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IDB GROUP COUNTRY STRATEGY
WITH
SURINAME
(2021–2025)
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Acronyms and Abbreviations

AFD	French Development Agency
CDB	Caribbean Development Bank
COVID-19	Coronavirus disease 2019
CS	Country Strategy
CSU	Country Office Suriname
EU	European Union
GDP	Gross domestic product
GoS	Government of Suriname
ICT	Information Communications and Technology
IDB Group	Inter-American Development Bank Group
IDB Lab	Innovation Laboratory of the IDB Group (formerly Multilateral Investment Fund)
IICA	Inter-American Institute for Cooperation on Agriculture
IMF	International Monetary Fund
IsDB	Islamic Development Bank
LAC	Latin America and the Caribbean
MOH	Ministry of Health
NEET	Not in Education, Employment, or Training
OVE	Office of Evaluation and Oversight
PAHO	Pan American Health Organization
PBL	Policy-based loan
PEFA	Public Expenditure and Financial Accountability
PEU	Project Execution Unit
SCADA	Supervisory Control and Data Acquisition
SG	Sovereign guaranteed
SLR	Sea level rise
SMEs	Small and medium-sized enterprises
SOEs	State-owned enterprise
TFFP	Trade Finance Facilitation Program
TVET	Technical and vocational education and training
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank
WEF	World Economic Forum
WHO	World Health Organization

EXECUTIVE SUMMARY

Socioeconomic Context	<p>Suriname is a small, open, commodity-based economy that is vulnerable to external shocks. Exports are concentrated in the extractive sector (mainly gold and oil), which generates approximately 86 percent of its foreign exchange earnings and 25 percent of government revenues. Suriname is experiencing a severe macroeconomic disequilibrium stemming from an overhang of the 2015 commodity shock and the ongoing COVID-19 pandemic. The economy exhibits large macroeconomic imbalances, high foreign currency-denominated debt, low growth, low international reserves, banking sector vulnerabilities, and credit rating downgrades to default status. The government responded to the crisis with a plan that focuses on stabilizing the economy. Suriname reached a staff level agreement on a medium-term program that could be supported by IMF resources under the Extended Fund Facility. The government is also seeking support from the Inter-American Development Bank Group (IDB Group) and other multilaterals.</p>
The IDB Group in Suriname	<p>The IDB Group holds the largest share of Suriname’s multilateral public debt (81 percent, or 13.6 percent of GDP in 2019) and is an important source of technical assistance to the government. Through its operations, the IDB Group covers over ten sectors with investment loans, investment grants, and technical cooperation projects. During the 2016–2020 Country Strategy (CS) period, there has been no policy-based loan (PBL) support except for a disbursement in 2016 that was from the previous CS period. Four IDB Invest operations were approved for a total amount of US\$34 million. Six non-reimbursable operations by IDB Lab were also approved, corresponding to US\$3.1 million.</p>
Strategic Areas 2021–2025	<p>The new Country Strategy will support restoring macroeconomic sustainability, promoting private sector competitiveness, and improving basic services and social protection. Economic stabilization requires improving public expenditure management and strengthening public administration while protecting the social safety net. The longer-term priorities focus on private sector development, digitalization, financial inclusion, and strengthened social protection. These priorities will be addressed taking into consideration gender and diversity, climate change and environmental sustainability, and institutional capacity and the rule of law. The IDB Group will emphasize the coordinated use of policy and investment instruments to support the reform processes and provide technical and financial resources geared toward knowledge generation for developing consensus around evidence-based policies. The 2021-2025 CS is strategically more focused than the previous CS, with 3 priority areas, 8 strategic objectives, 12 expected results and 15 indicators to measure progress.</p>
Indicative Lending Framework	<p>The IDB Group estimates average approvals of about US\$90 million of sovereign-guaranteed (SG) loans each year, totaling US\$450 million over the period. Average annual disbursements will be around US\$74 million, with average net cash flows of US\$106 million.</p>
Risks	<p>There are three main risks to this strategy: (i) macroeconomic risks including possible delays in securing and implementing the expected IMF program — strong government commitment is needed to implement long-term programs for strengthening institutions and preventing the recurrence of economic crises; (ii) the potential for natural disasters to undermine growth and employment; and (iii) constraints in available human resources to carry out project execution. The CS envisions a proactive approach to support the government and the private sector in the form of technical assistance to mitigate all sources of risk, as well as others related to portfolio execution and natural disasters.</p>

I. SOCIOECONOMIC CONTEXT¹

- 1.1 **Even before the COVID-19 pandemic, Suriname had not yet recovered from the 2015 recession, which was caused by a sharp decline in the price of its chief export commodities (gold and oil) and the cessation of alumina production.** As a result, Suriname is confronting the ongoing pandemic with inadequate fiscal buffers, large twin deficits (fiscal and current account), low growth, high debt levels, and low international reserves.² This is taking a toll on quality of life. Although confronting a precarious economic situation in the short term, recent oil discoveries could help to support an economic recovery over the medium term.³ However, returning to a sustainable path through an inclusive recovery requires many policy reforms. Strengthening and building institutions to restore macroeconomic stability and support an inclusive socioeconomic recovery are the country's immediate priorities. The COVID-19 pandemic has also elevated longstanding competitiveness issues for the private sector, such as inadequate infrastructure and connectivity, financial inclusion, and a skills gap. Preliminary evidence also suggests the need for a stronger and more efficient social protection program to support the poor and vulnerable groups that are most affected by the pandemic.
- 1.2 **Economic growth is expected to remain subdued over the medium term.** Real GDP contracted by 3.4 percent and 5.6 percent in 2015 and 2016, respectively. An improvement in commodity prices and especially gold production helped return growth to positive territory, averaging 1.9 percent in 2017–2019. The ongoing COVID-19 pandemic and the fall in oil prices are adversely affecting economic growth. The service sectors (wholesale and retail, transportation, hotels, and restaurants), which account for 49 percent of Suriname's GDP, are adversely affected by ongoing COVID-19-related restrictions and will be further affected by the exchange rate devaluation in the last quarter of 2020.⁴ Against this backdrop, it is estimated that real GDP will contract by 12.5 percent in 2020 and grow on average 1.2 percent over the period 2021–2025.
- 1.3 **Fiscal and public debt sustainability are key issues to realize a healthy recovery.** The country's fiscal and debt positions are unsustainable. Suriname's fiscal deficit averaged 11.4 percent of GDP for the period 2015–2019, and central government debt was estimated at 123.1 percent of GDP at the end of June 2020.⁵ The underlying structural factors contributing to this challenge include deficiencies in expenditure and revenue policies and inadequate economic institutions and policy frameworks to guide fiscal and macroeconomic policies.
- 1.4 **The COVID-19 pandemic led to a reduced quality of life for Surinamese citizens, especially vulnerable groups.** In 2017, poverty was estimated at 26.2 percent, and 13 percent of households were at risk of poverty. Income inequality (Gini coefficient) was estimated at 0.44. Poverty spikes are expected because of the ongoing pandemic and macroeconomic

¹ The Country Strategy with Suriname will be in effect from its approval date until December 2025.

² Khadan, J. 2020. COVID-19: Socioeconomic Implications on Suriname. Technical Note: IDB-TN-1920. Washington, DC: Inter-American Development Bank.

³ Rystad Energy estimated that the recent oil discoveries could be about 1.4 billion barrels of oil-equivalent resources. Although lower than the 8 billion oil-equivalent barrels discovered for Guyana, it is significant as Suriname's proven oil reserves in 2018 were estimated at 87 million barrels. See <https://oilnow.gy/featured/suriname-oil-discoveries-estimated-at-1-4-billion-barrels-rystad-energy/>

⁴ The CBvS devalued the country currency by 90 percent in September 2020.

⁵ IMF. 2020. World Economic Outlook. Washington, DC: IMF.

adjustments.⁶ The International Monetary Fund (IMF) estimated that the unemployment rate would increase to 11.2 percent in 2020 from 9 percent in 2019. The measures implemented to curb the spread of COVID-19 have affected all sources of household income. The results of an IDB online survey⁷ conducted in April–July 2020 found that the percentage of Surinamese households reporting income below the minimum wage increased from 23.2 percent in January 2020 to 31.7 percent in April–July 2020.⁸ Low-income households were the most severely affected, particularly from employment loss (35.9 percent), compared to middle- and high-income households (27.0 percent and 14.9 percent, respectively). In Suriname, 23.8 percent of the respondents reported an increase in domestic violence within their households since the beginning of the pandemic. The increase in domestic violence was higher for low-income households (33.1 percent) compared to middle- and high-income households (23.2 percent and 14.7 percent, respectively). The IDB online survey also found that most low-income households could not afford basic goods and services for one month: 64.7 percent of low-income households reported having enough resources to cover necessities for one week, and only 16.7 percent reported having enough savings to cover one month or more of basic expenses.

- 1.5 **Suriname underachieves in many institutional dimensions and has a low level of digital service provision by the public sector.** The 2018 World Governance Indicators show that government effectiveness, regulatory quality, rule of law, and control of corruption in Suriname continue to be weaker than in most Caribbean countries and have been deteriorating. The country's ranking in the United Nations e-Government Development Index was relatively low, 122 out of 166 countries in 2020. This result is due in part to the lack of a robust and integrated digital identity framework and inadequate digital competence levels.⁹
- 1.6 **Private sector development is constrained by several structural factors.** An underdeveloped financial sector, inadequate human capital, insufficient public infrastructure, and low adoption of technology undermine private sector performance.¹⁰ Future oil and gas business also presents a challenge but at the same time an opportunity for labor and local content activity. The country also needs to recognize that stranded assets in the transition to a 1.5C compatible world represent a risk for investments and jobs.¹¹ Those potential negative impacts can be avoided if managed appropriately and from an early stage, as to ensure a just transition.
- 1.7 **The government is developing the country's national development plan for 2021–2025.** In the meantime, the new administration that took office in July 2020 has identified several priorities through the recently approved 2021 budget.¹² The key priority areas include measures to stabilize the economy, such as reforms to the tax system, expenditure and debt management policies, and

⁶ For example, the Central Bank of Suriname devalued the exchange rate by 90 percent in September 2020, and the authorities have indicated their intention to undertake austerity policies in the short term.

