



COMPETE CARIBBEAN PROGRAM

RG-X1044

SURINAME

SECURED TRANSACTION REFORM IN SURINAME (SU-CC2077)

**Consultancy for Communications Expertise in Support of Secured Transactions Reform in
Suriname**

TERMS OF REFERENCE

1. BACKGROUND

Compete Caribbean is a regional private sector development program jointly funded by the Government of Canada (GAC), the United Kingdom Department of International Development (DFID) and the Inter-American Development Bank (IDB). The ultimate goal of this program is to contribute to the increase in the standard of living and quality of life, and the enhancement of the competitiveness of the 15 independent CARIFORUM countries.

The Government of Suriname signed a technical cooperation project with the Compete Caribbean Program to assist in improving the enabling environment for business development, trade and integration in Suriname. The project is intended to establish a Framework for the Implementation of the Secured Transactions Regime for Movable Assets, including the establishment of a Collateral Registry, and thereby streamline the mechanisms for SME access to credit.

According to World Bank (enterprise surveys) and the World Economic Forum, access to credit remains a challenge in Suriname and the market is not highly effective in terms of providing the financing and other financial services needed by the private sector or households. Private sector credit is less than 30% of GDP in spite of rapid growth over the past five years fueled by stable macroeconomic conditions and robust economic growth. Similarly, markets are narrow, as financial markets offer only a limited range of financial instruments. Most business lending is centered on working capital needs and fixed assets (primarily real estate) are required as collateral for almost all credits. Maximum terms, apart from mortgage lending, are about five years. With almost a complete absence of capital markets, equity and bond financing are largely unavailable. In the 2013-14 World Economic Forum survey, Suriname is ranked 111th of 144

countries in terms of Financial Market Development¹ (overall ranking 106). Access and use of external finance is therefore limited and firms consider this limitation to be a major hindrance to growth and competitiveness².

A major impediment to lending in Suriname is the outdated framework for pledging movable property as collateral. A wide array of legislation based primarily on outdated laws, governs the pledging of business and personal assets as security for loans.³ Although the current Suriname legal system allows for some forms of secured lending in Suriname, each has some restrictions on the type of collateral, the type of debtor and the type of creditor and has different costs and procedures. Each option comes with its own set of rules for creating security, many of which are very costly. The current system particularly disadvantages smaller businesses, new businesses and women entrepreneurs. The establishment of a secure transactions framework and registry in Suriname will enhance the security of loans, by making the pledging of movable property relatively simple and inexpensive. Lenders would be able to determine easily that assets are unencumbered and in the event of default, rapidly foreclose on the pledged assets, thereby reducing their risks of loss. Thus, a single and simple set of rules for creating security in movable property of any nature, that would allow any corporation or individual to give or take security in the form of movable property, would allow access to credit under much simpler and less costly circumstances to a broader spectrum of the population.

With the goal of improving access to credit, the Government is in the process of enacting a law aimed at creating a legal framework for secured transactions in Suriname. This is being done through the Competitiveness Unit of Suriname (CUS) under the Ministry of Trade and Industry. However, this initiative shall be complemented with a set of additional reforms and actions in order to strengthen the ability of government departments and agencies to fulfill their missions and to achieve results.

It is expected that when the law permits effective use of collateral, the risk from lending falls. Lenders react by offering more credit at the same or better terms. More credit at lower interest rates permits higher rates of investment and more capital per worker, resulting in much higher incomes. Seventy percent of bank loans in the United States are secured by movable assets; at the same time, credit in the United States is about ten times higher relative to GDP than it is in most developing countries.

By increasing access to finance, a legal framework for secured transactions also reduces poverty and reduces wealth disparities, because secured transactions for movable property facilitates greater availability of credit for the poor and for micro and small enterprises.

¹ The Global Competitiveness Report 2013-2014, Table 6. http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

² Suriname is ranked at 159 out of 185 in terms of Access to Credit in the Doing Business 2013- World Bank Report (overall ranking 161).

³

Reform requires a strong legal and institutional framework for enhancing the security of loans, by making the pledging of movable property relatively simple and inexpensive. The project has supported the development of the legislation that should be enacted shortly. In addition, the project has engaged a consulting firm (IOS Partners Inc.) to design and implement a modern, electronic registry for recording security interests which meets the needs of the Government of Suriname, the private sector and the banking community. As part of this consultancy, the firm will design a long term communications strategy after consultation with various stakeholders.

