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**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
AND
MULTILATERAL INVESTMENT AGENCY
COUNTRY PARTNERSHIP STRATEGY
FOR
SURINAME
FOR THE PERIOD FY15-19**

April 27, 2015

**Caribbean Country Management Unit
Latin America and the Caribbean Region**

**The International Finance Corporation,
Latin America and the Caribbean Region**

Multilateral Investment Guarantee Agency

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CURRENCY EQUIVALENTS

(Exchange rate effective as of 10/2014)

Currency Unit = Surinamese dollar (SRD)
US\$1.00 = SRD3.27

FISCAL YEAR

January 1 – December 31

WEIGHTS AND MEASURES

Metric System

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ABBREVIATIONS AND ACRONYMS

AAA	Analytic and Advisory Activities	IFIs	International Multilateral Financial Institutions
ABS	Bureau of Statistics of Suriname	IMF	International Monetary Fund
BEEPs	Business Environment and Enterprise Performance Survey	IsDB	Islamic Development Bank
CC	Climate Change	ISN	Interim Strategy Note
		ILO	International Labor Organization
CCRIF	Caribbean Catastrophe Risk Insurance Facility	LAC	Latin American and Caribbean Region
CCT	Conditional Cash Transfer	MICS	Multiple Indicator Cluster Survey
CDB	Caribbean Development Bank	MIGA	Multilateral Investment Guarantee Association
		MoE	Ministry of Education
CoST	Construction Sector Transparency Initiative	MoPW	Ministry of Public Works
		MPI	Multidimensional Poverty Index
CPS	Country Partnership Strategy	NP	National Development Plan
CSO	Civil Society Organization	NLTA	Non-lending Technical Assistance
		PEFA	Public Expenditure and Financial Accountability
CSOs	Civil Society Organizations	PFM	Public Financial Management
CUS	Competitiveness Unit of Suriname		
DB	Doing Business	PPP	Public Private Partnerships
		RAMP	Reserves Advisory and Management Program
DRM	Disaster Risk Management	ROSC	Report on the Observance of Standards and Codes
DSB	De Surinaamsche Bank	SBA	Standby Arrangement
EC	European Commission	SEGOM	Oil, Gas, and Mining Unit
ECE	Early Childhood Education	SME	Small and Medium Enterprise
ECLAC	Economic Commission for Latin America and the Caribbean	SOE	State Owned Enterprise
EDF	European Development Fund		
EI	Extractive Industries	SRD	Suriname Dollar
EITI	Extractive Industries Transparency Initiative	SWF	Sovereign Wealth Fund
EU	European Union	TA	Technical Assistance
FDI	Foreign Direct Investment	TVET	Technical and Vocational Training and Education
FI	Financial Institution	UN	United Nations
		UNFCCC	United Nations Framework Convention on Climate Change
FSAP	Financial Sector Assessment Program		
FY	Fiscal Year	VAT	Value Added Tax
GCI	Global Competitiveness Index	WBG	World Bank Group
GDP	Gross Domestic Product		
GII	Gender Inequality Index		

GoS	Government of Suriname
GTFP	Global Trade Finance Program
HDI	Human Development Index
IaDB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications Technology
IDA	International Development Association
IDF	Institutional Development Fund
IFC	International Finance Corporation

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Table of Contents

EXECUTIVE SUMMARY	1
Context.....	4
Country Diagnostic	4
Recent Economic Developments	7
Challenges to Poverty Reduction and Shared Prosperity	10
PART II: Government Plans and Program Priorities.....	17
PART III: The Suriname-WBG Partnership Program	19
WBG Role to Date	19
Role of Other External Partners	20
CPS Objectives and Areas of Engagement	22
CPS Program Description	25
PART IV: Risks	31
ANNEXES	33
Annex 1: Suriname CPS FY15-19 Results Matrix	33
Annex 2: CPS Standard Annexes	37
MAP	47

TABLES

Table 1: Suriname: Selected Economic Indicators	9
Table 2: Suriname: Proposed Operations for FY15-FY19	31

CHARTS

Chart 1: Suriname: Real Growth by Economic Sector	8
Chart 2: Suriname: State Owned Enterprise Sector in Suriname	16
Chart 3: Suriname CPS FY 15-19 Framework	23

BOXES

Box 1: NP Priorities	18
Box 2: Programs of External Partners	20

EXECUTIVE SUMMARY

i. **Suriname has emerged as one of the Caribbean's best performing economies over the last decade, but poverty remains high, especially in the interior areas.** Suriname, an upper-middle income country with abundant natural resources, recorded average growth of 4.4 percent for the period 2000-2012 and the per capita income of its population of 541,638 has risen concomitantly to nearly US\$8,900 in 2013. In the absence of reliable data on incomes and consumption, there is no official measure of poverty. Estimates by independent researchers and several IFIs, based mostly on 2006 surveys, place income poverty at between 26 and 31 percent. Analysis based on a multi-dimensional poverty index shows rural-dwellers in the interior of the country suffer much higher levels of deprivation of material goods and social services. There are also spatial and gender dimensions to poverty, which generally disfavor indigenous minorities and women.

ii. **An economic model concentrated on enclave-based extractive industries with limited spillovers to the local economy has constrained progress in fostering shared prosperity and has increased economic volatility.** Suriname's economy is highly concentrated in the extractive industries (gold, oil, and bauxite), which play a dominant role in driving growth, employment and government revenues. These industries have mostly developed under an enclave-model with limited linkages to local communities, SMEs, and the local economy in general. This has been exacerbated by weaknesses in the quality of education that has created skills mismatches and therefore limited the ability of Suriname's labor force to take advantage of the strong economic performance of recent years. Reliance on natural resources also exposes Suriname's economic performance to commodity price fluctuations. While high commodity prices have benefited Suriname for several years, and GDP growth is projected to peak at 5 percent in 2018, the medium term outlook remains mixed. Recent increases in the fiscal deficit and debt levels have exacerbated the country's vulnerabilities to commodity price fluctuations. The fiscal and economy-wide impact of a sharp decline in gold prices in 2013 led the government to implement fiscal measures to manage similar fluctuations going forward and highlighted the need for greater economic diversification.

iii. **Weak governance and institutional capacity in the public sector, and an unfavorable business climate, have further dampened prospects for growth and job creation.** An oversized public sector operating in most sectors of the economy, and with limited institutional capacity, has crowded out the private sector and acted as a brake on private sector investment and job creation outside the public sector. This has been exacerbated by the absence of adequate governance standards and legal and regulatory frameworks in the business environment. In addition, weak corporate governance, social and environmental standards in large industries, including in extractive industries, have limited the sustainability and positive social impacts of their growth.

iv. **The sustainability of Suriname's development progress is also highly vulnerable to climatic disasters,** especially flooding as a result of rising sea levels, which have had high human costs and created financial pressures for households, private businesses and public finances.

v. **To address these issues, the government is giving high priority to promoting economic diversification through private sector development, strengthening social services, and better managing disaster risks.** The National Development Plan lays out a detailed set of priorities and actions to address economic and climatic vulnerabilities. The government has reached out to several international development agencies (including the World Bank Group (WBG)) and bilateral governments to assist in implementing its plan and has secured substantial support from a number of institutions, as a result of which the government has made strong progress on most of its strategic priorities.

vi. **Against this background, the WBG and the government agreed to develop a Country Partnership Strategy (CPS) for FY15-FY19,** the first full strategy since the WBG and Suriname re-engaged in FY11, following a hiatus of nearly 30 years. A phased re-engagement began in 2012 at the request of the government, anchored on an Interim Strategy Note (ISN). Leveraging on the implementation of the ISN, this new strategy proposes a selective WBG engagement. The program reflects a strategy of gradual engagement in the context of rather limited data and knowledge by the Bank team and other partners on Suriname's development challenges while aiming to align with the Government's stated priorities presented in their National Development Plan (NP), and maintaining a line of sight between the areas of engagement and the twin goals of reducing poverty and boosting shared prosperity. Using the WBG comparative advantage in Suriname, the program of engagement complements the support Suriname is receiving from other development partners.

vii. **The overarching goal of the CPS program is to support Suriname's efforts to promote a more sustainable, inclusive, and diversified growth model through two areas of engagements:** i) creating a conducive environment for private sector development, and ii) reducing vulnerability to climate change-related floods. The program also includes one cross cutting theme: namely, improving capacity to measure and analyze data on poverty and gender to support evidence-based policy-making, in particular with regard to how the engagement can have an impact on the goals of reducing poverty and boosting shared prosperity.

viii. **In each area of engagement, the WBG will support a selective and focused set of activities, anchored on a strong knowledge building agenda.** To foster an enabling environment for private sector development, the WBG will support activities aimed at improving the business climate, including trade facilitation, better banking and financial reporting standards, as well as better management of the education sector for better service quality and skills. The WBG will also support a more inclusive and sustainable growth of key sectors (namely, extractive industries and agriculture), by fostering enhanced linkages with the local economy and promoting sustainable practices (including enhanced environmental and social standards and corporate governance). To reduce vulnerability to climate change-related floods, the WBG will support better flood risk management to minimize related human, economic and financial losses. Given the limited availability of data and the WBG's relatively limited knowledge on Suriname, the CPS proposes to systematically anchor the future financing program on a strong data and knowledge building pipeline of analytical work. Particular attention will be paid to building knowledge on poverty and gender trends, as well as to provide

support for regulatory measures and capacity building to strengthen institutions of governance in the public and private sector.

ix. **The overall risk to the achievement of development objectives and outcomes of this CPS is high.** There are four main risks. First, exogenous shocks could impact Suriname's macroeconomic sustainability, with adverse implications on the Government fiscal accounts, which could affect its ability to implement the CPS. Second, implementation risks are high due to the weak governance environment, weak institutional capacity, and the lack of experience of the WBG and Suriname with each other's procedures. The WBG will aim to build capacity through training for Surinamese project staff and relevant ministry officials on key implementation requirements, and the systematic inclusion in the program of capacity building efforts and a focus on understanding the institutional impediments and stakeholder incentives that underlie a weak governance environment. Third, WBG engagement in sectors that have been growth drivers, especially in the extractive industries, can lead to reputational risks in the event of tensions between investors and local citizens. The WBG intends to carry out careful analysis of governance, environmental, social, and competitiveness conditions in this sector during the initial years of the CPS. It will then focus its intervention on supporting the government and the private sector on addressing identified weaknesses. In addition, ongoing consultations and dialogue will be held with stakeholders in these sectors and local communities throughout the CPS timespan. Fourth, the upcoming elections in May 2015 could pose risks for the implementation of the CPS, such as risk of delays or of changes in government priorities. The current government is a coalition of several parties, and that the NP has been the result of a broad national consultation. Moreover, the design of the CPS program and the strategy of gradual engagement by building the knowledge base and understanding of institutional and political constraints could help to address such risks. Furthermore, the midterm review would also offer an opportunity to make adjustments and revise priorities, if needed, following discussions with the new government.

COUNTRY PARTNERSHIP STRATEGY (FY15-19)

Context

1. **The World Bank Group (WBG) Suriname Country Partnership Strategy (CPS) is the first WBG strategy for Suriname since the WBG and Suriname re-engaged in FY11, following a hiatus of nearly 30 years.** The WBG's phased re-engagement with Suriname began at the request of the government, which was seeking new development partners to offset the suspension in 2012 of an aid treaty with the Netherlands, which had ensured substantial resource aid flows to Suriname since independence in 1975. Shortly thereafter, Suriname, which was already a member of the Bank, also became a member of IFC and MIGA. An initial limited program of cooperation was laid out in September 2012 in an Interim Strategy Note (ISN) for FY13-14. The ISN did not include any lending to Suriname, focusing instead on a selective program of knowledge activities on topics of keen interest to the government, namely public financial management (PFM) capacity building, fiduciary improvements, competitiveness, and social development. Successful dialogue during the ISN led to a government request to expand WBG activities to include financing for selected projects, within the framework of a full CPS.

2. **This CPS proposes a selective WBG engagement to support Suriname's efforts towards sustainable, inclusive, and diversified growth** through creating a conducive environment for private sector development, and reducing vulnerability to climate change-related floods. Given the short period of engagement to date between the WBG and Suriname, and the consequent limited knowledge on key constraints to poverty reduction, this CPS proposes a selective program. The program will be preceded by focused analytical work and include three potential lending operations. This gradual approach is aimed to enable the Government of Suriname (GoS) and the WBG to build a shared understanding of Suriname's development challenges and ways to address them before considering a broader cooperation effort. In addition, the program will help support the development of local capacity for policy analysis and better governance through systematically embedding capacity building activities in all aspects of the WBG Suriname work program.

Country Diagnostic

General Context

3. **Suriname is an upper middle-income country, with a per capita income of nearly US\$8,900 and an ethnically diverse population of 541,638.** It is a low-lying country on the Atlantic Ocean, situated between Guyana and French Guiana and bordered by Brazil in the South. With a land area of about 164,000 sq km (over four times the size of the Netherlands) and a small population of about 541,638, Suriname has one of the lowest population densities in the world – just under 3.1 inhabitants per sq. km. Pristine forests cover about 90 percent of the land and the country also has large areas of arable land and rich reserves of fresh water. Suriname's population is socially and culturally diverse with strong Asian and African influences. While there is a significant indigenous and Maroon population that have inhabited the Interior for centuries, approximately 90 percent of the population claims ancestry from

another country or region. About 80 percent of the population lives in and around the three coastal zone districts of Paramaribo, Wanica and Nickerie.

4. **Suriname experienced extreme political volatility in the 15-year period following independence from the Netherlands in 1975 (including military rule in 1980-87 and 1990-91) until democracy was restored in 1991.** The 51-member unicameral National Assembly is elected every five years. Suriname has a presidential system of government, by which the president and vice-president are elected for five-year terms by the parliament. The government is appointed by the president. The current President, Desiré Delano Bouterse, began his term on August 12, 2010, after the *Mega-Combinatie* (Mega Combination) coalition won a legislative majority of 35 out of 51 seats.