⁷ See <https://bit.ly/30ELNyc>.

⁸ The survey was conducted for 17 countries in Latin America and the Caribbean. See <https://bit.ly/3rISII6>.

⁹ See <https://bit.ly/32H3Yol>

¹⁰ Khadan, J. 2020. Suriname in Times of COVID-19: Navigating the Labyrinth—Inter-American Development Bank. Technical Note IDB-TN- 1920.

¹¹ This refers to the global goal to limit global warming below 1.5 Celsius. Furthermore, the demand for fossil fuels is expected to decline as countries aim to reduce greenhouse gas emissions and cope with the increasing social and economic impacts of climate change. In that regard, it is important for Suriname to plan for the economic consequences of fossil fuel phase out by pursuing policies to diversify export earnings and fiscal revenues, investing in renewable energy, economic diversification and supporting private sector engagement in sustainable and climate-change-related economic activity. See Caldecott B, Elizabeth H, Cojoianu T, Kok I and Pfeiffer A. 2016. Stranded assets: a climate risk challenge IDB Working Paper Series IDB-MG-481 1–6.

¹² See <https://bit.ly/3kOTIG9>

overall strengthening of the country's economic institutions. Enhancing the country's social safety net and measures to stimulate the productive sector are also important. The government is also keen on strengthening connectivity within Suriname and with neighboring countries to increase tourism, trade, and investment. To support its recovery plan, Suriname reached a staff level agreement on a medium-term program with the IMF under the Extended Fund Facility. The government's program which could be supported by the IMF Extended Fund Facility and other international financial institutions aims to lay the foundation for a strong, resilient, and inclusive economic recovery.

II. THE IDB GROUP IN SURINAME

(i) Portfolio Summary

- 2.1 **The IDB Group continues to be the largest source of multilateral financing in Suriname.** The Bank holds the largest share of multilateral¹³ public debt (81 percent, or 13.6 percent of GDP in 2019) and is an important source of technical assistance to the Government of Suriname.¹⁴ Other multilateral financing sources include the CDB (8.9 percent of multilateral debt and 1.4 percent of GDP), the Islamic Development Bank (2.6 percent of multilateral debt and 0.4 percent of GDP), and the World Bank. Through its operations, the IDB Group covers over ten sectors, with investment loans, investment grants, and technical cooperation projects. During the 2016–2020 CS period, there has been no PBL support offered to the country except for a disbursement in 2016 that was from the previous CS period.
- 2.2 **The IDB Group's CS with Suriname 2016–2020 (GN-2873) focuses on economic stabilization and modernization of the public and private sectors.** In line with this, it has three overarching strategic objectives: (i) public sector modernization; (ii) private sector development; and (iii) strengthening of human capital. The dialogue area of developing knowledge products and coordinating with other donors to contribute to an efficient flow of information to support the health sector was incorporated into the Health Services Improvement Project (SU-L1054),¹⁵ approved in 2018. During the CS period, the Bank approved US\$278.2 million as support to the public sector, including US\$267.5 million for ten sovereign guaranteed loans, US\$2.7 million in one investment grant, and US\$8.0 million in 20 technical cooperation projects (TCs). Average annual disbursement¹⁶ was approximately US\$39 million. As of the end of this CS period, the active loan portfolio comprised 14 SG operations for a total approved amount of US\$355.5 million, which is more than double the amount in 2016.¹⁷ The total undisbursed balance is US\$243.6 million. The average age of the portfolio is 3.2 years. PMR ratings include some “alert” and “problem” projects, while the majority are rated satisfactory. Twenty-six TC projects were approved, with an available balance of US\$4.4 million.
- 2.3 **Private sector engagement improved during the 2016–2020 CS period.** IDB Lab approved six non-reimbursable operations (one was partially reimbursable) during the period for an amount

¹³ On the bilateral side, the People's Republic of China has become a prominent source of financing, accounting for 86 percent of bilateral debt (or 10.4 percent of GDP).

¹⁴ Ministry of Finance (MOF). *Financiele Nota 2020 [The Budget Note 2020]*, Government of Suriname, 2020.

¹⁵ Approved on August 29, 2018, for US\$20 million.

¹⁶ Excluding 2020.

¹⁷ Currently the sectors supported by the Bank include agriculture, energy, education, fiscal strengthening, transportation, urban development, and health. This included two operations from the legacy portfolio: in agriculture and energy sectors.

of US\$3.1 million. These operations addressed gender and cultural equality issues, human capital development, and resilience to climate change. Disbursements under IDB Lab totaled US\$1.8 million during this period. Under IDB Invest, four projects were approved and closed during this CS period for a total amount of US\$34 million. Two Trade Finance Facilitation Program (TFFP) lines were closed to facilitate closing of trade finance deals for local companies.¹⁸ The third project was the support for renovation, expansion, and modernization of an existing bakery for an amount of US\$10 million.¹⁹ The fourth project was a senior loan of US\$3 million to support the local banking system to expand its Small and Medium-Sized Enterprises portfolio growth by providing additional funding sources to address the effects of the COVID-19 pandemic in Suriname.²⁰

(ii) Key Results Achieved

- 2.4 **Main results of the 2016–2020 Country Strategy:** The Bank continued to be the principal source of external financing and provider of technical knowledge. The Bank's support has set the basis for further modernization of the public sector and improved conditions for higher productivity, and it has established a framework for strengthening human capital.
- 2.5 Under the priority area of **public sector modernization**, the Bank financed a loan for fiscal strengthening.²¹ This project helped the Directorate of Taxes and Customs (DOTC) acquire a computerized tax administration system and a building with modern equipment and facilities to house the DOTC. A large part of the operation was reformulated into a loan to finance urgent payments to vulnerable population groups affected by COVID-19. Therefore, the Bank's support in this area remains to be continued. Under the priority area of private sector development,²² the IDB Group contributed to different areas. First, regarding business climate improvement area, 11 laws aimed at modernizing the legal and regulatory framework for the business climate were put in the legislative processes. Over 100 public sector officials and over 200 private sector officials were trained on privacy law, consumer protection, competition law, the special economic zones, and change management. An Industrial Policy for growth and diversification was designed, and institutional designs and procedures for the competition authority, consumer protection authority, and intellectual property board were finalized. To stimulate innovation in business, the government ran four rounds of the Innovation for Firms in Suriname (IFS) competitive funding process, benefiting mostly micro and small enterprises.
- 2.6 **The energy sector** played a prominent role during the CS period. Three SG operations²³ delivered tangible results. These include the design and installation of three information and communication technology (ICT) systems, including the new control center, to digitalize and improve the operation of the grid; improvement in the transmission infrastructure by upgrading two critical substations and the construction of a new substation; and implementing energy efficiency measures. Energy access in rural areas was improved by extending the grid in Powakka area, providing 24-hour electricity service to 510 households in the area, and implementing a 500-kilowatt solar mini grid in Pokigron and Atjoni, providing electricity to 572 households. These

¹⁸ 12132-03 and 12817-02.

¹⁹ SU3323A-01.

²⁰ 12132-03.

²¹ 4112/OC-SU for US\$40 million.

²² 3402/OC-SU for US\$5 million.

²³ 3059/OC-SU, 3403/OC-SU, and 4931/OC-SU.

results significantly improved the lives of the residents of these communities in terms of productivity.

- 2.7 Under the priority area of **strengthening human capital**, the Bank supported education through the development of learning standards at the pre-primary and primary levels (grades 3-8) and the reform of the curriculum for these grades. Through the program, over 2,000 primary teachers received training on how to use the new curriculum, of which more than 1,100 received training in using B-Streaming methodology, and more than 350 B-Streaming school kits were distributed. A school census was completed to determine the infrastructure needs for all primary schools. To strengthen teacher training, the Bank supported the construction of a building for Center for Training of Suriname (CENASU).
- 2.8 In the **Housing and Urban Development area**, a US\$20 million loan²⁴ was approved in 2017 for the urban rehabilitation of Paramaribo's historic center, a UNESCO World Heritage Site (WHS), creating a highly visible operation in the country. More than 40 percent of the reconstruction of the historic Parliament Building, begun in 2019, has been completed, and the rehabilitation of four strategically positioned heritage buildings and rehabilitation of the historic riverside area are in preparation. The Bank has designed a grants program totaling US\$0.5 million to support the rehabilitation of privately owned historic buildings in the World Heritage site. To improve the management of the historic site, the program developed a management plan for the Paramaribo World Heritage Site (PWHS), and staff members of the foundation responsible for managing the PWHS are receiving training in using geographic information systems, and in WHS management.
- 2.9 **Lessons learned.** Several lessons have been learned from the implementation of the 2016–2020 CS. First, establishing transparency among all parties involved is key to the success of any operation and is indispensable in those aimed at policy and institutional reforms. The Bank planned and designed its support in this area based on the assumption that the 2016 IMF Stand-by Arrangement would be adhered to. Since this was not the case, and the government's decision to change course was not sufficiently shared with the Bank, it proved difficult to make progress on this agenda. Second, the Bank needs to enhance its efforts to strengthen Suriname's overall institutional setup for project execution. This should involve not only technical training but also supporting the streamlining of the government's work processes. Many transactions take longer than initially planned in the Annual Operations Plan. Since all financial matters are legally the function of the Ministry of Finance and Planning (MOFP), the number of transactions tends to surpass the current capacity that the ministry can handle in a timely manner. On the part of the line ministries, project management, procurement, and financial management are still weak, reflecting the thin layers of available trained human resources and the fact that these functions are not sufficiently professionalized in the country. In view of the above, simplification of work processes and enhancement of coordination between the MOFP and line ministries are necessary. At the same time, future training goals should be set so that government officials become capable of effectively implementing their own projects. Related to this context, an updated salary scheme is needed for hiring executing unit staff members that considers the background and experience of candidates. Additionally, the use of the national system in Suriname needs an overall review. Since there have been cases where the use of Treasury Single

²⁴ 3905/OC-SU for US\$20million.

