.

Eligibility Criteria:

The eligibility criteria are as follows:

- I. Applicants must be private formally registered companies or business chambers or associations.
- II. They must be located in Suriname.
- III. The lead firm or buyer firm must have been operating during the past year (12 months).
- IV. They may not have enforceable tax or benefits debt.
- V. The applicant must present documentation accrediting its legal status and validity.
- VI. The applicant must formally apply to the Program using the procedures and forms specified by the latter.
- VII. The applicant must present all required documentation.
- VIII. They must submit a written letter expressing their commitment to finance the business contribution and accept the financial conditions of the contributions
- IX. The applicant must be an eligible entity
- X. The applicant may not have legal issues with the Government of the Republic of Suriname.
- XI. The applicant must present documentation accrediting its legal status and validity.
- XII. The applicant must formally apply to IFS using forms specified and in accordance with the determined process and procedures.
- XIII. The applicant must present all required documentation.
- XIV. The applicant must submit a written letter expressing their commitment to finance the business own contribution and accept the financial conditions of the contribution.
- XV. The applicant must be willing to provide all information required by IFS or parties assigned to executive the mentioned tasks, for its monitoring, evaluation and audit reporting.
- XVI. The applicant must be willing and able to secure and guarantee an own contribution of at least 20% of the total investment, to emphasize the self-confidence and vested interest in the success of the investment
- XVII. Projects approved in the first round of IFS are not qualified to participate in the second round

The following aspects will be considered key in the project evaluation:

- I. Projected increase of the operational profit margin (gross income/sales)
- II. Increase in exports
- III. Diversification of international markets
- IV. Neutral or positive impact on the environment (clean production, organic production, etc.)
- V. The incorporation or participation of women
- VI. Increase in employment
- VII. Support to a cluster and value chain
- VIII. Buyer-Lead Approach
- IX. 5:1 Rule; for every dollar the Program invests there must be a return of 5 dollars
- X. Accountants (In case of firms) report which describes the administration and the internal control of the organization
- XI. Brief description of selection and assessment procedure/ General procurement process
- XII. Organizational structure (who is your replacement) articles of association the organization
- XIII. Testimonials
- XIV. Due diligence on the organization
- XV. Proof of registration with the Chamber of Commerce and Industry
- XVI. Provide all other information that the PEU considers interesting
- XVII. Items to be purchased with specifications

Eligible activities include:

- Enterprise training and business development advisory services.
- ICT adoption in firms.
- Organizational and technological advisory services.
- Quality standards and certifications.
- Environmental and social development.
- Logistics.
- Commercialization, market prospecting and exports.
- Cluster coordination, organization and management activities; related technical assistance and consulting services.
- Club goods (such as labs, design and prototyping centers, logistics units, cooling facilities, etc.).
- Pilots and prototypes.
- Technological upgrades, including equipment.
- Improvements in the reliability and quality of supply in the agri-food sector.
- Thematic and pre-investment studies on clusters' governance, management and administration strengthening.

Management Structure of the program

The CUS will execute the IFS given that this is a component of SUBCIP.

IFS-Advisory Committee (IFS-AC): The IFS-AC is the principal decision making arm of the IFS and has the responsibility to decide: (i) which IFS-Development Plans (IFS-DPs) are to be funded under the IFS; (ii) how much funding to expend on each IFS-DP; and (iii) if the IFS is operating optimally given its mandates. The IFS-AC is comprised of one representative of the Government of Suriname and four representatives of the private sector. The committee will be convened at least once per quarter or when the CUS Executive Director indicates that there are at least four IFS-DPs ready for deliberations (whichever occurs first).

The committee will also: (i) advise the Executive Director of the CUS on the priorities and the best way to achieve the goals of the IFS; (ii) approach other cooperating organizations to seek additional funds and ensure sustainability of the initiative; (iii) advise, under exceptional circumstances, in allocating direct funds for improving strategic economic sectors for regional development; (iv) foster the development of inter-agency partnerships to help the innovation and competitiveness improvement of SMEs and value chains in key economic sectors in Suriname.

Call for Proposals

The purpose of the call for proposal is to do a pre-selection of the IFS-Candidate firms. The selected Proposals after the call will be assisted in preparing the IFS-Development Plan. This IFS-DP will be presented to the IFS-Advisory Committee.

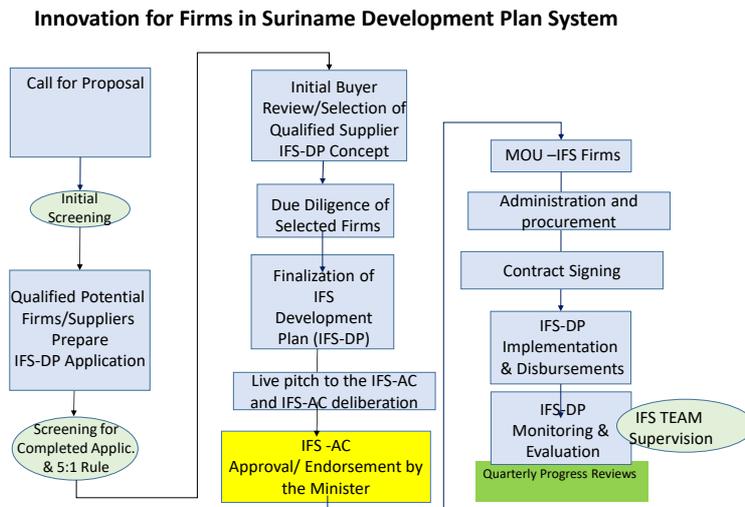
IFS Timeline & Flowchart

Timeline

| DATE | MILESTONE | POSITION |
|-------------|--|----------|
| 30-nov 2018 | Publish Cal for Proposal | |
| 30-Jan | End Call for Proposal | |
| 1-march | Announcement pre-selected projects 1 st round | |
| 5- march | Start with Final Application of the Pre-Selected IFS -Candidate firms - IFS-DP | |
| 30-march | IFS-DP's Finalized | |
| 15 -April | Pitch to the IFS -Advisory Committee | |
| 30-April | Final Results IFS -Advisory Committee | |
| 30-May | Administrative procedures ; according to ID Procurement | |
| 30- June | Contract Signing Selected IFS- Firms | |
| 30-July | Disbursements of Funds | |
| 2019 | Ongoing evaluation of execution | |

Flowchart

The IFS-Flowchart describes the path of execution of the IFS-pilot.