5. **Suriname's economy is highly concentrated in the extractive industries (gold, oil, and bauxite), which play a dominant role in driving growth, employment and government revenues.** Extraction, processing and trading of gold, oil and (to a lesser extent) bauxite directly account for about 30 percent of GDP and over 90 percent of exports. Mining and quarrying have been key sources of employment, accounting for 24.4 percent of total employment in 2010, up from just 2.8 percent in 2003. Moreover, the services sector, which makes up about 50 percent of GDP and is dominated by trade and transport activities, is also closely linked to developments in the extractive industry. About 10 percent of government revenues are directly linked to gold production in the form of corporate income taxes, royalties and dividends, especially from the Rosebel gold mine. Small-scale gold mining sector activities, through secondary spending, add further to the economic impact of the gold sector. Agriculture is also important in the economy, accounting for about 10 percent of GDP, 10 percent of exports and employing over 17 percent of the labor force. The sector has experienced a recovery in recent years (following a long decline) but growth is below regional averages. There is also a significant informal sector, which if accurately measured and taken into account, would likely increase current GDP estimates by about 15-16 percent, according to the Bureau of Statistics.

Poverty and Shared Prosperity in Suriname

6. **There is no official measure of poverty in Suriname due to a lack of reliable data and the absence of an official methodology to determine poverty levels.** The Bureau of Statistics of Suriname (ABS) provides poverty estimates for parts of Suriname, mainly the Paramaribo and Wanica districts, prepared at irregular intervals since 1990. These calculations used local poverty lines based on different (non-comparable) methodologies. Attempts to collect household income and expenditure data through surveys and censuses have been affected by very low response rates and frequent underreporting of income. A few Household Budget Surveys conducted in 1968/1969, 1999/2000, 2007/2008 and 2013/2014 (ongoing) have collected household expenditures data, but they suffered from sampling problems and yielded unreliable poverty estimates as high as 50 percent. Consequently, the poverty methodology and the resulting numbers have never been endorsed by the ABS. Given the absence of adequate poverty measurements, this CPS draws a preliminary profile of poverty based on a combination of available Surinamese official data and studies published by other agencies such as the Inter-American development Bank (IaDB), the Islamic Development Bank (IsDB), and United Nations (UN) agencies, as well as independent local researchers. In

addition, the CPS proposes to address these issues by supporting data collection, the preparation of a poverty assessment in its first year of implementation, and capacity building of the ABS.

7. **Estimates by independent researchers and several IFIs, based mostly on 2006 surveys, place income poverty at between 26 and 31 percent¹.** These estimates, undertaken by researchers at the University of Suriname, provide an order of magnitude for poverty in Suriname, but issues with the survey on which they are based suggest that they are likely to underestimate income and thus overestimate poverty.

8. **Using a Multidimensional Poverty Index (MPI), poverty appears significantly higher in the rural interior than in urbanized coastal areas.** The MPI, which assesses deprivations at the household level on the basis of social indicators, access to basic services and ownership of durable goods², indicates that the incidence of multidimensional deprivation is around 7.5 percent for Suriname as a whole, but that its intensity is significantly higher in rural and remote areas. Indeed, while only 2 to 3 percent of the population in the urban districts of Paramaribo, Wanica and Nickerie endures multi-dimensional poverty, more than half the population in Sipaliwini (54.9%) and nearly a quarter in Brokopondo (24.9%) endures multi-dimensional poverty.³ However, based on census data, only about 11 percent of Suriname's population resides in these two districts (about 37,000 in Sipaliwini and 16,000 in Brokopondo) and settlements are scattered over a wide geographical area, making service provision especially challenging.

9. **Other measures of poverty find similar disparities between coastal and interior areas.** A wealth index constructed with data from the 2009/2010 Suriname Multiple Indicator Cluster Survey (MICS) finds that between 6 to 10 percent of the population of the urbanized coast are in the bottom quintile of the wealth distribution, compared with 93 and 76 percent of the populations of Sipaliwini and Brokopondo. In turn, the UN's Human Development Index (HDI) finds that life expectancy at birth in 2009 was about nine years lower in Sipaliwini than in Paramaribo (62.6 and 71.7 respectively). The gap in school attainment across districts is even more striking. While the average years of school attainment was 9.7 and 9.1 in Paramaribo and Wanica respectively, the corresponding figures for Sipaliwini and Brokopondo were just 2.9 and 5.4. According to the prevailing patterns of enrollment among school-age children, a child in the interior is expected to accumulate about 4 fewer years of education than those that reside in Paramaribo. HDI numbers for the period 2004/2006 suggest these disparities have stayed unchanged over time.

10. **There is also a spatial dimension to poverty in Suriname, with those who live in the interior being disproportionately poor.** The interior districts of Brokopondo, Sipaliwini,

¹ The most recent survey data available for MPI were collected in 2006. Several estimates within that range have been used in official documents of IaDB, IsDB, UN, and EU in 2008-2014.

² The MPI for Suriname identifies overlapping deprivations at the household level covering health (prevalence of underweight children under five years of age), education (attainment and child school attendance) and standard of living (access to electricity, sanitation, drinking water, quality of the house, type of cooking fuel and asset ownership)

³ A cut-off of value for Intensity of Poverty of 20% is used to distinguish between the multi-dimensionally poor and non-poor in Suriname (UNDP, 2013). MPI for Suriname for 2005/2006 and 2009/2010 were calculated from Multiple Indicator Cluster Survey 3 and Multiple Indicator Cluster Survey 4.

Marowijne, and part of Para (which together represent 90 percent of the total land area) are inhabited almost exclusively by four groups of indigenous peoples⁴ and six Maroon tribes⁵. They live in 250 villages that range from small family communities of 50 in the case of indigenous peoples to larger Maroon communities of up to 7,000. Natural resources – water, timber and wildlife in particular – are the foundation of the economies of these communities and play a key role in their social, cultural and spiritual lives. Complex systems of customary law regulate land use, and kinship remains a key determinant in accessing resources, including land. However, because of weak regulatory frameworks, these communities are increasingly vulnerable to pressures on land and resources as a result of extractive activities, forest cutting, and large infrastructure projects. Disparity also extends to social services, as long-term marginalization has contributed to lower social indicators and greater social exclusion.

11. Gender disparities disfavoring women are also prevalent, particularly in the remote interior. Despite a commitment to gender equality in the National Development Plan, multiple manifestations of gender inequality remain. Suriname ranks 94th of 148 countries in the UN's Gender Inequality Index (GII) which compares women's and men's outcomes in three dimensions: reproductive health, empowerment, and the labor market. Similar to the welfare measures discussed above, GII values for 2009/2010, broken down by district, highlight large differences between the coastal and interior regions.⁶ Less than half (46.3%) of young women in the poorest district (Sipaliwini) are literate. The unmet need for contraception reaches 33 percent of women aged 15-49 years in some districts. Adolescent fertility rates are high, especially in the interior. Indeed, the 2009 national adolescent fertility rate⁷ (births to women aged 15-19 expressed per 1000 women) was at 66.2, versus 101.4 in Sipaliwini and 99.9 Brokopondo. Women in the interior region are about half as likely women living in coastal areas to actively engage in the labor market, either working or actively looking for a job (UNDP, 2013). In addition, ILO data (as well as census data from 2012) indicate that unemployment among adult women, at 19.3 percent, is more than double the unemployment rate for men (8.8%). The same pattern is observed with respect to youth unemployment, where unemployment rates are 57.6 percent and 23.1 percent for women and men respectively.

Recent Economic Developments

12. Over the last decade, Suriname has emerged as one of the Caribbean's best performing economies. Economic activity has fully recovered from the severe contraction experienced during the period of political instability that characterized the first 15 years following independence. By 2000, the political climate had stabilized and the economy, through prudent macroeconomic management and implementation of a strong countercyclical fiscal policy, provided a stable base for some increase in foreign investment inflows to new, predominantly resource based growth areas. The combination of these policies, and the

⁴ Kali'na, Lokono, Wayana and Trio

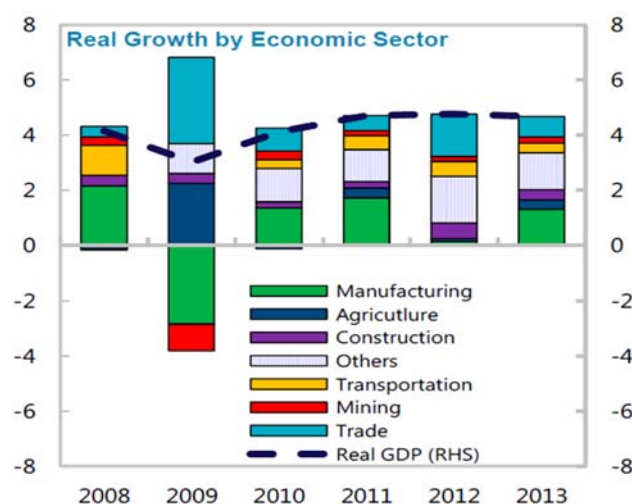
⁵ Cottica Aukaner, Paramaka, Matawai, Kwinti, Saramaka and Tapahony Aukaner

⁶ The GII captures women's disadvantages with respect to men's outcomes in three dimensions: reproductive health, empowerment and the labor market. It ranges from 0, which indicates that women and men fare equally, to 1, which indicates that women fare as poorly as possible in all measured dimensions.

⁷ Source: UNDP, Human Development Atlas – Suriname, 2013

generally good international environment characterized by large increases in the prices of Suriname's mineral exports, facilitated growth⁸. Suriname recorded real average annual growth of 4.4 percent during the period 2000-2012 (nearly 1 percentage point higher than the LAC average), improving its ranking on growth performance to 77th out of 191 countries from an average rank of 170th in the preceding decade. Suriname's real GDP growth rate now compares favorably with other countries in Latin America and the Caribbean (LAC). Suriname's per capita income has moved up by 10 percentage points over the past 10 years, from 19 to 29 percent of the US per capita income, ahead of the average for LAC.

Chart 1: Suriname: Real Growth by Economic Sector



Source: IMF Article IV, 2013

13. **While economic growth was sustained in 2013, the sensitivity of Suriname's economic performance to developments in the extractive sector became apparent.** The economy is estimated to have expanded by 4.1 percent in 2013, driven by robust output growth in the services and construction sectors. However, two key developments during that year -- a US\$250 falloff in the price of gold (which adversely affected export earnings) and a significant increase in capital imports associated with the expansion of the Staatsolie oil refinery -- led to Suriname's first current account deficit in 8 years. The current account deficit was financed by foreign direct investment (FDI), other private capital inflows, and a US\$152 million drawdown in reserves. Consequently, net international reserves fell to US\$775 million at end-December 2013, equivalent to about 3.4 months of imports.

14. **In addition, Suriname's fiscal position and debt levels have deteriorated recently, reflecting sensitivity to commodity prices and limited capacity to contain public spending and enhance revenues.** Estimates for 2013 show a significant deterioration in the overall fiscal deficit to 6.8 percent of GDP, one-third higher than the 4 percent deficit recorded in 2012. Public debt, which at end-August 2014 amounted to about 30 percent of GDP, remains well within acceptable sustainability benchmarks, but has increased significantly since 2010 where it stood at just 18.5 percent of GDP.

⁸ The price per troy ounce of gold on the international market increased from \$300 to over \$1800 between 2001 and 2013. Similarly, oil prices moved from an average of US\$20/bbl to over US\$100/bbl over the same period.

Table 1: Suriname: Selected Economic Indicators

	2010	2011	2012	2013	Projections				
					2014	2015	2016	2017	2018
GDP, Prices and Employment									
				<i>(Annual percent change)</i>					
Real GDP growth (%)	4.1	5.3	4.8	4.1	3.1	3.7	4.2	4.6	5.0
Consumer Price Inflation (eop)	10.3	15.3	4.3	0.6	3.7	3.1	3.0	3.0	2.9
Consumer Price Inflation (average)	6.9	17.7	5.0	1.9	2.6	3.4	3.0	3.0	3.0
Exchange rate, SRD/US\$ (average)	2.8	3.3	3.3	3.3	-	-	-	-	-
Unemployment Rate	7.6	8.0	8.5	-	-	-	-	-	-
Government Operations									
				<i>(In percent of GDP)</i>					
Total Revenues	25.8	27.0	25.9	23.8	24.5	24.8	24.3	23.6	23.8
Total Expenditure	22.7	26.5	29.9	30.6	28.2	28.2	27.5	26.6	26.4
Public Sector Balance	-3.1	0.5	-4.0	-6.8	-3.7	-3.4	-3.2	-3.0	-2.6
Primary Balance	-2.2	1.5	-3.0	-5.4	-2.8	-2.3	-2.2	-1.7	-1.3
Public debt	18.5	20.4	22.2	29.8	33.8	37.0	41.0	41.1	40.7
External Sector									
Current account balance	6.4	5.8	3.4	-3.9	-4.5	-3.9	-3.0	0.2	0.5
reserves (months of imports)	4.9	4.4	4.7	3.4	3.8	4.2	4.8	4.8	4.8
Memo:									
GDP (SRD\$billion)	12.0	14.3	15.9	16.6	17.3	18.5	19.8	21.3	23.0

Source: CBvS, IMF, World Bank staff estimates

15. **In response to the volatility associated with commodity prices, the government has embarked upon fiscal reforms.** The government has designed an ambitious program of fiscal consolidation that includes, *inter alia*, restructuring of the tax system to increase revenues, improvements to expenditure management in the public sector, including public enterprises, and more moderate wage increases in forthcoming wage negotiations. A planned transition to a value-added tax (VAT) on sales (in place of the current business turnover tax) in tandem with a cut in income tax is expected to be rolled out after the elections of 2015. This fiscal consolidation effort is expected to bring the fiscal deficit down by 3 percentage points to 3.7 percent of GDP in 2014 and should contribute to improving Suriname's debt posture.