Account (TSA) added transactional complexity, a systematic reassessment of the flow of resources would be beneficial. With these enhancements, project execution in Suriname will improve significantly.

- 2.10 **Lessons learned from non-sovereign guaranteed operations.**²⁵ Two can be highlighted: (i) many clients and projects in small markets like Suriname require upstream support to build firm capacity, to structure projects, and to support the client through execution; and (ii) reducing the costs of structuring transactions is crucial to allow Suriname to benefit from more efficient operations with financial institutions, corporates, and financing of infrastructure assets.

III. STRATEGIC AREAS

- 3.1 **The IDB Group’s Country Strategy in partnership with the Government of Suriname 2021–2025 aims to support a sustainable recovery by restoring macroeconomic stability, improving the delivery of social services, and strengthening the private sector.** Based on lessons learned from the previous CS, on the results of the Country Development Challenges²⁶ update and on the government’s priorities, the new CS 2021–2025 builds on the previous CS by supporting three strategic areas of engagement: (i) restoring macroeconomic sustainability, (ii) promoting private sector competitiveness, and (iii) improving basic services and social protection. Cross-cutting issues related to gender equality, diversity, and inclusion, climate change resilience, data production and access, and institutional capacity and the rule of law will be mainstreamed into each of these areas. The 2021–2025 CS is more focused with 3 priority areas, 8 strategic objectives, 12 expected results and 15 indicators to measure progress compared to the 2016-2020 CS which identified 3 priority areas, 9 strategic objectives, 18 expected results and 22 indicators to measure progress.
- 3.2 **The lines of intervention envisaged in this strategy align with the government’s 2021–2022 Recovery Plan.** The 2021–2022 plan focuses on six areas: (i) establishing a climate for sustainable development; (ii) promoting fiscal sustainability through fiscal consolidation policies and improving the country’s tax system; (iii) enhancing the contribution of the real sector to the economy by promoting economic diversification and improving the business climate; (iv) developing an efficient and effective social safety net to protect the most vulnerable in society; (v) strengthening institutions of government and governance; and (vi) continuing to pursue measures to minimize the negative effects of the COVID-19 pandemic on the economy and society.
- 3.3 **The priority areas and cross-cutting themes outlined in this section relate to the objectives of the Second Update of the Institutional Strategy 2020–2023, Vision 2025. Reinvest in the Americas: A Decade of Opportunity, and IDB Lab (formerly, Multilateral Investment Fund)—Business Plan 2020–2022** through the establishment of smart institutional frameworks and enhanced capacity of the state, inclusion of all segments of the population in financial markets, developing quality human capital through lifelong skills development, providing adequate knowledge and innovation ecosystems by facilitating the use of technologies, promoting gender equality and diversity, and addressing the economic and social impacts of climate change

²⁵ CII/GN-354-1, “Small and Island Action Plan Update” 19 October 2020, internal IDBG document.

²⁶ Although the Country Development Challenges update was completed in April 2020, the diagnosis remains valid, and the issues faced by the country were only aggravated by the current crisis. This CS will be focused on addressing the structural problems identified in the CDC update.

adaptation and mitigation. The priorities outlined here are also aligned with the priority segments of IDB Invest 2020–2022 Business Plan to support infrastructure development, strengthen capacity to support the corporate segment, and leverage resources through the financial system for the priority areas and cross-cutting themes. The IDB Group will integrate gender and diversity, climate change and environmental sustainability and institutional capacity and the rule of law as cross-cutting areas while implementing its support to Suriname.

A. Restoring Macroeconomic Sustainability

- 3.4 Restoring macro-fiscal stability requires strengthening revenue and expenditure policies and establishing an appropriate macro-fiscal framework.** Suriname suffers from recurrent macroeconomic imbalances because of volatile revenues owing to high dependence on commodities, with rigid and growing public expenditures.²⁷ The combination of revenue sensitivity to mineral sector developments, absence of fiscal buffers and strong economic institutions, and budget rigidity has generated fiscal sustainability challenges.^{28,29}
- 3.5 Revenue policies should focus on the tax system and on improving tax administration, while expenditure reduction measures should focus on transfers and subsidies.** The country's tax system is characterized by a combination of high tax rates and a complex structure of statutory tax expenditures,³⁰ incentives, and waivers.³¹ Also, the efficiency of the tax administration is constrained by limited taxpayer education and service functions, low tax compliance, and an inadequate information technology (IT) system. In terms of expenditure, measures should focus on reducing energy subsidies and transfers to state enterprises. Electricity tariffs are fixed and have historically been set at levels that do not allow for the full recovery of the cost of electricity service.³² The Electricity Sector Plan 2019–2023 estimated electricity subsidies at 4.8 percent of GDP in 2016, which accounts for about 50 percent of the budget deficit. The country has 120 state-owned enterprises (SOEs), with roughly 50 percent of them comprising foundations that provide public services which are not self-sufficient and therefore receive government subsidies. The system of direct and indirect subsidies to these entities is not transparent, and the extent of possible misappropriation of resources is unknown.³³
- 3.6 Achieving macroeconomic stability requires stronger economic institutions.**³⁴ Although parliament approved legislation to establish a Savings and Stability Fund in 2017, it is yet to be

²⁷ For the period 2015–2019, central government revenues averaged 21 percent of GDP, with crude oil and gold contributing on average 26 percent of total government revenues. Central government expenditures over the same period averaged 30 percent of GDP, with transfers and subsidies and wages and salaries accounting for roughly 70 percent of total government spending (Ministry of Finance, Suriname).

²⁸ IMF. 2019. Suriname: 2019 Article IV Consultation-Press Release; Staff Report; Informational Annex; and Statement by the Executive Director for Suriname. Washington, DC: International Monetary Fund.

²⁹ Data from the World Economic Outlook (October 2020) and the Ministry of Finance for Suriname shows that the ratio of tax revenues to government debt service (principal payments and interest payments) was 29 percent for 2020. Debt service for the period 2021–2025 is estimated to be US\$2.1 billion, or 83 percent of estimated 2020 GDP.

³⁰ Suriname tax expenditures amount to 7.75 percent of GDP, which is twice as much as what the rest of CCB countries report (IDB staff estimate).

³¹ IDB. 2017. Fiscal Strengthening to Support Economic Growth Program. Washington, DC: Inter-American Development Bank.

³² Ministry of Finance, Suriname.

³³ IDB. 2016. IDBG Country Strategy with The Republic of Suriname 2016–2020. Washington, DC: Inter-American Development Bank.

³⁴ In a country like Suriname, where development is closely linked to its natural resource endowment, there are complementarities between policies to reduce macroeconomic volatility, strengthen consumption-smoothing institutions and increase the overall quality of public institutions. The IDB's Sector Framework Document for Extractive Industries identifies two key challenges linked to the design of institutions and the governance framework: i) designing an institutional and governance framework that promotes economically,

implemented. The Savings and Stability Fund and fiscal rules could guide consumption-saving choices especially given expected oil revenues in the medium term. The country also lacks a credible medium-term fiscal framework and a medium-term fiscal anchor to support fiscal planning and manage fiscal risks.³⁵ An assessment of Suriname's public financial management system shows that the authorities' capacity to maximize the use of resources available for capital spending is constrained by weaknesses in (i) public investment management, (ii) public procurement, (iii) public financial management, and (iv) internal and external audit functions.³⁶ Finally, statistics related to the measurement of public and social sectors are limited.³⁷ This is reflected in the country's relatively low score on the World Bank's overall statistical capacity indicator: 57.7 out of 100 compared to an average of 68.4 for LAC.³⁸

- 3.7 Streamlined and modern public procurement modalities are key to support reactivation of the local economy post-pandemic.** The country has faced challenges in public procurement that have affected the provision of pandemic-related goods and services, such as an outdated legal framework, lack of an electronic procurement platform, and absence of modalities to aggregate demand. Significant gaps in procurement practices are reflected in low value for money and inadequate controls in procurement.³⁹ To address this, measures should focus on updating the legal framework and regulations to enable modern modalities of procurement, such as framework agreements and collaborative purchasing, to promote local content and implementing electronic platforms to facilitate access to the public procurement market.
- 3.8 Digital government is needed to improve government effectiveness.** Digital government enhances quality, access and delivery of public services, efficiency of public management, and transparency and citizen participation. In the past five years, Suriname's ranking in the United Nations e-Government Development Index (EGDI) declined from 110 in 2016 to 122 in 2020 (out of 166 countries). Suriname's ranking on the e-participation index (EPI), which measures the use of online services to facilitate the provision of information by governments to citizens ("e-information sharing"), interaction with stakeholders ("e-consultation"), and engagement in decision-making processes ("e-decision making"), also declined from 122 in 2016 to 170 in 2020 (out of 193 countries). The country needs to invest in the digitalization of the public sector to improve the efficiency and effectiveness of the delivery of public services. There are also inequalities within the country, as the urban coastal areas have access to better internet, telecommunications infrastructure, and ICT services.
- 3.9 The IDB Group's 2021–2015 CS will support expenditure and revenue measures and reforms to underlying institutional structures.** The IDB Group will support the country's efforts to design reforms and assess their socioeconomic impact. Taken together, the CS will support

environmentally, and socially sustainable development based on principles of economic efficiency and productivity in the extractive industries, and ii) efficiently managing the public finances in a context of volatile commodity prices and depletion of resources. In terms of lines of action, the document proposes advancing the development of fiscal institutions that help to manage revenue volatility and increase the progressivity of fiscal instruments by strengthening fiscal frameworks (including the implementation of fiscal rules, fiscal councils, sovereign wealth funds) in order to increase countries' institutional capacities to adequately manage public finances in the context of extractive industries, based on principles of fiscal discipline and long-term sustainability.

³⁵ IMF. 2018b. Suriname: Selected Issues. Washington, DC: International Monetary Fund.

³⁶ PEFA. (2018). Suriname Report on Public Expenditure and Financial Accountability. Unpublished.