However, a lack of awareness is one of the factors that can inhibit the efficacy of the Secured Transactions Reform and could contribute to suboptimal credit demand in Suriname. It is critical to have a general public understanding and appreciation of the nature of the Secured Transactions Reform and the process through which SMEs can take advantage of secured interests. As such, prior to the development of the long term communications strategy, a short term public awareness campaign is required to increase public awareness on the importance of Secured Transactions Reform and its impact on increasing access to finance.

2. CONSULTANCY OBJECTIVES

The main objective of this consultancy is to design and implementation a suite of educational/communications products geared towards increasing public awareness and sensitizing key stakeholders on the processes and benefits associated with secured lending.

3. ACTIVITIES

- a. The consultant will develop a plan for implementation with costs of the following suite of products:

Products:

- .i Development of content for use via social media channels, i.e. LinkedIn, Facebook, and Twitter.
- .ii Design and placement of two strip or teaser ads in Business newspapers.
- .iii Design, production and placement of a 30 second radio commercial for Secured Transactions
- .iv Design, production and placement of a 2 minutes radio infomercial.
- .v Design, production and placement of a 30-sec TV commercial
- .vi Design and print of one Pull-up Banners 95x210 cm. Printed on Vinyl.
- vii. Produce and place a 3 part advertorial (on how the reforms work) in the national newspapers and on line.

- viii. Design and print a tri fold brochure that will serve to reinforce awareness of reforms. Specifications: 1.000 copies each printed on both sides in colour (12x9 folded to 4x9).
- b. Design and placement of the products as identified above, according to the implementation plan in agreement with the CUS and IDB. The products should all be designed taking into consideration the following:
 - a. Sustainability - Capability of being reused and replicated for an indefinite period.
 - b. Capability of being disseminated to a wide cross-section of persons as well as to specific groups, with particular attention given to the poorer, less informed segments of the population.
 - c. Ability to focus on dissemination of information with audience appropriateness emphasizing how to utilize the Secured Transactions Electronic Registry and the dissemination of the critical tenets of the draft Secured Transactions Act and the implication for the ease of access to and cost of financing.
 - d. Take into account innovations currently being implemented or planned in terms of increasing access to finance and perfecting secured interests in Suriname.
- c. Support four stakeholder training workshops. The consultant will act as a liaison and provide logistical support to IOS Partners Inc. to undertake four stakeholder training workshops on the use of the collateral registry system (such as creditors, judges, execution officers, government officials and the private sector).

4. DELIVERABLES

The following deliverables are expected:

- .1 An Implementation Plan – the plan should outline the agreements of the Inception Meeting, a time schedule for the delivery of the communications products, and an estimated cost of completion of all products. The Implementation Plan should be submitted within two weeks of the Inception Meeting. The CUS and the IDB will agree on what should be implemented based on this plan.
- .2 A report on design and placement of the suite of products, after discussions with the CUS.
- .3 A report detailing outcomes of the four stakeholder workshops held in conjunction with IOS Partners Inc. including a participant list and participant feedback.

5. PAYMENT SCHEDULE

Payment will be made following the submission and acceptance of deliverables and approval of an invoice:

- 10% on signature of the contract,
- 20% upon acceptance and approval of the Implementation Plan (Deliverable 1)
- 50% upon acceptance and approval of the complete suite of agreed products, including placement (Deliverable 2).
- 20% upon acceptance and approval of the stakeholder training workshop report following the four stakeholder workshops with IOS Partners Inc. (Deliverable 3)

6. QUALIFICATIONS

The Consultant should have:

- Advanced degree in communications, media studies, marketing, public relations, or related areas.
- At least 5 years of experience in the area of developing communications strategies and producing communications products.
- Proven track-record of implementing successful communication strategies for corporate or government clients.
- Functional competencies-
 - Good IT skills and advanced command of relevant industry-standard software, in particular web and social media tools.
 - Excellent oral and written communications skills and editing skills.
 - Proven networking skills and ability to generate interest in various stakeholder groups.
- Understanding of the complexities of Suriname context.

LANGUAGE: Fluent in Dutch and English

7. CHARACTERISTICS OF THE CONSULTANCY

Consultancy Category and Modality: Product and Services (PEC) Lump Sum. The lump sum will cover consulting fees as well as the costs of all materials, communication products and placements.

Duration: 1st August to 30th October, 2016

Work location: External consultancy. Suriname.

8. COORDINATION

The overall technical responsibilities for this consultancy will be coordinated by Navita Anganu (CMF/CJA), project Team Leader. The Administrative responsibility will be coordinated by the Compete Caribbean PCU. The day to day technical coordination of the consultant will be the responsibility of the Competitiveness Unit of Suriname (CUS).

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractual, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDS status. We encourage women, Afro-descendants and persons of indigenous origins to apply.