16. **However, the economic outlook for the medium term is largely dependent on the prices of gold and oil.** Output growth is projected to remain within the 3-6 percent range, with investment in extractive sector activities and manufacturing continuing to be the key drivers. The state-owned oil company is building a new US\$700 million refinery, which will substantially reduce imports of oil derivatives starting in 2015. Private sector investment is being mobilized for the construction of a US\$1.1 billion gold mine. Investments are also planned in agriculture, but their impact is more uncertain. Indeed, while prospective

investments in palm oil are likely to boost employment and exports, the viability of the banana and rice industries could be threatened by strong competition from other Latin American producers. Growth will be further supported by rising real incomes as inflation remains subdued and necessary fiscal correction measures are implemented. Developments in the oil and gold industries augur well for a reversal of the deterioration in both the balance of payments and the fiscal accounts over the medium-term, although the outlook remains highly dependent on the future evolution of oil and gold prices.

17. **Overall, downside risks are high and need to be managed by a combination of short-term and medium-term structural measures.** The main risk emanates from the dependence on commodity export revenue. While current macroeconomic projections assume that the prices of Suriname's major commodity exports will remain close to current levels, a large decline in prices would almost certainly result in balance of payments and fiscal pressures, with likely adverse implications on debt dynamics, and for employment and poverty. This, combined with uncertainties related to the upcoming elections in 2015 (including additional potential fiscal pressures and further delays in approving long overdue tax enhancing measures), could lead to a deterioration in investor sentiment. In this context, priority needs to be given to containing the risks associated with dependence on the extractive industries by effectively implementing the planned fiscal measures and by diversifying sources of economic output and growth.

Challenges to Poverty Reduction and Shared Prosperity

18. **While further diagnosis work will be carried out in FY15, analysis conducted during the ISN suggests that four features of the Surinamese economy are clear impediments to poverty reduction and shared prosperity.** WBG background studies, including the policy notes produced under the ISN,⁹ as well as WBG work conducted to prepare this CPS, identify the following challenges that should be addressed to achieve further progress in poverty reduction and shared prosperity.

- First, Suriname's dependence on enclave-based extractive industries contributes to macroeconomic volatility, and is not associated with high levels of employment and jobs due to its relatively capital-intensive production processes and limited linkages to local businesses. This is even more visible when compared to the share of the sector's contribution to GDP and foreign exchange earnings (see paragraph 5).
- Second, weaknesses in the quality of education has further limited positive spillovers from growth, as it has created skills mismatches and therefore impeded the ability of Suriname's labor force to benefit from the strong economic performance of recent years. Given the relatively lower education coverage and quality in the interior, rural-dwellers generally have even less capacity to exploit potential employment and business opportunities, thus further accentuating the divide with coastal areas (see paragraph 9).

⁹ Including ROSC, RAMP reports, Economic notes, FSAP, Enterprise Surveys, IMF Article IV, IaDB reports.

- Third, a large public sector (144 SOEs, see paragraph 35 below), associated with weak governance and institutional capacity, are obstacles to the achievement of a more inclusive and sustainable growth path. The large public sector presence in most sectors of the economy and outdated legal and regulatory frameworks (including environmental and social requirements) have likely discouraged private investment and job creation.
- Finally, the sustainability of Suriname's development progress is also highly vulnerable to climatic disasters, especially flooding as a result of rising sea levels. Recent flooding events have had high costs for the population and created serious financial pressures for households, private businesses and public finances.

Creating a Conducive Environment for a Diversified Private Sector Growth

19. **Suriname's private sector has so far developed mostly around the extractive sectors with limited spillovers onto the local economy.** A sizable share of GDP (about 30 percent), exports and employment are linked to the extraction, processing and trading of gold, oil and (to a lesser extent) bauxite and related services. These sectors have developed largely as economic enclaves, with limited spillovers to the local communities and economies, notably Small and Medium Enterprises (SMEs). SMEs, which play a limited role in the economy, have not been able to take advantage of the sizable extractive industries nor of other large investments, due in part to significant obstacles in the business environment.

20. **Suriname's bureaucratic business environment, especially inefficient business regulation and procedures, hamper private sector growth and investment.** The legal and regulatory frameworks governing business activities pose major obstacles to companies and investors. According to the latest Doing Business Report, Suriname's business environment is characterized by cumbersome procedures and delays related to inadequate legislation and regulation, an inefficient government bureaucracy, and a weak institutional framework for businesses. These obstacles typically affect smaller firms more. Custom processes are particularly inefficient, posing difficulties for exporting firms.

21. **A recent Financial Sector Assessment (FSAP) highlights that financial services are significantly underdeveloped in comparison to economies with similar income levels.** Limited access to finance is one of the top constraints to business growth with 36.2 percent of enterprises identifying inadequate access to credit as a major constraint¹⁰ (above the Latin America and global averages of 30.8 and 30.2 percent, respectively). In 2013, the amount of credit to the private sector was SRD 4,775 million, less than 30 percent of GDP and relatively small *vis-à-vis* other countries in LAC. Access to finance for households outside of urban areas along the coast is particularly limited, with negative implications for poverty reduction. The banking sector is small and concentrated in three large financial institutions of which two are partially state-owned. In addition, the state fully owns three small commercial banks, but their weak financial condition is constraining their ability to extend access to finance. Volatile macroeconomic conditions have led to the entrenched use of foreign currencies, and in 2013, 40 percent of loans were denominated in foreign currency. Basic credit infrastructure (including

¹⁰ According to the World Bank Enterprise Survey (released in 2012).

that supporting the ability to effectively use real estate or other assets as collateral) is underdeveloped, restricting the ability of firms and entrepreneurs to access financing. Non-bank financial services such as leasing, factoring, which have proved effective in serving SMEs in other countries, are underdeveloped in Suriname.

22. **The development of the Extractive Industries is facing several difficult challenges.** So far growth in extractive industries has not been very inclusive, i.e. with few linkages to the local economy. According to the 2012 Suriname Private Sector Assessment Report, the development of the mining sector has been essentially enclave-based. Integration with local Small and Medium Enterprises (SMEs) through supplier development programs with linkages between the large companies active in the sector and the local economy is minimal. Currently local businesses have little opportunities to enhance their capacity and benefit from the transfer of know-how and expertise, which could be brought about with big investments. In this regard, it should be noted that large extractive industry operations are generally located in the interior, where a large proportion of poor indigenous and Maroon communities are located. The sector also needs improved transparency and accountability with respect to its support to vulnerable groups (especially Maroons and indigenous peoples).

23. **Equally important is the need for a strengthened environmental and social regulatory framework to guide investments in extractive industries.** For a country whose geographic area is 90 percent covered by the Amazon forest, the environmental and social management of forestry, biodiversity and mining is essential. This is particularly important for the indigenous peoples and the Maroons who live in large proportions in the interior. Because of underdeveloped regulatory frameworks, interior communities are increasingly vulnerable to pressures on land and resources from extractive, timber and large infrastructure projects. Until recently, pressure on natural resources was low. Few roads and high transportation costs made logging and mining economically infeasible for many investors so the resources remained largely intact. With increased private investments, this is now changing rapidly. Furthermore, there is a growing incidence of informal (small-scale) mining activities, which, while generating income for many households, are entirely unregulated, which leads to conflict with surrounding communities and poses health risks. Large areas of the interior have indeed been contaminated by mercury, mainly due to informal mining in the past 20 years. Mercury levels among children are reaching alarming proportions, and access to clean water, or to fish free of mercury are compromised. The government has set up a presidential committee to address this pressing issue, notably trying to develop sustainable mining practices in consultation with the local communities.

24. **The economic potential of agriculture, forestry and related activities which would contribute to a more diversified and inclusive model of growth is hampered by various obstacles.** Over the medium-term, the extractive industry sector faces challenges related to its non-renewable nature (e.g. gold, oil, bauxite), in addition to creating exposure to commodity price fluctuations. Enhancing the competitiveness of the non-extractive sector, especially agriculture, a traditional growth sector of Suriname, would help diversify the sources of growth and promote job creation. Since 2005 the agriculture sector has been recovering from steep declines experienced in the previous decade, but output remains below the levels of the early 1990s. The sector is highly concentrated, with rice cultivation covering 88 percent of arable land, resulting in excessive exposure to the demand and prices of rice. Other crops include fruit (particularly bananas) and vegetables. Food processing currently accounts for about 60 percent of all (non-extractive related) manufacturing activities. Its potential is however hampered by limited access to credit and other weaknesses in the business environment such as transport and logistics. Similarly, other high potential sector (agro-forestry, fisheries, ecotourism) face similar challenges. In recent years there has been an increase in foreign direct investment but critical weaknesses in corporate governance, transparency, lack of capacity to enforce environmental and social standards are leading to an accelerated depletion of Suriname's natural resources, especially timber. Developing sustainable resource management practices (e.g., soil conservation, water management) with the support of local communities is a key challenge toward growth diversification. Sustainable agriculture, forestry and related processing industries are critical for diversification but, equally, for increasing shared prosperity as households that rely on small scale farming and forestry are generally in the lowest income quintiles.

Delivering Education Services that Match the Labor Market Demand

25. **Education has weakened over the past years with weak institutions and poor outcomes, not meeting the market demand for skilled labor.** Investment in education is critically needed to develop a well-educated labor force, supporting and benefiting from private sector led growth. Enrollment rates are quite high at pre-primary and primary levels, but relatively low at secondary level (gross enrolment in pre-primary at 88 percent; net enrolment at 92 percent and 57 percent for primary and secondary respectively). Enrollment in tertiary education, at around 34 percent based on census data from 2012, is also very low. Starting at secondary level, there is a gender gap in education, with a ratio of girls to boys enrolled of 131 percent. In terms of education results, about 16 percent of primary school children and 14 percent of secondary school children repeated the year in 2011. At both levels, the percentage of boys repeating is higher than for girls. Furthermore, latest available data (2008) indicate that completion rates for children enrolled in primary schools are just at 88 percent. There is evidence of a mismatch between skills produced by the education system and skills needed by the labor market, as reflected during the CPS consultations with the private sector.

26. **Children from poor households and those who live in rural areas, especially in the interior, have the lowest school attendance and completion rates.** According to the 2010 Multiple Indicator Cluster Survey (MICS), early childhood education (ECE) is mainly a privilege for urban and rich children: about 44 percent of children aged 3-5 years in urban areas attend ECE programs compared to 19.6 percent in rural areas. 63.3 percent of children from the richest quintile of households attend ECE compared to 16.2 percent among those from the

poorest quintile. There are large disparities by district and ethnic group. The MICS shows disparities in primary school attendance where the adjusted net attendance ratio is 96.5 percent in urban areas compared to 93.6 percent in rural areas and 90.1 percent in the rural interior. Similarly, attendance is lowest among the poorest population quintile (91.5%) and highest (96.2%) among the richest quintile. The largest disparity is at the secondary school level where the net attendance ratio for urban children is 66.2 percent compared to 43.7 for those in rural areas and only 21 percent for those in the rural interior. Moreover, the net attendance ratio is only 28.5 percent for children from the poorest quintile of households compared to 82.6 percent for those from the richest quintile. Among those who attend schools, 93 percent of those living in urban areas complete primary school compared with 78.8 percent of those in rural areas and 61.7 percent of those in the rural interior. The primary school completion rate for the richest quintile is 106.7 percent compared to 63.3 percent among the poorest.

27. **The education system is plagued by structural problems.** Main challenges include the absence of a legal framework, policies and regulation; weak institutional organization and absence of management systems; low quality of education inputs; and remaining gaps in access and coverage, especially in the interior. Other issues include low salaries, low hiring standards, and weak incentive mechanisms to encourage and monitor productivity-based performance. Besides personnel management issues, weak public sector capacity for planning, monitoring and evaluation are major problems hampering performance in the social sectors. There are few incentives for trained teachers to work in remote areas and overall attrition there tends to be higher.

28. **Reforming the education sector at all levels will require a strategic vision, stronger institutional capacity, and a robust result- based management system.** Since the National Development Plan of 2012-2016 has placed education as a priority, there have been some reform initiatives supported by the IaDB and the IsDB which included improving access especially in the interior, training teachers, revising curricula, introducing ICT in education, and developing the Technical and Vocational Training and Education system (TVET). However, for the sector to play its role in delivering high quality services, more support is required at the institutional level to lay the foundation for a solid system that produces the required skills for the economy and the society.

Reducing Vulnerability to Climate Change-Related Floods

29. **Suriname's efforts to reduce poverty and enhance shared prosperity are vulnerable to climate change.** Sea level rises threaten the low-lying coastal region and cause periodic flooding. The capital Paramaribo is located in the northern lowland coastal area. This area and the riverbanks of the Suriname River are highly exposed and vulnerable to floods and erosion. The impact of these events is estimated to affect 50 percent of the country's population and about 90 percent of human activities, including agriculture and small industries. As climate patterns change, Suriname may be confronted with more intense and frequent flood events. Coastal zones also include highly important ecosystems for the breeding and feeding of various species. In addition, as recognized in Suriname's First National Communication under the UNFCCC, climate change is likely to result in changes in the hydrological cycle, including rainfall, its intensity and distribution, and draughts. Over the last two decades, it is estimated that the sea level has risen at least 20 centimeters. Sea and river level rise, and changes in wind

pattern and intensity result in intensified wave impact on the shoreline, land loss due to inundation and flooding, salination and loss of biodiversity.

30. **The effects of climate change and natural disasters hurt disproportionately the poor and most vulnerable.** In its representation to the UNFCCC, the government indicated that any increase in sea level will result in, "increased erosion, large-scale inundation, loss of fertile land, reduction of freshwater resources, decline of biodiversity, and worsening of human health." The government also indicated that fluctuations in precipitation are wreaking havoc on agriculture and putting food security of many of the poorest and most vulnerable in jeopardy. The major floods that afflicted Suriname in 2006 and 2008 highlighted the population's vulnerability to adverse natural shocks. In both instances, flooding severely affected the coastal regions, which includes Paramaribo, where the bulk of Suriname's population lives, and where most of the country's physical assets are concentrated. An assessment of the socio-economic impact of the May 2006 floods carried out by ECLAC¹¹, shows that the largest proportion of damage was reported in the education and agricultural sectors (45 and 39 percent respectively), affecting school attendance in the affected zones as well as food security throughout the country, including the poorer interior. Before the flood, the interior was already relatively food insecure. Open hunger was averted by augmenting local food supplies with purchases from Paramaribo. By disrupting coastal economies and trade logistics, the flood upset this delicate food balance, causing food shortages in the short to medium term with serious consequences for households already living on the brink of under nutrition (especially children and pregnant and lactating women).