³⁷ Russell and Muñoz. 2015. Un estudio exploratorio para medir el uso de las estadísticas en el diseño de política pública. IDB Discussion Paper #IDB-DP-374, April 2015. Washington, DC: IDB.

³⁸ The overall statistical capacity indicator is based on an assessment of methodology, data sources, and periodicity and timeliness. See <https://data.worldbank.org>.

³⁹ PEFA. (2018). Suriname Report on Public Expenditure and Financial Accountability. Unpublished.

reforms to improve: (i) macro-fiscal performance through a combination of expenditure, revenue, and institutional strengthening reforms;⁴⁰ and (ii) the development of an integrated public sector digital strategy, including digital service provision, digital skills of public officers, and strengthening the digital transformation enabling framework particularly around governance and institutions, the legal and regulatory framework, digital talent (private and public sector), and key technology infrastructure and tools such as digital connectivity, interoperability and open data, digital identity, and cybersecurity.

B. Promoting Private Sector Competitiveness

3.10 Enhancing private sector competitiveness and growth requires reforming the business climate, improving financial inclusion, closing the skills gap, enhancing innovation, investing in urban revitalization, and strengthening connectivity. The results of the 2021 Innovation, Firm Performance and Gender (IFPG) showed that the main constraints to business operations in Suriname as identified by the firms are: (i) unfavourable macroeconomic environment (26.5 percent of firms), (ii) inadequately educated workforce (14.2 percent of firms), and (iii) access to land for expansion (10.5 percent of firms).⁴¹ Lack of skills and innovation, lack of connectivity, and underinvestment in urban revitalization affect productivity and economic diversification. Also, female representation in top management in the private sector is lower (19 percent) than the average for Caribbean countries (27 percent).⁴² Lack of professional expertise, the pervasiveness of informality, segregation by sector and occupation, and family responsibilities limit the opportunities for women to participate in the formal private sector and to become entrepreneurial business owners or rise to managerial positions.

3.11 The lack of financial services and financial inclusion affect private sector development. The COVID-19 pandemic has highlighted the importance of financial inclusion, electronic payment platforms, minimal point of sale availability, and Fintech (financial technology) services for small firms and vulnerable segments of society.⁴³ However, as highlighted by IDB (2019) Suriname is currently constrained by lack of access to financial services, especially for vulnerable groups such as small and micro enterprises, those in the informal sector, and poor and rural communities.⁴⁴ Lack of access to modern financial services can limit participation of vulnerable groups in the formal economy.⁴⁵ More recently, the 2020 IDB COVID-19 online survey⁴⁶ found that Suriname had the lowest percentage of respondents in Caribbean countries reporting access to bank accounts and debit cards during the pandemic: only 52.2 percent of respondents indicated having access to a bank account (compared to the CCB average of 73 percent), and an even lower share (29 percent of respondents) reported having access to a debit card (compared to the CCB average of 70 percent).⁴⁷ Moreover, the country should continue to strengthen financial policy frameworks, close gaps in the adoption of the supra-national bodies standards for

⁴⁰ The importance of climate change in restoring fiscal stability will be considered and may include initiatives to develop climate budget tagging for Suriname.

⁴¹ See <https://www.competecaribbean.org/ifpg-call/>

⁴² <https://bit.ly/2IOTAnu>

⁴³ <https://blogs.imf.org/2020/07/01/digital-financial-inclusion-in-the-times-of-covid-19/>.

⁴⁴ See <https://publications.iadb.org/en/caribbean-region-quarterly-bulletin-volume-8-issue-1-march-2019>.

⁴⁵ See <https://bit.ly/2NxxGrF>

⁴⁶ See <https://bit.ly/30ELNyc>.

⁴⁷ Although financial literacy in Suriname is relatively high at the national level, there are differences among demographic groups, which provides an opportunity to better target efforts to deliver financial education. See <https://bit.ly/39bFU0e>.

financial regulation and supervision, expand supervisory powers of the Central Bank, and strengthen the AML/CFT (anti-money laundering and counter-terrorist financing) framework in line with the findings of Suriname's 2021 National Risk Assessment⁴⁸, all of which are important to lay the groundwork for greater financial inclusion, rule of law and private sector development.

- 3.12 The problems in the education system affect the labor market and private sector competitiveness.** Suriname ranked 99 out of 144 countries evaluated in the pillar of quality of education (WEF, 2016).⁴⁹ The key challenges in the education system are (i) outdated teaching methods; (ii) high dropout rates; and (iii) misalignment between education, skills, and labor market demands.⁵⁰ Students employability is constrained by: (i) a supply driven and outdated curriculum and no analysis of future labor demand trends; (ii) inadequate staff for Technical and Vocational Education and Training (TVET); (iii) the inadequacy and obsolescence of the resources and infrastructure; (iv) shortage of quality teachers; (v) the absence of education opportunities in the interior after lower secondary school and (vi) limited internet access (and ICT infrastructure) in schools.⁵¹ High unemployment, especially for youth, alongside skills gaps, illustrate the disconnect between job creation and skills supply.⁵² In the country's interior, where many of the nation's indigenous peoples and maroon communities reside, access to quality education is limited because of inadequate infrastructure and inexperienced teachers that lack relevant multilingual skills compared to their peers in urban areas. Moreover, gender gaps exist in educational enrollment and labor market outcomes. Empirical reports regarding secondary school enrolment show that net enrolment ratios for girls have been consistently higher than for boys, and boys have consistently had higher repetition rates than girls.^{53,54} However, Surinamese women lag in inclusion in economic activity: the female labor force participation rate was 38.8 percent in 2020 compared to the male labor force participation rate of 63.4 percent.⁵⁵
- 3.13 Enhancing innovation in the private sector.** Innovation is low, as reflected in the country's ranking at 127th out of 154 countries in the innovation pillar of the 2016 World Economic Forum dataset.⁵⁶ The lack of innovation does not bode well for the private sector's ability to capitalize on potential opportunities from industries with high-growth potential. In this regard, there is ample room to further engage local micro, small, and medium-sized enterprises (MSMEs) in areas such as gastronomy, accommodation, forestry, housing, tourism, agroindustry, manufacturing, and business services. This would entail a more comprehensive initiative aimed at: (i) providing access to more advanced business support services (e.g., technology extension services, business incubation, expansion of the Innovation in Firms in Suriname pilot program) to increase the number of firms that can meet the pre-qualification requirements of foreign companies investing in Suriname and improve the competitiveness of existing MSMEs that can provide

⁴⁸ See <https://bit.ly/3oicOm9> and <https://bit.ly/3tYaGRX>

⁴⁹ World Economic Forum (WEF). 2016. Global Competitiveness Report 2015-2016.

⁵⁰ Ministry of Education, Science and Culture (MOESC), (2015). Education Statistics. Government of Suriname. Paramaribo, Suriname.

⁵¹ World Economic Forum (WEF). 2016. Global Competitiveness Report 2015-2016.

⁵² IDB. 2017. Suriname Survey of Living Conditions in 2016-2017. Washington, DC: IDB.

⁵³ At the junior secondary level, the percentage of boy repeaters was 54 percent and girl repeaters was 46 percent in 2014 (Government of Suriname).

⁵⁴ Government of Suriname (2018b). National Report Situation Analysis of Women and Men in Suriname. Ministry of Home Affairs. Paramaribo, 14 March 2018.

⁵⁵ <https://bit.ly/32XjnRN>

⁵⁶ The 2014 Productivity, Technology and Innovation Survey (PROTEqIN) showed that only 32.5 percent of firms in Suriname have an innovation department.

support/indirect services to the international companies; (ii) increasing access to skilled workers; and (iii) improving other elements of the enabling environment for local firms to take advantage of positive spillovers from foreign investments.⁵⁷

3.14 Enhancing connectivity can support export diversification and inclusive growth. Within Suriname, road connectivity between the coast and inland areas with potential for agricultural production or tourism is limited. Suriname's connectivity with Guyana and French Guiana is restricted to ferries that make infrequent crossings. These crossings lack sufficient services, controls, and infrastructure. Improving the connectivity infrastructure among Suriname, Guyana and French Guiana would strengthen Suriname's subregional integration and allow firms to take advantage of potential trade opportunities with the growing neighboring economies (Guyana) and would enhance the country's tourism industry. Critically, Suriname ranked among the lowest in the quality of air transport infrastructure and airline seat kilometers (in millions) compared to the Caribbean and LAC.⁵⁸ Although the port is the main import/export gate and trade node for all relevant production locations in the country, especially agricultural, forestry, fishing, and mining production areas, Suriname has poor connectivity to global shipping networks compared with most of the subregional ports in the Caribbean basin, according to the Liner Shipping Connectivity Index.⁵⁹ Also, gender inequality in the transport sector remains a key challenge for Suriname's inclusive development.⁶⁰ Telecommunication connectivity within Suriname has a large deficit in infrastructure. While urban coastal areas have access to better telecommunications infrastructure and ICT services, remote and sparsely populated zones of the interior lag considerably behind. Other challenges to improve digital connectivity in the country include: (i) market concentration; (ii) an incipient digital ecosystem; (iii) an unreliable electricity service;⁶¹ (iv) inadequate ICT infrastructure and cyber security protection;⁶² and (v) an outdated regulatory framework.⁶³ The country's physical infrastructure and productive sectors also face climate risks such as sea-level rise, extreme weather events, and natural disasters. However, adaptation to climate change remains insufficient, and the continued impacts of climate change could further increase the country's vulnerability and negatively affect key economic sectors such as agriculture, water, energy, health, and tourism. Indigenous people and maroon communities are also at risk of

⁵⁷ See IDB. 2020. Supporting Private Sector-led Economic Growth by Strengthening Linkages to the Oil and Gas Economy. Internal Technical Note. Washington, DC: Inter-American Development Bank.

⁵⁸ World Economic Forum. 2016. Global Competitiveness Report 2015-2016.

⁵⁹ Ibid.

⁶⁰ A study conducted by the Institute for Development and Strategic Studies (INDEST) in 2001, of micro-entrepreneurs in Commewijne, Nickerie, and Greater Paramaribo found that the participation of women in the transport sector was not significant, and in the construction sector it was nil.