The IFS Flowchart can be separated into three steps as follows:

- The first step in the development of an IFS project is identification. To allow for timely elaboration of projects and a broad spectrum of projects, projects will be identified through a general call for proposal published by CUS. The proposals will be reviewed according to the eligible criteria of the IFS and selected based on the criteria. Selected proposals will be notified through The IFS. The selected proposals will go through a second application at this stage, the selected proposals are called IFS-DPs. The Assistant Task Manager who is also responsible for the due diligence shall conduct a due diligence on the firms looking in to the binding constraints of firms/value chains to increasing sales to specific buyers, and generating job growth and innovation in the firms and value chain. Once an IFS-DP firm/value chain is declared eligible, then the Task Manager oversees all IFS-DP documentation and makes it available to the corresponding actors. The IFS-clients also need to prepare a live pitch for the IFS-AC.
- The second step is the deliberation of the advisory committee on IFS-DPs. All IFS-DPs (Annex II) must be approved by the IFS-AC and final decision on funding must be unanimous. The IFS-Firms will have a chance to pitch their proposal to the The IFS-AC. This activity consists of a 10-minute pitch and a 20-minute Q&A session. The IFS advisory committee must give written instructions to the IFS task manager on: (i) their recommendation (approval/rejection); and (ii) the amount of IFS funds to be spent on each project subsequent to their deliberations.
- Step three is execution. The IFS task manager must communicate the decision of the IFS advisory committee to all applicant firms and start the process of formal negotiations on how to execute the instructions of the advisory committee no later than one-month post IFS-AC communicating such decisions to the task manager. To do this the task manager must transform the IFS-DP into a project document as per the template attached as Annex 1. Execution of these projects should be compliant with IDB guidelines and procedures or as otherwise stated in this document. A project is deemed completed once all the activities have been carried out and IFS-AC has approved the final report of activities on each project.

Procurement

Use of funds under the IFS for approved projects will follow AWS/UWS (public and private sector procurement rules) or firm specific procurement rules if found suitable or IDB procurement rules and follow establishment IDB guidelines, to be determined by the PEU. As such, in the design of projects, there should be a clear delineation of those activities to be financed by the IFS and those to be financed by the applicant firm. Procurement using approved IFS resources will be undertaken by CUS subsequent to agreeing the specifics of procured products/services with the applicant firm and follow IDB procurement rules. Procurement using the applicant firm's resources will follow private sector procurement rules. All procurement must be clearly outlined in the project document.

General Check list for the procurement of Goods, Works and Services

1. Prepare and submit a justification in case of Single Source Selection if applicable
2. Prepare and submit technical specifications
3. Prepare and submit a job description in case of services.
4. Prepare requirements to hire a subject matter expert (firm or individual) in case of works
5. Hire a subject matter expert to prepare requirements, specifications of the road, check the condition of the road, prepare a bidding document and conduct a competitive bidding process through UWS and AWS procurement rules and monitor the rehabilitation of the road. Submit all these documents at the PEU.
6. Inform the Ministry in writing about the firm or individual that was hired with the contract as an attachment. These payments shall be considered as the contribution of the beneficiary.
7. Inform the ministry in writing if there are changes with respect to the project execution
8. Request and submit at least three quotations
9. Submit a confirmation letter of the order from the supplier.
10. Submit evaluation report
11. Prepare a confirmation letter that the offer has been accepted by the buyer.
12. Submit the pro forma invoices and signed payment and delivery terms of the selected suppliers to the executing agency in case the goods are imported.
13. Submit the invoices of all goods and services
14. The quotations must be valid at least 120 days after signing date of this contract.
15. Coordinate and assure the delivery and installation of the goods.
16. Coordinate the services
17. Submit a performance guarantee of 10% of the contract price in case of works
18. Submit **visual material** to indicate that the goods have been delivered and installed adequately and in operations
19. Submit visual material to indicate if progress is made with the road and if the work has been completed in a satisfactory matter.
20. Submit **visual material** to indicate that the ground has been made ready according to plan, fertilized and maintained, that planting material have been received, that planting of the pineapples has adequately executed, that the pine apple has been harvested and sold to the buyer.
21. Evaluate the quotations (The selected bidder shall comply with all specifications and requirements) and the price should be within the estimated budget and in line with market prices.

22. Ensure that companies and individuals that are hired and paid with Grant funds comply with the Inter-American Development Bank's Eligibility Criteria Request the following of the suppliers in case of goods:
- *Insurance certificate for all goods before shipment.*
 - *Shipment certificate.*
 - *Declarations that the goods are new and unused.*
 - *A certificate for manufacture warranty of at least 1 years.*
 - *A declaration that the goods are manufactured in an eligible country of the Bank (See Annex 1).*
 - *a list of the goods and delivery schedule.*
 - *A list with related services, if applicable.*
 - *The language of the Quotation shall be English and alternatively in Dutch.*

This document is subject to changes