31. **Flood risk management is a high priority for Suriname, as it threatens to lead to food insecurity, the destruction of property and livelihoods, and fiscal pressures.** The government developed an Integrated Coastal Management Plan in 2008. The Ministry of Public Works commissioned a Drainage Master Plan for the Greater Paramaribo Area, which includes recommendations on institutional and regulatory actions and specific interventions. Complementary efforts now need to be devoted to defining the country's disaster profile, develop a national disaster risk management policy to address climate change adaptation, develop early warning systems, carry out a flood risk reduction assessment, and institute an emergency response policy. Access to adequate disaster contingent funding and insurance mechanisms to contain the financial costs of a catastrophic event is also a priority.

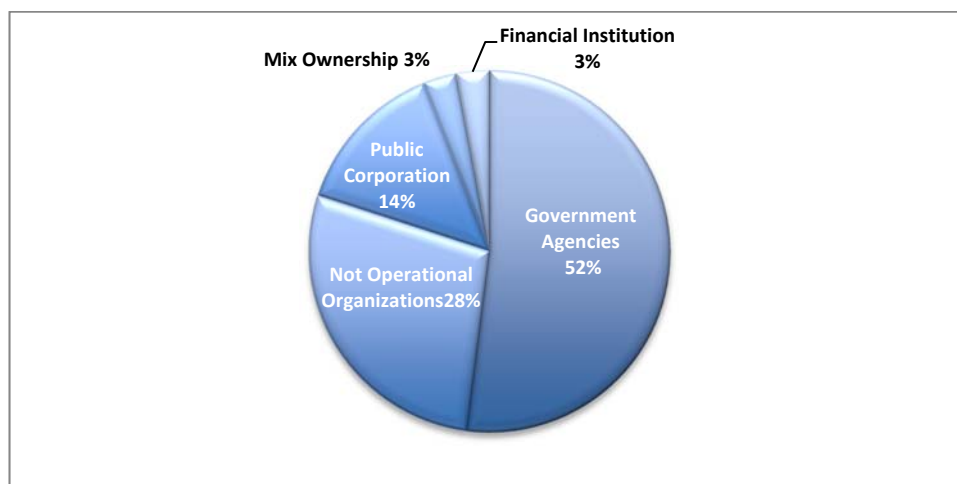
¹¹ ECLAC, Suriname: the impact of the floods on sustainable livelihoods. March 2007.

Enhancing Governance and Public Sector Institutions

32. **Weaknesses in governance and institutions, and lack of capacity in economic and financial management all accentuate the problems described above.** As mentioned earlier, the oversized public sector operating in most sectors of the economy with limited transparency and institutional capacity, the weak business environment with heavy involvement of ineffective public sector institutions, and weak accounting, audit and reporting standards for both public and private enterprises all contribute to discouraging private sector activity and job creation outside the public sector. Thus, reconsidering the role of government in economic activity and developing and consistently applying enhanced modern financial management (e.g., accounting and audit) and reporting standards across all enterprises (public and private) will be necessary so as to create a more level playing field for, and provide greater confidence to, potential private investors.

33. **The public sector in Suriname is large and likely crowds out private sector development and job creation.** There are about 144 state owned enterprises (SOEs) active in nearly all sectors of the economy (statutory entities and authorities, as well as government-owned limited liability companies) (Chart 2). Public sector employment accounts for 60 percent of total employment. SOEs frequently undertake quasi-fiscal activities on behalf of the government, including regulatory functions and subsidized service delivery. Many of the SOEs are loss making, which raises questions about their viability, the degree to which they pose fiscal risks, and their impact on competition. In general, they have limited financial management capacity, and their corporate governance framework is weak, as is the quality of financial information. Overall, the State's overwhelming presence in the economy crowds out the private sector and inhibits productivity, competitiveness and innovation.

Chart 2: Suriname: State Owned Enterprise Sector in Suriname



Source: Ministry of Finance, Suriname

34. **The authorities have signalled their intention to move toward a leaner public sector participation in the economy and make greater space for private sector development.** The government has taken steps to exit ownership of some SOEs (notably, by recently privatizing the main public banana company). Similar steps on a wider scale are

planned and will likely be necessary to attract private investment, reduce market distortions stemming from public participation in productive activities, and enhance the competitiveness of key sectors. Divesting some SOEs will also directly open space for private entrepreneurship.

35. **The government is also moving towards a strong public sector financial management environment.** Following the first PEFA assessment, done in 2011 with the support of the IaDB, the government prepared a Strategic Plan for the development of public sector financial management. As part of the plan, the government is implementing an integrated financial management information system. The government understands that a modern, robust financial management information system is needed to ensure that essential day-to-day financial operations (budget execution, accounting, and reporting) can be carried out in an orderly manner and without risk to government financial operations.

36. **The government is also working on revamping several laws and regulations governing Suriname's investment climate, with support from the IaDB.** While these efforts are important steps in the right direction, progress has been slow. Their success on the ground will ultimately depend on: i) the institutional capacity of relevant agencies to fully and consistently implement the reformed laws; and ii) commitment to an ongoing process for continued improvement of the business environment based on a well-functioning public-private dialogue to identify the regulatory bottlenecks that are holding back firm competitiveness.

37. **However, an outdated financial reporting system limits progress towards greater transparency and accountability.** A recent Bank Report on the Observance of Standards and Codes (ROSC) for Accounting and Auditing found that weaknesses in accounting for public and private corporate entities and financial institutions are widespread. This limits the ability of the state to properly oversee and manage SOEs. It also limits the ability of civil society to understand economic trends and participate in public dialogues. It further creates obstacles to private investments, including FDIs and is an obstacle to access to finance for firms that cannot provide adequate financial information, especially SMEs. Needed reforms for the short- to medium-term include modernizing the legal and regulatory framework for corporate financial reporting, accounting and audit and implementing international standards for audit. Other key elements include strengthening the monitoring and enforcement capacity of the Central Bank and Ministry of Finance, establishing an independent professional accountancy body, and strengthening higher education institutions to help develop the accountancy profession.

PART II: Government Plans and Program Priorities

38. **Suriname's 2012-2016 National Development Plan (NP)'s themes can be grouped into five strategic priorities: good governance, economic diversification, social development, education, and natural resource management.** The NP was widely consulted and approved by parliament. The overall aim of the NP is to achieve economic growth rates of 6 percent per annum, and create 5,000 new jobs per year. The NP calls for new investment in the order of US\$6.9 billion to support its five strategic priorities. More details concerning the priorities are given in Box 1.

Box 1: NP Priorities

- **Good Governance:** The Plan seeks to strengthen the credibility of public institutions via a focus on PFM improvements, including budget management processes, e-government enabling greater transparency, efficiency and effectiveness of public sector institutions. The Plan prioritizes improvements to banking sector oversight to facilitate economic growth.
- **Economic Diversification:** The NP has set a goal of promoting private sector-led economic diversification by enhancing the business climate – including cutting back on red tape, improving access to credit, simplifying property registration, improving infrastructure (including broadband connectivity), strengthening investor protections and contract enforcement. There is a focus on incentivizing large-scale farming for export crops, promoting private investment in high potential growth sectors (e.g. agribusiness, tourism, and forestry products) and reducing the state's role in economic activity through greater attention to PPP and privatization.
- **Education:** The NP calls for a high quality, gender-inclusive education system via improving the efficiency, content and management of basic education and, introducing performance management frameworks and professional development for education staff. The policy agenda has an emphasis within education on science, technology and innovation.
- **Social Development:** The NP recognizes that there are disparities that need to be addressed through continued efforts to improve access to and quality of health and education services, especially in the rural interior. The plan prioritizes the introduction of a targeted conditional cash transfer program to protect the poorest segments of the population, while cutting back on a number of the small, duplicative and costly social protection programs.
- **Natural Resource Management and Climate Change Adaptation:** This strategic area is two-fold: first, to strengthen disaster risk management and catastrophe risk insurance to lessen the impact of floods and other climatic shocks; and second, to enhance the sustainability of mining and forestry activities by developing an adequate regulatory framework and control the inappropriate exploration of mineral resources and degradation of forests.

39. **Given risks associated with commodity price volatility, an additional focus on fiscal management was added in 2012-13.** Key fiscal measures considered and/or pursued include: (i) establishment of a clear fiscal anchor based on a target for the non-mineral balance; (ii) adoption of medium-term budget ceilings and other improvements to PFM; (iii) creation of a SWF as the repository for savings from mineral revenues, thus building up a fiscal buffer to cushion the impact of commodity price declines; and (iv) diversification of revenue sources, principally through the introduction of a value added tax (VAT).

40. **The government has made strong progress on most of its strategic priorities, in part with support from external development partners.** A number of actions were taken to strengthen public financial management (PFM) notably in budget management and control, public procurement, and in the establishment of a Single Treasury Account. Substantial progress was made in the financial sector via the adoption of a new framework law and related regulations, and in the strengthening of supervision capacity. Steps are being taken to increase equity in basic education, including improving education infrastructure in the interior, and to expand the technical and vocational education (TVET) system, with support from IaDB and IsDB respectively. The authorities are making efforts to improve access to social and basic services in rural areas. With respect to economic diversification and private sector development, efforts are underway to streamline business regulations and processes (with IaDB support). The government successfully privatized a major state-owned banana enterprise.

Preparations are well advanced for opening up the state-owned oil company to private investment and the government is seeking opportunities for PPPs in infrastructure. Finally, the Ministry of Public Works has begun exploring ways of reducing the risk of floods, including the development of preliminary plans to protect the Suriname River banks along the city of Paramaribo, to improve the urban drainage system, and build a seawall.

PART III: The Suriname-WBG Partnership Program

WBG Role to Date

41. **The ISN program for FY13-14 focused on implementing AAA activities in priority areas identified jointly by the government and the WBG.** The focus of the WBG's analytical work was on producing policy notes in three key areas: (i) public sector management, including fiduciary, PFM and financial sector governance; (ii) competitiveness, including business climate improvements, ICT needs, financial sector, sustainable mining, and PPP strategy; and (iii) social development, including analysis of ethnic and spatial disparities and access to social and basic services. The Bank also provided Non-Lending Technical Assistance (NLTA) to strengthen customs and tax administration, improve reserves and assets management (via the RAMP program) and develop a PPP strategy (with PPIAF support). The authorities, with technical assistance from the RAMP, have completed most of the groundwork to establish an SWF based on best principles.

42. **In parallel, IFC provided advisory and investment support, with an initial focus on the financial sector.** In mid-2012 IFC made its first loan in Suriname, in the oldest and largest bank, the Surinaamsche Bank (DSB). DSB, which has a 33 percent market share, provides diversified financial services, including corporate and retail lending to a wide range of sectors, the most important being wholesale and retail trading, hotels, manufacturing and construction. IFC and DSB signed a Global Trade Finance Program trade line of up to US\$5 million to boost DSB's international trade business. IFC gave support for the establishment of a credit bureau, which will facilitate bank lending to private entrepreneurs.

43. **MIGA has not been engaged in Suriname thus far, but intends to support the country's private sector development efforts under this CPS if suitable opportunities arise.** MIGA will work with IFC and other partners to support investments in Suriname to enable a dynamic private sector through political risk insurance, especially for more complex projects in areas such as infrastructure. MIGA currently faces limited opportunities for engagement, due to the small market size. An enhanced business environment and a sound financial sector are key to facilitating a greater role for MIGA.

44. **The successful dialogue during the ISN provides a strong basis to step up WBG engagement in Suriname and provides lessons for engagement under this CPS.** Under the ISN, the WBG was able to successfully implement a program of knowledge-based products, selective technical assistance and IFC financing activities, which helped WBG to establish a productive relationship with Suriname and move to the next level of engagement at the request of the government. The analytical work undertaken under the ISN has helped identify critical capacity building needs and has been crucial in allowing for a more realistic strategic approach

in defining a selective lending program. Experience from implementation of the ISN also highlights the importance of involving government counterparts and other stakeholders from the very start of the design of analytical work and fostering a close working relationship throughout implementation. While this is desirable in all countries, it is especially critical in Suriname where the WBG has very limited past experience, making close cooperation with the Government, civil society organizations and donors critical in the accurate identification of challenges and assessment of workable solutions. Involving stakeholders in analytical tasks also helps to build local capacity and makes for a more constructive dialogue on emerging issues, enabling the Bank to serve as a trusted adviser.

Role of Other External Partners

45. **Since 2012, when its assistance treaty with the Netherlands was suspended, Suriname has been engaging with a broader range of multi- and bilateral external development partners.** The most important of these include IaDB, IMF, IsDB, the European Commission (EC), the Caribbean Development Bank (CDB), UN agencies and the Governments of Brazil, China, India and France. Brief summaries of their respective programs are provided in Box 2.