⁶¹ The electricity sector in Suriname relies on centralized thermal and hydroelectric power plants. This makes the electricity supply vulnerable to power plants failures leading to disruptions in electricity supply. In isolated and remote communities in the Hinterland, where the Energy Company of Suriname grid does not reach customers, about 130 villages are being intermittently served with small diesel generators. Also, data from the [World Bank, Enterprise Surveys](#) show that power outages in firms in a typical month (number) for Suriname was 2.8 in 2018 compared to 1.8 in 2020 for Latin America and the Caribbean (latest data available). The diversification and decentralization of electricity generation using renewable energy sources can increase both access to electricity (particularly for households in the interior of the country) and improve reliability of the country's electricity supply. A diversified energy matrix reduces the risk of disruption to energy services from natural, technological, and human-caused—such as weather events, cyberattacks, and global market disturbances (see for example, [U.S. Department of Energy, "U.S. Energy Sector Vulnerabilities to Climate Change and Extreme Weather." Washington, D.C.: DOE, July 2013.](#)

⁶² Suriname is ranked 113th out of 160 countries on the National Cyber Security Index. The index measures cyber security capacities in central governments. See <https://ncsi.ega.ee/ncsi-index/>

⁶³ According to an estimate by the IDB, there is an infrastructure gap of US\$110 million, of which US\$67 million would be needed in rural areas, and less than 10 percent of the schools have connectivity.

climate-related natural disasters due to their high poverty levels and their location in remote areas, where extreme droughts and floods have been recorded in the past.

- 3.15 Paramaribo’s historic center, a UNESCO World Heritage Site, holds great potential for tourism and supporting economic recovery, but it is subject to physical, social, and economic deterioration.** Despite its undeniable potential to generate economic and cultural activity, particularly in the tourism sector, poor maintenance has caused many buildings of historic value to deteriorate. Public spaces are poorly maintained and organized, making them less appealing for recreational, commercial, and residential use.⁶⁴ Financial, institutional, and reputational hindrances discourage revitalization of the WHS and other valuable urban assets. Poor coordination between the entities involved in managing the WHS and the lack of a clear urban development policy are the main institutional obstacles.⁶⁵ Residential, commercial and government properties are also vulnerable to coastal erosion and rising sea levels.
- 3.16 The IDB Group’s support to enhance the enabling environment for private sector competitiveness will prioritize:** (i) improving financial inclusion through the use of financial technologies (Fintech)⁶⁶; (ii) enhancing the quality of education, the skills match with labor demand and labor market alignment reforms; (iii) supporting local content and innovation policies to boost economic recovery and diversification; and (iv) improving infrastructure with a focus on transportation networks, regional connectivity, urban revitalization, and resilience enhancement and adaptation. The IDB Group, in coordination with the government, will seek to increase the stock and quality of infrastructure through the private sector or through public–private partnership (PPP) schemes when they are considered to be the optimal provision mechanism. It will also support policies to help Suriname mitigate climatic risks related to sea level rise, extreme weather events, and natural disasters. Additionally, opportunities to support the private sector in contributing to a just transition towards a resilient and decarbonized future will be promoted. The IDB Group’s support will be in line with the IDB Environmental and Social Policy Framework, specifically respecting Annex I.⁶⁷

C. Improving Basic Services and Social Protection

- 3.17 Suriname’s basic services are characterized by unequal access, reliability challenges, and governance and institutional capacity constraints that hinder social development.** While the country has made much progress in increasing life expectancy and education outcomes, inequalities persist in accessing basic services such as water and sanitation, electricity, and healthcare.⁶⁸ Also, health and intimate partner violence indicators reveal that Surinamese women are disproportionately affected.^{69,70} There is a wide disparity in access to sanitation services, with

⁶⁴ IDB. 2017. Paramaribo Urban Rehabilitation Program (SU-L1046) Project Profile.

⁶⁵ Ibid.

⁶⁶ This would also include financial instruments and advisory services that support the capitalization of the financial system, trade finance funding and the improvement of environmental and governance standards of financial institutions.

⁶⁷ <https://www.iadb.org/en/mpas>

⁶⁸ Housing remains an area of concern as Suriname’s housing market is largely inaccessible to low-income groups and efforts to reform the market remain limited. In that context, housing will be a dialogue area during the 2021-2025 CS.

⁶⁹ <https://bit.ly/3kN2YW1>

⁷⁰ Joseph J., C. Pemberton, and U. Phillips. 2019. National Women’s Health Survey for Suriname. Washington DC: IDB.

only 50 percent of the poorest population having access to ‘at least basic sanitation,’ compared to 97 percent for the richest inhabitants (WHO, 2019).⁷¹ Also, with respect to water supply services, 98 percent of the population in urban areas have access to ‘at least basic water supply’ compared to 90 percent for rural areas. The main factors contributing to disparities in access to water and sanitation services include a weak institutional framework, reflected in the lack of a tariff-setting regime, absence of an independent economic regulator, challenges with accessing and storing freshwater in the interior, a fragmented and inefficient institutional framework to manage solid and liquid waste, and the absence of legislation for environmental protection and waste management. There are also differences in terms of access to electricity between the urban and rural areas: the national electricity access rate is 96.8 percent, with 99 percent access in urban areas and 91 percent access in rural areas. The Energy Company of Suriname grid does not reach customers in the Hinterland. In those communities, electricity service provision is designed for an average duration of six hours per day, but this is seldom realized because of irregular provision of diesel or, very often, because the units are out of commission. Moreover, electricity tariffs do not cover full cost recovery, and institutional weakness affects the energy sector’s ability to provide a reliable service to citizens. Regarding the institutional framework, there is no electricity authority to sustainably support the sector’s development. Non-communicable diseases are on the rise, along with unresolved maternal and child health deficiencies, suicides, and infectious diseases. The key factors contributing to poor health outcomes include a health system where insufficient resources are allocated to primary health care and prevention, shortages in trained medical staff, and institutional weaknesses⁷² that contribute to expenditure inefficiency.^{73,74,75}

3.18 In the context of COVID-19 and fiscal austerity measures in the near term, strengthening the social protection system will be important for Suriname’s poor and vulnerable groups.

Despite a relatively large number of social programs to support vulnerable groups, Suriname has a relatively high measure of inequality as reflected by a Gini coefficient of 0.44, with poverty estimated at 26.2 percent.⁷⁶ As of 2014 (latest available data), there were 27 programs under six categories: cash (near cash) programs, in-kind transfers, social care, community-based programs, active labor market programs and social insurance. However, clear and objective rules of eligibility, consistent monitoring of results, and data management and information systems are lacking.⁷⁷

3.19 The IDB Group will prioritize interventions to reduce inequality in access to basic services and to strength social protection programs through: (i) strengthening the health care response to non-communicable diseases by improving the primary health care sector, addressing human resource constraint, improving the health system’s organization and management

⁷¹ WHO (World Health Organization). 2019. Progress on household drinking water, sanitation, and hygiene 2000-2017. Special focus on inequalities. New York: United Nations Children’s Fund (UNICEF) and World Health Organization.

⁷² These include weak governance arrangements, outdated management systems, and processes and deficiencies in subject matter training.

⁷³ Suriname has 0.82 physicians per 1,000 population compared to the CCB average of 1.21.

⁷⁴ Khadan, J. 2018. Suriname. In book entitled: “Nurturing Institutions for a Resilient Caribbean”. D. W. Beuermann and M. J. Schwartz (eds.) 2018. Washington, DC: IDB.

⁷⁵ PAHO (Pan American Health Organization). 2018. Strengthening Health Workforce Planning, Suriname Workshop Report. Washington, DC: PAHO.

⁷⁶ See <https://publications.iadb.org/en/suriname-survey-living-conditions-2016-2017>

⁷⁷ See <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-2117954734-145>

processes; (ii) strengthening the infrastructure, institutions and governance frameworks to improve the reliability and supply and quality of public utilities and services, particularly in rural areas and with emphasis on sustainable solutions and energy efficiency improvements; (iii) strengthening the social protection system; and (iv) reducing violence against women.

3.20 Cross-cutting themes: During the Country Strategy implementation, gender equality, diversity, and inclusion, climate change resilience, data production and access, and institutional capacity and the rule of law will be mainstreamed in the program. There is room to improve gender equality for both men and women. Women are underrepresented in economic and political activities in Suriname. Indicators in health, labor market participation, and entrepreneurship reveal that Surinamese women experience high levels of gender inequality. A high percentage of them also face intimate partner violence. Available data show a lower enrollment rate at secondary school and a higher dropout rate for boys compared to girls. Also, exposure to labour liabilities can be exacerbated by the migration influx from Haiti and Venezuela⁷⁸ which can lead to higher informality.⁷⁹ Suriname's diverse populations face development challenges that are in part determined by their location. Entering the interior of the country where many of the nation's indigenous peoples and maroon communities are located is difficult, with few roadways extending beyond the coastal areas. These communities also face unequal access to health care, education, electricity, water and sanitation, infrastructure, other social services and have lower per capita incomes.⁸⁰ Suriname presented an updated and enhanced version of its Nationally Determined Contributions (NDCs) to the Paris Agreement in December 2019. This Country Strategy contributes to the achievement of the NDC by (i) promoting the decarbonization of the energy sector, (ii) enhancing the resilience and adaptability of infrastructure to climate change, and (iii) reducing the vulnerability to climate change.⁸¹

3.21 The evidence shows that climate change could further increase the country's vulnerability and negatively affect the agriculture, water, energy, health, and tourism sectors. It is expected that increasing variability and severity in precipitation could lead to increased flood risk and sea level rise, thus leading to increasing pressure on the country's coastal defenses, land drainage and irrigation systems, housing, and overall infrastructure (e.g., energy, transportation).⁸² Estimations suggest that a 1-meter rise would affect over 6.4 percent of GDP, 7 percent of the population, and 5.6 percent of agricultural land.⁸³ While the Paramaribo area is already affected by sea level rise, climate change could also lead to disasters in other parts of the country (e.g., Nickerie). This will require effective and urgent adaptation and resilience enhancement measures. Indigenous people⁸⁴ and maroon communities are at particular risk because of their poverty and their location in remote areas where extreme droughts and floods have been recorded in the past. Sea level rise presents a significant threat to the country given its extensive low-lying coastal zone and the concentration of socio-economic activities within this area. Residential properties and agricultural

⁷⁸ Anecdotal evidence so far suggest that they mostly use Suriname as a transit point.