Box 2: Programs of External Partners

- The **IaDB** became Suriname's principal multilateral counterpart with a program of about US\$300 million (including US\$10 million in grants) in support of the NP. The IaDB Country Strategy for Suriname (2011-2015) has seven areas of interventions: (i) agriculture; (ii) energy; (iii) education; (iv) financial sector development; (v) public sector management; (vi) social protection; and (vii) transport.
- The **IMF** provides advice on macroeconomic issues via its Article IV reviews and has just completed an FSAP jointly with the Bank. It provided TA to the Central Bank and the Ministry of Finance on the design of fiscal targets and the structuring of the SWF.
- The **IsDB** recently re-engaged with Suriname and allocated about US\$75.8 million for sovereign guaranteed lending over the period of the NP. IsDB's support is concentrated in four areas: (i) supporting health care services; (ii) skills development/ vocational training; (iii) improving sea transport (i.e., rehabilitation and expansion of the Nieuw Nickerie Seaport through supporting dredging and warehousing facilities); and (iv) capacity building. IsDB will supplement its lending program with about US\$1 million in grant-based TA.
- The **EC** supports Suriname through the 10th European Development Fund (EDF). The EC has been helping the government achieve its development objectives in the area of poverty reduction or social development, including transfer payments to vulnerable households and equitable access to services. Its main focus continues to be the transport sector, which receives a large share of the EDF allocation. In addition, 15 percent of the EDF is allocated to TA across all areas of EC involvement.
- Suriname recently became a member of the **CDB**. It seems likely that CDB will help strengthen the capacity of the Bureau of Statistics to improve data collection and support evidence-based policy-making.
- The **United Nations** Development Assistance Framework (2012-2016) in Suriname focuses on the inclusion of marginalized groups such as the Indigenous and Maroons and vulnerable populations in both urban and rural areas. They also support data collection and analysis related to its Human Development Index exercise. The UN is supporting training and other capacity building activities for legislators and public sector decision makers on legislative and budget issues.
- **The programs of bi-lateral partners are relatively smaller, and often region specific.** For instance, the French Government is supporting (i) improvements to health, education and infrastructure services for the populations in the Maroni river basin; (ii) working in the Eastern region (bordering French Guiana) to promote economic activity and trade; and (iii) supporting the implementation of a joint natural resource policy on the Guiana Shield. The main focus of China's program is in infrastructure development while India and Brazil have been supporting agriculture, with the latter providing extension services to farmers.

Consultations on the CPS (FY15-19)

46. **The current CPS was developed in close cooperation with the Surinamese government and discussed with other stakeholders including the private sector, civil society, and Suriname's key external development partners.** Through about 60 small workshops and meetings, the WBG met with representatives of the Government, associations and representatives of the private sector, academics, members of civil society, parliament and local communities, and development partners. Critical themes and challenges identified during the consultations include: i) severe gaps in labor and entrepreneurship skills, ii) limited government institutional capacity, iii) an outdated legal framework and a poor business environment, iv) insufficient access to finance (cited as the number one concern of the private sector), v) high vulnerability to commodity price fluctuations (especially the price of gold), vi) socio-economic adverse effects in relation to enclave-based investments in sectors such as extractive industries, agriculture, and ecotourism, and vii) increased vulnerability to the impact of climate change (floods, coastal erosion, and droughts in the interior). In addition, since both Government representatives and most other groups have had little, if any, previous experience of working with the WBG, the consultations have involved a mix of explaining the WBG's processes and comparative strengths and weaknesses as well as discussion around the possible emphasis of WBG support to Suriname for the next four years.

47. **Consultations will continue throughout the CPS implementation.** As this is a new engagement, the WBG will engage in ongoing consultations throughout the lifespan of the CPS, as part of a pro-active engagement building strategy. Formal consultation workshops will be organized several times a year to engage government officials, civil society members and the private sector on planned and ongoing bank activities.

Approach to CPS Program Design and Selectivity

48. **The WBG and the government have agreed that this CPS program will be selective.** The key criteria for the selection of knowledge, lending and non-lending technical assistance (NLTA) activities applied in choosing areas for intervention are:

- Contribution to achieving the **WBG twin goals** of poverty reduction and shared prosperity,
- Alignment with **the government's priorities** and with explicit demand, as expressed in the NP and during CPS consultations,
- Consistency with **WBG comparative advantage** in Suriname as determined by the experience gained under the ISN, the potential to exploit synergies between the Bank, IFC and MIGA, and where WBG global experience can be valuable for Suriname,
- Complementarity with **the programs of other external development partners.**

49. **In particular, the WBG will calibrate its support in light of the activities already initiated by other partners.** For example, in the area of human development, given the heavy involvement of a number of external agencies (IaDB, EC, UN) in support of social services and social assistance to the rural poor and in support of education quality, the WBG will focus its attention on strengthening government management capacity in the education sector, which it identified as a key gap in donor support. Similarly, given IsDB's comprehensive support for

strengthening the health sector, the IMF's focus on macroeconomic policy, and the EC's central focus on transport and logistics, the WBG will not seek to play a substantial role in those areas under this CPS. In particular, support for fiscal consolidation, macro management, and public financial management will be limited given the IMF's ongoing engagement in these areas. In some instances, the WBG might engage in sectors or sub-sectors where other partners are already involved to complement their efforts. Interventions will then be designed in a consultative manner to ensure complementarity with ongoing initiatives. This will, for instance, be the case with regard to public sector management and investment climate improvements, where the IaDB is engaged as well.

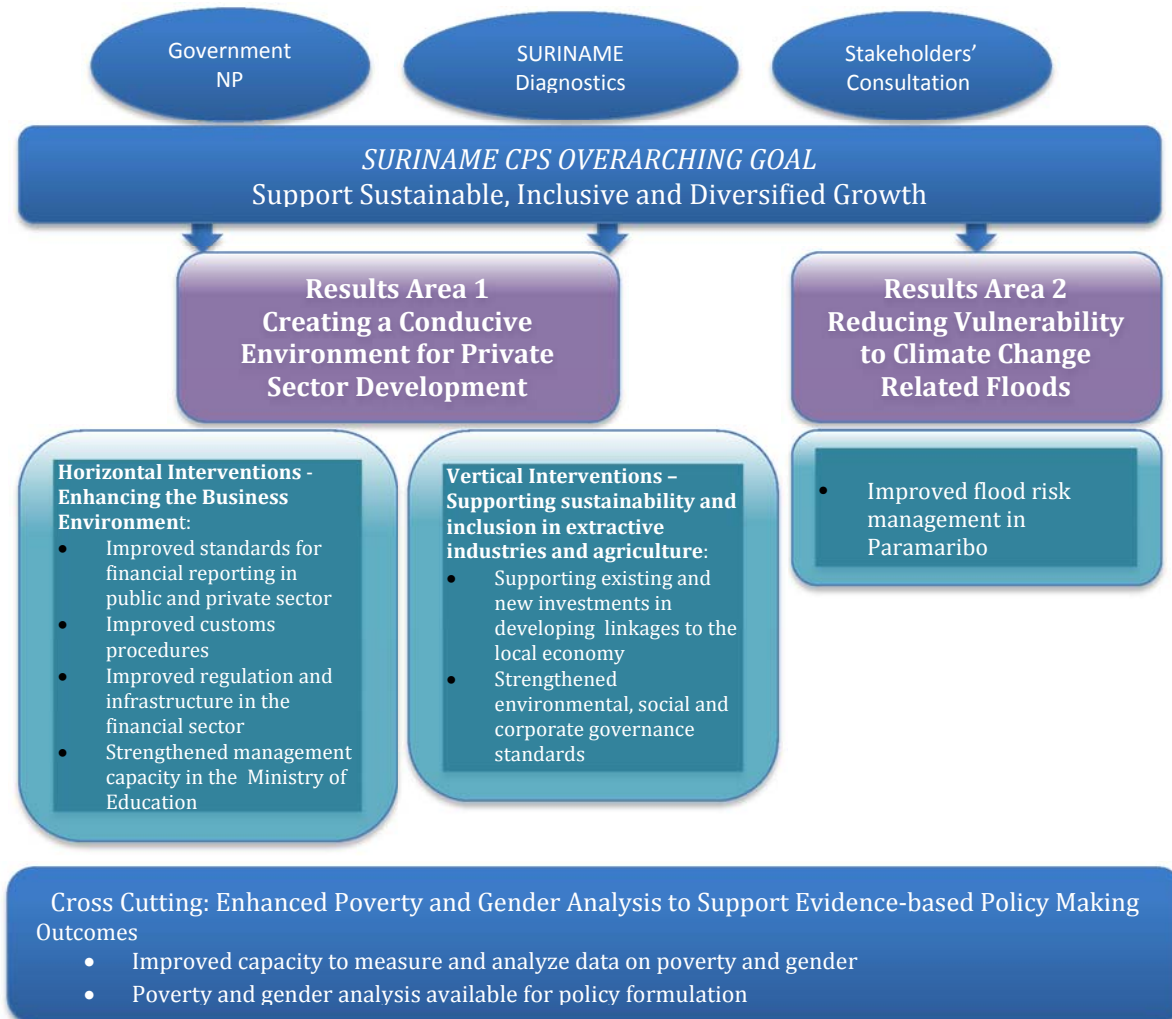
50. **To fill in data and knowledge gaps, analytical work will be undertaken to inform lending in each area of engagement.** In part as a result of the WBG limited engagement so far in Suriname and in part as a result of in-country data limitations, knowledge gaps exist which need to be addressed. To do so, this CPS proposes to systematically inform the WBG's work in each results area either through the preparation of free-standing policy notes or, when appropriate, through additional analytical work preliminary to project preparation. Thus, these analyses will be conducted in the early part of the CPS period prior to lending operations. In addition, a detailed poverty assessment will be conducted in years one and two of the CPS and statistical capacity building will be an integral part of the program.

51. **To the extent feasible, the CPS program will also leverage the respective comparative advantages of the Bank, the IFC and MIGA to enhance impact on development outcomes.** IFC's and MIGA's understanding of the private sector will be leveraged to enhance the effectiveness of Bank support to improve the investment climate. Bank and IFC support will play complementary roles in enhancing access to financial services while strengthening the financial sector regulatory and supervisory framework and financial infrastructure. Depending on market opportunities, IFC and MIGA could complement the Bank's efforts to support economic diversification through specific investments and guarantees.

CPS Objectives and Areas of Engagement

52. **The overarching goal of the CPS program is to support Suriname's efforts towards a more sustainable, inclusive and diversified growth model by: (i) creating a conducive environment for private sector development, and (ii) reducing vulnerability to climate change-related floods.** It also includes a cross cutting emphasis on improving capacity to measure and analyze data on poverty and gender to support evidence-based policy making. This selective program has been designed to complement and leverage the programs of other development partners. The CPS' areas of emphasis are expected to contribute to improving prospects for poverty reduction and shared prosperity by supporting the Government's efforts to promote stable, more diversified and inclusive growth, improve human capital and reduce the severity of flooding and associated human, economic and financial losses.

Chart 3: Suriname CPS FY 15-19 Framework



SELECTIVITY MATRIX OF THE WBG COUNTRY PARTNERSHIP STRATEGY

NDP Pillars	National Dev. Plan (NDP) General Objectives	SELECTIVITY FILTERS				CPS Priority	CPS Results Areas
		Alignment with WBG Goals	Donor Involv	Demand for WBG	WBG Comp. Advantage		
Good Governance	1.1. Improve credibility of public institutions	Strong	Yes	No	Yes	Low	Creating a Conducive Environment for Private Sector Development
	1.2. Enhance public financial management	Strong	Some	No	Yes	Low	
	1.3. Increase transparency and efficiency (e-government)	Strong	Yes	Some	Some	Medium	
	1.4. Financial sector oversight	Strong	Yes	Yes	Yes	High	
Economic Diversification	2.1. Private-sector led growth	Strong	Some	Yes	Yes	High	
	2.2. Reduce state participation in economy	Strong	No	Yes	Yes	Medium	
	2.3. Improve business environment	Strong	Yes	Yes	Yes	High	
	2.4. Enhance access to credit	Strong	Some	Yes	Yes	High	
	2.5. Infrastructure and connectivity	Strong	Yes	No	Yes	Low	
	2.6. Promote competitive sectors	Strong	Some	Yes	Yes	High	
Education	3.1. Promote quality and gender inclusive education	Strong	Yes	Yes	Yes	High	Reduce Vulnerability to Climate Change-Related Floods
	3.2. Introduce performance management framework	Strong	Some	Yes	Yes	High	
	3.3. Build capacity	Strong	Some	Yes	Yes	High	
	3.4. Innovation and R&D	Strong	Some	No	Some	Low	
Social Dev.	4.1 Introduce Conditional Cash Transfer	Strong	Some	No	Yes	Low	Enhance Poverty and Gender Analysis to Support Evidence-based Policy Making
	4.2 Consolidate and enhance social programs	Strong	Yes	No	Yes	Low	
Resource Mgmt & Climate Adaptation	5.1. Strengthen disaster risk management	Strong	Some	Yes	Yes	High	
	5.2. Risk insurance	Strong	No	Yes	Yes	High	
	5.3. Sustainability of extractive activities	Strong	No	Yes	Yes	High	
	5.4. Improve Regulatory framework and oversight	Strong	No	Yes	Yes	High	
Fiscal Management	6.1. Improve budget management	Strong	Some	No	Yes	Low	
	6.2. Create Sovereign Wealth Fund	Strong	Some	Some	Yes	Medium	
	6.3. Diversify revenue sources (VAT)	Strong	Yes	No	Some	Low	

CPS Program Description

Cross Cutting Focus: Enhanced Poverty and Gender Analysis to Support Evidence-based Policy Making

Key Outcomes:

- *Improved capacity to measure and analyze data on poverty and gender*
- *Poverty and gender analysis available for policy and program formulation and assessment*

53. **Investing in the improvement of the methodology for measuring poverty and gender gaps is a high priority to enable evidence-based policy-making.** Suriname needs to work towards the development of an official poverty methodology based on best international practices, and the creation of mechanisms to grant access to data and methodology to the public. These are essential steps to design and implement poverty-reduction policies and programs informed by a timely and credible understanding of the nature, extent, and causes of poverty. Such an information base is also necessary to assess the effectiveness of public interventions.

54. **The Bank will undertake a poverty and gender assessment within the first year of the CPS, complemented by a program of knowledge-based non-lending assistance to strengthen poverty and gender data processes.** Working closely with the Ministry of Finance and other donors, the Bank will work with the Bureau of Statistics of Suriname (ABS) to define a poverty measurement methodology, and to support the use of poverty and gender data in policy decisions.

55. **The Bank will provide dedicated analytical and advisory services on gender issues** to the National Bureau for Gender Policy (within the Ministry of Home Affairs), which coordinates Suriname's gender policies and develops periodic plans to guide government actions. The plan for 2014-2018 is currently under preparation and focuses on five areas, namely: (i) violence against women; (ii) reproductive and sexual health; (iii) education (including high dropout rates among boys); (iv) labor, income and poverty; and (v) women in decision-making. The plan is being developed in parallel with, and draws on, the first comprehensive review of gender issues in Suriname, which was undertaken under the Beijing Platform for Action and was completed in September 2014. The Bank's AAA in this area would seek to help the National Bureau for Gender Policy in further refining and implementing the plan. Advisory support would also be provided to stakeholders involved in gender issues beyond the government, including the Women's Rights Center (civil society organization) and the Institute for Women, Gender and development Studies at the Anton de Kom University.

Results Area 1: Creating a Conducive Environment for Private Sector Development

56. **To help create a more diversified and inclusive economy, the CPS program will support activities that aim to create a more conducive environment for private sector development, including around industries with high potential.** Activities under this Results Area will focus pragmatically on areas where there is a better understanding of constraints, where the Bank can be complementary to other development partners and where we can affectively maximize synergies between the Bank, IFC and MIGA. In this context, the WBG support will include:

- ***Horizontal support*** – “Horizontal” actions refer to economy-wide reforms that can be expected to enhance the overall enabling environment for businesses across all sectors – including SMEs, with notably interventions to strengthen the business environment and access to finance.
- ***Vertical support*** – “Vertical” support encompasses actions aimed at supporting a more inclusive development of priority sectors (in particular, extractive industries and agriculture) while promoting good practices for their sustainable development.

A. Horizontal support: Enhancing the Business Environment

Key Outcomes:

- *Improved standards for financial reporting in public and private sector*
- *Improved customs procedures*
- *Improved regulations and infrastructure in the financial sector*
- *Strengthened management capacity in the Ministry of Education (MoE)*

57. **The WBG will work towards eliminating key constraints to the investment climate,** complementing ongoing activities implemented by the government with support from other donors. To unleash broad based private sector growth, it is critical for Suriname to establish a friendlier investment climate. This will be essential both to support economic diversification, as well as to enable smaller firms to take advantage of growth. It will also be essential to enable local firms to better link to leading industries such as extractive industries and agriculture, for instance as suppliers or service providers. Thus, complementing ongoing IaDB work in this area, the WBG will provide support to eliminate key constraints to the investment climate following on analysis undertaken during the ISN period. Working directly with the Competitiveness Unit of Suriname (CUS), in charge of this reform agenda, the WBG will seek to facilitate an ongoing dialogue between the Government and the private sector on business issues to continue identifying and to address major bottlenecks.

58. **A key element of the necessary efforts to create a hospitable environment for private investors is strengthening corporate governance,** particularly the provision of timely, relevant, accurate, and reliable financial information on public and private entities to inform private investment decisions and/or provide effective oversight by regulators. Better disclosure of financial information on public and corporate entities, including financial institutions, would help create confidence among private investors, as both local and foreign investors could then place greater reliance on economic and financial data in determining

investment choices. Accurate and timely financial information should also contribute to better-informed public sector policy-making with respect to enterprises and promote greater transparency and accountability. Better accounting standards in the private sector should also contribute to facilitating better access to finance for firms that today cannot provide adequate financial information to financial institutions, especially SMEs.

59. **In this context, the Bank will support short- and medium-term measures to modernize the legal and regulatory framework for corporate and public financial reporting, accounting and auditing in line with international standards.** Building on the work done through the Accounting and Auditing ROSC, the Bank program will also aim to strengthen the monitoring and enforcement capacity of the Central Bank and Ministry of Finance, including establishing an independent professional accountancy body, and strengthening higher education institutions to professionalize accountancy. In addition, the Bank will support the Supreme Audit Institution (Rekenkamer) and the Suriname Institute of Chartered Accountants in improving accounting and auditing standards and the quality of accountants and auditors. The Bank expects to contribute to the Public Financial Performance Report (PEFA Assessment) being led by the IaDB. As the accounting and auditing framework for SOEs is also poor, the Bank may also provide dedicated support to improve SOE accounting and auditing. Moreover, the WBG will help strengthen governance standards in selected sectors of the economy, including in extractives, agriculture, and the financial sector, where the WBG will work towards strengthening the regulatory and oversight framework as well as corporate practices. Finally, depending on government demand, the Bank may continue supporting the establishment of a Sovereign Wealth Fund to enhance transparency and improve overall governance in commodity revenue management.

60. **The WBG will also continue to provide assistance to Suriname's Customs Office to improve its operations and reduce customs clearance times.** This will help facilitate exports. In addition, the WBG may assist the government to establish a modern legal, regulatory and institutional framework for PPPs, drawing on best practice examples from around the world. WBG support for PPP could also extend to pipeline development, and the IFC could provide support in the structuring and implementation of PPP transactions.

61. **Further, the WBG will support strengthening of financial sector regulation and infrastructure.** A large reform agenda to improve oversight, financial infrastructure (credit reporting, payment system, deposit insurance, accounting and auditing, secured transaction framework), and better access to finance was developed during the recent Financial Sector Assessment Program. An important goal of WBG efforts will be to deepen the reach of financial institutions to provide services to micro, small and medium enterprises and especially, women entrepreneurs in urban and rural areas. To achieve this in a sustainable manner, the Bank will first support implementation of FSAP recommendations on policy, regulatory and institutional issues, with the objective to contribute to strengthening the financial sector's oversight framework, as well as selective elements of the financial infrastructure. In parallel IFC will continue its support for the establishment of a credit bureau to facilitate bank lending to private individuals and enterprises, including smaller ones. It will also maintain its trade credit line to DSB and seek additional opportunities in the banking sector. Complementing this effort, IFC will seek to include Suriname in its SME Toolkit

program, an online portal with a large body of knowledge on business management practices for SMEs.

62. **Given the importance of a well-educated and skilled labor force for attracting investment, the WBG will complement ongoing efforts to strengthen education by addressing critical sector management needs.** As noted in the diagnostics section, Suriname's education outcomes are weak, especially for a country at its (upper-middle) income level. Moreover, the relatively low education and skill levels of Suriname's labor force acts as a brake on private sector investment and job creation and limits possibilities for creating a more inclusive economy. In this context, it is critical to address weaknesses in the education system to begin to build the country's human capital. With this in mind, the government's NP focuses on reforming the education system and has already mobilized international support for this effort. Current IFI support is focusing on rural education (IaDB) and vocational and technical education (IsDB). To complement these initiatives, the WBG will focus on strengthening management capacity in the Ministry of Education. While there are many challenges that require support, focusing on strengthening institutions at the central, regional and school level, building the proper systems to plan, manage and monitor, and improving the learning environment, especially in underserved areas in the interior, are all fundamental to ensuring Suriname's future development and shared prosperity.

63. **The Bank expects to support the education system in strategy development, planning capacity, monitoring and evaluation, and performance based management.** In addition, it will likely assist with policy reforms in one or more key areas such as teacher preparation, student assessments, school-based management, and with interventions targeted to improving the quality of primary education. Particular attention will be paid to underserved populations (in the interior). To complement the IaDB's work to promote education in the interior, the Bank could also provide support for the school feeding program in the interior as well as help the MoE to develop a system of incentives to encourage teachers to work in the interior. Such a system would be modeled on successful incentive programs implemented in similar country contexts with WB support.

B. Vertical Support: Supporting sustainable and inclusive extractive industries and agriculture

Key Outcomes:

- *Supporting existing and new investments in developing linkages to the local economy*
- *Strengthened environmental, social and corporate governance standards*

64. **WBG emphasis will be on strengthening the inclusive and sustainable development of the extractive industries and agriculture,** which play an important role for growth. The focus of the engagement will be on fostering a more inclusive development of the two sectors through enhanced linkages between large investments and the local economy, including SMEs and local communities. Since large extractive industry and agriculture operations are located in the interior (often in areas with indigenous and Maroon settlements),

improved local linkages can be expected to have a positive impact on reducing poverty among these groups. The engagement will also aim at strengthening governance, social and environmental standards in the two sectors.

65. In the early years of the CPS, non-lending work will aim to identify key regulatory, institutional and other needs in the extractive and agriculture sectors to enhance their contribution to growth and spillovers to the local economy, in a manner that is mindful of social and environmental considerations. More specifically, the analysis of both sectors will involve (i) assessing the binding constraints to unleashing the potential of these industries in an inclusive and sustainable manner, (ii) identifying the various elements of the value chain that need to be in place to enable Surinamese private enterprises, including SMEs, to integrate with, and participate in, domestic, regional or global supply chains linked to these industries; (iii) assessing ways to optimize positive spillovers and minimize negative spillovers onto local communities, including in the interior, and (iv) supporting the preparation of roadmaps and action plans in collaboration with key public and private sector stakeholders. There is scope for expansion in fisheries, horticulture, forestry, and eco-tourism. Suriname's shrimp and scale-fish industries have demonstrated export potential. Given Suriname's abundant forestry resources, the timber industry and harvesting and processing of non-wood forest products are other potential growth sectors. Moreover, the interior rainforest could also support an eco-tourism industry, which, in turn, may support employment generation, including for the poorest communities in the interior. The development of these sectors and activities would require an intense process of regular consultations with the local communities.

66. In the extractive industries sector, the WBG will focus on disseminating good practices in areas of transparency, benefit sharing, and environmental and social impact management, with the goal of optimizing the contribution of the sector to poverty reduction and shared prosperity. The WBG will support Suriname's efforts to implement internationally accepted standards with regards to regulatory and institutional frameworks, and enhance its capacity to meet the Extractive Industries Transparency Initiative (EITI) standards. Possible IFC investments in these sectors (depending on market opportunities) would complement these efforts by creating a demonstration impact, send a signal of confidence to other investors, and support introduction and enforcement of best practices in corporate governance and in environmental and social sustainability. In particular, the IFC will seek to promote sustainable practices in mining investments, with attention to compliance with the mining, legal and regulatory framework and IFC performance standards. Overall, WBG efforts will aim to improve practices concerning environmental and social assessment, management, labor and working conditions, civil society participation and community engagement, the rights of indigenous people, biodiversity, and cultural property among others. Efforts will be coordinated with other EITI development partners (e.g., Canada (Mining) and Norway (Forestry)).

67. In agriculture and the agribusiness sector, the WBG will focus on improving environmental standards, production quality, and spillovers onto the local economy. Growth and investment in this sector have important implications for employment and, hence, shared prosperity. The recent privatization of a large banana enterprise is likely to be followed by other similar efforts, which could create opportunities for IFC to invest in the sector. In

turn, IFC involvement could help strengthen social and environmental safeguards and create more linkages between larger agribusinesses and small producers in surrounding areas. The WBG will also focus on ensuring Surinamese agricultural products meet international quality and phyto-sanitary standards required for export. The WBG may also support strengthening Suriname's forest concession scheme.

Results Area 2: Reduce Vulnerability to Climate Change-Related Floods

Key Outcomes:

- *Improved flood risk management in Paramaribo*

68. **Given Suriname's high exposure to floods and its impact on its population and economy, the Bank will support the implementation of strategies aimed at decreasing the severity of impacts of flooding events, and contain the cost of damages.** This would contribute to limiting the costs of disasters on Suriname's population, infrastructure, private sector, and public finances. Overall, it would contribute to enhanced welfare, and to improved fiscal, economic and environmental sustainability. Assistance will focus on improving government capacity to manage catastrophic natural events, notably floods, enhancing the resilience of key infrastructure, and improving related fiscal management.

69. **A key focus of the Bank's support will be on strengthening the resilience of key infrastructure susceptible to floods.** The Government has taken some important risk reduction measures and is contemplating scaling up its interventions to protect the banks of the Suriname River along the city of Paramaribo, and improve its urban drainage system. The Ministry of Public Works has accumulated experience on riverbank protection and is seeking support from the WBG to help refine its medium-term strategy and expand flood protection through support for construction of canals, sluices, pumping stations and discharge facilities - along with defining and helping to implement complementary institutional and regulatory risk reduction measures. The WBG would also bring its technical expertise to bear in helping to reconcile contradictions between existing risk mitigation plans and a coastal morphodynamics report that warn against construction of hard structures in the coastal area.

70. **The Bank will also assist Suriname in defining an adequate catastrophe risk financing strategy.** Suriname has expressed interest in participating in the Caribbean Catastrophe Risk Insurance Facility (CCRIF) to manage the financial costs of natural disasters.¹² CCRIF has recently included coverage for excessive rainfall, presenting an effective tool for Suriname to protect its population and assets against flooding risks. Other risk finance mechanisms will be considered to help Suriname define a sound disaster's risk financing and insurance strategy.

¹² Established in 2007, the CCRIF is a Caribbean-owned "parametric" insurance pool, which offers fast payout to its 16 Caribbean member countries upon occurrence of pre-defined hurricane strengths and earthquake magnitudes within defined geographical locations.

WBG Financial Portfolio

71. **The only WBG operation currently under implementation in Suriname is an IFC trade financing credit line.** The IFC credit line (up to \$5m) with DSB was approved in mid-2012 and is currently implementing satisfactorily. The IFC is exploring other potential investments but none has come to fruition yet. IBRD has been focusing on AAA and has no active projects in Suriname at the present time. MIGA has no guarantees.

72. **The proposed financial envelope for the Bank's engagement is expected to be US\$60 million.** The lending program is planned to have three lending operations. The first lending operation is expected to be presented to the Board in FY16.

Table 2: Suriname: Proposed Operations for FY15-FY19

Create a Conducive Environment for Private Sector Development	Reduce Vulnerability to Climate Change Related Floods
Education Project (FY16)	Disaster Risk Management Project (FY16)
Competitiveness and Diversification Project (FY17)	

PART IV: Risks

73. **The risk to the achievement of the development objective of this CPS program is high.** Four main risks deserve special attention. These derive from the potential fiscal impact of exogenous shocks, weak governance and the limited experience of the WBG and Suriname with each other's processes and requirements, the possibility of social tensions in mining and agriculture, and uncertainties in relation to the May 2015 elections.