⁷⁹ It would be important for the country to adopt good international practices to ensure it adheres to the requirements of the environmental and social policy framework such as human rights, labor and working condition requirements.

⁸⁰ <https://bit.ly/3ybykO3>

⁸¹ Suriname's Nationally Determined Contribution 2020: <https://bit.ly/3bzLth8>

⁸² IDB. 2018. Indicators for Disaster Risk and Risk Management: Program for Latin-America and The Caribbean: Suriname. Inter-American Development Bank.

⁸³ GFDRR. 2020. Suriname profile. Global Facility for Disaster Reduction and Recovery.

⁸⁴ It is important to note also that the absence of recognition and protection of indigenous people's rights currently associated with the extractive sector could raise human rights conflicts in the country.

land are subject to the eroding coast and rising sea levels. In terms of renewable energy, Suriname has committed to maintain the share of electricity from renewable sources above 35 percent by 2030.^{85,86} To achieve its renewable energy target, the country would need to improve its planning, institutional and regulatory framework to promote renewable energy. Furthermore, evidence-based policy decision making is hampered by significant gaps in national statistics, in terms of timeliness, quality, availability, and coverage. It would be important for the country to address capacity shortfalls and incentive frameworks for data production, sharing, and usage.

3.22 Strengthening institutional capacity and governance frameworks are important to support the implementation of the country's development agenda.⁸⁷ The country lacks effective public sector institutions to raise and allocate resources efficiently. There are significant weaknesses in public expenditure management, public investment management, public procurement, public financial management, tax policies and administration, and a lack of monitoring and evaluation practices. Good governance continues to be a challenge as the country ranks lower than most regional comparators in the areas of government effectiveness, regulatory quality, rule of law and control of corruption.⁸⁸ With respect to rule of law institutions, Suriname underperforms country groups such as other small countries,⁸⁹ Latin America and the Organization for Economic Co-operation and Development (OECD) in various aspects of the two areas that are found to have a significant causal relation with economic growth: (i) the strength of property rights and (ii) the possibility of fair and independent administration of justice with the strength to enforce the law without external pressures.⁹⁰ In that regard, short term priorities to improve institutional capacity and governance should focus on policies to strengthen the macro-fiscal framework, promote good governance (anti-corruption) and strengthen the AML/CFT. There is also a need for continuous training of public officials to support the design and implementation of public policy in Suriname.

IV. ESTIMATED LENDING FRAMEWORK

4.1 **The IDB foresees sovereign guaranteed approvals of US\$450 million between 2021 and 2025.** The Government's gross financing needs over the 2021–2025 Country Strategy period would be approximately US\$0.46 billion per annum, on average, equivalent to 18 percent of projected 2021 GDP. Most of these needs are expected to be met through external financing sources, mainly from international financial institutions including the IMF. In April 2021, Suriname reached a staff level agreement on a new medium-term program that could be supported by IMF resources of about US\$690 million under the Extended Fund Facility with the duration of 36 months. In that context, the country may need more financing for the new CS period, which would lead to larger approvals and disbursements and positive net flows.⁹¹ Expected average approvals

⁸⁵ In 2018, the [Latin American Energy Organization](#) estimated that renewable energy sources account for 38 percent of Suriname's energy mix.

⁸⁶ See <https://bit.ly/3fKJqCG>

⁸⁷ This reflects the Bank's commitment to continue to work on the priority area of *Modernization of the Public Sector* in the previous Country Strategy (2016-2020) that did not substantive contribution to the strategic objective based on the *Independent Country Program Review, Suriname 2016-2020* (April 2021) carried out by the Office of Evaluation and Supervision (OVE).

⁸⁸ See <https://info.worldbank.org/governance/wqi/>

⁸⁹ These include countries with populations of less than 3 million.

⁹⁰ In the area of order and security (i.e., crime, political violence, and vigilante justice), Suriname performs better than the Latin America average but is ranked lower than other small economies and OECD countries, suggesting that there is ample room for the country to improve. See Khadan, J. 2018. Suriname. In book entitled: "Nurturing Institutions for a Resilient Caribbean". D. W. Beuermann and M. J. Schwartz (eds.) 2018. Washington, DC: IDB.

⁹¹ An IMF-IDB-WB technical working group identified that the country's gross financing needs over the period 2021-2025 would be roughly US\$2.3 billion.

over the period amount to US\$90 million. These estimations assume compliance with the Bank's macroeconomic safeguards and access to PBL resources over the CS period. By 2025, the country's debt to the IDB Group is expected to amount to 18.9 percent of GDP and 14.9 percent of central government external debt. In the case an IMF program is not secured, the indicative lending framework would be reduced accordingly since the Bank would only support the country through Investment Loans.

V. STRATEGY IMPLEMENTATION

- 5.1 Throughout the 2021–2025 CS period, particularly during the first half, the importance of restoring macroeconomic sustainability will prevail, combined with early efforts to work on longer-term priorities.** Because of the lack of progress on the reform agenda, a good part of the investment loan to support fiscal strengthening was reformulated into an urgently needed loan to support vulnerable population groups affected by COVID-19. With the new administration that took office in July 2020, the Bank has reconfirmed the priority of macroeconomic stabilization and structural reforms. Thus, new investment allocations will first focus on support to fiscal strengthening, which is likely to begin on the revenue administration side and subsequently expanded into the expenditure side. In this process, it is of utmost importance that IDB Group support be consistent with the reform program that the government is expected to agree with the IMF. In parallel, at an early stage of the CS period, the IDB Group will launch actions that will contribute to the longer-term focus on private sector development, financial inclusion, and strengthened social protection. In this endeavor, the IDB Group will emphasize exploring synergies between its public and private financing arms. CSU will act as a hub of this coordination, not as a one-time conversation but as a running initiative. Within the framework of the agreement between the IMF and the government, the IDB Group will assess the possibility of using both policy and investment instruments to support the reform processes and activities for the long-term priorities mentioned above. It will continue to facilitate the use of non-financial products and access to grant resources. This highly focused approach, in conjunction with supporting the production of data and statistics, is aligned with the conclusions made by the Independent Country Program Review carried out by OVE.
- 5.2 Portfolio execution.** Suriname's portfolio execution will depend on the country's fiscal management and consequent macroeconomic conditions. Implementing the CS through the execution of the portfolio will depend on the macroeconomic conditions present during this period. Due to the intensive training on project management, including fiduciary areas (financial management and procurement) that the country office has been providing in recent years, the capacities of executing agencies have improved, but there is still room for improvement. Suriname's recent portfolio performance has been mixed, where project-specific circumstances resulted in some problem/alert ratings. Suriname is expected to stay on its course of improving portfolio execution, based on key lessons learned from implementing the previous CS.
- 5.3 Country systems.** Using country systems in Suriname is still at an incipient stage. The IDB Group continues to encourage its member countries to use the country's budgetary, treasury, accounting systems, and reporting and external audit system for all loans. Currently, the use of budgetary, treasury, and accounting systems is estimated at 0 percent, and reporting generation and external

control are also at 0 percent, respectively. For the period of 2021-2025, the goal for this Country Strategy is to raise the percentage of the use of country systems to 15 percent across all items.

5.4 During the CS 2021–2025, the Bank will need to engage in a dialogue with the government regarding the treasury aspect, specifically the use of Treasury Single Account for the management of resources from IDB loans and grants. The government’s fiduciary context has been documented in the PEFA report of 2018. The Bank’s Guide for the Use of Country Systems (GUS) assessment was also conducted in April 2019, showing that the legal framework and practices for public financial management systems (PFMS) and procurement are outdated and not consistent with best practices and international standards. The government has committed to improve the PFMS and procurement systems with IDB Group support through the establishment of effective mechanisms to perform these functions. Until these interventions have taken root, country systems related to accounting and financial reporting, internal control, external control, external auditing, and procurement will not be used. The IDB Group will continue its efforts to build capacities of Suriname’s external control institution (Rekenkamer) with the goal of installing the capacity for external audit services to new investment operations, at least partially.⁹² In this regard, a SAI-PMF⁹³ diagnostic and related strategic plan for 2017–2021 was completed. Implementation has gradually started with initial steps for adoption and implementation of International Standards of Supreme Audit Institutions (ISSAIs) and training audit staff in conducting compliance audits in accordance with these ISSAIs. Regarding procurement, the Bank requires the use of its own procurement policies (GN-2349-15 and GN-2350-15) for all national and international selection processes, along with the use of the Bank’s standard bidding documents. Strengthening the procurement country system remains a priority during the proposed country strategy.

5.5 **Donor Coordination and Resource Mobilization.** Several bilateral and multilateral international development agencies support the Government of Suriname, and there is space for further collaboration. The IDB Group has maintained a continuous dialogue with other development partners. The Country Office has played an active role in the multi-donor coordination group and will continue doing so with the support of the Office of Outreach and Partnerships (ORP). Specifically, through its Suriname Country Office the IDB Group has developed a strong partnership with the World Bank, the Caribbean Development Bank (CDB), the European Union (EU), the Islamic Development Bank (IsDB), and with some bilateral donors including the French Development Agency, the Embassies of Brazil, The Netherlands, and the United States. There is an active dialogue with the IsDB and both institutions have agreed to coordinate activities delineated in an action plan. As the World Bank returns to Suriname with some new operations, technical, fiduciary, and administrative information is being actively exchanged. Operational information is also shared with the CDB, EU, and the IsDB. There is strong coordination with the EU, as reflected in the “Support to Agricultural Competitiveness” EU grant and EU’s parallel

⁹² At the request from the Auditor General, the Bank financed an external assessment of the Rekenkamer’s performance, using the Supreme Audit Institutions Performance Measurement Framework (SAI PMF). This assessment determined the Rekenkamer’s level of progress in complying with the ISSAI’s as non-existent to “incipient”. Following the SAI-PMF findings, the Rekenkamer approved the 2017 SAI PMF Report and the results of the assessment served as input for implementing the 2017 – 2021 Strategic Plan for Strengthening of the Rekenkamer. The Bank provided further consultancy support through training to the Rekenkamer on implementation of the ISSAI’s in 2018 respectively conducting compliance audits according to ISSAI principles. At the request of the Auditor General in 2019, the Bank is assisting the SAI with regards to Human Resource Management (HRM) and conducting performance audits. A technical cooperation is in currently in preparation to support these areas.