74. **Exogenous shocks and fiscal pressures.** Fiscal balances are likely to remain exposed to gold and oil prices over the CPS period. The drop in gold prices in 2013 substantially increased fiscal pressures, leading to delays in payment of civil servants' salaries and a concomitant rise in political tensions. While further declines in the prices of Suriname's key commodity exports are not thought to be likely at this time, there are no guarantees that price shocks won't occur in the coming years, with potential consequences for Suriname's fiscal position, economic diversification, and thereby for enhanced shared prosperity. Fiscal pressure resulting from external shocks could weaken the government capacity to implement the CPS program, or lead to changes in government priorities. The Government is aware of these risks and has taken steps to mitigate them by proposing fiscal consolidation measures including introduction of a VAT, establishment of a SWF and improvements to public financial management. These efforts will also better position the authorities to implement countercyclical fiscal policies to counter the effects of commodity price volatility. In addition, efforts under this CPS to promote economic diversification will contribute to decreasing sensitivity to commodity prices.

75. **Weak governance, weak institutional capacity, and limited experience with WBG processes and procedures.** Effective implementation of the CPS program may be delayed by the lack of experience of both the WBG and Suriname with each other's procedures, processes, weaknesses and strengths. While analytical work and advisory services are not likely to be unduly affected by this limited experience, project development and implementation could be slowed down as Surinamese officials slowly familiarize themselves with Bank's procedures. Governance weaknesses and limited institutional capacity may increase implementation bottlenecks. The proposed focus on governance and the relatively small, focused lending program included in this CPS will help to reduce this risk. The WBG will aim to build capacity through training for Surinamese project staff and relevant ministry officials on key implementation requirements such as financial management, procurement, audit and project reporting. The WBG will also place an emphasis on understanding the institutional impediments and stakeholder incentives that underlie the weak governance environment.

76. **Potential social tensions and conflicts around extractive industries and agri-business.** Potential WBG investments and engagement in sensitive high growth sectors such as the extractive industries and agri-business can have a high pay-off for Suriname, but could also lead to reputational risks if tensions arise between the enterprises and local citizens. This is a situation that has arisen many times in the region and has often been damaging to the WBG's image (locally and abroad). Given the sizable investments that could reach Suriname to exploit the vast natural resources of the country, and the government's weak enforcement capacity, attempts to improve social and environmental standards, corporate governance, and sustainable resource management could be compromised by various interest groups. The WBG intends to carry out careful analysis of governance, environmental, social, as well as competitiveness conditions within each of these sectors during the initial CPS period, following with investments only if warranted. In particular, the WBG is committed to ensuring careful due diligence (both fiduciary and environmental/social) is carried out prior to engaging in any potentially sensitive projects. Finally, the WBG will continue engaging local communities, including in the interior, throughout the life of the project, to ensure a strong dialogue where the voices of everyone can be heard.

77. **Upcoming elections and their potential impact on government programs and policies.** The pre-election period will not be conducive to the passing of reform legislation, could lead to fiscal slippage, and to government attention being diverted from the implementation of the CPS program. Furthermore, should the elections lead to a change in government, or a situation of political gridlock, there is a risk that the CPS priorities become inappropriate for the new government. The current government is a coalition of several parties, and the NP has been the result of a broad national consultation. Moreover, the design of the CPS program and the strategy of gradual engagement by building the knowledge base and understanding institutional and political constraints could help to address such risks. Furthermore the midterm review would also offer an opportunity to make adjustments and revise priorities, if needed, following discussions with the new government.

ANNEXES

Annex 1: Suriname CPS FY15-19 Results Matrix

Issues and obstacles	Expected outcomes in CPS period	Indicators	WBG Program (closing date)
<u><i>Cross-Cutting focus: Poverty and Gender Analysis to Support Evidenced-Based Policy Making</i></u>			
Limited capacity for evidence-based policy making due to the paucity of reliable data and weak analytical capacity	Outcome 1: Improved capacity to measure and analyze data on poverty and gender Outcome 2: Poverty and gender analysis available for policy formulation	Indicator 1: Official methodology for determining poverty level is adopted (FY17) <i>Baseline:</i> No official poverty methodology <i>Target:</i> poverty methodology adopted Indicator 2: Poverty and gender data are made available publicly <i>Baseline:</i> no public access to data on poverty and gender <i>Target:</i> public access to data on poverty and gender (FY19) – details TBD as part of poverty & gender assessment	IBRD TA
<u><i>Results Area 1: Creating a Conducive Environment for Private Sector Development</i></u>			
<i>Results Area 1 A: Enhancing The Business Environment - Horizontal Interventions</i>			
Limited accountability and transparency practices in SOEs and the private sector	Outcome 3: Improved standards for financial reporting transparency in public and private sector	Indicator 3: Modern regulatory framework in place to govern accounting and financial reporting by all enterprises <i>Baseline:</i> none <i>Target:</i> framework adopted, and 50% of firms publish financial statements in line with	IBRD TA – ROSC follow-up

Issues and obstacles	Expected outcomes in CPS period	Indicators	WBG Program (closing date)
		strengthened audited standards	
The Customs office is a bottleneck to efficient trade due to inefficient procedures including, the high volume of physical examinations of imports	Outcome 4: Improved customs procedures	Indicator 4: reduction in the time taken to clear imports and exports through customs <i>Baseline:</i> Doing Business (2014) Time to export: 22 days Time to import: 19 days <i>Target:</i> FY19 Time to export: 17 days Time to import: 14 days	WBG TA and AAA IBRD Competitiveness & Diversification Project

Issues and obstacles	Expected outcomes in CPS period	Indicators	WBG Program (closing date)
Financial sector is weak and access to credit is limited, especially for smaller firms and businesses	Outcome 5: Improved regulations and infrastructure in the financial sector	<p>Indicator 5: new capital adequacy rules (FY16) <i>Baseline:</i> outdated capital adequacy rules <i>Target:</i> new capital adequacy rules adopted by Central Bank in line with best practices (FY16)</p> <p>Indicator 6: Increased participation in the Credit Bureau <i>Baseline:</i> FIs participating in Credit Bureau: 0 <i>Target:</i> FIs participating in Credit Bureau: 50%</p> <p>Indicator 7: Increased use of trade financing line <i>Baseline:</i> number of loans (FY13) <i>Target:</i> number of loans (FY18) Note: levels TBD during implementation of trade financing line</p>	<p>IBRD TA - FSAP follow-up</p> <p>IFC advisory on credit bureau</p> <p>IFC investments in financial institutions</p> <p>IBRD Competitiveness & Diversification Project</p>
	Outcome 6: Strengthened management capacity in the Ministry of Education	<p>Indicator 8: Enhanced operational management capacity in the MoE (FY19) <i>Baseline:</i> no operational information management system and outdated management processes <i>Target:</i> operational information management system adopted, and key management processes updated to international standards</p>	IBRD Education project

Issues and obstacles	Expected outcomes in CPS period	Indicators	WBG Program (closing date)
<i>Results Area 1 B: Facilitate Investments with linkages to the local economy, Supporting Sustainability and Inclusion in the Extractive Industries and Agriculture – Vertical Interventions</i>			
Investments in EI and agriculture have limited linkages to the local economy In EI, inadequate attention to governance and environmental and social impacts	Outcome 7: Investments with linkages to the local economy facilitated Outcome 8: Strengthened environmental, social and corporate governance standards	Indicator 9: Supporting existing and new investments in developing linkages to the local economy Baseline: 0 Target: 2 investments Indicator 10: An updated regulatory framework for environmental, social and governance in EI and agriculture is adopted <i>Baseline:</i> outdated regulatory framework <i>Target:</i> environmental, social and governance standards consistent with international standards have been adopted	AAA on EI and Agriculture IBRD TA IFC advisory on EI IBRD Competitiveness & Diversification Project IFC potential investments
<i>Results Area 2: Decreasing Vulnerability to Climate Change-Related Floods</i>			
No systematic plan to reduce the severity and impact of flooding associated with rises in sea level Flooding has a major impact on food security in the coastal and interior zones	Outcome 10: Improved flood risk management in Paramaribo	Indicator 12: A comprehensive plan for flood risk management has been developed and updated with a focus on Paramaribo <i>Baseline:</i> 90% of Paramaribo population vulnerable to floods <i>Target:</i> TBD at time of operation	IBRD TA on flood risk assessment IBRD Disaster Risk Management Project

Annex 2: CPS Standard Annexes

Annex B1: Country at a Glance

Page 1 of 3

Suriname at a glance

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Key Development Indicators

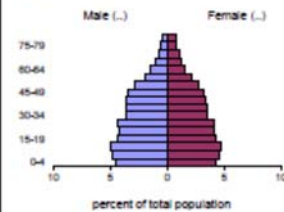
(2013)

	Suriname	Latin America & Carib.	Upper middle income
Population, mid-year (millions)	0.54	581	2,391
Surface area (thousand sq. km)	164	19,461	43,472
Population growth (%)	0.9	1.2	0.8
Urban population (% of total population)	71	79	61
GNI (Atlas method, US\$ billions)	5.0	5,273	16,661
GNI per capita (Atlas method, US\$)	9,260	9,070	6,969
GNI per capita (PPP, International \$)	8,380	11,787	10,621
GDP growth (%)	4.4	2.9	5.0
GDP per capita growth (%)	3.5	1.7	4.2

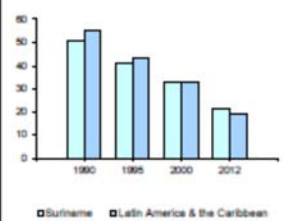
(most recent estimate, 2005–2012)

Poverty headcount ratio at \$1.25 a day (PPP, %)	16 ^a	6	8.4
Poverty headcount ratio at \$2.00 a day (PPP, %)	27 ^a	10	19.5
Life expectancy at birth (years)	71	74	74
Infant mortality (per 1,000 live births)	19	16	16
Child malnutrition (% of children under 5)	6	3	3
Adult literacy, male (% of ages 15 and older)	95	92	96
Adult literacy, female (% of ages 15 and older)	94	91	91
Gross primary enrollment, male (% of age group)	117	115	111
Gross primary enrollment, female (% of age group)	112	111	110
Access to an improved water source (% of population)	95	94	93
Access to improved sanitation facilities (% of population)	80	81	74

Age distribution, 2012



Under-5 mortality rate (per 1,000)



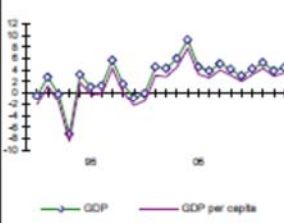
Net Aid Flows

	1980	1990	2000	2013 ^a
(US\$ millions)				
Net ODA and official aid	82	61	34	40
Top 3 donors (in 2012):				
France	0	0	0	15
European Union Institutions	3	9	2	6
Netherlands	76	46	17	6
Aid (% of GNI)	10.6	16.1	3.9	0.8
Aid per capita (US\$)	224	150	74	74

Long-Term Economic Trends

Consumer prices (annual % change)	14.1	21.7	59.4	5.0
GDP implicit deflator (annual % change)	7.1	43.8	54.8	-0.1
Exchange rate (annual average, local per US\$)	0.0	0.0	1.3	3.3
Terms of trade index (2000 = 100)	..	..	..	..

Growth of GDP and GDP per capita (%)



	1980	1990	2000	2013 ^a
Population, mid-year (millions)	0.4	0.4	0.5	0.5
GDP (US\$ millions)	795	388	892	5,231
		(% of GDP)		
Agriculture	9.1	8.7	11.2	9.3
Industry	38.9	24.2	25.2	38.8
Manufacturing	18.6	10.3	9.0	23.2
Services	52.0	67.1	63.7	51.9
Household final consumption expenditure	57.7	61.6	63.6	66.5
General gov't final consumption expenditure	21.3	30.0	37.5	23.3
Gross capital formation	26.4	10.8	12.4	5.9
Exports of goods and services	68.8	42.0	19.7	30.4
Imports of goods and services	74.2	44.4	33.2	45.2
Gross savings	..	..	..	..

1980–90 1990–2000 2000–13
(average annual growth %)

1.1	1.4	1.1
-1.9	0.8	4.8
0.1	-1.9	3.6
-2.8	-1.5	6.4
-3.4	-2.9	5.7
1.6	3.0	3.7

Note: Figures in italics are for years other than those specified. .. indicates data are not available.
a. Country poverty estimate is for earlier period. b. Aid data are for 2012.

Development Economics, Development Data Group (DECDG).

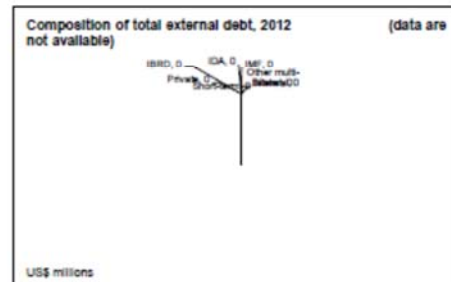
Balance of Payments and Trade	2000	2013
<i>(US\$ millions)</i>		
Total merchandise exports (fob)	507	2,560
Total merchandise imports (cif)	526	1,928
Net trade in goods and services	-102	-154
Current account balance as a % of GDP	-83	-5
	-9.3	-0.1
Workers' remittances and compensation of employees (receipts)	1	8
Reserves, including gold	..	1,374

Central Government Finance

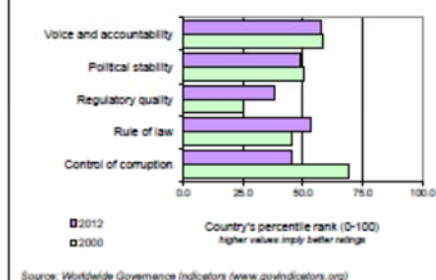
<i>(% of GDP)</i>		
Current revenue (including grants)	27.1	24.0
Tax revenue	23.0	19.2
Current expenditure	37.5	18.9
Overall surplus/deficit	16.6	0.6
Highest marginal tax rate (%)		
Individual	..	..
Corporate	..	..

External Debt and Resource Flows

<i>(US\$ millions)</i>		
Total debt outstanding and disbursed	..	..
Total debt service	..	..
Debt relief (HIPC, MDRI)	..	..
Total debt (% of GDP)	..	..
Total debt service (% of exports)	..	..
Foreign direct investment (net inflows)	..	..
Portfolio equity (net inflows)	..	..