⁹³ Supreme Audit Institutions Performance Measurement Framework.

financing to IDB's loan "Support to Improve Sustainability of the Electricity Service". Between 2019 and 2020, the Bank also coordinated with the Organization of American States and the U. S. Embassy to carry out the National Risk Assessment of Suriname. There is room to explore co-financing opportunities with other agencies and to improve donor coordination and outreach efforts with other actors to explore additional mobilization through co-financing, grants and non-financial resources for key areas such as green financing, cultural heritage, and digitalization. The Bank is planning to host a regional roundtable to enhance the dialogue and coordination with international donors and to identify co-financing opportunities to support the region. The Bank will continue efforts to enhance and increase financing opportunities with the private sector. In addition, the Bank will continue exploring leveraging resources with financial intermediary funds (including green funds), sovereign development agencies, the European Union, and others. Finally, the IDB will intensify its resource mobilization efforts with donor partners to support the development of the Amazon initiative, including mobilizing resources from different bilateral and multilateral donors and co-financiers, such as the Green Climate Fund (GCF).

5.6 Synergies within IDB, IDB Invest and IDB Lab. Given the small size of the Surinamese economy and its underdeveloped private sector, it is important for IDB Invest and IDB Lab to work closely with the IDB to develop nascent opportunities and to make them more bankable in order to identify SG-NSG operational synergies. This type of collaboration includes: (i) working with government authorities to create a regulatory environment that is favorable to private investment and improvement of business climate-related legislation; (ii) participating in identification missions and project preparation work; (iii) participating in sectoral dialogue and portfolio review; and (iv) supporting private ventures that can access IDB Invest funding at a later stage.

VI. RISKS

6.1 Macroeconomic. Suriname is facing severe macroeconomic disequilibrium. The country's economy is characterized by a large contraction in economic growth, weak fiscal buffers, a large currency devaluation, double-digit inflation, high foreign currency-denominated debt, a rapidly increasing debt-to-GDP ratio, credit rating downgrades to default status, depleted international reserves, and banking sector vulnerabilities. The effects of the COVID-19 pandemic on households and businesses will continue to present downside risks to growth and stabilization in the short term. In this context, the first source of risk is the time it will take the economy to stabilize. The near-term focus of the government is on macroeconomic stabilization. This is appropriate and is also the priority of the IDB Group. Suriname reached a staff level agreement with the IMF under the Extended Fund Facility (EFF). The government's reform program which will be supported by the IMF and other international financial institutions aims restore macro-fiscal stability and lay the foundation for a strong, resilient, and inclusive economic recovery. The EFF program is expected to be approved in 2021. The longer it takes to stabilize the economy, including delays in securing and implementing the IMF program, the higher the risk that the government will not implement the long-term programs designed to modernize Suriname. Macroeconomic risks will be mitigated and monitored by close supervision of economic performance and policies to support corrective measures, and through support in key areas for macroeconomic stability in the priority area of public sector management.

6.2 Climate change resilience. Suriname is one of the most vulnerable countries in the world to natural disasters and climate change. The fact that almost 30 percent of the country, which houses 90 percent of the population, is located on the coastline and that most of the country's fertile land and economic activity is in the 384 kilometer-long coastal plain makes country vulnerable to natural disasters (GFDRR, 2020). Climate change estimations add to the country's alarming prospects. Projected climate impacts include sea level rise (1 meter by 2100), temperature rise (+0.8 to 2.0 °C by 2050) and changing precipitation patterns (-22 to +14 millimeters per month by 2050).⁹⁴ The IDB Group will continue to support the country's climate change and disaster risk management agendas by promoting cross-cutting mitigation and adaptation efforts that will trigger climate resilience in the most vulnerable sectors of the country.⁹⁵ The IDB Group will continue to foster close collaboration and discussion with local authorities to mainstream disaster risk management and climate resilience and adaptation as key elements of sustainable development. Operations that involve construction/retrofitting of infrastructural assets will emphasize the incorporation of climate-resilient and adapted infrastructure, the promotion of climate-resilient sources of energy (for example, wind and solar), and incorporating climate-smart and resilient agricultural practices. Incorporating nature-based solutions and dual adaptation/mitigation initiatives will prepare the country for natural disasters and the impacts of climate change. The mining sector also poses a risk to climate resilience and indigenous communities. Indeed, there is the need to strengthen mining policy to guide the governance and development of the sector.⁹⁶

6.3 Portfolio execution. The fourth source of risk comes from weaknesses related to project execution capacities. Most projects are still executed by project execution units (PEUs), comprised mostly of people outside the government. This prevents integration of these units into the executing ministries. Furthermore, there is currently no established method for determining salary scales for PEU staff based on experience and qualifications. This creates friction between government employees and PEU staff. To mitigate this risk, it is essential to develop a logical and systematic pay scheme applicable to both government employees (top-up) and non-government employees, which reflects the country's labor market and incorporates results-based principles to promote good performance. The IDB Group should continue to offer quality training opportunities on project management and related areas, on both hard skills (i.e., schedule management, procurement management, etc.) and soft skills (i.e., leadership, strategic thinking, etc.), since the latter is still an emerging knowledge area in Suriname.

⁹⁴ Government of Suriname. 2019. Suriname Second Nationally Determined Contribution. Government of Suriname.

⁹⁵ During the 2016-2020 CS period, the IDBG supported Suriname with a Contingent Credit Facility of \$20 million (SU-O0005), out of which \$5 was authorized for COVID-related expenditures.

⁹⁶ Components for updating include: environmental and social impact assessments; links to national development goals; ties to local development; requirements for the revision of mine closure and rehabilitation plans with a changing context; requirements for extensive and ongoing community consultation; responses to commodity price volatility; financial reassurance funds for mine closure; progressive rehabilitation; adhering to international best practice on environmental management, including water, waste and biodiversity; emergency preparedness planning; protection of women and children; and artisanal mining.

Annex I. Results Matrix

Government Priorities	Strategic Areas	IDB Strategic Objectives	Expected Results	Indicators	Baseline	Source
A Stable Macroeconomy	1) Restoring macroeconomic sustainability	1.1 Attain fiscal sustainability in the medium term	Improve the central government's primary balance.	Primary balance, as a % of GDP	-17.9 percent (2019)	Ministry of Finance and Planning, Suriname.
		1.2 Improve digital government	Development of an integrated public sector digital strategy	E-Government Development Score (range from 0-1).	0.52	United Nations E-Government Survey 2020
An Enabling Business Environment	2) Promoting private sector competitiveness					
		1.1 Improve financial inclusion	Increase in access to and use of the formal financial system	Percent of firms with a checking or savings account	93.5 (2019)	Enterprise Surveys, World Bank.
		1.2 Improving education and labor market outcomes	Improve learning outcomes	Percentage of young people who achieve minimum proficiency level in mathematics at the end of lower secondary education	53.3 percent (2019)	Ministry of Education, Science and Culture, Suriname
			Increase local labor participation in emerging growth sectors	Percentage of total employed population in the tertiary sector (excl. public administration, education, and social work).	30 percent (2016)	General Bureau of Statistics, Suriname
		1.3 Strengthening transportation connectivity and resilient infrastructure	Improve resilience, connectivity and logistics both intra-country and with the rest of the world	World Economic Forum's Global Competitiveness Report - Index 2.06 Available airline seat kilometers/week (in millions)	22.9 (2015)	World Economic Forum's Global Competitiveness Report
				Liner Shipping Connectivity Index	9.1 (2019)	United Nations Conference on Trade and Development (UNCTAD)
				World Economic Forum's Global Competitiveness Report - Index 2.05 Quality of roads, 1-7 (best)	3.6 (2015)	World Economic Forum's Global Competitiveness Report
Share of renewable energies in the electricity matrix	47.1 percent (2019)			Energy Outlook of Latin America and Caribbean		

Social protection	3) Improving the provision of basic services and social protection.	1.1 Improving public health outcomes	Reduce impact and risk factors of Non-communicable Diseases	Mortality rate due to non-communicable diseases, as number of deaths per 100,000 population	76 percent (2016)	World Bank Development Indicators
		1.2 Reduce inequalities in access to utilities	Increased reliability of water services	People using at least basic drinking water services, rural (% of rural population)	90 percent (2017)	World Bank Development Indicators
			Increased access to sanitation services	Poorest population having access to at least basic sanitation	50 percent (2016)	World Bank Development Indicators
			Increased rural electrification	Access to electricity, rural (% of rural population)	94.3 percent (2018)	World Bank Development Indicators
		1.3 Strengthening social protection and equality	Lower expenditure on social support services	Expenditure on subsidies as % of GDP	13.5 percent (2018)	Ministry of Finance and Planning, Suriname.
			Improve gender equality	Gender inequality index value (range from 0 and 1, higher values indicate higher inequalities between women and men)	0.436 (2019)	Human Development Report, 2020.

Annex II: Country Systems Matrix

IDB Strategic Objectives	Expected Outcome	Indicator	Baseline (2021)	Indicative Target	Timing
Strengthening and use of country systems	Budget Subsystem strengthened: budget preparation and execution capacity strengthened. (i) IFMIS fully deployed in 17 ministries	(i) budget law applied by all ministries (ii) IFMIS applied fully used. Improved MTFE and MTEF fully implemented.	0%	15%	At the end of the CS Period
	Treasury Subsystem strengthened: improved quality of expenditure	New Cash Management Model fully applied for expenditures and treasury functions rationalized and integrated	0%	15%	At the end of the CS Period
	Accounting and Reporting	IFMIS fully used and IPSAS adopted.	0%	15%	At the end of the CS Period
	Internal Control	IFMIS fully used and IPSAS adopted	0%	15%	At the end of the CS Period
	External Control	IFMIS fully used; ISSAI and IPSAS adopted	0%	15%	At the end of the CS Period

Annex III: Main Economic and Social Indicators

Population (in thousands, 2020)	581										GDP per capita (current US\$, 2019)	6,360
Rank in UNDP Human Development Index (out of 189, 2019)	97										Life expectancy at birth (years, 2018)	71.57
Adult literacy (percent of population ages 15 and above, 2018)	94										Unemployment rate (2019)	9.0
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020p	
		(Annual percentage changes, unless otherwise specified)										
Real Sector												
Real GDP		5.8	2.7	2.9	0.3	-3.4	-5.6	1.8	2.6	0.3	-12.5	
Nominal GDP		20.5	13.7	3.3	1.8	-5.4	19.1	23.6	7.4	6.7	42.6	
Inflation		15.2	4.3	0.6	3.9	25.1	52.4	9.3	5.4	4.2	104.9	
Exchange rate (end of period)		3.3	3.3	3.3	3.3	4.0	7.4	7.5	7.5	7.5	14.2	
		(In percent of GDP, unless otherwise specified)										
External sector												
Exports of goods and services		64.4	57.7	50.4	45.0	38.8	51.9	68.3	66.4	64.2	85.0	
Imports of goods and services		50.7	52.1	53.0	52.9	56.3	55.0	57.2	61.6	66.6	72.3	
Current account balance		9.8	3.3	-3.8	-7.9	-16.4	-5.1	1.9	-3.4	-11.1	-8.0	
International reserves (millions of U.S. dollars)		816.9	1008.4	779	625	330	381	424	581	179	106	
International reserves (in months of imports)		4.4	4.7	3.4	2.7	1.7	3.2	2.8	3.3	1.2	0.9	
Central government												
General government revenue		24.5	24.5	23.3	21.7	22.3	18.0	21.2	23.1	23.3	22.8	
Commodities revenues		9.2	9.3	7.2	4.9	3.2	3.4	7.4	8.3	7.1	n.a.	
Non-commodities revenues		15.3	15.2	16.2	16.8	19.1	14.6	13.8	14.8	16.2	n.a.	
General government expenditure		24.6	26.8	27.8	26.4	32.1	29.2	30.5	34.5	44.6	36.7	
Overall fiscal balance		0.9	-1.4	-3.2	-3.8	-8.3	-8.6	-6.5	-7.9	-17.9	-13.9	
Primary fiscal balance		-0.1	-2.3	-4.5	-4.7	-9.8	-11.3	-9.3	-11.4	-21.2	-7.4	
Debt indicators												
Central government debt		20.0	21.5	29.6	26.4	43.4	75.6	74.7	72.0	81.0	123.1	
External debt		10.6	11.4	14.4	15.5	21.4	54.0	52.1	49.5	62.7	80.5	
Domestic debt		9.4	10.1	15.2	10.9	22.0	21.6	22.6	22.5	18.2	42.7	
External debt as a percent of exports of goods and services		19.9	17.5	24.9	30.7	47.7	119.0	84.6	72.8	94.5	125.4	

Sources: Central Bank of Suriname; Ministry of Finance, Suriname; General Bureau of Statistics; World Economic Outlook, IMF (October 2020).

Notes: (p) denotes provisional figures.

Annex IV. Indicative Financing Scenario⁹⁷

Net Cash Flow 2015–2025

Net Flow of IDB Convertible Currencies

(US\$ million)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average 2021-2025	Total 2021-2025
Approvals	25.0	70.0	30.0	30.0	70.0	170	130	150	0.0	0.0	90.0	450
a. Loan Disbursements	83.1	17.2	23.8	32.8	14.8	150	90	95	17.0	20.0	74.4	372
<i>Investment disbursements</i>	13.1	17.2	23.8	32.8	14.8	10.0	10.0	15.0	17.0	20.0	14.4	72.0
<i>PBL disbursements</i>	70.0	0.0	0.0	0.0	0.0	100	80	80	0.0	0.0	48.0	240
<i>SDL⁹⁸ disbursements</i>	0.0	0.0	0.0	0.0	0.0	50	0.0	0.0	0.0	0.0	0.0	0.0
b. Repayments principal	10.6	15.9	22.6	26.3	25.7	33.6	38.3	40.2	40.2	41.3	38.7	194
c. Net Loan Flow (a-b)	72.5	1.3	1.2	6.5	-10.9	116.4	51.7	54.8	-23.2	-21.3	35.7	178.4
d. Subscriptions & Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Interests & Charges	10.4	12.0	13.4	18.3	14.8	16.1	15.6	14.8	13.7	12.6	14.6	72.8
f. Net Cash Flow(c-d-e)	62.1	-10.7	-12.2	-11.8	-25.7	100.3	36.1	40	-36.9	-33.9	21.1	106
IDB Debt	524	526	527	533	530	646	698	753	729	708		
IDB Debt/Multilateral Debt	83.2	82.2	84.6	83.9	82.0	60.4	56.3	60.2	53.9	51.0		
IDB Debt/Central Government External Debt	36.8	31.2	30.7	23.0	23.9	17.6	16.4	17.5	15.7	14.9		
IDB Debt/GDP	16.8	16.3	15.2	14.4	20.9	21.5	21.9	22.3	20.4	18.9		

⁹⁷ The indicative financing scenario is subject to change as discussions with the Government of Suriname are ongoing. It is important to note that the PBL and SDL lending depends on successful and continuous implementation of an EFF programme which is expected to be considered by the IMF's Board in 2021, and compliance with the Bank's macroeconomic safeguards over the CS period.

⁹⁸ The Special Development Lending (SDL) category is a budget support lending instrument aimed at contributing to address the effects of a macroeconomic crisis on a country's economic and social progress.

ANNEX V: Country Strategy Development Effectiveness Matrix

COUNTRY STRATEGY: DEVELOPMENT EFFECTIVENESS MATRIX

In August 2008, the Board of Directors approved the Development Effectiveness Framework (GN-2489) to increase the evaluability of all Bank development products.

The Development Effectiveness Matrix for Country Strategies (DEM-CS) is a checklist of the elements that are necessary to evaluate a country strategy. It is based on the evaluation criteria developed by the Evaluation Cooperation Group of the Multilateral Development Banks in the "Good Practice Standards for Country Strategy and Program Evaluation."

COUNTRY STRATEGY: Suriname

STRATEGIC ALIGNMENT

Refers to the degree to which the design and objectives of the CS are consistent with the country development challenges and with the government's development plans and priorities.

EFFECTIVENESS

This measures whether the country strategy is likely to achieve its intended objectives, through an examination of three dimensions: (i) the quality of the diagnostics on which Bank action is based in each area of work; (ii) the quality of the results matrix for the strategy; (iii) the use and buildup of country systems.

Effectiveness dimensions	
I. Country Diagnosis - Country Development Challenges (CDC)*	Yes/No
- The CDC is comprehensive / holistic / complete	Yes
- The CDC clearly identifies the main development challenges	Yes
- The CDC presents magnitudes of the main development challenges that are based on empirical evidence	Yes
II. Priority Areas Diagnostics	%
- That clearly identify and dimension, based on empirical evidence, the priority area's specific constraints and challenges	100%
- That clearly identify and dimension, based on empirical evidence, the main factors or causes contributing to the specific constraints and challenges	100%
- That provide corresponding policy recommendations	100%
III. Results matrix**	%
- The strategic objectives are clearly defined	100%
- The expected outcomes are clearly defined	100%
- The strategic objectives and expected results that are directly related to the main constraints identified in the Diagnosis	100%
- The indicators are outcome indicators and are SMART	100%
- The indicators have baselines	100%
IV. Vertical logic	Yes/No
- The CS has vertical logic	Yes

* This analysis includes any potential diagnostic document used elaborated to inform .

** The Results Matrix is composed by indicators that are meaningful to, and capture progress towards, the expected results. The expected results stem from the strategic objectives.

CS Diagnostic: As part of the Country Strategy 2021–2025 a country development challenges diagnostic was presented, under the title "Suriname: Country Development Challenges." The CS diagnostic is comprehensive and based on empirical evidence. The diagnostic identifies three priority areas for Bank intervention: (i) restoring macroeconomic sustainability; (ii) private sector competitiveness; and (iii) basic services and social protection.

- The diagnostic clearly identifies and dimensions, based on empirical evidence, 100% priority area's specific constraints and challenges.
- The diagnostic clearly identifies and dimensions, based on empirical evidence, the main factors or causes contributing to the specific constraints and challenges for 100% of the priority areas.
- The diagnostic provides corresponding policy recommendations for Bank actions, which are based on empirical evidence, for 100% of the priority areas.

Results matrix: The section of the Results Matrix corresponding to the new strategic area includes 8 strategic objectives for Bank action, 12 expected results and 15 indicators to measure progress.

- 100% of the strategic objectives are clearly defined.
- 100% of the expected outcomes are clearly defined.
- 100% CS Objectives are related to the main constraints identified in the Diagnosis.
- 100% of the indicators used are SMART.
- 100% of the indicators have baselines.

Country Systems: Using country systems in Suriname is still at an incipient stage. The IDB Group continues to encourage its member countries to use the country's budgetary, treasury, accounting systems, and reporting and external audit system for all loans.

Vertical logic: The CS has vertical logic.

RISKS. *This measures three dimensions: (i) identification of factors that actually do or might affect attainment of the proposed objectives; (ii) definition of mitigation measures; and (iii) monitoring mechanisms.*

The Strategy identifies three risks: (i) macro risks; (ii) climate change resilience; and (iii) portfolio execution. Mitigation and monitoring measures have been identified for all the risks.