Private Sector Development	2000	2012
Time required to start a business (days)	..	694
Cost to start a business (% of GNI per capita)	..	110.9
Time required to register property (days)	..	197
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2012
n.a.
n.a.
Stock market capitalization (% of GDP)
Bank capital to asset ratio (%)

Governance Indicators, 2000 and 2012

Technology and Infrastructure	2000	2012
Paved roads (% of total)	26.0	..
Fixed line and mobile phone subscribers (per 100 people)	25	123
High technology exports (% of manufactured exports)	6.2	6.5

Environment

Agricultural land (% of land area)	1	1
Forest area (% of land area)	94.7	94.6
Terrestrial protected areas (% of land area)	14.6	14.7
Freshwater resources per capita (cu. meters)	183,206	166,113
Freshwater withdrawal (% of internal resources)	0.8	0.8
CO2 emissions per capita (mt)	4.6	4.5
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	..	4.7
Energy use per capita (kg of oil equivalent)	..	1,399

World Bank Group portfolio	2000	2012
<i>(US\$ millions)</i>		
IBRD		
Total debt outstanding and disbursed
Disbursements
Principal repayments
Interest payments
IDA		
Total debt outstanding and disbursed
Disbursements
Total debt service
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account
Disbursements for IFC own account
Portfolio sales, prepayments and repayments for IFC own account
MIGA		
Gross exposure
New guarantees

Note: Figures in italics are for years other than those specified.
.. Indicates data are not available. – Indicates observation is not applicable.

10/15/14

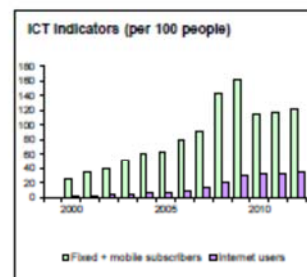
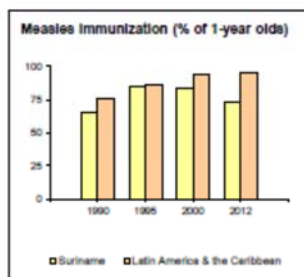
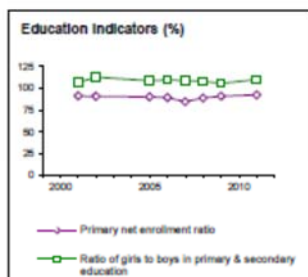
Development Economics, Development Data Group (DECDG).

Millennium Development Goals

Suriname

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Suriname			
	1990	1995	2000	2012
Goal 1: halve the rate for extreme poverty and malnutrition				
Poverty headcount ratio at \$1.25 a day (PPP, % of population)	..	..	15.5	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Share of income or consumption to the poorest quintile (%)	..	..	3.2	..
Prevalence of malnutrition (% of children under 5)	..	..	11.4	5.8
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	98	..	91	92
Primary completion rate (% of relevant age group)	88	..	..	88
Secondary school enrollment (gross, %)	56	53	73	85
Youth literacy rate (% of people ages 15-24)	..	..	..	98
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	116	103	107	110
Women employed in the nonagricultural sector (% of nonagricultural employment)	41	36	38	30
Proportion of seats held by women in national parliament (%)	8	10	18	12
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	51	41	33	21
Infant mortality rate (per 1,000 live births)	43	36	29	19
Measles immunization (proportion of one-year olds immunized, %)	65	85	84	73
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	84	39	120	150
Births attended by skilled health staff (% of total)	..	80	85	91
Contraceptive prevalence (% of women ages 15-49)	48	..	42	48
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.3	1.2	1.2	1.1
Incidence of tuberculosis (per 100,000 people)	63	92	86	41
Tuberculosis case detection rate (% of all forms)	32	13	22	58
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	..	87	89	95
Access to improved sanitation facilities (% of population)	..	80	81	80
Forest area (% of land area)	94.7	94.7	94.7	94.6
Terrestrial protected areas (% of land area)	3.5	3.5	14.6	14.7
CO2 emissions (metric tons per capita)	4.5	5.0	4.6	4.5
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	3.9	..	..	4.7
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	9.0	12.4	16.1	16.2
Mobile phone subscribers (per 100 people)	0.0	0.4	8.8	105.5
Internet users (per 100 people)	0.0	0.1	2.5	34.7
Households with a computer (%)	..	..	10.0	34.3



Note: Figures in *italics* are for years other than those specified. .. indicates data are not available.

10/15/14

Development Economics, Development Data Group (DECDG).

Annex B2: Selected Indicators of Bank Portfolio Performance Management

Selected Indicators* of Bank Portfolio Performance and Management

As Of Date 10/16/2014

Indicator	0	0	0	0
Portfolio Assessment				
Number of Projects Under Implementation ^a	-	-	-	-
Average Implementation Period (years) ^b	-	-	-	-
Percent of Problem Projects by Number ^{a, c}	-	-	-	-
Percent of Problem Projects by Amount ^{a, c}	-	-	-	-
Percent of Projects at Risk by Number ^{a, d}	-	-	-	-
Percent of Projects at Risk by Amount ^{a, d}	-	-	-	-
Disbursement Ratio (%) ^e	-	-	-	-
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	-	-
Proj Eval by OED by Amt (US\$ millions)	-	-
% of OED Projects Rated U or HU by Number	-	-
% of OED Projects Rated U or HU by Amt	-	-

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
- b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
- d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- * All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex B3: IBRD and IFC Program Summary

IBRD/IDA Program Summary Suriname

As Of Date 10/16/2014

Proposed IBRD/IDA Base-Case Lending Program ^a

<i>No Applicable Data Found.</i>	<i>Strategic Rewards b (H/ML)</i>	<i>Implementation b Risks (H/ML)</i>
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Suriname: IFC Investment Operations Program

	2012	2013	2014	2015*
Original Commitments (US\$m)				
IFC and Participants	1.90	1.17	1.00	
IFC's Own Accounts only	1.90	1.17	1.00	
Original Commitments by Sector (%)- IFC Accounts only				
FINANCE & INSURANCE	100	100	100	
Total	100	100	100	0
Original Commitments by Investment Instrument (%) - IFC Accounts only				
Guarantee	100	100	100	
Total	100	100	100	0

* Data as of October 01,2014

Annex B4: Summary of Non-Lending Services

Suriname -Summary of Nonlending Services

As Of Date 10/16/2014

<i>Product</i>	<i>Completion FY</i>	<i>Cost (US\$000)</i>	<i>Audience^a</i>	<i>Objective^b</i>
Recent completions				
Accounting and Audit ROSC	FY12	90		
Underway				
Natural Res Mgmt. Growth	FY15			
SN State-Owned Entities Reform Prog	FY15			
Planned				
Development of Accounting and Auditii	FY16			
Rice Value Chain Analysis	FY17			

a. Government, donor, Bank, public dissemination.

b. Knowledge generation, public debate, problem-solving.

Annex B6: Key Economic Indicators

Indicator	2006	Actual			Estimat			Projected		
		2007	2008	2009	2010	2011	2012	2013	2014	2015
National accounts (as % of GDP)										
Gross domestic product ^a	100	100	100	100	100	100	100	100	100	100
Agriculture	10	10	10	11	10	10	9	9	9	9
Industry	37	37	40	34	35	35	35	32	33	33
Services	45	44	44	47	48	47	48	51	51	51
Total Consumption	..	..	..	..	..	..	97	101	103	97
Gross domestic fixed investment	..	..	..	..	..	..	6	6	6	6
Government investment	..	..	..	..	..	..	6	6	6	6
Private investment	..	..	..	..	..	..	0	0	0	0
Exports (GNFS) ^b	53	54	57	44	53	61	59	51	44	43
Imports (GNFS)	45	47	52	44	39	51	54	54	48	46
Gross domestic savings	..	..	..	..	..	..	3	-1	-4	-4
Gross national savings ^c	..	..	..	..	..	..	-2	0	0	0
<i>Memorandum items</i>										
Gross domestic product	7206	8061	9698	10638	11992	14259	15926	16627	17400	18653
(US\$ million at current prices)	2626	2936	3533	3876	4368	4363	4826	5038	5273	5652
GNI per capita (US\$, Atlas method)	4040	5080	6330	7000	7750	8260	8680	9260	..	..
Real annual growth rates (% , calculated from 80 prices)										
Gross domestic product at market prices	5.8	5.1	4.1	3.0	4.2	5.3	4.8	4.1	3	4
Gross Domestic Income	..	..	..	..	..	..	..	..	..	..
Real annual per capita growth rates (% , calculated from 80 prices)										
Gross domestic product at market prices	2.7	4.0	3.1	2.1	3.3	4.3	2.9	3.5	3.6	4.1
Total consumption	..	..	..	..	..	..	..	..	..	..
Private consumption	..	..	..	..	..	..	..	..	..	..
Balance of Payments (US\$ millions)										
Exports (GNFS) ^b	1411	1612	2028	1689	2326	2668	2870	2573	2325	2404
Merchandise FOB	1175	1359	1743	1402	2026	2467	2695	2394	2143	2217
Imports (GNFS) ^b	1115	1278	1672	1658	1608	2242	2587	2716	2529	2596
Merchandise FOB	1013	1044	1304	1390	1398	1679	1993	2174	2096	2119
Resource balance	297	335	356	30	717	426	283	-143	-204	-192
Net current transfers	36	77	91	94	87	87	73	67	68	70
Current account balance	221	325	325	111	651	251	164	-198	-238	-221
Net private foreign direct investment	163	247	231	93	248	73	121	139	350	330
Long-term loans (net)	..	..	..	..	..	..	..	..	..	..
Official	..	..	..	..	..	..	..	..	..	..
Private	..	..	..	..	..	..	..	..	..	..
Other capital (net, incl. errors & ommissions)	80	180	-100	-19	-168	77	-406	-341	0	0
Change in reserves ^d	-64	-146	-208	-39	-35	-124	-180	152	-23	-108
<i>Memorandum items</i>										
Resource balance (% of GDP)	11.3	11.4	10.1	0.8	16.4	9.8	5.8	-2.8	-3.9	-3.4
Annual growth rates (YR80 prices)										
Merchandise exports (FOB)	1.2	15.7	28.3	-19.6	44.5	21.8	3.4	0.8	0.9	5.5
Primary	..	..	..	..	..	..	..	..	..	..
Manufactures	..	..	..	..	..	..	..	..	..	..
Merchandise imports (CIF)	0.9	3.1	24.9	6.6	0.5	17.2	0.7	22.2	5.6	-4.1

(Continued)

(Continued)

Suriname - Key Economic Indicators
(Continued)

Indicator Indicator	2006	Actual			Estimate			Projected		
		2007	2008	2009	2010	2011	2012	2013	2014	2015
Public finance (as % of GDP at market prices)^e										
Current revenues	24.1	29.4	24.3	27.7	21.7	27.0	25.9	23.8	24.5	24.8
Current expenditures	20.4	20.6	18.0	21.2	20.0	26.5	29.9	30.6	28.2	28.2
Current account surplus (+) or deficit (-)	3.8	8.8	6.3	6.5	1.7	0.5	-4.0	-6.8	-3.7	-3.4
Capital expenditure	4.2	4.4	4.8	5.7	4.6	4.9	4.6	4.5	3.8	3.9
Foreign financing	-1.1	-3.4	0.3	-0.2	1.5	2.9	2.2	3.2	2.6	3.1
Monetary indicators										
M2/GDP					42.8	43.9	47.0	51.3	54.6	54.9
Growth of M2 (%)					11.2	21.8	19.6	14.1	10.9	7.4
Private sector credit growth / total credit growth (%)					50.0	428.6	5.7	44.2	29.5	27.3
Price indices(YR80 =100)										
Merchandise export price index		..	..	..	..	..	..	..	..	..
Merchandise import price index		..	..	..	..	..	..	..	..	..
Merchandise terms of trade index		..	..	..	..	..	..	..	..	..
REER (US\$/LCU) ^f	107	106	112	118	121	112	117	119	..	..
Real interest rates										
Consumer price index (% change)	11.1	6.6	14.9	0.0	6.9	17.7	5.0	1.9	2.6	3.5
GDP deflator (% change)	11.6	6.4	15.5	6.5	8.2	12.9	6.6	0.3	1.3	3.3

a. GDP at factor cost

b. "GNFS" denotes "goods and nonfactor services."

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated central government.

f. IMF

Annex B7: Key Exposure Indicators
Suriname Key Exposure Indicators
As Of Date 10/16/2014

Indicator	Actual				Estimate		Projected		
	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total debt outstanding and disbursed (TDO) (US\$m) ^a
Net disbursements (US\$m) ^a
Total debt service (TDS) (US\$m) ^a
Debt and debt service indicators (%)									
TDO/XGS ^b
TDO/GDP
TDS/XGS
Concessional/TDO
IBRD exposure indicators (%)									
IBRD DS/public DS
Preferred creditor DS/public DS (%) ^c
IBRD DS/XGS
IBRD TDO (US\$m) ^d
Of which present value of guarantees (US\$m)									
Share of IBRD portfolio (%)
IDA TDO (US\$m) ^d
IFC (US\$m)									
Loans									
Equity and quasi-equity / ^c									
MIGA									
MIGA guarantees (US\$m)									

- a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.
- b. "XGS" denotes exports of goods and services, including workers' remittances.
- c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.
- d. Includes present value of guarantees.
- e. Includes equity and quasi-equity types of both loan and equity instruments.

Annex B8 Operations Portfolio (IBRD/IDA and Grants)

Suriname

Operations Portfolio (IBRD/IDA and Grants)

As Of Date 10/16/2014

Closed Projects 0

IBRD/IDA *

No Applicable Data Found.	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
0.00	0.00
No Applicable Data Found.	0.00
0.00	0.00
0.00	0.00

Active Projects

Project ID	Project Name	Last PSR		Fiscal Year	Original Amount in US\$ Millions			Cancel.	Undisb.	Expected and Actual Disbursements ^{a/}	
		Supervision Rating			IBRD	IDA	GRANT			Orig.	Frm Rev'd
		Development Objectives	Implementation Progress								

MAP

